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THE ADMINISTRATOR
12334320



ANNUAL REPORT 2023/24

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CHAPTER 1

COMPONENT A: MAYOR'S FOREWORD



Beaufort West Local Municipality's Annual Report for the 2023/24 financial year gives one an account of work that was undertaken during the past financial year, as required by the Local Government Municipal Systems Act, Act 32 of 2000 (Section 46) and Local Government Municipal Finance Act, Act 56 of 2003 (Sections 121 and 127 (2)).

It is in an honour to present the 2023/24 Annual Report for Beaufort West Municipality. Reflecting on the past year there, has been work done on the ground to address the needs of our people as stipulated in our Integrated Development Plan (IDP). This reflection must strengthen our purpose as we continue to collaborate with our Stakeholders towards the fulfilment of our strategic objectives.

We present this draft Annual Report in our efforts to implement our Service Delivery Budget Implementation Plan (SDBIP) 2023/24, the year under review. This Report serves as a record of accounting mechanism to our communities on the institutional achievements, challenges, mitigation and remedial measures implemented to address the latter. While it reflects progress achieved in service delivery, there are still undesirable challenges confronting the Municipality such as high-level water loses, billing, zero construction of human settlements and inability to tar gravel roads due to insufficient Municipal Infrastructure Grant (MIG) funding.

During the year under review, the focus has also been to address the Financial Recovery Plan (FRP) towards taking the Municipality from Phase 1 to Phase 2. There is still much work to be done in this regard.

For the year under review, the Municipality has remained stagnant on a qualified audit outcome. This outcome has been stagnant for the last two (2) years. It is extremely critical for the Municipality to improve and move to a better opinion. However, the Municipality has developed an Audit Action Plan in the last financial year to address issues raised by the Auditor-General (AG) during the Audit process but seem to have stagnant on the outcome.

This time around, as the Municipality, we will need to apply other mechanisms and produce a new approach on how we tackle the issues raised by the AG in order to attain a better opinion going forward. Management will have to go back to the drawing board and develop a new strategy to address issues raised by the AG.

We will accelerate institutionalization of Performance Management to ensure that Council Resolutions towards service delivery are implemented, monitored, evaluated and improved. It is through this approach that we will ease accountability of the Municipality to local communities, the Administration to Council and line functions to Executive Management.

We will work tirelessly to support an efficient, effective and high skilled and professional Administration that delivers better services.

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



All our efforts during this period were made possible by working together as a team: Chairpersons of Committees, fellow Councillors, entire Management Team, Staff Members and our Stakeholders. Your constructive criticisms remain a pillar of our public participation and solid foundation for good governance and service delivery.

Councillor J De Kock Reynolds

EXECUTIVE MAYOR

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Component B: Executive Summary



The Beaufort West Municipality prepared its Annual Report for the year under review in line with Section 121 of the Local Government Municipal Finance Manager Act, Act 56 of 2003 as well as accompanying Circulars, templates and guidelines. The Report provides an overview of the performance and progress made by the Municipality in fulfilling its strategic objectives and priorities as aligned in the Integrated Development Plan (IDP), Budget as well as Provincial and National Strategic directives.

As part of this Report, highlights of all the programmes and projects that were embarked on during this period to enhance services delivery within our jurisdiction are also presented. We also acknowledge our limitation which requires our concerted efforts in our quest to deliver quality services to our community.

The past year has proven to be particularly difficult for our local municipality due to a range of issues that transpired. Economic conditions confronting us as the country continued to impact negatively on the collection rate of the revenue in the Municipality. The reality of unemployment and the inability of the economy to create meaningful employment has a negative impact on the Municipality. These factors and the financial challenges have compromised the Municipality's ability to perform certain of its deliverables.

Our billing systems coupled with the prevalent culture of non-payment for municipal services by some residents served as a major contributing factors to our financial situation. The issue of high water losses remain a huge challenge for the Municipality. As a result, it is a primary contributing factor for the qualified Auditor-General (AG) opinion for the 2023/24 financial year. The Municipality is unable to deal with this matter due to a lack of funding to procure the required pre-paid water meters. It is clear that it will be a recurring finding in the 2025/2026 audit outcome if sufficient funding is not secured for procurement of pre-paid water meters.

It needs to be stated that the Municipality is also part of the ESKOM debt relief programme in the year under review and all efforts are made to remain compliant with the terms and conditions of the programme. Although the Municipality has not yet crossed over to the stabilization phase of the Financial Recovery Plan (FRP), there is definitely satisfactory progress. The appointment of Senior Managers, particularly the Municipal Manager, Director: Financial Services and Director: Infrastructure Services in the year under review has also contributed positively in the stabilization of the Administration, which was a great concern in the previous year.

We are however, making al strides towards mitigating both strategic and operational risks focussed on improved billing system for enhanced municipal revenue collection water and sanitation services, infrastructure and improved audit outcomes. As the Municipality, we are also working hard employing all measures to move from a qualified opinion we have obtained in the year under review to an improved audit outcome that we will pride ourselves of.

We extend our deepest gratitude to the political leadership for the corporation and oversight role on the work done. The way our staff members execute their responsibilities must add more energy in future to contribute meaningfully to the lives of those we serve.

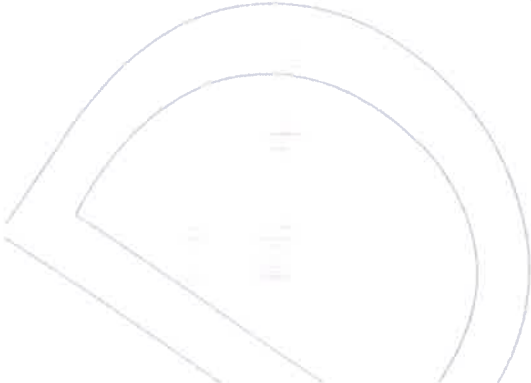
CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



Our existence as the Local Municipality mostly depends on the community and I would like to take this opportunity to express our sincere and profound appreciation on the constructive criticism from our community which serves as a steppingstone to realize our objectives.

D Welgemoed
MUNICIPAL MANAGER

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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 2022 to 30 June 2023. 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 in the Central Karoo, the economic gateway to the Western Cape, where people are developed and living together in harmony.”

