



# BEAUFORT WEST MUNICIPALITY



## ANNUAL REPORT 2020/21

# CONTENT

CHAPTER 1.....	3	3.2	Introduction to strategic and municipal performance for 2020/21 .....	46
COMPONENT A: MAYOR'S FOREWORD .....	3	3.3	Component A: Basic Services .....	60
Component B: Executive Summary .....	5	3.4	Component B: Road Transport.....	77
1.1 Municipal overview.....	6	3.5	Component C: Planning and LED.....	81
1.2 Municipal functions, population and environmental overview .....	7	3.6	Component D: Community and Social Services .....	85
1.3 Service delivery overview .....	13	3.7	Component E: Security and Safety .....	89
1.4 Financial health overview .....	14	3.8	Component F: Sport and Recreation .....	93
1.5 Auditor-General report.....	16	3.9	Component G: Corporate Policy Offices and Other Services .....	95
Chapter 2 .....	17	3.10	Component H: Service Delivery Priorities for 2021/22 .....	106
Component A: Political and Administrative Governance .....	17	CHAPTER 4.....		112
2.1 Governance structure .....	17	4.1	National KPI – Municipal transformation and organisational development .....	112
Component B: Intergovernmental Relations .....	22	4.2	Component A: Introduction to the municipal workforce .....	112
2.2 Intergovernmental relations.....	22	4.3	Component B: Managing the municipal workforce	114
Component C: Public Accountability and Participation .....	24	4.4	Component C: Capacitating the municipal workforce .....	116
2.3 Ward committees .....	24	4.5	Component D: Managing the municipal workforce expenditure .....	119
2.4 Functionality of Ward Committees.....	28	CHAPTER 5.....		122
2.5 Representative forums .....	29	Component A: Statements of Financial Performance.....		122
2.6 Public meetings.....	29	5.1	Financial summary .....	122
Component D: Corporate Governance .....	30	5.2	Financial performance per municipal function .....	128
2.7 Risk management .....	30	5.3	Grants.....	134
2.8 Anti-corruption and anti-fraud .....	32	5.4	Repairs and Maintenance .....	137
2.9 Audit and Performance Audit Committee .....	32	5.5	Financial ratios based on KPIs .....	138
2.10 Internal audit .....	34	Component B: Spending against Capital Budget .....		142
2.11 By-laws and policies.....	35	5.6	Capital Expenditure: Sources of Finance.....	142
2.12 Communication.....	36	Component C: Cash Flow Management and Investments.....		143
2.13 Website.....	36	5.7	Cash flow .....	143
2.14 SCM.....	38			
2.15 Municipal Cost Containment Measures.....	43			
CHAPTER 3.....	44			
3.1 Overview of performance within the organisation...	44			





## CONTENT

5.8	Gross outstanding debtors per service .....	144	6.2	Auditor-General report 2020/21.....	149
5.9	Total debtors age analysis .....	145		List of Tables .....	154
5.10	Borrowing and investments.....	146		List of Figures .....	158
CHAPTER 6.....		147		List of Graphs .....	158
Component A: Auditor-General Opinion 2019/20.....		147		List of Abbreviations .....	159
6.1	Auditor-General report 2019/20 .....	147	ANNEXURE A: Audited Financial Statements		
Component B: Auditor-General Opinion 2020/21.....		149	ANNEXURE B: Auditor-General Report		



# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## CHAPTER 1

### COMPONENT A: MAYOR'S FOREWORD

It is a great privilege and honour to submit the Annual Report for the 2020/21 financial year. The reporting financial year came with myriad of challenges for the Beaufort West Municipality and the resilience of the organisation was tested and indeed the institutional capacity and structural arrangements were equal to the task. The Municipality is committed in the achievement of the constitutional aspiration of delivering basic service that will secure the development of our communities in the municipal area. Sound political leadership and good governance are a pre-requisite and condition for the Municipality to achieve its developmental objectives as set in the blueprint (Integrated Development Plan) document of the Municipality.

COVID-19 and a series of lockdowns in the financial year under review impacted the fragile economy of the town negatively and adversely impacted the job market in the town. As a consequence, it added to the financial and fiscal risk of the Municipality. The fiscal position of national government has deteriorated significantly because of the pandemic, resulting in the revenue collector adjusting its estimates downward. This has led to reduced allocation for local government in the medium term. It therefore means going forward, the Municipality must operate more efficiently and innovative in achieving its developmental priorities.

Local government is a complex environment and COVID-19 and its socio-economic effects on the communities have added to the complexities immensely. That being said, the COVID-19 environment has propelled all sectors of life to utilise technology in performing its activities. This has presented opportunities that still needs to be further explored in the delivery of services to our communities.

The Annual Report of 2020/21 financial year articulates the deliverables of the Municipality. I am however pleased to mention that the Municipality executed the following projects with great success

- ✿ Extension of the Goue Akker Cemetery in Beaufort West
- ✿ Construction of the New Reservoir in Merweville
- ✿ Construction of the New Reservoir in Murraysburg





## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

This is just a few of the projects that will have a positive impact on the economy of the Municipality and most importantly deliver on the basic services needed by our communities. I have no doubt in my mind that the new council will perpetuate the success of the previous administration.

**G Pietersen**

**EXECUTIVE MAYOR**



## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### Component B: Executive Summary

The honour is mine in submitting the Annual Report for the financial year 2020/21 as we navigate our way around COVID-19. As administration, we have developed new tools, instruments and attitude to ensure that work that needs to be performed is indeed attended to.

Public sector resources are continuously diminishing across the board, and yet the need for government service delivery package is on the rise. The Municipality is yet to see an improvement in the job market in the economy of the town, which will translate in improved collection rates and reduction on the reliance and provisioning of free basic services by the Municipality.



A financially striving municipality is indicative of a performing local economy. It therefore means that the Municipality has to play a more prominent role in ensuring that it creates an enabling environment that will increase investment in the town. In the year under review, the Municipality has improved its capital expenditure from the previous year figures of 73.59% to 84.68%. This shows that the capacity of the Municipality in delivering on social and economic infrastructure is gradually improving. Importantly, the local economic development strategy of the Municipality should ensure that local businesses are supported in order to grow and create job opportunities for the populace of the Municipality.

A concerted effort by the administration needs to be deployed to ensure continued and uninterrupted delivery of quality services to our communities and the business sector in the town. It is for this purpose I call on everyone in the administration and new Council to work together in ensuring a better life for all the citizens of this great Municipality.

**M PENXA**

**ACTING MUNICIPAL MANAGER**





# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## 1.1 Municipal overview

This report addresses the performance of Beaufort West Municipality (BWM) in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the Council of the Municipality provides regular and predictable reporting on program performance and the general state of affairs in their locality.

The Annual Report reflects on the performance of the Municipality for the period 1 July 2020 to 30 June 2021. The report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), of which the Municipality must prepare an annual report for each financial year.

### 1.1.1 Vision and mission

The Municipality committed itself to the following vision and mission:

#### Vision:

*"Beaufort West, economic gateway in the central Karoo, where people are developed and live in harmony together"*

#### Mission:

To reflect the will of the South African people as reflected in the Constitution and by Parliament:

- 🏛️ Service Delivery: To provide excellent services to the residents of Beaufort West Municipality
- 🏛️ Growing the Economy: To implement infrastructure to grow the economy and create jobs
- 🏛️ Staff: To have an equipped, skilled and motivated staff establishment
- 🏛️ Well-run Administration: establish a sound, efficient and effective administration for the Municipality
- 🏛️ Financial Sustainability: Collecting all debtors and paying creditors in time
- 🏛️ Sport Centre: To become the sport and recreational mecca of the Karoo, creating harmony and unity
- 🏛️ Safe Place: To create a crime-free, safe and healthy environment
- 🏛️ Reduce Poverty: To reduce poverty and promote the empowerment of women, youth and people living with disabilities



# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## Strategic Objectives:

- 🏛 To improve and maintain current basic service delivery through specific infrastructural development projects
- 🏛 Provision of basic services to all the people in the municipal area
- 🏛 Provide for the needs of indigent households through improved services
- 🏛 To facilitate investment and maintenance of economic and social infrastructure to ensure infrastructure-led economic growth and development
- 🏛 To enable education and skills development to equip people with economic skills
- 🏛 Sustainability of the environment
- 🏛 Establishment of a well governed and accountable administration
- 🏛 Ensure liquidity of the administration
- 🏛 Transparency and participation

## 1.2 Municipal functions, population and environmental overview

### 1.2.1 Population

The table below illustrates the population in the municipal area as per census 2001 – 2011 and the Socio-economic profile 2017 and 2020:

Population	2001	2011	2018	2020
Number of people residing in the Beaufort West municipal area	43 284	49 586	53 168	51 074
<i>Census 2001 and 2011</i>			<i>Socio-economic profile 2017</i>	<i>Socio-economic profile 2020</i>

Table 1: Demographic information of the municipal area – Total population

### 1.2.2 Population by race

The table below reflects on the race classification of the population within the Beaufort West area:

Year	Black African	%	Coloured	%	Indian or Asian	%	White	%	Other	%	Total
2001	6 923	16	31 792	73.4	42	0.1	4 528	10.5	0	0	43 284
2011	8 103	16.3	36 433	73.5	241	0.5	4 539	9.2	270	0.5	49 586
<i>Census 2001 and 2011</i>											

Table 2: Population by race





## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### 1.2.3 Population by age

The table below includes data about the composition of the population per age category.

Year	0 – 18	19 – 30	31 – 40	41 – 50	51 – 65	66 – 120	Total
2001	17 938	7 848	6 048	4 896	4 321	2 233	43 284
2011	19 132	9 162	6 508	6 030	6 091	2 663	49 586
<i>Census 2001 and 2011</i>							

**Table 3:** *Population by age*

### 1.2.4 Households

The number of households within the municipal area is 16 240. The size of a household is about 5 people (as per Census 2011).

The table below indicates the growth of households:

Households	2017/18	2018/19	2019/20	2020/21
Number of households	10 540	13 080	16 240	16 240

**Table 4:** *Total number of households*

### 1.2.5 Demographic Information

#### a) *Municipal Geographical Information*

Towering mountains and rolling plains welcome you to the Beaufort West region. Beaufort West, the oldest and largest town in the Central Karoo, lies in an ancient area which once was a swamp, now a semi-desert area named "thirst land", making it rich in history. This ancient area of the Karoo is considered one of the world's most interesting arid zones and holds intrigue for scientist, historians and eco-tourists which is fondly referred to as place of the pioneers. In February 1837, BWM became South Africa's first and therefore oldest municipality. It is the centre of an agricultural district based mainly on sheep farming and meat production. Strategically



positioned on the N1 National Road, which links Cape Town with the interior and northern parts of South Africa, BWM maintains a minimal but steady amount of growth due to the high volume of passing road traffic.

## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



The nearby Karoo National Park is a national asset which aims to reclaim the original flora of the Karoo and is one of the chief tourist attractions in the region, boasting a wide variety of endemic wildlife. The municipal area covers approximately 16 330 km<sup>2</sup> with the town situated 851 meters above sea level between the Gamka and Kuils Rivers. The town lies just south of a ridge of hills and north of the Nuweveld Mountains in the Central Karoo where rocks date back some 230 million years. Not only was the first reptile fossil discovered in the area, but Beaufort West has been described as the world's richest collecting ground for fossils. The town's historic centre displays

an electric mix of historical architecture that makes a stop-over here essential.

Summer rains normally begin with light showers around October. Rain is very sporadic and mostly occurs in the form of thunderstorms. Snowfalls can occur as late as September and the first snowfalls reached ground level in 2011. Temperatures increase dramatically during November and remain high until February, reaching highs of between 38 and 48 degrees. The mid-winter months of June and July are cold and dry with temperatures falling well below zero.

In the year 2000, the smaller rural towns of Merweville and Nelspoort were incorporated into the BWM, and since June 2011 the town of Murraysburg has also been a DMA of the Municipality.

### b) Wards

The Municipality is structured into the following 7 wards:

Ward	Areas
1	Murraysburg and Murraysburg rural areas
2	Nelspoort, Nelspoort rural, Noord Einde, part of Hillside, central town, part of rural areas of Beaufort West and part of Hospital Hill
3	Part of Rustdene, Essopville and Nieuvel Park
4	Part of Kwa Mandlenkosi, De Lande, part of central town and southern part of Hospital Hill
5	Part of Kwa Mandlenkosi, part of Rustdene, Paddavlei, Hooyvlakte, New Lands and New Town
6	Part of Rustdene and Prince Valley
7	Part of rural Beaufort West, part of Hillside I and II, Toekomsrus, Merweville and rural parts of Merweville

Table 5: Municipal wards





## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Below is a map that indicates the municipal area and wards:

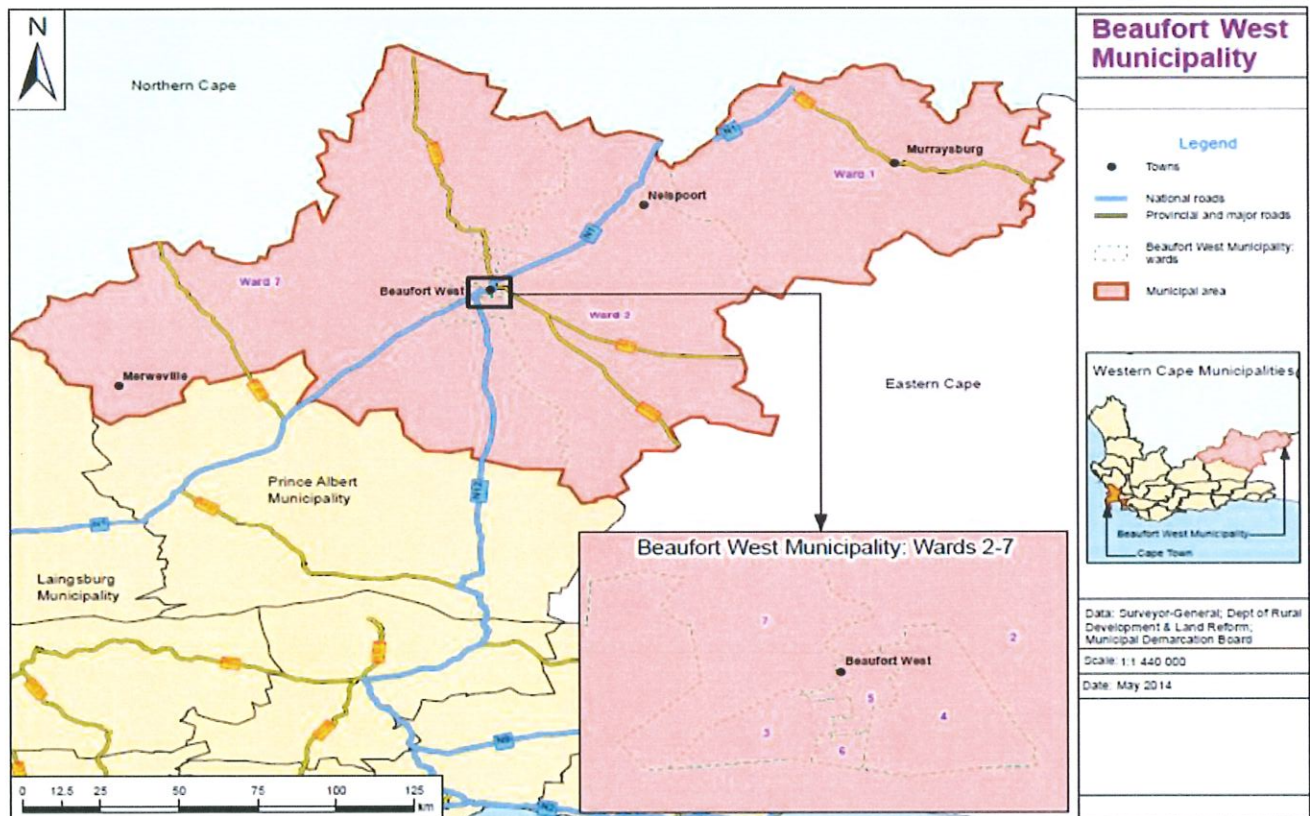


Figure 1.: Beaufort West municipal area and wards

### Merweville

Merweville is a small town situated 160 km south-west of Beaufort West and 40 km from Prince Albert Road station. This Central Karoo town lies in a picturesque area of plains often linked to the Nevada Desert region of the United States. It was established around 1897 on the farm of Jacobus van der Bijl, a jack of many trades: farmer, shopkeeper, postmaster, magistrate and justice of the peace.



He built a church that was later used as a school. Merweville lies in the *koup*, which means "caul fat", and was so named by early indigenous inhabitants who felt that the patches of golden veld grass, interspersed by dark brown soil, resembled the fat and blood vessels surrounding a sheep's liver. The reason for this name is quite apparent at the onset of winter when the veld is less lush and the gold and brown patches become evident. Merweville maintains a great deal of the charm of earlier days and is an ideal spot to rest, relax and unwind from the pressures of modern-day city life.

## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### *Murraysburg*

Murraysburg, a typical old-world Great Karoo town that lies 160 km north-east of Beaufort West, became Ward 1 with the new demarcation and as a result became a DMA of the BWM, after it was previously a DMA of the Central Karoo District Municipality. Murraysburg, located at the foot of the Sneeuberg Mountains in a scenic mix of mountains and plains, offers tranquility for environmentalists and eco-watchers. In the late 18th century a bloody and vicious war of revenge and retaliation raged for many years between the San and farmers. Farms were attacked, houses set alight and herdsman murdered. Farmers went out on punitive missions and killed many of the San, who hunted the livestock of the farmers.



The region was very unsettled by stock theft, murders and reprisal expeditions against the San. At the beginning of the 19th century, the San began to move towards the Kalahari and eventually the farm *Eenzaamheid* was bought from Mr. Kootjie Burger where after the farm became the town of Murraysburg. It was a “church town”, meaning that the

Dutch Reformed Church (DRC) exercised full control over the town and its inhabitants.

Below picture shows the beauty of Murraysburg during a snow filled winter season:

The new town was named after Reverend Andrew Murray, minister of the DRC in Graaff-Reinet. The “burg” derives from the Dutch word meaning “place of safety”.

### *Nelspoort*

Nelspoort, situated 56 km north of Beaufort West, is a small community in the depths of the Central Karoo. The Bushmen and Khoi visited the surrounding heads and left their mark in rock engravings. Long since the Bushmen, the area became a haven for those with chest ailments.





## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

As early as 1836, Beaufort West's dour but well-loved Dr. John Christie appealed to people to "breathe" the air of the Nuweveld Mountains. White farmers later established their homes here and for a while the sanatorium brought peace and healing to many tuberculosis (TB) sufferers. Established in 1924 through the efforts of Dr. Alfred Jasper Anderson and John Garlick, a philanthropist, the Nelspoort area was identified as an ideal location for "the first chest hospital on the African continent." By 1969, the first psychiatric patients were admitted. The disastrous socio-economic effects of tuberculosis had decreased by then and the disease could be treated with drugs at home. The old magic mountain method of healing with good food and fresh air was a thing of the past and thus Nelspoort devoted itself to psychiatric patients, maintaining only one TB ward. Today, both roles have declined.

### c) Key economic activities

Agriculture forms the backbone of the Beaufort West economy and accounts for the largest labour to date. Despite the harsh climate and poor carrying capacity of the veldt, it still offers opportunities for growth and employment creation. The Municipality is dependent upon the following main economic activities:

Key economic activities	Description
Agriculture and agri-processing	Fresh meat (mutton, game, Karoo lamb, ostrich, goat, beef)
	Processed meat (biltong, cold meats, "droë wors")
	Fresh fruit and vegetables (figs, olives, apricots, grapes, herbs)
	Processed fruit and vegetables (chutney, dried figs, olives, jams)
	Animal bi-products (skins, hides, wool, mohair, milk)
	Processed animal bi-products (leather products, dairy products, wool and mohair products)
	Other (traps for problem animals – manufacturing and servicing)
Transportation	The transportation sector in the Central Karoo is one of the strongest contributors to the regional economy and completely dominated by Beaufort West, which contributes 86.4% of the total gross domestic product in this sector
Tourism	Wide-open spaces, magnificent landscapes, panoramas and the sense of solitude attractions
	Historic and cultural attractions

Table 6: Key economic activities



# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## 1.3 Service delivery overview

### 1.3.1 Highlights: Basic services delivery performance

The table below shows the Municipality's achievement with regards to service delivery:

Highlight	Description
Upgrade of boreholes - Merweville	Upgrade of the 5 existing boreholes in Merweville and development of a new borehole
Upgrade of main substation	The Municipality started with the upgrade of the main substation, one of the oldest and most critical primary substations. New switchgear was ordered for manufacturing, and the Municipality is awaiting delivery soon
Training of youth (Environmental practice NGF Level 2)	Thirty (30) youth received training from House of Boniwe (Department of Labour) which consist of 60% theoretical and 40% practical training. House of Boniwe was deployed to conduct the training for Beaufort West Municipality (2020)

Table 7: Basic services delivery highlights

### 1.3.2 Challenges: Basic services delivery

The Municipality faced the following challenges during the year:

Service area	Challenges	Action to address
Water Services	Water losses	Water meter audit to be done to ensure that all consumers are billed. Leak detection and repair programme to be implemented
Sanitation Services	Upgrading the Beaufort West WWTW	Currently, the plant is running at 97% of its capacity. Ageing infrastructure needs urgent attention as regular downtime occurs that results in untreated sewerage water flowing to the emergency ponds
Electricity Services	Shortage of cherry pickers, personal protective clothing (PPE), material and tools	Cherry pickers must be repaired and certified serviceable. Tools for electricians and linesmen must be acquired as soon as possible. PPE must be issued backdated to 3 years. Material levels in the municipal stores must be stocked at minimum service levels and all essential and hard to require material and equipment must form part of stores stock
Waste Management Services	Illegal dumping	<ul style="list-style-type: none"> <li>Education awareness to be done to all residential areas</li> <li>Budget allocation to buy enough "Illegal Dumping" boards</li> <li>Encourage/promote the 3 R's (reduce, reuse and recycle)</li> </ul>

Table 8: Basic services delivery challenges





# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## 1.3.3 Proportion of households with access to basic services

The table below indicates the Municipality's performance related to basic services provided:

Description	2019/20	2020/21
Water - minimum service level and above percentage	98%	98%
Sanitation - minimum service level and above percentage	96%	96%
Electricity - minimum service level and above percentage	100%	100%
Waste collection - minimum service level and above percentage	100%	100%

Table 9: Households with minimum level of basic services

## 1.4 Financial health overview

### 1.4.1 Challenge: Financial viability

The table below indicates the challenge faced during the financial year:

Challenge	Action to address
Financial distress (Inability by the Municipality to meet its commitments)	The turnaround plan has been developed to address the financial situation of the Municipality

Table 10: Financial viability challenge

### 1.4.2 National Key Performance Indicators – Municipal financial viability and management (Ratios)

The following table indicates the Municipality's performance in terms of the National Key Performance Indicators (KPI) required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the Municipal Systems Act (MSA). These KPI's are linked to the National Key Performance Area (KPA) namely: Municipal financial viability and management.

KPA and Indicator	2019/20	2020/21
Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2021 [(Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)x 100]	10.93%	12.93%
Financial viability measured in terms of the outstanding service debtors as at 30 June 2021 [(Total outstanding service debtors/ revenue received for services)x 100]	68.54%	80.12%
Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2021 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	0.6	0

Table 11: National KPI's for financial viability and management





## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### 1.4.3 National KPI - Good governance and public participation

The following table indicates the Municipality's performance in terms of the National KPI's required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and Section 43 of the MSA. This KPI is linked to the National KPA - Good governance and public participation.

KPA and Indicators	Municipal achievement	Municipal achievement
	2019/20	2020/21
The percentage of the municipal capital budget spent by 30 June 2021 ((Actual amount spent /Total amount budgeted for capital projects)X100)	73.59%	84.68%

Table 12: National KPIs - Good governance and public participation performance

### 1.4.4 Financial overview

The table below indicates the Municipality's financial overview for the financial year:

Details	Original budget	Adjustment budget	Actual
Income			
Grants (transfer recognition)	84 105	93 290	89 883
Taxes, levies and tariffs (property and services)	176 306	175 061	174 162
Other (investments and own)	67 754	67 326	53 846
Sub total	328 165	335 677	317 891
Less expenditure	347 175	357 140	369 819
Net surplus/(deficit)	(19 010)	(21 463)	(51 928)

Table 13: Financial overview

### 1.4.5 Total capital expenditure

The table below indicates the Municipality's capital expenditure for the financial year:

Detail	2019/20	2020/21
	R'000	
Original budget	31 958	35 897
Adjustment budget	38 135	24 692
Actual	26 423	20 901
% Spent	69	85

Table 14: Total capital expenditure



# CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

## 1.5 Auditor-General report

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our Country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. In short, the Auditor-General checks the spending of public money by looking at whether it has been used ideally and for the purposes intended. This is done by annually checking all government spending.

The Auditor-General's annual audit examines 3 areas:

- Fair presentation and absence of significant misstatements in financial statements
- Reliable and credible performance information for predetermined objectives
- Compliance with all laws and regulations governing financial matters

There can be 5 different outcomes to an audit, once the municipality has submitted their financial statements to the Auditor-General, which can be simply defined as follows:

- **A clean audit:** The financial statements are free from material misstatements and there are no material findings on reporting on predetermined objectives or non-compliance with legislation
- **Unqualified audit with findings:** The financial statements contain material misstatements. Unless a clean audit outcome is expressed, findings will be raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects
- **Qualified audit opinion:** The financial statements contain material misstatements in specific amounts, or there is insufficient evidence to conclude that specific amounts included in the financial statements are not materially misstated
- **Adverse audit opinion:** The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements
- **Disclaimer of audit opinion:** Insufficient evidence was provided in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements

BWM implemented MGRO as initiated by Provincial Treasury. MGRO is a Municipal Governance and Review Outlook plan to monitor the performance of municipalities within certain focus areas to ensure clean administration within the Western Cape.

### 1.5.1 Audited outcomes

The table below indicates the audit opinion received for the past 3 financial years:

Year	2017/18	2018/19	2019/20	2020/21
Opinion received	Qualified	Qualified	Disclaimer	Qualified

Table 15: Audit outcomes





## CHAPTER 2: GOOD GOVERNANCE

### Chapter 2

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimised, the views of minorities are considered and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

### Component A: Political and Administrative Governance

#### 2.1 Governance structure

##### 2.1.1 Political governance structure

The Council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, Councillors are also actively involved in community work and the various social programs in the municipal area.

##### Council

The Council comprises of 13 elected Councillors made up from 7 Ward Councillors and 6 Proportional Representation (PR) Councillors. The portfolio committees are made up of Councillors drawn from all political parties.

Below is a table that categorise the Councillors within their specific political parties and wards for 2020/21 financial year:

Council members	Capacity	Political party	Ward representing or proportional	Number of meetings attended
1 July 2020 to 21 April 2021				
L Basson	Councillor	DA	Ward 3	22
N Constable	Mayor / Speaker	KDF	Proportional	25
L Deyce	Councillor / Speaker	ANC	Proportional	24
O Haarvoor	Councillor	DA	Ward 1	23
M Kilani	Councillor	ANC	Ward 5	25
Z Lambert	Councillor	ANC	Proportional	25
E Lawrence	Councillor	ANC	Proportional	25
Q Louw	Deputy Mayor / Mayor	ANC	Proportional	25
S Motsoane	Speaker	ANC	Ward 4	25
A Slabbert	Councillor	DA	Proportional	20
J van der Linde	Councillor	DA	Ward 7	23
D Welgemoed	Councillor / Speaker	DA	Ward 2	24
E Wentzel	Councillor	DA	Ward 6	21





## CHAPTER 2: GOOD GOVERNANCE

Council members	Capacity	Political party	Ward representing or proportional	Number of meetings attended
22 April 2021 to 30 June 2021				
L Basson	Councillor	DA	Ward 3	2
N Constable	Mayor / Speaker	KDF	Proportional	3
L Deyce	Speaker / Deputy Mayor	ANC	Proportional	3
C de Bruin	Councillor	ANC	Ward 4	4
O Haarvoor	Councillor	DA	Ward 1	2
M Kilani	Councillor	ANC	Ward 5	3
Z Lambert	Councillor	ANC	Proportional	3
E Lawrence	Councillor	ANC	Proportional	3
Q Louw	Deputy Mayor / Mayor	ANC	Proportional	3
A Slabbert	Councillor	DA	Proportional	2
J van der Linde	Councillor	DA	Ward 7	2
D Welgemoed	Speaker / Councillor	DA	Ward 2	2
E Wentzel	Councillor	DA	Ward 6	2

Table 16: Council 2020/21

The table below indicates the Council meeting attendance for the 2020/21 financial year:

Meeting dates	Council meetings attendance	Apologies for non-attendance
18 August 2020	13	0
2 September 2020	13	0
8 September 2020	13	0
30 September 2020	9	4
5 October 2020	11	(2)
28 October 2020	12	(1)
4 November 2020	12	1
2 December 2020	12	1
15 December 2020	10	3
29 January 2021	13	0
10 February 2021	13	0
16 February 2021	7	6
23 February 2021	13	0
24 February 2021	13	0
4 March 2021	13	0
24 March 2021	13	0
29 March 2021	13	0
31 March 2021	13	0
8 April 2021	13	0



## CHAPTER 2: GOOD GOVERNANCE

Meeting dates	Council meetings attendance	Apologies for non-attendance
15 April 2021	13	0
16 April 2021	12	(1)
5 May 2021	13	0
10 May 2021	7	(6)
17 May 2021	9	(4)
31 May 2021	12	1
15 June 2021	13	0
30 June 2021	7	6
<i>Numbers between brackets indicate non-attendance without apology</i>		

Table 17: Council meetings

### b) Executive Mayoral Committee

The Executive Mayor is at the centre of the system of governance, since executive powers are vested in the Executive Mayor to manage the day-to-day affairs. This means that the Executive Mayor has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, and as well as the powers assigned by legislation.

Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

The name and portfolio of each member of the Mayoral Committee is listed in the table below for the period 1 July 2020 to 30 June 2021:

Name of member	Capacity
L Deyce (1 July 2020 – 31 May 2021)	Fulltime Councillor
M Kilani (1 July 2020 – 30 June 2021)	Fulltime Councillor
Z Lambert (1 June 2021 – 30 June 2021)	Fulltime Councillor

Table 18: Mayoral Committee members (1 July 2020 to 30 June 2021)

The table below indicates the dates of the Mayoral Committee meetings and the number of reports submitted to Council for the 2020/21 financial year:

Meeting date	Number of reports submitted to Council
20 July 2020	5
24 November 2020	
27 November 2020	
15 February 2021	
18 February 2021	
13 April 2021	

Table 19: Executive Mayoral Committee meetings



## CHAPTER 2: GOOD GOVERNANCE

### c) Portfolio Committees

The MSA provides for the establishment of Section 79 and Section 80 Committees.

Section 79 Committees are Council committees, appointed by Council for a specific purpose and accounting to Council section 79 Committees must be composed to reflect the way in which parties and interest are reflected in Council.

Council has established the following Section 79 Committees:

- Financial and Development Committee
- Corporate Services and Social Development Committee
- Human Resource (HR) Development Committee
- Municipal Resource Development Committee

The portfolio committees and their chairpersons for the period 1 July 2020 to 31 May 2021 were as follows:

Chairperson	Other members	Number of minutes submitted to Council	Meeting dates
Financial Services Committee			
Cllr N Constable	Cllr Q Louw	2	7 July 2020 10 November 2020
	Alderman S Motsoane		
	Cllr J van der Linde		
Corporate Services and Human Resources Committee			
Alderman S Motsoane	Cllr Z Lambert	2	21 November 2020 26 November 2020
	Cllr L Deyce		
	Cllr E Wentzel		
	Cllr E Lawrence		
HR Development Committee			
Cllr Q Louw	Cllr M Kilani	1	11 November 2020
	Cllr O Haarvoor		
	Cllr N Constable		
	Alderman S Motsoane		
Municipal Resource Development Committee			
Cllr M Kilani	Cllr N Constable	1	11 November 2020
	Cllr Q Louw		
	Cllr D Welgemoed		
	Cllr Z Lambert		

Table 20: Portfolio Committees (1 July 2020 to 31 May 2021)





## CHAPTER 2: GOOD GOVERNANCE

The portfolio committees and their chairpersons for the period 1 June 2021 to 30 June 2021 were as follows:

Chairperson	Other members	Number of minutes submitted to Council	Meeting dates
Financial Services Committee			
Cllr Q Louw	Cllr Z Lambert	0	0
	Cllr N Constable		
	Alderman J van der Linde		
Corporate Services and Human Resources Committee			
Cllr L Deyce	Cllr Z Lambert	0	0
	Cllr EWentzel		
	Cllr E Lawrence		
	Cllr C de Bruin		
Community Services, Housing and Traffic Committee HR Development Committee			
Cllr N Constable	Cllr M Kilani	0	0
	Cllr O Haarvoor		
	Cllr Q Louw		
	Cllr C de Bruin		
Infrastructure and Engineering Services, Youth and Women Committee			
Cllr M Kilani	Cllr N Constable	0	0
	Cllr Q Louw		
	Cllr D Welgemoed		
	Cllr Z Lambert		
	Cllr L Deyce		

Table 1: Portfolio Committees (1 June 2021 to 30 June 2021)

### d) Municipal Public Accounts Committee

The Municipal Public Accounts Committee (MPAC) is a committee of the Municipal Council, appointed in accordance with Section 80 of the Structures Act. The main purpose of the MPAC is to exercise oversight over the executive functionaries of Council as delegated and to ensure good governance in the Municipality.

Name of representative	Departments / Sections / Council	Political Party
Cllr Z Lambert(until 31 May 2021)	Council	ANC
Cllr E Lawrence	Council	ANC
Cllr D Welgemoed	Council	DA
Cllr C de Bruin (from 31 May 2021)	Council	ANC
K Haarhoff (until 16 February 2021)	MM	-
J Penxa (from 17 February 2021)	MM	-
A Makendlana	Director: Corporate Services	-



## CHAPTER 2: GOOD GOVERNANCE

Name of representative	Departments / Sections / Council	Political Party
B Vink (until December 2020)	Director: Financial Services	-
N Ntsangani (from 5 May 2021)	Director: Financial Services	-
D Van Turha	Director: Infrastructure Services	-
T Prince	Director: Community Services	-
M Phoshoko (from 5 May 2021)	Director: Community Service	-

Table 2: MPAC

### 2.1.2 Administrative governance structure

The Municipal Manager is the accounting officer of the Municipality. He is the head of the administration and primarily must serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the management team, whose structure is outlined in the table below:

Name of official	Department	Performance agreement signed
		Yes/No
M Penxa	Municipal Manager	No
N Ntsangani	Director: Financial Services	No
D van Turha	Director: Infrastructure Services	No
A Makendlana	Director: Corporate Services	Yes
Vacant	Director: Community Services	NA

Table 3: Administrative governance structure

## Component B: Intergovernmental Relations

### 2.2 Intergovernmental relations

In terms of the Constitution of South Africa, all spheres of government and all organs of state must co-operate with one another in mutual trust and good faith fostering friendly relations. They must assist and support one another, inform and consult one another on matters of common interest, coordinate their actions, adhere to agreed procedures and avoid legal proceedings against one another.





## CHAPTER 2: GOOD GOVERNANCE

### a) *Intergovernmental structures*

To adhere to the principles of the Constitution as mentioned above, the Municipality participates in the following intergovernmental structures:

Name of structure	Members	Outcomes of engagements/topics discussed
Supply Chain Management (SCM) forum	Manager: SCM	Enhance municipality financial and administrative capability
Integrated Waste Management forum	Waste Management: Superintendent	Waste minimisation and campaigns
IDP Indabas	IDP Manager and all Directors	Resources agree on joint priorities and commit resources to implement these priorities
Provincial Public Participation and Commutation forum	Public participation officials	Ensure the coordinated and Coherent implementation and establishment of the ward participatory process to encourage the involvement of communities and organisations ensure in matters of local government
Provincial Skills Development	Skills Development Facilitator	Ensure and improve training delivery system in the province
HR Practitioners forum	Manager: HR	Educational attainment , skills development, science and innovation and labour, market/ employment policies
Karoo STR and Economic Initiative	Executive Mayor and IDP Coordinator	The Karoo Region STR Program aims to achieve developmental outcomes across local municipalities, districts and provinces through municipal cooperation across the Karoo region
EPWP Central Karoo District Forum	EPWP Champions for District, Sector Departments (National and Provincial), Regional Coordinator	Grant agreement. EPWP progress and possible interventions
MIG Coordination Meeting	Local Municipalities PMU Managers, Department of Local Government, DCOGTA, Sector Departments	MIG progress and possible interventions
MISA Steering Committee	MM, CFO, Director: Infrastructure, MIG PMU Manager, Managers MISA Officials, Department of Local Government	MOA, technical support required as per technical support plan between MISA and the Municipality

**Table 4:** *Intergovernmental structures*

### b) *Joint projects and functions with sector departments*

All the functions of government are divided between the different spheres of government. The Municipality therefore share their area and community with other spheres of government and their various sector departments and must work closely with national and provincial departments to ensure the effective implementation of various projects and functions.



## CHAPTER 2: GOOD GOVERNANCE

The table below provides detail of such projects and functions:

Name of project/ function	Expected outcomes of the project	Sector departments involved	Contribution of sector department
EPWP	Work Opportunities, 65 FTE's (Full Time Equivalents)	Department of Public Works: EPWP Section	R1 285 000
WOSA Funding Project	COVID-19 relief	CKDM/Department Community Safety	R400 000
Community Work Programme	To strengthen community development approaches. To improve the quality of life for people in marginalised economic areas by providing work experience, enhancing dignity and promoting social and economic inclusion	COGTA	R14 362 134

Table 5: Joint projects and functions with sector departments

### Component C: Public Accountability and Participation

Section 16 of the MSA refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. It must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of:

- 🏛️ the preparation, implementation and review of the IDP;
- 🏛️ establishment, implementation and review of the performance management system;
- 🏛️ monitoring and review of performance, including the outcomes and impact of such performance; and
- 🏛️ preparation of the municipal budget.

#### 2.3 Ward committees

Ward committees supports the ward councillor who receives reports on development, participate in development planning processes and facilitate wider community participation. To this end, the Municipality constantly strives to ensure that all ward committees' function optimally with community information provision, convening of meetings, ward planning, service delivery, IDP formulation and performance feedback to communities.





## CHAPTER 2: GOOD GOVERNANCE

### 2.3.1 Ward Committees

The tables below indicate each ward with their associated members and dates of meetings:

#### a) Ward 1: Murraysburg and Murraysburg rural areas

Name of representative	Capacity representing	Dates of meetings held during the year
V Mlilwana	Unemployment	27 July 2020
A Hoffman	Education and Religion	21 August 2020
G Zahela	Senior Burger and Disability	22 September 2020
J Jonas	Community Based Organization and Safety	29 October 2020
D Oerson	Youth	27 November 2020
J Martin	Welfare Development	17 December 2020
S Tshikolo	Environmental based organization and safety	21 January 2021
N Fywers	Health	22 February 2021
A Johnson	Women	25 March 2021
		28 April 2021
		20 May 2021
		24 June 2021

Table 6: Ward 1: Committee meetings

#### b) Ward 2: Nelspoort, Nelspoort Rural, Noord Einde, part of Hillside, central town, part of rural areas of Beaufort West and part of Hospital Hill

Name of representative	Capacity representing	Dates of meetings held during the year
A Peers	Business	28 July 2020
A Jonkers	Youth Forum	10 August 2020
B Maxhegwana	Education	28 September 2020
S November	CWP/ Community	15 October 2020
J Lodewyk	Policing Safety & Security	30 November 2020
D Booysen	Health	17 December 2020
M Breda	Religion	27 January 2021
J Bosman	Church/ Social Groups and Community	25 February 2021
		10 March 2021
		28 April 2021
		25 May 2021
		23 June 2021

Table 7: Ward 2: Committee meetings



## CHAPTER 2: GOOD GOVERNANCE

### c) Ward 3: Part of Rustdene, Essopville and Nieuveland Park

Name of representative	Capacity representing	Dates of meetings held during the year
L Bosman	Charity	27 July 2020
A Plaatjies	Labour	11 August 2020
J Wentzel	Youth	9 September 2020
E Jacobs	Sport	28 October 2020
J Paulse	Unemployment	19 November 2020
G Makok	Religion	15 December 2020
N Fortuin	Environment	12 January 2021
E Lottering	Health	9 February 2021
H Frazenburg	Youth	9 March 2021
E Arendse	People with Disability	12 April 2021
		11 May 2021
		8 June 2021

Table 8: Ward 3: Committee meetings

### d) Ward 4: Part of Kwa Mandlenkosi, De Lande, part of central town and southern part of Hospital Hill

Name of representative	Capacity representing	Dates of meetings held during the year
H Mali	Women	30 July 2020
B Khedama	Health	12 August 2020
A Swanepoel	Unemployment	16 September 2020
S Ndyalivane	Religion	26 October 2020
Z Mdlikiva	Women and Health	1 November 2020
L Banda	Business Sector	17 December 2020
X Voorslag	Youth	4 January 2021
N Dyani	Governing Bodies	22 February 2021
F Njoli	Women and Safety	28 April 2021
		6 May 2021
		29 June 2021

Table 9: Ward 4: Committee meetings





## CHAPTER 2: GOOD GOVERNANCE

### e) Ward 5: Part of Kwa Mandlenkosi, part of Rustdene, Paddavlei, Hooyvlakte, New Lands and New Town

Name of representative	Capacity representing	Dates of meetings held during the year
S Dyson	Community Clinics	23 July 2020
S Louw	Clinics	17 August 2020
M de Boer	Youth and Disabled	20 September 2020
E Grootboom	Community Clinics	11 October 2020
A Lottering	Governing Bodies	27 November 2020
J Ceasar	Business Sector	15 December 2020
G Louw	Women	23 January 2021
A Mdlikiva	Governing Bodies	17 February 2021
M Mapotolo	Community	15 March 2021
B Jack	Crime and Drugs	28 April 2021
		14 May 2021
		21 June 2021

Table 10: Ward 5: Committee meetings

### f) Ward 6: Part of Rustdene and Prince Valley

Name of representative	Capacity representing	Dates of meetings held during the year
V Louw	Neighborhood Watch	27 July 2020
E Links	Neighborhood Watch	24 August 2020
R Adonis	Religion	15 September 2020
A Daniels	Children	27 October 2020
L Beyers	Women	19 November 2020
E Mosterd	Sport	15 December 2020
F Martin	Religion	25 January 2021
M Kratshi	Municipal Affairs	16 February 2021
M McDonald	Business	23 March 2021
		15 April 2021
		10 May 2021
		21 June 2021

Table 11: Ward 6: Committee meetings

### g) Ward 7: Part of rural Beaufort West, part of Hillside I and II, Toekomsrus, Merweville and rural parts of Merweville

Name of representative	Capacity representing	Dates of meetings held during the year
T Bostander	Transport	13 July 2020
J Spogter	Caring Hands	27 July 2020
C van Zyl	Women and Safety	17 August 2020
E Daniels	Business	19 August 2020
D Klein	Youth	14 September 2020
T Sam	Sport and Culture	16 September 2020
N Johnson	Women	14 October 2020
		12 November 2020



## CHAPTER 2: GOOD GOVERNANCE

Name of representative	Capacity representing	Dates of meetings held during the year
D Abrahams	Sport	12 December 2020
R Uithaler	Women	20 January 2021
		21 January 2021
		25 February 2021
		11 March 2021
		21 March 2021
		18 April 2021
		25 April 2021
		18 May 2021
		22 June 2021
		23 June 2021
		24 June 2021

Table 12: Ward 7: Committee meetings

### 2.4 Functionality of Ward Committees

The purpose of a ward committee is:

- to get better participation from the community to inform Council decisions;
- to make sure that there is more effective communication between the Council and the community; and
- to assist the ward councillor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The ward councillor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward councillor who makes specific submissions directly to the administration. These committees play a very important role in the development and annual revision of the IDP of the area.

The table below provides information on the ward committees and their functionality for the 2020/21 financial year:

Ward number	Committee established Yes / No	Number meetings held during the year	Committee functioning effectively (Yes / No)
Ward 1	Yes	12	Yes
Ward 2	Yes	12	Yes
Ward 3	Yes	12	Yes
Ward 4	Yes	12	Yes
Ward 5	Yes	12	Yes
Ward 6	Yes	12	Yes
Ward 7	Yes	12	Yes

Table 13: Functioning of ward committees





## CHAPTER 2: GOOD GOVERNANCE

### 2.5 Representative forums

#### 2.5.1 Labour Forum

The table below specifies the members of the Labour Forum for the 2020/21 financial year:

Name of representative	Capacity	Meeting dates
M Penxa	Acting Municipal Manager/Management	No formal LLF meetings held since 9 March 2021 until 30 June 2021. Matters regarding permanent appointment of temporary employees, placement of employees, payment of standby and overtime discussed at Staff Appointment Committee Meetings, Placement Committee meetings as well as informal meetings between management and trade unions
N Constable	Speaker/Management	
M Kilani	Management	
T Deyce	Chairperson/Management	
A Makendlana	Director: Corporate Services	
H Maans	SAMWU	
G Daniels	SAMWU	
E Molowitz	SAMWU	
G Daniels	SAMWU	
L Swarts	SAMWU	
G Plaatjies	SAMWU	
W van der Horst	IMATU	
C Lotterring	IMATU	
M Govender	IMATU	
L Barnard	Secretariat (Human Resources)	

Table 14: Labour Forum

### 2.6 Public meetings

The table below indicates the public meetings arranged and dates that it took place on:

Venue	Ward	Date
Murraysburg Town Hall, Beaufort Street, Murraysburg	1	5 October 2020
Nelspoort Sport Ground, Clubhouse, Nelspoort	2	7 October 2020
Geelsaal, Alfonso Avenue, Nieuveland Park	3	8 October 2020
Kwa Mandlenkosi Hall, Kwa Mandlenkosi	4	12 October 2020
Rustdene Hall, Long Street, Newlands	5	13 October 2020
Pinkster Eenheid Church, Ebenezer Avenue, Rustdene	6	14 October 2020
Merweville, Sport Ground, Community Hall, Merweville	7	26 October 2020

Table 15: Labour Forum



## CHAPTER 2: GOOD GOVERNANCE

### Component D: Corporate Governance

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

#### 2.7 Risk management

To maintain an overall positive perception of the Municipality and confidence in the Municipality from the public and other stakeholders, well planned goals and objectives should be coordinated and achieved within the Municipality. Section 62(1) of the MFMA stipulates that the Accounting Officer must take all reasonable steps to ensure that the municipality has and maintains an effective, efficient and transparent system of financial and risk management and internal control as well as the effective, efficient and economical use of the resources of the municipality. BWM has instituted a systematic and formalised process to identify, assess, manage and monitor risks which effectively ensures achievement of those planned goals and objectives. Thus, risk management is essentially a good governance measure instituted to ensure the municipality accomplish its vision, mission and strategic plans.

The Municipality has an approved Risk Management Policy, Framework and Implementation Plan as approved by Council on 23 January 2017 (resolution number 8.15 5/12/2/1). The policy is reviewed annually by the Risk Committee and submitted to the Municipal Manager for approval.

The risk management function is facilitated internally by the internal audit division and externally by a service provider to ensure the following functions are performed:

- ▣ Assisting management to develop and implement the Risk Management Policy, Strategy and Implementation Plan;
- ▣ Coordinating risk management activities;
- ▣ Facilitating identification and assessment of risks;
- ▣ Recommending risk responses to management; and
- ▣ Developing and disseminating risk reports.

##### a) Risk assessment process

The risk assessment for the 2020/21 financial year was completed during January to February 2018 where risks were identified and categorised into the following groups:

- ▣ Operational risks
- ▣ Strategic risks

The risks identified were classified into high, medium and low risks to determine the inherent risk (impact risk has before taking controls into consideration). The risk rating is determined by a 10 X 10 risk matrix.





## CHAPTER 2: GOOD GOVERNANCE

### b) Top strategic risks

As part of the risk assessment, management identifies current controls, which mitigates the inherent risks identified. After considering controls, the identified risks will receive a residual risk.

After the residual risks have been determined it will be categorised again according to high, medium and low risks, where after management determines which of the risks require further actions to mitigate the impact it may have.

The top ten risks of the Municipality for the financial year were as follow:

Risk level	Risk	Directorate	Impact	Likelihood	Risk rating
High	Impact that the COVID-19 pandemic has on the Municipality	Strategic	10	10	100
Low	Impact of Drought	Strategic	10	10	100
High	Lack of funding (need to expand the landfill site in the near future)	Strategic	10	10	100
High	Misuse and abuse of municipal vehicles	Engineers	10	10	100
High	Impact of loss of fines on short term financial feasibility	Strategic	10	10	100
Medium	Financial feasibility in the long term	Strategic	9.5	9.5	90.3
Medium	Ageing and deteriorating infrastructure	Strategic	9	10	90
Medium	Excessive water losses	Strategic	9	10	90
Medium	Decentralised SCM unit resulting in corruption or bypassing SCM processes	Financial	9	10	90
Medium	Loss of key data (Data management outsources to service provider with no controls vested in the Municipality)	Community Services	9	10	90

Table 16: Strategic risks

### c) Organisational risk assessment

The table below reflects the annual risk assessments for the past two financial years, reflecting the change in the risk profile:

2019/20			2020/21		
Risk categories	Risks	% of all risk	Risk categories	Risks	% of all risks
High	72	31	High	72	31
Medium	157	64	Medium	171	66
Low	14	5	Low	16	3
Total	243	100	Total	259	100

Table 17: Risk profile

### d) Risk Committee

The role of the Risk Committee is to provide timely and useful enterprise risk management reports to the Audit Committee of the Municipality. The reports contain the current top risks of the Municipality, which includes:

- Key strategic and financial risks facing the Municipality (all extreme and high-risk exposures)
- Key operational risks per strategic goal (top 5 risks per objective as per risk exposure from high to low)



## CHAPTER 2: GOOD GOVERNANCE

The Risk Committee consists of the following members:

Name of Committee Member	Capacity	Meeting dates
K Haarhoff	Chairperson – resigned 25 March 2021	20 September 2020 23 March 2021
M Penxa	Chairperson	
A Makendlana	Member	
D van Turha	Member	
B Vink	Member	
C Kymdell	Member	
R Naidoo	CRO	
N Gabada	Member	

Table 18: Members of the Risk Committee

### 2.8 Anti-corruption and anti-fraud

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, Section 112(1)(m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the Accounting Officer must take steps to ensure mechanisms and separation of duties in a SCM system to minimize the likelihood of corruption and fraud.

#### a) Developed strategies

Name of strategy	Developed Yes/No	Dates adopted
Anti-corruption Strategy and Response Plan	Yes	30 August 2016
Anti-corruption Strategy and Response Plan	Yes	24 April 2018
Draft Integrity Management Framework	Yes	Not yet adopted

Table 19: Strategies and response plan

### 2.9 Audit and Performance Audit Committee

#### a) Functions of the Audit Committee (AC)

The AC has the following main functions as prescribed in Section 166(2)(a-e) of the MFMA, and the Local Government Municipal and Performance Management Regulation:

- 🏛 To advise Council on all matters related to compliance and effective governance
- 🏛 To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, Division of Revenue Act (DoRA) and other applicable legislation
- 🏛 Respond to Council on any issues raised by the Auditor-General in the audit report
- 🏛 Carry out investigations into the financial affairs of the municipality as Council may request
- 🏛 Review the quarterly reports submitted by internal audit





## CHAPTER 2: GOOD GOVERNANCE

- Evaluate audit reports pertaining to financial, administrative and technical systems
- Evaluate the compliance to existing policies and relevant legislation
- Review the performance management system and make recommendations in this regard to Council
- Assess whether the performance indicators are sufficient
- Determine possible reasons for discrepancies between performance and targets
- Identify major risks to which Council is exposed and determine the extent to which risks have been minimised
- To review the annual report of the municipality
- Investigating cases of fraud, misbehaviour and conflict of interest involving employees
- Review the plans of internal audit and ensure that the plan addresses the high-risk areas and ensure that adequate resources are available
- Review audit results and action plans implemented by management
- Provide support to internal audit
- Ensure that no restrictions or limitations are placed on internal audit

### **b) Functions of the Performance Audit Committee**

The regulations require that the Performance Audit Committee (PAC) is comprised of a minimum of three members, the majority of whom are external (neither a Councillor nor an employee) of the municipality. Section 14(2)(b) of the Regulations further stipulates that the PAC must include at least one person who has expertise in performance management. It is also a requirement of the Regulations in Section 14(2)(d) that the Council of a municipality designate neither a member of the PAC who is neither a Councillor nor an employee of the municipality as the chairperson of the committee.

Both the Regulations and the MFMA, indicate that three is the minimum number of members needed to comprise a PAC. While the regulations preclude the appointment of a Councillor as chairperson of the PAC, the MFMA excludes the involvement of a Councillor in the composition of a PAC entirely.

In accordance with the requirements of Section 14(2)(e) of the Regulations, if the chairperson is absent from a specific meeting of the committee, the members present must elect a chairperson from those present to act as chairperson for that meeting.

Further, Section 14(2)(f) of the Regulations provides that, in the event of a vacancy occurring amongst the members of the PAC, the municipality concerned must fill that vacancy for the unexpired portion of the vacating member's term of appointment.

Section 14(3)(a) of the Regulations requires that the PAC of a municipality must meet at least twice during each financial year. However, additional special meetings of the PAC may be called for by any member of the committee where sufficient justification exists in terms of Section 14(3)(b) of the Regulations.

In terms of Section 14(4)(a) of the Regulations the PAC has the responsibility to -

- review the quarterly reports produced and submitted by the internal audit process;
- review the municipality's performance management system and make recommendations in this regard to the Council of the municipality; and
- at least twice during each financial year submit a performance audit report to the Council of the municipality.



## CHAPTER 2: GOOD GOVERNANCE

### c) Members of the PAC

The table below indicates the names of the members of the AC and PAC:

Name of representative	Capacity	Meeting dates
S Ngwevu	Chairperson	30 September 2020
A Augustyn	Member	22 October 2020
W Phillips	Member	27 October 2020
N Gabada	Member	31 March 2021
		22 June 2021

Table 20: Members of the AC and PAC

### 2.10 Internal audit

Section 165(2)(a) and (b)(iv) of the MFMA requires that the internal audit unit of a municipality prepare a risk-based audit plan and an internal audit program for each financial year; advise the accounting officer and report to the AC on the implementation on the internal audit plan and matters relating to:

- ▣ internal audit;
- ▣ internal controls;
- ▣ accounting procedures and practices;
- ▣ risk and risk management;
- ▣ performance management;
- ▣ loss control;
- ▣ compliance with this Act, the annual Division of Revenue Act and any other applicable legislation, and
- ▣ perform other duties as may be assigned to it by the accounting officer.

The Municipality has an in-house internal audit function.

### a) Annual audit plan

The table below provides detail on audits completed:

Description			Date completed
Phase 1			
Operational and Strategic Risk Assessment			January – February 2018
Phase 2			
Compilation of Risk Based Audit Plan			July 2020
Phase 3			
Type of audit engagement	Department	Detail	Date completed
Quarterly audit of Performance Management	Strategic	Quarterly audit of the Performance Management System	18 March 2021
			6 April 2021
			27 September 2021





## CHAPTER 2: GOOD GOVERNANCE

Description			Date completed
SCM COVID-19 Emergency Procurement	Strategic	To ensure compliance with the SCM emergency COVID-19 legislative requirements	12 July 2021
Grants	Strategic	To ensure compliance with DORA	12 July 2021
Income	Finance	To ensure compliance of Debtors, Credit control, Rebates and Cash management to legislative requirements	24 August 2021
Ad-hoc Internal Audit on the essential transport allowance	Strategic	To provide assurance and an audit opinion around the effectiveness and efficiency of internal controls of the essential transport scheme	19 August 2020
Ad-hoc Internal Audit of the overtime	Strategic	To provide assurance and an audit opinion around the effectiveness and efficiency of internal controls of the overtime procedures	31 August 2020
Ad-hoc Internal Audit on the contract/SLA of a service provider	Corporate	To provide assurance and an audit opinion around the effectiveness and efficiency of internal controls of the contract/SLA of service provider	13 May 2021
Ad-hoc Internal Audit of the suspected/alleged irregularities with regards to certain procurement processes within SCM	Finance	To provide assurance and an audit opinion around the effectiveness and efficiency of internal controls around the suspected/alleged irregularities reported by a whistle blower with regards to certain procurement processes within SCM	3 June 2021

Table 21: Internal audit plan

### 2.11 By-laws and policies

Section 11 of the MSA gives a Council the executive and legislative authority to pass and implement by-laws and policies.

No new by-laws were developed and reviewed during the financial year.



## CHAPTER 2: GOOD GOVERNANCE

### 2.12 Communication

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community.

Below is a communication checklist of the compliance to the communication requirements:

Communication activities	Yes/No
Communication Strategy	Yes
Communication Policy	No
Functional Complaint Management Systems	Yes

Table 22: Communication activities

Additional communication channels utilised:

Channel	Yes/No	Number of people reached
SMS system	Yes	176 per month

Table 23: Additional communication channels

### 2.13 Website

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and Section 21A and B of the MSA as amended.

The table below gives an indication about the information and documents that are published on our website:

Description of information and/or document	Yes/No and/or Date Published
<b>Municipal contact details (Section 14 of the Promotion of Access to Information Act)</b>	
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical and postal address of the Municipality	Yes
<b>Financial information (Sections 53, 75, 79 and 81(1) of the MFMA)</b>	
Tabled Budget 2020/21	Yes
Adjusted Budget 2020/21	Yes
Asset Management Policy	Yes
Customer Care, Credit Control and Debt Collection Policy	Yes
Indigent Policy – Part of Credit Control Debt Collection Policy	Yes
Funds and Reserves Policy	Yes
Investment and Cash Management Policy	Yes
Rates Policy	Yes
SCM Policy	Yes
Tariff Policy	Yes



## CHAPTER 2: GOOD GOVERNANCE

Description of information and/or document	Yes/No and/or Date Published
Virement Policy	Yes
Petty Cash Policy – Part of SCM Policy	Yes
Travel and Subsistence Policy	Yes
Long Term Financial Policy	No
Borrowing Policy	Yes
SDBIP 2020/21	Yes
Budget and Treasury Office Structure	No
IDP and public participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)	
Reviewed IDP for 2020/21	Yes
IDP Process Plan for 2020/21	Yes
SCM (Sections 14(2), 33, 37 and 75(1)(e) and (f) and 120(6)(b) of the MFMA and Section 18(a) of the National SCM Regulation)	
List of capital assets that have been disposed	No
Long-term borrowing contracts	Yes
SCM contracts above R 30 000	No
Service delivery agreements	No
Public invitations for formal price quotations	Yes
Reports (Sections 52(d), 71, 72 and 75(1)(c) and 129(3) of the MFMA)	
Annual Report of 2019/20	Yes
Oversight reports	Yes
Mid-year budget and performance assessment	Yes
Quarterly reports	Yes
Monthly budget statement	Yes
LED (Section 26(c) of the MSA)	
LED Strategy	No
Economic profile	No
LED projects	No
Performance management (Section 75(1)(d) of the MFMA)	
Performance agreements for employees appointed as per S57 of MSA (Municipal Manager only)	Yes
Assurance functions (Sections 62(1), 165 and 166 of the MFMA)	
Internal Audit Charter	Yes
AC Charter	Yes
Risk Management Policy, Strategy and Implementation Plan	Yes

Table 24: Website checklist





## CHAPTER 2: GOOD GOVERNANCE

### 2.14 SCM

The SCM Policy of BWM is deemed to be fair, equitable, transparent, competitive and cost-effective as required by Section 217 of the Constitution.