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



Strategic Objectives:

- **SO1:** Provide, maintain and expand basic services to all people in the municipal area
- **SO2:** Sustainable, safe and healthy environment
- **SO3:** Promote broad-based growth and development
- **SO4:** Maintain an ethical, accountable and transparent administration
- **SO5:** Enabling a diverse and capacitated workforce
- **SO6:** Uphold sound financial management principles and practices

1.2 Municipal functions, population and environmental overview

1.2.1 Population

The table below illustrates the population in the municipal area as per the Socio-economic profile 2017 and 2020 and the Census 2001 – 2011 and 2022:

Population	2001	2011	2018	2020	2022
Number of people residing in the Beaufort West municipal area	43 284	49 586	53 168	51 074	72 972
	Census 2001 and 2011		Socio-economic profile 2017	Socio-economic profile 2020	Census 2022

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
2022	11 447	15.7	56 455	77.5	274	0.4	3 612	5.0	1 021	1.4	72 972
	Census 2001 and 2011										

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
2022	27 036	11 650	11 048	8 607	9 908	4 723	72 972

Census 2001, 2011 and 2022

Table 3. Population by age

1.2.4 Households

The number of households within the municipal area is 13 066. The size of a household is about 5 people (as per Census 2011).

The table below indicates the growth of households:

Households	2018/19	2019/20	2022/23	2023/24
Number of households	13 015	13 013	13 014	13 066

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.

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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 km² 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 Nieuveld 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

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

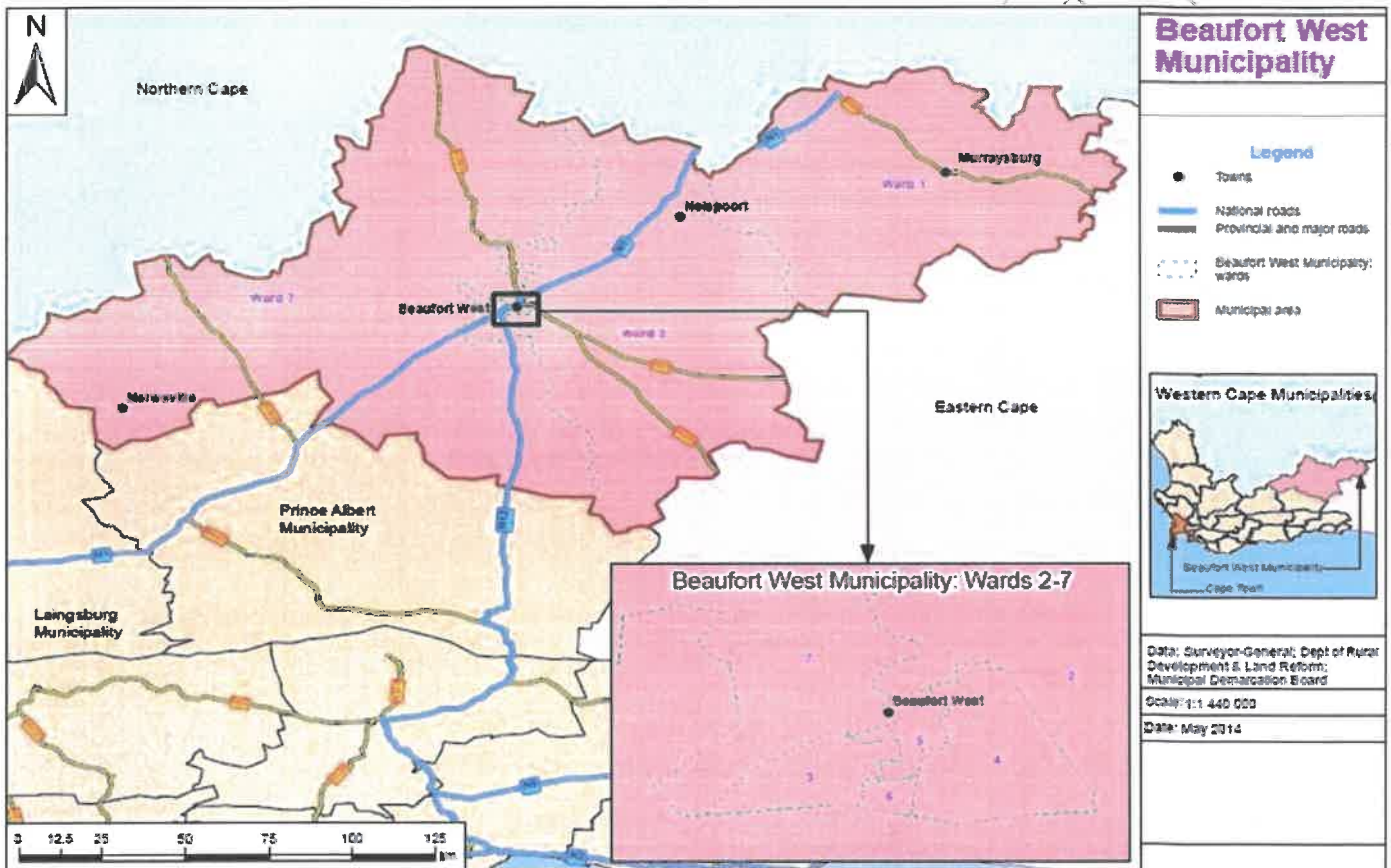
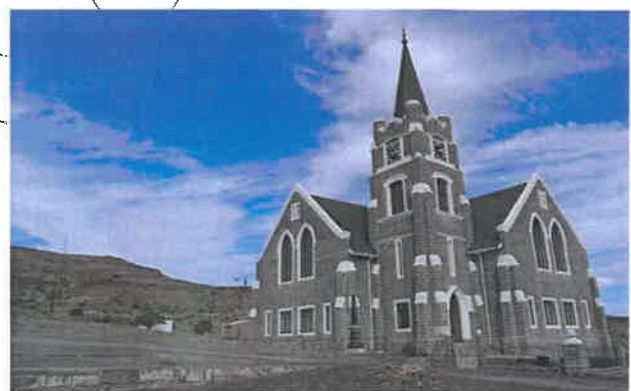


Figure 1.: Beaufort West municipal area and wards

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 kooip, 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.

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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 herdsmen 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.



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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 much 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

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
New Director	The Director: Infrastructure Services has been appointed
Loadshedding	Loadshedding is less frequent now
Education and awareness on the main road in the CBD area and traffic road blocks during holidays and/or festive seasons	Participants stood with their own designed posters next to robots and traffic road blocks, with messages encouraging the pedestrians and visitors passing our town to keep our town clean, green and safe

Table 7. Basic services delivery highlights

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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	Installation of pre-paid meters
Sanitation Services	Beaufort West WWTW operating at full capacity	Upgrading of Beaufort West WWTW
Electricity Services	Shortage of capable personnel	Appoint organogram vacancies
Waste Management Services	Programme duration very short	Sustain and expansion of program yearly to all areas

Table 8. Basic services delivery challenges

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	2022/23	2023/24
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 Highlights: Financial viability

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

Highlight	Description
Eskom Municipal Debt Relief approved for an amount of R76 million	The Municipality received approval for an amount of R76 million for amounts owing to Eskom for bulk electricity purchases not paid for over decades. In the first year ending 30 June 2024, the Municipality will receive approximately R25 million write off the amount
General Valuation (GV) Roll 2024/25	The Municipality has not had a full GV performed in 7 years. Appointment of a Valuer was completed in September 2023 and GV Role was completed in June 2024

Table 10. Financial viability highlights

1.4.2 Challenge: Financial viability

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

Challenge	Action to address
Unfunded budget	An impairment methodology and framework to be developed. The Municipality will also look into preparing a long-term financial plan for the Municipality

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

Challenge	Action to address
Incorrect billing	Data cleansing of the customer database on the billing system. Appointment of the following positions: <ul style="list-style-type: none"> • Controller: Billing, Rates and Taxes • Controller: Credit Control, Indigent • Controller: Cashiering and Customer Care

Table 11. 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	2022/23	2023/24
Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2024 $[(\text{Short Term Borrowing} + \text{Bank Overdraft} + \text{Short Term Lease} + \text{Long Term Borrowing} + \text{Long Term Lease}) / \text{Total Operating Revenue} - \text{Operating Conditional Grant}] \times 100$	1%	2%
Financial viability measured in terms of the outstanding service debtors as at 30 June 2024 $[(\text{Total outstanding service debtors} / \text{revenue received for services}) \times 100]$	81.26%	80.42%
Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2024 $(\text{Cash and Cash Equivalents} - \text{Unspent Conditional Grants} - \text{Overdraft}) + \text{Short Term Investment} / \text{Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)}$	0	0.42

Table 12. National KPI's for financial viability and management

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
	2022/23	2023/24
The percentage of the municipal capital budget spent by 30 June 2023 $(\text{Actual amount spent} / \text{Total amount budgeted for capital projects}) \times 100$	94%	105%

Table 13. National KPIs - Good governance and public participation performance

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

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)	112 027	118 312	131 353
Taxes, levies and tariffs (property and services)	235 406	241 983	193 776
Other (investments and own)	86 834	92 903	97 468
Sub total	434 267	453 198	422 597
Less expenditure	412 211	434 043	405 291
Net surplus/(deficit)	22 056	19 155	17 306

Table 14. Financial overview

1.4.5 Total capital expenditure

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

Detail	2022/23	2023/24
	R'000	
Original budget	13 977	50 828
Adjustment budget	16 320	50 711
Actual	16 889	50 741
% Spent	104%	100%

Table 15. Total capital expenditure

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

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

- **Unqualified audit with findings:** The financial statements are free from material misstatements but findings have been raised. 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 their financial statements and annual performance report/reporting information

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	2020/21	2021/22	2022/23	2023/24
Opinion received	Disclaimer	Qualified	Qualified	Qualified

Table 16. Audit outcomes



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 2023/24 financial year:

Council members	Capacity	Political party	Ward representing or proportional	Number of meetings attended
Councillors for the period 1 July 2023 to 5 September 2023				
N Abrahams	Fulltime Councillor	PA	Ward 3	5
E Botha	Councillor	PA	Ward 6	5
N Constable	Speaker	KDF	Proportional	5
C de Bruin	Fulltime Councillor	ANC	Ward 4	5
S Essop	Councillor	GOOD	Proportional	3
L Mdudumani	MPAC Chairperson	ANC	Ward 7	4
S Meyers	Councillor	DA	Proportional	3
A Sauls (resigned on 13 February 2023)	Executive Mayor	PA	Proportional	5
L Piti	Deputy Executive Mayor	ANC	Ward 5	4
J de Kock Reynolds	Councillor	DA	Ward 2	4
R Skuza	Councillor	ANC	Ward 1	4
A Slabbert	Councillor	DA	Proportional	4
J van der Linde	Councillor	DA	Proportional	4

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Council members	Capacity	Political party	Ward representing or proportional	Number of meetings attended
Councillors for the period 5 September 2023 to 21 March 2024				
N Abrahams (resigned 26 March 2024)	Fulltime Councillor	PA	Ward 3	5
E Botha (resigned 26 March 2024)	Executive Mayor	PA	Ward 6	6
N Constable	Speaker	KDF	Proportional	6
C de Bruin	Fulltime Councillor	ANC	Ward 4	6
S Essop	Councillor	GOOD	Proportional	6
L Mdudumani	MPAC Chairperson	ANC	Ward 7	6
S Meyers	Councillor	DA	Proportional	5
G Pietersen	Fulltime Councillor	PA	Proportional	6
L Piti	Deputy Executive Mayor	ANC	Ward 5	6
J de Kock Reynolds	Councillor	DA	Ward 2	4
R Skuza (resigned 26 March 2024)	Councillor	ANC	Ward 1	4
A Slabbert	Councillor	DA	Proportional	3
J van der Linde	Councillor	DA	Proportional	4
Councillors for the period 1 May 2024 - 7 June 2024				
C de Bruin	Fulltime Councillor	ANC	Ward 4	1
N Constable (resigned 7 June 2024)	Speaker	KDF	Proportional	1
S Essop	Councillor	GOOD	Proportional	1
L Mdudumani	MPAC Chairperson	ANC	Ward 7	1
S Meyers	Councillor	DA	Proportional	1
G Pietersen	Councillor	PA	Proportional	1
L Piti	Deputy Executive Mayor	ANC	Ward 5	1
J de Kock Reynolds	Ward Councillor	DA	Ward 2	1
A Slabbert	Councillor	DA	Proportional	1
J van der Linde	Councillor	DA	Proportional	0
Councillors for the period 7 June 2024 – 30 June 2024				
C de Bruin	Fulltime Councillor	ANC	Ward 4	0
S Essop	Fulltime Councillor	GOOD	Proportional	0
L Mdudumani	MPAC Chairperson	ANC	Ward 7	0
S Meyers	Councillor	DA	Ward 5	0
G Pietersen	Councillor	PA	Proportional	0
L Piti	Councillor	ANC	Ward 2	0
J de Kock Reynolds	Councillor	DA	Proportional	0
A Slabbert	Speaker	DA	Proportional	0

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Council members	Capacity	Political party	Ward representing or proportional	Number of meetings attended
J van der Linde	Executive Mayor	DA	Proportional	0

Table 17. Council 2023/24

The table below indicates the Council meeting attendance for the 2023/24 financial year:

Meeting dates	Council meetings attendance	Apologies for non-attendance
Monthly Council Meeting		
26 July 2023	11	(2)
28 August 2023	11	(2)
26 September 2023	12	(1)
31 October 2023	13	(0)
5 December 2023	12	(0)
30 January 2024	12	(0)
27 February 2024	10	(3)
26 March 2024	9	(4)
21 May 2024	12	(1)
Special Council Meeting		
6 July 2023	10	(1)
10 August 2023	13	(0)
5 September 2023	11	(2)
18 September 2023	10	(3)
28 September 2023	11	(2)
7 November 2023	11	(2)
17 November 2023	11	(2)
13 December 2023	7	(0)
3 January 2024	10	(1)
13 February 2024	6	(4)
28 February 2024	11	(2)

Table 18. 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.