#### 2.14.1 Competitive bids in excess of R200 000

##### a) Bid committee meetings

The following table details the number of Bid Committee meetings held for the 2020/21 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
26	19	12

*Table 25: Bid committee meetings*

The members of the bid committees for the financial year were:

Bid Specifications Committee	Bid Evaluation Committee	Bid Adjudication Committee
C Els	C Els	B Vink
B Damon	M Tshibo	A Makendlana
S Berg	N Kotze	D van Turha
S Pheiffers	K Fortuin	S Pothberg
N Kotze	S Berg	K Fortuin
N January	J Abrahams	C Kymdell
A Makendlana	D le Roux	
R Summers	A Mitchell	
C Okkers	L Gouws	
K Fortuin	P Lande	
D le Roux	C Wright	
C de Koker	R Eland	
D Hawker	V Ruiters	
P Strümpfer	L Barnard	
C Wright	D Hawker	
J Abrahams	B Damon	
B Motsoane	X Dika	
P Mditshwa	L Lakay	
V Ruiters		
M Lawrence		
R Klink		
S Pothberg		
B Vink		
L Lakay		



## CHAPTER 2: GOOD GOVERNANCE

Bid Specifications Committee	Bid Evaluation Committee	Bid Adjudication Committee
D van Turha		
W Petersen		
B Mitchell		
L Gouws		
C Molligan		
C Kymdell		
P Lande		
A Mitchell		
B Balie		
A Hendriks		
J Jacobs		
B Horn		
B Jacobs		
R Eland		
M Phosoko		

Table 26: Members of bid committees

### b) Awards made by the Bid Adjudication Committee

The highest bids awarded by the Bid Adjudication Committee are as follows:

Bid number	Date of award	Title of bid	Successful bidder	Value of bid awarded (R)
SCM 29/2021	5 May 2021	Beaufort West Cemetery: Expansion of "Goue Akker"	Amandla Construction	R6 523 898.48
SCM 17/2021	13 April 2021	Murraysburg Reservoirs: Construction of a 200kl and 400kl Reservoir	Phambili Civils	R6 450 667.63
SCM 32/2020	30 September 2020	Supply and delivery of mechanical and electrical equipment to equip and upgrade boreholes in Merweville	TG Elektries (Pty) Ltd	R3 808 542.61
SCM 21/2020	13 October 2021	Supply, installation and maintenance of new digital VHF repeater system including two-way radios for a period of 3 years	J & E Communications	R1 204 255.85
SCM 25/2021	6 May 2021	Maintenance and Repair of Electrical Networks (132/22/11/0.4kV) and associated Civil and Construction works for Beaufort West	VE Reticulation	R2 733 356.34





## CHAPTER 2: GOOD GOVERNANCE

Bid number	Date of award	Title of bid	Successful bidder	Value of bid awarded (R)
		Municipality for the period ending June 2024.		
SCM 12/2021	13 January 2021	Supply and delivery of server- and video conferencing software to Beaufort West Municipality	Mantella IT	Various prices
SCM 19/2020	27 July 2020	Request for service provider for implementing skills development programme	RSTG (Pty) Ltd	R180 000.00
SCM 22/2020	21 August 2020	Request for formal quotation: Financial Consultant	Ultimate Consulting Solutions (Pty) Ltd	R189 175.00
SCM 04/2020	29 September 2020	Supply, printing and mailing/e-mail of municipal accounts for 2-year period	Mailtronic Direct Marketing cc	R179 187.25
SCM 35/2020	23 December 2020	Supply and delivery of water and sewerage maintenance material for a period of 3 years	Nolada8 (Pty) Take Note Trading 245cc t/a Universal Trading KFC Engineering and Industrial Supplies Ithuba Industries NRB Piping Systems (Pty) Ltd Kingpin Supplies ALM Construction & Supplies	Various prices

**Table 27: Highest bids awarded by Bid Adjudication Committee**

### c) Awards made by the accounting officer

The following award was made by the accounting officer of the Municipality:

Bid number	Date bid was awarded	Title of bid	Successful bidder	Value of bid awarded (R)
SCM 21/2021	11 June 2021	Upgrading and refurbishment of Electrical Networks (132/22/11/0.4 KV) for the greater Beaufort West Municipality for the period ending June	Rivigan Infrastructure Services	R14 940 795.28

**Table 28: Awards made by the Accounting Officer**

### d) Appeals lodged by aggrieved bidders

No appeals were received for the 2020/21 financial year.





## CHAPTER 2: GOOD GOVERNANCE

### 2.14.2 Deviation from normal procurement processes

The following table provides a summary of deviations approved on an annual and monthly basis respectively:

Type of deviation	Number of deviations	Percentage of total deviations number	Value of deviations R	Percentage of total deviations value
Emergency	10	50	R170 074.92	51
Sole supplier	6	30	R29 024.00	9
Any other exceptional case where it is impossible or impractical to follow the official procurement process	4	20	R132 634.20	40
<b>Total</b>	<b>20</b>	<b>100</b>	<b>R331 732.92</b>	<b>100</b>

Table 29: Summary of deviations

Clause 36(1)(a)(v)- Deviations- impractical and or impossible:

Type of deviation	Number of deviations	%	Value of deviations (R)
Any contract relating to the publication of notices and advertisements by the Municipality	7	5	R129 052.08
Any contract with an organ of state, a local authority or a public utility corporation or company	6	2	R45 030.00
The appointment of any person to provide professional advice or services, where the value of such appointment is less than R200 000	44	92	R2 190 835.50
Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required to call for bids	7	1	R25 337.18
<b>Total</b>	<b>64</b>	<b>100</b>	<b>R2 390 254.76</b>

Table 30: Deviations – impractical and/or impossible

### 2.14.3 Logistics management

The system of logistics management must ensure:

- the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- the placing of manual or electronic orders for all acquisitions other than those from petty cash;

## CHAPTER 2: GOOD GOVERNANCE

- before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Each stock item at the municipal stores are coded and are listed on the financial system. Monthly monitoring of patterns of issues and receipts are performed by the storekeeper.

Inventory levels are set at the start of each financial year. These levels are set for normal operations. If special projects are being launched by departments, such information must be communicated timely to the stores section for them to order stock more than the normal levels.

Internal controls are in place to ensure that goods and service that are received are certified by the responsible person.

Regular checking of the condition of stock is performed. Quarterly stock counts are performed at which surpluses, deficits, damaged and redundant stock items are identified and reported to Council.

The system of disposal management must ensure the following:

- Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise, as community value makes up for the lower market value
- Movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous
- Firearms are not sold or donated to any person or institution within or outside the republic unless approved by the National Conventional Arms Control Committee
- Immovable property is let at market related rates except when the public interest or plight of the poor demands otherwise
- All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed
- Where assets are traded in for other assets, the highest possible trade-in price is negotiated
- In the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment

Assets must be disposed of in terms of Council's Asset Management and Immoveable Property Management Policy.





## CHAPTER 2: GOOD GOVERNANCE

### 2.15 Municipal Cost Containment Measures

#### 2.15.1 Municipal Cost Containment Regulations (MCCR)

National Treasury first published the draft MCCR for public comment on 16 February 2018, with the closing date being 31 March 2018. Comments were received, from the Department of Cooperative Governance and Traditional Affairs, SALGA, municipalities and other stakeholders. After extensive consultation and consideration of all comments received, the MCCR were finalised and promulgated on 7 June 2019 in the Government Gazette, with the effective date being 1 July 2019.

#### 2.15.2 Municipal Cost Containment Policy

The MCCR do not apply retrospectively, therefore will not impact on contracts concluded before 1 July 2019. If municipalities and municipal entities decided to extend current contracts, such contracts should have been aligned with the principles outlined in the MCCR and SCM regulations.

Regulation 4(1) of the MCCR requires municipalities and municipal entities to either develop or review their cost containment policies. The MCCR require municipalities to adopt the cost containment policies as part of their budget related policies prior to 30 September 2019. The Beaufort West Municipality adopted cost containment policies on 15 June 2021.

#### 2.15.3 Cost containment measure and annual cost saving

The effective implementation of the MCCR is the responsibility of the municipal council and the municipal accounting officer. In terms of the cost containment framework provided in the MCCR, which is consistent with the provisions of the MFMA and other government pronouncements, the following cost savings for the financial year are disclosed:

Cost Containment Measure	Cost Containment					
	2019/20			2020/21		
	Budget	Total Expenditure	Savings	Budget	Total Expenditure	Savings
	R'000	R'000	R'000	R'000	R'000	R'000
Use of consultants	3 762	6 207	(2 455)	4 245	4 070	175
Vehicles used for political office -bearers	0	0	0	0	0	0
Travel and subsistence	962	956	6	609	313	296
Domestic accommodation	0	0	0	251	135	116
Sponsorships, events and catering	127	70	57	193	71	122
Communication	2 147	2 023	124	1 968	1 809	159
Other related expenditure items	0	0	0	0	0	0
<b>Total</b>	<b>6 998</b>	<b>9 256</b>	<b>(2 268)</b>	<b>7 266</b>	<b>6 398</b>	<b>868</b>

Table 31: Deviations – impractical and/or impossible



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### CHAPTER 3

This chapter provides an overview of the key service achievements of the Municipality that came to fruition during 2020/21 in terms of the deliverables achieved compared to the KPI's and objectives in the IDP. It includes an overview on achievement in 2020/21 when compared to actual performance in 2019/20.

#### 3.1 Overview of performance within the organisation

Performance management is a process which measures the implementation of the organisation's strategy. It is a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

At local government level performance management is institutionalised through the legislative requirements on the performance management process for local government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

The constitution of S.A (1996), Section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of Section 195(1) are linked with the concept of performance management, regarding the principles of *inter alia*:

- the promotion of efficient, economic and effective use of resources;
- accountable public administration;
- to be transparent by providing information;
- to be responsive to the needs of the community; and
- to facilitate a culture of public service and accountability amongst staff.

The MSA, 2000 requires municipalities to establish a performance management system. Further, the MSA and the MFMA requires the IDP to be aligned to the municipal budget and to be monitored for the performance of the budget via the service delivery and the budget implementation plan (SDBIP).

Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation but also to the individuals employed in the organisation and the external service providers and municipal entities. This framework, *inter alia*, reflects the linkage between the IDP, budget, SDBIP and individual and service provider performance.

The Municipality adopted a performance management framework that was approved by Council in 2009.





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.1.1 Legislative requirements

In terms of Section 46(1)(a) of the MSA a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the Municipality for the following financial year and measures that were or are to be taken to improve performance.

### 3.1.2 Organisational performance

Strategic performance indicates how well the Municipality meet its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlights the strategic performance in terms of the Municipality's Top Layer SDBIP per strategic objective and the National KPI's prescribed in terms of Section 43 of the MSA.

### 3.1.3 The performance system followed for 2020/21





#### a) The IDP and the budget

The IDP and the budget for 2020/21 was reviewed and approved by Council on 29 May 2020. The IDP and performance management processes are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation, management, monitoring and evaluation of the IDP.

The SDBIP was prepared as described in the paragraphs below and the Top Layer SDBIP approved by the Executive Mayor on 31 May 2020.

### 3.1.4 Performance management

The organisational performance is monitored and evaluated via the SDBIP and the performance process can be summarised as follows:

-  The Top Layer SDBIP was approved by the Mayor on 31 May 2020 and the information was loaded on an electronic web-based system
-  The web-based system sent automated e-mails to the users of the system as a reminder to all staff responsible for updating their actual performance against KPI targets of every month for the previous month's performance
-  The performance system administrator reminded all departments on a monthly basis to update their actual performance on the web-based system
-  The Top Layer SDBIP was amended with the adjustment budget on 31 May 2021



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.2 Introduction to strategic and municipal performance for 2020/21

#### 3.2.1 Strategic SDBIP

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section provides an overview on the strategic achievement of a municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer SDBIP is the Municipality's strategic plan and shows the strategic alignment between the different documents (IDP, budget and performance agreements).

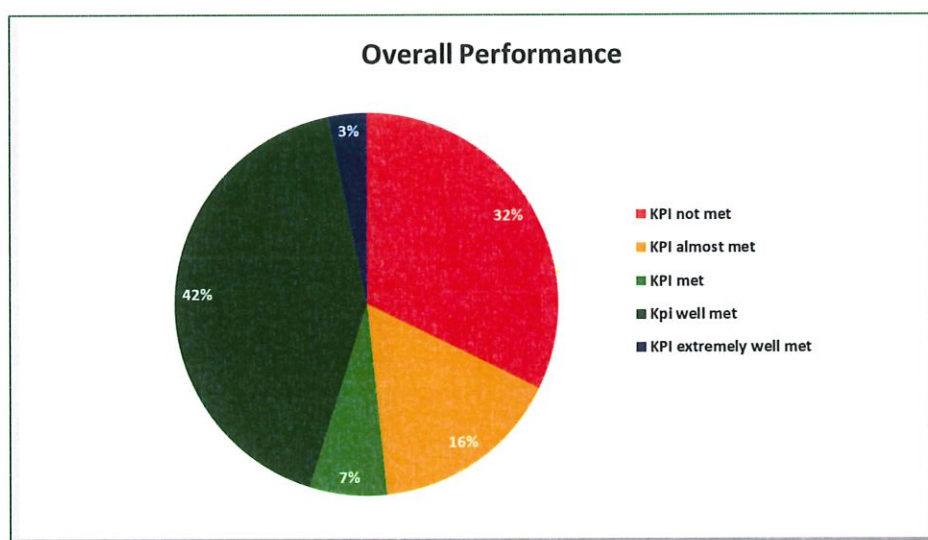
In the detail below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

The following table explains the method by which the overall assessment of actual performance against targets set for the KPI's of the SDBIP is measured:

Category	Rating	Explanation
KPI Not Yet Measured	Not yet measured	KPI's with no targets or actuals in the selected period
KPI Not Met	KPI Not Met	0% > = Actual/Target < 75%
KPI Almost Met	KPI Almost Met	75% > = Actual/Target < 100%
KPI Met	KPI Met	Actual/Target = 100%
KPI Well Met	KPI Well Met	100% > Actual/Target < 150%
KPI Extremely Well Met	KPI Extremely Well Met	Actual/Target > = 150%

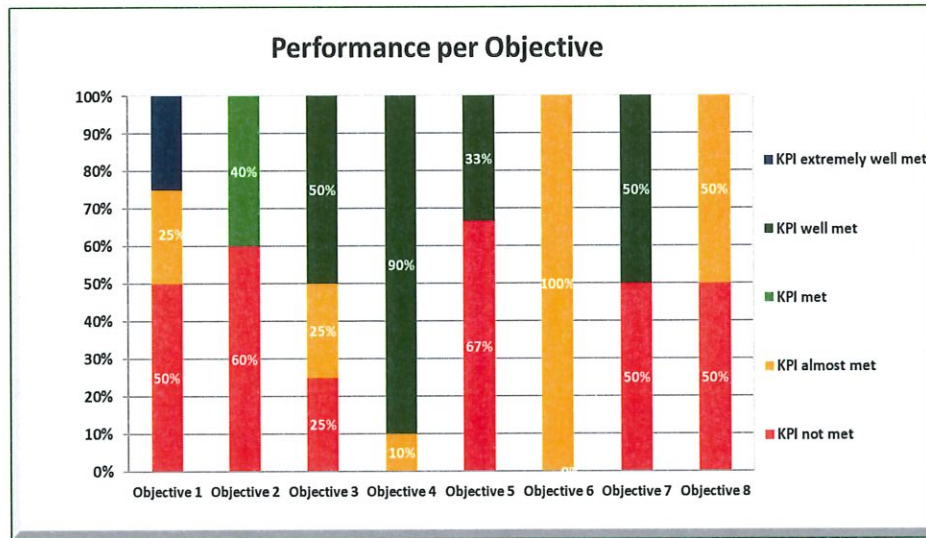
Figure 2.: SDBIP measurement categories

The graph below displays the overall performance in terms of the Top Layer SDBIP per strategic objectives for 2020/21:





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Measurement Category	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5	Objective 6	Objective 7	Objective 8
	Ensure liquidity of the administration	Establishment of a well governed and accountable administration	Provide for the needs of indigent households through improved services	Provision of basic services to all the people in the municipal area	Sustainability of the environment	To enable education and skills development to equip people with economic skills	To facilitate investment and maintenance of economic and social infrastructure to ensure infrastructure-led economic growth and development	To improve and maintain current basic service delivery through specific infrastructural development projects
KPI Not Met	2	3	1	0	2	0	1	1
KPI Almost Met	1	0	1	1	0	1	0	1
KPI Met	0	2	0	0	0	0	0	0
KPI Well Met	0	0	2	9	1	0	1	0
KPI Extremely Well Met	1	0	0	0	0	0	0	0
Total		5	4	10	3	1	2	2

Graph 1.: Overall performance per strategic objective

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.2.2 Detailed actual performance for 2020/21 KPI's per strategic objectives

#### a) Ensure liquidity of the administration

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2019/20	Overall performance 2020/21						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL11	Municipal Financial Viability and Management	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2021 [(Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / (Total Operating Revenue - Operating Conditional Grant)x 100]	Debt to Revenue as at 30 June 2021	All	10.93%	0%	0%	0%	45%	45%	12.93%	B
TL12	Municipal Financial Viability and Management	Financial viability measured in terms of the outstanding service debtors as at 30 June 2021 [(Total outstanding service debtors/ revenue received for services)x 100]	Service debtors to revenue as at 30 June 2021	All	68.54%	0%	0%	0%	35%	35%	80.12%	R
Corrective Measures				Improve credit control and debt collection. Turnaround strategy								





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2019/20	Overall performance 2020/21						Actual
						Target						
						Q1	Q2	Q3	Q4	Annual		
TL13	Municipal Financial Viability and Management	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2021 [(Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)]	Cost coverage as at 30 June 2021	All	0.6	0	0	0	1	1	0	R
Corrective Measures				No corrective measure provided								



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2019/20	Overall performance 2020/21						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL14	Municipal Financial Viability and Management	Achieve a payment percentage of 90% by 30 June 2021 [(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100]	Payment % achieved by 30 June 2021	All	79.68%	75%	80%	85%	90%	90%	81.60%	O
Corrective Measures				Improve credit control and debt collection policy. Turnaround strategy								

Table 32: Ensure liquidity of the administration

### b) Establishment of a well governed and accountable administration

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2019/20	Overall performance 2020/21						Actual
						Target						
						Q1	Q2	Q3	Q4	Annual		
TL17	Municipal Transformation and Institutional Development	Appoint people from the employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people appointed in the three highest levels of management	All	0	0	0	0	1	1	1	G
TL18	Municipal Transformation and Institutional Development	0.10% of the municipality's personnel budget spent on implementing its workplace skills plan by 30 June 2021 [(Actual amount spent on training/total personnel budget)x100]	% of the municipality's personnel budget spent on implementing its workplace skills plan	All	0.77%	0%	0%	0%	0.10%	0.10%	0%	R
Corrective Measures				No training conducted in this financial year due to limitations caused by COVID-19. Other methods of rolling out training must be initiated such as webinars								





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2019/20	Overall performance 2020/21						Actual	
						Target							
						Q1	Q2	Q3	Q4	Annual			
TL20	Good Governance and Public Participation	Compile the Risk based audit plan for 2021/22 and submit to Audit committee for consideration by 30 June 2021	Risk based audit plan submitted to Audit committee by 30 June 2021	All	0	0	0	0	1	1	1	G	
TL21	Good Governance and Public Participation	70% of the Risk based audit plan for 2020/21 implemented by 30 June 2021 [(Number of audits and tasks completed for the period/ Number of audits and tasks identified in the RBAP )x100]	% of the Risk Based Audit Plan implemented by 30 June 2021	All	157%	0%	20%	0%	70%	70%	20%	R	
Corrective Measures				10 Audits in the Internal Audit Plan but only 2 completed. The rest of the audit reports are not yet finalized, will be submitted to the Audit Committee in 2021/22									
TL31	Municipal Transformation and Institutional Development	85% of the approved project budget spent on the acquisition of the Municipal Office by 30 June 2021	% of budget spent by 30 June 2021	All	New KPI for 2020/21. No comparative actual available	10%	20%	50%	85%	85%	0%	R	
Corrective Measures				No corrective measure provided									

**Table 33: Establishment of a well governed and accountable administration**



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### c) Provide for the needs of indigent households through improved services

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2019/20	Overall performance 2020/21						Actual	
						Target							
						Q1	Q2	Q3	Q4	Annual			
TL5	Basic Service Delivery	Provide free basic water to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2021	Number of indigent households receiving free basic water as at 30 June 2021	All	6 529	0	5 600	0	5 600	5 600	7 244	G2	
TL6	Basic Service Delivery	Provide free basic electricity to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2021	Number of indigent households receiving free basic electricity as at 30 June 2021	All	6 990	0	5 094	0	5 094	5 094	7 173	G2	
TL7	Basic Service Delivery	Provide free basic sanitation to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2021	Number of indigent households receiving free basic sanitation as at 30 June 2021	All	4 800	0	5 953	0	5 953	5 953	3 575	R	
Corrective Measures				Community did not register for indigent rebate. Encourage community to register. Change different rebate categories from 3 to 2									





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2019/20	Overall performance 2020/21						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL8	Basic Service Delivery	Provide free basic refuse removal to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2021	Number of indigent households receiving free basic refuse removal as at 30 June 2021	All	2 539	0	2 225	0	2 225	2 225	1 767	0
Corrective Measures				Community did not register for indigent rebate. Encourage community to register. Change different rebate categories from 3 to 2								

**Table 34: Provide for the needs of indigent households through improved services**

### d) Provision of basic services to all the people in the municipal area

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2019/20	Overall performance 2020/21						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL1	Basic Service Delivery	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and which are billed for water or have pre paid meters as at 30 June 2021	Number of residential properties which are billed for water or have pre paid meters as at 30 June 2021	All	14 210	0	13 500	0	13 500	13 500	15 388	G2
TL2	Basic Service Delivery	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2021	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2021	All	13 172	0	12 462	0	12 462	12 462	11 204	O
Corrective Measures				Old and duplicate accounts removed from financial system. Data cleansing								



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2019/20	Overall performance 2020/21						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL3	Basic Service Delivery	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) which are billed for sewerage as at 30 June 2021	Number of residential properties which are billed for sewerage as at 30 June 2021	All	12 559	0	11 870	0	11 870	11 870	11 927	G2
TL4	Basic Service Delivery	Number of formal residential properties for which refuse is removed once per week and which are billed for refuse removal as at 30 June 2021	Number of residential properties which are billed for refuse removal as at 30 June 2021	All	12 089	0	11 346	0	11 346	11 346	11 712	G2
TL25	Basic Service Delivery	85% of the approved project budget spent on the extension of the Goue Akker Cemetery in Beaufort West by 30 June 2021 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2021	2	New KPI for 2020/21. No comparative actual available	10%	20%	50%	85%	85%	100%	G2
TL26	Basic Service Delivery	85% of the approved project budget spent on the upgrade of the gravel road (Kamp Street) in Merweville by 30 June 2021 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2021	7	New KPI for 2020/21. No comparative actual available	10%	20%	50%	85%	85%	100%	G2
TL27	Basic Service Delivery	85% of the approved project budget spent on the construction of a new reservoir in Merweville by 30 June 2021 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2021	7	New KPI for 2020/21. No comparative actual available	10%	20%	50%	85%	85%	100%	G2





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2019/20	Overall performance 2020/21						Actual	
						Target							
						Q1	Q2	Q3	Q4	Annual			
TL28	Basic Service Delivery	85% of the approved project budget spent on the construction of two new reservoirs in Murraysburg by 30 June 2021 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2021	1	New KPI for 2020/21. No comparative actual available	10%	20%	50%	85%	85%	100%	G2	
TL29	Basic Service Delivery	85% of the approved project budget spent on the upgrade of the main substation - Phase 3 by 30 June 2021 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2021	All	New KPI for 2020/21. No comparative actual available	10%	20%	50%	85%	85%	97.45%	G2	
TL30	Basic Service Delivery	85% of the approved project budget spent on the upgrade of Low Smit substation - Phase 2 by 30 June 2021 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2021	All	New KPI for 2020/21. No comparative actual available	10%	20%	50%	85%	85%	96.38%	G2	

Table 35: Provision of basic services to all the people in the municipal area



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### e) Sustainability of the environment

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2019/20	Overall performance 2020/21						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL15	Local Economic Development	Limit unaccounted for water quarterly to less than 25% during 2020/21 [(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold (incl free basic water) / Number of Kilolitres Water Purchased or Purified x 100]	% unaccounted water	All	56%	25%	25%	25%	25%	25%	54%	R
Corrective Measures				Municipality is still busy to implement correctional measures to decrease the loss								
TL16	Local Economic Development	95% of water samples in the Beaufort West jurisdiction area comply with SANS241 micro biological indicators	% of water samples compliant to SANS 241	All	100%	95%	95%	95%	95%	95%	100%	G2
TL23	Local Economic Development	Limit unaccounted for electricity to less than 12% quarterly during the 2020/20 financial year [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased ) x 100]	% unaccounted electricity	All	14.70%	12%	12%	12%	12%	12%	14.78%	R
Corrective Measures				No corrective measure provided								

Table 36: Sustainability of the environment

ANNUAL REPORT – 2020/21





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### f) To enable education and skills development to equip people with economic skills

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2019/20	Overall performance 2020/21						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL19	Local Economic Development	Spend 100% of the library grant by 30 June 2021 (Actual expenditure divided by the total grant received)	% of grant spent by 30 June 2021	All	0	0%	0%	0%	100%	100%	94.36%	O
Corrective Measures				No corrective measure provided								

Table 37: To enable education and skills development to equip people with economic skills

### g) To facilitate investment and maintenance of economic and social infrastructure to ensure infrastructure-led economic growth and development

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2019/20	Overall performance 2020/21						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL10	Local Economic Development	Create temporary job opportunities in terms of the Extended Public Works Programme (EPWP) projects by 30 June 2021	Number of temporary jobs opportunities created by 30 June 2021	All	159	0	0	0	40	40	48	G2
TL22	Local Economic Development	Review the LED strategy and submit to Council by 30 June 2021	Revised LED strategy submitted to Council by 30 June 2021	All	0	0	0	0	1	1	0	R
Corrective Measures				LED Strategy not completed and therefore still in draft form. Resolved to adopt with the next 5 year IDP by May 2022								

Table 38: To facilitate investment and maintenance of economic and social infrastructure to ensure infrastructure-led economic growth and development



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### h) To improve and maintain current basic service delivery through specific infrastructural development projects

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2019/20	Overall performance 2020/21						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL9	Basic Service Delivery	The percentage of the municipal capital budget spent by 30 June 2021 [(Actual amount spent /Total amount budgeted for capital projects)x100]	% of capital budget spent by 30 June 2021	All	73.59%	0%	15%	50%	85%	85%	84.68%	O
Corrective Measures				Target almost met								
TL24	Basic Service Delivery	85% of the electricity maintenance budget spent by 30 June 2021 ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100)	% of the electricity maintenance budget spent by 30 June 2021	All	New KPI for 2020/21. No comparative actual available	10%	20%	50%	85%	85%	28.58%	R
Corrective Measures				The Municipality will ensure acceleration of the maintenance expenditure in the following months								

Table 39: To improve and maintain current basic service delivery through specific infrastructural development projects





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.2.3 Municipal functions

The municipal functional areas are as indicated below:

Municipal function	Municipal function Yes / No
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	Yes
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
<b>Constitution Schedule 5, Part B functions:</b>	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Municipal function	Municipal function Yes / No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table 40: Municipal functions

### 3.3 Component A: Basic Services

#### 3.3.1 Water Services

##### a) Introduction to Water Services

Beaufort West is dependent on three different water sources:

- ☞ Surface water (Gamka Dam, Springfontein Dam and Walker Dam)
- ☞ Boreholes (40 boreholes in 6 aquifers)
- ☞ Water Reclamation Plant (WRP)

The water sources mentioned above are used to adhere to the demand of the community. The demand is approximately 6.3 mega litres per day. This figure varies depending on the weather conditions. During summer the water consumption is much higher than during winter. The high summer consumption is balanced by abstracting water from the Gamka Dam, boreholes and water from the WRP. During winter, only boreholes and the WRP are used to adhere to the demand from the community. The water quality of Beaufort West, Nelspoort, Merweville and Murraysburg is of a good standard.

Water losses are reduced to the minimum from the source to sector meters. There is a loss of approximately 60% from sector meters to billing. A water meter audit was done and showed that the challenge faced is billing and not only water losses by leakages in the network.

During the 2020/21 financial year all boreholes supplying water to Merweville was upgraded and a new 500kl reservoir was constructed.

Water supply to Merweville was a challenge during as the water demand exceeded the available bulk water supply. This resulted in "water shedding."



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### b) Highlight: Water Services

The table below indicate the highlight during the financial year:

Highlight	Description
New Reservoir – Merweville	New 500kl reservoir constructed
Upgrade of boreholes - Merweville	Upgrade of the 5 existing boreholes in Merweville and development of a new borehole

Table 41: Water Services highlight

### c) Challenges: Water Services

The table below indicate the challenge faced during the financial year:

Description	Actions to address
Augmenting - water supply to Merweville	Drilling and equipping additional boreholes in Merweville to ensure sustainable bulk water supply
Water losses	Water meter audit to be done to ensure that all consumers are billed. Leak detection and repair programme to be implemented
Vandalism to water supply infrastructure	Upgrade of security measures at all boreholes and pumpstations

Table 42: Water Services challenge

### d) Total use of water by sector

The table below indicates the total use of water per sector:

Total use of water by sector (cubic meters)				
Financial year	Agriculture	Forestry	Industrial	Domestic
2019/20	0	0	218 242	2 128 444
2020/21	0	0	243 843	2 465 534

Table 43: Total use of water by sector (cubic meters)

### e) Water service delivery levels

The table below indicates the water service delivery levels:

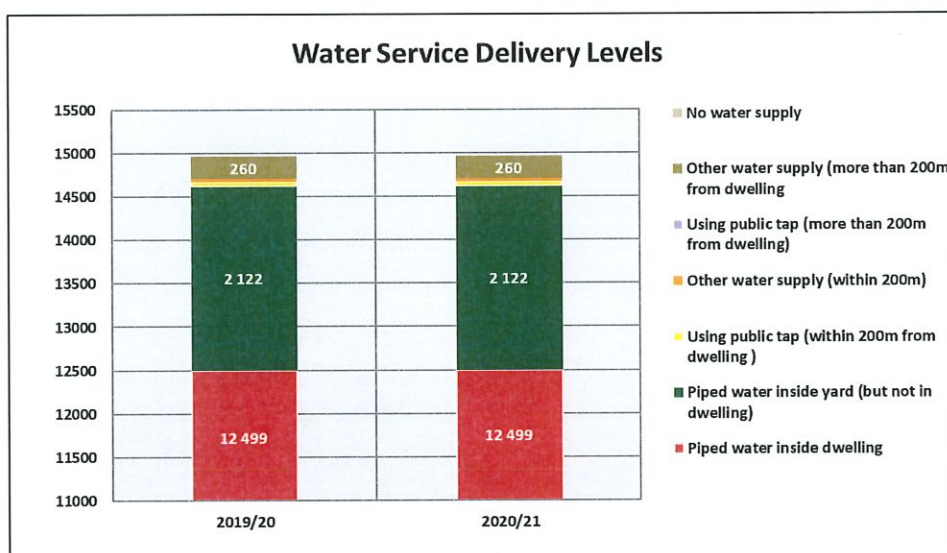
Households		
Description	2019/20	2020/21
	Actual	Actual
	No.	No.
<u>Water:</u> (above min level)		
Piped water inside dwelling	12 499	12 499
Piped water inside yard (but not in dwelling)	2 122	2 122
Using public tap (within 200m from dwelling )	49	49
Other water supply (within 200m)	31	31
Minimum service level and above sub-total	14 701	14 701
Minimum service level and above percentage	98	98



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Households		
Description	2019/20	2020/21
	Actual	Actual
	No.	No.
<u>Water: (above min level)</u>		
<u>Water: (below min level)</u>		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	260	260
No water supply	0	0
Below minimum service level sub-total	260	260
Below minimum service level percentage	2	2
Total number of households	14 961	14 961
Include informal settlements		

Table 44: Water service delivery levels



Graph 2.: Water service delivery levels

### f) Access to water

The table below indicates the number of households that have access to water:

Financial year	Number of households with access to water points*	Proportion of households with access to piped water	Number of households receiving 6 kl free#
2019/20	14 961	98.1%	6 529
2020/21	14 961	98.1%	6 627

\* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute  
# 6 000 litres of potable water supplied per formal connection per month

Table 45: Access to water





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### g) Employees: Water Services and Waste Water Services

The table below indicates the number of staff employed within the Unit:

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	2	2	0	0
Skilled technical, superintendents, etc.	2	2	2	0	0
Semi-skilled	12	10	10	0	0
Unskilled	7	7	4	3	42.86
<b>Total</b>	<b>20</b>	<b>21</b>	<b>18</b>	<b>3</b>	<b>14.29</b>

Table 46: Employees: Water Services

### h) Capital expenditure: Water Services

The table below indicates the capital expenditure incurred:

Capital projects	2020/21 (R)		
	Budget	Adjustment budget	Actual expenditure
Drilling, testing, equipping and connection of boreholes in Merweville	0	4 298 724	3 737 950
Construction of New Reservoir: Merweville	3 763 005	5 033 701	4 377 074
Construction of Two (2) New Reservoirs : Murraysburg	4 893 187	3 979 258	3 460 225
Enhancement of Borehole Monitoring and Security Upgrades	600 000	0	0
Supply and Install Generator at Water Treatment Works (WTW)	600 000	0	0
<b>Total</b>	<b>9 856 192</b>	<b>13 311 683</b>	<b>11 575 249</b>

Table 47: Capital Expenditure: Water Services

### 3.3.2 Sanitation Services

#### a) Introduction to Sanitation Services

The Municipality has four Waste Water Treatment Works (WWTW) that are situated in Beaufort West, Nelspoort, Merweville and Murraysburg. The WWTW of Nelspoort, Murraysburg and Merweville has recently been upgraded and are operating within the design capacity and the final effluent is of good quality.

The WWTW of Nelspoort, Merweville and Murraysburg are evaporation ponds.

Studies are being done on the Beaufort West WWTW as the biological trickle filter system has been de-commissioned and this increases the load on the activated sludge process.



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

The final effluent of the Beaufort West WWTW is reclaimed by the reclamation plant and treated to drinking water standards.

### b) Challenges: Sanitation Services

The table below indicate the challenges faced during the financial year:

Description	Actions to address
Upgrading the Beaufort West WWTW	Currently, the plant is running at 97% of its capacity. Ageing infrastructure needs urgent attention as regular downtime occurs that results in untreated sewerage water flowing to the emergency ponds
Vandalism	Vandalism at pumpstations and the treatment works cause downtime and has a financial implication. Upgrade of security systems at the treatment facility and pumpstations is needed

Table 48: Sanitation Services challenges

### c) Sanitation service delivery levels

The table below indicates the service delivery levels for sanitation:

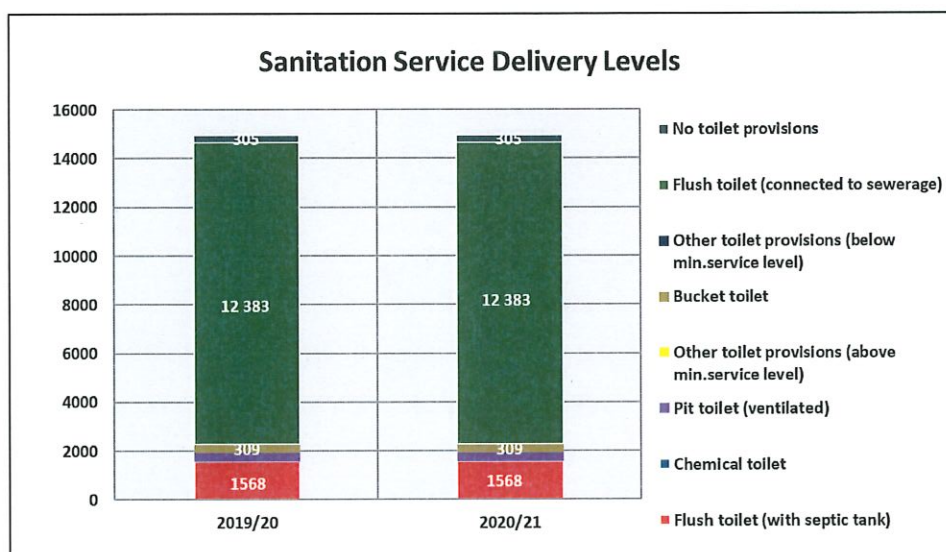
Households		
Description	2019/20	2020/21
	Actual	Actual
	No.	No.
<b>Sanitation/sewerage: (above minimum level)</b>		
Flush toilet (connected to sewerage)	12 383	12 383
Flush toilet (with septic tank)	1 568	1 568
Chemical toilet	0	0
Pit toilet (ventilated)	355	355
Other toilet provisions (above min.service level)	31	31
Minimum service level and above sub-total	<b>14 337</b>	<b>14 337</b>
Minimum service level and above percentage	<b>96%</b>	<b>96%</b>
<b>Sanitation/sewerage: (below minimum level)</b>		
Bucket toilet	309	309
Other toilet provisions (below min.service level)	0	0
No toilet provisions	305	305
Below Minimum Service Level sub-total	<b>617</b>	<b>617</b>
Below Minimum Service Level Percentage	<b>4%</b>	<b>4%</b>
<b>Total households</b>	<b>14 951</b>	<b>14 951</b>
<b>Including informal settlements</b>		

Table 49: Sanitation Service delivery levels





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Graph 3.: Sanitation Service delivery levels

### d) Employees: Water and Waste Water Networks

The table below indicates the number of staff employed within the Unit:

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	0	0	0	0
Skilled technical, superintendents, etc.	1	1	1	0	0
Semi-skilled	11	10	10	0	0
Unskilled	19	19	18	1	5.26
Total	31	30	29	1	3.33

Table 50: Employees: Sanitation Services

### e) Capital expenditure: Sanitation Services

The table below indicates the capital expenditure incurred:

Capital projects	2020/21 (R)		
	Budget	Adjustment budget	Actual expenditure
Renewal of Sewerage Pump	0	350 000	306 001
<b>Total</b>	<b>0</b>	<b>350 000</b>	<b>306 001</b>

Table 51: Capital expenditure: Sanitation Services

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.3.3 Electricity Services

#### a) Introduction to Electricity Services

Local Government plays an important role in the provision of electricity. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social support.

The distribution of electricity in Beaufort West started in 1919 when the railway supplied the Municipality with electricity. The cost was 4.5 pennies per unit. During 1924, the Municipality started building their own power station. On 1 November 1925, the power station was officially opened and ever since, electricity has grown to be a huge industry, supplying energy to businesses and the community. The department is licensed by the National Electricity Regulator (NER) to supply electricity within its approved area of supply. The department is responsible for the distribution and supply of electricity for Beaufort West, Nelspoort, Merweville and surrounding rural areas. Eskom is responsible for the distribution of electricity in Merweville and partially in Murraysburg.

The department takes supply from Eskom at 132 000 volt at Katjieskop substation and distribute 11 000 volt to the supply areas.

The electricity is sold to industrial, commercial and domestic customers. Approximately 35.63% of the electricity is sold to industrial and commercial customers, 48.08% to domestic customers, 8.42% to indigents, 3.18% for street lighting and 4.69% for own use. Energy losses during the financial year amounted to 14.78%.

There are no backlogs in the provision of service connections. Applications for connections are processed as they are received and the necessary connection fees collected. All electricity customers receive a full service but are differentiated in terms of connection size in relation to connection fees paid.

#### I) SERVICE BACKLOGS

Due to the lack of financial resources over the past number of years, a backlog in repair and maintenance, as well as refurbishment and network expansion has increased. This backlog can only be addressed by sufficient capital investment into the electricity infrastructure.

#### II) INFRASTRUCTURE

Although the Municipality has been able to assist all applicants by providing electricity, the low level of investment in the upgrade, refurbishment and expansion of the electricity infrastructure has led to a situation that new developments can no longer be accommodated without major capital investment. It is therefore absolutely essential that the Municipality direct more of the surplus generated by the sale of electricity to the capital requirements of the electrical department.

#### b) Highlights: Electricity Services

The table below indicates the highlights of the financial year:

Highlight	Description
Upgrade of main substation	The Municipality started with the upgrade of the main substation, one of the oldest and most critical primary



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Highlight	Description
	substations. New switchgear was ordered for manufacturing, and the Municipality is awaiting delivery soon
Expansion of Louw Smit substation	The Municipality expanded and is busy with the upgrade of Louw Smit substation, one of our primary substations. New 22 kV switchgear ordered and awaiting delivery. New 22 kV cables are in the process of being installed to close the ring feed from other primary substations

Table 52: Electricity Services highlights

### c) Challenges: Electricity Services

The table below indicates the challenges faced during the financial year:

Description	Actions to address
COVID-19 pandemic	The Municipality must find a way to keep service delivery at a constant level although COVID-19 regulations hamper the services rendered
Financial constraints of the Municipality	The Services Departments can do little to address this issue and overtime is the only factor that can be addressed. The problem with overtime is that the more financial constraints are implemented, the more the network is dilapidated and the more overtime will be needed
Shortage of cherry pickers, personal protective clothing (PPE), material and tools	Cherry pickers must be repaired and certified serviceable. Tools for electricians and linesmen must be acquired as soon as possible. PPE must be issued backdated to 3 years. Material levels in the municipal stores must be stocked at minimum service levels and all essential and hard to require material and equipment must form part of stores stock

Table 53: Electricity Services challenges

### d) Electricity service delivery levels

The table below indicates the service delivery levels for electricity:

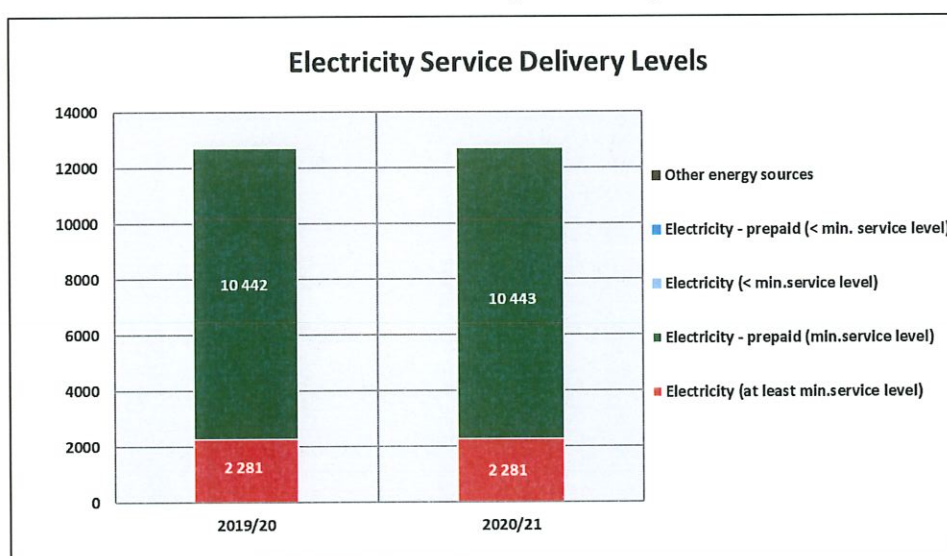
Households		
Description	2019/20	2020/21
	Actual	Actual
	No.	No.
<b>Energy: (above minimum level)</b>		
Electricity (at least min.service level)	2 281	2 281
Electricity - prepaid (min.service level)	10 442	10 443
Minimum service level and above sub-total	<b>12 723</b>	<b>12 724</b>
Minimum service level and above percentage	<b>100</b>	<b>100</b>
<b>Energy: (below minimum level)</b>		
Electricity (<min.service level)	0	0
Electricity - prepaid (< min. service level)	0	0



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Households		
Description	2019/20	2020/21
	Actual	Actual
	No.	No.
Other energy sources	0	0
Below minimum service level sub-total	0	0
Below minimum service level percentage	0	0
Total number of households	12 723	12 724

Table 54: Electricity Service delivery levels



Graph 4.: Electricity Service delivery levels

### e) Employees: Electro-Technical Services

The table below indicates the number of staff employed within the Unit:

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	1	0	1	100
Middle management and professionals	3	2	2	0	0
Skilled technical, superintendents, etc.	4	4	4	0	0
Semi-skilled	11	12	12	0	0
Unskilled	10	9	5	4	44.44
Total	28	28	23	5	17.86

Table 55: Employees: Electricity Services





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### f) Capital expenditure: Electricity Services

The table below indicates the capital expenditure incurred:

Capital projects	2020/21 (R)		
	Budget	Adjustment budget	Actual expenditure
Upgrading of Louw Smit Substation - Phase 2	2 800 000	2 800 000	2 406 846
Upgrading of Main Substation - Phase 3	3 600 000	2 414 000	2 098 099
Electrical Service Connection - Skills Centre	920 000	0	0
<b>Total</b>	<b>7 320 000</b>	<b>5 214 000</b>	<b>4 504 945</b>

Table 56: Capital expenditure: Electricity Services

### 3.3.4 Waste Management (refuse collections, waste disposal, street cleaning and recycling)

#### a) Introduction: Waste Management

##### I) SERVICE DELIVERY

The Unit provides a weekly door-to-door waste removal service to households and bi-weekly to businesses. Domestic and garden waste is removed on daily basis and placed either in the 85 litre refuse bins or refuse bags. Medical waste generated from hospitals, clinics and general practitioners are collected by a private company. The private company is responsible for spillage removal along the N1 national road transversing the Beaufort West area. Builder's rubble is removed by the community with their own transport, and the Municipality removes when dumped illegally on open spaces or upon request from households at minimal costs.

Community Work Programme (CWP) beneficiaries clean open spaces, litter picking and streets sweeping to other residential areas where there are no permanent staff allocated.

##### II) LANDFILL SITE DISPOSAL SITES

The four waste management facilities within the Beaufort West municipal area are situated in:

- 🏠 Beaufort West - known as Vaalkoppies Landfill Site
- 🏠 Merweville – known as Merweville Landfill Site
- 🏠 Nelspoort – known as Nelspoort Landfill Site
- 🏠 Murraysburg – known as Murraysburg Landfill Site

In addition, Beaufort West has a privately owned recycling facility. All landfill sites are operational of which 3 has permits (Vaalkoppies, Merweville and Murraysburg). The Municipality is currently busy with the licensing application for Nelspoort landfill site.

##### III) WASTE MINIMISATION

The Municipality developed a Waste Minimisation Strategy in 2002 in partnership with Southern Cape Recycling which was made possible by contributions from the Department of Environmental Affairs. The initiative targeted the high-income residential areas. Blue bags are supplied to about 20 households to collect only cardboard boxes, cans, paper and newspapers. Recyclable waste is



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

collected once a week and taken to the reclamation depot where it is sorted, baled and transported to Cape Town or Oudtshoorn. Some of the businesses, farmers and community drop the recyclables personally to the depot. The Municipality intends to expand the programme to middle and low income (including outside areas ie. Murraysburg, Nelspoort and Merweville) as soon the Youth Community Outreach Program (YCOP) participants are employed.

### IV) WASTE AWARENESS AND EDUCATION

Waste awareness and education is currently done through the distribution of pamphlets on a quarterly basis. The target audience for these initiatives are schools and communities.

#### b) Highlights: Waste Management

The table below indicate the highlight during the financial year:

Highlights	Description
Training of youth (Environmental practice NGF Level 2)	Thirty (30) youth received training from House of Boniwe (Department of Labour) which consist of 60% theoretical and 40% practical training. House of Boniwe was deployed to conduct the training for Beaufort West Municipality (2020)

Table 57: Waste Management highlight

#### c) Challenges: Waste Management

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Illegal dumping	<ul style="list-style-type: none"> <li>Education awareness to be done to all residential areas</li> <li>Budget allocation to buy enough "Illegal Dumping" boards</li> <li>Encourage/promote the 3 R's (reduce, reuse and recycle)</li> </ul>
Maintenance and repairs of machinery	<ul style="list-style-type: none"> <li>Regular service/maintenance of compactor trucks and all machinery</li> <li>Review the current maintenance/repairs plan of fleet</li> <li>Appointment of qualified drivers/capacity training of current drivers</li> </ul>
Waste Management Strategy	Review the Waste Management Strategy (currently collecting mixed waste, promote sorting out of waste)
Directive issued by the Department of Fishery, Forestry and Environment for Valkoppies and Murraysburg landfill sites	<ul style="list-style-type: none"> <li>Budget allocation for the expansion of Valkoppies landfill site</li> <li>Budget allocation for closing and rehabilitating of current cells at Valkoppies</li> <li>Promote the 3R's in Murraysburg for less waste to go to the landfill site</li> </ul>
Draft Air Quality Management Plan	To be tabled at Council for final approval

Table 58: Waste Management challenges



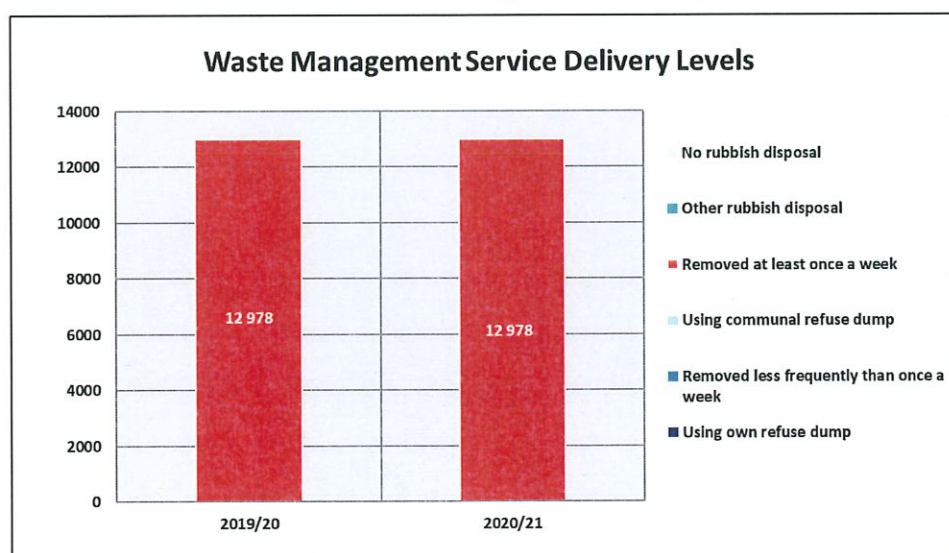
## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### d) Waste Management service delivery levels

The table below indicates the service delivery levels for waste management:

Description	Households	
	2019/20	2020/21
	Actual	Actual
	No.	No.
<b>Solid waste removal: (minimum level)</b>		
Removed at least once a week	12 978	12 978
Minimum service level and above sub-total	12 978	12 978
Minimum service level and above percentage	100	100
<b>Solid waste removal: (below minimum level)</b>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
Below minimum service level sub-total	0	0
Below minimum service level percentage	0	0
<b>Total number of households</b>	<b>12 978</b>	<b>12 978</b>

Table 59: Waste Management service delivery levels



Graph 5.: Waste Management service delivery levels

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### e) *Employees: Waste and Facility Management (Street Cleaning/Sanitation, Vacuum Services, Landfill Site & Refuse Removal)*

The table below indicates the number of staff employed within the Unit:

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	0	0	0	0
Skilled technical, superintendents, etc.	0	1	1	0	0
Semi-skilled	11	10	8	2	20
Unskilled	30	33	22	11	33.33
Total	42	44	31	13	29.55

Table 60: *Employees: Waste Management*

### f) *Employees: Waste, Environment and Facility Management (Administrative Support, EPWP Administrations & Projects, Parks & Gardens, Cemeteries, Pound, Halls, Stadiums & Swimming Pools)*

The table below indicates the number of staff employed within the Unit:

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	1	1	0	0
Skilled technical, superintendents, etc.	3	2	2	0	0
Semi-skilled	13	29	24	5	17.24
Unskilled	34	23	21	2	8.70
Total	51	55	48	7	12.73

Table 61: *Employees: Waste, Environment and Facilities Management*



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### g) Capital expenditure: Waste Management

The table below indicates the capital expenditure incurred:

Capital projects	2020/21 (R)		
	Budget	Adjustment budget	Actual expenditure
Refuse Removal Truck	1 800 000	0	0
Bulldozer	1 800 000	0	0
Bulldozer	1 200 000	0	0
<b>Total</b>	<b>4 800 000</b>	<b>0</b>	<b>0</b>

Table 62: Capital expenditure: Waste Management

### 3.3.5 Employees: Basic Services: Merweville, Murraysburg and Nelspoort

The table below indicates the number of staff employed within the unit:

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total Budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	1	1	0	0
Skilled technical, superintendents, etc.	4	5	5	0	0
Semi-skilled	23	28	27	1	3.57
Unskilled	27	24	13	11	45.83
Total	54	58	46	12	20.69

Table 63: Employees: Basic Services: Merweville, Murraysburg and Nelspoort

### 3.3.6 Housing

#### a) Introduction to housing

#### l) HOUSING NEED

The need for an integrated residential development approach that addresses the whole spectrum of residential needs has been identified and the following main income categories have been considered:

IRDP:	R0 – R3 500 per month
Consolidation Housing Project:	R0 – R3 500 per month
Military Veteran Housing (MV):	R0 – R10 417 per month
Social Housing (Nelspoort Nurses Home)	R 1 501 – R15 000 per month
FLISP and GAP Housing	R3 501 – R22 000 per month



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### II) EXISTING UNITS

Existing units are as follows:

IRDP Subsidy	6040 - units according to recent estimates of the housing demand data base (Includes towns Beaufort West, Murraysburg, Merweville and Nelspoort)
GAP	383- potential applicants have registered on our data system
Social Housing	21 – potential applicants occupying premises

Table 64: Housing needs

#### b) Prioritised IRDP housing sites

The prioritised IRDP housing site figures for the financial year is indicated in the table below:

Site	Units
Subsidy: Priority 1	
Murraysburg IRDP 347 & 388	100
Subsidy Priority 2	
Beaufort West S7 IRDP	624
Subsidy Priority 3	
B-West KwaMandlenkosi Consolidation	18

Table 65: Prioritised housing sites

#### c) GAP housing sites

The table below indicates the GAP housing sites of the Municipality and the number of units built:

Site	Property	Units
GAP: Priority 1		
5299, 5336 & 2851	G2	67

Table 66: GAP housing sites

#### d) Challenges: Housing

The table below indicates the challenges faced during the financial year:

Description	Actions to address
No grants committed for IRDP top structure for region	Housing pipeline must be revised and submitted for consideration
No emergency funding budgeted for Emergency Housing Programme (EHP)	A request must be submitted directly to national for a grant
The condition of dilapidated roofs of Kwa-Mandlenkosi old RDP housing is worsening and becoming a foreseeable hazard and danger to occupants	Grant from National for repairs ideal
The dilapidated Nelspoort Nurses Home	Grant from national for urgent renovations

Table 67: Housing: challenges





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### e) Households with access to basic housing

The table below indicates the statistics of households with access to basic housing:

Number of households with access to basic housing			
Financial Year	Total households (including formal and informal settlements)	Households in formal settlements	Percentage of households in formal settlements
2019/20	13 015	12 992	99.8%
2020/21	13 015	12 991	99.8%

Table 68: Households with access to basic housing

### g) Housing waiting list

The following table shows the increase in the number of people on the housing waiting list.

Financial Year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2019/20	6 128	6.13%
2020/21	6 423	4.81%

Table 69: Housing waiting list

### h) Housing allocation

A total amount of R37.3 million was allocated to build houses during the 2019/20 financial year. A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites served
	R'000	R'000			
2019/20	37 254	37 254	100%	796	0
2020/21	0	0	0	0	0

Table 70: Houses built in 2020/21



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### i) Employees: Human Settlements and Land Affairs

The table below indicates the number of staff employed within the Unit:

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	1	1	0	0
Skilled technical, superintendents, etc.	1	1	1	0	0
Semi-skilled	3	5	4	1	20
Unskilled	0	0	0	0	0
<b>Total</b>	<b>5</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>14.29</b>

Table 71: Employees: Human Settlements and Land Affairs

### 3.3.7 Free basic services and indigent support

#### a) Introduction

The Municipality is one of the first municipalities in the country to implement free basic services to its indigent households. A debtor is considered indigent if the total monthly household income equals two times the amount of state funded social pensions or less (currently R3 380 per month). All indigent households receives 6kl water and 50KwH electricity free each month. Furthermore, an indigent debtor also receives a subsidy on refuse removal and sewerage, depending on the household income.

All indigents have to renew their applications annually in order to qualify for the benefits.

The table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the Municipality, all households earning less than R3 380 per month will receive the free basic services as prescribed by the national policy.

#### b) Households: Free basic services

The tables below indicate the number of households that received free basic services in the 2019/20 and 2020/21 financial years:

Financial Year	Number of households								
	Total no of HH	Free basic electricity		Free basic water		Free basic sanitation		Free basic refuse removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2019/20	14 994	6 549	44	6 529	44	4 800	32	2 539	17
2020/21	14 994	6 607	44	6 627	44	4 889	33	2 589	17

Table 72: Free basic services: Number of households





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Electricity									
Financial Year	Indigent households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value
			R'000			R'000			R'000
2019/20	6 549	50	5 770	0	0	0	52	50	46
2020/21	6 607	50	6 266	0	0	0	52	50	

Table 73: Free basic services: Electricity

Water						
Financial Year	Indigent Households			Non-indigent households		
	No. of HH	Unit per HH (kl)	Value	No. of HH	Unit per HH (kl)	Value
			R'000			R'000
2019/20	6 529	6	11 248	0	0	0
2020/21	6 627	6		0	0	0

Table 74: Free basic services: Water

Sanitation						
Financial Year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2019/20	4 800	1 026	4 926	0	0	0
2020/21	4 889	1707	7 008	0	0	0

Table 75: Free basic services: Sanitation

Refuse removal						
Financial Year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2019/20	2 539	1	1 862	0	0	0
2020/21	2 589	1	2 634	0	0	0

Table 76: Free basic services: Refuse removal

### 3.4 Component B: Road Transport

This component includes: Roads, Transport, and Waste Water (Stormwater Drainage).

#### 3.4.1 Roads

##### a) Introduction to Roads

The Municipality does pothole repairs, while contractors undertake the construction of new paved roads. These projects are done according to the Expanded Public Works Programme (EPWP) standards to create job opportunities.

All road construction is done by a main contractor and a nominated sub-contractor who is responsible for the labour. The main contractor trains the sub-contractor in all aspects of safety and construction.



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

The general maintenance of tarred and gravel roads were delayed due to budget constraints and unreliable machinery.

### b) Highlight: Roads

The following table indicate the highlight of the financial year:

Highlight	Description
Construction of Kamp Street in Merweville	Gravel road to paved road

Table 77: Roads highlight

### c) Challenges: Roads

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Old unreliable machinery	Ways to improve and acquire new fleet
Limited budget	Funding sources
Deterioration of road assets due to lack of annual maintenance budgeting	Provide funding for annual maintenance

Table 78: Roads challenges

### d) Gravel roads infrastructure: Kilometres

The table below indicates the amount of gravel roads constructed, maintained and upgraded during the financial year:

Gravel roads infrastructure: Kilometres				
Financial year	Total km's gravel roads	New gravel roads constructed	Gravel roads upgraded to paved	Gravel roads graded/maintained (km)
2019/20	74.41	0	0	10
2020/21	55.80	0	0.68	2

Table 79: Gravel road infrastructure

### e) Tarred road infrastructure: Kilometres

The table below indicates the number of tarred/paved roads constructed, maintained and upgraded during the financial year:

Tarred/paved road infrastructure: Kilometres					
Financial year	Total tarred/paved roads	New paved roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar/paved roads maintained
2019/20	109.4	0	0	0	10
2020/21	110.1	0.68	0	0	25

Table 80: Tarred road infrastructure



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### f) Employees: Roads and Stormwater

The table below indicates the number of staff employed within the Unit:

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	1	1	0	0
Skilled technical, Superintendents, etc.	1	1	1	0	0
Semi-skilled	17	17	17	0	0
Unskilled	36	34	27	7	20.59
Total	55	53	46	7	13.21

Table 81: Employees: Roads and stormwater

### g) Capital expenditure: Roads and Stormwater

The table below indicates the capital expenditure incurred:

Capital projects	2020/21 (R)		
	Budget	Adjustment budget	Actual expenditure
Upgrading of Gravel Roads : Merweville - Kamp Street	1 830 764	2 619 897	2 278 147
Total	1 830 764	2 619 897	2 278 147



Table 82: Capital expenditure: Roads and stormwater

## 3.4.2 Waste Water (Stormwater Drainage)

### a) Introduction to Waste Water (Stormwater Drainage)

Maintenance of the waste water/stormwater drainage systems are done by a team employed under an EPWP project.

The project involves the following:

-  maintenance and cleaning of inlets, channels, culverts and earth drains
-  construction of minor stormwater systems/structures

### b) Highlights: Waste water (stormwater drainage)

The following table indicates the highlight of the financial year:

Highlight	Description
Less flooding occurred	Cleaning of systems

Table 83: Waste water (stormwater drainage) highlight



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### c) Challenges: Waste water (stormwater drainage)

The tables below reflect the challenges experienced during the financial year:

Description	Actions to address
Limited operational budget	Budget accordingly
More capital funding needed to address problem areas	
No mechanical plant	

Table 84: Waste water (stormwater drainage) challenges

### d) Stormwater infrastructure: kilometres

The table below shows the total kilometres of stormwater infrastructure maintained, upgraded and the kilometres of new stormwater pipes installed:

Stormwater infrastructure: Kilometres				
Financial year	Total stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2019/20	Master plan outdated	0	0	5
2020/21	Master plan outdated	0	0	10

Table 85: Stormwater infrastructure

### e) Cost of stormwater infrastructure

The table below indicates the amount of money spent on stormwater maintenance:

Financial year	Stormwater measures		
	New R'000	Upgraded R'000	Maintained R'000
2019/20	Part of new road construction and roads and stormwater maintenance budget	0	Part of Roads
2020/21	Part of new Kamp Street road budget	0	Part of Roads

Table 86: Cost of construction/maintenance of stormwater systems

EPWP funds were made available to create jobs through stormwater maintenance. Material was purchased with savings from the operational and maintenance budget.

Personnel appointed for these projects are categorized as the following:

Description	Female	Male	Youth
Data capturer	0	0	1
Supervisor	0	0	0
Labourers	1	1	1

Table 87: Appointments for EPWP stormwater maintenance



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.5 Component C: Planning and LED

#### 3.5.1 Planning and Building Control

##### a) Introduction to Planning and Building Control

Due to the growing beneficiary list for subsidised housing, planning for residential areas to accommodate the IRDP and GAP Housing was performed by a turnkey contractor. The aforementioned planning was done in conjunction with the officials of the Municipality.

##### b) Service statistics: Planning and Building Control

The table below indicates the performance statistics for planning and building control:

Type of service	2019/20	2020/21
Building plans application processed	86	87
Total surface (m <sup>2</sup> )	5 001	5226
Approximate value (Rand)	15 004 110	187 400
Residential extensions	57	78
Land use applications processed	36	21
Rural applications	0	0

Table 88: Service statistics: Planning and building control

##### c) Employees: Planning and Building Control

The table below indicates the number of staff employed within the unit:

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	0	0	0	0
Skilled technical, superintendents, etc.	2	2	2	0	0
Semi-skilled	0	0	0	0	0
Unskilled	0	0	0	0	0
Total	2	2	2	0	0

Table 89: Employees: Planning and building control

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### f) Capital expenditure: Planning and Building Control

Capital projects	2020/21 (R)		
	Budget	Adjustment budget	Actual expenditure
Computer Equipment – Project Management Unit (PMU)	0	60 000	0
Furniture and Office Equipment - PMU	0	16 210	0
<b>Total</b>	<b>0</b>	<b>76 210</b>	<b>0</b>

Table 90: Capital expenditure: Town planning

### 3.5.2 Local Economic Development (including market places)

#### a) Introduction to LED

LED plays a central role in fighting the triple challenge of poverty, inequality and unemployment by striving to stimulate economic growth, development and transformation. In this case, with the development of a new LED Strategy, the Municipality will strive to develop the Beaufort West local economy into a diversified and vibrant one.