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The name and portfolio of each member of the Mayoral Committee is listed in the table below for the period 1 July 2023 to 30 June 2024:

Mayoral Committee Members: 13 February 2023 to 5 September 2023	
Name of member	Capacity
A Sauls	Executive mayor
L Piti	Deputy Executive Mayor
N Abrahams	Fulltime Councillor
C de Bruin	Fulltime Councillor

Table 19. Mayoral Committee members: 13 February 2023 to 5 September 2023

Mayoral Committee Members: 5 September 2023 to 21 March 2024	
Name of member	Capacity
E Botha	Executive mayor
L Piti	Deputy Executive Mayor
N Abrahams	Fulltime Councillor
C de Bruin	Fulltime Councillor

Table 20. Mayoral Committee members: 5 September 2023 to 21 March 2024

Mayoral Committee Members: 1 May 2023 to 19 June 2024	
Name of member	Capacity
G Pietersen	Executive mayor
L Piti	Deputy Executive Mayor
S Essop	Fulltime Councillor
C de Bruin	Fulltime Councillor

Table 21. Mayoral Committee members: 1 May 2023 to 19 June 2024

The table below indicates the dates of the Mayoral Committee meetings and the number of reports submitted to Council for the 2023/24 financial year:

Meeting date	Number of reports submitted to Council
22 August 2023	2
28 April 2024	

Table 22. Executive Mayoral Committee meetings

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

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- Human Resource (HR) Development Committee
- Municipal Resource Development Committee

The portfolio committees and their chairpersons for the period 1 July 2022 to 30 June 2023 were as follows:

Chairperson	Other members	Number of minutes submitted to Council	Meeting dates
Financial and Development Committee			
E Botha	J van der Linde	2	24 October 2023 13 February 2024
	N Abrahams		
	S Essop		
	L Mdudumani		
Corporate Services, Human Resource, Youth and Women			
L Piti	R Skuza	2	20 November 2023 21 February 2024
	S Meyer		
	T Prince		
	S Essop		
	C de Bruin		
	E Botha		
Community, Traffic, and Housing			
N Abrahams	L Mdudumani	0	0
	R Skuza		
	S Essop		
	E Botha		
	J Reynolds		
Engineering and Infrastructure Services Committee			
C De Bruin	A Slabbert	0	0
	S Essop		
	J van der Linde		
	N Abrahams		
	L Piti		

Table 23. Portfolio Committees

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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	Meeting dates
S Meyers	Council	DA	18 July 2023 14 March 2024
L Mdudumani	MPAC Chairperson Council	ANC	
S Essop	Council	Good	
G Pietersen	Council	PA	

Table 24. 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
Mr D Welgemoed	Municipal Manager	Yes
Mr A Makendlana	Director Corporate Services	Yes
Mr L Nqotola	Director Infrastructure Services	Yes
Mr M Nthlengethwa	Director Financial Services	Yes

Table 25. 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.

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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
Chief Audit Executives Forum	Internal Auditor	The objective of the forum is to enhance the MFMA; Internal Audit Framework; build capacity & relationships; promote sound financial governance
Chief Risk Officers Forum	Chief Risk Officer	The objective of the forum is to enhance the MFMA; Risk Management Framework; build capacity & relationships; promote sound financial governance

Table 26. 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.

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 Public meetings

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

Venue	Ward	Date
Murraysburg Town Hall	1	10 October 2023 17 April 2024
Restvale Primary School (Nelspoort)	2	25 April 2024
“Geelsaal”	3	17 October 2023 18 April 2024
Kwa Mandlenkosi Community Hall	4	18 October 2023 09 April 2024
Rustdene	5	24 April 2024

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Venue	Ward	Date
New Fountain Hall	6	23 April 2024
AFM Peres Church – Hillside	7	16 April 2024

Table 27. Public meetings

2.4 Ward committees

Ward committees support 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.

2.4.1 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	Number of meetings held during the year
V Mlilwana	Block A	24 July 2023
A Wagner	Block A	22 August 2023
M Faster	Block B	19 September 2023
D Ngondo	Block B	22 October 2023
S Tshikolo	Block C	14 November 2023
G Zahela	Block C	15 December 2023
M Macpherson	Block D	17 January 2024
I Goeieman	Block D	14 February 2024
S Karolis	Block E	13 March 2024
J Sibhozo	Block E	17 April 2024
		14 May 2024
		12 June 2024

Table 28. 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	Number of meetings held during the year
H Bezuidenhout	Block A	25 July 2023
A Jonas	Block B	23 August 2023
M Wettel	Block B	26 September 2023
Vacant	Block B	24 October 2023
E Snyman	Block C	22 November 2023
Vacant	Block C	11 December 2023
		22 January 2024
W Pienaar	Block D	26 February 2024

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Name of representative	Capacity representing	Number of meetings held during the year
W de Bruyn	Block D	21 March 2024
J Lodewyk	Block E	22 April 2024
M Williams	Block E	21 May 2024
		12 June 2024

Table 29. Ward 2: Committee meetings

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

Name of representative	Capacity representing	Number of meetings held during the year
A Plaatjies	Block A	24 July 2024
J Jacobs	Block A	23 August 2023
E Jacobs	Block B	19 September 2023
M de Klerk	Block B	25 October 2023
G Makok	Block C	22 November 2023
W Booyesen	Block C	11 December 2023
Vacant	Block C	22 January 2024
C Snyman	Block D	22 February 2024
J Martin	Block E	22 March 2024
F Botha	Block E	15 April 2024
		24 May 2024
		17 June 2024

Table 30. 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	Number of meetings held during the year
G Swanepoel	Block A	24 July 2024
J Stadler	Block A	22 August 2024
S Johnson	Block B	19 September 2023
A Swanepoel	Block B	18 October 2023
L Banda	Block C	22 November 2023
R Moletsane	Block C	8 December 2023
X Voorslag	Block D	22 January 2024
A Makendlana	Block D	26 February 2024
B Lenderts	Block E	21 March 2024
Y Simpson	Block E	23 April 2024
		22 May 2024
		12 June 2024

Table 31. Ward 4: Committee meetings

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

Name of representative	Capacity representing	Number of meetings held during the year
S Dyson	Block A	18 July 2023
H Louw	Block B	24 August 2023

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Name of representative	Capacity representing	Number of meetings held during the year
B Adonis	Block B	19 September 2023
Vacant	Block C	24 October 2023
Vacant	Block C	23 November 2023
Vacant	Block D	12 December 2023
Vacant	Block D	17 January 2024
Vacant	Block D	21 February 2024
F Matunzi	Block E	19 March 2024
N Baba	Block E	30 April 2024
S Kelem	Block E	30 May 2024
		7 June 2024

Table 32. Ward 5: Committee meetings

f) Ward 6: Part of Rustdene and Prince Valley

Name of representative	Capacity representing	Number of meetings held during the year
A Wilskut	Block A	24 July 2023
J Daniels	Block A	22 August 2023
K Edwards	Block B	19 September 2023
J Esau	Block B	24 October 2023
A Daniels	Block C	24 November 2023
B Abrahams	Block C	7 December 2023
M Molligan	Block D	25 January 2024
F Martin	Block D	26 February 2024
E Links	Block E	19 March 2024
Vacant	N/A	12 April 2024
		20 May 2024
		10 June 2024

Table 33. 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	Number of meetings held during the year
E Hough	Block A	12 July 2023
M Stevens	Block A	17 August 2023
D Klein	Block B	19 September 2023
A Rittles	Block B	18 October 2023
J Johannes	Block C	24 November 2023
J Bosman	Block D	6 December 2023
K Booyesen	Block D	15 January 2024
J Joachim	Block E	14 February 2024
D Abrahams	Block E	19 March 2024
		17 April 2024
		15 May 2024

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Name of representative	Capacity representing	Number of meetings held during the year
L van Wyk	Block E	12 June 2024

Table 34. Ward 7: Committee meetings

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2.5 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 acts 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 2023/24 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 35. Functioning of ward committees

2.6 Representative forums

2.6.1 Labour Forum

The table below specifies the members of the Labour Forum for the 2023/24 financial year:

Name of representative	Capacity	Meeting dates
D Welgemoed	Employer Representative: Management	20 July 2023 4 October 2023 1 March 2024 22 August 2024
A Makendlana	Employer Representative: Management	
S Meyers	Employer Representative: Councillor	
S Essop	Employer Representative: Councillor	
R Skuza	Employer Representative: Councillor	
L Piti	Employer Representative: Councillor	
N Abrahams	Employer Representative: Councillor	
E Botha	Employer Representative: Councillor	
E van der Horst	Employee Representative: IMATU	



Name of representative	Capacity	Meeting dates
C Lottering	Employee Representative: IMATU	
M Govender	Employee Representative: IMATU	
E Molowitz	Employee Representative: SAMWU	
H Maans	Employee Representative: SAMWU	
L Swarts	Employee Representative: SAMWU	
G Daniels	Employee Representative: SAMWU	
G Plaatjies	Employee Representative: SAMWU	

Table 36. Labour Forum

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.

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a) Risk assessment process

The risk assessment for the 2023/24 financial year was completed during February to March 2021 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.

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	Financial Feasibility in the long term:	Strategic	5	5	25
High	Ageing and deteriorating infrastructure	Strategic	5	5	25
High	Occupational Health and Safety hazards	OHS	5	5	25
High	Non-compliance with laws and regulations (All applicable laws and regulations on all departments)	Strategic	5	5	25
High	Excessive overtime and standby	Strategic	5	5	25
High	New Financial system not supporting business processes resulting in inaccurate record of stock & reconciliations/reporting/Billing (Loss of income)	Strategic	5	5	25
High	Fruitless and wasteful expenditure due to non-compliance to legislative requirements/ Environmental acts is liable to a fine not exceeding R10 million or imprisonment for a period not exceeding 10 years	Waste Management	5	5	25
High	Illegal Landfill-site operated at Murraysburg (funding already acquired and new regional landfill site identified) and Merweville operating without an approved license.	Waste Management	5	5	25
High	Incorrect leave balances leading to financial losses	HR: Leave & attendance	5	5	25
High	Implementation of revised organigram hampered by budget limitations	HR: Recruitment & appointment	5	5	25

Table 37. Strategic risks

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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:

2022/23			2023/24		
Risk categories	Risks	% of all risk	Risk categories	Risks	% of all risks
High	124	44.60	High	61	20.27
Medium	141	50.72	Medium	158	52.49
Low	13	4.68	Low	82	27.24
Total	278	100	Total	301	100

Table 38. 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)

The Risk Committee consists of the following members:

Name of Committee Member	Capacity	Meeting dates
R Naidoo	CRO	27 July 2023 26 October 2023 18 March 2024
N Gabada	Chairperson	
A Makendlana	Member	
D Welgemoed	Member	
N Nqotola	Member	
R Eland	Member	
M Nhlengethwa	Member	

Table 39. 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	8 December 2022



Name of strategy	Developed Yes/No	Dates adopted
Integrity Management Framework	Yes	

Table 40. 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
- 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.

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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.

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	31 August 2023
W Phillips	Member	23 November 2023
N Gabada	Member	20 March 2024
K Mckay	Member	20 June 2024

Table 41. 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;

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- 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 2024
Phase 2			
Compilation of Risk Based Audit Plan			June 2024
Phase 3			
Type of audit engagement	Department	Detail	Date completed
Quarterly audit of Performance Management	Strategic	Quarterly audit of the Performance management system	14 November 2023 22 February 2024 20 May 2024 27 September 2024
Follow-up of previous Internal Audit Findings - Quarterly	Strategic	To ensure that that controls are implemented, reviewed and monitored by Management	Continuous
Combined Assurance Reports	Strategic	Progress on the control effectiveness of the mitigation of the top risks	October 2023 January 2024 April 2024 July 2024
SCM : Competitive Bidding Processes	Finance	To ensure compliance to the MFMA and SCM regulations	23 August 2023
Enterprise Risk Management	Strategic	To evaluate the effectiveness and contribute to the improvement of risk management process	27 September 2023
HR: Recruitment & appointment	Corporate Services	To ensure compliance to the Municipal Staff regulations	14 November 2023
Governance Audit	Strategic	To provide reasonable assurance on the governance structures – Committee system	27 November 2023
Grants	Strategic	To ensure compliance with DORA	22 April 2024
Expenditure management and Electronic Transfers	Finance	To provide reasonable assurance on Expenditure management and electronic transfers and compliance to the MFMA	21 May 2024