In partnership with all key role players, LED promotes and facilitates, enterprise development, skills development, economic transformation and poverty alleviation directed at five (4) focus areas:

- enterprise development;
- rural development;
- economic skills and capacity development; and
- investment facilitation.

The Municipality currently does not have a dedicated LED and Tourism Official but is in the process to advertise and fill the position. The Municipality was involved in some inter-sectoral job creation opportunities during the 2019/20 financial year, including the Expanded Public Works Programme (EPWP) and the Community Work Programme (CWP). The CWP provided for more than 1 300 temporary jobs in this financial year.

The Municipality does not have an LED Strategy and Implementation Plan in place. The Municipality is busy developing a new LED Strategy with the support of SALGA and Municipal Infrastructure Support Agent (MISA).

The Municipality's first LED Workshop was held on 10 December 2018 as a first phase of a process to adoption of the new LED strategy with the support of SALGA.

MISA has come on board during the 2019/20 financial year to assist the Municipality together with the support of SALGA to champion the development of the LED Strategy. Part of the commitments made by MISA and SALGA was the following:

- ongoing support;
- a dedicated official from MISA and SALGA to work with the Municipality;
- support with the development of the new LED Strategy; and
- support with the establishment of an LED Forum for Beaufort West.





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

The second workshop with different stakeholders was held on 12 December 2019 and the third workshop on 27 February 2020. Separate workshops were organized for the outside towns of Murraysburg, Nelspoort and Merweville for April 2020, but due to the nationwide lockdown emanating from the COVID-19 pandemic, these sessions could not take place. A subsequent meeting was held on 6 May 2020 between the Municipality and MISA to discuss the progress made with the development of the draft LED Strategy and to find ways to gather the inputs of the towns of Murraysburg, Nelspoort and Merweville.

Some of the projects that will be included in the LED Strategy are the following:

- development of a business hub;
- reserve and identification of land for business purposes;
- subdivision of agricultural land and provision of industrial land;
- rezoning of road infrastructure (conversion of streets in CBD to one ways);
- conversion of Hansrivier Farm to a recreational park;
- utilisation of the farm Lemoenfontein for renewable energy; and
- re-use technology (turning waste into energy).

The target date to table the LED Strategy before Council for adoption was initially by 30 June 2020, but it is now envisaged to get the draft LED Strategy approved by Council by 30 June 2021.

Small Enterprise Development Agency (SEDA) in collaboration with the Municipality offered a “Basic Business Skills” training during September 2019 for all Small, Medium and Micro Enterprises (SMME’s) in the area. The training focused on the following areas:

- marketing skills
- costing and pricing
- general business management principles

### 3.5.3 Tourism

#### a) Introduction to Tourism

The primary purpose of the Tourism Office is to actively introduce and market the tourism experiences and services of the municipal area within its frontier, throughout the Western Cape, the country as a whole and in foreign countries, where possible.

It is important to coordinate the marketing actions of local government, private sector and other institutions within the area, to optimally utilise the tourism potential. At the same time, it is important to continually expand new tourism experiences and enhance current activities and experiences.

Tourism directly employs 321 full time positions and 46 casual employees in the town of Beaufort West alone. This does not include the knock-on effect from tourism suppliers and related industries, nor the surrounding small towns and farm stays.



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### b) Highlights: Tourism

Highlight	Description
Launch of Beaufort West and Surrounds Map Brochure	A new map brochure was introduced this year. 10 000 have been printed and will be distributed
Development of Roads Less Travelled Map Brochure	New back roads map brochures have been under development. This will consist of five loops which start and end in Beaufort West. The loops take visitors to visit the lesser-known towns and regions of the Central Karoo, thus bringing tourists to these often-forgotten areas. "Road Less Travelled" should be ready to launch by the beginning of October 2021
Astro Tourism	The Municipality has started exploring expanding the Tourism Sector and hope to find funding to train some Astro Tourism Guides which could be placed in strategic areas
"Karoo tot Kus"/Karoo to Coast	Together with George, Oudtshoorn and Prince Albert Tourism, The Unit is currently developing a new tourism route which takes visitors from Beaufort West to George via the N12. The Municipality hope to encourage visitors to take this route to the coast, instead of the N9, which means they bypass Beaufort West

Table 91: Tourism highlights

### c) Challenges: Tourism

The table below indicates the challenges faced during the financial year:

Description	Actions to address
COVID-19 restrictions	Digitization and increased focus on domestic tourism
Funding	Lobby local and provincial government to assist with increased funding. Increase membership drive
Poor maintenance of CBD area, especially Main Road	Lobby the Municipality to increase focus on the towns image to visitors, increased patrols by SAPS to discourage loitering and begging. Tourism Safety Monitors need to be hosted by the Municipality, not only Beaufort West Tourism and Beaufort West Museum

Table 92: Tourism challenges

### d) Tourism initiatives

Initiative	Proposals
Tourism transformation	Integrated tourism routes, tourism conservancy adjacent to park, Beaufort West Empowerment Through Tourism (BWETT), upgrading of arts and crafts centre to serve as a hub for township tourism
Cycle tourism	Development of self-guided cycle routes throughout the area, linking smaller towns. Cycling is a proven tourism catalyst and builds new tourism initiatives. Wesgro has developed Karoo Crossings, which we hope to expand into some of our areas
Self-drive routes	Development of self-drive routes throughout the area, linking the smaller towns in the area and highlighting the rich culture





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Initiative	Proposals
	and heritage of our wonderful region. With small budgets these can be created. Roads Less Travelled is under construction
Astro tourism	The area has excellent opportunities for Astro tourism. Funding for training and development of Astro tourism should be allocated
Dine with a local	This is an initiative that has a proven success in both Stellenbosch and George. Have 4 cultural food experiences showcasing Beaufort West's diverse cultural heritage by having group visitors enjoy a meal with a local
Nelspoort rock engravings complex	Nelspoort has an incredible array of rock engravings on a farm belonging to Beaufort West Municipality. It is suggested that a small part of this farm should be set aside so that these engravings can be showcased in an appropriate manner, thus creating a tourism experience which would benefit the local community of Nelspoort

Table 93: Tourism initiatives

### 3.6 Component D: Community and Social Services

#### 3.6.1 Libraries

##### a) Introduction to Libraries

Beaufort West Municipality has six libraries which are based in the following towns:

- 🏛 Beaufort West (3 libraries);
- 🏛 Merweville (1 library);
- 🏛 Murraysburg (1 library); and
- 🏛 Nelspoort (1 library).

Beaufort West libraries provide library and information services which are free, equitable and accessible. Libraries also promote a culture of reading, library usage and lifelong learning. Beaufort west libraries also provide free access to the internet, Wifi and Mzantsi Libraries Online. The Municipality is also continuing with the Mini Libraries for the Blind Project at Church Street Library.

The COVID-19 pandemic has disrupted life in ways that we could never have imagined. It has changed every aspect of living, even routine activities that often taken for granted, such as visiting the library. The spread of the COVID 19 virus has influenced the very nature of what libraries are and do. Libraries were forced to re-evaluate its services and how it meets the needs of the communities.

The pandemic also brought to the fore the manner in which libraries will need to operate in future. In response to the upheaval caused by COVID-19, Beaufort West libraries operated in novel ways to remain relevant in the lives of their user communities.

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### b) Highlights: Libraries

The table below indicates the highlights of the financial year:

Highlight	Description
Introduction of eBooks and audiobooks by Western Cape Library Services	An eBook is a book in an electronic format. It is downloaded to a computer, PC, laptop, smartphone or any other kind of reading device and is read on-screen. It can have numbered pages, table of contents, pictures and graphics, exactly like a printed book. Audiobooks are voice recordings of the text of a book that you listen to rather than read. Audiobooks can be exact "word-for-word" versions of books. You can listen to audiobooks on any smartphone, tablet, computer, home speaker system, or in a car entertainment system. Borrowers can register online and if they encounter any problems, they can visit their local library. All individuals who are valid active members of a public library in the Western Cape will have an access. For more information on procedures library users can visit their local library or the digital website ( <a href="https://westerncape.ovedrive.com">https://westerncape.ovedrive.com</a> )
Virtual story telling	Church Street Library, in collaboration with the Beaufort West Museum, hosted virtual story telling

Table 94: Libraries highlights

### c) Challenges: Libraries

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Non-return and late of library material	Due to COVID-19 pandemic, library users could not be able to return library material in time due to closing of libraries
Training for library staff	Professional recognized training should be identified for library staff. Training of library staff will be identified in the next financial year
COVID-19	Due to the COVID-19 pandemic, libraries could not be able to deliver what was expected of them in terms of outreach programmes, attending of trainings, seminars and building projects. This resulted in the budget not being fully utilised. Despite the sectors innovative undertakings, access to information and resources have been severely curtailed. Library hours reduced and library programmes stopped. Health and safety concerns add stress, while social distancing has taken away some of the fun and the support system

Table 95: Libraries challenges

### d) Service statistics for libraries

The table below indicates the service statistics for library services:

Type of service	2019/20	2020/21
Library members	426 230	8 512
Books circulated	67 200	29 607



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Type of service	2019/20	2020/21
Exhibitions held	84	72
Internet users	93 000	2 343
New library service points or wheelie wagons	0	0
Visits by school groups	63	0

Table 96: Service statistics for libraries

### e) Employees: Libraries

The table below indicates the number of staff employed within the Unit:

Occupational level	2018/19	2019/20			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	1	1	0	0
Skilled technical, superintendents, etc.	2	3	3	0	0
Semi-skilled	12	18	17	1	5.56
Unskilled	0	0	0	0	0
Total	15	22	21	1	4.55

Table 97: Employees: Libraries

### f) Capital expenditure: Libraries

The table below indicates the capital expenditure incurred:

Capital projects	2020/21 (R)		
	Budget	Adjustment budget	Actual expenditure
Church Street Library Furniture and Office Equipment	0	155 968	8 936
<b>Total</b>	<b>0</b>	<b>155 968</b>	<b>8 936</b>

Table 98: Capital expenditure: Libraries



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.6.2 Cemeteries

#### a) Introduction to Cemeteries

There are enough burial grounds in the outer towns under the jurisdiction of Beaufort West, but the expansion of the “Goue Akker” cemetery was implemented in the 2020/21 financial year due to limited burial space.

#### b) Highlight: Cemeteries

The table below indicates the highlight of the financial year:

Highlight	Description
Expansion of “Goue Akker” Cemetery in Beaufort West	The project entails the expansion of the cemetery, fencing and a caretaker facility with restrooms

Table 99: Cemeteries highlight

#### c) Challenges: Cemeteries

The table below indicate the challenge faced during the financial year:

Description	Actions to address
Vandalism	Caretakers and maintenance on sites
Decreasing burial space in Beaufort West	Project was registered with Municipal Infrastructure Grant (MIG) and implemented

Table 100: Cemeteries challenge

#### d) Service statistics: Cemeteries

The table below indicates the performance statistics for Cemeteries:

Type of service	2019/20	2020/21
Pauper burials	44	437
Total	44	437

Table 101: Capital expenditure: Cemeteries

#### e) Capital expenditure: Cemeteries

The table below indicates the capital expenditure incurred:

Capital projects	2020/21 (R)		
	Budget	Adjustment budget	Actual expenditure
Extension of Goue Akker Cemetery: Beaufort West	2 341 355	1 839 757	1 599 788
Total	2 341 355	1 839 757	1 599 788

Table 102: Capital expenditure: Cemeteries





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.7 Component E: Security and Safety

#### 3.7.1 Traffic Services and Law Enforcement Services

##### a) Introduction to Traffic and Law Enforcement Services

Traffic Services resort under the Department: Community Services. The office is responsible for Law enforcement, driving licenses, vehicle testing, vehicle registration and court functions. The Traffic Services is currently in its 72nd year of operation.

##### b) Highlights: Traffic and Law Enforcement Services

The following table indicate the highlight of the financial year:

Highlight	Description
24/7 operations	Successfully implemented first ever 24/7 law enforcement operations for the period

Table 103: Traffic and Law Enforcement Services highlight

##### c) Challenges: Traffic Services and Law Enforcement

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Impact of COVID-19 on workplace	Vaccinations and observe safety protocols
Lack of discipline	Implementation of disciplinary procedures
Lack of supervision	Manage attendance and provide supervisory or management training

Table 104: Traffic and Law Enforcement Services challenges

##### d) Service statistics for Traffic and Law Enforcement Services

The table below indicates performance statistics for Traffic and Law Enforcement Services:

Details	2019/20	2020/21
Motor vehicle licenses processed	8 244	15 740
Learner driver licenses processed	301	242
Driver licenses processed	316	197
Driver licenses issued	1 096	655
Fines issued for traffic offenses	134	5 003
R-value of fines collected	112 200	2 590 080
Roadblocks held	18	4
Complaints attended to by Traffic Officers	0	0
Awareness initiatives on public safety	0	0

Table 105: Service statistics for Traffic and Law Enforcement Services

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### e) Employees: Traffic Services and Law Enforcement

The table below indicates the number of staff employed within the Unit:

Occupational Level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	1	1	0	0
Skilled technical, superintendents, etc.	19	18	17	1	5.56
Semi-skilled	12	10	5	5	50
Unskilled	2	2	2	0	0
<b>Total</b>	<b>34</b>	<b>31</b>	<b>25</b>	<b>6</b>	<b>19.35</b>

Table 106: Employees: Traffic and Law Enforcement Services

### 3.7.2 Fire and Disaster Management Services

#### a) Introduction to Fire and Disaster Management Services

Beaufort West Municipality offers services for structural fires in surrounding areas. It comprises of 15 firemen. The Fire Services put out fires to conserve the environment and save properties and lives. In case of emergencies the Fire Services also assist the emergency services personnel (health) on arrival, put out fires as soon as possible and investigate the cause of the fire.

#### b) Highlight: Fire and Disaster Management Services

The following table indicate the highlight of the financial year:

Highlights	Description
Superintendent office	Moved to Head Office of Community Services

Table 107: Fire and Disaster Management Services highlight

#### c) Challenges: Fire and Disaster Management Services

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Outdated building (fire station)	Renovate building or lease suitable building
No PPE/uniforms because of poor procurement process	Consult with Supply Chain Management (SCM) for better procurement

Table 108: Fire and Disaster Management Services challenges





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### d) Service statistics for Fire and Disaster Management Services

The table below indicates performance statistics of fire services and disaster management services:

Details	2019/20	2020/21
Operational callouts	132	120
Reservists and volunteers trained	4	2
Awareness initiatives on fire safety	2	4

Table 109: Service statistics for Fire and Disaster Management Services

### e) Employees: Fire and Disaster Management Services

The table below indicates the number of staff employed within the Unit:

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
		Number			
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	0	0	0	0
Skilled technical, superintendents, etc.	5	5	5	0	0
Semi-skilled	11	11	10	1	9.09
Unskilled	0	0	0	0	0
<b>Total</b>	<b>16</b>	<b>16</b>	<b>15</b>	<b>1</b>	<b>6.25</b>

Table 110: Employees: Fire and Disaster Management Services

### 3.7.3 COVID - 19

#### a) Introduction to COVID-19

On 15 March 2020 President Cyril Ramaphosa declared South Africa COVID-19 epidemic a national state of disaster under the Disaster Management Act (DMA) 57 of 2002. This was done primarily, as the President stated it to enable the government to "have an integrated and coordinated disaster management mechanism that will focus on preventing and reducing the outbreak of this virus." The declaration enabled the government to issue a slew of regulations, directions, and guidelines to contain and mitigate the impact of the pandemic.

During a state of disaster, the DMA allows the government to issue regulations to restrict, inter alia, movement of persons and goods "to, from or within the disaster-stricken or threatened area, ... the suspension or limiting of the sale, dispensing or transportation of alcoholic beverages in the disaster-stricken or threatened area.... [or] any other steps that may be necessary to prevent an escalation of the disaster, or to alleviate, contain and minimise the effects of the disaster..." (Section 27(2).)

Similarly, the Disaster Management Regulations of 2004 (DMR) (as amended) state that:

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

“any Minister may issue and vary directions, as required, within his or her mandate, to address, prevent and combat the spread of COVID-19, from time to time, as may be required, including...steps that may be necessary to prevent an escalation of the national state of disaster, or to alleviate, contain and minimise the effects of the national state of disaster.” (Section 10(8).)

These regulations and the pandemic itself have had a major impact on the basic service delivery and operations of local government, who had to adjust with immediate effect not only identified risks, projects, manpower but also budgets.

### b) COVID-19 Committee

On April 2020, the Municipality established the Local Joint Organising Committee (LJOC). The committee comprises of members from all spheres of government.

The LJOC has the following functions:

- 🏠 planning and implementing of an action plan to combat the spread of the corona virus
- 🏠 reporting of confirmed cases per sector department
- 🏠 economy recovering discussions and COVID-19 awareness communication

### c) Committee members

The table below indicates the members that serve on the LJOC and the dates of the meetings held:

Name of representative	Representative forum	Meeting dates
K Haarhoff	Municipal Manager	Every Thursday pending the availability of Sector Departments Representatives
S Pheiffers	COVID-19 Compliance Officer	
A Makendlana	Director Corporate Services	
B Vink	Director of Finance Department	
D Van Thura	Director Infrastructure	
Representatives	Sector Departments	

Table 111: Local Joint Organising Committee members

### d) COVID-19: statistical information

The table below indicates the documented statistical information for COVID-19 within the Beaufort West Municipality area from 1 July 2020 – 30 June 2021:

Description	2019/20	2020/21
Infections	60	20
Deaths	1	3
Recoveries	59	17

Table 112: COVID-19 statistical information





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### e) Challenges: COVID-19

The table below gives a brief description of the COVID-19 challenge during the 2020/21 financial year:

Challenge	Corrective action
Finance	Support from national programmes
Awareness	Conduct public participation programmes

Table 113: COVID-19 challenges

### f) Action plan to address the COVID-19 associated risks

The table below provide the actions implemented/that will be implemented to address the COVID-19 associated risks:

Risk	Action implementation
Public Spaces	Decontaminate the areas
COVID-19 protocols	Induction
COVID-19 positive cases in the workplace	Administrative controls

Table 114: COVID-19 action plans

### g) COVID – 19 communication/awareness

The table below indicates the different communication/awareness statistical information the Municipality has implemented:

Communication/ Awareness campaign	Platform/ channel utilised	Date
Public participation radio program to communicate important protocols about COVID-19	Radio Gamkaland	N/A
Flyer distribution	BWM Jurisdiction	Ongoing

Table 115: COVID-19 communication/awareness

## 3.8 Component F: Sport and Recreation

### 3.8.1 Sport and Recreation

The community loves sport, but the main challenge is to raise enough funds to develop the different sport fields as only 15% of the Municipal Infrastructure Grant (MIG) funds are available for this purpose.

The MIG allocation for the 2020/21 financial year was earmarked for the upgrade of Kwa-Mandlenkosi Sports Ground where the newly constructed ablution block from the 2019/20 financial year, was completed.

Due to drought challenges and vandalism which affected the irrigation system in all sport and recreation facilities, grass are mowed and irrigated using the water tank truck on a regular basis.

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### a) Highlight: Sport and recreation

The following table indicate the highlight of the financial year:

Highlight	Description
Completion of ablution block at the Kwa Mandlenkosi Sport Ground	The ablution block was constructed in the previous financial year and was completed within the 2020/21 financial year. Work done included, painting, tiling and ceiling construction

Table 116: Sport and recreation highlight

### b) Challenges: Sport and recreation

Challenge	Actions to address
Vandalism of buildings to all sports facilities	Community involvement in terms of future plans and ownership
	Budget allocation to continue with the repairs of damaged buildings or facilities and security

Table 117: Sport and recreation challenges

### c) Service statistics for sport and recreation

The table below indicates performance statistics of sport and recreation services:

Type of service	2019/20	2020/21
Community parks		
Number of parks with play park equipment	8	8
Number of wards with community parks	7	7
Swimming pools		
Number of visitors per annum	0	0
R-value collected from entrance fees	0	0
Sport fields		
Number of wards with sport fields	7	7
Sport halls		
Number of wards with sport halls	7	7
Number of sport associations utilizing sport halls	5	5

Table 118: Service statistics for sport and recreation





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### d) Capital expenditure: Sport and recreation

The table below indicates the capital expenditure incurred:

Capital projects	2020/21 (R)		
	Budget	Adjustment budget	Actual expenditure
Upgrade Sport Stadium - Kwa Mandlenkosi	0	152 448	80 696
Upgrade Existing Regional Sport Stadium Phase 2: Rustdene	776 689	0	0
<b>Total</b>	<b>776 689</b>	<b>152 448</b>	<b>80 696</b>

Table 119: Capital expenditure: Sport and recreation

## 3.9 Component G: Corporate Policy Offices and Other Services

### 3.9.1 Corporate Services

#### a) Introduction to Corporate Services

The purpose of the Corporate Service Department is to provide corporate support to the institution. Corporate Services support the efficient organizational and administrative processes of the Municipality and includes the following functions:

- provide legal and administrative support
- render HR management and support services to the Municipality that will sustain optimal utilization of municipal human capital
- coordinate and provide functional and administrative support to the political office bearers
- provide library information services to the community
- coordinate administrative processes and activities pertaining to the Thusong Centres
- provides ICT support to the Municipality

#### b) Highlights: Corporate Services

The following table indicate the highlight of the financial year:

Highlight	Description
Hybrid webinar meetings and adopting to 4 <sup>th</sup> Industrial revolution	The COVID-19 restrictions has forced institutions to develop new methods of hosting meetings through various virtual platforms

Table 120: Corporate Services highlight

#### c) Challenges: Corporate Services

The table below indicates the challenges faced during the financial year:

Description	Actions to address
COVID-19 pandemic restrictions that has an impact on hosting of contact meetings	Introduction of virtual meetings
Hosting of hybrid webinar meetings problematic	

Table 121: Corporate Services challenges



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### d) Employees: Administration

The following tables represents the number of employees in the Administration Units of Corporate Services, Infrastructure Services & Community Services:

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	2	2	2	0	0
Middle management and professionals	2	3	2	1	33.33
Skilled technically, superintendents etc.	1	1	0	1	100
Semi-skilled	16	14	13	1	7.14
Unskilled	2	2	1	1	50
Total	23	22	18	4	18.18

Table 122: Employees: Administration

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	0	0	0	0
Skilled technically, superintendents etc.	2	2	2	0	0
Semi-skilled	13	13	13	0	0
Unskilled	1	1	0	1	100
Total	16	16	15	1	6.25

Table 123: Employees: Councillor Support and Thusong Service Centres

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	1	1	0	1	100
Senior management	0	0	0	0	0
Middle management and professionals	2	3	2	1	33.33
Skilled technically, superintendents etc.	3	2	2	0	0
Semi-skilled	2	1	1	0	0





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Unskilled	0	0	0	0	0
Total	8	7	5	2	28.57

Table 124: Employees: Municipal Management Services

### e) Capital expenditure: Executive and Council

The table below indicates the capital expenditure incurred:

Capital projects	2020/21 (R)		
	Budget	Adjustment budget	Actual expenditure
Camera	0	0	2 814
Total	0	0	2 814

Table 125: Capital expenditure: Executive and Council

### 3.9.2 Financial Services

#### a) Highlights: Corporate Services

The following table indicate the highlight of the financial year:

Highlight	Description
Filling of vacancies	The Department has filled the positions of Accountants that were previously occupied by Interns

Table 126: Financial Services highlight

#### b) Challenges: Financial Services

The following table indicates the challenges faced during the financial year:

Description	Actions to address
Financial distress (Inability by the Municipality to meet its commitments)	The turnaround plan has been developed to address the financial situation of the Municipality
Unfunded budget	The Municipality has developed a budget funding plan to address the budget deficit in the 2021/22 financial year
mSCOA configurations	Ensure that mSCOA configurations are done at the beginning of the financial year

Table 127: Financial Services challenges



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### c) Debt recovery statistics

The table below indicates the debt recovery statistics for the financial year:

Details of the types of account raised and recovered	2018/19			2020/21			2021/22	
	Billed in Year	Actual for accounts billed in year	Pro-portion of accounts value billed that were collected in the year	Billed in Year	Actual for accounts billed in year	Pro-portion of accounts value billed that were collected	To be billed in Year	Estimated turnout for accounts to be billed in year
	R'000		%	R'000		%	R'000	
Property Rates	33 653	29 830	88	41 543	42 252	102%	44 681	41 738
Electricity	50 882	41 419	81	85 195	79 493	93%	96 329	109 627
Water	19 375	13 512	69	21 135	25 018	118%	30 024	34 931
Sanitation	16 700	11 451	68	17 750	17 968	101%	20 074	22 964
Refuse	7 303	4 132	56	9 439	9 431	99.9%	10 132	10 761

Table 128: Debt recovery

### d) Employees: Financial Services

The table below indicates the number of staff employed within the Unit:

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	1	1	1	0	0
Middle management and professionals	4	3	3	0	0
Skilled technically, superintendents etc.	11	11	11	0	0
Semi-skilled	36	36	29	7	19.44
Unskilled	2	2	1	1	50
Total	54	53	45	8	2.94

Table 129: Employees: Financial Services





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.9.3 HR

#### a) Highlights: HR

The following table indicates the highlights of the financial year:

Highlight	Description
Vacancies	Filled and/or promoted 27 employees
Placements	Finalised placement on 20 April 2021
Organogram	Approved with placements at Special Council Meeting held on 15 June 2021

Table 130: HR highlights

#### b) Challenges: HR

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Placements	Implementation date to be determined
Employment Equity (EE)	EE Plan and Report to be approved by end November 2021 to be submitted online to the Department of Labour The issue of achieving employment equity targets must be addressed during new appointments
Review of HR Policies	All outstanding HR policies to be reviewed by HOD's & HR. SALGA agreed to assist and recommendations referred to Council for approval
Job Descriptions	Job descriptions were issued to all employees to be submitted to HR by 30 June 2021
Industrial Relations Officer	Though the vacancy was advertised and a candidate shortlisted and interviewed, the candidate declined the offer of employment due to the financial implications to relocate and the starting notch was much lower than his current remuneration

Table 131: HR challenges

In terms of the approved organogram of the Municipality, divisions, sections and sub-sections were changed in the 2019/20 financial year.



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### c) Employees: HR Services

The table below indicates the number of staff employed within the Unit:

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	2	2	0	0
Skilled technically, superintendents etc.	3	2	1	1	50
Semi-skilled	2	3	3	0	0
Unskilled	0	0	0	0	0
<b>Total</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>14.29</b>

Table 132: Employees: HR

### 3.9.4 Information and Communication Technology (ICT) Services

#### a) Introduction to ICT services

The ICT services of the Municipality is outsourced to an external servicer provider.

#### b) Highlights: ICT services

The following table indicates the highlight of the financial year:

Highlight	Description
Veeam	Beaufort West Municipality implemented Veeam backup during the 2020/21 financial year. By implementing Veeam, it allows the Municipality to perform backup testing and enables the Municipality to implement an off-site disaster recovery site. With Veeam backup and replication, the Municipality can create image and file level backups as well as ready-to-boot replicas of its virtual and physical infrastructure. Technology used in the product optimizes data transfer and resource consumption, which helps to minimize storage costs and the recovery time in case of a disaster

Table 133: ICT Services highlight





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### c) Challenges: ICT services

The table below indicates the challenges faced during the financial year:

Description	Actions to address
ICT operation vs ICT governance	The Auditor-General (AG) places a high emphasis on ICT governance matters and requirements. With the limited resources and capacity available to the Municipality, an ongoing challenge exists to comply with the day-to-day operational requirements which is crucial for service delivery versus governance requirements that does not have a direct negative impact on day to day service delivery. This means that not all the governance requirements are met to the standard of the AG, ultimately resulting in audit findings on governance issues, but overlooking the high standard maintained on operations in order to enable the Municipality to deliver basic services and so fulfilling its Constitutional mandate
Limited funding	Limited funding allocated for capital expenditure remains a constant challenge and makes it almost impossible to replace aging hardware and to keep up with the ever-growing development of technology
Wireless free range spectrum	The 5Ghz free range spectrum in Beaufort West, used by the Municipality is currently over utilized due to private wireless service providers using the same frequency range. The Municipality's wireless network is being used for communication to provide in basic service delivery and constant signal interference from private service providers are encountered. Due to the vast extent of the Municipality's wireless network and budget restraints the Municipality cannot afford the cost of licensed spectrum and the associated cost of upgrading the routers to communicate on a dedicated frequency
COVID-19 pandemic	<p>The ongoing COVID-19 pandemic presents an enormous challenge to Beaufort West Municipality in terms of remote access to the Municipality's ICT environment in order to enable officials to work from home ensuring the Municipality's business continuity.</p> <p>The Municipality's wide area network (WAN) was not designed to include the private homes of officials. Alternative ways to enable connectivity had to be done via WiFi from private internet service providers (ISP's), Telkom Asymmetric Digital Subscriber Line (ADSL) and 3G connectivity from the mobile phone companies.</p> <p>The option of WiFi posed to be expensive whilst the throughput on standard ADSL provided by Telkom, was too slow to provide for the effective utilization of certain applications used by the Municipality. 3G connectivity, in many cases also presented challenges due to the instability of signal strength in many areas.</p> <p>The Municipality will be investigating a workable solution during the 2021/2022 financial year</p>

Table 134: ICT Services challenges



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### d) Capital expenditure: ICT Services

Capital projects	2020/21 (R)		
	Budget	Adjustment budget	Actual expenditure
Computer Equipment	972 000	972 000	553 518
<b>Total</b>	<b>972 000</b>	<b>972 000</b>	<b>553 518</b>

Table 135: Capital expenditure: ICT Services

### 3.9.5 Procurement Services

#### a) Service statistics for Procurement Services

The following table indicates the performance statistics of Procurement Services:

Description	Total No.	Monthly average	Daily average
Requests processed	1 485	124	6
Orders processed	1 293	108	5
Requests cancelled or referred back	192	16	1
Extensions	0	0	0
Bids received (number of documents)	180	15	1
Bids awarded	41	3	0.15
Bids awarded below R200 000	16	1	0.06
Appeals registered	8	0.7	0.04
Successful appeals	0	0	0

Table 136: Service statistics for Procurement Services

#### b) Details of deviations for Procurement Services

The following table indicates the detail of deviations incurred during the financial year:

Type of deviation	Number of deviations	Percentage of total deviations number (%)	Value of deviations (R)	Percentage of total deviations value (%)
Emergency	5	10.64	89 867.46	5.69
Sole supplier	3	6.38	14 508	0.92
Acquisition of special works of art or historical objects where specifications are difficult to compile	1	2.13	86 525.49	5.47
Any other exceptional case where it is impossible or impractical to follow the official procurement process	2	4.26	66 317.10	4.20
Any contract with an organ of state, a local authority or a public utility corporation or company	4	8.51	30 257	1.92





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Type of deviation	Number of deviations	Percentage of total deviations number (%)	Value of deviations (R)	Percentage of total deviations value (%)
Any contract relating to the publication of notice and advertisements by the municipality	3	6.38	42 584.04	2.70
The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount	25	53.19	1 121 977	71.05
Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids.	4	8.51	127 168.59	8.05

Table 137: Statistics of deviations: Procurement Services

### 3.9.6 Municipal Buildings

#### a) Introduction to Municipal Buildings

Maintenance on municipal buildings is done on an ad hoc basis due to financial constraints. Budget was made available during the financial year for the upgrade of municipal stores.

A indigent household team, under the EPWP project, was established in accordance with EPWP standards to create job opportunities. This project involved the fixing of leaks at indigent households to enhance water saving measures.

#### b) Challenges: Municipal buildings

The table below indicates the challenges faced during the financial year:

Description	Actions to address
Limited budget	Alternative sources of income and ring-fencing income
Unknown factor of households' infectious status	COVID-19 protocols

Table 138: Municipal buildings challenges



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### d) Employees: Municipal Buildings

The table below indicates the number of staff employed within the Unit:

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	0	0	0	0	0
Skilled technically, superintendents, etc.	1	1	0	1	100
Semi-skilled	9	8	8	0	0
Unskilled	7	7	4	3	42.86
<b>Total</b>	<b>17</b>	<b>16</b>	<b>12</b>	<b>4</b>	<b>25</b>

Table 139: Employees: Municipal buildings

### e) Capital expenditure: Municipal Buildings

Capital projects	2020/21 (R)		
	Budget	Adjustment budget	Actual expenditure
Acquisition of Municipal Office	8 000 000	0	0
<b>Total</b>	<b>8 000 000</b>	<b>0</b>	<b>0</b>

Table 140: Capital expenditure: Municipal Buildings

### 3.9.7 Fleet Management Services

#### a) Introduction to Fleet Management Services

##### I) THE GOAL:

The Fleet Management Unit strives to provide a safe, reliable and cost-effective fleet to different departments in such a manner that the service to the community can be delivered in a timely manner. The fleet consist of 180 vehicles, including: cars, light duty vehicles, trucks, tractors, earth moving vehicle, compressors and different small plants such as mobile and ordinary grass cutters, water pumps, jolly jumpers, vibrators and power generators.

##### II) OBJECTIVE:

To achieve the aim of our Municipality's Fleet Management Plan, key objectives for fleet services have been set as follows:

- 🏠 Maintain fleet costs effectively and in a timely manner
- 🏠 Put internal control methods in place to prevent fraud and fruitless expenditures
- 🏠 Implementing policies formulated by Council to deliver an efficient service to the community
- 🏠 Share values, norms and expectations





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

- 🏠 Provide a safe and reliable fleet by keeping fleet in a roadworthy condition
- 🏠 Implementing replacement policies ensuring vehicles are always road and service ready
- 🏠 Building team support, trust, cooperation and evaluate performance of all employees
- 🏠 Keep a thorough record of statistics of vehicle history, logs, petrol usage, vehicles issued and availability
- 🏠 Set up reports that is transparent and accessible to responsible people

The functions of the Fleet Management Section are as follows:

- 🏠 Vehicle maintenance and repairs
- 🏠 Driver management
- 🏠 Vehicle financing
- 🏠 Fuel management
- 🏠 Monthly, quarterly and annually reports
- 🏠 Licensing and road worthiness of fleet vehicles. Provide technical specs for fleet tenders and evaluate
- 🏠 Record keeping
- 🏠 Prepare accident claims
- 🏠 Reconciling bank statements with petrol cards
- 🏠 Vehicles acquisitions

### d) **Employees: Mechanical Workshop and Fleet Management**

The table below indicates the number of staff employed within the Unit:

Occupational level	2019/20	2020/21			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	0
Senior management	0	0	0	0	0
Middle management and professionals	1	1	1	0	0
Skilled technical, superintendents, etc.	2	2	1	1	50
Semi-skilled	4	4	3	1	25
Unskilled	0	0	0	0	0
Total	7	7	5	2	28.57

Table 141: *Employees: Mechanical Workshop and Fleet Management*



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.10 Component H: Service Delivery Priorities for 2021/22

The main development and service delivery priorities for 2021/22 forms part of the Municipality's Top Layer SDBIP for 2021/22 and are indicated in the tables below:

#### 3.10.1 Ensure liquidity of the administration

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL15	Municipal Financial Viability and Management	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2022 [(Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant) x 100]	Debt to Revenue as at 30 June 2022	All	45%
TL16	Municipal Financial Viability and Management	Financial viability measured in terms of the outstanding service debtors as at 30 June 2022 [(Total outstanding service debtors/ revenue received for services)x 100]	Service debtors to revenue as at 30 June 2022	All	35%
TL17	Municipal Financial Viability and Management	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2022 [(Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Cost coverage as at 30 June 2022	All	1
TL18	Municipal Financial Viability and Management	Achieve an payment percentage of 85% by 30 June 2022 [(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100]	Payment % achieved by 30 June 2022	All	85%

Table 142: Service delivery priority for 2021/22: Ensure liquidity of the administration

#### 3.10.2 Establishment of a well governed and accountable administration

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL1	Good Governance and Public Participation	Compile the Risk based audit plan for 2022/23 and submit to Audit committee for consideration by 30 June 2022	Risk based audit plan submitted to Audit committee by 30 June 2022	All	1





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL2	Good Governance and Public Participation	90% of the Risk based audit plan for 2021/22 implemented by 30 June 2022 [(Number of audits and tasks completed for the period identified in the RBAP/ Number of audits and tasks identified in the RBAP) x 100]	% of the Risk Based Audit Plan implemented by 30 June 2022	All	90%
TL4	Good Governance and Public Participation	Develop the new Integrated Development Plan for the 2022-2027 period and submit to Council by 31 May 2022	Number of IDP's submitted	All	1
TL5	Good Governance and Public Participation	Submit the Annual Performance Report to the Auditor-General by 31 August 2021	Number of reports submitted	All	1
TL34	Municipal Transformation and Institutional Development	Appoint people from the employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people appointed in the three highest levels of management	All	1
TL35	Municipal Transformation and Institutional Development	0.50% of the municipality's personnel budget spent on implementing its workplace skills plan by 30 June 2022 [(Actual amount spent on training/total personnel budget) x100]	% of the municipality's personnel budget spent on implementing its workplace skills plan	All	0.50%
TL37	Municipal Transformation and Institutional Development	95% of the approved project budget spent on the Computer Equipment Project by 30 June 2022	[(Actual expenditure divided by the total approved project budget) x100]	All	95%

Table 143: Service delivery priority for 2021/22: Establishment of a well governed and accountable administration

### 3.10.3 Provide for the needs of indigent households through improved services

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL10	Basic Service Delivery	Provide free basic water to active indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2022	Number of active indigent households receiving free basic water as at 30 June 2022	All	5 600
TL11	Basic Service Delivery	Provide free basic electricity to active indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2022	Number of active indigent households receiving free basic electricity as at 30 June 2022	All	5 094
TL12	Basic Service Delivery	Provide free basic sanitation to active indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and	Number of active indigent households receiving free basic sanitation as at 30 June 2022	All	5 953



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
		Debt Collection Policy as at 30 June 2022			
TL13	Basic Service Delivery	Provide free basic refuse removal to active indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2022	Number of active indigent households receiving free basic refuse removal as at 30 June 2022	All	2 225

Table 144: Service delivery priority for 2021/22: Provide for the needs of indigent households through improved services

### 3.10.4 Provision of basic services to all the people in the municipal area

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL6	Basic Service Delivery	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and which are billed for water or have pre-paid meters as at 30 June 2022	Number of residential properties which are billed for water or have pre paid meters as at 30 June 2022	All	11 510
TL7	Basic Service Delivery	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2022	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2022	All	12 462
TL8	Basic Service Delivery	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) which are billed for sewerage as at 30 June 2022	Number of residential properties which are billed for sewerage as at 30 June 2022	All	11 870
TL9	Basic Service Delivery	Number of formal residential properties for which refuse is removed once per week and which are billed for refuse removal as at 30 June 2022	Number of residential properties which are billed for refuse removal as at 30 June 2022	All	11 346
TL23	Basic Service Delivery	95% of the approved project budget spent on the construction of two new reservoirs in Murraysburg by 30 June 2022 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2022	1	95.00%
TL24	Basic Service Delivery	95% of the approved project budget spent on the upgrade of the 20 MVA 22/11 kV Main	% of budget spent by 30 June 2022	2	95%





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
		Substation - Phase 4 in Beaufort West by 30 June 2022 [(Actual expenditure divided by the total approved project budget)x100]			
TL25	Basic Service Delivery	Complete the construction of two (2) new reservoirs in Murraysburg by 30 June 2022	Number of reservoirs constructed	1	2
TL26	Basic Service Delivery	95% of the approved project budget spent on New High Mast Lighting in Nelspoort by 30 June 2022 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2022	2	95%
TL27	Basic Service Delivery	95% of the approved project budget spent on New High Mast Lighting in Rustdene, Prince Valley and Lande by 30 June 2022 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2022	All	95%
TL28	Basic Service Delivery	95% of the approved project budget spent on the upgrade of the sport stadium in Kwa Mandlenkosi by 30 June 2022 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2022	4	95%
TL29	Basic Service Delivery	95% of the approved project budget spent on the extension of the Goue Akker Cemetery in Beaufort West by 30 June 2022 [(Actual expenditure divided by the total approved project budget) x100]	% of budget spent by 30 June 2022	4	95%
TL30	Basic Service Delivery	95% of the approved project budget spent on the upgrade of existing regional sport stadium: Phase 2 in Rustdene by 30 June 2022 [(Actual expenditure divided by the total approved project budget) x100]	% of budget spent by 30 June 2022	All	95%
TL32	Basic Service Delivery	Submit a report on the Illegal Dumping Project (Department of Environmental Affairs) to Council by 30 September 2021	Number of reports submitted	All	1

**Table 145:**  
Service delivery priority for 2021/22: Provision of basic services to all the people in the municipal area



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.10.5 Sustainability of the environment

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL19	Municipal Financial Viability and Management	Limit unaccounted for water quarterly to less than 25% during 2021/22 [(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold (incl free basic water) / Number of Kilolitres Water Purchased or Purified x 100]	% unaccounted water	All	25%
TL20	Municipal Financial Viability and Management	Limit unaccounted for electricity to less than 10% quarterly during the 2021/22 financial year [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased x 100]	% unaccounted electricity	All	10%
TL22	Basic Service Delivery	95% of water samples in the Beaufort West jurisdiction area comply with SANS241 micro biological indicators	% of water samples compliant to SANS 241	All	95%

Table 146: Service delivery priority for 2021/22: Sustainability of the environment

### 3.10.6 To enable education and skills development to equip people with economic skills

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL36	Local Economic Development	Spend 100% of the library grant by 30 June 2022 (Actual expenditure divided by the total grant received)	% of grant spent by 30 June 2022	All	100%

Table 147: Service delivery priority for 2021/22: To enable education and skills development to equip people with economic skills

### 3.10.7 To facilitate investment and maintenance of economic and social infrastructure to ensure infrastructure-led economic growth and development

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL3	Local Economic Development	Review the LED strategy and submit to Council by 30 June 2022	Revised LED strategy submitted to Council by 30 June 2022	All	1
TL21	Local Economic Development	Create temporary job opportunities in terms of the Extended Public Works Programme (EPWP) projects by 30 June 2022	Number of temporary jobs opportunities created by 30 June 2022	All	100

Table 148: Service delivery priority for 2021/22: To facilitate investment and maintenance of economic and social infrastructure to ensure infrastructure-led economic growth and development





## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### 3.10.8 To improve and maintain current basic service delivery through specific infrastructural development projects

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL14	Basic Service Delivery	The percentage of the municipal capital budget spent by 30 June 2022 [(Actual amount spent /Total amount budgeted for capital projects)X100]	% of capital budget spent by 30 June 2022	All	95%
TL33	Good Governance and Public Participation	Submit a Housing Pipeline Report to Council by 30 June 2022	Number of reports submitted	All	1

*Table 149: Service delivery priority for 2021/22: To improve and maintain current basic service delivery through specific infrastructural development projects*

### 3.10.9 Transparency and participation

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL31	Good Governance and Public Participation	Hold roadblocks in conjunction with the Provincial Traffic Department quarterly	Number of roadblocks held	All	4

*Table 150: Service delivery priority for 2021/22: To improve and maintain current basic service delivery through specific infrastructural development projects*



## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

### CHAPTER 4

#### 4.1 National KPI – Municipal transformation and organisational development

The following table indicates the Municipality's performance in terms of the National KPI required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These KPI's are linked to the National KPA – Municipal transformation and organisational development.

KPA and Indicators	Municipal achievement	Municipal achievement
	2019/20	2020/21
Appoint people from the employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	0	1
0.10% of the municipality's personnel budget spent on implementing its workplace skills plan by 30 June 2021 ((Actual amount spent on training/total personnel budget)x100)	0.77%	0%

Table 151: National KPIs– Municipal transformation and organisational development

#### 4.2 Component A: Introduction to the municipal workforce

The Municipality currently employs **416** (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of the Municipality's objectives. The primary objective of HR management is to render an innovative service that addresses both skills development and an administrative function.

##### 4.2.1 Employment equity

The Employment Equity Act (1998) Chapter 3, Section 15(1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The National KPA also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

##### a) Employment equity targets and actuals

African		Coloured		Indian		White	
Target	Actual	Target	Actual	Target	Actual	Target	Actual
69	108	309	294	0	0	38	14

Table 152: 2020/21 Employment equity targets and actuals by racial classification

Males (including disability)		Females (including disability)	
Target	Actual	Target	Actual
195	284	221	132

Table 153: 2020/21 Employment equity targets and actuals by gender classification





## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

### b) Specific occupational categories - Race

The table below indicates the number of employees (excluding vacancies) by race within the specific occupational categories:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	0	0	0	0	0	0	0	0	0
Senior management	1	1	0	0	1	0	0	0	3
Professionally qualified and experienced specialists and mid- management	2	6	0	5	0	2	0	1	16
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	5	30	0	4	7	17	0	0	63
Semi-skilled and discretionary decision making	38	94	0	2	17	61	0	2	214
Unskilled and defined decision making	28	68	0	0	9	15	0	0	120
<b>Total permanent</b>	<b>74</b>	<b>199</b>	<b>0</b>	<b>11</b>	<b>34</b>	<b>95</b>	<b>0</b>	<b>3</b>	<b>416</b>

Table 154: Occupational categories

### 4.2.2 Vacancy rate

The approved organogram of the Municipality had **495** posts for the 2020/21 financial year. The actual positions filled are indicated in the tables below by post and by functional level. **79** posts were vacant at the end of 2020/21, resulting in a vacancy rate of **15.96%**. The table below indicates a breakdown of vacancies within the Municipality:

Per post level		
Post level	Filled	Vacant
Municipal Manager and MSA Section 57 and 56 employees	3	2
Middle management (T14-T19)	20	4
Admin officers (T4-T13)	273	28
General workers (T3)	120	45
<b>Total</b>	<b>416</b>	<b>79</b>
Per functional level		
Functional area	Filled	Vacant
Municipal Manager	5	2
Corporate Services	54	3
Financial Services	45	8
Community Services	125	30
Infrastructure Services	187	36
<b>Total</b>	<b>416</b>	<b>79</b>

Table 155: Vacancy rate per post and functional level



## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

### 4.2.3 Staff turnover rate

A high staff turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional knowledge. The staff turnover rate shows a decrease from 3.66% in 2019/20 to 3.13% in 2020/21.

Below is a table that shows the staff turnover rate within the Municipality:

Financial year	Appointments at the end of each financial year	New appointments	Terminations during the year	Turn-over rate
2019/20	410	21	15	3.66%
2020/21	416	26	13	3.13%

Table 156: Staff turnover rate

## 4.3 Component B: Managing the municipal workforce

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

### 4.3.1 Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injuries will influence the loss of man hours and therefore financial and productivity performance. The number of injuries **decreased** from 12 for 2019/20 to 5 for the 2020/21 financial year.

The table below indicates the total number of injuries within the different directorates:

Directorates	2019/20	2020/21
Municipal Manager	0	0
Corporate Services	3	0
Financial Services	0	0
Community Services	0	0
Infrastructure Services	9	5
Total	12	5

Table 157: Injuries

### 4.3.2 Sick leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The total number of employees that have taken sick leave during the 2020/21 financial year shows a decrease when compared with the 2019/20 financial year.





## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

The table below indicates the total number of sick leave days taken within the different directorates:

Department	2019/20	2020/21
Municipal Manager	25	5
Corporate Services	256	195
Financial Services	432	310
Community Services	N/A	810
Infrastructure Services	2 408	1 228
<b>Total</b>	<b>3 121</b>	<b>2 548</b>

Table 158: Sick leave

### 4.3.3 HR Policies and plans

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved:

HR policies categories supplied to Municipality		
Category	Policy	Date
<b>Category A: Organisation management</b>		
A1	Organisational Management Policy	26 June 2017
A2	Individual Performance Management Policy	26 June 2017
A3	Telecoms and Cellular Phone Allowances Policy	26 June 2017
A4	Fixed Transport Allowances Policy	26 June 2017
A5	Essential Transport Allowances Policy	26 June 2017
A6	Removal Expenses Policy	26 June 2017
<b>Category B: HR provisioning and maintenance</b>		
B1	Recruitment and Selection Policy	29 January 2019
B2	Internal and Functional Transfers Policy	26 June 2017
B3	Remuneration Policy	26 June 2017
B4	Non-Pensionable Accommodation Allowances Policy	26 June 2017
B5	Working Hours Policy	26 June 2017
B6	Termination of Services Policy	26 June 2017
B7	Leave of Absence Policy	26 June 2017
B8	HR Records Systems Policy	26 June 2017
B9	Official Vehicles and Fleet Management Policy	26 June 2017
B10	Gifts Policy	26 June 2017
B11	Office Ethics Policy	26 June 2017
B12	Acting Arrangements Policy	26 June 2017
B13	Private Work Policy	26 June 2017



## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

HR policies categories supplied to Municipality		
Category	Policy	Date
B14	External Communication Policy	26 June 2017
B15	Confidentiality Policy	26 June 2017
B16	Legal Aid Policy	26 June 2017
Category C: Human Capital Development		
C1	Education, Training and Development Policy	26 June 2017
C2	Induction Policy	26 June 2017
C3	Mentoring and Coaching Policy	26 June 2017
C4	Employee Study Aid and Leave Policy	26 June 2017
C5	Succession Planning and Career Pathing Policy	29 January 2019
C6	MFMIP Internship Policy	26 June 2017
C7	Learnership Policy	26 June 2017
C8	Experiential Training Policy	26 June 2017
C9	Employee Driving License Assistance Policy	26 June 2017
C10	N7 Fire and Rescue Training Academy Policy	26 June 2017
Category D: Employee Wellness		
D1	Employee Assistance Programme (EAP) Policy	26 June 2017
D2	Substance Abuse Policy	26 June 2017
D3	Incapacity Policy	26 June 2017
D4	Occupational Health and Safety (OHS) Policy	26 June 2017
D5	HIV / AIDS Policy	26 June 2017
D6	Smoking Policy	26 June 2017
D7	Bereavement Policy	26 June 2017
Category E: Employment Equity		
E1	Employment Equity Policy Framework	26 June 2017
E2	Gender Policy	26 June 2017
E3	Sexual Harassment Policy	26 June 2017
E4	Disability Policy	26 June 2017

Table 159: HR Policy list in categories

### 4.4 Component C: Capacitating the municipal workforce

Section 68(1) of the MSA states that a municipality must develop its HR capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the HR capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).





## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

### 4.4.1 Skills matrix

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year (2020/21)	Number of employees that received training (2020/21)
Municipal Manager and Section 57 employees	Female	0	0
	Male	1	0
Legislators, senior officials and managers	Female	8	0
	Male	23	0
Associate professionals and technicians	Female	83	1
	Male	135	5
Professionals	Female	9	0
	Male	3	0
Clerks	Female	33	2
	Male	8	3
Service and sales workers	Female	23	0
	Male	45	0
Craft and related trade workers	Female	0	0
	Male	22	0
Plant and machine operators and assemblers	Female	1	0
	Male	22	1
Elementary occupations	Female	32	0
	Male	130	0
Sub-total	Female	189	3
	Male	389	9
Total		578	12

Table 160: Skills matrix



## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

### 4.4.2 Skills development – Training provided

The SDA and the MSA requires employers to supply employees with the necessary training in order to develop its HR capacity. Section 55(1)(f) states that the Municipal Manager is responsible for the management, utilisation and training of staff.

The table below gives an indication of the training provided to employees for the financial year:

Occupational categories	Gender	Training provided within the reporting period (2020/21)	
		Learnerships	
		Target	Actual
Municipal Manager and Section 57 employees	Female	0	0
	Male	1	0
Legislators, senior officials and managers	Female	8	0
	Male	23	0
Professionals	Female	83	1
	Male	135	5
Technicians and associate professionals	Female	9	0
	Male	3	0
Clerks	Female	33	2
	Male	8	3
Service and sales workers	Female	23	0
	Male	45	0
Craft and related trade workers	Female	0	0
	Male	22	0
Plant and machine operators and assemblers	Female	1	0
	Male	22	1
Elementary occupations	Female	32	0
	Male	130	0
Sub-total	Female	189	3
	Male	389	9
Total		578	12

Table 161: Skills development

### 4.4.3 MFMA competencies

In terms of Section 83(1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the MFMA. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification





## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, “(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 in terms of Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”

The table below provides details of the financial competency development progress as required by the regulation:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial officials</b>				
Accounting Officer	0	0	0	0
Chief Financial Officer	1	0	0	0
Senior managers	2	1	1	1
Any other financial officials	3	3	0	3
<b>SCM officials</b>				
Heads of SCM Units	0	0	0	0
SCM senior managers	1	1	0	1
<b>Total</b>	<b>7</b>	<b>5</b>	<b>1</b>	<b>5</b>

Table 162: MFMA competencies

### 4.5 Component D: Managing the municipal workforce expenditure

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.



## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

### 4.5.1 Personnel expenditure

Below is a summary of councillor and staff benefits for the year under review:

Financial year	2019/20	2020/21		
Description	Actual	Original budget	Adjusted budget	Actual
	R'000			
Councillors (political office bearers plus other)				
Basic salaries and wages	4 811	5 028	5 028	4 869
Pension and UIF contributions	350	313	313	264
Medical aid contributions	31	37	37	36
Motor vehicle allowance	517	560	560	489
Cell phone allowance	530	530	530	524
Other benefits and allowances	47	47	47	46
Sub total	6 286	6 515	6 515	6 228
% increase/ (decrease)	N/A	3.64	0	(4.41)
Senior managers of the Municipality				
Basic salaries and wages	3 488	3 974	4 228	3 787
Pension and UIF contributions	461	424	451	345
Medical aid contributions	40	37	39	27
Motor vehicle allowance	325	180	191	148
Cell phone allowance	83	84	89	78
Housing allowance	-	-	-	-
Performance bonus	-	287	306	502
Other benefits and allowances	570	383	408	370
Post retirement benefit obligations	89	-	-	5
Sub total	5 056	5 369	5 712	5 262
% increase/ (decrease)	N/A	6.19	6.39	(7.88)
Other municipal staff				
Basic salaries and wages	77 807	81 750	86 228	84 154
Pension and UIF contributions	12 741	13 124	13 912	14 175
Medical aid contributions	1 807	1 976	2 101	1 970
Motor vehicle allowance	2 412	2 519	2 680	2 608
Cell phone allowance	165	170	181	175
Housing allowances	942	1 589	1 686	1 000
Overtime	5 376	2 705	2 878	3 875
Other benefits and allowances	10 041	9 141	9 704	11 543
Long service awards	471	0	0	0
Payments in lieu of leave	2 151	0	0	220





## CHAPTER 5: FINANCIAL PERFORMANCE

### CHAPTER 5

This chapter provides details regarding the financial performance of the Municipality for the 2020/21 financial year.

### Component A: Statements of Financial Performance

The statement of financial performance provides an overview of the financial performance of the Municipality and focuses on the financial health of the Municipality.