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Description			Date completed
Audit action plan follow-up progress - FRP	Strategic	To provide assurance on the implementation of the audit action plan	31 March 2024 30 April 2024 31 May 2024 30 June 2024
Investigate non-payment for services by Councillors and administrative officials quarterly - FRP	Strategic	To provide some assurance whether processes and procedures were in place to verify that all the Councillors and Administrative officials billing accounts are not more than three months in arrears.	02 November 2023 25 March 2024 20 May 2024 27 August 2024
Year-end physical inventory count conducted on 29 June 2024	Finance	To provide some reassurance regarding the effectiveness and adequacy of internal controls at the annual inventory count as well as the accuracy and completeness of the final inventory count report.	12 August 2023
Ad-hoc report on the financial misconduct of a Relief Cashier in Murraysburg	Finance	To ensure there was compliance with the MFMA and Cash Management Policy	04 October 2023
Ad-hoc report around the suspected/alleged irregularities regarding tender: SCM 38/2022, notice 76/2022: Provision of security services for a period of three years.	Finance	To ensure compliance to MFMA and SCM regulations	27 October 2023
Ad-hoc report on the cancellation of the contract of Contour Technologies in August 2022.	Finance	To ensure compliance to the MFMA section 116	07 December 2023
Ad-hoc report on the overtime/standby/night allowance of the Fire personnel for August 2023, September 2023 and October 2023.	Community Services	To ensure compliance to the Overtime policy, Collective agreement of the Western Cape and BCEA	18 September 2023 07 December 2023
Ad-hoc report on the card transactions relating to driving license and vehicle registrations from June 2021 to December 2021 and of 17 March 2023 of the Murraysburg office that were only banked/cleared/settled in February 2024.	Finance	To ensure compliance to the MFMA	18 April 2024

Table 42. Internal audit plan

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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.

Below is a list of the by-laws developed and reviewed during the financial year:

By-law developed/revised	Date proclaimed	Public participation conducted prior to adoption of by-Law Yes/No
Stakeholder Engagement Strategy [Financial Recovery Plan]	11 th Special Council meeting: 10 August 2023 Item 7	No
Communication Strategy	11 th Special Council meeting: 10 August 2023 Item 7	No
Preferential Procurement Policy 2024/2025	4 th Council meeting 5 June 2024 Item 8.37	No
Bad Debt Write-off Policy 2024/2025 Version: 1 st Revision	4 th Council meeting 5 June 2024 Item 8.37	No
Customer Care, Credit Control & Debt Collection Policy 2024/2025 Version: 7 th Revision	4 th Council meeting 5 June 2024 Item 8.37	No
Cost Containment Policy 2024 Version: 2 nd Revision	4 th Council meeting 5 June 2024 Item 8.37	No
Cash Management & Investment Policy 2024/2025 Version: 6 th Revision	4 th Council meeting 5 June 2024 Item 8.37	No
Budget Implementation & Management Policy 2024/2025 Version: 6 th Revision	4 th Council meeting 5 June 2024 Item 8.37	No
Borrowing Policy 2024/2025 Version: 6 th Revision	4 th Council meeting 5 June 2024 Item 8.37	No
Asset Management Policy 2024/2025 Version: 6 th Revision	4 th Council meeting 5 June 2024 Item 8.37	No
Indigent Policy 2024/2025 Version: 6 th Revision	4 th Council meeting 5 June 2024 Item 8.37	No
Electricity Distribution Losses Policy 2024 Version: 2 nd Revision	4 th Council meeting: 5 June 2024 meeting: 5 June 2024 Item 8.37	No

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By-law developed/revised	Date proclaimed	Public participation conducted prior to adoption of by-Law Yes/No
Long-term Financial Planning Policy 2024/2025 Version: 5 th Revision	4 th Council meeting 5 June 2024 Item 8.37	No
Supply Chain Management Policy with effect dated 1 July 2024	4 th Council meeting 5 June 2024 Item 8.37	No
Tariff Policy 2024/2025 Version: 6 th Revision	4 th Council meeting 5 June 2024 Item 8.37	No
Water Distribution Losses Policy 2024 Version: 2 nd Revision	4 th Council meeting 5 June 2024 Item 8.37	No
Municipal Property Rates Policy 2024/2025 Version: 1 st Revision	4 th Council meeting 5 June 2024 Item 8.37	Notice No. 97/2024 Provincial Gazette No. 8932 Provincial Gazette No. 8932 7 June 2024
Infrastructure Procurement Policy 2024/2025 Version: 6 th Revision	4 th Council meeting 5 June 2024 Item 8.37	No
Funding and Reserves Policy 2024/2025 Version: 6 th Revision	4 th Council meeting 5 June 2024 Item 8.37	No

Table 43. By-laws developed/reviewed

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, approved by Council
Communication Policy	We have an approved Social Media Policy and Standing Operating Policy
Functional Complaint Management Systems	Yes

Table 44. Communication activities

Additional communication channels utilised:

Channel	Yes/No	Number of people reached
SMS system	Yes	600 bulk SMS per activity
Municipal Facebook page	Yes	7 800 followers

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Channel	Yes/No	Number of people reached
WhatsApp groups	Yes	1 000 per activity
Local newspapers	Yes	3 000 per week

Table 45. 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
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
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
Financial information (Sections 53, 75, 79 and 81(1) of the MFMA)	
Tabled Budget 2023/24	Yes
Adjusted Budget 2023/24	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
Virement Policy	No
Petty Cash Policy – Part of SCM Policy	No, part of SCM Policy
Travel and Subsistence Policy	No
Long Term Financial Policy	Yes
Borrowing Policy	Yes
SDBIP 2023/24	Yes
Budget and Treasury Office Structure	Yes
IDP and public participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)	
Reviewed IDP for 2023/24	Yes
IDP Process Plan for 2023/24	Yes

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Description of information and/or document	Yes/No and/or Date Published
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	No
SCM contracts above R 30 000	Yes
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 2022/23	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
Audit Committee Charter	Yes
Risk Management Policy, Strategy and Implementation Plan	Yes

Table 46. Website checklist

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 2023/24 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
31	38	30

Table 47. Bid committee meetings

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

Bid Specifications Committee	Bid Evaluation Committee	Bid Adjudication Committee
S Madumbo	S Madumbo	M. Nhlengethwa
S Pothberg	C Bowers	AC. Makendlana
C Bowers	N Kotze	C. Wright
N Kotze	W Plaatjies	MC. Tshibo
W Plaatjies	H Bowers	S Madumbo
H Bowers	L Swarts	SA Pothberg
L Tieties	L Tieties	S. Pienaar
H Jack	D Le Roux	L. Nqotola
L Swarts	J Abrahams	B. Damon
D Le Roux	V Ruiters	R. Eland
J Abrahams	S Nombila	P Strumpher
V Ruiters	C Wright	
C Wright	B Mitchell	
B Balie	M Tshibo	
N Menziwa	L Lakay	
A Makendlana	S Labuschagne	
B Mitchell	De Koker	
L Lakay	R Eland	
S Nombila	S Antonie	
S Labuschagne	S Pheiffers	
De Koker	B Motsoane	
C Okkers	M Lawrence	
R Eland	R Jack	
K Cymdell	C Molligan	
S Antonie	A Jacobs	
B De Klerk	A Makendlana	
C Molligan		
A Jacobs		
S Pheiffers		