#### 5.1 Financial summary

The table below indicates the summary of the financial performance for the 2020/21 financial year:

Financial summary						
R'000						
Description	2019/20	2020/21			2020/21 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
Financial performance						
Property rates	39 564	40 903	41 543	42 252	3.19	1.68
Service charges	126 769	135 403	133 518	131 910	(2.65)	(1.22)
Investment revenue	284	1 155	380	192	(501.59)	(97.93)
Transfers recognised - operational	76 735	84 105	93 290	89 882	6.43	(3.79)
Other own revenue	55 258	66 599	66 946	53 654	(24.13)	(24.77)
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>298 610</b>	<b>328 165</b>	<b>335 677</b>	<b>317 891</b>	<b>(3.23)</b>	<b>(5.60)</b>
Employee costs	119 967	119 705	126 530	126 815	5.61	0.22
Remuneration of Councillors	6 286	6 515	6 515	6 228	(4.60)	(4.60)
Depreciation and asset impairment	22 679	25 096	25 096	21 321	(17.71)	(17.71)
Finance charges	7 715	3 124	2 795	10 799	71.07	74.12
Materials and bulk purchases	75 047	85 842	92 180	83 392	(2.94)	(10.54)
Transfers and grants	510	500	2 183	615	18.74	(254.77)
Other expenditure	108 982	106 393	101 841	120 648	11.82	15.59
<b>Total expenditure</b>	<b>341 186</b>	<b>347 175</b>	<b>357 140</b>	<b>369 819</b>	<b>6.12</b>	<b>3.43</b>
<b>Surplus/(deficit)</b>	<b>(42 577)</b>	<b>(19 009)</b>	<b>(21 463)</b>	<b>(51 928)</b>	<b>63.39</b>	<b>58.67</b>
Transfers recognised - capital	27 800	20 811	22 784	22 446	7.29	(1.50)





## CHAPTER 5: FINANCIAL PERFORMANCE

Financial summary						
R'000						
Description	2019/20	2020/21			2020/21 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
Contributions recognised - capital and contributed assets	1 259	0	0	0	N/A	N/A
Surplus/(deficit) after capital transfers and contributions	(13 518)	1 801	1 320	(29 482)	106.11	104.48
Capital expenditure and funds sources						
Capital expenditure						
Transfers recognised - capital	24 207	20 811	22 784	20 345	(2.29)	(11.99)
Public contributions and donations	1 259	0	0	0	N/A	N/A
Borrowing	645	12 800	0	0	N/A	N/A
Internally generated funds	313	2 286	1 908	(12 067)	118.95	115.82
Total sources of capital funds	26 423	35 897	24 692	8 278	(333.63)	(198.28)
Financial position						
Total current assets	78 901	75 196	92 893	85 441	11.99	(8.72)
Total non-current assets	558 595	556 396	558 414	542 656	(2.53)	(2.90)
Total current liabilities	118 051	73 196	127 028	145 600	49.73	12.76
Total non-current liabilities	54 403	66 066	50 520	46 939	(40.75)	(7.63)
Community wealth/equity	465 041	492 330	473 758	435 559	(13.03)	(8.77)
Cash flows						
Net cash from (used) operating	22 576	26 898	33 270	27 059	0.60	(22.95)
Net cash from (used) investing	(19 722)	(35 897)	(24 692)	(20 901)	(71.75)	(18.14)
Net cash from (used) financing	(2 989)	7 816	(1 880)	(1 880)	515.71	0.00
Cash/cash equivalents at the year end	(135)	(1 183)	6 698	4 278	127.65	(56.58)
Cash backing/surplus reconciliation						
Cash and investments available	(12 421)	458	17 251	(12 556)	103.65	237.39
Application of cash and investments	(34 746)	458	1 312	(24 124)	101.90	105.44
Balance - surplus (shortfall)	(47 167)	917	18 563	(36 680)	102.50	150.61
Asset management						
Asset register summary (WDV)	553 503	553 748	553 067	540 446	(2.46)	(2.34)
Depreciation and asset impairment	22 679	25 096	25 096	21 321	(17.71)	(17.71)
Renewal of existing assets	0	0	0	0	N/A	N/A





## CHAPTER 5: FINANCIAL PERFORMANCE

Financial summary						
R'000						
Description	2019/20	2020/21			2020/21 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
Repairs and maintenance	3 656	5 319	7 533	2 955	(79.96)	(154.88)
Free services						
Cost of Free Basic Services provided	0	26 550	33 211	0	N/A	N/A
Revenue cost of free services provided	36 521	8 421	12 170	42 009	79.95	71.03
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual						

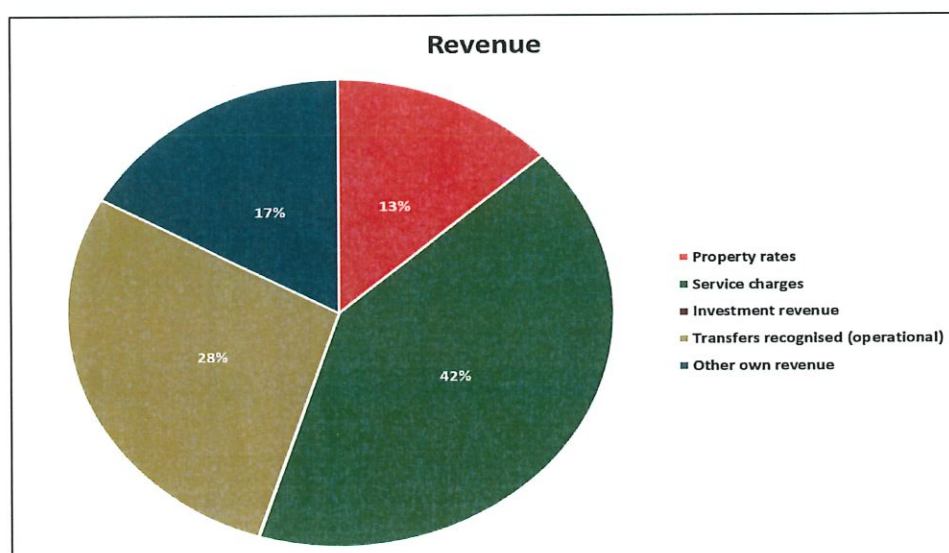
Table 164: Financial performance 2020/21

The table below shows a summary of performance against budgets:

Financial year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2019/20	406 079	327 669	(78 410)	(19)	378 533	341 186	37 346	10
2020/21	358 460	340 337	(18 123)	(5)	357 140	369 819	(12 679)	(4)

Table 165: Performance against budgets

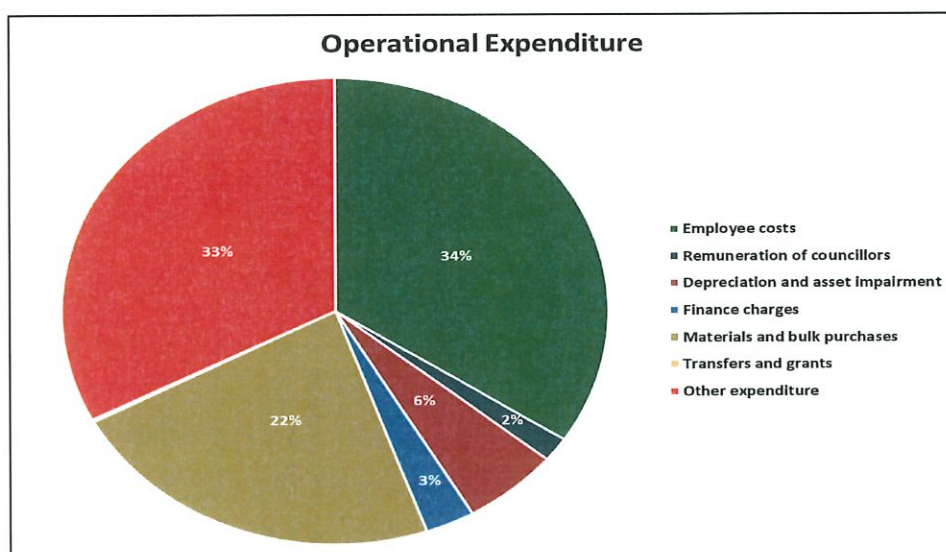
The following graph indicates the various types of revenue items in the municipal budget for 2020/21



Graph 6.: Revenue

## CHAPTER 5: FINANCIAL PERFORMANCE

The following graph indicates the various types of expenditure items in the municipal budget for 2020/21



Graph 7.: Operating expenditure

### 5.1.1 Revenue collection by vote

The table below indicates the revenue collection performance by vote:

Vote description	2019/20	2020/21			2020/21 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000					
Vote 1 – Executive and Council	45 220	0	0	81 489	100.00	100.00
Vote 2 - Financial Services	44 688	43 619	45 158	73 405	40.58	38.48
Vote 3 - Corporate Services	654	20 495	24 675	561	(3 554.91)	(4 300.41)
Vote 4 - Community Services	53 169	93 881	91 464	12 860	(630.02)	(611.22)
Vote 5 - Engineering Services	183 937	190 981	197 163	172 021	(11.02)	(14.62)
Vote 6 - Electrical Services	0	0	0	0	N/A	N/A
<b>Total revenue by vote</b>	<b>327 669</b>	<b>348 976</b>	<b>358 460</b>	<b>340 337</b>	<b>(2.54)</b>	<b>(5.33)</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual</i>						

Table 166: Revenue by vote



## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.1.2 Revenue collection by source

The table below indicates the revenue collection performance by source for the 2020/21 financial year:

Description	2019/20	2020/21			2020/21 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000					
Property rates	39 564	40 903	41 543	42 252	3.19	1.68
Service Charges - electricity revenue	82 028	85 273	85 195	79 493	(7.27)	(7.17)
Service Charges - water revenue	19 492	22 631	21 135	25 018	9.54	15.52
Service Charges - sanitation revenue	16 589	18 087	17 750	17 968	(0.66)	1.22
Service Charges - refuse revenue	8 659	9 411	9 439	9 431	0.21	(0.08)
Rentals of facilities and equipment	1 378	1 358	1 447	1 407	3.49	(2.80)
Interest earned - external investments	284	1 155	380	192	(501.59)	(97.93)
Interest earned - outstanding debtors	4 815	4 798	5 056	10 692	55.13	52.71
Fines	41 877	57 326	57 326	34 550	(65.92)	(65.92)
Licences and permits	230	580	580	134	(333.26)	(333.26)
Agency services	654	968	968	302	(220.17)	(220.17)
Transfers recognised - operational	76 735	84 105	93 290	89 882	6.43	(3.79)
Other revenue	6 304	1 570	1 570	6 568	76.10	76.10
Gains on disposal of PPE	0	0	0	503	100.00	100.00
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>298 610</b>	<b>328 165</b>	<b>335 677</b>	<b>318 394</b>	<b>(3.07)</b>	<b>(5.43)</b>
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual</i>						

Table 167: Revenue by source



## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.1.3 Operational services performance

The table below indicates the operational services performance for the 2020/21 financial year:

Description	2019/20	2020/21			2020/21 Variance	
	<i>Actual (Audited Outcome)</i>	Original Budget	Adjusted Budget	Actual	Original Budget	Adjust- ments Budget
	R'000				%	
Operating Cost						
Water Services	29 470	33 431	35 132	23 993	(39.34)	(46.43)
Waste Water (Sanitation) Services	19 129	12 687	13 031	5 497	(130.79)	(137.04)
Electricity Services	84 767	94 264	97 080	87 758	(7.41)	(10.62)
Waste Management Services	23 037	14 773	14 938	13 563	(8.92)	(10.14)
Component A: sub-total	156 402	155 155	160 180	130 811	(18.61)	(22.45)
Planning and Development	7 097	7 574	7 810	14 598	48.11	46.50
Road Transport	22 763	23 001	23 837	10 409	(120.98)	(129.01)
Component B: sub-total	29 860	30 576	31 647	25 007	(22.27)	(26.55)
Community and Social Services	12 761	9 416	9 907	7 562	(24.52)	(31.01)
Sport and Recreation	8 645	11 048	11 538	7 024	(57.29)	(64.26)
Public Safety	50 201	63 321	64 281	22 755	(178.27)	(182.49)
Housing	1 981	6 385	2 360	1 589	(301.75)	(48.46)
Component C: sub-total	73 589	90 172	88 085	38 931	(131.62)	(126.26)
Executive and Council	21 949	20 057	23 775	22 638	11.40	(5.02)
Finance and Administration	59 094	49 461	51 630	159 763	69.04	67.68
Internal Audit		1 755	1 822		N/A	N/A
Component D: sub-total	81 042	71 272	77 227	182 401	60.93	57.66
Total Expenditure	340 894	347 175	357 140	377 150	7.95	5.31
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

Table 168: Operational services performance



## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.2 Financial performance per municipal function

The tables below indicate the Municipality's performance with regards to each municipal function:

#### 5.2.1 Water services

Description	2019/20	2020/21			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	37 300	44 578	54 068	51 793	13.93
Expenditure:					
Employees	7 181	9 859	10 489	6 284	(56.89)
Repairs and maintenance	1 753	1 216	3 187	614	(98.22)
Other	20 178	22 356	21 456	17 095	(30.77)
Total operational expenditure	29 112	33 431	35 132	23 993	(39.34)
Net operational (service)	8 188	11 148	18 936	27 800	(59.90)
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 169: Financial performance: Water services

#### 5.2.2 Waste water (sanitation) services

Description	2019/20	2020/21			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	23 328	31 275	32 661	19 266	(62.33)
Expenditure:					
Employees	5 527	5 383	5 727	3 699	(45.55)
Repairs and maintenance	348	693	750	550	(26.06)
Other	13 255	6 611	6 554	1 249	(429.33)
Total operational expenditure	19 129	12 687	13 031	5 497	(130.79)
Net operational (service)	4 199	18 588	19 630	13 769	(35.00)
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 170: Financial performance: Waste water (sanitation) services



## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.2.3 Electricity

Description	2019/20	2020/21			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	117 428	105 190	103 209	97 954	(7.39)
Expenditure:					
Employees	9 173	8 859	9 424	12 661	30.03
Repairs and maintenance	197	1 655	1 655	639	(159.23)
Other	74 239	83 750	86 000	74 458	(12.48)
Total operational expenditure	83 609	94 264	97 080	87 758	(7.41)
Net operational (service)	33 820	10 925	6 129	10 196	(7.15)
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 171: Financial performance: Electricity

### 5.2.4 Waste management

Description	2019/20	2020/21			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	11 431	20 222	21 787	869	(2 227.21)
Expenditure:					
Employees	10 816	9 297	9 891	8 911	(4.34)
Repairs and maintenance	480	664	664	282	(135.00)
Other	11 742	4 812	4 383	4 370	(10.13)
Total operational expenditure	23 037	14 773	14 938	13 563	(8.92)
Net operational (service)	(11 606)	5 449	6 849	(12 694)	142.92
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 172: Financial performance: Waste management





## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.2.5 Housing

Description	2019/20	2020/21			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	305	4 578	444	238	(1 826.67)
Expenditure:					
Employees	1 797	1 757	1 771	1 462	(20.24)
Repairs and maintenance	18	70	70	8	(827.48)
Other	166	4 558	518	120	(3 686.69)
Total operational expenditure	1 981	6 385	2 360	1 589	(301.75)
Net operational (service)	(1 677)	(1 807)	(1 916)	(1 352)	(33.71)
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 173: Financial performance: Housing

### 5.2.6 Road transport

Description	2019/20	2020/21			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	3 697	5 072	2 605	2 555	(98.51)
Expenditure:					
Employees	14 473	13 084	13 920	8 432	(55.17)
Repairs and maintenance	392	1 090	1 090	39	(2 676.24)
Other	7 898	8 827	8 827	1 937	(355.61)
Total operational expenditure	22 763	23 001	23 837	10 409	(120.98)
Net operational (service)	(19 067)	(17 929)	(21 232)	(7 854)	(128.29)
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 174: Financial performance: Road transport



## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.2.7 Planning and development

Description	2019/20	2020/21			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	775	1 916	1 916	1 882	(1.83)
Expenditure:					
Employees	6 096	5 537	5 793	13 583	59.24
Repairs and maintenance	85	162	162	36	(355.05)
Other	915	1 876	1 885	979	(91.51)
Total operational expenditure	7 097	7 574	7 810	14 598	48.11
Net operational (service)	(6 322)	(5 658)	(5 894)	(12 716)	55.50
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 175: Financial performance: Planning and development

### 5.2.8 Community and social services

Description	2019/20	2020/21			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	8 429	9 010	9 207	7 692	(17.14)
Expenditure:					
Employees	9 789	9 416	9 907	6 636	(41.91)
Repairs and maintenance	494	0	0	151	100.00
Other	2 478	0	0	794	100.00
Total operational expenditure	12 761	9 416	9 907	7 580	(24.23)
Net operational (service)	(4 332)	(406)	(700)	112	462.71
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 176: Financial performance: Community and social services





## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.2.9 Sport and recreation

Description	2019/20	2020/21			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	2 732	472	625	91	(419.29)
Expenditure:					
Employees	6 837	7 668	8 157	6 001	(27.77)
Repairs and maintenance	241	876	876	145	(505.44)
Other	1 568	2 505	2 505	878	(185.16)
Total operational expenditure	8 645	11 048	11 538	7 024	(57.29)
Net operational (service)	(5 913)	(10 576)	(10 913)	(6 933)	(52.54)
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 177: Financial performance: Sport and recreation

### 5.2.10 Public safety

Description	2019/20	2020/21			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	41 703	58 871	58 871	4 960	(1 086.87)
Expenditure:					
Employees	15 259	15 024	15 983	17 618	14.72
Repairs and maintenance	145	638	638	178	(257.51)
Other	34 797	47 660	47 660	4 960	(860.98)
Total operational expenditure	50 201	63 321	64 281	22 755	(178.27)
Net operational (service)	(8 499)	(4 451)	(5 410)	(17 795)	74.99
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 178: Financial performance: Public safety



## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.2.11 Executive and council

Description	2019/20	2020/21			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	45 220	14 034	17 683	81 489	82.78
Expenditure:					
Employees	6 403	6 401	6 810	6 837	6.37
Repairs and maintenance	(17)	205	2 252	0	N/A
Other	15 562	13 450	14 713	15 801	14.88
Total operational expenditure	21 949	20 057	23 775	22 638	11.40
Net operational (service)	23 272	(6 023)	(6 092)	58 851	110.23
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 179: Financial performance: Executive and council

### 5.2.12 Finance and administration

Description	2019/20	2020/21			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	44 974	53 758	55 385	90 789	40.79
Expenditure:					
Employees	26 617	28 750	30 249	34 692	17.13
Repairs and maintenance	551	1 612	1 612	315	(411.71)
Other	31 925	19 098	19 768	124 755	84.69
Total operational expenditure	59 094	49 461	51 630	159 763	69.04
Net operational (service)	(14 120)	4 297	3 755	(68 974)	106.23
Variances are calculated by dividing the difference between the actual and original budget by the actual					

Table 180: Financial performance: Financial and administration





## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.3 Grants

#### 5.3.1 Grant performance

The Municipality spent an amount of **R86 million** on infrastructure and other projects available which was received in the form of grants from national and provincial governments during the 2020/21 financial year. The performance in the spending of these grants is summarised as follows:

Description	2019/20	2020/21			2020/21 variance	
	Actual (audited outcome)	Budget	Adjustments budget	Actual	Original budget	Adjustments budget
	R'000				%	
Operating transfers and grants						
National government:	64 391	71 663	81 958	78 032	8.16	(5.03)
Equitable Share	59 781	67 109	77 480	73 778	9.04	(5.02)
Local Government Finance Management Grant	1 700	1 700	1 700	1 700	0.00	0.00
Municipal Infrastructure Grant (MIG) – Project Management Unit	699	695	619	695	0.00	10.96
Expanded Public Works Programme (EPWP) Integrated Grant	1 924	1 859	1 859	1 859	0.00	0.00
Municipal Disaster relief grant	287	0	0	0	N/A	N/A
Municipal Systems Improvement	0	300	300	0	N/A	N/A
Provincial government:	10 619	12 442	8 213	8 115	(53.32)	(1.21)
Human Settlements Development Grant (Beneficiaries)	0	4 340	300	0	N/A	N/A
Human Settlements - Municipal Accreditation and Capacity Building Grant	238	238	0	252	5.56	100.00
Provincial Treasury: Financial Management Capacity Building Grant	380	401	300	300	(33.67)	0.00
Provincial Treasury: Financial Management Support Grant	1 955	0	1 000	1 000	100.00	0.00
Department of Transport and Public Works: Maintenance and Construction of Transport Infrastructure	0	50	50	0	N/A	N/A
Department of Cultural Affairs and Sport: Library Service: Replacement Funding	5 856	6 207	6 207	6 207	0.00	0.00
Local Government Support Grant	550	0	0	0	N/A	N/A
Department of Local Government: Community Development Workers (CDW) Operational Support Grant	408	206	206	206	0.00	0.00

## CHAPTER 5: FINANCIAL PERFORMANCE

Description	2019/20	2020/21			2020/21 variance	
	Actual (audited outcome)	Budget	Adjustments budget	Actual	Original budget	Adjustments budget
	R'000				%	
Operating transfers and grants						
Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)	0	150	150	150	0.00	0.00
Department of Local Government : Municipal Drought Relief Grant	1 232	850	0	0	N/A	N/A
Other grant providers	400	0	0	0	N/A	N/A
Central Karoo District Municipality	400	0	0	0	N/A	N/A
Total operating transfers and grants	75 410	84 105	90 171	86 147	2.37	(4.67)

Table 181: Operating grant performance

### 5.3.2 Conditional grants

The performance in the spending of the conditional grants is summarised as follows:

Details	2019/20	2020/21			2020/21 Variance	
	Actual	Budget	Adjustments Budget	Actual	Variance	
	Actual (Audited Outcome)				Budget	Adjustments Budget
	R'000				%	
Local Government Finance Management Grant	1 700	1 700	1 700	1 700	0.00	0.00
MIG - Project Management Unit	699	695	619	546	(27.25)	(13.31)
EPWP	1 569	1 859	1 859	1 767	(5.19)	(5.19)
Municipal Disaster Relief Grant	287	0	0	0	N/A	N/A
Municipal Systems Improvement	0	300	300	0	N/A	N/A
Human Settlements Development Grant (Beneficiaries)	0	4 340	300	0	N/A	N/A
Human Settlements - Municipal Accreditation and Capacity Building Grant	225	238	144	238	(0.16)	39.44
Provincial Treasury: Financial Management Capacity Building Grant	0	401	300	0	N/A	N/A
Provincial Treasury: Financial Management Support Grant	2 296	0	1 000	800	100.00	(25.00)
Department of Transport and Public Works: Maintenance and Construction of Transport Infrastructure	0	50	50	0	N/A	N/A
Department of Cultural Affairs and Sport: Library Service: Replacement Funding	5 671	6 207	6 582	5 857	(5.97)	(12.37)





## CHAPTER 5: FINANCIAL PERFORMANCE

Details	2019/20	2020/21			2020/21 Variance	
	Actual	Budget	Adjustments Budget	Actual	Variance	
	Actual (Audited Outcome)				Budget	Adjustments Budget
	R'000				%	
Department of Local Government: Local Government Support Grant	447	0	103	103	100.00	0.00
Department of Local Government: CDW Operational Support Grant	89	206	331	116	(77.26)	(184.82)
Department of Local Government: Thusong Services Centres Grant (Sustainability: Operational Support Grant)	0	150	150	121	(24.24)	(24.24)
Department of Local Government: Municipal Drought Relief Grant	1 232	850	1 971	1 154	26.34	(70.83)
Department of Local Government: Municipal Service Delivery and Capacity Building Grant	88	0	0	0	N/A	N/A
Central Karoo District Municipality	0	0	400	0	N/A	N/A
Total	14 302	16 996	15 809	12 402	(37.04)	(27.47)
* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in par 5.9.2. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						

Table 182: Conditional grants

### 5.3.3 Level of reliance on grants and subsidies

The table below reflects the level of reliance on grants and subsidies

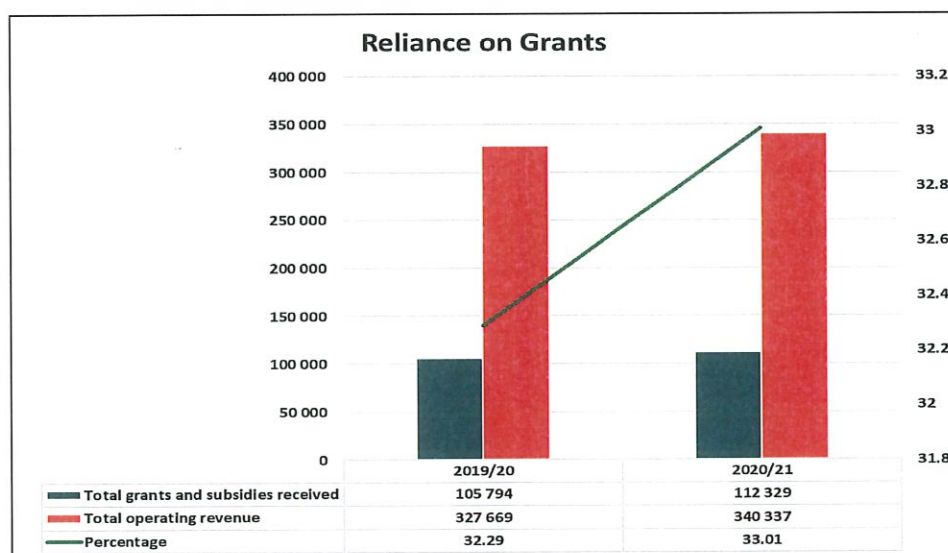
Financial year	Total grants and subsidies received	Total operating revenue	Percentage
	R'000		%
2019/20	105 794	327 669	32.29
2020/21	112 329	340 337	33.01

Table 183: Reliance on grants



## CHAPTER 5: FINANCIAL PERFORMANCE

The following graph gives a visual relationship between the two financial years and the trend based on grant received and operating revenue



Graph 8.: Reliance on grants

### 5.4 Repairs and Maintenance

The following table indicates the Municipality's expenditure on repairs and maintenance:

Description	2019/20	2020/21			
	Actual (Audited Outcome)	Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			%
Repairs and Maintenance Expenditure	3 656	6 891	7 533	2 955	(60.77)

Table 184: Repairs and maintenance expenditure



## CHAPTER 5: FINANCIAL PERFORMANCE

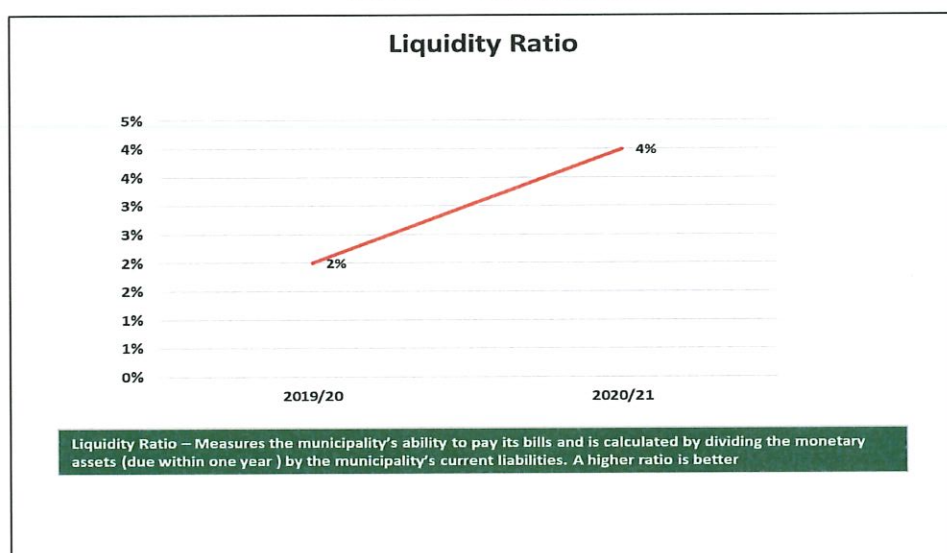
### 5.5 Financial ratios based on KPIs

The graphs and tables below indicate the Municipality's performance in relation to the financial ratios:

#### 5.5.1 Liquidity ratio

Description	Basis of calculation	2019/20	2020/21
		Audited outcome	Pre-audited outcome
Current ratio	Current assets/current liabilities	66.84%	58.68%
Current ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	(26%)	(19%)
Liquidity ratio	Monetary assets/Current liabilities	2%	4%

Table 185: Liquidity financial ratio



Graph 9.: Liquidity ratio

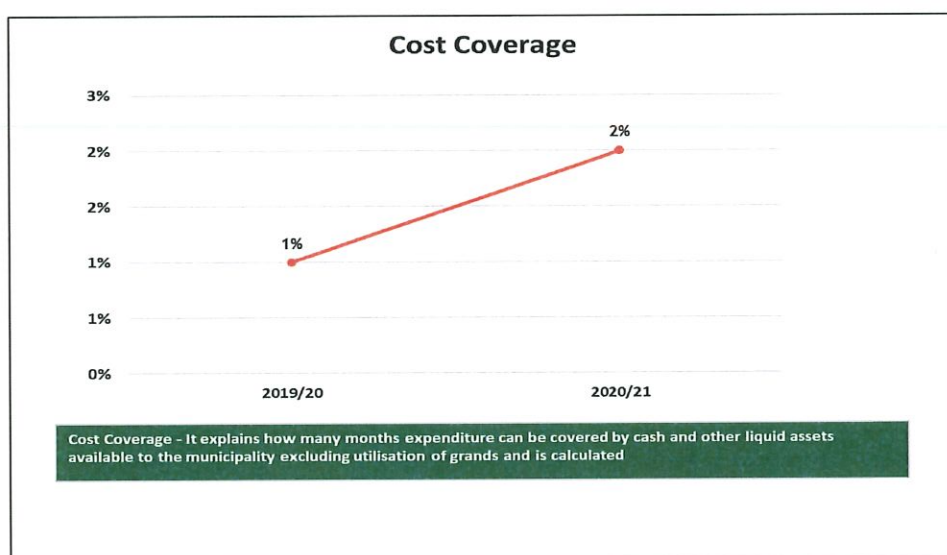
## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.5.2 IDP regulation financial viability indicators

Description	Basis of calculation	2019/20	2020/21
		Audited outcome	Pre-audited outcome
Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1%	2%
Total outstanding service debtors to revenue	Total outstanding service debtors/annual revenue received for services	19%	19%
Debt coverage	(Total operating revenue - operating grants)/Debt service payments due within financial year)	76%	65%

Table 186: Financial viability national KPAs

The following graphs illustrates the compared financial viability indicators for the past two financial years:

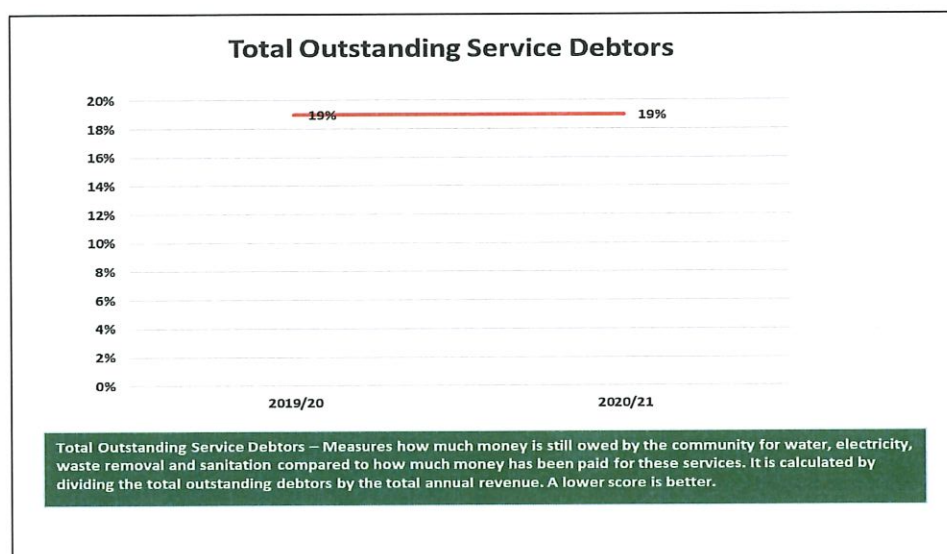


Graph 10.: Cost coverage

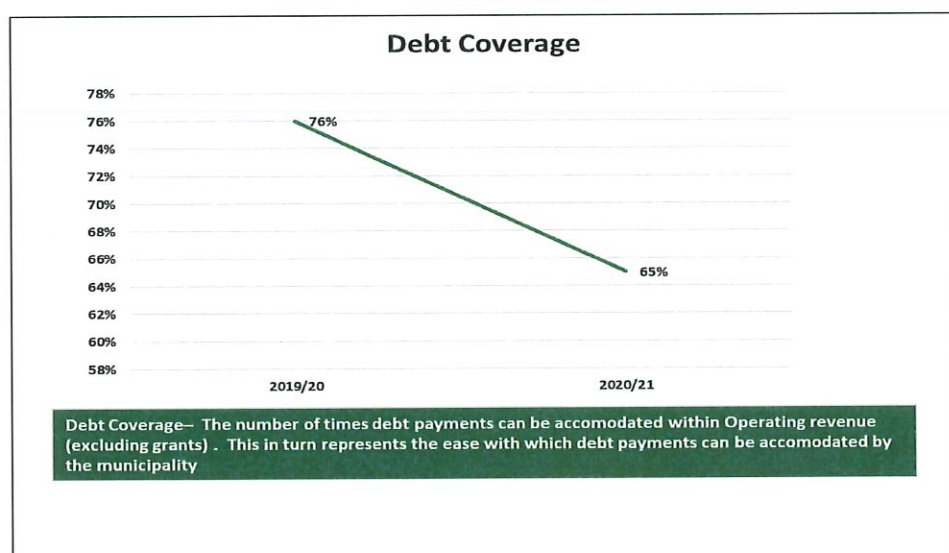




## CHAPTER 5: FINANCIAL PERFORMANCE



Graph 11.: Outstanding service debtors to revenue



Graph 12.: Debt coverage

### 5.5.3 Repairs and maintenance

The following table illustrates the Municipality's proportion of operating expenditure in relation to repairs and maintenance:

Description	Basis of calculation	2019/20	2020/21
		Audited outcome	Pre-audited outcome
Repairs and maintenance	R and M/(Total revenue excluding capital revenue)	1%	1%

Table 187: Repairs and maintenance



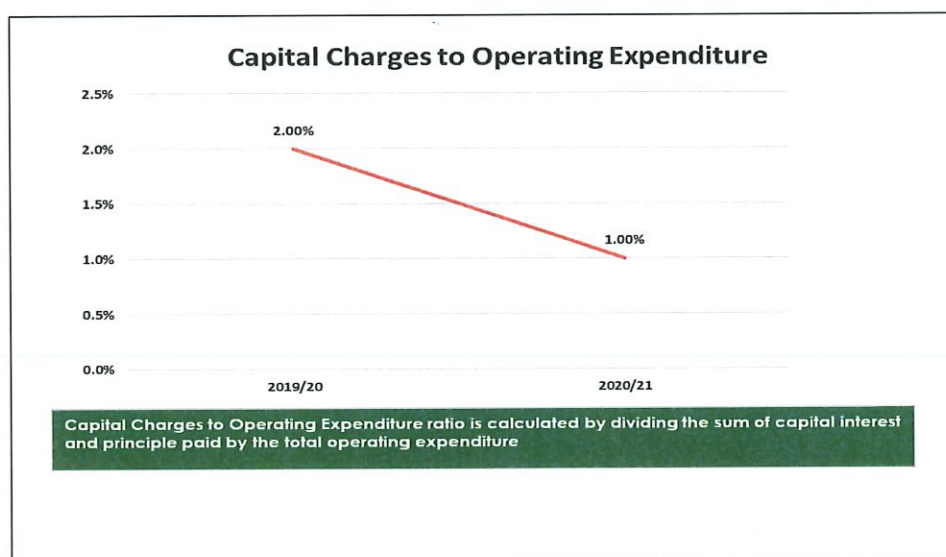
## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.5.4 Borrowing management

The following table and graph illustrate the Municipality's proportion of capital charges in relation to operating expenditure:

Description	Basis of calculation	2019/20	2020/21
		Audited outcome	Pre-audited outcome
Capital charges to operating expenditure	Interest and principal paid/ Operating expenditure	2%	1%

Table 188: Borrowing management



Graph 13.: Capital charges to operating expenditure

### 5.5.5 Employee costs

The table and graph below illustrate the Municipality's portion of revenue spent on employee costs for the past two financial years:

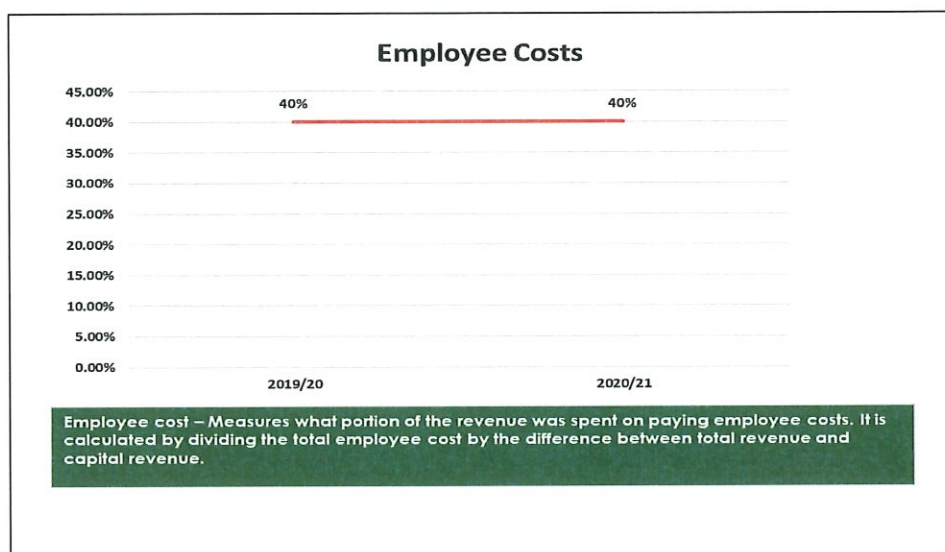
Description	Basis of calculation	2019/20	2020/21
		Audited outcome	Pre-audited outcome
Employee costs	Employee costs/(Total revenue - capital revenue)	40%	40%

Table 189: Employee costs





## CHAPTER 5: FINANCIAL PERFORMANCE



Graph 14.: Employee costs

### Component B: Spending against Capital Budget

#### 5.6 Capital Expenditure: Sources of Finance

The table below indicates the capital expenditure by funding source for the 2020/21 financial year:

Details	2019/20	2020/21				
	<i>Audited outcome</i>	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Source of finance						
Description	R'000				%	
External loans	645	0	0	0	N/A	N/A
Public contributions and donations	1 259	0	0	0	N/A	N/A
Grants and subsidies	24 207	34 925	22 784	19 529	(34.76)	(9.32)
Own funding	313	972	1 908	1 372	96.33	(55.16)
Total	26 423	35 897	24 692	20 901	(31.21)	(10.56)
Percentage of finance						
External loans	2	0	0	0		
Public contributions and donations	0	0	0	0		
Grants and subsidies	92	97	92	79		
Own funding	1	3	8	6		
Capital expenditure						
Description	R'000				%	

## CHAPTER 5: FINANCIAL PERFORMANCE

Details	2019/20	2020/21				
	<i>Audited outcome</i>	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Water and sanitation	2 837	9 856	13 662	11 881	38.61	(18.06)
Electricity	17 821	7 320	5 214	4 505	(28.77)	(9.69)
Housing	51	0	0	0	N/A	N/A
Roads and storm water	2 314	1 831	2 620	2 278	43.10	(18.67)
Other	3 399	16 890	3 196	2 237	(81.08)	(5.68)
<b>Total</b>	<b>26 423</b>	<b>35 897</b>	<b>24 692</b>	<b>20 901</b>	<b>(31.21)</b>	<b>(10.56)</b>
Percentage of expenditure						
Water and sanitation	11	27	55	57		
Electricity	67	20	21	22		
Housing	0	0	0	0		
Roads and storm water	9	5	11	11		
Other	13	47	13	11		

Table 190: Capital spending by funding source

### Component C: Cash Flow Management and Investments

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the Council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

#### 5.7 Cash flow

The table below reflects the Municipality's cash flow for the financial year:

Cash flow outcomes				
R'000				
Description	2019/20	2020/21		
	Audited outcome	Original budget	Adjusted budget	Actual
Cash flow from operating activities				
Receipts				
Rate-payers and other	141 274	183 418	152 778	165 722
Government -operating	79 081	84 105	93 290	89 207
Government -capital	32 290	20 811	22 784	15 793
Interest	284	5 953	5 436	192
Payments				
Suppliers and employees	(227 332)	(263 765)	(236 039)	(237 135)





## CHAPTER 5: FINANCIAL PERFORMANCE

Cash flow outcomes				
R'000				
Description	2019/20	2020/21		
	Audited outcome	Original budget	Adjusted budget	Actual
Finance charges	(3 021)	(3 124)	(2 795)	(6 720)
Transfers and grants	0	(500)	(2 183)	0
Net cash from/(used) operating activities	22 576	26 898	33 270	27 059
Cash flows from investing activities				
Payments				
Capital assets	(19 722)	(35 897)	(24 692)	(20 901)
Net cash from/(used) investing activities	(19 722)	(35 897)	(24 692)	(20 901)
Cash flows from financing activities				
Receipts				
Borrowing long term/refinancing	0	12 800	0	0
Payments				
Repayment of borrowing	(2 989)	(4 984)	(1 880)	(1 880)
Net cash from/(used) financing activities	(2 989)	7 816	(1 880)	(1 880)
Net increase/ (decrease) in cash held	(135)	(1 183)	6 698	4 278
Cash/cash equivalents at the year begin:	(12 421)	1 641	(12 556)	(12 556)
Cash/cash equivalents at the yearend:	(12 556)	458	(5 858)	(8 279)

Table 191: Cash flow

### 5.8 Gross outstanding debtors per service

The table below reflects the debtor's analysis per service for the previous financial years:

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and water)	(Sanitation and refuse)			
	R'000	R'000	R'000	R'000	R'000	R'000
2019/20	18 074	23 137	32 174	35	46 373	119 792
2020/21	29 147	29 679	44 877	48	42 906	146 656
Difference	11 073	6 541	12 703	13	(3 467)	26 864
% growth year on year	61	28	39	38	(7)	22

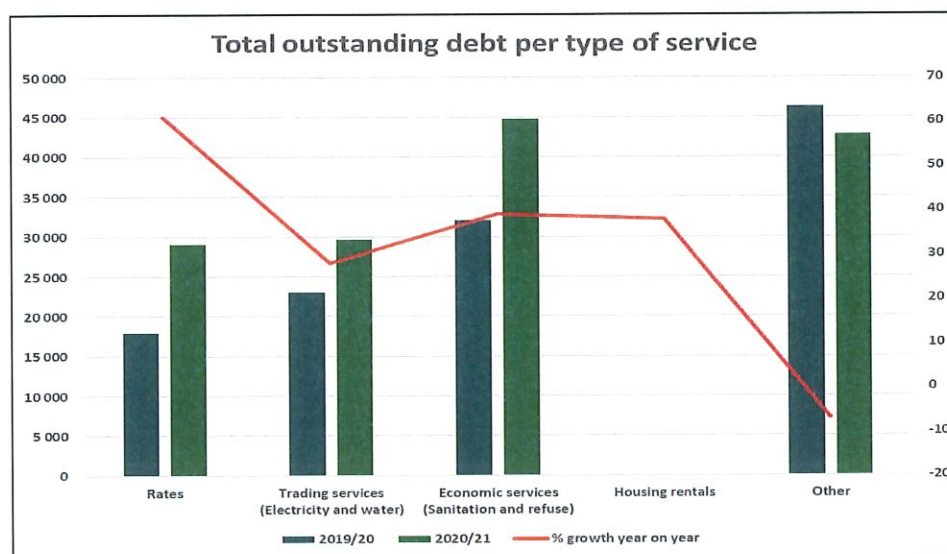
Note: Figures exclude provision for bad debt

Table 192: Gross outstanding debtors per service



## CHAPTER 5: FINANCIAL PERFORMANCE

The following graph indicates the total outstanding debt per type of service for 2020/21:



Graph 15.: Debt per type of service

### 5.9 Total debtors age analysis

The table below reflects the Municipality's debtors age analysis for the past two financial years

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2019/20	24 632	4 214	2 607	296 749	328 202
2020/21	14 033	4 631	4 369	361 088	384 120
Difference	(10 600)	417	1 761	64 339	55 917
% growth year on year	(43)	10	68	22	17

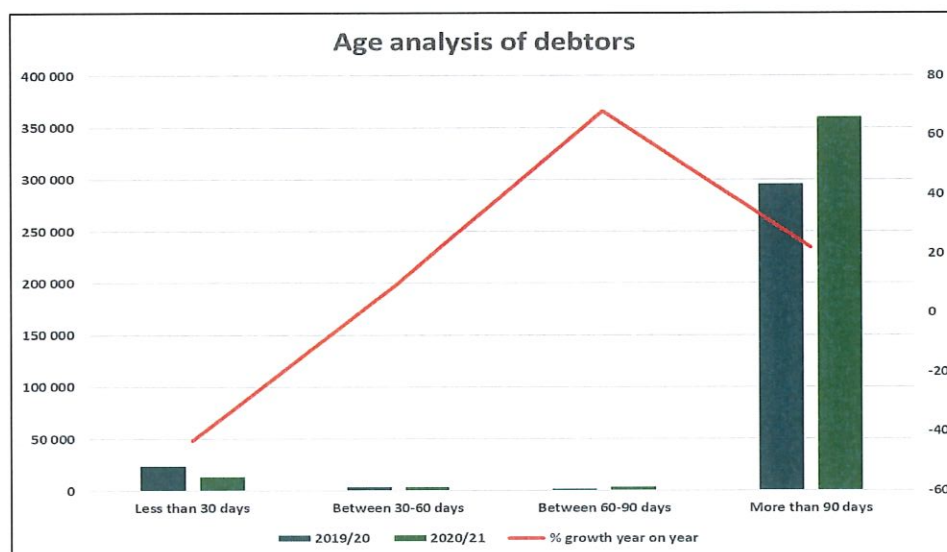
Note: Figures exclude provision for bad debt.

Table 193: Service debtor age analysis





## CHAPTER 5: FINANCIAL PERFORMANCE



Graph 16.: Age analysis of debtors

### 5.10 Borrowing and investments

Infrastructure needs to be replaced and therefore borrowings for periods of 15 years are taken up to lessen the impact on consumers.

#### 5.10.1 Actual borrowings

The table below reflects the municipality's financial positions relating to borrowings:

Actual borrowings		
R' 000		
Instrument	2019/20	2020/21
Long-term loans (annuity/reducing balance)	6 687	5 807
Financial leases	1 978	977
<b>Total</b>	<b>8 665</b>	<b>6 785</b>

Table 194: Actual borrowings

#### 5.10.2 Municipal investments

Actual investments		
R'000		
Investment type	2019/20	2020/21
	Actual	Actual
Deposits – bank	2 743	6 157
<b>Total</b>	<b>2 743</b>	<b>6 157</b>

Table 195: Municipal investments

## CHAPTER 6: AUDITOR-GENERAL OPINION

### CHAPTER 6

#### Component A: Auditor-General Opinion 2019/20

##### 6.1 Auditor-General report 2019/20

###### 6.1.1 Audit report status: Disclaimer

Main issues raised	Corrective steps implemented / to be implemented
<b>Property, plant and equipment</b>	
The AG was unable to obtain sufficient appropriate audit evidence that the Municipality recognised items of property, plant and equipment (PPE) in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) 17, PPE, as the AG was unable to confirm that all items of PPE were recorded due to the status of accounting records. The AG was unable to confirm the completeness of PPE by alternative means. Consequently, the AG was unable to determine whether any adjustments were necessary to PPE, stated at R451 million (2018/19 R537.2 million) in note 2.1 and 2.2 to the financial statements	The Municipality will go out on tender to appoint a consultant to assist with the unbundling of infrastructure consistently. Service provider will be appointed 1 July 2021.
<b>Taxes</b>	
The AG was unable to obtain sufficient and appropriate audit evidence that taxes had been properly accounted for due to the status of the accounting records. The AG was unable to confirm the taxes by alternative means. Consequently, the AG was unable to determine whether any adjustment was necessary to the taxes, stated at R9.1 million in note 21 to the financial statements	The Municipality already recalculated and evaluated the VAT to adjust
<b>Receivables from exchange transactions</b>	
The AG was unable to obtain sufficient and appropriate audit evidence that receivables from exchange transactions had been properly accounted for due to the status of the accounting records. The AG was unable to confirm the receivables from exchange transactions by alternative means. Consequently, the AG was unable to determine whether any adjustment was necessary to the receivables from exchange transactions, stated at R21.1 million in note 10 to the financial statements	The Municipality will investigate receivables from exchange transactions and adjust where necessary. The Municipality will implement controls to ensure that receivables will be properly accounted for
<b>Cash and other cash equivalents - liabilities</b>	
The AG was unable to obtain sufficient and appropriate audit evidence that cash and cash equivalents - liabilities had been properly accounted for because the Municipality did not submit the reconciling bank reconciliation. The AG was unable to confirm the bank reconciliation by alternative means. Consequently, the AG was unable to determine whether any adjustment was necessary to the cash and cash equivalents - liabilities, stated at R15.4 million in note 12.2 to the financial statements	The Municipality appointed a consultant to assist with the reconciling of the bank reconciliation without any cost
<b>Revenue from exchange transactions – service charges</b>	
The AG was unable to obtain sufficient and appropriate audit evidence that revenue from exchange transactions – service charges	The Municipality will investigate receivables from exchange transactions and adjust where necessary. The Municipality will





## CHAPTER 6: AUDITOR-GENERAL OPINION

Main issues raised	Corrective steps implemented / to be implemented
had been properly accounted for due to the status of the accounting records. The AG was unable to confirm the revenue from exchange transactions – service charges by alternative means. Consequently, the AG was unable to determine whether any adjustment was necessary to the revenue from exchange transactions – service charges, stated at R125.3 million in note 28 to the financial statements	implement controls to ensure that receivables will be properly accounted for
<b>Reversal of impairment loss/(impairment loss) on receivables</b>	
The AG was unable to obtain sufficient and appropriate audit evidence that impairment loss on receivables had been properly accounted for due to the status of the accounting records. The AG was unable to confirm the impairment loss on receivables by alternative means. Consequently, the AG was unable to determine whether any adjustment was necessary to the impairment loss on receivables, stated at R48.7 million in note 42 to the financial statements	The Municipality will investigate impairment loss on receivables due to the status of accounting records and adjust where necessary. The Municipality will implement controls to ensure that receivables will be properly accounted for
<b>Irregular expenditure</b>	
The AG was unable to obtain sufficient and appropriate audit evidence that the Municipality recognised all items of irregular expenditure, as I was unable to confirm that all items of irregular expenditure were recorded due to status of accounting records. The AG was unable to determine whether any adjustment was necessary to the irregular expenditure – current year, stated at R35.8 million (2018/19: R58.9 million) in note 51.3 to the financial statements	The Municipality will investigate all contracts to determine irregularity and adjust where necessary
<b>Capital commitments</b>	
The AG was unable to obtain sufficient and appropriate audit evidence that capital commitments had been properly accounted for due to the lack of contract management. The AG was unable to confirm the capital commitments by alternative means. Consequently, the AG was unable to determine whether any adjustments were necessary to the capital commitments, stated at R2.4 million (2018/19: R17.2 million) in note 2.11 to the financial statements	The Municipality will investigate all contracts to determine irregularity and adjust where necessary. Capital commitments register will be monitored monthly
<b>Material uncertainty relating to going concern</b>	
<p>Statement of financial position:</p> <p>The statement of financial position, which indicates that the Municipality's current liabilities exceed its current assets by R40.7 million as at 30 June 2020. This event or condition, along with other matters as stated in note 60 to the financial statements, indicates that a material uncertainty exists that may cast significant doubt on the Municipality's ability to continue as a going concern</p>	The Municipality will investigate new revenue streams to increase the revenue and implement strict credit control and debt collection policy
<b>Emphasis of matters</b>	
<p>Restatement of corresponding figures:</p> <p>As disclosed in note 46 to the financial statements, the corresponding figures for 30 June 2019 were restated as a result of errors in the financial statements of the Municipality at, and for the year ended, 30 June 2020</p>	Ensure that prior year errors do not occur again.
Material impairments:	Implement Credit Control and Debt Collection Policy





## CHAPTER 6: AUDITOR-GENERAL OPINION

Main issues raised	Corrective steps implemented / to be implemented
As disclosed in note 10 to the financial statements, the Municipality provided for the impairment of receivables from exchange transactions amounting to R71.6 million (2018/19: R65.7 million)	
Material impairments: As disclosed in note 11 to the financial statements, the Municipality provided for the impairment of receivables from non-exchange transactions amounting to R194 million (2018/19: R9.6 million)	Implement Credit Control and Debt Collection Policy
Material losses: As disclosed in note 52.8 to the financial statements, material water losses of 1 598 802 kilolitres (2018/19: 1 131 809 kilolitres) were incurred, which represents distribution losses of 56% (2018/19: 45%)	Repair and replace broken meters to account for all water being purchase or lost

Table 196: Auditor-General report 2019/20

### Component B: Auditor-General Opinion 2020/21

#### 6.2 Auditor-General report 2020/21

##### 6.2.1 Audit report status: Qualified

##### 6.2.2 Auditor-General Report on the Financial Statements 2020/21

Main issues raised	Corrective steps implemented / to be implemented
<b>Property, plant and equipment</b>	
<p>The AG was unable to obtain sufficient appropriate audit evidence that the Municipality recognised all items of property, plant and equipment in accordance with GRAP 17, <i>Property, plant and equipment</i>, as the AG was unable to confirm that all items of property, plant and equipment were recorded due to the status of accounting records.</p> <p>Additionally, the impairments of property, plant and equipment were not reviewed at each reporting date in accordance with GRAP 17. The AG was unable to determine the impact on the net carrying amount of plant and equipment, reversal of impairment loss/(impairment loss) on property plant and equipment and the depreciation and amortisation as it was impracticable to do so. Consequently, the AG was unable to determine whether any adjustments were necessary to property, plant and equipment, stated at R528.4 million (2019-20: R541 million) in note 2.1 and 2.2 to the financial statements and to the depreciation and amortisation, stated at R21.3 million (2019-20: R22.6 million) in note 37 to the financial statements</p>	<p>Management has obtained a certain portion of funding from Provincial Treasury and through Financial Management Grant that will be used to revise the fixed asset register in the 2021/2022 financial year. The process will include the verification of assets and the hierarchy to be used in breakdown of the assets.</p> <p>The completeness of the asset register and unbundling of the assets will also be looked at to ensure that the finding is addressed. The project is already underway and started in February 2022, however there is still a shortfall in funding the entire project</p>
<b>Revenue from exchange transactions - service charges</b>	
<p>The Municipality did not have adequate systems to maintain records to account for rebates given to indigents. This resulted in revenue from exchange transactions- service charges and being understated by R12.3 million (2019-20: R19.8 million). Consequently, receivables from exchange transactions being are understated by R12.3 million (2019-20: R19.8 million). Additionally, there was an impact on the</p>	<p>Investigate indigent rebates recognised as revenue forgone transactions relating to all service types and adjust where necessary. Implement controls to ensure that indigent rebates as revenue forgone are properly accounted for. Ensure that all people that receive the subsidy have completed the renewal forms for the subsidy. The review of the indigents that are subsidized in 2021/22 is currently underway and this task started in March 2022</p>





## CHAPTER 6: AUDITOR-GENERAL OPINION

Main issues raised	Corrective steps implemented / to be implemented
<p>surplus for the period and on the accumulated surplus in the financial statements</p> <p>The AG was unable to obtain sufficient and appropriate audit evidence that revenue from exchange transactions- service charges had been properly accounted for due to the status of the accounting records. The AG was unable to confirm the revenue from exchange transactions service charges by alternative means. Consequently, The AG was unable to determine whether any adjustment was necessary to the revenue from exchange transactions-service charges, stated at R121.1 million (2019-20: R126.7 million) in note 28 to the financial statements</p>	
<b>Revenue from exchange transactions – interest earned</b>	
<p>The AG was unable to obtain sufficient and appropriate audit evidence that revenue from exchange transactions - interest earned from service charges had been properly accounted for due to the status of the accounting records. The AG was unable to confirm the revenue from exchange transactions - interest earned from service charges by alternative means. Consequently, The AG was unable to determine whether any adjustment was necessary to the revenue from exchange transactions - interest earned from service charges, stated at R9.6 million in note 32 to the financial statements</p>	<p>Interest not charged on water was corrected and implemented from 1 July 2021. The finding has been addressed for 2021/22 financial year</p>
<b>Receivables from exchange transactions</b>	
<p>The AG was unable to obtain sufficient and appropriate audit evidence that receivables from exchange transactions had been properly accounted for due to the status of the accounting records. The AG was unable to confirm the receivables from exchange transactions by alternative means. Consequently, The AG was unable to determine whether any adjustment was necessary to the receivables from exchange transactions, stated at R20 million (2019-20: R24.6 million) in note 10 to the financial statements</p>	<p>Prepare monthly reconciliations between sub module and ledger. Also specify which reports are used for the different reconciliation. The reconciliations have been done from July 2021 to October 2021 and still need to be reviewed</p>
<b>Investment property</b>	
<p>The Municipality did not recognise all property held to earn rental or for capital appreciation as investment property in accordance with GRAP 16, <i>Investment property</i>. Investment property was incorrectly recognised as property, plant and equipment. Consequently, investment property was understated and property, plant and equipment were overstated by R5.4 million (2019-20: R5.4 million)</p>	<p>Management inspected the GL extract to confirm the classification of the items. It was determined that there are transactions linked to investment property, that should be classified as PPE. Therefore, note 30 is not overstated, but rather a misalignment between investment property and PPE rental income.</p> <p>It was determined that Rental income: Investment property is overstated and Rental income: PPE understated by R381 156.66. Finding resolved during audit</p>
<b>Taxes</b>	
<p>The AG was unable to obtain sufficient and appropriate audit evidence that taxes had been properly accounted for due to the poor quality of the accounting records. The AG was unable to confirm the taxes by alternative means. Consequently, The AG was unable to determine whether any adjustment was necessary to the taxes, stated at R9.8 million (2019-20: R9.1 million) in note 21 to the financial statements</p>	<p>Recalculate and evaluate the VAT for 2019/20 and 2020/21 financial years</p>



## CHAPTER 6: AUDITOR-GENERAL OPINION

Main issues raised	Corrective steps implemented / to be implemented
<b>Trade and other payables from exchange transactions</b>	
The Municipality did not recognise all outstanding amounts meeting the definition of a liability in accordance with GRAP 1, <i>Presentation of financial statements</i> . The Municipality did not have adequate systems to maintain records of trade and other payables from exchange transactions for goods and services received, but not yet paid for. This resulted in trade and other payables from exchange transactions being overstated by R5 million	Prepare monthly reconciliations between sub module and ledger. Prepare monthly vendor reconciliations between sub module and monthly statements. The task is currently underway and should be completed by 30 April 2022. A memo was sent out to all service providers owed by the Municipality for them to respond no later than 31 March 2022
<b>Expenditure</b>	
<p>Expenditure was materially misstated by R5.5 million due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:</p> <ul style="list-style-type: none"> <li>▣ Bulk purchases, contracted services, employee related cost and operational costs was overstated by R4.8 million due to management not having adequate systems to record expenditure transactions</li> <li>▣ Contracted services and operational expenditure were in aggregate overstated by R0.7 million due to management not having adequate processes in place to determine the appropriate classification of expenditure transactions</li> </ul> <p>Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements</p>	Prepare reconciliations with regards to bulk purchases and employee related cost. Investigate trade payables and other creditors to ensure that it is classified correctly
<b>Statement of comparison of budget and actual amounts</b>	
<p>The Municipality did not correctly prepare and disclose the cash flow from operating activities disclosed in the statement of comparison of budget and actual amounts as required by GRAP 24, <i>Presentation of budget information in financial statements</i>. This was due to multiple errors in determining cash flows from operating activities. Consequently, the effect of the misstatement is:</p> <ul style="list-style-type: none"> <li>▣ Receipts from taxation is overstated by R14.4 million</li> <li>▣ Receipts from service charges is understated by R43.4 million</li> <li>▣ Receipts from other revenue is overstated by R29 million</li> <li>▣ Receipts from government grants and subsidies operating is understated by R3.6 million</li> <li>▣ Receipts from government grants and subsidies - capital is overstated by R3.6 million</li> </ul>	Management will review the AFS prior to submission that it adheres to the disclosure requirements
<b>Statutory receivables</b>	
The Municipality's analysis of receivables that are past due that have not been impaired in note 53, statutory receivables was incorrectly calculated, which constitutes a departure from GRAP 108, <i>Statutory receivables</i> . This has resulted in the ageing of amounts past due but not impaired being understated by R203.7 million (2019-20: R212.3 million)	Management will review the AFS prior to submission that it adheres to the disclosure requirements. Resolved during the audit





## CHAPTER 6: AUDITOR-GENERAL OPINION

Main issues raised	Corrective steps implemented / to be implemented
<b>Irregular expenditure</b>	
The Municipality did not include all irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This was due to payments amounting to R3.9 million (2020: R15 million) made in contravention of the supply chain management requirements, which were not disclosed as irregular expenditure. The AG was unable to determine the impact on the understatement of irregular expenditure – current year, stated at R18 million (2019 20: R41 million) in note 49.3 to the financial statements as it impracticable to do so	Investigate all irregular expenditure and prepare Section 32 report to be submitted to Council and to be handed over to a Council committee for investigation in line with Section 32 of the MFMA
<b>Corresponding figures for 30 June 2020</b>	
<p>During the 2019-20 financial year, the AG was unable to obtain sufficient and appropriate audit evidence that the impairment loss on receivables had been properly accounted for due to the status of the accounting records. the AG was unable to confirm the impairment loss on receivables by alternative means. Consequently, the AG was unable to determine whether any adjustment was necessary to the impairment loss on receivables, stated at R48.7 million in note 42 to the financial statements corresponding figures for 30 June 2020.</p> <p>The AG's audit opinion on the financial statements for the period ended 30 June 2020 was modified accordingly. The AG's opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the reversal of impairment loss / (impairment loss) on receivables for the current period</p>	Recalculate and evaluate the impairment on receivables for 2019/20 and 2020/21 financial years
<b>Material uncertainty relating to going concern/ financial sustainability</b>	
<p>Statement of financial performance:</p> <p>The statement of financial performance, which indicates that the Municipality incurred a net loss of R28.9 million (2019-20: net loss of R13.5 million) during the year ended 30 June 2021 and, as of that date, the Municipality's current liabilities exceeded its current assets by R58.3 million (2019-20: net current liability position of R36.5 million). These events or conditions, along with other matters as stated in disclosure note 56 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Municipality's ability to continue as a going concern</p>	The Municipality is intensifying its credit control measures to ensure that revenue collection is increased to cover old outstanding creditors and day to day commitments. The Municipality has started installing prepaid meters where there are no meters to save on water losses and improve on revenue collection
<b>Emphasis of matters</b>	
<p>Restatement of corresponding figures:</p> <p>As disclosed in note 44 to the annual financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors identified in the financial statements of the Municipality at, and for the year ended, 30 June 2021</p>	Municipality must minimize prior year corrections with implementing proper reconciliations and review of AFS
<p>Material impairments:</p> <p>As disclosed in note 6 to the annual financial statements, the Municipality provided for the impairment of non-current receivables from exchange transactions amounting to R5.4 million (2019-20: R2 million)</p>	Investigate impairment of Long-Term Debtors. Implement and strengthen Credit Control and Debt Collection Policy



## CHAPTER 6: AUDITOR-GENERAL OPINION

Main issues raised	Corrective steps implemented / to be implemented
<p>Material impairments:</p> <p>As disclosed in note 11 to the financial statements, the Municipality provided for the impairment of receivables from non-exchange transactions amounting to R232.9 million (2019/20: R193.5 million)</p>	<p>The Municipality is intensifying its credit control measures to ensure that revenue collection is increased to cover old outstanding creditors and day to day commitments. The Municipality has started installing prepaid meters where there are no meters to save on water losses and improve on revenue collection</p>
<p>Material losses:</p> <p>As disclosed in note 50.8 to the annual financial statements, material water losses of 1 456 276 kilolitres (2019-20: 1 598 802 kilolitres) were incurred which represents units lost during distribution of 49.9% (2019-20: 56.5%)</p>	<p>Replace and repair water meters and also repair and maintain leakages in network. The Municipality has started installing prepaid meters where there are no meters to save on water losses and improve on revenue collection. The programme started in March 2022</p>
<p>Material losses:</p> <p>As disclosed in note 50.8 to the annual financial statements, material electricity losses of 8 164 594 kilowatt hours (2019-20: 7 935 970 kilowatt hours) were incurred which represents units lost during distribution of 14.8% (2019-20: 14.7%)</p>	<p>Replace and repair electricity meters and also repair and maintain electricity network.</p> <p>Replace and repair electricity meters and also repair and maintain electricity network</p>

Table 197: Auditor-General report 2020/21





## LIST OF TABLES, FIGURES AND GRAPHS

### List of Tables

Table 1: Demographic information of the municipal area – Total population.....7	Table 4: Intergovernmental structures ..... 23
Table 2: Population by race .....7	Table 5: Joint projects and functions with sector departments ..... 24
Table 3: Population by age .....8	Table 6: Ward 1: Committee meetings ..... 25
Table 4: Total number of households.....8	Table 7: Ward 2: Committee meetings ..... 25
Table 5: Municipal wards.....9	Table 8: Ward 3: Committee meetings ..... 26
Table 6: Key economic activities.....12	Table 9: Ward 4: Committee meetings ..... 26
Table 7: Basic services delivery highlights .....13	Table 10: Ward 5: Committee meetings..... 27
Table 8: Basic services delivery challenges.....13	Table 11: Ward 6: Committee meetings..... 27
Table 9: Households with minimum level of basic services ...14	Table 12: Ward 7: Committee meetings..... 28
Table 10: Financial viability challenge.....14	Table 13: Functioning of ward committees ..... 28
Table 11: National KPI's for financial viability and management .....14	Table 14: Labour Forum ..... 29
Table 12: National KPIs - Good governance and public participation performance .....15	Table 15: Labour Forum ..... 29
Table 13: Financial overview .....15	Table 16: Strategic risks ..... 31
Table 14: Total capital expenditure.....15	Table 17: Risk profile ..... 31
Table 15: Audit outcomes .....16	Table 18: Members of the Risk Committee ..... 32
Table 16: Council 2020/21 .....18	Table 19: Strategies and response plan..... 32
Table 17: Council meetings .....19	Table 20: Members of the AC and PAC ..... 34
Table 18: Mayoral Committee members (1 July 2020 to 30 June 2021) .....19	Table 21: Internal audit plan ..... 35
Table 19: Executive Mayoral Committee meetings .....19	Table 22: Communication activities ..... 36
Table 20: Portfolio Committees (1 July 2020 to 31 May 2021).....20	Table 23: Additional communication channels ..... 36
Table 1: Portfolio Committees (1 June 2021 to 30 June 2021) .....21	Table 24: Website checklist ..... 37
Table 2: MPAC .....22	Table 25: Bid committee meetings..... 38
Table 3: Administrative governance structure .....22	Table 26: Members of bid committees ..... 39
	Table 27: Highest bids awarded by Bid Adjudication Committee ..... 40
	Table 28: Awards made by the Accounting Officer ..... 40
	Table 29: Summary of deviations ..... 41
	Table 30: Deviations – impractical and/or impossible ..... 41
	Table 31: Deviations – impractical and/or impossible ..... 43



## LIST OF TABLES, FIGURES AND GRAPHS

Table 32:	Ensure liquidity of the administration .....	50	Table 55:	Employees: Electricity Services .....	68
Table 33:	Establishment of a well governed and accountable administration.....	51	Table 56:	Capital expenditure: Electricity Services.....	69
Table 34:	Provide for the needs of indigent households through improved services.....	53	Table 57:	Waste Management highlight .....	70
Table 35:	Provision of basic services to all the people in the municipal area .....	55	Table 58:	Waste Management challenges .....	70
Table 36:	Sustainability of the environment .....	56	Table 59:	Waste Management service delivery levels .....	71
Table 37:	To enable education and skills development to equip people with economic skills .....	57	Table 60:	Employees: Waste Management.....	72
Table 38:	To facilitate investment and maintenance of economic and social infrastructure to ensure infrastructure-led economic growth and development .....	57	Table 61:	Employees: Waste, Environment and Facilities Management .....	72
Table 39:	To improve and maintain current basic service delivery through specific infrastructural development projects .....	58	Table 62:	Capital expenditure: Waste Management.....	73
Table 40:	Municipal functions .....	60	Table 63:	Employees: Basic Services: Merweville, Murraysburg and Nelspoort .....	73
Table 41:	Water Services highlight.....	61	Table 64:	Housing needs.....	74
Table 42:	Water Services challenge .....	61	Table 65:	Prioritised housing sites.....	74
Table 43:	Total use of water by sector (cubic meters) .....	61	Table 66:	GAP housing sites.....	74
Table 44:	Water service delivery levels.....	62	Table 67:	Housing: challenges .....	74
Table 45:	Access to water .....	62	Table 68:	Households with access to basic housing .....	75
Table 46:	Employees: Water Services .....	63	Table 69:	Housing waiting list.....	75
Table 47:	Capital Expenditure: Water Services .....	63	Table 70:	Houses built in 2020/21 .....	75
Table 48:	Sanitation Services challenges.....	64	Table 71:	Employees: Human Settlements and Land Affairs .....	76
Table 49:	Sanitation Service delivery levels .....	64	Table 72:	Free basic services: Number of households .....	76
Table 50:	Employees: Sanitation Services .....	65	Table 73:	Free basic services: Electricity .....	77
Table 51:	Capital expenditure: Sanitation Services .....	65	Table 74:	Free basic services: Water .....	77
Table 52:	Electricity Services highlights .....	67	Table 75:	Free basic services: Sanitation .....	77
Table 53:	Electricity Services challenges .....	67	Table 76:	Free basic services: Refuse removal .....	77
Table 54:	Electricity Service delivery levels.....	68	Table 77:	Roads highlight .....	78
			Table 78:	Roads challenges.....	78
			Table 79:	Gravel road infrastructure .....	78
			Table 80:	Tarred road infrastructure .....	78
			Table 81:	Employees: Roads and stormwater .....	79





## LIST OF TABLES, FIGURES AND GRAPHS

Table 82:	Capital expenditure: Roads and stormwater.....79	Table 106:	Employees: Traffic and Law Enforcement Services ..... 90
Table 83:	Waste water (stormwater drainage) highlight ..79	Table 107:	Fire and Disaster Management Services highlight ..... 90
Table 84:	Waste water (stormwater drainage) challenges .....80	Table 108:	Fire and Disaster Management Services challenges ..... 90
Table 85:	Stormwater infrastructure .....80	Table 109:	Service statistics for Fire and Disaster Management Services ..... 91
Table 86:	Cost of construction/maintenance of stormwater systems.....80	Table 110:	Employees: Fire and Disaster Management Services ..... 91
Table 87:	Appointments for EPWP stormwater maintenance.....80	Table 111:	Local Joint Organising Committee members .... 92
Table 88:	Service statistics: Planning and building control .....81	Table 112:	COVID-19 statistical information ..... 92
Table 89:	Employees: Planning and building control .....81	Table 113:	COVID-19 challenges..... 93
Table 90:	Capital expenditure: Town planning .....82	Table 114:	COVID-19 action plans ..... 93
Table 91:	Tourism highlights .....84	Table 115:	COVID-19 communication/awareness..... 93
Table 92:	Tourism challenges.....84	Table 116:	Sport and recreation highlight..... 94
Table 93:	Tourism initiatives .....85	Table 117:	Sport and recreation challenges ..... 94
Table 94:	Libraries highlights.....86	Table 118:	Service statistics for sport and recreation ..... 94
Table 95:	Libraries challenges .....86	Table 119:	Capital expenditure: Sport and recreation ..... 95
Table 96:	Service statistics for libraries.....87	Table 120:	Corporate Services highlight..... 95
Table 97:	Employees: Libraries.....87	Table 121:	Corporate Services challenges ..... 95
Table 98:	Capital expenditure: Libraries .....87	Table 122:	Employees: Administration..... 96
Table 99:	Cemeteries highlight .....88	Table 123:	Employees: Councillor Support and Thusong Service Centres ..... 96
Table 100:	Cemeteries challenge .....88	Table 124:	Employees: Municipal Management Services .. 97
Table 101:	Capital expenditure: Cemeteries .....88	Table 125:	Capital expenditure: Executive and Council ..... 97
Table 102:	Capital expenditure: Cemeteries .....88	Table 126:	Financial Services highlight ..... 97
Table 103:	Traffic and Law Enforcement Services highlight89	Table 127:	Financial Services challenges ..... 97
Table 104:	Traffic and Law Enforcement Services challenges .....89	Table 128:	Debt recovery ..... 98
Table 105:	Service statistics for Traffic and Law Enforcement Services.....89	Table 129:	Employees: Financial Services ..... 98
		Table 130:	HR highlights ..... 99



## LIST OF TABLES, FIGURES AND GRAPHS

Table 131: HR challenges .....99	Table 149: Service delivery priority for 2021/22: To improve and maintain current basic service delivery through specific infrastructural development projects ..... 111
Table 132: Employees: HR.....100	Table 150: Service delivery priority for 2021/22: To improve and maintain current basic service delivery through specific infrastructural development projects ..... 111
Table 133: ICT Services highlight.....100	Table 151: National KPIs– Municipal transformation and organisational development..... 112
Table 134: ICT Services challenges.....101	Table 152: 2020/21 Employment equity targets and actuals by racial classification ..... 112
Table 135: Capital expenditure: ICT Services .....102	Table 153: 2020/21 Employment equity targets and actuals by gender classification ..... 112
Table 136: Service statistics for Procurement Services.....102	Table 154: Occupational categories ..... 113
Table 137: Statistics of deviations: Procurement Services 103	Table 155: Vacancy rate per post and functional level .... 113
Table 138: Municipal buildings challenges.....103	Table 156: Staff turnover rate ..... 114
Table 139: Employees: Municipal buildings .....104	Table 157: Injuries ..... 114
Table 140: Capital expenditure: Municipal Buildings .....104	Table 158: Sick leave ..... 115
Table 141: Employees: Mechanical Workshop and Fleet Management .....105	Table 159: HR Policy list in categories ..... 116
Table 142: Service delivery priority for 2021/22: Ensure liquidity of the administration.....106	Table 160: Skills matrix ..... 117
Table 143: Service delivery priority for 2021/22: Establishment of a well governed and accountable administration.....107	Table 161: Skills development..... 118
Table 144: Service delivery priority for 2021/22: Provide for the needs of indigent households through improved services.....108	Table 162: MFMA competencies ..... 119
Table 145: Service delivery priority for 2021/22: Provision of basic services to all the people in the municipal area.....109	Table 163: Councillor and staff benefits..... 121
Table 146: Service delivery priority for 2021/22: Sustainability of the environment .....110	Table 164: Financial performance 2020/21..... 124
Table 147: Service delivery priority for 2021/22: To enable education and skills development to equip people with economic skills.....110	Table 165: Performance against budgets ..... 124
Table 148: Service delivery priority for 2021/22: To facilitate investment and maintenance of economic and social infrastructure to ensure infrastructure-led economic growth and development .....110	Table 166: Revenue by vote ..... 125
	Table 167: Revenue by source..... 126
	Table 168: Operational services performance ..... 127
	Table 169: Financial performance: Water services ..... 128
	Table 170: Financial performance: Waste water (sanitation) services ..... 128



## LIST OF TABLES, FIGURES AND GRAPHS

Table 171:	Financial performance: Electricity .....	129
Table 172:	Financial performance: Waste management ..	129
Table 173:	Financial performance: Housing.....	130
Table 174:	Financial performance: Road transport.....	130
Table 175:	Financial performance: Planning and development .....	131
Table 176:	Financial performance: Community and social services .....	131
Table 177:	Financial performance: Sport and recreation..	132
Table 178:	Financial performance: Public safety .....	132
Table 179:	Financial performance: Executive and council	133
Table 180:	Financial performance: Financial and administration .....	133
Table 181:	Operating grant performance .....	135
Table 182:	Conditional grants .....	136
Table 183:	Reliance on grants .....	136
Table 184:	Repairs and maintenance expenditure .....	137
Table 185:	Liquidity financial ratio .....	138
Table 186:	Financial viability national KPAs .....	139
Table 187:	Repairs and maintenance.....	140
Table 188:	Borrowing management.....	141
Table 189:	Employee costs.....	141
Table 190:	Capital spending by funding source .....	143
Table 191:	Cash flow .....	144
Table 192:	Gross outstanding debtors per service.....	144
Table 193:	Service debtor age analysis .....	145
Table 194:	Actual borrowings .....	146
Table 195:	Municipal investments .....	146
Table 196:	Auditor-General report 2019/20 .....	149
Table 197:	Auditor-General report 2020/21 .....	153

### List of Figures

Figure 1.:	Beaufort West municipal area and wards .....	10
Figure 2.:	SDBIP measurement categories.....	46

### List of Graphs

Graph 1.:	Overall performance per strategic objective ....	47
Graph 2.:	Water service delivery levels .....	62
Graph 3.:	Sanitation Service delivery levels.....	65
Graph 4.:	Electricity Service delivery levels .....	68
Graph 5.:	Waste Management service delivery levels .....	71
Graph 6.:	Revenue .....	124
Graph 7.:	Operating expenditure .....	125
Graph 8.:	Reliance on grants .....	137
Graph 9.:	Liquidity ratio.....	138
Graph 10.:	Cost coverage .....	139
Graph 11.:	Outstanding service debtors to revenue .....	140
Graph 12.:	Debt coverage.....	140
Graph 13.:	Capital charges to operating expenditure .....	141
Graph 14.:	Employee costs .....	142
Graph 15.:	Debt per type of service.....	145
Graph 16.:	Age analysis of debtors .....	146



## ABBREVIATIONS

### List of Abbreviations

<b>AG</b>	Auditor-General	<b>MM</b>	Municipal Manager
<b>CAPEX</b>	Capital Expenditure	<b>MSA</b>	Municipal Systems Act No. 32 of 2000
<b>CBP</b>	Community Based Planning	<b>MTECH</b>	Medium Term Expenditure Committee
<b>CFO</b>	Chief Financial Officer	<b>MVA</b>	Mega-Volt Ampere
<b>CWP</b>	Community Work Programme	<b>NGO</b>	Non-governmental organisation
<b>DMA</b>	Disaster Management Act	<b>NT</b>	National Treasury
<b>DMR</b>	Disaster Management Regulations	<b>OHS</b>	Occupational Health and Safety
<b>DoL</b>	Department of Labour	<b>OPEX</b>	Operating expenditure
<b>DPLG</b>	Department of Provincial and Local Government	<b>PMS</b>	Performance Management System
<b>DWAF</b>	Department of Water Affairs and Forestry	<b>PPE</b>	Personal Protective Equipment
<b>EE</b>	Employment Equity	<b>PT</b>	Provincial Treasury
<b>EPWP</b>	Expanded Public Works Programme	<b>SALGA</b>	South African Local Government Organisation
<b>GRAP</b>	Generally Recognised Accounting Practice	<b>SAMDI</b>	South African Management Development Institute
<b>HR</b>	Human Resources	<b>SCM</b>	Supply Chain Management
<b>ICT</b>	Information and Communication Technology	<b>SDA</b>	Skills Development Act
<b>IDP</b>	Integrated Development Plan	<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>IFRS</b>	International Financial Reporting Standards	<b>SDF</b>	Spatial Development Framework
<b>IMFO</b>	Institute for Municipal Finance Officers	<b>SPLUMA</b>	Spatial Planning and Land Management Act
<b>KPA</b>	Key Performance Area	<b>WRP</b>	Water Reclamation Plant
<b>KPI</b>	Key Performance Indicator	<b>WWTW</b>	Waste Water Treatment Works
<b>LED</b>	Local Economic Development	<b>YCOP</b>	Youth Community Outreach Program
<b>LIOC</b>	Local Joint Organising Committee		
<b>MFMA</b>	Municipal Finance Management Act (Act No. 56 of 2003)		
<b>MIG</b>	Municipal Infrastructure Grant		
<b>MISA</b>	Municipal Infrastructure Support Agent		







**ANNEXURE A:  
ANNUAL  
FINANCIAL  
STATEMENTS**





12289777

# Beaufort West

## MUNICIPALITY



## ANNUAL FINANCIAL STATEMENTS

30 JUNE 2021

[These financial statements have not been audited]

SIRKULADIE	OPORAG
<p> <i>MCM</i>  <i>RIS</i>  <i>3de</i> </p>	<p> <i>Re: 31/05/2022 Item 8.13</i> </p>

# BEAUFORT WEST LOCAL MUNICIPALITY

## Index

<b>Contents</b>	<b>Page</b>
Approval of the Financial Statements	1
General Information	2
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes In Net Assets	5
Cash Flow Statement	6
Statement of Comparison of Budget and Actual Amounts - Statement of Financial Position	7
Statement of Comparison of Budget and Actual Amounts - Statement of Financial Performance	8
Statement of Comparison of Budget and Actual Amounts - Cash Flow Statement	9
Accounting Policies	10 - 52
Notes to the Financial Statements	53 - 103
<b>APPENDICES</b>	
A Schedule of External Loans	104
B Segmental Statement of Financial Performance - GFS Classifications	105
C Segmental Statement of Financial Performance - Municipal Votes	106
D Segmental Analysis of Property, Plant and Equipment - GFS Classifications	107
E Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	108
F Appropriation Statements	109 - 114



# BEAUFORT WES LOCAL MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2021, which are set out on pages 1 to 114 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognized Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2021 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Due to the national state of disaster, various regulatory requirements were instituted in order to ensure that the impact of the spread of the virus is limited. The impact has been devastating to the most vulnerable in our community. As a result of the robust financial model applied by the municipality however, the overall going concern and financial position remains relatively unchanged due to continued support by those members of the community who can afford to do so.

---

**Mr. J Penxa**  
**Municipal Manager**

---

**Date**

# BEAUFORT WES LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## GENERAL INFORMATION

### NATURE OF BUSINESS

Beaufort West Municipality is a local municipality performing the functions as set out in the Constitution (Act no 108 of 1996).

### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).

### JURISDICTION

The Beaufort West Municipality includes the following areas:

*Beaufort West*

*Nelspoort*

*Merweville*

*Murraysburg*

### EXECUTIVE MAYOR

*Q. Louw*

### DEPUTY EXECUTIVE MAYOR

*L. Deyce*

### SPEAKER

*N. Constable*

### CHIEF WHIP

*A.M. Kilani*

### EXECUTIVE COUNCILLOR

*A.M. Kilani*

*Z.J.D. Lambert*

### MUNICIPAL MANAGER

*Mr. J Penxa*

### CHIEF FINANCIAL OFFICER

*Ms. N. Ntsangani*

### REGISTERED OFFICE

*112 Donkin Street  
BEAUFORT WEST  
6970*

### ATTORNEYS

*Crawford Attorneys, Beaufort West  
Van Niekerk Attorneys, Beaufort West*

### AUDITORS

Office of the Auditor General (WC)

### PRINCIPLE BANKERS

Nedbank, Beaufort West

### RELEVANT LEGISLATION

Collective Agreements

Division of Revenue Act

Electricity Act (Act no 41 of 1987)

Employment Equity Act (Act no 55 of 1998)

Housing Act (Act no 107 of 1997)

Infrastructure Grants

Municipal Budget and Reporting Regulations

Municipal Property Rates Act (Act no 6 of 2004)

Municipal Systems Amendment Act (Act no 7 of 2011)

Municipal Regulations on Standard Chart of Accounts

Municipal Finance Management Act (Act no 56 of 2003)

Basic Conditions of Employment Act (Act no 75 of 1997)

Municipal Planning and Performance Management Regulations

Remuneration of Public Office Bearers Act (Act no 20 of 1998)

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

SALBC Leave Regulations

Skills Development Levies Act (Act no 9 of 1999)

Supply Chain Management Regulations, 2005

The Income Tax Act

Unemployment Insurance Act (Act no 30 of 1966)

Value Added Tax Act

Water Services Act (Act no 108 of 1997)

### MEMBERS OF THE BEAUFORT WES LOCAL MUNICIPALITY

WARD	COUNCILLOR	WARD	COUNCILLOR
1	D.E. Welgemoed	Proportional	L.Deyce
2	O. Haarvoor	Proportional	Q.Louw
3	L. Basson	Proportional	E. Lawrence
4	C.L de Bruin	Proportional	N. Constable
5	A.M. Kilani	Proportional	A.M. Slabbert
6	E. Wentzel	Proportional	Z.J.D. Lambert
7	J.J. vd Linde		



**BEAUFORT WES LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021**

	Notes	2021 R	2020 Restated R
<b>ASSETS</b>		<b>548 102 169</b>	<b>558 594 732</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2	528 358 108	541 035 581
Investment Property	3	6 605 265	6 819 245
Intangible Assets	4	257 155	422 831
Heritage Assets	5	5 225 000	5 225 000
Non-Current Receivables from Exchange Transactions	6	6 177 762	3 877 511
Non-Current Receivables from Non-Exchange Transactions	7	1 478 880	1 214 563
		<b>113 011 545</b>	<b>78 900 724</b>
<b>Current Assets</b>			
Inventory	9	3 266 073	3 190 298
Receivables from Exchange Transactions	10	41 236 526	22 625 913
Receivables from Non-exchange Transactions	11	55 294 983	39 885 665
Operating Lease Asset	8	144 083	198 911
Taxes	21.3	5 338 111	9 071 155
Current Portion of Non-Current Receivables	6&7	1 742 763	1 118 227
Cash and Cash Equivalents	12.1	5 989 005	2 810 555
		<b>661 113 714</b>	<b>637 495 456</b>
<b>Total Assets</b>			
<b>NET ASSETS AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>		<b>47 885 206</b>	<b>54 403 458</b>
Long-term Borrowings	13	6 228 728	6 784 618
Non-current Provisions	14	14 216 167	19 155 529
Non-current Employee Benefits	15	27 440 311	28 463 311
		<b>109 573 785</b>	<b>118 051 444</b>
<b>Current Liabilities</b>			
Consumer Deposits	16	2 131 766	1 899 055
Provisions	17	-	7 009 947
Current Employee Benefits	18	14 901 924	14 448 051
Trade and Other Payables from Exchange Transactions	19	73 165 832	64 328 757
Unspent Transfers and Subsidies	20	5 789 813	13 118 500
Cash and Cash Equivalents	12.2	12 023 927	15 366 873
Current Portion of Long-term Borrowings	13	1 560 521	1 880 261
		<b>157 458 991</b>	<b>172 454 902</b>
<b>Total Liabilities</b>			
<b>Net Assets</b>		<b>503 654 723</b>	<b>465 040 553</b>
Housing Development Fund	23	3 789 518	3 789 518
Self Insurance Reserve	23	314 827	314 827
Accumulated Surplus		499 550 379	460 936 208
		<b>661 113 714</b>	<b>637 495 454</b>
<b>Total Net Assets and Liabilities</b>			

**BEAUFORT WES LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 R	2020 Restated R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>178 931 539</b>	<b>192 983 190</b>
<b>Taxation Revenue</b>		<b>26 884 981</b>	<b>39 564 197</b>
Property Rates	24	26 884 981	39 564 197
<b>Transfer Revenue</b>		<b>112 328 687</b>	<b>105 794 382</b>
Government Grants and Subsidies - Capital	25	22 446 226	27 800 074
Government Grants and Subsidies - Operating	25	89 882 461	76 735 368
Contributed Property, Plant and Equipment	26	-	1 258 939
<b>Other Revenue</b>		<b>39 717 872</b>	<b>47 624 611</b>
Actuarial Gains	15	4 089 240	4 404 771
Fines, Penalties and Forfeits		34 550 138	41 876 648
Interest Earned - Non-exchange Transactions		1 013 015	1 322 574
Licences and Permits	27	65 479	20 618
<b>Revenue from Exchange Transactions</b>		<b>148 023 753</b>	<b>134 685 394</b>
Service Charges	28	136 893 862	126 768 606
Sales of Goods and Rendering of Services	29	1 042 115	608 304
Rental from Fixed Assets	30	1 265 668	1 377 712
Interest Earned - External Investments	31	146 958	283 539
Interest Earned - Exchange Transactions	32	6 445 736	3 492 780
Licences and Permits	27	71 183	209 310
Agency Services		1 014 445	654 425
Operational Revenue	33	1 143 786	1 290 717
<b>Total Revenue</b>		<b>326 955 292</b>	<b>327 668 584</b>
<b>EXPENDITURE</b>			
Employee related costs	34	126 386 030	119 967 352
Remuneration of Councillors	35	6 228 074	6 286 166
Bad Debts Written Off		371 924	8 434 425
Contracted Services	36	24 746 312	30 317 182
Depreciation and Amortisation	37	21 321 386	22 678 956
Actuarial Losses	15	-	642 445
Finance Costs	38	8 162 103	7 714 779
Bulk Purchases	39	56 013 798	70 714 138
Inventory Consumed	9	6 196 099	4 333 101
Operating Leases		186 243	96 883
Transfers and Subsidies	40	615 302	509 808
Operational Costs	41	14 162 005	20 775 880
<b>Total Expenditure</b>		<b>264 389 277</b>	<b>292 471 114</b>
<b>Operating Surplus/(Deficit) for the Year</b>		<b>62 566 015</b>	<b>35 197 469</b>
Reversal of Impairment Loss/(Impairment Loss) on Receivables	42	(24 455 231)	(48 715 204)
Gains/(Loss) on Sale of Fixed Assets	43	503 385	-
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	44	-	-
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>38 614 169</b>	<b>(13 517 735)</b>



**BEAUFORT WES LOCAL MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021**

	Housing Development Fund R	Self Insurance Reserve R	Accumulated Surplus/ (Deficit) R	Total R
<b>Balance at 1 July 2019</b>	<b>3 789 477</b>	<b>511 579</b>	<b>474 257 231</b>	<b>478 558 287</b>
<b>Restated balance</b>	<b>3 789 477</b>	<b>511 579</b>	<b>474 257 231</b>	<b>478 558 287</b>
Net Surplus/(Deficit) for the year	-	-	(15 033 111)	(15 033 111)
Transfer to Housing Development Fund		(197 279)	197 279	-
Interest re-allocated to funds	41	526	(567)	-
Rounding	-	1	1	-
<b>Balance at 30 June 2020</b>	<b>3 789 518</b>	<b>314 827</b>	<b>459 420 833</b>	<b>463 525 178</b>
Correction of Error - note 46	-	-	1 515 376	1 515 376
<b>Restated balance</b>	<b>3 789 518</b>	<b>314 827</b>	<b>460 936 209</b>	<b>465 040 554</b>
Net Surplus/(Deficit) for the year	-	-	38 614 169	38 614 169
<b>Balance at 30 June 2021</b>	<b>3 789 518</b>	<b>314 827</b>	<b>499 550 379</b>	<b>503 654 724</b>

**BEAUFORT WES LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 R	2020 Restated R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts			
Ratepayers and others		148 641 757	141 274 392
Government		105 000 000	111 370 905
Interest		146 958	283 539
Cash payments			
Suppliers and Employees		(221 398 407)	(227 331 830)
Finance Charges		(4 092 124)	(3 021 033)
<b>Net Cash from Operating Activities</b>	<b>47</b>	<b>28 298 184</b>	<b>22 575 973</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(20 901 159)	(19 461 746)
Proceeds on Disposal of Fixed Assets			
Purchase of Intangible Assets		-	(260 293)
Decrease/(Increase) in Non-Current Debtors			-
Decrease/(Increase) in Other Non-Current Receivables		-	
<b>Net Cash from Investing Activities</b>		<b>(20 901 159)</b>	<b>(19 722 039)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(875 630)	(2 988 976)
<b>Net Cash from Financing Activities</b>		<b>(875 630)</b>	<b>(2 988 976)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>6 521 395</b>	<b>(135 042)</b>
Cash and Cash Equivalents at the beginning of the year		(12 556 318)	(12 421 274)
Cash and Cash Equivalents at the end of the year	<b>48</b>	<b>(6 034 923)</b>	<b>(12 556 318)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>6 521 395</b>	<b>(135 044)</b>



**BEAUFORT WES LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021**

	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	Explanations for material variances of R1m or 10%
R	R	R	R	R	R	R	2021 R	%	
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash	458 330	(451 560)	6 670			6 670	(167 725)	-26.15	Cash constraints due to lower payment ratio (collection received)
Call Investment Deposits	-	500 000	500 000			500 000	6 156 730	1131.35%	
Consumer Debtors	19 679 742	19 143 884	38 823 726			38 823 726	41 236 525	6.21%	Due debt impairment higher than expected (lower collections)
Other Debtors	51 953 605	(2 585 303)	49 357 303			49 357 303	60 777 177	23.14%	Underbudgeting of other debtors
Current Portion of long-term receivables	848 266	325 873	1 174 139			1 174 139	1 742 753	48.43%	Due to COVID 19 more consumer made arrangements
Inventory	2 255 635	775 147	3 030 783			3 030 783	3 286 073	7.76%	
	75 195 580	17 597 041	92 892 621	-	-	92 892 621	113 011 545	21.66%	
<b>Total Current Assets</b>									
<b>Non-Current Assets</b>									
Long-term Receivables	2 647 792	2 698 886	5 346 678			5 346 678	7 658 641	43.20%	Due to COVID 19 more consumer made arrangements
Investment Property	6 804 267	(804 757)	5 999 510			5 999 510	6 605 255	10.10%	
Property, Plant and Equipment	541 561 264	(13 158)	541 548 105			541 548 105	528 359 108	-2.44%	
Intangible Assets	157 948	136 597	294 546			294 546	257 155	-12.69%	
Other Non-Current Assets	5 225 000	-	5 225 000			5 225 000	5 225 000	0.00%	
	556 396 272	2 017 667	558 413 939	-	-	558 413 939	548 102 169	-1.85%	
<b>Total Non-Current Assets</b>									
	631 591 852	19 714 608	651 306 460	-	-	651 306 460	661 113 714	1.51%	
<b>TOTAL ASSETS</b>									
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Bank Overdraft	-	5 858 228	5 858 228			5 858 228	12 023 927	0.00%	
Borrowing	5 323 315	(3 820 781)	1 502 534			1 502 534	1 560 521	3.86%	
Consumer Deposits	2 018 172	(43 154)	1 975 018			1 975 018	2 131 765	7.94%	
Trade and Other Payables	46 797 643	46 363 901	95 161 544			95 161 544	78 955 646	-17.03%	
Provisions	19 056 446	3 474 450	22 530 896			22 530 896	14 901 924	-33.86%	
	73 195 578	53 832 844	127 028 422	-	-	127 028 422	109 573 765	-13.74%	
<b>Total Current Liabilities</b>									
<b>Non-Current Liabilities</b>									
Borrowing	17 064 483	(11 782 397)	5 282 086			5 282 086	6 229 728	17.92%	
Provisions	49 001 511	(3 763 613)	45 237 898			45 237 898	41 656 478	-7.92%	
	66 065 994	(15 546 010)	50 519 984	-	-	50 519 984	47 885 205	-5.22%	
<b>Total Non-Current Liabilities</b>									
	139 261 572	38 286 634	177 548 206	-	-	177 548 206	157 458 991	-11.31%	
<b>TOTAL LIABILITIES</b>									
<b>NET ASSETS</b>									
Accumulated Surplus/(Deficit)	468 028 226	(18 225 316)	469 803 910			469 803 910	489 550 379	6.33%	Net effect of reasons above
Reserves	4 301 054	(346 710)	3 954 344			3 954 344	4 104 345	3.78%	
	492 330 280	(18 572 026)	473 758 254	-	-	473 758 254	503 654 723	6.31%	
<b>TOTAL NET ASSETS</b>									

**BEAUFORT WES LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2021 R	Actual Outcome as % of Final Budget	Explanations for material variances of R1m or 10%
REVENUE	R	R	R	R	R	R	R	%	
Property Rates	40 903 128	639 372	41 542 500			41 542 500	26 894 981	-35.28%	
Service Charges - Electricity Revenue	85 272 800	(77 300)	85 195 300			85 195 300	86 453 431	1.48%	
Service Charges - Water Revenue	22 631 285	(1 496 785)	21 134 500			21 134 500	23 631 565	11.82%	Due to significant increase in water losses
Service Charges - Sanitation Revenue	18 087 237	(337 237)	17 750 000			17 750 000	17 569 515	-1.02%	
Service Charges - Refuse Revenue	9 411 425	27 125	9 438 550			9 438 550	9 239 351	-2.11%	
Rental of Facilities and Equipment	1 357 965	88 535	1 446 500			1 446 500	1 265 668	-12.50%	
Interest Earned - External Investments	1 165 000	(775 000)	390 000			390 000	146 958	-61.33%	
Interest Earned - Outstanding Debtors	4 797 880	258 320	5 056 200			5 056 200	7 458 752	47.52%	
Fines	57 325 500	-	57 325 500			57 325 500	34 550 138	-39.73%	Loss of income due to COVID 19
Licenses and Permits	580 000	-	580 000			580 000	136 661	-76.44%	Loss of income due to COVID 19
Agency Services	968 000	-	968 000			968 000	1 014 445	4.80%	
Transfers Recognised - Operational	84 105 300	9 184 386	93 289 686			93 289 686	89 882 461	-3.65%	
Other Revenue	1 569 985	1	1 569 986			1 569 986	6 275 141	299.69%	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>328 165 305</b>	<b>7 511 417</b>	<b>335 676 722</b>	<b>-</b>	<b>-</b>	<b>335 676 722</b>	<b>304 509 086</b>	<b>1</b>	
<b>EXPENDITURE</b>									
Employee Related Costs	119 705 413	6 824 924	126 530 337			126 530 337	126 386 030	-0.11%	
Remuneration of Councillors	6 514 525	-	6 514 525			6 514 525	6 228 074	-4.40%	
Debt Impairment	54 689 437	-	54 689 437			54 689 437	24 455 231	-55.28%	Due to decrease in debtor's payment ratio, due to COVID 19. This resulted in debt impairment being higher than expected
Depreciation and Asset Impairment	25 096 384	-	25 096 384			25 096 384	21 321 386	-15.04%	
Finance Charges	3 123 768	(328 523)	2 795 245			2 795 245	8 162 103	192.00%	Underbudgeting of finance charges
Bulk Purchases	76 700 500	2 299 500	79 000 000			79 000 000	56 013 798	-29.10%	
Other Materials	9 141 011	4 038 804	13 179 815			13 179 815	6 196 099	-52.99%	
Contracted Services	24 931 261	(2 886 905)	22 044 356			22 044 356	24 746 312	12.28%	
Transfers and Grants	500 000	1 682 903	2 182 903			2 182 903	615 302	-71.81%	
Other Expenditure	26 772 432	(1 685 470)	25 106 962			25 106 962	14 720 173	-41.37%	
<b>Total Expenditure</b>	<b>347 174 731</b>	<b>9 965 233</b>	<b>357 139 964</b>	<b>-</b>	<b>-</b>	<b>357 139 964</b>	<b>288 341 123</b>	<b>-19.26%</b>	
<b>Surplus/(Deficit)</b>	<b>(19 009 426)</b>	<b>(2 453 816)</b>	<b>(21 463 242)</b>	<b>-</b>	<b>-</b>	<b>(21 463 242)</b>	<b>15 167 943</b>	<b>2</b>	
Transfers Recognised - Capital Contributed Assets	20 810 700	1 972 903	22 783 603			22 783 603	22 446 226	-1.48%	
	-	-	-			-	-	0.00%	
<b>Surplus/(Deficit) for the year</b>	<b>1 801 274</b>	<b>(480 913)</b>	<b>1 320 361</b>	<b>-</b>	<b>-</b>	<b>1 320 361</b>	<b>38 614 169</b>	<b>2</b>	



**BEAUFORT WES LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021**

	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved by- law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget	Explanations for material variances of R1m or 10%
	R	R	R	R	R	R	2021 R	%	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
Receipts									
Taxation	36 812 815	(5 655 940)	31 156 875			31 156 875	148 641 757	-2.71%	
Service Charges	126 125 923	(12 122 980)	114 002 933			114 002 933	-	-100.00%	
Other Revenue	20 478 950	(12 860 964)	7 617 986			7 617 986	-	-100.00%	
Government - Operating	84 105 300	9 184 386	93 289 686			93 289 686	105 000 000	-9.54%	
Government - Capital	20 810 700	1 972 902	22 783 602			22 783 602	-	-100.00%	
Interest	5 952 880	(516 680)	5 436 200			5 436 200	146 958	-97.30%	
Payments									
Suppliers and Employees	(263 765 142)	27 726 322	(236 038 820)			(236 038 820)	(221 398 407)	-8.20%	
Finance costs	(3 123 768)	328 523	(2 795 245)			(2 795 245)	(4 092 124)	46.40%	
Transfers and Grants	(500 000)	(1 682 903)	(2 182 903)			(2 182 903)	-	-100.00%	
Net Cash from/(used) Operating Activities	26 897 658	6 372 656	33 270 314	-	-	33 270 314	28 288 184	-14.94%	
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>									
Receipts									
Proceeds on disposal of PPE	-	-	-	-	-	-	-	0.00%	
Decrease/(Increase) in Other Non-Current Receivables	-	-	-	-	-	-	-	0.00%	
Payments									
Capital Assets	(35 897 000)	11 205 037	(24 691 963)			(24 691 963)	(20 901 159)	-15.35%	
Net Cash from/(used) Investing Activities	(35 897 000)	11 205 037	(24 691 963)	-	-	(24 691 963)	(20 901 159)	-15.35%	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>									
Receipts									
Borrowing long term/refinancing	12 800 000	(12 800 000)	-	-	-	-	-	0.00%	
Payments									
Repayment of Borrowing	(4 993 518)	3 103 257	(1 890 261)			(1 890 261)	(875 630)	-53.43%	
Net Cash from/(used) Financing Activities	7 816 482	(9 696 743)	(1 880 261)	-	-	(1 880 261)	(875 630)	-53.43%	
NET INCREASE/(DECREASE) IN CASH HELD	(1 182 860)	7 880 950	6 698 090	-	-	6 698 090	6 521 395	-2.64%	Net of reasons listed above
Cash and Cash Equivalents at the year begin:	1 641 190	(14 197 508)	(12 556 318)			(12 556 318)	(12 556 318)	0.00%	
Cash and Cash Equivalents at the year end:	458 330	(6 316 558)	(5 858 228)	-	-	(5 858 228)	(6 034 923)	3.02%	

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

---

**1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

**1.1. BASIS OF PREPARATION**

The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – April 2019) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

In terms of Directive 11: "Changes in Measurement Bases following the Initial Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality elected to change the measurement bases selected for Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets on the initial adoption of Standards of GRAP.

**1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

**1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by the National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.4, on which the municipality was required to transacted for periods after 1 July 2020. The result of this process was a reclassification and naming of items in the annual financial statements. The reclassification of 2020 audited amounts are set out in note 45 of the annual financial statements.

**1.5. CONSISTENT AND NEW ACCOUNTING POLICIES**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements will be adjusted in accordance with GRAP 3.

The following GRAP standards became effective on 1 April 2020:

- GRAP 18 Segment Reporting
- GRAP 110 Living and non-living resources
- GRAP 34 Separate financial statements
- GRAP 35 Consolidated financial statements
- GRAP 36 Investment in Associates and Joint Ventures
- GRAP 37 Joint Arrangements
- GRAP 38 Disclosure of Interest in Other Entities

GRAP 34 - 38 will not have an influence on the operations of the municipality.

Amendments were made to the following GRAP interpretations:

- iGRAP 1 Applying the Probability Test on Initial Recognition of Revenue
- iGRAP 20 Accounting for Adjustments to Revenue

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**1.6. AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

**1.7. MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

**1.8. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts is disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for material differences between the final approved budget amounts and actual amounts are included in the notes to the annual financial statements.

Explanatory comments are provided for overall growth or decline in the budget and motivations for over or under spending on line items. The municipality considers a variance between the actual and budget of more than 10% of the budgeted value as material or where the amount exceeds R1000 0000.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**1.9. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 104 (Revised – April 2020)	<p><b><u>Financial Instruments</u></b>                      The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
Guideline	<p><b><u>Landfill sites</u></b>                      No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
Guideline	<p><b><u>Application of Materiality of Financial Statements</u></b>                      The guideline is not authoritative but only encourage.</p> <p>The municipality may have to revise their currently policy on materiality to include additional factors.</p>	Unknown

**1.10. HOUSING DEVELOPMENT FUND**

The Housing Development Fund was established in terms of the Housing Act, (Act No 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund.

Housing selling schemes both complete and in progress as at 1 April 1998 were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

**1.11. RESERVES**

**1.11.1. Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited or debited, as the case may be, by a corresponding amount when the amounts in the CRR are utilized.

**1.12. LEASES**

**1.12.1. Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**1.12.2. Municipality as Lessor**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

**1.13. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

**1.14. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

**1.15. UNSPENT PUBLIC CONTRIBUTIONS**

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the public contribution becomes repayable to the donor due to conditions not met, the remaining portion of the unspent public contribution is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

**1.16. PROVISIONS**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

**1.17. EMPLOYEE BENEFITS**

***(a) Pension and Retirement Fund Obligations***

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(b) *Post-Retirement Medical Obligations***

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as employee related cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

**(c) Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

**(d) Ex-Gratia Pension Benefits**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee related cost upon valuation as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

**(e) Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end, to a maximum of 48 days, and also on the total remuneration package of the employee.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave, to a maximum of 48 days, will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

**(f) Staff Bonuses**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

**(g) Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

**1.18. PROPERTY, PLANT AND EQUIPMENT**

**1.18.1. Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The following items will be regarded as Property, plant and equipment rather than investment property:

- Owner-occupied property (including held for future use);
- Owner-occupied property held for development;
- Property occupied by employees for housing;
- Owner-occupied property held for disposal;
- Property held by the municipality to fulfil their mandated function rather than rental or capital appreciation and;
- Property held by the municipality for strategic purpose

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

**1.18.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**1.18.3. Depreciation and Impairment**

Land is not depreciated as it is regarded as having an unlimited life. Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset other than land begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The depreciation charge is recognised in the Statement of Financial Performance. The annual depreciation rates are based on the following estimated useful lives in years:

**Infrastructure**

Roads	9-102
Electricity	12-67
Water	9-105
Refuse	18-29
Sewerage	10-105

**Community**

Cemeteries	104
Recreation sites	8-104
Community Centurms	14-104
Libraries	20-104

**Other**

Buildings	14-104
Machinery & Equipment	3-44
Furniture and Office equipment	3-34
Computer Equipment	3-39
Transport Assets	5-87

**Finance lease assets**

Office equipment	3-11
Vehicles	3-6

Changes to the useful life of assets and residual values are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

**1.18.4. De-recognition**



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.18.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

**1.18.6. Decommissioning and restoration asset**

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, shall be accounted for as follows:

The related asset (under cost model) is measured as follows:

- Changes in the liability, shall be added or deducted from the asset cost;
- The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.

If the adjustment results in an addition to the cost of an asset, the municipality shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount or recoverable service amount, and shall account for any impairment loss, in accordance with its impairment policy. Refer to paragraph 1.21 of the policy

**1.19. INTANGIBLE ASSETS**

**1.19.1. Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability, regardless of whether the Municipality intends to do so or;
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

**1.19.2. Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

**1.19.3. Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

end, with the effect of any changes in estimate accounted for on a prospective basis. The amortisation charge is recognised in the Statement of Financial Performance.

The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	Years
Computer Software	3-8

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

**1.19.4. De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.19.5. Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

**1.20. INVESTMENT PROPERTY**

**1.20.1. Initial Recognition**

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or held for sale, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

**1.20.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

**1.20.3. Depreciation and Impairment – Cost Model**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Land is not depreciated as it is deemed to have an indefinite useful life.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

**Investment Property**  
Buildings

**Years**  
30-33

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

**1.20.4. De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.20.5. Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

**1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.21.1. Cash generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- A decision to halt the construction of the asset before it is complete or in a usable condition
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

**1.21.2. Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

## **1.22. INVENTORIES**

### **1.22.1. Initial Recognition**

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### **1.22.2. Subsequent Measurement**

Inventories, consisting of consumable stores, land, materials and supplies, water and work-in-progress, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

### **1.23. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

#### **1.23.1. Initial Recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

#### **1.23.2. Subsequent Measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

##### **1.23.2.1. Receivables**

Receivables are classified as financial assets at amortised cost and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

**1.23.2.2. Payables and Annuity Loans**

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

**1.23.2.3. Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

**1.23.3. De-recognition**

**1.23.3.1. Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**1.23.3.2. Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

**1.23.4. Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**1.24. STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments. Statutory receivables can arise from both exchange and non-exchange transactions.

**1.24.1. Initial Recognition**

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition and recognition criteria of asset is met.

**1.24.2. Subsequent Measurement**

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

The municipality considers the following as indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied)
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

**1.24.3. Derecognition**

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
  - i. derecognise the receivable; and
  - ii. recognise separately any rights and obligations created or retained in the transfer.

**1.24.4. Transitional Provisions**

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and measurement for Statutory Receivables. Over time our understanding and insights as to the requirements of a new standard improves, therefore the municipality is choosing to make use of the transitional provision.



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The transitional period commences from 1 June 2019 and will be utilised until the period ending 30 June 2022.

**1.25. REVENUE**

**1.25.1. Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from non-exchange transactions is recognised when:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity and;
- the fair value of the asset can be measured reliably

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore, the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

**1.25.2. Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of goods is recognised when:

- The amount of revenue can be measured reliably;
- It is probable that economic benefits or service potential associated with the transaction will flow to the municipality;
- The stage of completion at the reporting date can be measured reliably;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

#### **1.26. RELATED PARTIES**

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

**1.27. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.28. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.29. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not fully within the control of the municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

### **1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the carrying amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### ***Post-retirement medical obligations, Long service awards and Ex gratia gratuities***

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 18 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### ***Impairment of Receivables***



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

***Impairment of Statutory Receivables***

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables. When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. Aggregation is based on best practice. Thereafter receivables are assessed based on historical information available.

***Property, Plant and Equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

***Intangible Assets***

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

***Investment Property***

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

***Provisions and Contingent Liabilities***



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

***Provision for Landfill Sites***

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

***Provision for Staff leave***

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

***Provision for Performance bonuses***

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

***Componentisation of Infrastructure assets***

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

***Revenue Recognition***

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

The IGRAP 1 amendments did not have any impact on Traffic Fines revenue issued in terms of the current Criminal Proceedings Act system, but will only have an effect on fines issued in terms of the Amended Act (AARTO) that is expected to become effective on 1 July 2021. As the legislation is new, the possible impact cannot at this stage be determined. The legislation itself will significantly increase Traffic Fines revenue based on higher fine amounts being pronounced in Schedule 3 of the Amendment Act.

The iGRAP 20 interpretation is not regarded as having an effect, as the principals of revising revenue (for e.g., incorrect tariff or appeal) is already applied by the municipality.

***Water Inventory***

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end.

**1.32. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.33. CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

**1.34. EVENTS AFTER REPORTING DATE**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the annual financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

**1.35. VALUE ADDED TAX (VAT)**

**1.33.1 Current VAT assets and liabilities**

Current VAT for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current VAT liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/ (recovered from) the VAT authorities, using the tax rates and VAT laws that have been enacted or substantively enacted by the reporting date.

**1.33.2 Deferred VAT assets and liabilities**

Deferred VAT liability is recognised for all taxable temporary differences, except to the extent that the deferred VAT liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (VAT loss).

A deferred VAT asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred VAT asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused VAT to the extent that it is probable that future taxable profit will be available against which the unused VAT losses.

Deferred VAT assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and VAT laws) that have been enacted or substantively enacted by the reporting date.

**1.34 HERITAGE ASSETS**

**1.34.1 Initial Recognition**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

**1.34.2 Subsequent Measurement – Cost Model**

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

**1.34.3 Depreciation and Impairment**

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

**1.34.4 De-recognition**

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

**1.34.5 Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

**1.36. ACCOUNTING BY PRINCIPALS AND AGENTS**

A principal-agent arrangement exists where there is a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The municipality can be either the agent or the principal in terms of the circumstances of the arrangement.

Where the municipality is considered the principal, all revenues, expenses, liabilities and assets are recorded in the records of municipality in accordance with the relevant standards of GRAP.

Where the municipality is the agent to the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recorded with unspent or moneys due being recorded in terms of GRAP 104: Financial Instruments.

**Identification**

Special consideration is given to the classification of an agreement (once the standard is triggered) to carefully consider whether the municipality is an agent. The considerations include (all of) the following:

- Who determines significant terms?
- Who receives the benefit from the transactions?
- Is the municipality exposed to the variability of the outcome?

If these are not met, but the standard is applicable, the municipality would be regarded as the principal in the transaction.

**1.37. LIVING AND NON-LIVING RESOURCES**

**1.37.1. Initial Recognition**

Living resources (animals, plants) are those resources that undergo biological transformation.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources includes land, water, mineral, oil and gas.

Once the resources it is extracted it is no longer in its natural state and no longer meet definition of a non-living resource. After extraction the principals of GRAP 12 would apply.

The municipality is in terms of its mandate responsible for management and/or conservation of the environment as a whole (city beautification), inclusive of natural resources such as plants and trees within parks and recreational facilities, but it does not manage the physical condition of each individual plant within that environment. As a result, the municipality concludes that it does not control these trees and plants as living resources, and does not regard them as separate assets.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**1.38. SEGMENT REPORTING**

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available

Management identifies reportable segments in accordance with the monthly section 71 report, which are regularly reviewed by management. Management reviews the performance on an aggregated basis of total revenue and total expenditure.

The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

The measurement basis per the monthly reports is the same as the annual financial statements.

On the first-time adoption of GRAP 18, comparative segment information is not required in terms of the transitional provisions.



## BEAUFORT WEST MUNICIPALITY

## 21 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2021

	Cost/Revaluation			Accumulated Impairment		Accumulated Depreciation		Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Disposals	Closing Balance	
Infrastructure								
Electricity Network	124 917 185	4 504 946	-	129 422 131	-	-	3 510 684	104 292 585
Refuse Network	6 144 903	-	-	6 144 903	-	-	312 159	2 854 763
Road Network	194 730 334	2 278 147	67 175	196 941 306	-	-	5 798 247	132 730 647
Sanitation Network	99 643 311	306 001	58 568	99 890 745	-	-	3 115 938	78 576 809
Water Network	103 453 594	11 575 249	-	115 028 843	-	-	27 357 632	84 493 805
Landfill Sites	22 365 940	(12 631 713)	-	9 734 227	-	-	9 734 227	0
	551 255 267	6 032 630	125 743	557 162 154	-	-	15 914 434	402 948 608
Community Assets								
Cemeteries	886 842	1 599 795	-	2 486 637	-	-	165	2 484 275
Community centrums	8 347 763	-	-	8 347 763	670 478	-	106 664	5 283 637
Libraries	557 477	-	-	557 477	21 470	-	5 326	455 687
Recreation sites	21 340 155	80 686	-	21 420 851	186 621	-	489 461	18 685 908
	31 132 257	1 680 491	-	32 812 748	878 570	-	601 616	25 909 708
Land and Buildings								
Land	113 611 833	-	-	113 611 833	16 648 275	-	793 710	90 846 103
Buildings	43 392 280	-	-	43 392 280	15 146 100	-	-	28 246 180
	70 219 553	-	-	70 219 553	1 502 175	-	793 710	62 598 923
Other Assets								
Machinery and Equipment	3 773 386	-	-	3 773 386	-	-	308 217	2 849 641
Furniture and Office Equipment	3 472 259	10 158	-	3 482 417	-	-	278 045	2 676 906
Computer Equipment	4 529 951	546 174	-	5 076 125	-	-	482 363	3 571 667
Transport Assets	-	-	-	10 612 805	-	-	1 477 610	7 175 857
	22 388 401	556 332	-	22 944 733	-	-	2 546 235	16 274 071
Leases								
Leased office equipment	1 702 125	-	-	1 702 125	-	-	567 375	1 038 296
Leased office vehicle	1 569 813	548 509	-	1 021 304	-	-	518 360	320 178
	3 271 938	-	-	2 723 429	-	-	1 085 735	1 739 422
Total	721 659 596	8 269 453	674 252	729 254 897	17 528 845	17 526 845	20 941 729	528 356 088

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2.2 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2020

	Cost/Revaluation			Accumulated Impairment		Accumulated Depreciation		Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Disposals	Closing Balance	
<b>Infrastructure</b>								
Electricity Network	107 616 071	17 301 114	-	124 917 185	-	-	21 618 862	103 298 324
Refuse Network	6 144 903	-	-	6 144 903	-	-	2 977 981	3 166 922
Road Network	192 459 882	2 287 580	17 128	194 730 334	-	-	58 475 181	136 255 153
Sanitation Network	99 643 311	-	-	99 643 311	-	-	18 255 783	81 387 528
Water Network	101 205 816	2 247 778	-	103 453 594	-	-	27 357 632	76 095 962
Landfill Sites (note 48.1)	24 005 488	(1 639 548)	-	22 365 940	-	-	9 734 227	12 631 713
	531 075 471	20 196 923	17 128	551 255 267	-	17 128	138 419 666	412 835 601
<b>Community Assets</b>								
Cemeteries	17 200	869 642	-	886 842	-	-	2 197	884 645
Community centres	8 347 783	-	-	8 347 783	670 478	-	2 286 804	5 390 501
Libraries	557 477	-	-	557 477	21 470	-	74 993	461 013
Recreation sites	18 884 663	2 455 492	-	21 340 155	186 621	-	2 058 860	19 094 673
	27 807 124	3 325 133	-	31 132 257	878 570	-	4 422 854	26 830 832
<b>Other Assets</b>								
Land	113 611 833	-	-	113 611 833	16 648 275	-	5 324 745	91 638 813
Buildings	43 392 280	-	-	43 392 280	15 146 100	-	-	28 246 180
	70 219 553	-	-	70 219 553	1 502 175	-	5 324 745	63 392 633
<b>Machinery and Equipment</b>								
Furniture and Office Equipment	3 632 204	141 182	-	3 773 386	-	-	2 541 424	1 231 961
Computer Equipment	3 473 417	6 281	7 439	3 472 259	-	7 439	2 398 861	1 073 398
Transport Assets	4 320 603	209 346	-	4 529 951	-	-	3 089 304	1 440 647
	10 612 805	-	-	10 612 805	-	-	5 698 246	4 914 559
	22 039 030	356 811	7 439	22 388 401	-	7 439	13 727 836	8 660 566
<b>Leases</b>								
Leased office equipment	75 071	1 702 125	75 071	1 702 125	-	-	470 921	1 231 204
Leased office vehicles	7 766 405	581 929	6 778 521	1 569 813	-	6 778 521	731 275	838 538
	7 841 476	2 284 054	6 853 592	3 271 938	-	6 853 592	1 202 196	2 069 742
<b>Total</b>	702 374 934	26 162 921	6 878 169	721 659 696	17 526 845	6 878 159	163 097 297	541 035 554



BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	R	R
2.3 Property, Plant and Equipment which is in the process of being constructed or developed:		
Infrastructure Assets	35 749 916	25 341 293
Roads	8 377 452	8 609 526
Electricity	16 156 345	15 613 897
Water Supply	12 603 118	1 027 870
Community Assets	3 530 487	1 857 896
Total Property, Plant and Equipment under construction	39 288 403	27 199 289
	2021	2020
	R	R
The movements for the year can be reconciled as follows:		
Balance at beginning of year	27 169 289	17 100 230
Expenditure during the year	20 038 833	25 683 334
Assets unbundled during the year	(7 949 719)	(15 593 275)
Balance at end of year	39 288 403	27 199 289
	2021	2020
	R	R
2.4 Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:		
Infrastructure Assets	3 714 094	-
Roads	3 714 094	-
Total	3 714 094	-
The project is taking long to complete due to funding		
	2021	2020
	R	R
2.5 Property, Plant and Equipment where construction or development has been halted:		
Community Assets	147 467	-
Other Assets	-	-
Total	147 467	-
The project is taking long to complete due to funding		
	2021	2020
	R	R
2.6 Expenditure incurred to repair and maintain Property, Plant and Equipment:		
Employee related costs	-	-
Other materials	2 401 570	3 631 300
Contracted Services	-	-
Other Expenditure	2 401 570	3 631 300
Total Repairs and Maintenance	2 401 570	3 631 300
	2021	2020
	R	R
2.7 Assets pledged as security:		
Plant and Equipment (office space) of R2800 000 are secured for annuity loans.		
Leased Property, Plant and Equipment of R984 007 is secured for leases as set out in Note 2.		
	2021	2020
	R	R
2.8 Third party payments received for losses incurred:		
Payments received (Excluding VAT)	93 473	10 305

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2.5 Impairment losses of Property, Plant and Equipment	2021 R	2020 R
Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:		
Infrastructure		
Community Assets		
Other		
Total Impairment Losses		
2.10 Effect of changes in accounting estimates		
	2020 R	2021 R
Effect on Property, plant and equipment	22 884 041	10 210 542
The Municipality has reassessed the useful lives and residual values of Property, plant and equipment. This resulted in change in depreciation charge, accumulated depreciation charge and the carrying value of Property, Plant and Equipment. The effect of the change for the current and future periods are disclosed on note 2.10.		
2.11 Contractual commitments for acquisition of Property, Plant and Equipment:	2021 R	2020 R
Approved and contracted for:	19 317 408	2 449 893
Infrastructure	19 317 408	2 449 893
Total	19 317 408	2 449 893
This expenditure will be financed from:	2021 R	2020 R
Government Grants	19 317 408	2 449 893
Total	19 317 408	2 449 893
3. INVESTMENT PROPERTY	2021 R	2020 R
3.1 Net Carrying amount at 1 July	6 818 246	7 033 226
Cost/Valuation	11 075 824	11 075 824
Accumulated Depreciation	(3 475 878)	(3 261 898)
Accumulated Impairment Loss	(780 700)	(780 700)
Depreciation for the year	(213 891)	(213 891)
Net Carrying amount at 30 June	6 805 266	6 818 246
Cost/Valuation	11 075 824	11 075 824
Accumulated Depreciation	(3 668 859)	(3 475 878)
Accumulated Impairment Loss	(780 700)	(780 700)
3.2 Revenue from Investment Property	2021 R	2020 R
Revenue derived from the rental of Investment Property		
Sanlam Building	(10 954)	(206 893)



BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

3.3 Operating Expenditure incurred on properties:

Repairs and Maintenance
Revenue Generating
Improved Property
Total Repairs and Maintenance

2021 R	2020 R
-	25 051
-	25 051
-	25 051

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.  
There are no assets pledged as security for liabilities.

There are no contractual obligations to purchase, construct or develop Investment property or for repairs, maintenance or enhancements.  
The cost model in terms of GRAP 16 is being applied on Investment Property.

Cost at implementation of GRAP 16 was determined by valuation roll of 1 July 2020. Impairment was calculated based on valuation roll of 1 July 2017.

Estimate Fair Value of Investment Property at 30 June

Fair value was determined by using the valuation roll of 1 July 2017.

2021 R	2020 R
13 280 000	13 280 000

4. INTANGIBLE ASSETS

Computer System & Software

4.1 Net Carrying amount at 1 July

Cost  
Accumulated Amortisation

Additions  
Amortisation

Net Carrying amount at 30 June

Cost  
Accumulated Amortisation

2021 R	2020 R
422 832	(668 780)
1 211 766	951 495
(788 955)	(668 780)
-	282 715
(165 876)	(122 176)
257 166	422 832
1 211 766	1 211 766
(854 832)	(788 955)
2021 R	2020 R

4.2 Material Intangible Assets Included in the carrying value:

Description	Remaining Amortisation Period	Carrying Value	Carrying Value
Fleet Management Program	1	9 500	19 000
MS Office	2-3	18 233	28 488
IMIS Software	1	44 758	89 515
Other Software	1-2	184 665	284 828

No intangible asset were tested having an indefinite useful life.  
No expenditure were incurred with regards to research or development cost.  
There are no internally generated intangible assets at reporting date.  
There are no intangible assets in process of being constructed or developed.  
There are no intangible assets whose life is indefinite.  
There are no intangible assets pledged as security for liabilities.  
There are no contractual commitments for the acquisition of intangible assets.

5. HERITAGE ASSETS

Net Carrying amount at 1 July

Cost

Net Carrying amount at 30 June

Cost

2021 R	2020 R
5 225 000	5 225 000
5 225 000	5 225 000
5 225 000	5 225 000
5 225 000	5 225 000

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities.

There are no Heritage Assets that are used by the municipality for more than one purpose.

No expenditure were incurred to repair and maintain heritage assets.

No compensation received from third parties for items impaired, lost or given up.

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>6. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Receivables with repay arrangements - At amortised cost		
Less: Current portion transferred to Receivables from Exchange Transactions	7 467 942	4 698 264
Total Non-Current Receivables from Exchange Transactions	<u>(1 230 189)</u>	<u>(820 753)</u>
	<u>6 177 762</u>	<u>3 877 511</u>

**ARRANGEMENTS**

Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to Trade receivables where it will be included in the calculation of Provision for impairment.

	2021 R	2020 R
<b>7. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Housing Selling Schemes - At amortised cost		
Receivables with repay arrangements - At amortised cost	235 553	282 387
	<u>1 695 910</u>	<u>1 229 641</u>
Less: Current portion transferred to Receivables from Non-Exchange Transactions	1 831 463	1 512 037
Total Non-Current Receivables from Non-Exchange Transactions	<u>(452 583)</u>	<u>(287 474)</u>
	<u>1 478 869</u>	<u>1 214 653</u>

**HOUSING SELLING SCHEME**

The outstanding amount relates to prior years and is still collectable. General public were entitled to housing loans which attract interest at 13,5% per annum and which are repayable over a maximum period of 30 years. These loans are repayable in the year 2026.

**ARRANGEMENTS**

Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to Trade receivables where it will be included in the calculation of Provision for impairment.

	2021 R	2020 R
<b>8. OPERATING LEASE ARRANGEMENTS</b>		
<b>8.1 The Municipality as Lessor</b>		
Operating Lease Asset	<u>144 063</u>	<u>198 910</u>
Disclosed as follows:		
Non-Current Operating Lease Asset		
Current Operating Lease Asset	<u>144 063</u>	<u>198 910</u>
	<u>144 063</u>	<u>198 910</u>
	<u>2021</u>	<u>2020</u>
	<u>R</u>	<u>R</u>
Reconciliation		
Balance at the beginning of the year	198 910	115 237
Movement during the year	(54 827)	83 673
Balance at the end of the year	<u>144 063</u>	<u>198 910</u>
	<u>2021</u>	<u>2020</u>
	<u>R</u>	<u>R</u>
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will pay operating lease income as follows:		
Up to 1 Year	478 388	634 893
1 to 5 Years	957 643	1 238 764
More than 5 Years	<u>508 226</u>	<u>705 452</u>
Total Operating Lease Arrangements	<u>1 944 257</u>	<u>2 579 109</u>

Beaufort West Municipality is leasing land to rate payers for periods of 2 to 50 years with various escalations per year.

The leases are in respect of land being leased out for a period until 2030.

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure. The lease agreements did not include contingent rents.



BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>9. INVENTORY</b>		
Consumables - Stationary and material	3 172 138	3 981 888
Water	53 638	106 421
<b>Total Inventory</b>	<b>3 265 573</b>	<b>3 190 299</b>
The municipality recognised only purification costs in respect of non-purchased purified water inventory.		
<b>9.1 Inventories recognised as an expense during the year:</b>		
Consumables - Stationary and material	1 244 381	1 807 149
Materials and Supplies	4 851 716	7 525 951
<b>Total</b>	<b>6 196 098</b>	<b>4 232 101</b>
<b>9.2 Inventories written down due to losses as identified during the annual stores counts:</b>		
Consumable stores materials surplus identified during the annual stores counts.	0	-
No inventories were pledged as security for liabilities.		
<b>10. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Service Receivables	15 252 222	11 603 712
Electricity	21 603 294	11 533 489
Water	321 682	34 722
Property Rentals	16 831 925	11 980 989
Waste Management	27 783 414	23 183 031
Waste Water Management	81 992 537	15 346 923
<b>Total Service Receivables</b>	<b>158 826 774</b>	<b>117 147 142</b>
Less: Provision for Debt Impairment	23 465 753	16 158 781
<b>Net Service Receivables</b>	<b>135 361 021</b>	<b>100 988 361</b>
<b>Other Assets</b>	<b>30 056 384</b>	<b>38 022 039</b>
<b>Total: Receivables from exchange transactions (before provision)</b>	<b>165 417 405</b>	<b>139 010 400</b>
Less: Provision for Debt Impairment	(30 056 384)	(38 022 039)
<b>Total: Receivables from exchange transactions (after provision)</b>	<b>135 361 021</b>	<b>100 988 361</b>
<b>Total Net Receivables from Exchange Transactions</b>	<b>135 361 021</b>	<b>100 988 361</b>
Balance previously reported		21 110 223
Correction of error - note 48.8		1 515 690
<b>Restated Balance</b>		<b>22 625 913</b>
Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.		
The fair value of receivables approximate their carrying value.		
<b>(Electricity): Ageing</b>		
Current (0 - 30 days)	5 278 613	8 700 342
31 - 60 Days	354 508	690 273
61 - 90 Days	384 090	415 578
+ 90 Days	2 842 004	1 827 516
<b>Total</b>	<b>8 859 215</b>	<b>11 633 712</b>
<b>(Water): Ageing</b>		
Current (0 - 30 days)	2 460 280	3 394 820
31 - 60 Days	1 234 028	1 054 778
61 - 90 Days	1 538 594	500 813
+ 90 Days	15 360 680	6 573 077
<b>Total</b>	<b>20 593 582</b>	<b>11 523 488</b>
<b>(Property Rentals): Ageing</b>		
Current (0 - 30 days)	1 918	4 359
31 - 60 Days	1 417	1 477
61 - 90 Days	1 334	1 246
+ 90 Days	43 186	27 641
<b>Total</b>	<b>47 855</b>	<b>34 722</b>

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>(Waste Management): Ageing</b>		
Current (0 - 30 days)		
31 - 60 Days	853 289	816 137
61 - 90 Days	535 145	468 239
+ 90 Days	495 271	375 151
Total	14 987 290	10 321 372
	<u>16 877 005</u>	<u>11 880 569</u>
<b>(Waste Water Management): Ageing</b>		
Current (0 - 30 days)		
31 - 60 Days	1 640 438	1 498 155
61 - 90 Days	812 138	719 823
+ 90 Days	736 718	616 898
Total	24 710 664	17 365 254
	<u>27 905 618</u>	<u>20 193 031</u>
<b>(Other): Ageing</b>		
Current (0 - 30 days)		
31 - 60 Days	348 345	8 614 201
61 - 90 Days	240 940	104 321
+ 90 Days	208 513	85 104
Total	40 489 358	32 118 413
	<u>41 265 168</u>	<u>38 922 039</u>
<b>(Total): Ageing</b>		
Current (0 - 30 days)		
31 - 60 Days	10 688 965	21 018 004
61 - 90 Days	3 420 977	3 018 813
+ 90 Days	3 345 520	1 998 870
Total	98 433 153	69 234 275
	<u>115 888 645</u>	<u>94 267 852</u>

Summary of Debtors by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2021				
Current (0 - 30 days)				
31 - 60 Days	82 801	8 012 884	1 668 288	914 983
61 - 90 Days	37 753	2 916 883	228 114	238 127
+ 90 Days	26 957	2 865 062	184 552	238 930
Sub-total	2 140 236	85 011 584	3 870 971	7 711 283
Less: Provision for Debt Impairment	2 297 747	88 826 522	5 661 035	5 103 343
Total debtors by customer classification	(2 151 013)	(88 869 424)	(2 647 605)	-
	<u>146 734</u>	<u>10 157 059</u>	<u>2 918 349</u>	<u>8 163 343</u>

Summary of Debtors by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2020				
Current (0 - 30 days)				
31 - 60 Days	140 216	4 206 682	2 371 334	2 961 918
61 - 90 Days	44 454	1 658 862	880 835	834 812
+ 90 Days	25 606	1 282 105	219 551	459 204
Sub-total	2 714 532	59 968 777	14 138 802	2 745 907
Less: Provision for Debt Impairment	2 924 758	57 126 240	17 411 122	6 805 842
Total debtors by customer classification	(1 553 896)	(63 482 241)	(6 605 919)	-
	<u>1 376 871</u>	<u>3 643 938</u>	<u>10 696 283</u>	<u>6 805 842</u>

Reconciliation of Provision for Debt Impairment

	2021 R	2020 R
Balance at beginning of year		
Contribution to provision	71 642 045	65 684 738
VAT on provision	22 821 075	(8 743 812)
Reversal of provision		14 701 224
Balance at end of year	<u>94 463 123</u>	<u>71 642 048</u>

The total amount of this provision is R94 463 122, and consists of:

	2021 R	2020 R
Services	58 526 774	37 147 142
Other Debtors	35 936 345	34 494 906
Total Provision for Debt Impairment on Receivables from exchange transactions	<u>94 463 123</u>	<u>71 642 048</u>



BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	238 127	2 861 916
2+ months past due	7 950 233	634 612
	<u>8 188 360</u>	<u>3 496 528</u>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

	2021 R	2020 R
<b>11. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Taxes - Rates	28 121 218	18 073 613
Fines	237 180 017	208 409 717
Other Receivables	7 467 457	7 450 613
	<u>273 768 692</u>	<u>233 934 143</u>
	<u>(218 503 706)</u>	<u>(194 048 478)</u>
	<u>55 264 986</u>	<u>39 885 665</u>

Less: Provision for Debt Impairment

Total Receivables from non-exchange transactions

The fair value of other receivables approximates their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

	2021 R	2020 R
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	3 313 731	2 359 161
31 - 60 Days	1 176 974	1 176 221
61 - 90 Days	863 162	586 121
+ 90 Days	23 653 332	13 842 308
	<u>29 147 199</u>	<u>16 073 813</u>
Total		
<u>(Other Receivables): Ageing</u>		
Current (0 - 30 days)	29 953	1 255 312
31 - 60 Days	32 721	18 586
61 - 90 Days	30 048	14 298
+ 90 Days	6 278 651	214 572 034
	<u>6 372 373</u>	<u>216 860 338</u>
Total		

Summary of Debtors by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 June 2021</b>				
Current (0 - 30 days)	513 314	1 663 132	680 408	486 811
31 - 60 Days	168 868	665 462	178 741	186 584
61 - 90 Days	161 904	583 481	103 775	184 049
+ 90 Days	8 312 424	15 476 563	3 354 436	2 799 560
	<u>9 156 511</u>	<u>18 368 678</u>	<u>4 317 360</u>	<u>3 677 005</u>
Sub-total	<u>(8 595 271)</u>	<u>(15 948 876)</u>	<u>(3 319 821)</u>	<u>-</u>
Less: Provision for Debt Impairment				
Total debtors by customer classification	<u>161 240</u>	<u>2 421 702</u>	<u>997 439</u>	<u>3 677 005</u>

Summary of Debtors by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 June 2020</b>				
Current (0 - 30 days)	66 014	1 465 889	619 777	251 819
31 - 60 Days	46 823	458 088	188 287	491 832
61 - 90 Days	30 131	331 511	108 652	140 085
+ 90 Days	211 662 244	10 822 380	3 068 962	4 150 760
	<u>211 805 617</u>	<u>13 087 836</u>	<u>3 896 699</u>	<u>5 034 596</u>
Sub-total	<u>(178 275 320)</u>	<u>(11 506 448)</u>	<u>(3 266 660)</u>	<u>-</u>
Less: Provision for Debt Impairment				
Total debtors by customer classification	<u>22 530 297</u>	<u>1 581 388</u>	<u>730 039</u>	<u>5 034 596</u>

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

**Reconciliation of Provision for Debt Impairment**

Balance at beginning of year  
Contribution to provision  
Balance at end of year

2021 R	2020 R
194 048 479	160 488 855
24 455 231	33 578 624
<b>218 503 710</b>	<b>194 048 479</b>
2021 R	2020 R

The total amount of this provision (Trade Receivables from non-exchange transactions) consist of:

Taxes  
Fines

18 126 874	18 126 874
202 376 835	177 921 804
<b>218 503 709</b>	<b>194 048 478</b>
2021 R	2020 R

Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions

**Analysis of amounts past due but not impaired**

1 month past due  
2+ months past due

196 584	261 819
2 893 609	491 832
<b>3 090 193</b>	<b>743 751</b>
2021 R	2020 R

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. This is considered to be a subsequent event. The provision for impairment is based on current and past collection rates applicable to fines.

**12. BANK ACCOUNTS**

**12.1 Cash and Cash Equivalents**

Current Accounts  
Call Deposits and Investments  
Cash On-hand  
Total Cash and Cash Equivalents - Assets

(183 567)	50 427
8 158 730	2 743 458
15 842	6 670
<b>6 989 005</b>	<b>2 810 556</b>
2021 R	2020 R

**12.2 Liabilities**

Current Accounts  
Total Cash and Cash Equivalents - Liabilities

(12 023 827)	(15 366 873)
<b>(12 023 827)</b>	<b>(15 366 873)</b>
2021 R	2020 R

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R6 158 730 are held to fund the Unspent Conditional Grants (2020: R2 743 458).  
Bank overdraft of R15 000 000 exists at Nedbank and the Municipality has a facility of R500 000 for Fleet Cards at Nedbank.

The municipality has the following bank accounts:

Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account);  
ABSA Bank - Account Number 409 410 8241

(12 023 827)	(15 366 873)
(183 567)	60 427
<b>(12 207 454)</b>	<b>(15 306 446)</b>
2021 R	2020 R

Call Deposits and Investments

Investor:  
ABSA  
Standard Bank  
Nedbank

40 521	39 221
1 133 272	502 807
4 838 902	62 584
144 035	2 138 836
<b>6 156 730</b>	<b>2 743 458</b>
2021 R	2020 R

Details of current accounts are as follows:

Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account);  
Cash book balance at beginning of year  
Cash book balance at end of year  
Bank statement balance at beginning of year Nedbank-Account Number 10 7428 0318  
Bank accounts balance at beginning of year  
Bank statement balance at end of year Nedbank-Account Number 10 7428 0318

(15 366 873)	(12 023 827)
(12 023 827)	(15 366 873)
<b>(14 790 845)</b>	<b>(6 546 859)</b>
(14 790 845)	(6 546 859)
<b>(14 603 524)</b>	<b>(14 790 845)</b>
2021 R	2020 R



BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Bank statement balance ABSA-Account Number 409 410 8341

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year ABSA-Account Number 409 410 8341

Bank statement balance at end of year ABSA-Account Number 409 410 8341

Details of cell investment accounts are as follows:

Investee

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

Abas

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

Standard bank

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

Nedbank

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

13. LONG-TERM BORROWINGS

Annuity Loans - At amortised cost

Capitalised Lease Liability - At amortised cost

Less:

Current Portion transferred to Current Liabilities

Annuity Loans - At amortised cost

Capitalised Lease Liability - At amortised cost

Total Long-term Borrowings

Annuity loans at amortised cost is calculated at 6.75%-10.50% interest rate, with last maturity date of 31 December 2028. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The DBSA loans are secured by purchase of office space (R2 800 000) and Mortgage Bond (R1 600 000).

Finance lease loans at amortised cost is calculated at 10.5% interest rate, with the last maturity date of 31st July 2022. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

13.1 The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

Payable within one year

Payable within two to five years

Payable after five years

Less:

Future finance obligations

Present value of annuity loans obligations

13.2 The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

Payable within one year

Payable within two to five years

Payable after five years

Less:

Future finance obligations

Present value of finance lease obligations

The capitalised lease liability consist out of the following contracts:

2021 R	2020 R
60 427	115 942
(163 567)	60 427
60 427	115 942
73 694	60 427
2021 R	2020 R
39 221	135 532
40 521	39 221
40 521	13 923
144 035	39 221
2021 R	2020 R
502 607	43 455
1 133 272	502 607
502 607	180 163
1 133 272	502 607
2021 R	2020 R
62 594	17 804
4 838 902	62 594
62 594	59 841
4 838 902	62 594
2021 R	2020 R
2 138 636	189 166
144 035	2 138 636
2 138 636	132 039
144 035	2 138 636
2021 R	2020 R
5 807 243	8 667 162
977 377	1 677 716
6 784 620	8 664 880
-	(1 960 261)
-	(670 920)
-	(1 000 341)
6 784 620	6 784 618
6 784 620	6 784 618
2021 R	2020 R
Minimum annuity payments	
1 164 571	1 517 283
4 335 847	4 631 567
3 146 781	4 045 861
6 677 498	10 194 731
(2 870 255)	(3 397 569)
6 667 243	6 667 162
2021 R	2020 R
Minimum lease payments	
947 783	1 158 221
69 650	1 037 633
-	-
1 037 633	2 195 854
(60 256)	(218 136)
977 377	1 977 718

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Supplier	Description of leased item	Registration	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date																																								
Costa	Sedan Toyota Elan	C2 19137	10.50%	0%	3 Years	30/07/2020																																								
Edwest Bank	Ldv Isuzu KB250D Flatbed	C2 9325	10.50%	0%	3 Years	31/01/2021																																								
Edwest Bank	Ldv Isuzu KB250D Flatbed	C2 9486	10.50%	0%	3 Years	31/01/2021																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901263	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901484	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901485	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901488	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901302	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901295	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901292	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901449	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901467	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901464	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901470	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901281	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901269	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901468	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901298	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901466	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901483	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P900934	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901455	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901301	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901286	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901480	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901287	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901294	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901300	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy Ricoh MP9555 SP Mono MFP	C368P600044	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy Ricoh MP9555 SP Mono MFP	C368P600077	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810435	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810157	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810365	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810438	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810368	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810427	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810087	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810684	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810379	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810710	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810151	10.50%	0%	3 Years	31/07/2022																																								
Ricoh	Machine Photocopy Ricoh MPC 6503 SP	C068C000004	10.50%	0%	3 Years	30/05/2022																																								
Edwest Bank	Cherry Picker	C28362	10.50%	0%	3 Years	30/05/2022																																								
Edwest Bank	Sedan Elan	C210806	10.50%	0%	3 Years	28/02/2022																																								
Hire Purchases and Leases are secured by property, plant and equipment - Note 2																																														
					2021	2020																																								
					R	R																																								
Provision for Rehabilitation of Landfill Sites					14 216 167	19 155 528																																								
Total Non-current Provisions					14 216 167	19 155 528																																								
					2021	2020																																								
					R	R																																								
Balance 1 July					28 165 475	25 000 360																																								
Increase due to re-measurement					(13 140 267)	(1 620 548)																																								
Unwinding of discounted interest					1 120 879	1 804 684																																								
Expenditure for the year					-	-																																								
Total provision 30 June					14 216 167	26 165 475																																								
Less: Transfer of Current Portion to Current Provisions - Note 17					-	(7 009 847)																																								
Balance 30 June					14 216 167	19 155 628																																								
The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:																																														
<table><tr><th></th><th>Beaufort West</th><th>Nelspoort</th><th>Murraysburg</th><th>Marnewille</th></tr><tr><td>Licence type</td><td>G:C:B-</td><td>G:C:B-</td><td>G:C:B-</td><td>G:C:B-</td></tr><tr><td>Proformity and General (Rand)</td><td>2 524 513</td><td>438 270</td><td>741 635</td><td>113 350</td></tr><tr><td>Site Cleanline and Preparation (R2,85/m²)</td><td>63 861</td><td>7 394</td><td>15 010</td><td>5 900</td></tr><tr><td>Storm Water Control Measures (Rand)</td><td>1 912 623</td><td>901 442</td><td>1 092 209</td><td>571 328</td></tr><tr><td>Capping (Rand)</td><td>11 686 495</td><td>1 514 183</td><td>3 164 273</td><td>1 185 872</td></tr><tr><td>Leachate Management (Rand)</td><td>619 958</td><td>333 510</td><td>380 438</td><td>204 304</td></tr><tr><td>Fencing (Rand)</td><td>1 658 612</td><td>12 066</td><td>12 066</td><td>12 066</td></tr></table>								Beaufort West	Nelspoort	Murraysburg	Marnewille	Licence type	G:C:B-	G:C:B-	G:C:B-	G:C:B-	Proformity and General (Rand)	2 524 513	438 270	741 635	113 350	Site Cleanline and Preparation (R2,85/m²)	63 861	7 394	15 010	5 900	Storm Water Control Measures (Rand)	1 912 623	901 442	1 092 209	571 328	Capping (Rand)	11 686 495	1 514 183	3 164 273	1 185 872	Leachate Management (Rand)	619 958	333 510	380 438	204 304	Fencing (Rand)	1 658 612	12 066	12 066	12 066
	Beaufort West	Nelspoort	Murraysburg	Marnewille																																										
Licence type	G:C:B-	G:C:B-	G:C:B-	G:C:B-																																										
Proformity and General (Rand)	2 524 513	438 270	741 635	113 350																																										
Site Cleanline and Preparation (R2,85/m²)	63 861	7 394	15 010	5 900																																										
Storm Water Control Measures (Rand)	1 912 623	901 442	1 092 209	571 328																																										
Capping (Rand)	11 686 495	1 514 183	3 164 273	1 185 872																																										
Leachate Management (Rand)	619 958	333 510	380 438	204 304																																										
Fencing (Rand)	1 658 612	12 066	12 066	12 066																																										
Discount Rate used					2021	2020																																								
					%	%																																								
Beaufort West					10.491%	8.008%																																								
Marnewille					10.389%	8.260%																																								
Murraysburg					7.727%	4.760%																																								
Nelspoort					10.503%	10.430%																																								



**BEAUFORT WEST MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk-free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

In terms of the financing of the landfill-sites, the municipality will incur licensing and rehabilitation costs of R14 216 167,36 (2020: R26 165 479) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the government bond rate that is regarded as a risk-free rate and the average Consumer Price Index from June 2020 to June 2021.

Other assumptions:

	Beaufort West	Neelsport	Murraysburg	Norwellville
Area (m²)	43 985	8 011	13 016	4 797
Environmental Authorization (Closure Licence) (Rand)	445 500	445 500	445 500	445 500
Technical ROD (Rand)	195 000	195 000	195 000	195 000
Install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor site establishment) (Rand)	204 721	180 275	201 371	155 805
Landscape Architects (Rand)	130 885	130 185	131 617	131 630
Water use licence (Rand)	35 000	35 000	35 000	35 000
Topographical Survey (Rand)	16 317	6 750	6 750	6 750
Contingencies (Rand)	1 847 216	320 698	542 663	228 282
Engineering Professional Fees (Rand)	1 876 071	432 838	725 835	312 172
Site Supervision (Engineer's Representative) (Rand)	459 808	142 283	207 095	111 582
Site Supervision (Environmental Control Officer & CHS Agent) (Rand)	27 859	28 865	64 424	52 961

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows per report:

Location	Estimated decommission	2021 R	2020 R
Beaufort West	2049	83 081 716	23 472 312
Murraysburg	2027	10 520 381	7 006 947
Neelsport	2045	16 491 658	8 814 770
Norwellville	2083	81 245 396	5 735 228
		<u>201 519 354</u>	<u>46 033 257</u>
		2021 R	2020 R
<b>15. NON-CURRENT EMPLOYEE BENEFITS</b>		21 994 000	23 897 000
Post Retirement Benefits		5 419 000	4 829 000
Long Service Awards		27 311	27 311
Pension Murraysburg		<u>27 440 311</u>	<u>28 463 311</u>
Total Non-current Employee Benefits		2021 R	2020 R
Post Retirement Health Care Benefits		25 068 000	27 170 812
Balance 1 July		3 431 000	3 481 448
Contribution for the year		(1 183 853)	(1 178 490)
Expenditure for the year		(4 083 047)	(4 404 771)
Actuarial Loss/Gain		23 232 860	26 068 065
Total provision 30 June		<u>(1 238 090)</u>	<u>(1 261 000)</u>
Less: Transfer of Current Portion to Current Provisions - Note 18		<u>21 594 000</u>	<u>23 897 000</u>
Balance 30 June		2021 R	2020 R
Pension Murraysburg		27 311	27 311
Balance 1 July		-	-
Contribution for the year		27 311	27 311
Total provision 30 June		-	-
Less: Transfer of Current Portion to Current Provisions - Note 18		<u>27 311</u>	<u>27 311</u>
Balance 30 June		2021 R	2020 R
Long Service Awards		5 728 000	5 206 654
Balance 1 July		819 000	677 245
Contribution for the year		(618 807)	(658 344)
Expenditure for the year		(6 193)	642 445
Actuarial Loss/Gain		5 822 000	5 728 000
Total provision 30 June		<u>(503 000)</u>	<u>(1 088 000)</u>
Less: Transfer of Current Portion to Current Provisions - Note 18		<u>5 419 000</u>	<u>4 829 000</u>
Balance 30 June			
<b>TOTAL NON-CURRENT EMPLOYEE BENEFITS</b>		30 823 311	32 404 776
Balance 1 July		4 250 000	4 358 693
Contribution for the year		(1 802 760)	(2 177 834)
Expenditure for the year		(4 088 240)	(3 762 328)
Actuarial Loss/Gain		29 181 311	30 823 311
Total employee benefits 30 June		<u>(1 741 000)</u>	<u>(2 360 000)</u>
Less: Transfer of Current Portion to Current Provisions - Note 18		<u>27 440 311</u>	<u>28 463 311</u>
Balance 30 June			

15.1	Provision for Post Retirement Health Care Benefits	2021 R	2020 R
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:			
In-service (employee) members		64	61
In-service (employee) non-members		341	340
Continuation members (e.g. Retirees, widows, orphans)		31	32
Total Members		436	433
The liability in respect of past service has been estimated to be as follows:		2021 R	2020 R
In-service members		7 833 000	6 533 000
In-service non-members		5 046 000	4 934 000
Continuation members (e.g. Retirees, widows, orphans)		10 253 000	14 001 000
Total Liability		23 232 000	26 068 000
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:			
		2019 R	2018 R
In-service members		6 610 798	5 661 567
In-service non-members		4 959 847	3 168 082
Continuation members		15 301 170	14 226 180
Total Liability		27 470 915	26 077 829
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:			
SunLife			
MediShield			
LA Health			
Key Health, and			
SAMWU Medical Aid			
The Current-service Cost for the ensuing year is estimated to be R982 000 whereas the Interest Cost for the next year is estimated to be R2,471 000.			
Key actuarial assumptions used:		2021 %	2020 %
i) Rate of Interest			
Discount rate		11.93%	10.26%
CPI		2.56%	5.33%
Health Care Cost Inflation Rate		8.56%	6.33%
Net Effective Discount Rate		3.30%	3.70%
ii) Mortality during employment			
SABS-90 table, adjusted for female lives.			
iii) Mortality rates post employment			
The PA 90 ultimate mortality table.			
iv) Normal retirement age			
The normal retirement age is 65 for males and 60 for females.			
v) Average retirement age			
It has been assumed that In-service members will retire at age 62 for males and 58 for females, which then implicitly allows for expected rates of early and ill-health retirement.			
vi) Proportion of Eligible In-Service Non-Members Joining a Scheme by Retirement			
It has been assumed that 15% of eligible In-service non-members will be on a medical scheme by retirement (should they not exit employment before then) and continue with the subsidy at and after retirement.			
vii) Proportion with a spouse dependant at retirement			
It has been assumed that 60% of eligible employees on a health care arrangement at retirement will have a spouse dependant on their medical aid.			
ix) Withdrawal from Service			
Valuation: 30 June 2021			
Age	Females	Males	
20 - 24	24%	18%	
25 - 29	18%	12%	
30 - 34	15%	10%	
35 - 39	10%	8%	
40 - 44	5%	6%	
45 - 49	4%	4%	
50 - 54	2%	2%	
55 - 59	1%	1%	
60+	0%	0%	



BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R		
The amounts recognised in the Statement of Financial Position are as follows:				
Present value of fund obligations	23 232 000	25 068 000		
Net liability/(asset)	23 232 000	25 068 000		
	2021 R	2020 R		
Reconciliation of present value of fund obligation:				
Present value of fund obligation at the beginning of the year	25 068 000	27 170 813		
Total expenses	2 247 047	2 201 858		
Current service cost	922 000	988 285		
Interest Cost	2 509 000	2 483 153		
Benefits Paid	(1 183 853)	(1 179 490)		
Actuarial (gains)/losses	(4 083 047)	(4 404 771)		
Present value of fund obligation at the end of the year	23 232 000	25 068 000		
Less: Transfer of Current Portion - Note 18	(1 238 000)	(1 261 000)		
Balance 30 June	21 994 000	23 807 000		
Sensitivity Analysis on the Accrued Liability on 30 June 2021				
Assumption	Total liability (Rm)			
Central Assumptions	23 232 000			
The effect of movements in the assumptions are as follows:				
Change	Total liability (Rm)			
Assumption				
Health care inflation	1%	26 343 000		
Health care inflation	-1%	20 837 000		
Health care inflation	1%	23 320 000		
Discount rate	-1%	23 146 000		
Discount rate	1 year	25 224 000		
Post-retirement mortality	-1 year	21 615 000		
Post-retirement mortality	-1 year	24 779 000		
Average retirement age	1 year	21 810 000		
Average retirement age	-10%	21 944 100		
Continuation of membership at retirement				
Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2022				
	Current Service Cost (R)	Interest Cost (R)	Total (R)	
Assumption	0	0	3 431 000	
Central Assumptions				
The effect of movements in the assumptions are as follows:				
Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	
Assumption				
Health care inflation	1%	627 000	2 185 000	3 012 000
Health care inflation	-1%	1 176 000	2 813 000	3 989 000
Health care inflation	-1%	977 000	2 207 000	3 184 000
Discount rate	1%	896 000	2 738 000	3 726 000
Discount rate	-20%	1 068 000	2 688 000	3 756 000
Post-retirement mortality	20%	811 000	2 284 000	3 295 000
Post-retirement mortality	(1 year)	1 060 000	2 637 000	3 717 000
Average retirement age	1 year	879 000	2 317 000	3 196 000
Average retirement age	-10%	883 800	2 329 000	3 212 800
Continuation of membership at retirement				
			2021	2020
Experience adjustments were calculated as follows:				
Liabilities: (Gain) / loss			(4 083 047)	665 000
Assets: Gain / (loss)			—	—
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:				
		2019	2018	2017
Liabilities: (Gain) / loss		(283 000)	(698 000)	(16 000)
Assets: Gain / (loss)		—	—	—

16.2	Provision for Long Service Bonuses	2021	2020	
		R	R	
	The Long Service Bonus plans are defined benefit plans. As at year end the following number of employees were eligible for Long Service Bonuses.	404	402	
	The Current-service Cost for the ensuing year is estimated to be R472 000 whereas the Interest Cost for the next year is estimated to be R403 000.			
	Key actuarial assumptions used:	2021	2020	
		%	%	
	i) Rate of Interest			
	Discount rate	8.84%	7.13%	
	General Salary Inflation (long-term)	6.76%	3.81%	
	CPI	5.76%	2.81%	
	Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.55%	3.20%	
	ii) Mortality during employment			
	SAES-80 ultimate table, adjusted down for female lives.			
	iii) Average retirement age			
	It has been assumed that male employees will retire at age 62 and female employees will retire at age 59.			
	iv) Withdrawal rates			
	Valuation: 30 June 2021			
	Age	Females	Males	
	20 - 24	24%	16%	
	25 - 29	18%	12%	
	30 - 34	15%	10%	
	35 - 39	10%	8%	
	40 - 44	6%	6%	
	45 - 49	4%	4%	
	50 - 54	2%	2%	
	55 - 59	1%	1%	
	60+	0%	0%	
	v) Normal retirement age			
	The normal retirement age is 65 for all employees			
	The amounts recognised in the Statement of Financial Position are as follows:	2021	2020	
		R	R	
	Present value of fund obligations	5 922 000	5 728 000	
	Fair value of plan assets	-	-	
		5 922 000	5 728 000	
	Unrecognised past service cost	-	-	
	Unrecognised actuarial gains/(losses)	-	-	
	Present value of unfunded obligations	-	-	
	Net Liability/(asset)	5 922 000	5 728 000	
		2021	2020	
		R	R	
	Reconciliation of present value of fund obligation:			
	Present value of fund obligation at the beginning of the year	5 728 000	5 208 654	
	Total expenses	200 183	(121 099)	
	Current service cost	449 000	471 316	
	Interest Cost	370 000	405 923	
	Benefits Paid	(618 807)	(956 344)	
	Actuarial (gains)/losses	(5 193)	542 445	
	Present value of fund obligation at the end of the year	5 922 000	5 728 000	
	Less: Transfer of Current Portion - Note 18	(503 000)	(1 099 000)	
	Balance 30 June	5 419 000	4 629 000	
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:	2019	2018	2017
		R	R	R
	Present value of fund obligations	4 733 313	4 423 867	4 273 463
	Total Liability			
	Sensitivity Analysis on the Accrued Liability on 30 June 2021			
		Change	Liability	
	Assumption			
	Central assumptions		5 922 000	
	General savings inflation	1%	5 336 000	
	General savings inflation	-0.01	5 547 000	
	Discount rate	1%	5 562 000	
	Discount rate	-0.01	6 327 000	
	Average retirement age	1 year	5 226 000	
	Average retirement age	(1 year)	5 560 000	
	Withdrawal rates	-0.2	5 975 000	
	Withdrawal rates	0.2	5 870 000	



BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2022

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	
Assumption		472 000	403 000	875 000	
Cost-of-Assumptions		436 000	375 000	811 000	
General earnings inflation	1%	512 000	433 000	945 000	
General earnings inflation	-1%	511 000	372 000	883 000	
Discount rate	1%	426 000	478 000	904 000	
Discount rate	-1%	452 000	376 000	828 000	
Average retirement age	1 yrs	483 000	425 000	908 000	
Average retirement age	(1 yrs)	475 000	406 000	881 000	
Withdrawal rate	20%	468 000	399 000	867 000	
Withdrawal rate					
				2021 Rm	2020 Rm
Experience adjustments were calculated as follows:				267 841	675 445
Liabilities: (Gain) / loss					
Assets: Gain / (loss)					
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		2018 Rm	2018 Rm	2017 Rm	
Liabilities: (Gain) / loss		267 841	263 843	540 601	
Assets: Gain / (loss)					
				2021 R	2020 R

15.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employee. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claims that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. As the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT RETIREMENT FUND

The contribution rate payable is 8% by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund has a funding level of 100,5% (30 June 2019 - 100,3%).

Contributions paid recognised in the Statement of Financial Performance

12 228 769	11 066 745
2021 R	2020 R

CAPE JOINT PENSION FUND

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund is in a sound financial position with a funding level of 100,0% (30 June 2018 - 100,7%).

Contributions paid recognised in the Statement of Financial Performance

44 232	82 224
2021 R	2020 R

SALA PENSION FUND

The contribution rate payable is 8,80% by members and 20,78% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2015 - 100%), funding level provided that the previous statutory valuation reflected at least a 100% funding level.

Contributions paid recognised in the Statement of Financial Performance

1 054 894	1 053 570
2021 R	2020 R

MUNICIPAL RETIREMENT WORKERS FUND

Councils contribute to the Municipal Retirement Workers Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. The contribution rate paid by the members (9,0%) and Council (18,0%).

Contributions paid recognised in the Statement of Financial Performance

600 151	579 589
---------	---------

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

16. CONSUMER DEPOSITS

	2021 R	2020 R
Electricity	1 599 100	1 512 733
Rental Properties	117 828	103 283
Water	277 527	273 454
Pestis	109 864	9 575
Refuse	27 549	-
Total Consumer Deposits	2 131 768	1 898 055

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

For guarantees held in lieu of electricity and water deposits refer to note 58

17. PROVISIONS

	2021 R	2020 R
Current Portion of Rehabilitation of Landfill Sites - Note 14	-	7 009 847
Total Provisions	-	7 009 847

The movement in current provisions are reconciled as follows:

17.1 Rehabilitation of Landfill Sites

	2021 R	2020 R
Balance at beginning of year	7 009 847	6 170 076
Transfer to non-current	(7 009 847)	-
Contribution to provision	-	839 869
Balance at end of year	-	7 009 847

18. CURRENT EMPLOYEE BENEFITS

	2021 R	2020 R
Performance Bonuses	394 027	773 987
Staff Bonuses	3 485 359	3 270 317
Staff Leave	9 301 529	8 043 748
Current Portion of Non-Current Provisions	1 741 000	2 380 000
Current Portion of Post Retirement Benefits - Note 15	1 238 000	1 281 000
Current Portion of Long-Service Provisions - Note 15	503 000	1 089 000
Total Provisions	14 901 924	14 448 052

The movement in current provisions are reconciled as follows:

18.1 Performance Bonuses

	2021 R	2020 R
Balance at beginning of year	773 987	639 425
Transfer from non-current	-	-
Contribution to current portion	122 442	134 581
Expenditure incurred	(502 406)	-
Balance at end of year	394 028	773 987

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

18.2 Staff Bonuses

	2021 R	2020 R
Balance at beginning of year	3 270 317	3 039 026
Contribution to current portion	195 051	231 291
Expenditure incurred	-	-
Balance at end of year	3 465 358	3 270 317

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

18.3 Staff Leave

	2021 R	2020 R
Balance at beginning of year	8 043 748	8 831 248
Contribution to current portion	1 500 624	2 240 876
Expenditure incurred	(242 842)	(828 376)
Balance at end of year	9 301 529	8 043 748

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.



BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>19. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Payments received in advance	519 412	519 412
Retainable accounts with credit balances	1 265 781	2 975 562
Retentions	2 023 822	1 415 789
Sundry creditors	8 473 542	2 472 963
Trade deposits	-	1 233 484
Trade Payables	59 853 266	55 111 557
<b>Total Trade Payables</b>	<b>73 165 832</b>	<b>64 128 757</b>
Payables are being recognised net of any discounts.		
Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector.		
through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.		
The carrying value of trade and other payables approximates its fair value.		
All payables are unsecured.		
<b>20. UNSPENT TRANSFERS AND SUBSIDIES</b>		
Unspent Transfers and Subsidies	5 789 613	13 118 498
National Government Grants	345 762	3 702 082
Provincial Government Grants	5 044 651	8 016 456
District Municipality	400 000	400 000
Less: Unpaid Transfers and Subsidies	-	-
<b>Total Unspent Transfers and Subsidies</b>	<b>6 765 813</b>	<b>13 118 498</b>
The Unspent Grants are not fully cash-backed by short term deposits or kept in the primary bank account of the municipality (R15 million bank overdraft).		
This resulted in non-compliance with the MFMA and the DORA (refer to note 52.9). The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.		
Amount available in short term investment deposits	6 156 730	2 743 456
Available Cash for Unspent Conditional Grants and Receipts	6 156 730	2 743 456
See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.		
<b>21. TAXES</b>		
Net VAT (Payable)/Receivable	5 338 111	5 071 165
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
<b>22. SHORT-TERM BORROWINGS</b>		
The Municipality has no short term borrowings.		

**BEAUFORT WEST MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	2021 R	2020 R
<b>23. NET ASSET RESERVES</b>		
<b>RESERVES</b>		
Housing Development Fund	4 104 345	4 104 345
Self Insurance Reserve	3 789 518	3 789 518
	314 827	314 827
<b>Total Net Asset Reserve and Liabilities</b>	<b>4 104 345</b>	<b>4 104 345</b>

23.1 The Housing Development Fund was established in terms of section 15 (b) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus (deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

23.2 The Self Insurance Reserve is used to finance future insurance claims.  
The above balances are represented by cash of R4 393.26 for the current year and R4 393.26 (2020) and is invested together with the other investments of the municipality (See Note 45)

	2021 R	2020 R
<b>24. PROPERTY RATES</b>		
<b>Valuations - 1 July 2020</b>		
Rateable Land and Buildings	5 055 623 700	5 055 623 700
Business and Commercial Property	364 308 000	364 308 000
Municipal Properties	191 152 000	191 152 000
National Monument Properties	5 870 000	5 870 000
Public Service Infrastructure Properties	2 391 000	2 391 000
Residential Properties	1 247 673 200	1 247 673 200
State-owned Properties	262 758 000	262 758 000
Agricultural Properties	2 781 883 500	2 781 883 500
Other Categories	179 678 000	179 678 000
<b>Total Property Rates</b>	<b>5 055 623 700</b>	<b>5 055 623 700</b>

	2021 R	2020 R
<b>Actual</b>		
Rateable Land and Buildings	-	51 372 854
Business and Commercial Property		9 785 695
National Monument Properties		1 48 695
Public Benefit Organizations		-
Public Service Infrastructure Properties		4 142
Residential Properties		21 614 630
State-owned Properties		6 700 032
Agricultural Properties		10 221 863
Other Categories - church & nature reserve		1 026 262
Other Categories - building clause		739 853
<b>Less: Revenue Forgone</b>	<b>(12 003 785)</b>	<b>(11 708 456)</b>
<b>Total Assessment Rates</b>	<b>(12 003 785)</b>	<b>39 864 197</b>

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

**Basic Rate**

	2021 R	2020 R
Residential	0.019110c/R	0.01802c/R
Commercial	0.028775c/R	0.02548c/R
Agricultural	0.003780c/R	0.00364c/R
PSI	0.001890c/R	0.01802c/R
State-owned	0.028775c/R	0.02548c/R
National Monuments	0.028775c/R	0.02548c/R
Vacant Land	0.028775c/R	0.02548c/R

Rates are levied annually and monthly. Monthly rates are payable by the 12th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rates are granted on land with buildings used solely for dwellings purposes as follows:

Residential - The first R18 000 on the valuation is exempted.

Rates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>26. GOVERNMENT GRANTS AND SUBSIDIES</b>	<b>89 882 461</b>	<b>76 735 370</b>
Government Grants and Subsidies - Operating	77 480 092	62 433 713
Equitable Share	1 767 267	1 588 564
Expanded Public Works Programme Integrated Grant	1 700 000	1 700 000
Local Government Financial Management Grant	800 000	2 285 884
Provincial Treasury: Financial Management Support Grant	102 803	447 097
Department of Local Government: Thuthuzelo Services Centres Grant (Sustainability: Operational Support Grant)	120 720	-
Department of Local Government: Municipal Service Delivery and Capacity Building Grant	546 388	67 578
Municipal Infrastructure Grant	5 857 310	5 671 025
Municipal Infrastructure Grant - PMU	1 153 947	1 232 315
Libraries, Archives and Museums	-	287 000
Department of Local Government: Municipal Drought Relief Grant	118 212	88 728
Municipal Disaster Relief Grant	237 612	224 744
Community Development Workers (CDW) operational support grant	22 446 228	27 800 074
Human Settlements - Municipal Accreditation and Capacity Building Grant	-	-
Government Grants and Subsidies - Capital	5 160 687	15 354 359
Integrated National Electrification Programme Grant	-	-
Local Government Financial Management Grant	12 066 856	8 872 265
Municipal Infrastructure Grant	4 298 643	2 473 450
Department of Local Government: Municipal Drought Relief Grant	112 328 687	104 635 444
Total Government Grants and Subsidies	2021 R	2020 R
Included in above are the following grants and subsidies received:	73 778 053	59 781 000
Unconditional	73 778 000	59 781 000
Equitable Share	31 222 059	52 688 750
Conditional	1 856 000	1 934 000
Expanded Public Works Programme Integrated Grant	1 700 000	1 700 000
Local Government Financial Management Grant	1 000 000	1 955 000
Provincial Treasury: Financial Management Support Grant	300 000	380 000
Provincial Treasury: Financial Management Capacity Building Grant	150 000	-
Department of Local Government: Thuthuzelo Services Centres Grant (Sustainability: Operational Support Grant)	6 207 000	5 856 000
Libraries, Archives and Museums	206 000	408 000
Community Development Workers (CDW) operational support grant	5 214 000	15 400 000
Integrated National Electrification Programme Grant	13 734 000	13 872 000
Municipal Infrastructure Grant	500 000	8 518 750
Department of Local Government: Municipal Drought Relief Grant	352 000	238 000
Department of Local Government: Municipal Accreditation and Capacity Building Grant	-	550 000
Department of Local Government: Local Government Support Grant	-	400 000
Central KwaZulu-Natal Municipality	-	287 000
Municipal Disaster Relief Fund	-	-
Total Government Grants and Subsidies	106 500 850	112 369 750
Government Grants and Subsidies - Capital	22 446 228	27 800 074
Government Grants and Subsidies - Operating	89 882 461	76 735 370
	112 328 687	104 635 444



BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	77 460 092	62 433 713
Executive and Council	5 671 704.93	4 316 169
Community and social services	7 898 500.62	8 671 112
Finance and administration	2 500 000.00	3 995 684
Planning and development	545 367.77	698 609
Road transport	4 322 213.56	3 821 817
Sport and recreation	-	1 326 356
Housing	237 512.32	224 744
Energy services	5 180 687.43	19 896 261
Water management	8 491 488.21	650 786
Total Government Grants and Subsidies	112 326 607	104 335 442
Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.		
25.1 National Grants	2021 R	2020 R
Opening balance	3 703 092	2 652 714
Grants received	96 285 000	93 054 000
Conditions met - Own Income	(2 510 704)	(3 420 111)
Conditions met - Operating	(61 339 593)	(66 536 164)
Conditions met - Capital	(15 781 033)	(22 056 347)
Conditions still to be met	345 762	3 762 092
25.2 Provincial Grants	2021 R	2020 R
Opening balance	9 016 409	3 530 324
Grants received	8 715 000	10 005 750
Transfer to National Revenue Fund	-	(895 845)
Conditions met - Own Income	(676 757)	(739 569)
Conditions met - Operating	(6 212 650)	(9 630 432)
Conditions met - Capital	(3 737 553)	(2 150 836)
Conditions still to be met	5 044 952	3 016 459
25.3 District Grants	2021 R	2020 R
Grants received	-	400 000
Conditions still to be met	400 000	400 000
25.4 Equitable Share	2021 R	2020 R
Grants received	73 776 000	58 781 000
Transfer from Municipal Infrastructure Grant and EPWP	3 702 082	2 652 713
Conditions met - Operating	(77 460 092)	(62 433 713)
Conditions still to be met	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 600 free water and 500wh free electricity per month, which is funded from this grant.		
All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned		
See Appendix E & note 20 for a reconciliation of all grants.		
25.6 Local Government Financial Management Grant	2021 R	2020 R
Grants received	1 700 000	1 700 000
Conditions met - Own Income	(154 154)	(143 750)
Conditions met - Operating	(1 545 846)	(1 556 210)
Conditions still to be met	-	-
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>25.6 Municipal Infrastructure Grant (MIG)</b>		
Opening balance	3 301 135	2 852 714
Grants received	13 734 000	13 872 000
Transfer to available share	(3 301 135)	(2 852 713)
Conditions met - Own Income	(1 650 809)	(1 271 233)
Conditions met - Operating	(548 388)	(654 932)
Conditions met - Capital	(11 265 987)	(9 704 731)
Conditions still to be met	<u>220 717</u>	<u>3 301 135</u>
<i>The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.</i>		
	2021 R	2020 R
<b>25.7 Integrated National Electrification Grant</b>		
Opening balance	45 642	-
Correction of Error	5 214 000	15 400 000
Grants received		
Interest received	(45 641)	(2 002 742)
Transfer to available share	(675 742)	0
Conditions met - Own Income		
Conditions met - Operating		
Conditions met - Capital	<u>(4 504 946)</u>	<u>(13 351 616)</u>
Conditions still to be met	<u>33 313</u>	<u>45 642</u>
<i>The National Electrification Grant was used for electrical connections in previously disadvantaged areas.</i>		
	2021 R	2020 R
<b>25.8 Expanded Public Works Programme Integrated Grant</b>		
Opening balance	355 315	-
Grants received	1 859 000	1 924 000
Transfer to available share	(355 315)	-
Conditions met - Own Income	-	(2 346)
Conditions met - Operating	(1 767 257)	(1 568 232)
Conditions still to be met	<u>51 733</u>	<u>355 315</u>
<i>To provide funding for job creation in specific focus areas.</i>		
	2021 R	2020 R
<b>25.9 Human settlements development grant (Beneficiaries) - Housing</b>		
Opening balance	710	710
Conditions still to be met	<u>710</u>	<u>710</u>
<i>The Housing grant was utilized for the development of erven and the erection of top structures.</i>		

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>25.10 Human Settlements Development Grant - Acceleration of Housing Delivery (Bulk Services)</b>		
Opening balance	203 871	203 871
Conditions still to be met	203 871	203 871
<i>To fund housing within municipalities that demonstrated capacity to plan and deliver housing rapidly, with emphasis on rural areas.</i>		
	2021 R	2020 R
<b>25.11 Human Settlements Development Grant - Title Deeds Restoration</b>		
Opening balance	705 775	705 775
Conditions still to be met	705 775	705 775
<i>To assist with the migration backlog in terms of housing provided.</i>		
	2021 R	2020 R
<b>25.12 Human Settlements - Municipal Accreditation and Capacity Building Grant</b>		
Opening balance	143 885	130 833
Grants received	252 000	236 000
Conditions met - Operating	(237 612)	(224 744)
Conditions still to be met	158 273	143 889
<i>The purpose of grant is to fund salary of the capacity building clerk for a period of twelve months.</i>		
	2021 R	2020 R
<b>25.13 Provincial Treasury: Financial Management Capacity Building Grant</b>		
Opening balance	880 000	732 357
Grants received	300 000	380 000
Repaid to National Revenue Fund	-	(132 357)
Conditions still to be met	1 180 000	980 000
<i>To develop financial human capacity within the municipal areas to enable a sustainable local financial skills pipeline that is responsive to the municipalities requirement to enable sound and sustainable financial management and good financial governance.</i>		
	2021 R	2020 R
<b>25.14 Provincial Treasury: Financial Management Support Grant</b>		
Opening balance	0	574 355
Grants received	1 000 000	1 855 000
Repaid to National Revenue Fund	-	(233 471)
Conditions met - own income	(104 348)	(235 178)
Conditions met - Operating	(695 852)	(2 036 707)
Conditions still to be met	200 800	0
<i>To provide financial assistance to the municipality to improve overall financial performance. The grant was used for revenue enhancement and asset verification.</i>		
	2021 R	2020 R
<b>25.16 Department of Cultural Affairs and Sport: Library Service: Replacement Funding</b>		
Opening balance	530 868	545 893
Grants received	6 207 000	5 856 000
Conditions met - Operating	(5 857 310)	(5 871 025)
Conditions still to be met	880 558	530 868
<i>To support municipal investment in library services and sustain the future professional delivery and development of library services.</i>		



BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>25.16 Department of Cultural Affairs and Sport : Development of Sport and Recreation Facilities</b>		
Opening balance	-	550 885
Revised to National Revenue Fund	-	(550 885)
Conditions still to be met	-	-
<i>Provision of Sport and Recreation facilities in especially previously disadvantaged areas.</i>		
	2021 R	2020 R
<b>25.17 Department of Local Government : Fire Services Capacity Building Grant</b>		
Opening balance	154 074	154 074
Conditions still to be met	154 074	154 074
<i>To provide financial assistance to municipalities to ensure functional emergency communication, mobilisation systems and fire services.</i>		
	2021 R	2020 R
<b>25.18 Department of Local Government : Community Development Workers (CDW) Operational Support Grant</b>		
Opening balance	125 496	(183 775)
Grants received	206 000	406 000
Conditions met - own income	-	(2 340)
Conditions met - Operating	(116 212)	(88 345)
Conditions still to be met	215 284	125 496
<i>To provide financial assistance to the municipality to cover operational and capital costs pertaining to the functions of community development workers including supervisors and regional coordinators.</i>		
	2021 R	2020 R
<b>25.19 Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)</b>		
Opening balance	73 517	73 517
Grants received	150 000	-
Conditions met - own income	(11 717)	-
Conditions met - Operating	(109 013)	-
Conditions still to be met	102 787	73 517
<i>To provide financial assistance to the municipality, ensuring the financial sustainability to the Thusong Service Centre.</i>		
	2021 R	2020 R
<b>25.20 Department of Local Government : Municipal Drought Relief Grant</b>		
Opening balance	5 978 107	185 122
Grants received	600 000	9 519 759
Conditions met - own income	(550 633)	(438 013)
Conditions met - Operating	(1 153 847)	(1 056 926)
Conditions met - Capital	(3 737 835)	(2 150 626)
Conditions still to be met	1 126 617	5 978 107
<i>Drought relief financial assistance to the municipality to augment water supply and bulk infrastructure capacity.</i>		
	2021 R	2020 R
<b>25.21 Department of Local Government : Municipal Service Delivery and Capacity Building Grant</b>		
Opening balance	(0)	189 730
Revised to National Revenue Fund	-	(82 152)
Conditions met - Operating	-	(87 578)
Conditions still to be met	-	(0)
<i>To provide financial assistance to the municipalities to improve infrastructure, systems, structures, corporate governance and service delivery.</i>		
	2021 R	2020 R
<b>25.22 Fire and Drought Relief</b>		
Opening balance	17 057	17 057
Conditions still to be met	17 057	17 057
<i>To assist with the impact of climate change in the province.</i>		

	2021 R	2020 R
<b>25.23 Municipal Disaster Relief Grant</b>		
Grants received	-	287 000
Conditions met - Operating	-	(287 000)
Conditions still to be met	-	-
<i>To provide relief with declaration of National state of disaster</i>		
	2021 R	2020 R
<b>25.24 Local Government Support Grant</b>		
Opening balance	102 903	-
Grants received	-	550 000
Conditions met - Operating	(102 903)	(447 097)
Conditions still to be met	-	102 903
<i>To provide financial assistance to district municipalities to perform the administrative and monitoring role, including debt management relating to humanitarian relief</i>		
<b>25.25 Central KwaZulu-Natal Municipality</b>		
Grants received	-	400 000
Conditions still to be met	400 000	400 000
<i>To provide safety response measures with regards to COVID 19 pandemic</i>		
	2021 R	2020 R
<b>25.26 Total Grants</b>		
Opening balance	13 118 439	6 283 039
Grants received	125 060 000	112 368 750
Repaid to National Revenue Fund	-	(898 848)
Conditions met - own income	(3 187 462)	(4 159 601)
Conditions met - Operating	(89 812 247)	(76 158 840)
Conditions met - Capital	(19 528 883)	(24 297 173)
Conditions still to be met/(Grant expenditure to be recovered)	5 789 813	13 118 439
	2021 R	2020 R
<b>Disclosed as follows:</b>		
Unspent Conditional Government Grants and Receipts	5 789 813	13 118 439
Unspent Conditional Government Grants and Receipts	-	-
<b>Total</b>	<b>5 789 813</b>	<b>13 118 439</b>
	2021 R	2020 R
<b>26. CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT</b>		
The Sport trust	-	1 258 938
Total Contributed Property, Plant and Equipment	-	1 258 938
	2021 R	2020 R
<b>27. LICENCES AND PERMITS</b>		
Road and Transport	136 661	228 928
Total Licences and Permits	136 661	228 928
	2021 R	2020 R
<b>Disclosed as follows:</b>		
Revenue from Non-Exchange Transactions	65 479	20 056
Revenue from Exchange Transactions	71 183	208 870
<b>Total Licences and Permits</b>	<b>136 661</b>	<b>228 928</b>

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>28. SERVICE CHARGES</b>	<b>86 483 431</b>	<b>82 028 286</b>
Electricity	53 857 582	87 797 987
Service Charges	(7 414 151)	(5 789 711)
Less: Revenue Forgone		
Water	23 631 565	19 452 272
Service Charges	35 842 891	21 631 002
Less: Revenue Forgone	(13 311 415)	(12 138 730)
Waste Management	9 239 361	8 659 221
Service Charges	11 536 614	10 568 236
Less: Revenue Forgone	(2 297 252)	(1 910 075)
Waste Water Management	17 569 515	16 588 827
Service Charges	23 704 093	21 583 002
Less: Revenue Forgone	(6 134 578)	(4 894 175)
Total Service Charges	<u>136 892 852</u>	<u>126 768 606</u>
Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebates or remission.		125 252 916
Balance previously reported		<u>1 515 690</u>
Reclassification - note 46		<u>126 768 606</u>
Restated balance		
	2021 R	2020 R
<b>29. SALES OF GOODS AND RENDERING OF SERVICES</b>		
Academic Services	-	62 092
Advertisements	105 321	74 516
Amendment Fees	185 830	258 741
Application Fees for Land Usage	52 140	640
Building Plan Approval	28 205	30 694
Cemetery and Burial	640	-
Cleaning and Removal	121	797
Clearance Certificates	-	28 602
Drainage Fees	10 392	-
Encroachment Fees	47 729	10 801
Entrance Fees	575 631	127 415
Membership Fees	35 248	13 138
Photocopies and Faxes	1 042 116	658 304
Sale of Goods		
Valuation Services		
Total Sales of Goods and Rendering of Services	<u>2021 R</u>	<u>2020 R</u>
<b>30. RENTAL FROM FIXED ASSETS</b>	<b>1 254 087</b>	<b>839 147</b>
Investment Property	11 581	438 565
Property, Plant and Equipment	1 242 506	1 377 712
Total Rental from Fixed Assets	<u>2021 R</u>	<u>2020 R</u>
<b>31. INTEREST EARNED - EXTERNAL INVESTMENTS</b>	<b>146 958</b>	<b>283 539</b>
Bank	146 958	283 538
Total Interest Earned - External Investments	<u>2021 R</u>	<u>2020 R</u>
<b>32. INTEREST EARNED - EXCHANGE TRANSACTIONS</b>	<b>6 445 736</b>	<b>3 492 780</b>
Trade Receivables	6 445 736	3 492 780
Total Interest Earned - Outstanding Receivables		



BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>33. OPERATIONAL REVENUE</b>		
Administrative Handling Fees and Photocopies	659 028	694 375
Brexitages and Losses Recovered	403	-
Commission of Instances	-	118 510
Discounts and Early Settlements	-	55 873
Incidental Cash Surpluses	99 370	9 884
Inspection Fees	705	3 068
Insurance Refund	116 148	10 305
Registration Fees	168 859	134 747
Request for Information	26 338	-
Staff Recoveries	71 745	183 411
Sale of Property	-	78 655
<b>Total Operational Revenue</b>	<b>1 143 786</b>	<b>1 230 717</b>
<b>34. EMPLOYEE RELATED COSTS</b>		
Acting Allowance	1 756 302	1 985 291
Basic Salaries and Wages	87 627 016	81 294 247
Bargaining council	48 104	48 181
Bonuses	6 355 028	5 881 265
Cell Phone Allowance	538 554	247 373
Essential users	212 327	2 331 071
Group Insurance	73 408	42 887
Housing Allowances	985 727	941 894
Medical Aid Contributions	1 899 037	1 847 245
Overtime	3 835 405	5 375 315
Payments In lieu of leave	1 500 624	2 240 875
Pension and UIF Contributions	14 852 754	13 201 832
Performance bonus	-	134 581
Scarcity allowance	269 641	246 765
Standby Allowances	2 379 594	2 372 578
Transport Allowances	2 846 835	406 039
Uniform Allowance	130 000	101 631
Post retirement obligations	1 283 656	1 468 511
Current Service Cost - Long Service Awards - Note 15.2	449 000	471 318
Current Service Cost - Medical - Note 15.1	834 655	896 255
<b>Total Employee Related Costs</b>	<b>126 366 030</b>	<b>119 867 352</b>

**KEY MANAGEMENT PERSONNEL**

The Municipal Manager and the directors directly accountable to the Municipal Manager are appointed on a fixed five year contract. The Director Corporate services are permanently employed.  
There are no post-employment or termination benefits payable to them at the end of the contract periods.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

*Remuneration of the Municipal Manager - K. Hearnhoff*

	2021 R	2020 R
Basic Salary	763 218	1 050 562
Cell Phone Allowance	22 500	30 300
Contributions, Medical and Pension Funds	180 738	202 172
Motor Vehicle Allowance	67 866	103 025
Performance Bonus	145 072	-
<b>Total</b>	<b>1 199 382</b>	<b>1 395 768</b>

*Period July 2020 to February 2021*

*Remuneration of the Acting Municipal Manager: M.J. Penze*

	2021 R	2020 R
Annual Remuneration	447 849	-
Cell Phone Allowance	6 500	-
<b>Total</b>	<b>454 449</b>	<b>-</b>

*For period March 2021 to June 2021*

*Remuneration of the Chief Financial Officer - Mr B.R. Vink*

	2021 R	2020 R
Basic Salary	649 338	-
Cell phone Allowance	10 500	-
<b>Total</b>	<b>659 838</b>	<b>-</b>

*Period July 2020 to December 2020*

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

*Remuneration of Director: Financial Services: C.J. Kymdell*

Acting Allowance  
Basic Salary  
Cell Phone Allowance  
Motor Vehicle Allowance  
Performance Bonus

Total

2021	2020
R	R
22 875	36 435
-	678 100
-	12 000
-	84 000
0	-
<u>22 875</u>	<u>830 535</u>

*Acted for the period March 2021*

*Remuneration of Director: Financial Services: N. Ntsengeni*

Basic Salary  
Cell Phone Allowance

Total

2021	2020
R	R
158 594	-
2 565	-
<u>161 159</u>	<u>-</u>

*Period May to June 2021*

*Remuneration of Director: Electrical Services: RE van Staden*

Acting Allowance  
Basic Salary  
Cell Phone Allowance  
Contributions Medical and Pension Funds  
Motor Vehicle Allowance

Total

2021	2020
R	R
-	31 057
-	206 883
-	4 500
-	45 824
-	18 000
<u>-</u>	<u>306 264</u>

*Remuneration of Director Community Services: M.C Phoshoko*  
Acting Allowance  
Basic Salary  
Cell Phone Allowance  
Total

2021 R	2020 R
156 925	-
3 000	-
<b>163 925</b>	<b>-</b>

*Remuneration of Director Financial Services: E.S. Jacobs*  
Payments in lieu of leave  
Cell Phone Allowance  
Total  
Period April 2021

2021 R	2020 R
99 805	-
4 050	-
1 984	-
<b>106 339</b>	<b>-</b>

*Remuneration of the Acting Director Community Services: H.T. Prince*  
Basic Salary  
Cell Phone Allowance  
Contributions, Medical and Pension Funds  
Motor Vehicle Allowance  
Total

2021 R	2020 R
-	299 403
-	6 000
-	59 839
-	32 000
<b>-</b>	<b>356 943</b>

*Acted for the period July 2019 to October 2019.*

*Remuneration of the Director Engineering Services: J.F. Muller*  
Acting Allowance  
Basic Salary  
Cell Phone Allowance  
Contributions, Medical and Pension Funds  
Motor Vehicle Allowance  
Payments in lieu of leave  
Total  
J.F. Muller resigned February 2020. The position was vacant for the period March 2020 to June 2020.

2021 R	2020 R
-	-
-	864 219
-	12 000
-	6 194
-	40 000
-	89 413
<b>-</b>	<b>819 827</b>

*Remuneration of the Director Corporate Services: A.C. Makhosini*  
Acting Allowance  
Basic Salary  
Cell Phone Allowance  
Contributions, Medical and Pension Funds  
Motor Vehicle Allowance  
Performance Bonus  
Total

2021 R	2020 R
79 583	39 949
861 805	865 130
18 000	18 000
181 164	187 019
60 000	80 000
119 111	-
<b>1 328 844</b>	<b>1 162 098</b>

*Remuneration of Director Infrastructure Services: D.C. Van Turke*  
Basic Salary  
Cellular and Telephone Allowance

2021 R	2020 R
807 932	-
13 085	-
<b>820 996</b>	<b>-</b>

*Acted for the period July 2020 to December 2020. Permanently appointed from May 2021.*

*Remuneration of Director Infrastructure Services: C.B. Wright*  
Acting Allowance  
Acted for the period 25 February 2021 to April 2021.

2021 R	2020 R
115 457	-

# 36. REMUNERATION OF COUNCILLORS

*Total Remuneration of Councillors*  
Annual Remuneration  
Telephone Allowance  
Travelling  
Tools of trade  
Pension  
Medical  
Total

2021 R	2020 R
4 669 882	4 810 682
523 800	530 400
468 883	517 217
46 200	46 800
263 827	350 334
35 562	30 733
<b>6 228 074</b>	<b>6 296 166</b>

*Remuneration of Councillor: Q. Louw*  
Annual Remuneration  
Telephone Allowance  
Tools of trade  
Total  
Q. Louw was Deputy Mayor for the period 1 June 2019 to 30 June 2019.

2021 R	2020 R
703 036	688 688
40 800	40 800
3 600	3 600
<b>747 436</b>	<b>733 088</b>

*Remuneration of Councillor: S.M. Mokoane*  
Annual Remuneration  
Telephone Allowance  
Travelling  
Tools of trade  
Pension  
Total  
S.M. Mokoane was a councillor till February 2021

2021 R	2020 R
277 166	458 358
27 200	40 800
103 747	165 550
2 400	3 600
44 814	64 780
<b>455 427</b>	<b>733 088</b>

*Remuneration of Councillor: A.M. Sibbert*  
Annual Remuneration  
Telephone Allowance  
Travelling  
Tools of trade  
Total

2021 R	2020 R
304 322	206 842
40 800	40 800
66 106	65 488
3 600	3 600
<b>316 830</b>	<b>316 830</b>

*Remuneration of Councillor: D.E. Welgemoed*  
Annual Remuneration  
Telephone Allowance  
Travelling  
Tools of trade  
Pension  
Medical  
Total

2021 R	2020 R
243 577	163 676
40 800	40 800
87 509	65 488
3 600	3 600
-	12 532
35 562	30 733
<b>411 058</b>	<b>316 830</b>

*Remuneration of Councillor: E. Wentzel*  
Annual Remuneration  
Telephone Allowance  
Tools of trade  
Pension  
Total

2021 R	2020 R
236 896	238 282
40 800	40 800
3 600	3 600
35 534	34 198
<b>316 830</b>	<b>316 830</b>



BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

<i>Remuneration of Councillor: E Lawrence</i>	236 896	238 262
Annual Remuneration	40 800	40 800
Telephone Allowance	3 600	3 600
Tools of trade	35 534	34 168
Pension		
<b>Total</b>	<b>316 830</b>	<b>316 830</b>
<i>Remuneration of Councillor: O Haarvor</i>	272 430	272 430
Annual Remuneration	40 800	40 800
Telephone Allowance	3 600	3 600
Tools of trade		
<b>Total</b>	<b>316 830</b>	<b>316 830</b>
<i>Remuneration of Councillor: XJO Lambert</i>	330 552	272 430
Annual Remuneration	40 800	40 800
Telephone Allowance	3 600	3 600
Tools of trade		
<b>Total</b>	<b>274 952</b>	<b>316 830</b>
<i>Remuneration of Councillor: MA Kilani</i>	421 074	428 712
Annual Remuneration	40 800	40 800
Telephone Allowance	161 412	155 253
Travelling	3 600	3 600
Tools of trade	83 161	80 731
Pension		
<b>Total</b>	<b>680 046</b>	<b>680 046</b>
<i>Remuneration of Councillor: H Constable</i>	648 511	797 877
Annual Remuneration	40 800	40 800
Telephone Allowance	3 600	3 600
Tools of trade	-	62 981
Pension		
<b>Total</b>	<b>690 911</b>	<b>805 258</b>
<i>Remuneration of Councillor: JJ van der Linde</i>	204 322	208 842
Annual Remuneration	40 800	40 800
Telephone Allowance	66 108	65 488
Travelling	3 600	3 600
Tools of trade		
<b>Total</b>	<b>316 830</b>	<b>316 830</b>
<i>Remuneration of Councillor: L. Deyee</i>	558 648	564 671
Annual Remuneration	40 800	40 800
Telephone Allowance	3 600	3 600
Tools of trade	84 683	80 975
Pension		
<b>Total</b>	<b>687 731</b>	<b>680 046</b>

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

**Remuneration of Councillor: L. Baeson**

Annual Remuneration	272 430	272 430
Telephone Allowance	40 800	40 800
Tools of trade	3 600	3 600
<b>Total</b>	<b>316 830</b>	<b>316 830</b>

**Remuneration of Councillor: C.L. De Bruijs**

Annual Remuneration	52 123	-
Telephone Allowance	8 800	-
Travelling	-	-
Tools of trade	600	-
<b>Total</b>	<b>59 523</b>	<b>-</b>

C.L. de Bruijs was a councillor from April 2021

**In-kind Benefits**

The Executive Mayor, Executive Deputy Mayor, Speaker, Chief Whip and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Council. The Executive Mayor may utilise official Council transportation when engaged in official duties.

**36. CONTRACTED SERVICES**

	2021 R	2020 R
Consultants and Professional Services	11 765 404	16 390 428
Consultants and Professional Services: Business and Advisory: Accounting and Auditing	9 515 033	3 307 360
Consultants and Professional Services: Business and Advisory: Audit Committee	44 200	51 000
Consultants and Professional Services: Business and Advisory: Business and Financial Management	309 000	6 835 076
Consultants and Professional Services: Business and Advisory: Human Resources	543 559	855 795
Consultants and Professional Services: Business and Advisory: Organisational	-	102 558
Consultants and Professional Services: Business and Advisory: Research and Advisory	147 046	89 100
Consultants and Professional Services: Business and Advisory: Valuer and Assessors	71 250	123 645
Consultants and Professional Services: Infrastructure and Planning: Engineering/Civil	26 000	-
Consultants and Professional Services: Infrastructure and Planning: Land and Quantity Surveyors	89 348	1 512
Consultants and Professional Services: Laboratory Services: Water	-	57 060
Consultants and Professional Services: Legal Cost: Collection	47 745	512 555
Consultants and Professional Services: Legal Cost: Issue of Summons	571 183	212 854
Consultants and Professional Services: Legal Cost: Legal Advice and Litigation	4 047 528	4 784 205
Contractors	36 460	83 752
Contractors: Catering Services	-	16 757
Contractors: Electrical	-	649 543
Contractors: Maintenance of Buildings and Facilities	170 875	2 844 382
Contractors: Maintenance of Equipment	1 361 323	38 355
Contractors: Maintenance of Unspecified Assets	645 372	1 700
Contractors: Plants, Flowers and Other Decorations	-	1 038 334
Contractors: Private Electricity Vendors	1 525 922	16 785
Contractors: Removal of Hazardous Waste	43 877	-
Contractors: Safeguard and Security	-	16 300
Contractors: Sewerage Services	-	2 255
Contractors: Transportation	-	16 222 649
Outsourced Services	8 972 978	130 082
Outsourced Services: Business and Advisory: Valuer	-	423 007
Outsourced Services: Organisational services	25 831	24 749
Outsourced Services: Business and Advisory: Communications	140 034	5 373
Outsourced Services: Catering Services	-	5 363
Outsourced Services: Cleaning Services	210 810	371 929
Outsourced Services: Internal Auditors	674 552	1 861 187
Outsourced Services: Meter Management	4 606 605	4 251 828
Outsourced Services: Security Services	2 858 846	3 149 439
Outsourced Services: Traffic Fines Management	-	-
<b>Total Contracted Services</b>	<b>24 746 312</b>	<b>35 317 182</b>

**37. DEPRECIATION AND AMORTISATION**

	2021 R	2020 R
Property, Plant and Equipment	20 841 728	22 342 789
Investment Property carried at cost	213 951	213 961
Intangible Assets	165 676	122 176
<b>Total Depreciation and Amortisation</b>	<b>21 321 355</b>	<b>22 678 926</b>
Balance previously reported	-	22 678 942
Correction of error - R6.1	-	314
<b>Restated balance</b>	<b>-</b>	<b>22 678 856</b>

**38. FINANCE COSTS**

	2021 R	2020 R
Long-term Borrowings	2 582 885	2 111 761
Non-current Provisions	1 190 979	1 804 954
Non-current Employee Benefits	2 879 800	2 839 082
Overdraft Facilities	1 509 226	809 272
<b>Total Finance Costs</b>	<b>6 162 890</b>	<b>7 714 773</b>

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>39. BULK PURCHASES</b>		
Electricity	46 746 132	63 644 543
Water	9 267 666	7 068 595
<b>Total Bulk Purchases</b>	<b>56 013 798</b>	<b>70 714 138</b>
The distribution loss for bulk purchases is 2021: R11 553 615 (14.77% electricity; 50.15% water) and 2020: R13 314 720 (14.7% electricity; 55% water). Refer to note 52.6 for further detail on the electricity and water loss.		
	2021 R	2020 R
<b>40. TRANSFERS AND SUBSIDIES</b>		
Monetary Allocations	102 803	9 808
Households	512 399	500 000
Non-profit Institutions (Tourism)	615 302	509 808
<b>Total Transfers and Subsidies</b>	<b>1 230 504</b>	<b>1 019 616</b>
	2021 R	2020 R
<b>41. OPERATIONAL COSTS</b>		
Advertising, Publicity and Marketing	252 661	406 898
Achievements and Awards	1 500	-
Audit Fees	78 775	3 821 438
Bank Charges, Facility and Card Fees	808 374	850 321
Bursaries (Employees)	5 684	27 621
Courier and Delivery Services	-	52 622
Communication	1 553 437	1 858 017
Conduct	23 063	28 426
Entertainment	6 451	14 752
External Computer Service	3 179 835	2 970 404
Fines and Penalties	-	1 450
Forfeited Deposits	27 043	-
Hire Charges	1 638 777	3 279 376
Indigent Relief	11 719	231 754
Insurance excess	1 102 116	1 458 077
Licences	184 162	202 696
Management Fee	137 504	415 150
Municipal Services	-	-
Printing, Publications and Books	140 467	293 089
Professional Bodies, Membership and Subscription	189 768	870 637
Registration Fees	2 187 615	980 204
Remuneration to Ward Committees	386 010	393 117
Rewards Incentives	8 110	6 200
Roadworthy Test	-	16
Storage of Files (Archiving)	-	62 265
Toll Gate Fees	128	-
Travel and Subsistence	459 665	982 518
Uniform and Protective Clothing	85 045	414 859
Vehicle Tracking	118 622	23 198
Electricity	-	261
Wet Fuel	2 244 035	71 450
Workmen's Compensation Fund	-	620 721
<b>Total Operational Costs</b>	<b>14 163 055</b>	<b>22 775 880</b>
	2021 R	2020 R
<b>42. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES</b>		
Receivables from Exchange Transactions - Note 10	-	(16 793 488)
Receivables from Non-exchange Revenue - Note 11	(24 455 231)	(31 921 716)
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables</b>	<b>(24 455 231)</b>	<b>(48 715 204)</b>
	2021 R	2020 R
<b>43. GAINS/ (LOSS) ON SALE OF FIXED ASSETS</b>		
Property, Plant and Equipment	(503 385)	-
<b>Total Gains/ (Loss) on Sale of Fixed Assets</b>	<b>(503 385)</b>	<b>-</b>
	2021 R	2020 R
<b>44. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON FIXED ASSETS</b>		
Investment Property	-	-
Capitalised Restoration Cost	-	-
Property, Plant and Equipment	-	-
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets</b>	<b>-</b>	<b>-</b>



BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

45. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has reassigned items in the financial statements with the item segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. New mSCOA Charts are issued annually, resulting into an annual reclassification of items in the financial statements. The reclassification of 2018 audited amounts can be summarised as follows:

	Balance previously reported	Adjustments	Restated Balance
<b>Statement of Financial Position</b>			
Capital Replacement Reserve	-	-	-
Housing Development Fund	3 788 518	(0)	3 788 518
Self Insurance Reserve	314 827	(0)	314 827
Accumulated Surplus/(Deficit)	459 389 445	(3)	459 389 443
Long-term Borrowings	8 784 818	0	8 784 818
Non-current Provisions	19 155 528	0	19 155 528
Non-current Employee Benefits	28 463 311	(0)	28 463 311
Non-current Trade and Other Payables from Exchange Transactions	-	-	-
Consumer Deposits	1 899 055	(0)	1 899 055
Provisions	7 009 947	(0)	7 009 947
Current Employee Benefits	14 448 051	0	14 448 051
Trade and Other Payables from Exchange Transactions	64 328 757	(0)	64 328 757
Unspent Transfers and Subsidies	13 118 500	0	13 118 500
Cash and Cash Equivalents	15 368 873	(0)	15 368 873
Current Portion of Long-term Borrowings	1 880 281	0	1 880 281
Property, Plant and Equipment	541 004 505	-	541 004 505
Investment Property	6 819 245	0	6 819 245
Intangible Assets	422 831	0	422 831
Capitalised Restoration Cost	-	-	-
Heritage Assets	5 225 000	-	5 225 000
Non-Current Receivables from Exchange Transactions	3 877 511	(0)	3 877 511
Non-Current Receivables from Non-Exchange Transactions	1 214 563	0	1 214 563
Inventory	3 190 295	(0)	3 190 295
Receivables from exchange transactions	21 110 223	(0)	21 110 223
Receivables from non-exchange transactions	39 885 665	0	39 885 665
Unpaid Transfers and Subsidies	-	-	-
Overriding Lease Asset	189 911	(0)	189 911
Taxes	9 071 155	0	9 071 155
Current Portion of Non-Current Receivables	1 116 227	(0)	1 116 227
Cash and Cash Equivalents	2 810 555	0	2 810 555
	2	(3)	(1)
<b>Statement of Financial Performance</b>			
Property Rates	39 564 197	0	39 564 197
Surpluses and Taxes	-	-	-
Government Grants and Subsidies - Capital	27 800 074	0	27 800 074
Government Grants and Subsidies - Operating	76 735 368	0	76 735 368
Contributed Property, Plant and Equipment	1 258 938	0	1 258 938
Actual Gain	4 404 771	-	4 404 771
Fines, Penalties and Forfeits	41 876 648	(0)	41 876 648
Interest Earned - Non-exchange Transactions	1 322 574	(0)	1 322 574
Licences and Permits	20 618	0	20 618
Service Charges	125 252 916	(0)	125 252 916
Sales of Goods and Rendering of Services	608 304	(0)	608 304
Rental from Fixed Assets	1 377 712	(0)	1 377 712
Interest Earned - External Investments	283 538	0	283 538
Interest Earned - Exchange Transactions	3 492 780	0	3 492 780
Licences and Permits	209 310	-	209 310
Agency Services	854 425	(0)	854 425
Operational Revenue	1 280 717	0	1 280 717
Employee related costs	119 957 352	-	119 957 352
Remuneration of Councilors	6 286 166	-	6 286 166
Bad Debts Written Off	8 434 425	-	8 434 425
Contractive Services	30 317 182	-	30 317 182
Depreciation and Amortisation	22 678 842	-	22 678 842
Actual Losses	642 445	-	642 445
Finance Costs	7 714 778	-	7 714 778
Bulk Purchases	70 714 138	-	70 714 138
Inventory Consumed	4 333 101	-	4 333 101
Operating Losses	96 883	-	96 883
Transfers and Subsidies	509 808	-	509 808
Operational Costs	20 775 860	-	20 775 860
Impairment/(Reversal of Write-down to Net Realisable Value)	-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	48 715 204	-	48 715 204
Gain/(Loss) on Sale of Fixed Assets	-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	-	-
Net Surplus/(Deficit) for the year	(15 033 112)	-	(15 033 111)

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>46. CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from misstatements occurred in the prior years.		
		2020 R
<b>46.1 Property, Plant and Equipment</b>		541 004 506
Balance previously reported		31 074
Correction of accumulated depreciation: buildings - 30 June 2020		<u>541 035 580</u>
Restated Balance		
		2020 R
		459 389 445
<b>46.2 Accumulated Surplus/(Deficit) - 1 July 2019</b>		1 546 754
Correction of basic charges (Electricity and Water) - 30 June 2020		31 074
Correction of accumulated depreciation: buildings - 30 June 2020		<u>460 867 284</u>
Total		2020 R
		21 110 223
<b>46.3 Receivables from Exchange Transactions</b>		1 515 680
Balance previously reported		<u>22 626 813</u>
Correction of basic charges (Electricity and Water) - 30 June 2020		
<b>46.4 Changes to Statement of Financial Performance</b>		
Movement on operating account as a result of GRAP standards not implemented in prior years:		
Note	Balance previously reported	Adjustments
Revenue	39 564 197	-
Property Rates	27 800 074	-
Government Grants and Subsidies - Capital	76 735 368	-
Government Grants and Subsidies - Operating	1 258 938	-
Contributed Property, Plant and Equipment	4 404 771	-
Accruals Gains	41 876 648	-
Fines, Penalties and Forfeits	1 322 574	-
Interest Earned - Non-exchange Transactions	20 816	-
Licences and Permits from Non-Exchange Transactions	125 252 816	1 515 680
Service Charges	608 304	-
Sales of Goods and Rendering of Services	1 377 712	-
Rental from Fixed Assets	263 539	-
Interest Earned - External Investments	3 492 780	-
Interest Earned - Exchange Transactions	208 310	-
Licences and Permits from Exchange Transactions	654 425	-
Agency Services	1 280 717	-
Operational Revenue	<u>326 162 883</u>	<u>1 515 680</u>
Total		<u>327 678 564</u>
Expenditure	119 967 352	-
Employee related costs	8 286 166	-
Remuneration of Councilors	8 434 425	-
Bad Debt Written Off	-	-
Contracted Services	30 317 182	-
Depreciation and Amortisation	22 678 642	314
Accruals Losses	642 445	-
Finance Costs	7 714 779	-
Bulk Purchases	70 714 158	-
Inventory Consumed	4 333 101	-
Operating Leases	85 883	-
Transfers and Subsidies	509 808	-
Operational Costs	<u>20 775 860</u>	<u>314</u>
Total	<u>282 470 804</u>	<u>282 471 114</u>
Gains and Losses	-	-
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	(48 715 204)	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	-	-
Gain/(Loss) on Sale of Fixed Assets	-	-
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	(48 715 204)	-
Total	<u>(16 035 111)</u>	<u>1 515 376</u>
Net Surplus/(Deficit) for the year		<u>(13 517 738)</u>

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>47. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	38 614 169	(13 517 735)
Adjustments for:		
Depreciation	21 155 710	22 558 780
Amortisation	165 676	122 176
Loss/(Gain) on Sale of Fixed Assets	(503 388)	-
Impairment Loss/(Reversal of Impairment Loss) - Receivables	24 455 231	48 715 204
Contributed Property, Plant and Equipment	-	(1 238 839)
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	-	642 445
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(4 069 240)	(4 404 771)
Movement in employee benefits	641 113	1 070 128
Bad Debts written off	371 824	6 434 425
Interest on provisions	4 069 679	4 693 748
Operating lessor income accrued	54 827	(83 674)
Operating Surplus/(Deficit) before changes in working capital	84 936 008	66 969 785
Changes in working capital	(56 627 821)	(44 333 812)
Increase/(Decrease) in Trade and Other Payables (note 2)	6 837 075	27 731 661
Increase/(Decrease) in Taxes	3 733 044	2 059 334
Increase/(Decrease) in Inventory	(75 776)	(192 444)
Increase/(Decrease) in Consumer Deposits	232 712	58 513
Increase/(Decrease) in Current portion of Long-term Receivables	(524 537)	(310 354)
Increase/(Decrease) in Trade Receivables from Exchange Transactions (note 1)	(21 282 786)	(89 047 474)
Increase/(Decrease) in Other Receivables from Non-Exchange Transactions (note 1)	(46 126 863)	(6 536 511)
Increase/(Decrease) Unpaid Transfers and Subsidies	163 774	6 641 686
Increase/(Decrease) in Unspent Transfers and Subsidies	(7 328 687)	-
Cash generated/(absorbed) by operations	28 298 164	22 875 972
2020: Note 1: Due to slow payment of debtors with payment arrangements, the movement in long-term debtors were regarded as non-cash. The movement was adjusted against Receivables from exchange and non-exchange.		
2020: Note 2: Certain Property, Plant and Equipment was purchased on credit with specific suppliers. This was regarded as a non-cash item adjusted against Trade and other payables.		
<b>48. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 12	(163 557)	80 427
Call Deposits and Investments - Note 12	6 166 730	2 743 458
Cash Flats - Note 12	15 642	6 670
Bank Overdraft - Note 12	(12 023 927)	(16 366 873)
Total cash and cash equivalents	(6 634 923)	(12 686 318)





BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

51.2 Futility and wasteful expenditure

Reconciliation of futility and wasteful expenditure:

Opening balance  
Futility and wasteful expenditure current year  
Written off by Council  
Transfer to receivables for recovery - not conducted  
Futility and wasteful expenditure awaiting condonation

2021	2020
R	R
1 242 329	1 782 655
2 080 088	1 242 329
-	(1 782 655)
<u>3 322 416</u>	<u>1 242 329</u>

Futility and wasteful expenditure can be summarised as follows:

Incident	Disciplinary steps/initial proceedings
2020 - Double payment in supplier - Kamp street	None
2020 - Interest on overdue accounts - Eskom accounts	None
2020 - Interest and Penalties on overdue accounts - SARS	None
2020 - Interest on overdue account - Telkom accounts	None
2020 - Interest on overdue account - Auditor General	None
2020 - Interest on overdue account - Barkersworld	None
2020 - Interest late payment pension - LA Retirement fund	None
2021 - Interest on overdue accounts - Eskom accounts	None
2021 - Interest and Penalties on overdue accounts - SARS	None
2021 - Interest on overdue account - Telkom accounts	None
2021 - Interest on overdue account - Auditor General	None
2021 - Interest on overdue account - Garden route district	None

2021	2020
R	R
267 788	267 798
532 857	532 857
130 784	130 784
3 132	3 132
267 383	267 383
256	256
108	108
1 110 003	
638 245	
1 849	
328 089	
801	
<u>3 322 416</u>	<u>1 242 329</u>

51.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance  
Irregular expenditure current year  
Written off by Council  
Irregular expenditure awaiting further action

2021	2020
R	R
149 322 599	213 432 675
13 714 305	41 048 043
-	(105 158 119)
<u>163 036 904</u>	<u>149 322 599</u>

Irregular expenditure can be summarised as follows:

Incident	Disciplinary steps/initial proceedings
2018 - SCM procedures not followed 2017/2018 - competitive bidding	Expenditure will be investigated in the next financial year
2019 - SCM procedures not followed 2018/2019	Expenditure will be investigated in the next financial year
2019 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year
2019 - SCM procedures not followed with regards to competitive bid process and section 32	Expenditure will be investigated in the next financial year
2018 - SCM procedures not followed with appointment process	Expenditure will be investigated in the next financial year
2020 - SCM procedures not followed with appointment process	Expenditure will be investigated in the next financial year
2020 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year
2020 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year
2021 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year
2021 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year

2021	2020
R	R
48 387 859	49 357 969
439 130	439 130
1 638 310	1 638 310
55 780 264	55 780 264
1 017 853	1 017 853
496 714	496 714
38 626 053	38 626 053
1 925 276	1 925 276
603 726	
13 110 579	
<u>163 036 904</u>	<u>149 322 599</u>

Balance previously reported  
Expenditure revised  
Restated Balance

144 068 215
6 254 303
<u>149 322 599</u>

It was identified by management that contract for fleet management expired in 2018/2019. The vehicles was leased on month to month basis, without new contract or extension signed.

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies for expenditure.

BEALFORTH WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>52. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>52.1 Contributions to organised local government - [MFMA 125 (1)(c)] - (SALGA CONTRIBUTIONS)</b>		
Opening balance	(30)	(30)
Council subscriptions	1 275 830	1 207 845
Amount paid - current year	(1 275 830)	(1 207 845)
Balance unpaid (included in creditors)	(30)	(30)
	2021 R	2020 R
<b>52.2 Audit fees - [MFMA 125 (1)(c)]</b>		
Opening balance	4 797 048	651 537
Current year audit fee	5 634 784	4 797 048
Amount paid - current year	-	-
Amount paid - previous year	(2 840 203)	(651 537)
Balance unpaid (included in creditors)	7 591 630	4 797 048
	2021 R	2020 R
<b>52.3 VAT - [MFMA 125 (1)(c)]</b>		
VAT	5 335 111	9 071 155
Closing balance	6 335 111	8 071 155
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.		
	2021 R	2020 R
<b>52.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]</b>		
Opening balance	3 873 762	1 109 172
Current year payroll deductions	16 751 715	15 824 856
Amount paid - current year	(15 382 379)	(11 251 056)
Amount paid - previous year	(3 873 762)	(1 109 172)
Balance unpaid (included in creditors)	1 379 336	5 673 762
	2021 R	2020 R
<b>52.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	24 157 344	22 166 836
Amount paid - current year	(24 157 344)	(22 166 836)
Balance unpaid (included in creditors)	-	-
	2021 R	2020 R
<b>52.6 Councilor's arrear consumer accounts - [MFMA 124 (1)(b)]</b>		
The following Councilors had arrear accounts for more than 90 days as at 30 June 2021:	Outstanding more than 90 days	Outstanding more than 90 days
Councillor Q Louw (019740030612)	7 663	2 622
Councillor CL de Bruin (006592044923)	1 854	-
	-	-
Total Councilor Arrear Consumer Accounts	9 517	2 622



**BEAUFORT WEST MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

82.7

Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27836 dated 30 May 2005

Regulation 38(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 35(1)(e) and (g)

**30 JUNE 2021**

	Amount	Single Supplier	Type of Deviation		
			Impossible	Impractical	Emergency
Jul-20	55 205	37 301	-	2 854	15 050
Aug-20	130 856	-	-	92 116	38 750
Sep-20	91 706	-	-	91 706	-
Oct-20	485 581	14 773	-	450 808	-
Nov-20	36 249	-	-	31 955	4 294
Dec-20	552 258	-	-	552 258	-
Jan-21	-	-	-	-	-
Feb-21	65 152	-	-	43 502	21 650
Mar-21	-	-	-	-	-
Apr-21	21 406	-	-	21 406	-
May-21	97 634	-	-	84 050	43 884
Jun-21	20 557	16 484	-	5 173	-
	<b>1 537 103</b>	<b>67 558</b>	<b>-</b>	<b>1 345 817</b>	<b>123 628</b>

**30 JUNE 2020**

	Amount	Single Supplier	Type of Deviation		
			Impossible	Impractical	Emergency
Jul-19	84 374	65 935	-	28 440	-
Aug-19	113 784	50 491	-	63 293	-
Sep-19	139 134	27 173	-	199 017	21 944
Oct-19	104 140	33 376	-	70 764	-
Nov-19	105 101	36 284	-	50 474	18 343
Dec-19	120 272	10 459	-	13 613	96 000
Jan-20	21 406	15 404	-	-	6 003
Feb-20	67 684	17 305	-	50 379	-
Mar-20	1 586 424	66 517	-	573 028	856 776
Apr-20	174 804	-	-	69 075	105 828
May-20	108 528	-	-	26 028	82 500
Jun-20	173 792	36 186	-	80 641	54 763
	<b>2 879 546</b>	<b>361 222</b>	<b>-</b>	<b>1 176 154</b>	<b>1 342 160</b>

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

In terms of section 38 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council.

Range of Deviations approved by Municipal Manager

Deviations between 0 - 10 000  
Deviations between 10 001 - 30 000  
Deviations between 30 001 - 200 000  
Deviations greater than 200 001

Total Deviations	2020/21 Amounts
18	81 615
14	257 641
9	628 652
2	528 584
<b>43</b>	<b>1 537 103</b>

**52.8 Material losses**

**Electricity distribution losses**

Units purchased (kWh)  
Units lost during distribution (kWh)  
Percentage lost during distribution

2021	2020
R	R
55 262 741	53 991 177
8 164 594	7 835 970
14.77%	14.70%

The reason for the electricity losses is due to electricity theft on pre-paid meters. Fines were issued for offenders.

**Water distribution losses**

Units purchased (m³)  
Units lost during distribution (m³)  
Percentage lost during distribution

2021	2020
R	R
2 921 027	2 830 835
1 456 276	1 598 802
50.19%	56.00%

The reason for water losses is due to pipe bursts and field leakages. Maintenance on meters is difficult due to limitation in funds.

The municipality provides water services to indigent consumers. Consumptions used by indigent consumers are more than the free 5kl water they received. No action was taken to recover the additional consumptions from indigent consumers and based on history, outstanding amounts are not paid by indigent consumers.

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>62.6 Other non-compliance</b>		
MFMA Section 65(2)(b) Adequate management, accounting and information system was not in place which accounted for creditors.		
MFMA Section 65(2)(e) The municipality had experienced cash flow problems during the year as a result of which creditors were not always paid within 30 days of date of statement or invoice as required.		
MFMA Section 74 Not all monthly reports was not timely submitted to Provincial Treasury.		
MFMA Section 18 Expenditure was not only incurred in terms of an approved budget and within the limits of the amounts approved for the different votes in an approved budget.		
MFMA Section 32(4) Report pertaining to unauthorised, irregular, fruitless and wasteful expenditure have not been submitted to all relevant parties.		
<b>63. FINANCIAL RISK MANAGEMENT</b>	2021 R	2020 R
The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.		
(a) Foreign Exchange Currency Risk The municipality does not engage in foreign currency transactions.		
(b) Price Risk The municipality is not exposed to price risk.		
(c) Interest Rate Risk As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.  The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.  The municipality did not hedge against any interest rate risks during the current year.		
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follows:	2021 R	2020 R
0.5% (2021: 0.5%) Increase in interest rates	56 062	47 529
0.5% (2021: 0.5%) Decrease in interest rates	(56 062)	(47 529)

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

(4) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due to the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "issuing of penalty charges", "demand for payment", "redirection of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigent, Municipal Workers. Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All rates and services are payable within 30 days from invoice date. Refer to note 10 and 11 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 8 and 7 for balances included in receivables that were re-negotiated for the period under review.

	2021 %	2021 R	2020 %	2020 R
<b>Non-exchange Receivables</b>				
Rates	10.64%	22 121 218	7.73%	18 073 813
Fines	86.83%	237 190 017	89.09%	208 400 717
Other	2.74%	7 497 457	3.18%	7 450 513
	<b>100.00%</b>	<b>273 798 692</b>	<b>100.00%</b>	<b>233 834 143</b>
<b>Non-Current Receivables</b>				
Repayment arrangement	<b>100.00%</b>	<b>8 399 465</b>	<b>100.00%</b>	<b>6 210 301</b>
<b>Exchange Receivables</b>				
Electricity	13.61%	15 252 222	12.31%	11 603 712
Water	19.48%	21 803 234	12.23%	11 533 498
Property Rentals	0.29%	321 682	0.04%	34 722
Waste Management (refuse)	15.02%	18 021 025	12.71%	11 960 969
Waste Water Management (Sewerage)	24.80%	27 783 414	21.42%	20 193 031
Other	26.83%	30 058 384	41.28%	38 822 039
	<b>100.00%</b>	<b>112 052 921</b>	<b>100.00%</b>	<b>94 267 962</b>

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 10 and 11 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follows:

	2021 %	2021 R	2020 %	2020 R
<b>Non-exchange Receivables</b>				
Rates	7.38%	18 129 874	8.31%	16 126 674
Fines	82.62%	202 376 835	91.69%	177 821 604
	<b>100.00%</b>	<b>218 506 709</b>	<b>100.00%</b>	<b>194 048 478</b>
<b>Exchange Receivables</b>				
Electricity	3.55%	3 354 153	1.18%	827 653
Water	16.26%	15 362 017	9.06%	6 488 556
Waste Management (refuse)	15.98%	15 063 368	15.82%	11 338 242
Waste Water Management (Sewerage)	26.13%	24 696 805	25.77%	18 462 217
Housing Selling Scheme	0.03%	30 412	0.04%	31 474
Other	38.04%	35 935 348	48.15%	34 494 808
	<b>100.00%</b>	<b>54 463 123</b>	<b>100.00%</b>	<b>71 642 048</b>



BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

The provision for bad debts could be allocated between the different categories of receivables (excl. fines) as follows:

	2021 %	2021 R	2020 %	2020 R
Other	240.08%	(191 230 552)	3.31%	2 807 654
Industrial	-8.74%	6 952 607	11.25%	9 872 578
Residential	-131.34%	104 616 400	85.44%	74 688 669
	100.00%	(79 681 545)	100.00%	87 268 922

Bad debts written off per debtor class:

Non-Exchange Receivables		100%	1 820 044
Rates and Other Receivables			
Exchange Receivables	371 824	100%	6 614 381
Services			

Ageing of amounts past due but not impaired are as follows:

	Exchange Receivables	Non-exchange Receivables
2021		
1 month past due	238 127	196 584
2+ months past due	7 650 233	2 693 609
	8 188 360	2 190 183
2020		
1 month past due	2 661 818	251 810
2+ months past due	634 812	491 632
	3 296 630	743 442

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilized by the municipality for current and non-current investments are all listed on the JSE (First National Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

	2021 R	2020 R
Non-Current Receivables from Exchange Transactions	7 467 942	4 688 264
Non-Current Receivables from Non-Exchange Transactions	1 831 453	1 512 037
Receivables from Exchange Transactions	30 058 364	38 922 038
Receivables from Non-Exchange Transactions	273 788 692	233 934 143
Cash and Cash Equivalents	5 973 163	2 803 865
	215 228 643	281 876 368

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2021				
Long-term Liabilities	2 142 654	4 425 697	3 148 781	-
Trade and Other Payables	71 165 832	-	-	-
	76 708 486	4 425 697	3 148 781	-
2020				
Long-term Liabilities	1 880 261	3 655 632	3 128 988	-
Trade and Other Payables	64 328 757	-	-	-
	66 209 018	3 655 632	3 128 988	-

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

54. FINANCIAL INSTRUMENTS		2021 R	2020 R
In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:			
54.1 Financial Assets	Classification	2021 R	2020 R
Non-Current Receivables			
Receivables with repay arrangements	Financial Instruments at amortised cost	7 467 842	4 686 264
Housing Loans	Financial Instruments at amortised cost	235 553	282 397
		2021 R	2020 R
Receivables from Exchange Transactions			
Trade receivables from exchange transactions	Financial Instruments at amortised cost	23 465 763	18 198 781
Other receivables from exchange transactions	Financial Instruments at amortised cost	(5 877 954)	4 427 133
Other receivables from non-exchange transactions	Financial Instruments at amortised cost	7 467 457	7 450 613
		2021 R	2020 R
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	(167 725)	67 097
Call Deposits	Financial Instruments at amortised cost	6 156 730	2 743 458
		2021 R	2020 R
SUMMARY OF FINANCIAL ASSETS			
Financial Instruments at amortised cost:			
Long-term Receivables	Receivables with repay arrangements	7 467 842	4 686 264
Long-term Receivables	Housing Loans	235 553	282 397
Trade receivables from exchange transactions	Trade receivables from exchange transactions	23 465 763	18 198 781
Other receivables from exchange transactions	Other receivables from exchange transactions	(5 877 954)	4 427 133
Other receivables from non-exchange transactions	Other receivables from non-exchange transactions	7 467 457	7 450 613.39
Cash and Cash Equivalents	Bank Balances	(167 725)	67 097
Cash and Cash Equivalents	Call Deposits	6 156 730	2 743 458
Total Financial Assets		38 777 755	37 857 743
		2021 R	2020 R
54.2 Financial Liabilities	Classification		
Long-term Liabilities			
Annuity Loans	Financial Instruments at amortised cost	5 807 243	6 667 162
Capitalised Lease Liability	Financial Instruments at amortised cost	977 377	1 977 718
		2021 R	2020 R
Trade and Other Payables			
Payments received in advance	Financial Instruments at amortised cost	518 412	518 412
Receivables with credit balances	Financial Instruments at amortised cost	1 265 791	2 975 562
Retentions	Financial Instruments at amortised cost	2 053 822	1 415 769
Sundry creditors	Financial Instruments at amortised cost	9 473 542	2 472 863
Sundry deposits	Financial Instruments at amortised cost	-	1 833 464
Trade Payables	Financial Instruments at amortised cost	59 853 266	55 111 567
Pensionfund SALA	Financial Instruments at amortised cost	-	104 084
		2021 R	2020 R
Current Portion of Long-term Liabilities			
Annuity Loans	Financial Instruments at amortised cost	-	579 920
Capitalised Lease Liability	Financial Instruments at amortised cost	-	1 000 341
		2021 R	2020 R
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	12 023 927	15 366 873
		2021 R	2020 R
SUMMARY OF FINANCIAL LIABILITIES			
Financial Instruments at amortised cost:			
Long-term Liabilities	Annuity Loans	5 807 243	7 567 082
Long-term Liabilities	Capitalised Lease Liability	977 377	2 978 059
Trade and Other Payables	Payments received in advance	518 412	518 412
Trade and Other Payables	Receivables with credit balances	1 265 791	2 975 562
Trade and Other Payables	Retentions	2 053 822	1 415 769
Trade and Other Payables	Sundry creditors	9 473 542	2 472 863
Trade and Other Payables	Sundry deposits	-	1 833 464
Trade and Other Payables	Trade Payables	59 853 266	55 111 567
Trade and Other Payables	Pensionfund SALA	-	104 084
Cash and Cash Equivalents	Bank Overdraft	12 023 927	15 366 873
		91 874 380	80 244 856

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

65. STATUTORY RECEIVABLES

In accordance with the principles of GRAP 106, Statutory Receivables of the municipality are classified as follows:

Taxes	5 335 111	8 071 155
VAT Receivable	266 301 235	226 483 530
Receivables from Non-Exchange Transactions	29 121 218	18 073 813
Rates	237 180 017	208 409 717
Fines	271 639 346	236 864 686
Total Statutory Receivables (before provision)	(218 503 709)	(184 048 478)
Less: Provision for Debt Impairment	53 125 637	41 596 237
Total Statutory Receivables (after provision)		
Statutory Receivables arises from the following legislation:		
Taxes	• Value Added Tax Act (No 89 of 1991)	
Rates	• Municipal Properties Rates Act (No 6 of 2004)	
Fines	• Criminal Procedures Act	
Statutory receivables are initially measured at transaction value, and subsequently at cost.		

(Rates): Ageing

	2021 R	2020 R
Current (0 - 30 days)	3 213 731	2 359 181
31 - 60 Days	1 176 874	1 176 221
61 - 90 Days	893 162	596 121
> 90 Days	23 653 332	13 942 309
Total	29 547 191	18 073 813

Reconciliation of Provision for Debt Impairment

	2021 R	2020 R
Balance at beginning of year	194 048 479	160 468 855
Contribution to provision	24 455 231	33 579 624
Balance at end of year	218 503 710	194 048 479

The impairment is due to slow payment of debtors. The national lockdown resulted in increase of debtors that did not settle their account.

Property Rates: Management determines the payment rate per debtor. Therefore each individual debtor is impaired based on the collection of debt. Government debtors is excluded from the impairment per the debt control policy of the municipality. The indication of impairment is the non-ability of the debtor to settle their account.

Fines: Fines are impaired per debtors of a similar grouping (Provincial Fines, Camera Fines and Municipal Fines). The collection rate per the similar groupings is determined. Fine debtors are impaired based on the collection rate. The indication of impairment is the non-ability of the debtor to settle their account.

Ageing of amounts past due and impaired:

	2021 R	2020 R
1 month past due	23 249	616 984
2+ months past due	3 131 521	12 214 499
	3 155 170	12 831 483

Management base the consideration past due and impaired on the debtor's payments. Per the debt control policy of the municipality past due and impaired include the category of residential, industrial & commercial and other debtors. Government debtors are not impaired.

Ageing of amounts past due but not impaired:

	2021 R	2020 R
1 month past due	186 584	49 844
2+ months past due	2 993 608	2 831 137
	3 180 193	2 880 981

Management base the consideration on the debtor's payments. Per the debt control policy government debtors are not impaired as it is viewed that they are obliged to pay and therefore included in the category past due and not impaired

	2021 R	2020 R
Interest Received from Statutory Receivables	1 013 015	1 322 574
Taxes		
Interest is levied at a rate determined by the council on outstanding rates amounts.	2021 R	2020 R

66. IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

67. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.



BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
		R	R
<p>The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is a general 2% increase in remuneration as from October 2009.</p> <p>The following guarantees qualify as contingent liabilities:</p>			
NAME /	REG NO	GUARANTEE ISSUED TO	
Nedbank		Performance guarantee no: 285/02883307: Post office	50 000
Nedbank		Electricity guarantee: 265/02883216: Eskom	34 700
Nedbank		Electricity guarantee: 265/02883005: Eskom - Netpoort	41 000
			<u>126 700</u>
Claims against the municipality			
<p>The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:</p>			
<u>Beaufort West Municipality/UE Franse</u>			
The municipality has a claim against them whereby a child was injured in a playing park due to the negligence of the municipality. An indication of the possible claim and legal fees was received from Crawford attorneys.		-	60 000
<u>Beaufort West Municipality/Minister of Water and Sanitation</u>			
A summons was issued against the municipality by the Minister of Water Affairs for outstanding payments for water for periods 1 April 2002 until 31 August 2016. A notice of intention to Defend have been entered into, awaiting further pleadings from Plaintiff attorneys.		3 311 206	3 311 206
<u>Beaufort West Municipality/DA Daman &amp; SS Daman</u>			
A summons was issued against the municipality. The summons have been defended by the municipality's attorney. At this stage it is unclear if the matter will be pursued any further. Awaiting a court date to settle the matter.		400 000	200 000
<u>Beaufort West Municipality/AG van der Linde</u>			
Application to the high court for the demolition of an immovable property, Matter to be heard in the High Court.		-	60 000
<u>Beaufort West/RE a letersa vinding E projects/Asie construction</u>			
Application for the review of outcome of a tender awarded to another supplier. The matter have been argued in the High Court and awaiting judgement outcome		-	250 000
<u>Beaufort West / JJ Dreyer/Bekers Transport</u>			
A claim for damages by Bekers Transport as a result of a motor vehicle accident.		33 000	15 000
<u>Beaufort West/Africa Creek</u>			
A claim against the municipality for an amount of R15 340 344. The municipality denies liability to this claim and currently in process of being defended in the Cape Town High Court.		250 000	250 000
<u>Beaufort West/Jan Graft Security Services/GRAP management</u>			
Application for the review of outcome of a tender awarded to another supplier. A response to the appeal to the Security company representative with a response, awaiting reply. Matter possibly to be taken to High Court.		-	250 000
		<u>3 994 206</u>	<u>4 396 206</u>
CONTINGENT ASSETS		2021	2020
BANK / FIRM	PURPOSE	R	R
First National Bank	Electricity supply: 163/036	147	2 020
FNB/Shapela	Electricity Supply: 379-123/81	86	12 265
FNB/Ackermans	Electricity Supply: 379-131/81	91	2 080
ABSA Bank	Water & Electricity services ref no.7401 (Beaufort West)		
Rand Merchant Bank o.b.o R. Koster via R.A Koster	Guarantee Nr: G900059581: 4GLD: Supply of water and electricity to 13 Bird Street (Beaufort Manor)	270	222 000
Rand Merchant Bank o.b.o R. Koster via R.A Koster	Guarantee Nr: G900059582: 4GLD: Supply of water and electricity to 7 Bird Street (Beaufort Manor)	301	31 300
Rand Merchant Bank o.b.o TG Electrics (Pty) Ltd	Performance Guarantee: Guarantee Number: OCT05722AD034426: Mechanical ed	302	21 000
Rand Merchant Bank o.b.o De Jagers Landbouwers kontrakteurs (Edms)Bpk	Performance Guarantee: Guarantee Number: OCT05722AD034384: Menerville Reservoir	326	380 654
Rand Merchant Bank o.b.o TG Electrics (Pty) Ltd	Performance Guarantee: Guarantee Number: OCT05722AD036579	327	446 916
WFJ Services (Pty) Ltd, o.b.o Active Phameli Chols	Performance Guarantee: Guarantee Number: WFI01025FAMRetention Guarantee: Guarantee No. OCT09722AD003151: Tender no. 61/02/16: Upgrading of the Murraysburg Wastewater Treatment	329	82 789
Guardlink Insurance	Rivigan Infrastructure Solutions: G1173-01/C01	330	645 067
			10 936
PCBS Construction & Costoms Bond Services (Pty) Ltd - Bytte o.b.o. Rivigan Infrastructure Solutions (Pty) Ltd	Retention Money Suretyship: Surety Number RET20191011001	320	135 804
PCBS Construction & Costoms Bond Services (Pty) Ltd - Bytte o.b.o. Rivigan Infrastructure Solutions (Pty) Ltd	Retention Money Suretyship: Surety Number RET20191011002	321	109 360
Fusion Guarantees o.b.o. Rivigan Infrastructure Solutions (Pty) Ltd	Performance Guarantee: Guarantee Number: FUS020535JH8	322	350 000
Beaufort West/DA councilors	A claim against the municipality against councilors of the DA and certain DA employees, for salaries paid in error. The matter is currently being litigated in High Court.		150 000
		<u>1 859 207</u>	<u>1 035 826</u>

**BEAUFORT WEST MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**59. RELATED PARTIES**  
Key Management and Councilors receive and pay for services on the same terms and conditions as other ratepayers / residents.

**59.1 Related Party Transactions**

	2021 R	2020 R
<b>Year ended 30 June 2021</b>		
<b>Councilors</b>		
Councillor AM Sibbert (4113)	6 528	25 815
Councillor N Constable (4403)	3 098	11 442
Councillor Q Haarvoort (20943)	597	5 786
Councillor JJ van der Linde (6173)	766	2 297
Councillor Q Louw (7180)	5 523	24 773
Councillor L Dayee (20240)	1 553	1 769
Councillor L Bazeen (12443)	98	227
Councillor MA Kilant (7443)	691	6 335
Councillor DE Welgemoed (5239)	145	1 764
Councillor CL de Bruijn (2126)	9 876	40 415
	<b>28 874</b>	<b>121 499</b>
<b>Municipal Manager and Section 57 Employees</b>		
Municipal Manager: J Prince (No account)	11 676	2 727
Director: A Mahendiana (012155029959)	-	-
Director: D. Ventura (No Account)	-	-
Director: N. Ntsepe (No Account)	-	-
	<b>11 676</b>	<b>2 727</b>
<b>Year ended 30 June 2020</b>		
<b>Councilors</b>		
Councillor AM Sibbert (010137611832)	5 205	29 318
Councillor N Constable (010673032084)	2 505	10 021
Councillor Q Haarvoort (014506014507)	564	8 876
Councillor JJ van der Linde (014807614808)	1 637	39 600
Councillor Q Louw (018746020510)	8 754	13 636
Councillor L Dayee (010271000789)	5 114	1 837
Councillor L Bazeen (024206024209)	1 474	2 532
Councillor MA Kilant (004402020441)	743	6 341
Councillor DE Welgemoed (012133612159)	655	1 396
Councillor SM Mokoena (022661022662)	182	36 849
	<b>38 942</b>	<b>166 854</b>
<b>Municipal Manager and Section 57 Employees</b>		
Municipal Manager: K Haarhoff (No account)	11 120	2 532
Director: A Mahendiana (012155029959)	12 840	34 768
Director: GJ Nyandab (007759007760)	-	-
	<b>24 060</b>	<b>37 239</b>

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Councilors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

55.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 13 to the Annual Financial Statements.

55.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 34 and 35 to the Annual Financial Statements.

55.4 Other related party transactions

The following purchases were made during the 2020/21 financial year where Councillors or staff have an interest:

Company Name	Amount	Interest
Central Karoo events	491 855	Mr PJ Julius is employed as traffic Officer at Beaufort West Municipality
RWS Cleaning	427 289	Spouse, R Surenens are employed at Beaufort West Municipality
Karoo Motors Werkswinkel	300 708	Spouse, Mrs Anna-Marie van der Merwe is employed with the Department of Health Services
B&B Sweiswerke	19 238	Son, Mr. A.C Du Plessis is currently employed by Department of Education as a teacher.
Food and Beverage	5 000	Niece Jo-Anne Abrahams employed at Municipality.
Jabaja Consulting	20 606	Brother, Mr Du Plessis is employed by the Department of Education
Beaufort Luxury Coaches	7 580	Son, Mr W Johnson and daughter, Mrs B Johnson was employed at Beaufort West Municipality and Department of Public Transport

The following purchases were made during the 2019/20 financial year where Councillors or staff have an interest:

Company Name	Amount	Interest
B&B Sweiswerke	134 750	Son, Mr. A.C Du Plessis is currently employed by Department of Education as a teacher.
Central Karoo Events	345 350	Son, Mr PJ Julius and Mr J. Julius is employed as vehicle inspections & traffic officer and machine operator at electrical and traffic services at the Beaufort West Municipality
Karoo Motors Workshop	310 003	Spouse, Mrs Anna-Marie van der Merwe is employed with the Department of Health Services
Beaufort Luxury Coaches	4 200	Son, Mr W Johnson and daughter, Mrs B Johnson was employed at Beaufort West Municipality and Department of Public Transport
Africa Catering	5 250	Son, Mr M Johnson and daughter, Mrs B Johnson are employed at Department of Contractual Services and Department of Agriculture
RWS Cleaning and Maintenance Services	143 250	Spouse, R Surenens are employed at Beaufort West Municipality.
Winn's Catering	4 975	Brother currently employed at the Beaufort West Municipality.
Jabaja Consulting	208 516	Brother, Mr Du Plessis is employed by the Department of Education
MLB Substans	7 200	Spouse, Mr S Berg, are currently employed on a contract basis at Beaufort West Municipality



BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

60. FINANCIAL SUSTAINABILITY

Financial Indicators

The current ratio increased to 1.03:1 from 0.87:1 in the prior year.  
The municipality have budgeted for a surplus of R1 320 361 for the 2020/2021 financial year. The municipality is also budgeting for positive cash flows during 2021/2022 and 2022/2023 amounting to R5 215 296 and R6 059 892 respectively.

The municipality had an actual surplus of R38 614 169 for the current year.

The average debtors' payment days increased to 816 days from 694 days.

The average creditors payment period is 259 days (2020: 181 days).

A bank overdraft facility is utilised amounting to R15 000 000.

The municipality is in had a negative bank balance with Nedbank to an amount of R14 503 524 (2020 - R14 790 845 in arrears) as per bank statement.

The bank balance as per the cash book (primary account) for the current year is R12 023 927 and R15 366 873 (2020).

There was increase of in cash and cash equivalents for the current year of R6 521 385 and decrease of R135 044 for the prior year.

The municipality has call investment deposits for the current year of R6 156 729 and R2 743 456 (2020).

The outstanding balances in respect of external loans amounts to R6 784 620 (2020 - R6 664 880).

The municipality has signed repayment agreements with Eskom to repay long outstanding accounts.

Possible outflow of resources due the contingent liability disclosed in note 5A.

Unless sustainable job creation is achieved, the municipality will not be able to function as a going concern without Government Grants and Subsidies.

In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.

61. EVENTS AFTER REPORTING PERIOD

No events after the reporting date were identified by management that will affect the operations of the municipality or the results of those operations significantly.

The governments risk adjusted strategy to COVID-19 commenced at level 5 in March 2020. Within the municipal space, the effects of COVID 19 is likely to be a current period event which will require ongoing evaluation to determine the extent to which developments after the reporting date, should be recognised in the current reporting period. Council has approved the revised budget for 2020/2021 which includes various concession in order to further mitigate the economic impact of the virus on our communities.

No further events which may have financial implications to the municipality and warrants disclosure in the financial statements occurred after 30 June 2021.

62. PRINCIPAL/AGENT AGREEMENTS

Agent in arrangement

The municipality (agent) collects licensing fees on behalf of the Provincial Department of Transport and Public Works (principal). The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Agency Services in the Statement of Financial Performance. The amounts due to the Provincial Department at year end are included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

There was not a change in the significant terms and conditions from the prior year. No significant risks were noted as the municipality only collects

monies on behalf of the Provincial Department of Transport and Public Works, as part of its existing service at the Traffic Department.

Compensation received for agency activities

Commission

Total Compensation received

2020	2019
R	R
1 014 445	654 425
1 014 445	654 425

There are no resources under the custodianship of the Municipality, nor have they been recognised as such.

61. COVID-19 PANDEMIC

COVID-19 BACKGROUND

The government's risk adjusted strategy to COVID-19 commenced at level 5 in March 2020. On 30 March 2020 the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). In order to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster.

COVID-19 IMPACT ON THE MUNICIPALITY

Due to the national state of disaster, various regulatory requirements were instituted in order to ensure that the impact of the spread of the virus is limited. The impact has been devastating to the most vulnerable in our community. As a result of the robust financial model applied by the municipality however, the overall going concern and financial position remains relatively unchanged due to continued support by those members of the community who can afford to do so.

COVID-19 EXPENDITURE

The summary below indicates the total Covid-19 response expenditure for the period ending 30 June 2021.

Type of expenditure	Nature of expenditure	Supplier	Total expenditure
Spray backdoor	Inventory consumed	Kela Karoo Appl	2 750
Thermometer Infrared fore/Hand sanitizer 25L	Inventory consumed	Ribbens Office Solutions	10 960
Protective masks/Anti-bacterial soap/Hand sanitizer	Inventory consumed	Nuweveld Aptek	22 250
Thermometer Infrared fore/Hand sanitizer 50ml	Inventory consumed	Kink Suppliers	15 844
Hand Sanitizer 25L	Inventory consumed	RWB Cleaning Services and Maintenance	80 554
Hand Sanitizer 1L	Inventory consumed	Cleanit	24 668
Anti-Bacterial Soap/Hand sanitizer 25L	Inventory consumed	Central Karoo Events	16 200
Hand Sanitizer 50ml	Inventory consumed	Proudly Karoo	15 250
Well Lazar	Inventory consumed	Thermometer Infrared fore	6 325
Hand Sanitizer/Foot pedal station/Masks/Anti-bacterial soap	Inventory consumed	Kingsin Suppliers	37 231
Surgical Masks	Contracted services	Crysal Pier Trading 148	10 065
Hand Sanitizer 5L	Inventory consumed	Bolwest Wellens	8 613
Hand Sanitizer	Inventory consumed	Safermer	7 964
			<b>269 890</b>

## REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2021

For management purposes, the municipality is organised and operates in key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

Management receives on a monthly basis a C Schedule that provides actual amounts at that time per both the department and function.

The key functional segments comprise of:

**PRIMARY SEGMENTS – Municipal Function**

- Vote 1 – Municipal Manager
- Vote 2 – Corporate Services
- Vote 3 – Financial Services
- Vote 4 – Infrastructure Services
- Vote 5 – Community and Social Services

The key functional segments comprise of:

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Management does not have segment information per assets and liabilities. The cost to develop this would be excessive, therefore per GRAP standard it is not disclosed.

Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. The Cost to develop this separately would be excessive.

BEAUFORT WEST LOCAL MUNICIPALITY						
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021						
	Municipal Manager	Corporate Service	Financial Services	Infrastructure	Community Services	Total
	R	R	R	R	R	R
<b>SEGMENT REVENUE</b>						
External revenue from exchange transactions	(656 746)	(44 860)	(3 941 037)	(142 045 153)	(1 335 858)	(148 023 753)
Service Charges	-	-	(1 562 491)	(135 331 371)	-	(136 893 862)
Sales of Goods and Rendering of Services	(26 099)	(44 860)	(876 437)	(540)	(94 079)	(1 042 115)
Rental from Fixed Assets	-	-	(1 265 668)	-	-	(1 265 668)
Interest Earned - External Investments	(146 958)	-	-	-	-	(146 958)
Interest Earned - Exchange Transactions	-	-	266 610	(6 712 347)	(57 094)	(71 183)
Licences and Permits	-	-	(14 099)	-	(1 014 445)	(1 014 445)
Agency Services	-	-	-	(785)	(170 340)	(170 340)
Operational Revenue	(463 688)	-	(468 962)	-	-	(932 650)
External revenue from non-exchange transactions	(80 656 168)	(1 873 639)	(63 548 742)	(20 525 765)	(12 317 203)	(178 931 518)
Property Rates	-	-	(26 884 581)	-	-	(26 884 581)
Government Grants and Subsidies - Capital	-	-	-	(20 525 765)	(1 820 481)	(22 446 226)
Government Grants and Subsidies - Operating	(79 653 154)	(1 873 639)	(2 444 806)	-	(5 910 862)	(89 882 461)
Contributed Property, Plant and Equipment	-	-	(4 089 340)	-	-	(4 089 340)
Actuarial Gains	-	-	(30 129 715)	(70)	(4 420 402)	(34 550 136)
Fines, Penalties and Forfeits	-	-	-	-	-	(1 013 015)
Interest Earned - Non-exchange Transactions	(1 013 015)	-	-	-	(65 479)	(65 479)
Licences and Permits	-	-	-	-	-	-
<b>Total Segment Revenue (excluding capital transfers and contributions)</b>	<b>(81 322 915)</b>	<b>(1 918 500)</b>	<b>(67 488 775)</b>	<b>(162 570 938)</b>	<b>(13 653 161)</b>	<b>(326 935 289)</b>
<b>SEGMENT EXPENDITURE</b>						
Employee related costs	6 282 239	13 439 696	34 558 976	37 679 817	34 445 302	126 366 030
Remuneration of Councilors	6 228 074	-	-	-	-	6 228 074
Bad Debt Written Off	-	-	371 915	9	-	371 924
Contracted Services	1 484 266	122 851	12 861 672	5 407 097	4 870 127	24 746 312
Depreciation and Amortisation	-	379 657	20 841 728	-	-	21 321 386
Actual Losses	-	-	-	-	-	-
Finance Costs	3 314 487	54 454	1 320 974	2 141 660	1 330 498	8 162 103
Staff Purchases	-	-	-	56 013 798	-	56 013 798
Inventory Consumed	711 862	82 484	1 115 682	3 850 830	635 161	6 196 099
Operating Leases	-	-	83 122	-	93 122	196 243
Transfer and Subsidies	102 903	512 389	-	-	-	615 302
Operational Costs	2 512 916	581 784	4 519 922	5 127 630	1 419 752	14 162 005
<b>Total Segment Expenditure</b>	<b>20 616 847</b>	<b>15 170 335</b>	<b>25 784 272</b>	<b>110 020 861</b>	<b>42 783 961</b>	<b>264 369 277</b>
<b>Surplus/(Deficit)</b>	<b>(60 706 067)</b>	<b>(13 254 835)</b>	<b>(8 294 434)</b>	<b>(52 550 077)</b>	<b>(24 455 231)</b>	<b>(60 706 067)</b>
Reversal of Impairment Loss/(Impairment Loss) on Receivables	-	-	(503 365)	-	-	(503 365)
Gain/(Loss) on Sale of Fixed Assets	-	-	-	-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	-	-	-	-	-
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	<b>(60 706 067)</b>	<b>(13 254 835)</b>	<b>(7 791 109)</b>	<b>(52 550 077)</b>	<b>(53 596 031)</b>	<b>(36 614 169)</b>
Taxation	-	-	-	-	-	-
<b>Surplus/(Deficit) after Taxation</b>	<b>(60 706 067)</b>	<b>(13 254 835)</b>	<b>(7 791 109)</b>	<b>(52 550 077)</b>	<b>(53 596 031)</b>	<b>(36 614 169)</b>
Attributable to Minorities	-	-	-	-	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>	<b>(60 706 067)</b>	<b>(13 254 835)</b>	<b>(7 791 109)</b>	<b>(52 550 077)</b>	<b>(53 596 031)</b>	<b>(36 614 169)</b>
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(60 706 067)</b>	<b>(13 254 835)</b>	<b>(7 791 109)</b>	<b>(52 550 077)</b>	<b>(53 596 031)</b>	<b>(36 614 169)</b>



APPENDIX A  
BEAUFORT WEST LOCAL MUNICIPALITY  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2021

EXTERNAL LOANS	Reg No.	Rate	Supplier	Loan Number	Maturity date	Balance at 30 June 2020	Received during the period	Redeemed written off during the period	Balance at 30 June 2021
<b>LONG-TERM LOANS</b>									
<b>ANNUITY LOANS</b>									
<b>General</b>									
Sewerage Farm Merweville		6.75%	DBSA	103454/2	31/12/2024	1 131 314	-	(223 089)	908 225
Entrance Road Industrial Area		10.17%	Nedbank	57831033947/1	30/06/2020	319 740	-	(319 739)	0
Electricity									
20MVA Transformer - Sub Station		10.90%	DBSA	103454/1	31/12/2029	3 176 318	-	(204 614)	2 973 704
Water Works									
Farm Hananivier		10.90%	DBSA	103454/1	31/12/2029	1 597 013	-	(102 813)	1 494 200
Pressure Control System		10.90%	DBSA	103454/1	31/12/2029	460 778	-	(29 664)	431 114
<b>Total Annuity Loans</b>						<b>6 687 163</b>	<b>-</b>	<b>(879 920)</b>	<b>5 807 243</b>
<b>LEASE LIABILITY</b>									
Machine Photocopy Ricoh MP301spf	W816P905120	9.75%	Fintech	General Expenses	30/01/2020	1	-	-	1
Machine Photocopy Ricoh MP301spf	W816P905097	9.75%	Fintech	Dir. Financial Services	30/01/2020	1	-	-	1
Machine Photocopy Ricoh MP301spf	W816P905086	9.75%	Fintech	Thusong Centre	30/01/2020	1	-	-	1
Machine Photocopy Ricoh MP301spf		10.50%	Fintech	General Expenses	30/05/2020	(1)	-	-	(1)
Sedan Toyota Etios	CZ 10137	10.50%	Eqstra	Dir. Traffic Services	30/07/2020	4 652	-	(4 652)	0
Ldv Isuzu KB250D Fleetside	CZ 9325	10.50%	Bidvest Bank	Refuse Removal	31/01/2021	42 324	-	(42 324)	0
Ldv Isuzu KB250D Fleetside	CZ 9460	10.50%	Bidvest Bank	Dir. Traffic Services	31/01/2021	46 118	-	(46 128)	(12)
Ldv Isuzu KB250D Fleetside	CZ 5524	10.50%	Bidvest Bank	Reticulation: High Voltage	30/09/2019	106 177	-	(78 230)	27 948
Ldv Isuzu KB250D Fleetside	CZ 6340	10.50%	Bidvest Bank	Reticulation Low	30/09/2019	106 177	-	(78 230)	27 948
Machine Photocopy MP301 SPF Mono MFP	W816P901293	10.50%	Ricoh	General Expenses	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901494	10.50%	Ricoh	Traffic court	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901485	10.50%	Ricoh	Stores	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901488	10.50%	Ricoh	Fire Brigade	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901302	10.50%	Ricoh	Mechanical Workshop	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901295	10.50%	Ricoh	Vehicle registration	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901292	10.50%	Ricoh	Dir. Financial Services	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901449	10.50%	Ricoh	Kwa Mandlenkosi Office	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901487	10.50%	Ricoh	General Expenses	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901484	10.50%	Ricoh	General Expenses	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901470	10.50%	Ricoh	Murraysburg Administration	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901291	10.50%	Ricoh	Dir. Financial Services	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901298	10.50%	Ricoh	Dir. Financial Services	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901489	10.50%	Ricoh	Thusong Centre	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901298	10.50%	Ricoh	Dir. Financial Services	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901486	10.50%	Ricoh	Dir. Financial Services	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901493	10.50%	Ricoh	General Expenses	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816PA00334	10.50%	Ricoh	Dir. Financial Services	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901495	10.50%	Ricoh	Dir. Financial Services	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901301	10.50%	Ricoh	Dir. Financial Services	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901296	10.50%	Ricoh	Dir. Financial Services	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901490	10.50%	Ricoh	Dir. Financial Services	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy MP301 SPF Mono MFP	W816P901297	10.50%	Ricoh	Dir. Financial Services	31/07/2022	19 469	-	(8 817)	10 652
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810385	10.50%	Ricoh	Dir. Engineers Services	31/07/2022	49 004	-	(22 193)	26 811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810438	10.50%	Ricoh	Dir. Electricity Services	31/07/2022	49 004	-	(22 193)	26 811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810598	10.50%	Ricoh	Dir. Community Services	31/07/2022	49 004	-	(22 193)	26 811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810427	10.50%	Ricoh	Dir. Financial Services	31/07/2022	49 004	-	(22 193)	26 811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810097	10.50%	Ricoh	Library Nelspoort	31/07/2022	49 004	-	(22 193)	26 811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810584	10.50%	Ricoh	Murraysburg Library	31/07/2022	49 004	-	(22 193)	26 811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810379	10.50%	Ricoh	Dir. Corporate Services	31/07/2022	49 004	-	(22 193)	26 811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810710	10.50%	Ricoh	Whealy Wagon Kwa Mandlenkosi	31/07/2022	49 004	-	(22 193)	26 811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810151	10.50%	Ricoh	Library Mimosa	31/07/2022	49 004	-	(22 193)	26 811
Machine Photocopy Ricoh MPC 6503 SP	C068CC30004	10.50%	Ricoh	Dir. Corporate Services	31/07/2022	137 185	-	(62 128)	75 058
Cherry Picker	CZ9382	10.50%	Bidvest Bank	Reticulation: High Voltage	30/06/2022	314 442	-	(149 010)	165 432
Sedan Etios	CZ10906	10.25%	Eqstra	Dir. Financial Services	28/02/2022	120 395	-	(41 357)	79 038
<b>Total Lease Liabilities</b>						<b>1 877 721</b>	<b>-</b>	<b>(1 000 341)</b>	<b>877 378</b>
<b>TOTAL EXTERNAL LOANS</b>						<b>8 664 884</b>	<b>-</b>	<b>(1 880 261)</b>	<b>6 784 620</b>

**APPENDIX B**  
**BEAUFORT WES LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R	2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R
45 220 276	21 948 616	23 271 660	93 009 896	17 691 647	75 318 249
44 973 612	59 093 507	(14 119 895)	67 732 462	104 122 099	(36 389 637)
8 429 251	12 760 919	(4 331 667)	7 617 219	7 622 261	(5 042)
2 732 362	8 645 450	(5 913 088)	80 696	7 483 286	(7 402 591)
41 702 787	50 201 308	(8 498 520)	5 718 908	22 678 957	(16 960 049)
304 501	1 981 071	(1 676 569)	237 612	1 608 667	(1 371 055)
774 686	7 096 796	(6 322 111)	1 881 756	14 948 451	(13 066 695)
3 696 731	22 763 457	(19 066 726)	2 554 947	10 613 109	(8 058 162)
118 586 411	84 766 556	33 819 856	99 133 194	63 666 372	35 466 823
37 657 914	29 469 564	8 188 350	43 962 776	21 149 129	22 813 648
23 328 085	19 128 868	4 199 217	18 714 697	5 482 925	13 231 772
11 431 212	23 037 408	(11 606 197)	(1 795 639)	11 274 220	(13 069 859)
338 837 827	340 893 518	(2 055 691)	338 848 525	288 341 123	50 507 402
(11 462 044)	-	(11 462 044)	(11 893 233)	-	(11 893 233)
327 375 784	340 893 518	(13 517 735)	326 955 292	288 341 123	38 614 169

**APPENDIX C**  
**BEAUFORT WES LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**  
**MUNICIPAL VOTES CLASSIFICATIONS**

2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R		2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R
589 490	5 340 407	(4 750 917)	<b>Municipal Manager</b>	12 683 106	3 523 662	9 159 444
44 630 786	16 608 209	28 022 577	Municipal Manager Mayor and Council	80 326 790	14 167 985	66 158 805
44 395 325	39 627 696	4 767 629	<b>Chief Financial Officer</b>	67 732 462	104 122 099	(36 389 637)
			Budget and Treasury Office			
578 287	19 465 811	(18 887 524)	<b>Director: Administration</b>	-	-	-
75 554	1 665 494	(1 589 940)	Corporate Services Planning and Development	1 881 756	14 948 451	(13 066 695)
8 429 251	12 760 919	(4 331 667)	<b>Director: Community Services</b>	7 617 219	7 622 261	(5 042)
2 732 362	8 645 450	(5 913 088)	Community and Social Services Sport and Recreation	80 696	7 483 286	(7 402 591)
41 702 787	50 201 308	(8 498 520)	Public Safety	5 718 908	22 678 957	(16 960 049)
304 501	1 981 071	(1 676 569)	Housing	237 612	1 608 667	(1 371 055)
4 395 862	28 194 759	(23 798 897)	<b>Director: Technical Services</b>	2 554 947	10 613 109	(8 058 162)
118 586 411	84 766 556	33 819 856	Road Transport	99 133 194	63 666 372	35 466 823
37 657 914	29 469 564	8 188 350	Electricity	43 962 776	21 149 129	22 813 648
23 328 085	19 128 868	4 199 217	Water	18 714 697	5 482 925	13 231 772
11 431 212	23 037 408	(11 606 197)	Waste Water Management Waste Management	(1 795 639)	11 274 220	(13 069 859)
338 837 827	340 893 518	(2 055 691)	Sub Total	338 848 525	288 341 123	50 507 402
(11 462 044)	-	(11 462 044)	Less Inter-Departmental Charges	(11 893 233)	-	(11 893 233)
327 375 784	340 893 518	(13 517 735)	<b>Total</b>	326 955 292	288 341 123	38 614 169



APPENDIX D  
BEAUFORT WES LOCAL MUNICIPALITY  
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2021  
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation			Disposals		Accumulated Impairment		Accumulated Depreciation		Carrying Value
	Opening Balance	Transfer in	Transfer out	Additions	Closing Balance	Opening Balance	Closing Balance	Opening Balance	Disposals	
Budget & Treasury	18 981 267	-	-	-	18 977 836	-	3 500	7 581 144	403 631	10 161 102
Community & Social Services	3 580 903	-	-	-	3 580 903	-	-	1 819 623	-	1 299 945
Corporate Services	119 155 415	-	-	553 518	119 708 932	-	17 523 345	6 991 145	-	94 517 735
Electricity	128 570 656	3 949 498	(3 949 498)	4 504 946	133 075 801	-	-	23 776 245	-	105 178 647
Executive & Council	12 326 458	-	-	1 602 610	13 929 067	780 700	780 700	3 724 429	-	9 179 027
Housing	58 759	-	-	-	58 759	-	-	18 563	-	22 289
Planning & Development	1 496 064	-	-	-	1 496 064	-	-	1 043 841	-	36 490
Public Safety	2 694 881	-	-	-	2 694 881	-	-	881 924	-	1 988 655
Road Transport	166 096 352	4 000 221	(4 000 221)	2 278 147	168 374 475	-	-	59 251 647	144 878	1 511 579
Sport & Recreation	21 215 779	-	-	80 696	21 296 475	-	-	2 584 952	62 769	133 132 490
Waste Management	29 808 966	-	-	(12 631 713)	17 177 253	-	-	13 321 864	-	17 932 753
Water	100 220 833	-	-	306 001	100 468 267	-	-	18 640 432	57 765	3 408 031
	104 965 776	-	-	11 575 249	116 541 025	-	-	28 046 282	-	78 685 856
	739 172 308	-	-	8 269 453	746 767 509	18 307 545	18 307 545	167 362 132	669 063	540 445 508

**APPENDIX E**  
**BEAUFORT WES LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 July 2020	Correction of Error	Restated Balance 30 June 2020	Contributions during the year	Transfers	Repaid to National Provincial Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT Transferred to Revenue	Balance 30 June 2021
<b>National Government Grants</b>										
Equitable Share	-	-	-	73 778 000	3 702 092	-	(77 480 092)	-	-	(0)
Local Government Financial Management Grant	-	-	-	1 700 000	-	-	(1 545 846)	-	(154 154)	-
Municipal Infrastructure Grant	-	-	-	-	-	-	-	-	-	-
PMU	-	-	-	595 300	-	-	(546 388)	-	-	148 912
Kwa-Mandlenkosi: Upgrade Sports Stadium	839 030	-	839 030	152 448	(839 030)	-	-	(80 686)	-	71 752
Mereville: Kamp Street: Upgrading of Gravel Roads	1 029 415	-	1 029 415	2 554 947	(1 029 415)	-	-	(2 221 693)	(333 264)	-
Beaufort West: Expansion of Goue Akker Cemetery	621 729	-	621 729	1 838 757	(621 729)	-	-	(1 598 786)	(239 969)	(6)
Mereville: Construction of New Reservoir	-	-	-	4 512 290	-	-	-	(3 923 677)	(588 552)	61
Muraysburg: Construction of Two (2) New Reservoirs	-	-	-	3 979 258	-	-	-	(3 460 225)	(519 034)	(1)
Nelsport: New Bulk Water Supply	810 961	-	810 961	-	(810 961)	-	-	-	-	-
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-	-
Integrated National Electrification Grant	45 841	-	45 841	5 214 000	(45 841)	-	-	(4 504 946)	(875 742)	33 313
Expanded Public Works Programme Integrated Grant	355 316	-	355 316	1 858 000	(355 316)	-	(1 787 267)	-	-	81 733
<b>Total National Government Grants</b>	<b>3 702 092</b>	<b>-</b>	<b>3 702 092</b>	<b>96 285 000</b>	<b>-</b>	<b>-</b>	<b>(81 339 593)</b>	<b>(15 791 033)</b>	<b>(2 510 704)</b>	<b>345 762</b>
<b>Provincial Government Grants</b>										
Human Settlements Development Grant (Beneficiaries)	710	-	710	-	-	-	-	-	-	710
Human Settlements Development Grant - Acceleration of Housing Delivery (Bulk Services)	203 871	-	203 871	-	-	-	-	-	-	203 871
Human Settlements Development Grant - Tile Deeds Restoration	705 775	-	705 775	-	-	-	-	-	-	705 775
Human Settlements - Municipal Accreditation and Capacity Building Grant	143 889	-	143 889	252 000	-	-	(237 612)	-	-	158 277
Provincial Treasury: Financial Management Capacity Building Grant	980 000	-	980 000	300 000	-	-	-	-	-	1 280 000
Provincial Treasury: Financial Management Support Grant	-	-	-	1 000 000	-	-	(695 652)	-	(104 348)	200 000
Department of Cultural Affairs and Sport: Library Service: Replacement Funding	530 968	-	530 968	6 207 000	-	-	(5 857 310)	-	-	880 558
Department of Local Government: Fire Service Capacity Building Grant	154 074	-	154 074	-	-	-	-	-	-	154 074
Department of Local Government: Local Government Support Grant	102 903	-	102 903	-	-	-	(102 903)	-	-	-
Fire and Drought Relief Grant	17 087	-	17 087	-	-	-	-	-	-	17 087
Department of Local Government: Community Development Workers (CDW) Operational Support Grant	125 486	-	125 486	205 000	-	-	(118 212)	-	-	215 284
Department of Local Government: Thusing Services Centres Grant (Operational Support Grant)	73 517	-	73 517	150 000	-	-	(105 015)	-	(11 717)	102 787
Department of Local Government: Municipal Drought Relief Grant	5 978 107	-	5 978 107	500 000	-	-	(1 153 947)	(3 737 950)	(550 693)	1 123 517
<b>Total Provincial Government Grants</b>	<b>9 915 408</b>	<b>-</b>	<b>9 915 408</b>	<b>8 715 000</b>	<b>-</b>	<b>-</b>	<b>(8 273 650)</b>	<b>(3 737 950)</b>	<b>(876 757)</b>	<b>5 044 051</b>
<b>District Municipality</b>										
Central Karoo District Municipality	400 000	-	400 000	-	-	-	-	-	-	400 000
<b>Total District Municipality Grants</b>	<b>400 000</b>	<b>-</b>	<b>400 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400 000</b>
<b>Total Grants</b>	<b>13 118 499</b>	<b>-</b>	<b>13 118 499</b>	<b>105 000 000</b>	<b>-</b>	<b>-</b>	<b>(89 612 242)</b>	<b>(19 528 983)</b>	<b>(3 157 462)</b>	<b>5 789 813</b>

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**  
**REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)**

REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)									
Description	2020/2021						2019/2020		
	Original Budget	Budget Adjustments (i.L.c. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	12
Financial Performance									
Property rates	40 903	539	41 543	26 885	-	(14 658)	-35.3%	-34.3%	39 564
Service charges	135 403	(1 884)	133 518	136 884	-	3 376	2.5%	1.1%	126 769
Investment revenue	5 953	(517)	5 435	7 606	-	2 170	39.9%	27.8%	5 089
Transfers recognised - operational	84 105	9 184	93 290	89 882	-	(3 407)	-3.7%	6.9%	76 735
Other own revenue	61 801	89	61 890	43 745	-	(18 145)	-29.3%	-28.2%	50 443
	328 165	7 511	335 677	305 012	-	(30 664)	9.1%	-7.1%	298 610
Total Revenue (excluding capital transfers and contributions)									
Employee costs	119 705	6 825	126 530	126 386	-	(144)	-0.1%	5.6%	119 967
Remuneration of councillors	6 515	-	6 515	6 228	-	(286)	-4.4%	-4.4%	6 286
Depreciation & asset impairment	25 086	-	25 086	21 321	-	(3 775)	-15.0%	-15.0%	22 679
Finance charges	3 124	(329)	2 795	8 162	5 367	5 367	192.0%	161.3%	7 715
Materials and bulk purchases	85 842	6 338	92 180	62 210	62 210	(29 970)	-32.5%	-27.5%	75 047
Transfers and grants	500	1 693	2 193	615	-	(1 568)	-71.8%	23.1%	510
Other expenditure	106 393	(4 552)	101 841	63 922	-	(37 919)	-37.2%	-39.9%	108 982
Total Expenditure	347 175	9 965	357 140	288 845	24 746	(68 295)	-19.1%	-16.8%	341 186
Surplus/(Deficit)	(19 009)	(2 454)	(21 463)	16 168	-	37 631	-175.3%	-185.1%	(42 577)
Transfers recognised - capital	20 811	1 973	22 784	22 446	-	(337)	-1.5%	7.9%	27 800
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	1 259
Surplus/(Deficit) after capital transfers & contributions	1 801	(481)	1 320	38 614	-	37 294	2824.5%	2043.7%	(13 518)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1 801	(481)	1 320	38 614	-	37 294	2824.5%	2043.7%	(13 518)
Capital expenditure & funds sources									
Capital expenditure	20 811	1 973	22 784	22 446	-	(337)	-1.5%	7.9%	27 800
Transfers recognised - capital	-	-	-	-	-	-	0.0%	0.0%	1 259
Public contributions & donations	-	-	-	-	-	-	0.0%	0.0%	-
Borrowing	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Internally generated funds	-	-	-	-	-	-	-100.0%	-100.0%	-
Total sources of capital funds	20 811	1 973	22 784	22 446	-	(337)	-100.0%	-100.0%	29 059
Cash flows									
Net cash from (used) operating	26 888	6 373	33 270	28 288	-	(4 972)	-14.9%	5.2%	22 576
Net cash from (used) investing	(35 687)	11 205	(24 652)	(20 901)	-	3 791	-15.4%	-41.8%	(19 722)
Net cash from (used) financing	7 816	(9 697)	(1 860)	(876)	-	1 005	-53.4%	-111.2%	(2 989)
Cash/cash equivalents at the year end	458	7 881	6 688	6 521	-	(177)	-2.6%	1322.9%	(135)



**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**  
**REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Description	2020/2021					2019/2020						
	Original Budget	Budget Adjustments (i.e. MFMA s26)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue - Standard</b>												
<i>Governance and administration</i>												
Executive and council	67 792	5 276	73 068	160 742		87 674	119.99%	129.33%				90 194
Finance and administration	14 034	3 849	17 883	93 010		75 326	425.97%	536.74%				45 220
Internal audit	53 758	1 627	55 385	67 732		12 347	22.29%	22.97%				44 974
<i>Community and public safety</i>												
Community and social services	72 931	(3 785)	69 146	13 654		(55 492)	-80.25%	-76.09%				53 169
Sport and recreation	9 010	197	9 207	7 617		(1 590)	-17.27%	-17.64%				8 429
Public safety	472	—	625	81		(644)	-87.06%	-115.19%				2 732
Housing	58 871	—	58 871	5 719		(53 152)	-90.29%	-90.29%				41 703
<i>Economic and environmental services</i>												
Planning and development	4 578	(4 134)	444	238		(209)	-46.47%	-45.1%				305
Road transport	6 988	(2 467)	4 521	4 437		(84)	-1.87%	-1.21%				4 471
Trading services	1 916	—	1 916	1 862		(54)	-1.80%	-1.80%				775
Electricity	5 072	(2 467)	2 605	2 555		(50)	-1.92%	-0.99%				3 897
Water	201 265	10 460	211 725	160 015		(51 709)	-24.42%	-25.69%				178 026
Waste management	105 190	(1 981)	103 209	99 133		(4 075)	-3.95%	-3.87%				117 429
Other	44 578	9 490	54 068	43 963		(10 105)	-18.69%	-22.67%				37 300
<b>Total Revenue - Standard</b>	20 222	1 565	21 787	(1 795)		(13 946)	-42.70%	-44.59%				23 328
							-108.24%	-116.52%				11 431
							0.00%	0.00%				(11 462)
							-5.47%	-5.62%				325 860
<b>Expenditure - Standard</b>												
<i>Governance and administration</i>												
Executive and council	71 272	5 955	77 227	121 814		44 586	57.7%	62.6%				81 042
Finance and administration	20 057	3 719	23 775	17 692		(6 084)	-25.5%	-30.3%				21 949
Internal audit	49 461	2 169	51 630	104 122		52 492	101.7%	105.1%				59 093
<i>Community and public safety</i>												
Community and social services	9 172	(2 066)	8 006	39 393		(48 892)	-55.3%	-54.0%				73 989
Sport and recreation	9 416	490	9 907	7 622		(2 285)	-23.1%	-24.3%				12 761
Public safety	11 048	491	11 538	7 483		(4 055)	-35.1%	-36.7%				8 645
Housing	63 321	960	64 281	22 679		(41 602)	-64.7%	-65.7%				50 201
<i>Economic and environmental services</i>												
Planning and development	39 576	(4 026)	35 550	1 609		(751)	-31.8%	-11.8%				1 981
Road transport	7 574	1 071	8 645	25 552		(6 085)	-19.2%	-19.9%				29 860
Trading services	23 001	235	23 236	14 948		(7 138)	-91.4%	-84.2%				7 097
Electricity	155 155	5 025	160 180	101 573		(58 607)	-36.6%	-37.8%				22 763
Water	94 264	2 815	97 080	63 666		(33 413)	-34.4%	-35.4%				154 887
Waste management	33 431	1 701	35 132	21 149		(13 983)	-39.8%	-41.8%				83 609
Other	12 687	344	13 031	5 483		(7 548)	-59.5%	-59.5%				29 112
<b>Total Expenditure - Standard</b>	14 773	165	14 938	11 274		(3 663)	-24.5%	-24.9%				23 037
												339 378
												(13 517)
<b>Surplus/(Deficit) for the year</b>	347 175	9 955	357 140	288 341		(69 799)	-19.3%	-19.8%				(13 517)
	1 801	(481)	1 320	50 567		49 187	3725.3%	2738.7%				(13 517)

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**  
**REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)												
Vote Description	2020/2021						2019/2020					
	Original Budget	Budget Adjustments (I.L.O. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Municipal Manager	—	—	—	81 323		—	0.0%	0.0%				45 220
Vote 2 - Director: Corporate Service	20 495	4 180	24 675	1 918		—	0.0%	0.0%				654
Vote 3 - Director: Financial Services	43 619	1 538	45 158	67 490		—	0.0%	0.0%				44 395
Vote 4 - Director: Infrastructure	190 981	6 182	197 163	162 571		—	0.0%	0.0%				66 509
Vote 5 - Director: Community Services	93 881	(2 417)	91 464	13 653		—	—	—	—			53 169
Total Revenue by Vote	453 918	(95 458)	358 460	426 088		—	0.0%	0.0%				327 375
Expenditure by Vote to be appropriated												
Vote 1 - Municipal Manager	6 718	316	7 034	20 617	10 658	—	0.0%	0.0%	—	—	—	21 949
Vote 2 - Director: Corporate Service	39 395	4 384	43 778	15 173	—	—	0.0%	0.0%	—	—	—	21 131
Vote 3 - Director: Financial Services	26 040	1 886	27 926	75 784	—	—	0.0%	0.0%	—	—	—	39 628
Vote 4 - Director: Infrastructure	174 730	5 638	180 368	110 021	76 196	—	0.0%	0.0%	—	—	—	99 831
Vote 5 - Director: Community Services	100 292	(2 258)	98 034	42 794	—	—	0.0%	0.0%	—	—	—	73 589
Total Expenditure by Vote	347 175	9 965	357 140	264 389	86 854	—	0.0%	0.0%	—	—	—	340 893
Surplus/(Deficit) for the year	106 743	(105 423)	1 320	161 699		—	0.0%	0.0%				(13 518)



APPENDIX F - Unaudited

BEAUFORT WEST LOCAL MUNICIPALITY

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021  
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Description	2020/2021					2019/2020					Restated Audited Outcome	
	Original Budget	Budget Adjustments (i.e. MFMA (28))	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA		Balance to be recovered
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue By Source</b>												
Property rates	40 903	639	41 543	26 885		(14 658)	-35.3%	-35.8%				39 564
Service charges - electricity revenue	85 273	(77)	85 195	86 453		1 258	1.5%	1.5%				82 028
Service charges - water revenue	22 631	(1 497)	21 135	23 632		2 497	11.8%	11.0%				19 492
Service charges - sanitation revenue	18 087	(337)	17 750	17 570		(180)	-1.0%	-1.0%				16 589
Service charges - refuse revenue	9 411	27	9 439	9 239		(199)	-2.1%	-2.1%				8 659
Rental of facilities and equipment	1 358	89	1 447	1 266		(181)	-12.5%	-13.3%				1 378
Interest earned - external investments	1 155	(775)	380	147		(233)	-61.3%	-20.2%				284
Interest earned - outstanding debtors	4 798	258	5 056	7 459		2 403	47.5%	50.1%				4 815
Fines, penalties and forfeits	57 326	-	57 326	34 550		(22 775)	-39.7%	-39.7%				41 877
Licences and permits	580	56 746	57 326	137		(57 189)	-99.8%	-99.8%				230
Agency services	958	(388)	569	1 014		434	74.9%	44.9%				654
Transfers and subsidies	84 105	(83 137)	93 250	89 882		88 914	9185.4%	105.7%				76 735
Other revenue	1 570	91 720	1 570	6 275		(87 015)	-93.3%	-554.4%				6 304
Gains on disposal of PPE	-	1 570	0	503		(1 067)	-67.5%	#DIV/0!				-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>328 165</b>	<b>63 267</b>	<b>335 677</b>	<b>305 012</b>		<b>(85 923)</b>	<b>-26.5%</b>	<b>-26.5%</b>				<b>298 610</b>
<b>Expenditure By Type</b>												
Employee related costs	119 705	6 825	126 530	125 366		(144)	-0.1%	-0.1%				119 967
Remuneration of councillors	6 515	-	6 515	6 228		(286)	-4.4%	-4.4%				6 285
Debt impairment	54 689	-	54 689	24 455		(30 234)	-55.3%	-55.3%				48 715
Depreciation & asset impairment	25 096	-	25 096	21 321		(3 775)	-15.0%	-15.0%				22 679
Finance charges	3 124	(329)	2 795	8 162		5 367	192.0%	171.8%				7 715
Bulk purchases	76 701	2 300	79 000	56 014		(22 986)	-29.1%	-30.0%				70 714
Other materials	9 141	4 039	13 180	6 195		(6 984)	-53.0%	-76.4%				4 333
Contracted services	24 831	(2 887)	22 044	24 746		2 702	12.3%	10.8%				30 317
Transfers and grants	500	1 683	2 183	615		(1 568)	-71.8%	-313.5%				510
Other expenditure	26 772	(1 665)	25 107	14 720		(10 387)	-41.4%	-38.8%				29 950
Loss on disposal of PPE	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<b>Total Expenditure</b>	<b>347 175</b>	<b>9 955</b>	<b>357 140</b>	<b>288 845</b>	<b>8 659</b>	<b>(68 295)</b>	<b>-19.1%</b>	<b>-19.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>341 185</b>
<b>Surplus/(Deficit)</b>	<b>(19 009)</b>	<b>53 302</b>	<b>(21 463)</b>	<b>16 168</b>		<b>37 631</b>	<b>-715.3%</b>	<b>-198.0%</b>				<b>(42 577)</b>
Transfers recognised - capital	20 811	1 973	22 784	22 446		(337)	-1.5%	-1.5%				27 800
Contributions recognised - capital	-	-	-	-		-	#DIV/0!	#DIV/0!				1 259
Contributed assets	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>1 801</b>	<b>(461)</b>	<b>1 320</b>	<b>38 514</b>		<b>37 294</b>	<b>2824.5%</b>	<b>2070.4%</b>				<b>(13 516)</b>
Taxation	-	-	-	-		-	#DIV/0!	#DIV/0!				-
Surplus/(Deficit) after taxation	1 801	(461)	1 320	38 514		37 294	2824.5%	2070.4%				(13 516)
Attributable to minorities	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>1 801</b>	<b>(461)</b>	<b>1 320</b>	<b>38 514</b>		<b>37 294</b>	<b>2824.5%</b>	<b>2070.4%</b>				<b>(13 516)</b>
Share of surplus/(deficit) of associate	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<b>Surplus/(Deficit) for the year</b>	<b>1 801</b>	<b>(461)</b>	<b>1 320</b>	<b>38 514</b>		<b>37 294</b>	<b>2824.5%</b>	<b>2070.4%</b>				<b>(13 516)</b>



APPENDIX F - Unaudited  
BEAUFORT WEST LOCAL MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021  
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Vote Description	2020/2021						2019/2020					
	Original Budget	Total Budget Adjustments (i.e. MP&A 22)	Final adjustments Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
<b>R thousand</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure</b>												
Vote 1 - Municipal Manager	—	—	—	—	—	—	#DIV/0!	#DIV/0!	—	—	—	—
Vote 2 - Director: Corporate Service	650	—	650	—	—	(650)	-100%	-100%	—	—	—	—
Vote 3 - Director: Financial Services	7 235	(5 395)	1 840	—	—	(1 840)	-100%	-100%	—	—	—	—
Vote 4 - Director: Engineering Services	777	(777)	—	—	—	—	#DIV/0!	0%	—	—	—	—
Vote 5 - Director: Community Services	—	—	—	—	—	—	#DIV/0!	#DIV/0!	—	—	—	—
Vote 6 - Director: Electrical Services	—	—	—	—	—	—	-100%	-25%	—	—	—	—
Capital multi-year expenditure	8 651	(6 171)	2 480	—	—	(2 480)	-100%	-25%	—	—	—	—
<b>Single-year expenditure</b>												
Vote 1 - Municipal Manager	—	—	—	3	3	3	#DIV/0!	#DIV/0!	—	—	—	—
Vote 2 - Director: Corporate Service	322	156	478	2 453	1 675	1 675	351%	520%	—	—	—	66
Vote 3 - Director: Financial Services	—	—	—	—	—	—	#DIV/0!	#DIV/0!	—	—	—	654
Vote 4 - Director: Engineering Services	22 114	(5 42)	21 572	19 654	18 512	(21 572)	-100%	-98%	—	—	—	7 656
Vote 5 - Director: Community Services	4 800	(4 646)	152	(12 551)	—	(12 551)	12143%	386%	—	—	—	226
Vote 6 - Director: Electrical Services	27 236	(5 034)	22 202	8 269	20 190	(13 933)	-63%	-51%	—	—	—	17 821
Capital single-year expenditure	35 897	(11 205)	24 692	8 269	20 190	(16 423)	-46%	-46%	—	—	—	26 423
<b>Total Capital Expenditure - Vote</b>	<b>35 897</b>	<b>(11 205)</b>	<b>24 692</b>	<b>8 269</b>	<b>20 190</b>	<b>(16 423)</b>	<b>-46%</b>	<b>-46%</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>26 423</b>
<b>Capital Expenditure - Standard</b>												
Governance and administration	8 972	(8 000)	972	2 156	1 483	1 184	122%	13%	—	—	—	315
Executive and council	120	—	120	1 603	1 483	1 483	1236%	1236%	—	—	—	871
Finance and administration	8 852	(8 000)	852	554	—	(298)	-35%	-3%	—	—	—	(956)
Internal audit	—	—	—	—	—	—	#DIV/0!	#DIV/0!	—	—	—	—
Community and public safety	3 118	(970)	2 148	89	—	(2 059)	-96%	-66%	—	—	—	3 086
Community and social services	2 341	(646)	1 695	8	—	(1 987)	-100%	-85%	—	—	—	472
Spot and recreation	777	(624)	152	81	—	(72)	-47%	-9%	—	—	—	2 465
Public safety	—	—	—	—	—	—	#DIV/0!	#DIV/0!	—	—	—	107
Housing	—	—	—	—	—	—	#DIV/0!	#DIV/0!	—	—	—	51
Health	—	—	—	—	—	—	#DIV/0!	#DIV/0!	—	—	—	—
Economic and environmental services	1 831	865	2 696	2 278	—	(418)	-16%	-25%	—	—	—	2 364
Planning and development	—	76	76	—	—	(76)	-100%	-16%	—	—	—	49
Road transport	1 831	789	2 620	2 278	—	(342)	-13%	-19%	—	—	—	2 314
Environmental protection	—	—	—	—	—	—	#DIV/0!	#DIV/0!	—	—	—	—
Trading services	21 976	(3 101)	18 876	3 754	—	(15 121)	-80%	-69%	—	—	—	20 658
Electricity	7 320	(2 106)	5 214	4 505	—	(709)	-14%	-10%	—	—	—	17 821
Water	9 655	3 465	13 120	11 575	—	(1 545)	-13%	-15%	—	—	—	2 770
Waste water management	—	350	350	306	—	(44)	-13%	-13%	—	—	—	67
Waste management	4 800	(4 800)	—	(12 532)	—	(12 532)	#DIV/0!	-265%	—	—	—	—
Other	—	—	—	—	—	—	#DIV/0!	#DIV/0!	—	—	—	—
<b>Total Capital Expenditure - Standard</b>	<b>35 897</b>	<b>(10 211)</b>	<b>24 686</b>	<b>8 278</b>	<b>1 483</b>	<b>(16 414)</b>	<b>-68%</b>	<b>-45%</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>26 423</b>
<b>Funded by:</b>												
National Government	19 611	(1 282)	18 329	20 345	—	2 016	11%	10%	—	—	—	24 207
Provincial Government	1 200	3 225	4 425	—	—	(4 425)	-100%	-371%	—	—	—	—
District Municipality	—	—	—	—	—	—	#DIV/0!	#DIV/0!	—	—	—	—
Other funders and grants	—	1 973	22 784	20 345	—	(2 439)	-11%	-12%	—	—	—	24 207
Transfers recognised - capital	20 811	—	—	—	—	—	#DIV/0!	#DIV/0!	—	—	—	1 259
Public contributions & donations	12 800	(12 800)	—	—	—	—	-732%	-611%	—	—	—	645
Borrowing	2 265	(2 265)	—	(12 067)	—	(13 972)	-65%	-45%	—	—	—	313
Internally generated funds	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Capital Funding</b>	<b>35 897</b>	<b>(11 205)</b>	<b>24 692</b>	<b>8 278</b>	<b>—</b>	<b>(16 414)</b>	<b>-65%</b>	<b>-45%</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>26 423</b>

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**  
**CASH FLOWS**

Description	2020/21					2019/20		
	Original Budget	Budget Adjustments (Lto. s29)	Final adjustments Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
Receipts								
Property rates, peanalties and collection charges	36 813	(5 656)	31 157	26 885	(4 272)	-13.7%	-27.0%	38 564
Service charges	126 126	(12 123)	114 003	75 080	(38 913)	-34.1%	-40.5%	50 941
Other revenue	20 479	(12 861)	7 618	46 666	39 048	512.6%	127.9%	50 769
Government - operating	84 105	9 184	93 280	82 554	(10 736)	-11.5%	-1.8%	83 571
Government - capital	20 811	1 973	22 784	22 446	(337)	-1.5%	7.9%	27 800
Interest	5 953	(517)	5 436	147	(5 289)	-97.3%	-97.5%	284
Payments								
Suppliers and employees	(263 765)	27 726	(236 039)	(221 396)	14 640	-6.2%	-16.1%	(227 332)
Finance charges	(3 124)	329	(2 795)	(4 092)	(1 297)	46.4%	31.0%	(3 021)
Transfers and Grants	(500)	(1 663)	(2 163)	—	2 163	-100.0%	-100.0%	—
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	26 898	6 373	33 270	28 298	—	-14.9%	5.2%	22 576
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Receipts								
Proceeds on disposal of PPE	—	—	—	—	—	#DIV/0!	#DIV/0!	—
Decrease (increase) in non-current debtors	—	—	—	—	—	#DIV/0!	#DIV/0!	—
Decrease (increase) other non-current receivables	—	—	—	—	—	#DIV/0!	#DIV/0!	—
Decrease (increase) in non-current investments	—	—	—	—	—	#DIV/0!	#DIV/0!	—
Payments								
Capital assets	(35 897)	11 205	(24 692)	(20 801)	3 791	-15.4%	-41.8%	(19 722)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	(35 897)	11 205	(24 692)	(20 901)	—	-15.4%	-41.8%	(19 722)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Receipts								
Short term loans	—	—	—	—	—	#DIV/0!	#DIV/0!	—
Borrowing long term/financing	12 800	(12 800)	—	—	—	#DIV/0!	-100.0%	—
Increase (decrease) in consumer deposits	—	—	—	—	—	#DIV/0!	#DIV/0!	—
Payments								
Repayment of borrowing	(4 984)	3 103	(1 880)	(876)	1 005	-53.4%	-82.4%	(2 989)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	7 816	(9 697)	(1 880)	(876)	—	-53.4%	0.0%	(2 989)
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	(1 183)	—	8 698	8 521	—	—	—	(135)
Cash/cash equivalents at the year begin:	1 641	(14 199)	(12 556)	(12 556)	—	—	—	(12 421)
Cash/cash equivalents at the year end:	458	(6 317)	(5 858)	(6 035)	(177)	3.0%	-1415.7%	(12 550)





AUDITOR - GENERAL  
SOUTH AFRICA

The Municipal Manager  
Beaufort West Municipality  
Private Bag X582  
Beaufort West  
6970



15 March 2022

Reference: 03194REG20/21

Dear Mr Nyathi

**Report of the Auditor-General on the financial statements, annual performance report, compliance with legislation and other legal and regulatory requirements of Beaufort West Municipality for the year ended 30 June 2021**

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act 25 of 2004 (PAA) read in conjunction with section 188 of the Constitution of the Republic of South Africa and section 126(3) of the Municipal Finance Management Act 56 of 2003 (MFMA).
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and the annual performance report and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements, the annual performance report or our audit report on compliance with legislation. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA, you are required to include the audit report in the municipality's annual report to be tabled.
4. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
  - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements, annual performance report and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
  - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.
5. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.

SIRKULASIE	OPDRAG
<i>Aanw</i> <i>RCF</i> <i>2de Rd</i>	<i>31/03/2022</i> <i>Tb</i>
Auditor-General Republic of South Africa www.agsa.co.za	



6. The confidentiality of information obtained in an engagement must be observed at all times. In terms of section 50 of the PAA and the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (*including International Independence Standards*), the AGSA, or an audit firm appointed in terms of section 25 of the PAA, may not disclose or make available any information obtained during an audit, other than the final auditor's report, to any third party unless this is to a legislature or internal committee of a legislature or a court in a criminal matter and the disclosure has been approved by the auditee and the Auditor-General.
7. Until the steps described in paragraphs 2 and 4 of this document are completed and the annual report is tabled as required by section 127(2) of the MFMA, the audit report is not a final and public document and you are therefore requested to treat it as confidential.
8. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely



Liezi Klue-Knipe  
Senior Manager: Western Cape

Enquiries:	Nkosinathi Khoza
Telephone:	(021) 528 4100
Fax:	(021) 528 4201

# Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Beaufort West Municipality

## Report on the audit of the financial statements

### Qualified opinion

1. I have audited the financial statements of the Beaufort West Municipality set out on pages 3 to 101, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matter described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Beaufort West Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 4 of 2020 (Dora).

### Basis for qualified opinion

#### Property, plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence that the municipality recognised all items of property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment*, as I was unable to confirm that all items of property, plant and equipment were recorded due to the status of accounting records.
4. Additionally, the impairments of property, plant and equipment were not reviewed at each reporting date in accordance with GRAP 17. I was unable to determine the impact on the net carrying amount of plant and equipment, reversal of impairment loss/(impairment loss) on property plant and equipment and the depreciation and amortisation as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment, stated at R528,4 million (2019-20: R541,0 million) in note 2.1 and 2.2 to the financial statements and to the depreciation and amortisation, stated at R21,3 million (2019-20: R22,6 million) in note 37 to the financial statements.

#### Revenue from exchange transactions – service charges

5. The municipality did not have adequate systems to maintain records to account for rebates given to indigents. This resulted in revenue from exchange transactions – service charges and being understated by R12,3 million (2019-20: R19,8 million). Consequently, receivables from exchange transactions being are understated by R12,3 million (2019-20: R19,8 million). Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements.
6. I was unable to obtain sufficient and appropriate audit evidence that revenue from exchange transactions – service charges had been properly accounted for due to the status of the accounting records. I was unable to confirm the revenue from exchange transactions – service charges by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the revenue from exchange transactions – service charges, stated at R121,1 million (2019-20: R126,7 million) in note 28 to the financial statements.

#### Revenue from exchange transactions – Interest earned

7. I was unable to obtain sufficient and appropriate audit evidence that revenue from exchange transactions – interest earned from service charges had been properly accounted for due to the status of the accounting records. I was unable to confirm the revenue from exchange transactions – interest earned from service charges by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the revenue from exchange transactions – interest earned from service charges, stated at R9,6 million in note 32 to the financial statements.

#### Receivables from exchange transactions

8. I was unable to obtain sufficient and appropriate audit evidence that receivables from exchange transactions had been properly accounted for due to the status of the accounting records. I was unable to confirm the receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the receivables from exchange transactions, stated at R20,0 million (2019-20: R24,6 million) in note 10 to the financial statements.

#### Investment property

9. The municipality did not recognise all property held to earn rental or for capital appreciation as investment property in accordance with GRAP 16, *Investment property*. Investment property was incorrectly recognised as property, plant and equipment. Consequently, investment property was understated and property, plant and equipment was overstated by R5,4 million (2019-20: R5,4 million).



## Taxes

10. I was unable to obtain sufficient and appropriate audit evidence that taxes had been properly accounted for due to the poor quality of the accounting records. I was unable to confirm the taxes by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the taxes, stated at R9,8 million (2019-20: R9,1 million) in note 21 to the financial statements.

## Trade and other payables from exchange transactions

11. The municipality did not recognise all outstanding amounts meeting the definition of a liability in accordance with GRAP 1, *Presentation of financial statements*. The municipality did not have adequate systems to maintain records of trade and other payables from exchange transactions for goods and services received, but not yet paid for. This resulted in trade and other payables from exchange transactions being overstated by R5 million.

## Expenditure

12. Expenditure was materially misstated by R5,5 million due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:
  - Bulk purchases, contracted services, employee related cost and operational costs was overstated by R4,8 million due to management not having adequate systems to record expenditure transactions.
  - Contracted services and operational expenditure were in aggregate overstated by R0,7 million due to management not having adequate processes in place to determine the appropriate classification of expenditure transactions.
13. Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements.

## Statement of comparison of budget and actual amounts

14. The municipality did not correctly prepare and disclose the cash flow from operating activities disclosed in the statement of comparison of budget and actual amounts as required by GRAP 24, *Presentation of budget information in financial statements*. This was due to multiple errors in determining cash flows from operating activities. Consequently, the effect of the misstatement is:
  - Receipts from taxation is overstated by R14,4 million
  - Receipts from service charges is understated by R43,4 million
  - Receipts from other revenue is overstated by R29 million
  - Receipts from government grants and subsidies – operating is understated by R3,6 million
  - Receipts from government grants and subsidies – capital is overstated by R3,6 million

### Statutory receivables

15. The municipality's analysis of receivables that are past due that have not been impaired in note 53, statutory receivables was incorrectly calculated, which constitutes a departure from GRAP 108, *Statutory receivables*. This has resulted in the ageing of amounts past due but not impaired being understated by R203,7 million (2019-20: R212,3 million)

### Irregular expenditure

16. The municipality did not include all irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This was due to payments amounting to R3,9 million (2020: R15,0 million) made in contravention of the supply chain management requirements, which were not disclosed as irregular expenditure. I was unable to determine the impact on the understatement of irregular expenditure – current year, stated at R18,0 million (2019 20: R41,0 million) in note 49.3 to the financial statements as it impracticable to do so

### Corresponding figures for 30 June 2020

#### Reversal of impairment loss / (impairment loss) on receivables

17. During the 2019-20 financial year, I was unable to obtain sufficient and appropriate audit evidence that the impairment loss on receivables had been properly accounted for due to the status of the accounting records. I was unable to confirm the impairment loss on receivables by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the impairment loss on receivables, stated at R48,7 million in note 42 to the financial statements corresponding figures for 30 June 2020.
18. My audit opinion on the financial statements for the period ended 30 June 2020 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the reversal of impairment loss / (impairment loss) on receivables for the current period.

### Context for the opinion

19. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
20. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
21. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.



## **Material uncertainty relating to going concern/ financial sustainability**

22. I draw attention to the matter below. My opinion is not modified in respect of this matter.
23. I draw attention to the statement of financial performance in the financial statements, which indicates that the municipality incurred a net loss of R28,9 million (2019-20: net loss of R13,5 million) during the year ended 30 June 2021 and, as of that date, the municipality's current liabilities exceeded its current assets by R58,3 million (2019-20: net current liability position of R36,5 million). These events or conditions, along with other matters as stated in disclosure note 56 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

## **Emphasis of matters**

24. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## **Restatement of corresponding figures**

25. As disclosed in note 44 to the annual financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors identified in the financial statements of the municipality at, and for the year ended, 30 June 2021.

## **Material impairments**

26. As disclosed in note 6 to the annual financial statements, the municipality provided for the impairment of non-current receivables from exchange transactions amounting to R5,4 million (2019-20: R2,0 million).
27. As disclosed in note 11 to the annual financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R232,9 million (2019-20: R193,5 million).

## **Material losses**

28. As disclosed in note 50.8 to the annual financial statements material water losses of 1 456 276 kilolitres (2019-20: 1 598 802 kilolitres) were incurred which represents units lost during distribution of 49,9% (2019-20: 56,5%).
29. As disclosed in note 50.8 to the annual financial statements material electricity losses of 8 164 594 kilowatt hours (2019-20: 7 935 970 kilowatt hours) were incurred which represents units lost during distribution of 14,8% (2019-20: 14,7%).

## **Other matters**

30. I draw attention to the matters below. My opinion is not modified in respect of these matters.



### Unaudited disclosure notes

31. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

### Unaudited supplementary schedules

32. The supplementary information set out on pages 102 to 112 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### Responsibilities of the accounting officer for the financial statements

33. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
34. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

### Auditor-general's responsibilities for the audit of the financial statements

35. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
36. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

37. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected

development priorities presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

38. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
39. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the municipality's annual performance report for the year ended 30 June 2021:

Development priority	Pages in the annual performance report
KPA 1 – basic services delivery and infrastructure development	10 – 11 [c) Provide for the needs of indigent households through improved services. TL5, TL6, TL7, TL8]
	11 – 13 [d) Provision of basic services to all the people in the municipal area. TL1, TL2, TL3, TL4, TL25, TL26, TL27, TL28, TL29 and TL30]
	16 [h) To improve and maintain current basic service delivery through specific infrastructural development projects. TL9 and TL24]

40. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
41. The material findings on the usefulness and reliability of the performance information of the selected development priority are as follows:

#### **KPA 1: Basic services delivery and infrastructure development**

TL1 – Number of formal residential properties that receive piped water that is connected to the municipal water infrastructure and which is billed for water or have prepaid meters as at 30 June 2021



### **Reported achievement not supported by sufficient appropriate audit evidence**

42. I was unable to obtain sufficient appropriate audit evidence for the achievement of 15 388 reported against target 13 500 in the annual performance report, due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

TL5 – Provide free basic water to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2021

### **Reported achievement did not agree with the evidence provided**

43. The achievement of 7 244 was reported against a target of 5 600 in the annual performance report. However, some supporting evidence provided materially differed from the reported achievement, while in other instances I was unable to obtain sufficient appropriate audit evidence. This was due to the lack of accurate and complete records. I was unable to further confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.

### **Other matter**

44. I draw attention to the matter below.

#### **Achievement of planned targets**

45. Refer to the annual performance report on pages 10 to 11, 11 to 13 and 16 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 40 to 42 of this report.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

46. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
47. The material findings on compliance with specific matters in key legislation are as follows:

#### **Annual financial statements**

48. The annual financial statements were not submitted to the Auditor-General, for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.
49. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material



misstatements of non-current assets, current assets, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

#### Procurement and contract management

50. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by Supply Chain Management (SCM) Regulation 13(c). Similar non-compliance was also reported in the prior year.
51. Some of the quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year
52. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procured by inviting competitive bids and that deviations approved by the accounting officer were only if it was impractical to invite competitive bids, as required by SCM Regulations 19(a) and 36(1). Similar non-compliance was also reported in the prior year.
53. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000. Similar non-compliance was also reported in the prior year.
54. Some of the invitations to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2). Similar non-compliance was also reported in the prior year.
55. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA. Similar non-compliance was also reported in the prior year

#### Expenditure management

56. Payments were made from the municipality's bank accounts without the approval of a properly authorised official, as required by section 11(1) of the MFMA.
57. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval of funds as required by section 65(2)(a) of the MFMA.
58. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and accounted for payments made, as required by section 65(2)(b) of the MFMA.
59. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed did not reflect the full extent of the

irregular expenditure incurred as the full extent of the irregular expenditure could not be quantified as indicated in the basis for qualified opinion paragraphs. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management legislation.

60. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R102,9 million as disclosed in note 49.1 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The unauthorised expenditure was caused by over-expenditure on the approved budget.

#### **Assets management**

61. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

#### **Consequence management**

62. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
63. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
64. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

#### **Revenue management**

65. An adequate management, accounting and information system which accounts for revenue, debtors and receipt of revenue was not in place, as required by section 64(2)(e) of the MFMA.
66. An effective system of internal control for debtors was not in place, as required by section 64(2)(f) of the MFMA.
67. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

#### **Strategic planning and performance management**

68. A performance management system was not adopted, as required by municipal planning and performance management regulation 8.
69. The performance management system and related controls were inadequate as it did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).



## Other information

70. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that have been specifically reported in this auditor's report.
71. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
72. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
73. I did not receive all the other information prior to the date of this report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

74. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
75. Leadership was not effective in ensuring that good governance was in place to protect and enhance the interests of the municipality, as procedures and policies were not properly implemented. Despite the recurring findings, leadership did not create a culture of good governance, as evidenced by the lack of review of compliance with legislation, and lack of policies and procedure for capturing and processing information that affect the annual financial statement and the annual performance report. Leadership also did not act on audit recommendations made in the prior year and did not honour previous commitments made through the development and implementation of an action plan. Coupled with this, the audit committee and the internal audit were not effective in ensuring that good governance is in place to protect and enhance the interests of the municipality, as standard operating procedures, audit action plans and risk management were not developed and implemented.



76. Leadership did not provide sufficient oversight over the implementation and monitoring of controls to prevent non-compliance in the preparation of the financial statements, procurement and contract management, as well as the management of revenue, expenditure, assets, strategic planning and performance which resulted in a breakdown of controls. Leadership also did not provide adequate oversight over the preparation of the annual financial statements and annual performance report to ensure that they were free from material misstatements and supported by sufficient appropriate evidence. Adequate consequence management processes were also not implemented to address the instances of non-compliance and breakdown of controls in the preparation of the financial statements and annual performance report which led to material misstatement in both.
77. Leadership did not put measures in place to reduce continuous reliance on consultants, by implementing processes to ensure that staff were sufficiently and adequately trained and that the performance of staff was monitored, measured and evaluated. Additionally, there was no transfer of skills and knowledge from consultants to staff to reduce reliance on consultants in future.
78. Leadership did not implement the required financial disciplines such as proper record keeping, monthly reconciliations and the review of accounting records and financial statements to ensure adherence to the accounting framework. This consequently resulted in numerous instances of non-compliance with key legislation, material misstatement in the annual financial statements and material misstatement in the annual performance report. These material misstatements were exacerbated by the fact that management did not ensure that information was timeously gathered and filed appropriately to support information reported on. Furthermore, management did not prepare regular financial statements to enable an adequate and regular review of the financial statements throughout the year, thereby identifying emerging risks presented by the reporting framework for the preparation of the annual financial statements.
79. Instability in the office of the municipal manager and chief financial officer hinders the creation of systems and processes to enhance the skills of officials and create a culture of compliance of good financial disciplines.

### **Material irregularities**

80. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit

### **Material irregularities in progress**

81. I identified a material irregularity during the audit and notified the accounting officer, as required by material irregularity regulation 3(2). By the date of this auditor's report, the response of the accounting officer was not yet due. This material irregularity will be included in the next year's auditor's report.

## Other reports

82. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
83. The internal audit unit performed an investigation into the appointment and contract management in relation to an award made to a company. It was alleged that the award made to the company was not made in accordance with the MFMA, that payments made in relation to the contract exceeded the contract amount and that the payments were approved by an official who did not have the authority to do so in terms of the approved delegation of powers. The investigation concluded that the municipality does not have an effective and efficient contract management policy and system in place and that there was an overpayment on the contract and the amounts in relation to overpayment should be recovered from those liable. The investigation into the contract is presently with the Hawks for further investigation. The internal audit unit submitted their final report to the audit committee.

*Auditor General*

Cape Town

15 March 2022



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general's responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected development priority and on the municipality's compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Beaufort West Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

# **ANNEXURE B:**

## **AG REPORT**

# Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Beaufort West Municipality

## Report on the audit of the financial statements

### Qualified opinion

1. I have audited the financial statements of the Beaufort West Municipality set out on pages 3 to 101, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matter described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the Beaufort West Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 4 of 2020 (Dora).

### Basis for qualified opinion

#### Property, plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence that the municipality recognised all items of property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment*, as I was unable to confirm that all items of property, plant and equipment were recorded due to the status of accounting records.
4. Additionally, the impairments of property, plant and equipment were not reviewed at each reporting date in accordance with GRAP 17. I was unable to determine the impact on the net carrying amount of plant and equipment, reversal of impairment loss/(impairment loss) on property plant and equipment and the depreciation and amortisation as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment, stated at R528,4 million (2019-20: R541,0 million) in note 2.1 and 2.2 to the financial statements and to the depreciation and amortisation, stated at R21,3 million (2019-20: R22,6 million) in note 37 to the financial statements.



#### Revenue from exchange transactions – service charges

5. The municipality did not have adequate systems to maintain records to account for rebates given to indigents. This resulted in revenue from exchange transactions – service charges and being understated by R12,3 million (2019-20: R19,8 million). Consequently, receivables from exchange transactions being are understated by R12,3 million (2019-20: R19,8 million). Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements.
6. I was unable to obtain sufficient and appropriate audit evidence that revenue from exchange transactions – service charges had been properly accounted for due to the status of the accounting records. I was unable to confirm the revenue from exchange transactions – service charges by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the revenue from exchange transactions – service charges, stated at R121,1 million (2019-20: R126,7 million) in note 28 to the financial statements.

#### Revenue from exchange transactions – Interest earned

7. I was unable to obtain sufficient and appropriate audit evidence that revenue from exchange transactions – interest earned from service charges had been properly accounted for due to the status of the accounting records. I was unable to confirm the revenue from exchange transactions – interest earned from service charges by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the revenue from exchange transactions – interest earned from service charges, stated at R9,6 million in note 32 to the financial statements.

#### Receivables from exchange transactions

8. I was unable to obtain sufficient and appropriate audit evidence that receivables from exchange transactions had been properly accounted for due to the status of the accounting records. I was unable to confirm the receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the receivables from exchange transactions, stated at R20,0 million (2019-20: R24,6 million) in note 10 to the financial statements.

#### Investment property

9. The municipality did not recognise all property held to earn rental or for capital appreciation as investment property in accordance with GRAP 16, *Investment property*. Investment property was incorrectly recognised as property, plant and equipment. Consequently, investment property was understated and property, plant and equipment was overstated by R5,4 million (2019-20: R5,4 million).

## Taxes

10. I was unable to obtain sufficient and appropriate audit evidence that taxes had been properly accounted for due to the poor quality of the accounting records. I was unable to confirm the taxes by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the taxes, stated at R9,8 million (2019-20: R9,1 million) in note 21 to the financial statements.

## Trade and other payables from exchange transactions

11. The municipality did not recognise all outstanding amounts meeting the definition of a liability in accordance with GRAP 1, *Presentation of financial statements*. The municipality did not have adequate systems to maintain records of trade and other payables from exchange transactions for goods and services received, but not yet paid for. This resulted in trade and other payables from exchange transactions being overstated by R5 million.

## Expenditure

12. Expenditure was materially misstated by R5,5 million due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:
  - Bulk purchases, contracted services, employee related cost and operational costs was overstated by R4,8 million due to management not having adequate systems to record expenditure transactions.
  - Contracted services and operational expenditure were in aggregate overstated by R0,7 million due to management not having adequate processes in place to determine the appropriate classification of expenditure transactions.
13. Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements.

## Statement of comparison of budget and actual amounts

14. The municipality did not correctly prepare and disclose the cash flow from operating activities disclosed in the statement of comparison of budget and actual amounts as required by GRAP 24, *Presentation of budget information in financial statements*. This was due to multiple errors in determining cash flows from operating activities. Consequently, the effect of the misstatement is:
  - Receipts from taxation is overstated by R14,4 million
  - Receipts from service charges is understated by R43,4 million
  - Receipts from other revenue is overstated by R29 million
  - Receipts from government grants and subsidies – operating is understated by R3,6 million
  - Receipts from government grants and subsidies – capital is overstated by R3,6 million



### Statutory receivables

15. The municipality's analysis of receivables that are past due that have not been impaired in note 53, statutory receivables was incorrectly calculated, which constitutes a departure from GRAP 108, *Statutory receivables*. This has resulted in the ageing of amounts past due but not impaired being understated by R203,7 million (2019-20: R212,3 million)

### Irregular expenditure

16. The municipality did not include all irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This was due to payments amounting to R3,9 million (2020: R15,0 million) made in contravention of the supply chain management requirements, which were not disclosed as irregular expenditure. I was unable to determine the impact on the understatement of irregular expenditure – current year, stated at R18,0 million (2019-20: R41,0 million) in note 49.3 to the financial statements as it is impracticable to do so

### Corresponding figures for 30 June 2020

#### Reversal of impairment loss / (impairment loss) on receivables

17. During the 2019-20 financial year, I was unable to obtain sufficient and appropriate audit evidence that the impairment loss on receivables had been properly accounted for due to the status of the accounting records. I was unable to confirm the impairment loss on receivables by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the impairment loss on receivables, stated at R48,7 million in note 42 to the financial statements corresponding figures for 30 June 2020.
18. My audit opinion on the financial statements for the period ended 30 June 2020 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the reversal of impairment loss / (impairment loss) on receivables for the current period.

### Context for the opinion

19. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
20. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
21. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.



## **Material uncertainty relating to going concern/ financial sustainability**

22. I draw attention to the matter below. My opinion is not modified in respect of this matter.
23. I draw attention to the statement of financial performance in the financial statements, which indicates that the municipality incurred a net loss of R28,9 million (2019-20: net loss of R13,5 million) during the year ended 30 June 2021 and, as of that date, the municipality's current liabilities exceeded its current assets by R58,3 million (2019-20: net current liability position of R36,5 million). These events or conditions, along with other matters as stated in disclosure note 56 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

## **Emphasis of matters**

24. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## **Restatement of corresponding figures**

25. As disclosed in note 44 to the annual financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors identified in the financial statements of the municipality at, and for the year ended, 30 June 2021.

## **Material impairments**

26. As disclosed in note 6 to the annual financial statements, the municipality provided for the impairment of non-current receivables from exchange transactions amounting to R5,4 million (2019-20: R2,0 million).
27. As disclosed in note 11 to the annual financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R232,9 million (2019-20: R193,5 million).

## **Material losses**

28. As disclosed in note 50.8 to the annual financial statements material water losses of 1 456 276 kilolitres (2019-20: 1 598 802 kilolitres) were incurred which represents units lost during distribution of 49,9% (2019-20: 56,5%).
29. As disclosed in note 50.8 to the annual financial statements material electricity losses of 8 164 594 kilowatt hours (2019-20: 7 935 970 kilowatt hours) were incurred which represents units lost during distribution of 14,8% (2019-20: 14,7%).

## **Other matters**

30. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Unaudited disclosure notes

31. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

### Unaudited supplementary schedules

32. The supplementary information set out on pages 102 to 112 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### Responsibilities of the accounting officer for the financial statements

33. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
34. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

### Auditor-general's responsibilities for the audit of the financial statements

35. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
36. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

37. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected



development priorities presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

38. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
39. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the municipality's annual performance report for the year ended 30 June 2021:

Development priority	Pages in the annual performance report
KPA 1 – basic services delivery and infrastructure development	<p>10 – 11 [c) Provide for the needs of indigent households through improved services. TL5, TL6, TL7, TL8]</p> <p>11 – 13 [d) Provision of basic services to all the people in the municipal area. TL1, TL2, TL3, TL4, TL25, TL26, TL27, TL28, TL29 and TL30]</p> <p>16 [h) To improve and maintain current basic service delivery through specific infrastructural development projects. TL9 and TL24]</p>

40. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
41. The material findings on the usefulness and reliability of the performance information of the selected development priority are as follows:

#### **KPA 1: Basic services delivery and infrastructure development**

TL1 – Number of formal residential properties that receive piped water that is connected to the municipal water infrastructure and which is billed for water or have prepaid meters as at 30 June 2021



### **Reported achievement not supported by sufficient appropriate audit evidence**

42. I was unable to obtain sufficient appropriate audit evidence for the achievement of 15 388 reported against target 13 500 in the annual performance report, due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

TL5 – Provide free basic water to indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2021

### **Reported achievement did not agree with the evidence provided**

43. The achievement of 7 244 was reported against a target of 5 600 in the annual performance report. However, some supporting evidence provided materially differed from the reported achievement, while in other instances I was unable to obtain sufficient appropriate audit evidence. This was due to the lack of accurate and complete records. I was unable to further confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.

### **Other matter**

44. I draw attention to the matter below.

#### **Achievement of planned targets**

45. Refer to the annual performance report on pages 10 to 11, 11 to 13 and 16 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 40 to 42 of this report.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

46. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
47. The material findings on compliance with specific matters in key legislation are as follows:

#### **Annual financial statements**

48. The annual financial statements were not submitted to the Auditor-General, for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.
49. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material

misstatements of non-current assets, current assets, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

#### Procurement and contract management

50. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by Supply Chain Management (SCM) Regulation 13(c). Similar non-compliance was also reported in the prior year.
51. Some of the quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year
52. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R200 000 were procured by inviting competitive bids and that deviations approved by the accounting officer were only if it was impractical to invite competitive bids, as required by SCM Regulations 19(a) and 36(1). Similar non-compliance was also reported in the prior year.
53. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000. Similar non-compliance was also reported in the prior year.
54. Some of the invitations to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2). Similar non-compliance was also reported in the prior year.
55. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA. Similar non-compliance was also reported in the prior year

#### Expenditure management

56. Payments were made from the municipality's bank accounts without the approval of a properly authorised official, as required by section 11(1) of the MFMA.
57. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval of funds as required by section 65(2)(a) of the MFMA.
58. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and accounted for payments made, as required by section 65(2)(b) of the MFMA.
59. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed did not reflect the full extent of the



irregular expenditure incurred as the full extent of the irregular expenditure could not be quantified as indicated in the basis for qualified opinion paragraphs. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management legislation.

60. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R102,9 million as disclosed in note 49.1 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The unauthorised expenditure was caused by over-expenditure on the approved budget.

#### **Assets management**

61. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

#### **Consequence management**

62. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
63. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
64. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

#### **Revenue management**

65. An adequate management, accounting and information system which accounts for revenue, debtors and receipt of revenue was not in place, as required by section 64(2)(e) of the MFMA.
66. An effective system of internal control for debtors was not in place, as required by section 64(2)(f) of the MFMA.
67. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

#### **Strategic planning and performance management**

68. A performance management system was not adopted, as required by municipal planning and performance management regulation 8.
69. The performance management system and related controls were inadequate as it did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).



## Other information

70. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that have been specifically reported in this auditor's report.
71. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
72. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
73. I did not receive all the other information prior to the date of this report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

74. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
75. Leadership was not effective in ensuring that good governance was in place to protect and enhance the interests of the municipality, as procedures and policies were not properly implemented. Despite the recurring findings, leadership did not create a culture of good governance, as evidenced by the lack of review of compliance with legislation, and lack of policies and procedure for capturing and processing information that affect the annual financial statement and the annual performance report. Leadership also did not act on audit recommendations made in the prior year and did not honour previous commitments made through the development and implementation of an action plan. Coupled with this, the audit committee and the internal audit were not effective in ensuring that good governance is in place to protect and enhance the interests of the municipality, as standard operating procedures, audit action plans and risk management were not developed and implemented.

76. Leadership did not provide sufficient oversight over the implementation and monitoring of controls to prevent non-compliance in the preparation of the financial statements, procurement and contract management, as well as the management of revenue, expenditure, assets, strategic planning and performance which resulted in a breakdown of controls. Leadership also did not provide adequate oversight over the preparation of the annual financial statements and annual performance report to ensure that they were free from material misstatements and supported by sufficient appropriate evidence. Adequate consequence management processes were also not implemented to address the instances of non-compliance and breakdown of controls in the preparation of the financial statements and annual performance report which led to material misstatement in both.
77. Leadership did not put measures in place to reduce continuous reliance on consultants, by implementing processes to ensure that staff were sufficiently and adequately trained and that the performance of staff was monitored, measured and evaluated. Additionally, there was no transfer of skills and knowledge from consultants to staff to reduce reliance on consultants in future.
78. Leadership did not implement the required financial disciplines such as proper record keeping, monthly reconciliations and the review of accounting records and financial statements to ensure adherence to the accounting framework. This consequently resulted in numerous instances of non-compliance with key legislation, material misstatement in the annual financial statements and material misstatement in the annual performance report. These material misstatements were exacerbated by the fact that management did not ensure that information was timeously gathered and filed appropriately to support information reported on. Furthermore, management did not prepare regular financial statements to enable an adequate and regular review of the financial statements throughout the year, thereby identifying emerging risks presented by the reporting framework for the preparation of the annual financial statements.
79. Instability in the office of the municipal manager and chief financial officer hinders the creation of systems and processes to enhance the skills of officials and create a culture of compliance of good financial disciplines.

### **Material irregularities**

80. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit

### **Material irregularities in progress**

81. I identified a material irregularity during the audit and notified the accounting officer, as required by material irregularity regulation 3(2). By the date of this auditor's report, the response of the accounting officer was not yet due. This material irregularity will be included in the next year's auditor's report.



## Other reports

82. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
83. The internal audit unit performed an investigation into the appointment and contract management in relation to an award made to a company. It was alleged that the award made to the company was not made in accordance with the MFMA, that payments made in relation to the contract exceeded the contract amount and that the payments were approved by an official who did not have the authority to do so in terms of the approved delegation of powers. The investigation concluded that the municipality does not have an effective and efficient contract management policy and system in place and that there was an overpayment on the contract and the amounts in relation to overpayment should be recovered from those liable. The investigation into the contract is presently with the Hawks for further investigation. The internal audit unit submitted their final report to the audit committee.

*Auditor General*

Cape Town

15 March 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected development priority and on the municipality’s compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Beaufort West Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.