Table 48. Members of bid committees

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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 12/2024	13 February 2024	Supply and Delivery of different types of electrical cables	Abérdare Cables	Unknown Unit Based tender
SCM 71/2023	18 August 2013	Supply and maintenance of light delivery vehicles and passenger vehicles for period of 3 years	Avis Fleet	Rate based tender
SCM 20/2023	12 January 2024	Provision of Accounting Support Services for a contract period of three (3) years	Mubesko Tsholo Moore Consortium	R6 819 469,09
SCM 18/2023	29 February 2024	Supply and Delivery of Bitumen Products for a period of 3 years	1. PJ Onderhoudsdiens 2. Dense Seal (Pty) Ltd	Rate based tender
SCM 38/2023	8 March 2024	Upgrading of Nelspoort Soccer/Rugby Field and Facilities: Phase 1: Area C	Awarded to De Jagers Loodgieters Kontrakteurs (Edms) Bpk)	R 7 431 685,32
RT57-2021	27 May 2024	Transversal Contract RT57-2021: Supply And Delivery Of Sedan, Light, And Heavy Commercial Vehicles, Busses, Motors Cycles, Agricultural Tractors, Construction Plant And Equipment To The State For a Period Of 36 Months. Mig From Id: 519423: Beaufort West: Specialised Waste Management Fleet: Landfill Compactor	Key Spirit Trading	R12 223 298,31
RT 57/2022	5 October 2023	Rt 57/2022 – Supply And Delivery Of Sedan, Light Vehicles And Heavy Commercial Vehicles, Busses, Motorcycles, Agriculture Tractors, Construction Plant And Equipment To The State For A Period Of 36 Months	NMI Durban South Motors (Pty) Ltd Supply and delivery of a Tipper Truck	R2 514 643,45
RT 57/2022	5 October 2023	Rt 57/2022 – Supply And Delivery Of Sedan, Light Vehicles And Heavy Commercial Vehicles, Busses, Motorcycles, Agriculture Tractors, Construction Plant And Equipment To The State For A Period Of 36 Months	Alliance Group Fleet-Front End Loader	R2 772 590

Table 49. Highest bids awarded by Bid Adjudication Committee

CHAPTER 2: GOOD GOVERNANCE



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)
RT57-2021	27/05/2024	Transversal Contract RT57-2021: Supply And Delivery Of Sedan, Light, And Heavy Commercial Vehicles, Busses, Motors Cycles, Agricultural Tractors, Construction Plant And Equipment To The State For a Period Of 36 Months. Mig From Id: 519423: Beaufort West: Specialised Waste Management Fleet: Landfill Compactor	Key Spirit Trading	R12 223 298,31

Table 50. Awards made by the Accounting Officer

d) Appeals lodged by aggrieved bidders

No appeals were received for the 2023/24 financial year.

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;
- 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 is coded and are listed on the financial system. Monthly monitoring of patterns of issues and receipts are performed by the storekeeper.

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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.

As at 30 June 2023, the value of stock at the municipal stores amounted to R4 279 609.00 For the 2023/24 financial year no surpluses, no deficits and no damaged stock items were reported.

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.

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.

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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			
Cost Containment Measure	Budget	Total Expenditure	Savings
	R'000	R'000	R'000
Use of consultants	10 152	11 445	(1 293)
Vehicles used for political office - bearers	0	0	0
Travel and subsistence	564	517	47
Domestic accommodation	428	287	141
Sponsorships, events and catering	85	88	(3)
Communication	2 510	1 827	683
Other related expenditure items	0	0	0
- Overtime	4 082	4 116	(34)
- Standly	2 535	2 521	14
- Acting Allowance	2 257	2 249	8
- Furniture & Office Equipment	126	13	113
Total	22 739	23 063	(324)

Table 51. Cost Containment Measure and Annual Cost Saving



CHAPTER 3

This chapter provides an overview of the key service achievements of the Municipality that came to fruition during 2023/24 in terms of the deliverables achieved compared to the KPI's and objectives in the IDP. It includes an overview on achievement in 2023/24 when compared to actual performance in 2022/23.

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 Policy that was approved by Council on 25 June 2022.

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 meets 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 2023/24

a) The IDP and the budget

The IDP and the budget for 2023/24 was reviewed and approved by Council on 31 May 2023. 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 4 June 2023.

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 4 June 2023 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

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



3.2 Introduction to strategic and municipal performance for 2023/24

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).

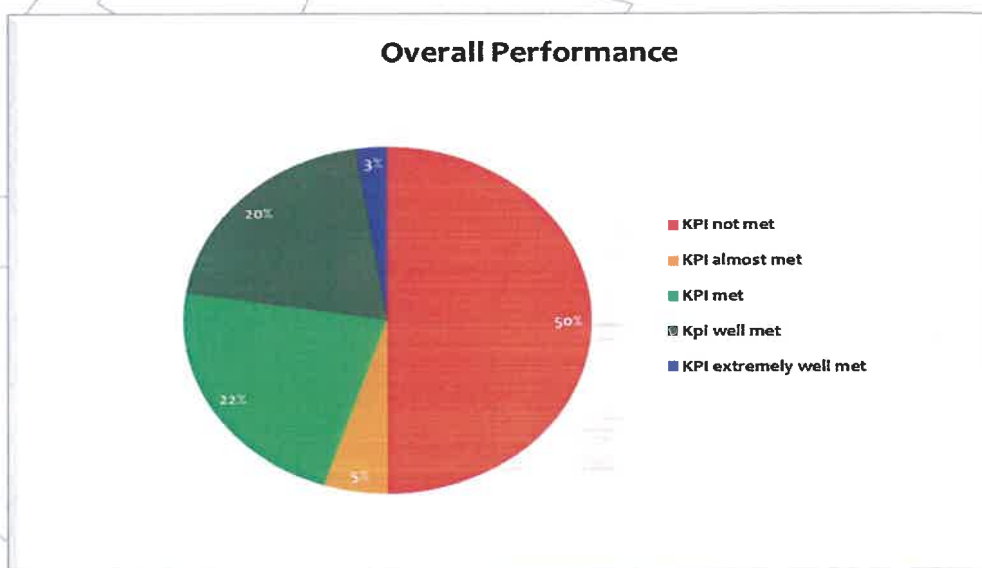
In the detail below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

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:

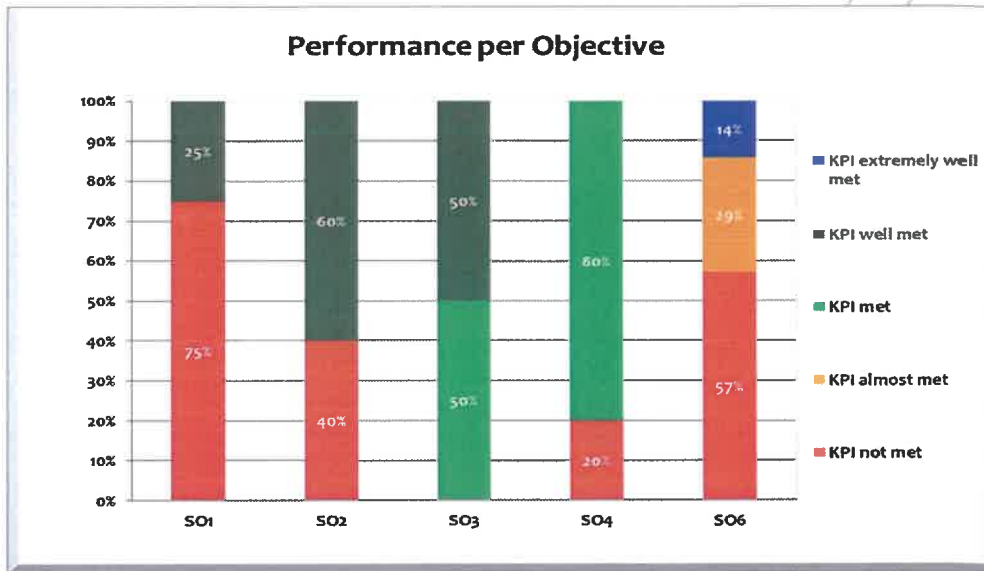
Category	Rating	Explanation
KPI Not Yet Measured	Not yet measured	KPI’s with no targets or actuals in the selected period
KPI Not Met	KPI Not Met	0% > = Actual/Target < 75%
KPI Almost Met	KPI Almost Met	75% > = Actual/Target < 100%
KPI Met	KPI Met	Actual/Target = 100%
KPI Well Met	KPI Well Met	100% > 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 2023/24:



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Measurement Category	SO1: Provide, maintain and expand basic services to all people in the municipal area	SO2: Sustainable, safe and healthy environment	SO3: Promote broad-based growth and development	SO4: Maintain an ethical, accountable and transparent administration	SO6: Uphold sound financial management principles and practices
KPI Not Met	12	2	0	2	4
KPI Almost Met	0	0	0	0	2
KPI Met	0	0	1	8	0
KPI Well Met	4	3	1	0	0
KPI Extremely Well Met	0	0	0	0	1
Total	16	5	2	10	7

Graph 1.: Overall performance per strategic objective

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



3.2.2 Detailed actual performance for 2023/24 KPI's per strategic objectives

a) SO1: Provide, maintain and expand basic services to all people in the municipal area

Ref	National KPA	KPI	Unit of measurement	Ward	Actual performance of 2022/23	Overall performance 2023/24					Actual	R
						Target						
						Q1	Q2	Q3	Q4	Annual		
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 2024	Number of residential properties which are billed for water or have pre-paid meters as at 30 June 2024	All	15 341	16 307	16 307	16 307	16 307	16 307	7 525	R
Corrective Measure				Data cleansing exercise to be implemented to remove old and duplicate accounts from the financial system								
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 2024	Number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas) as at 30 June 2024	All	11 196	16 307	16 307	16 307	16 307	16 307	11 231	R
Corrective Measure				Data cleansing exercise to be implemented to remove old and duplicate accounts from the financial system								
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 2024	Number of residential properties which are billed for sewerage as at 30 June 2024	All	12 271	16 307	16 307	16 307	16 307	16 307	10 712	R
Corrective Measure				Data cleansing exercise to be implemented to remove old and duplicate accounts from the financial system								

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Ref	National KPA	KPI	Unit of measurement	Ward	Actual performance of 2022/23	Overall performance 2023/24					Actual	
						Target						
						Q1	Q2	Q3	Q4	Annual		
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 2024	Number of residential properties which are billed for refuse removal as at 30 June 2024	All	11 896	16 307	16 307	16 307	16 307	16 307	10 814	R
Corrective Measure				Data cleansing exercise to be implemented to remove old and duplicate accounts from the financial system								
*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 2024	Number of active indigent households receiving free basic water as at 30 June 2024	All	6 866	9 658	9 658	9 658	9 658	9 658	3 094	R
Corrective Measure				Indigent Roadshows will continue to encourage the public to apply for indigent subsidies								
*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 2024	Number of active indigent households receiving free basic electricity as at 30 June 2024	All	4 593	9 658	9 658	9 658	9 658	9 658	5 998	R
Corrective Measure				Indigent Roadshows will continue to encourage the public to apply for indigent subsidies								
*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 Debt Collection Policy as at 30 June 2024	Number of active indigent households receiving free basic sanitation as at 30 June 2024	All	3 957	9 658	9 658	9 658	9 658	9 658	5 278	R

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Ref	National KPA	KPI	Unit of measurement	Ward	Actual performance of 2022/23	Overall performance 2023/24						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
Corrective Measure				Indigent Roadshows will continue to encourage the public to apply for indigent subsidies								
*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 2024	Number of active indigent households receiving free basic refuse removal as at 30 June 2024	All	3 959	9 658	9 658	9 658	9 658	9 658	5 389	R
Corrective Measure				Indigent Roadshows will continue to encourage the public to apply for indigent subsidies								
TL14	Basic Service Delivery	The percentage of the municipal capital budget spent by 30 June 2024 [(Actual amount spent / Total amount budgeted for capital projects) X 100]	% of capital budget spent by 30 June 2024	All	94%	0%	10%	50%	95%	95%	105%	G 2
TL31	Basic Service Delivery	95% of the approved project budget spent on the upgrade of Freddie Max Crescent in Nelspoort by 30 June 2024 [(Actual expenditure divided by the total approved project budget) X 100]	% of budget spent by 30 June 2024	All	New KPI for 2023/24. No audited comparative available	0%	10%	50%	95%	95%	97%	G 2
TL33	Basic Service Delivery	95% of the approved project budget spent on the upgrade of Pieter Street (gravel road) in Rustdene by 30 June 2024 [(Actual expenditure divided by the total approved project budget) X 100]	% of budget spent by 30 June 2024	All	New KPI for 2023/24. No audited comparative available	0%	10%	50%	95%	95%	96%	G 2
TL39	Basic Service Delivery	Submit a report on the Illegal Dumping Project (Department of Environmental Affairs) to Council	Number of reports submitted	All	0	1	0	0	0	1	0	R

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Ref	National KPA	KPI	Unit of measurement	Ward	Actual performance of 2022/23	Overall performance 2023/24						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
		by 30 September 2023										
Corrective Measure				The report will be submitted to Council in February 2024								
TL40	Good Governance and Public Participation	Submit a Housing Pipeline Report to Council by 30 June 2024	Number of reports submitted	All	0	0	0	0	1	1	0	R
Corrective Measure				Report completed but not submitted to Council. Will submit the report by end of November 2024								
TL41	Basic Service Delivery	Draft the Waste By-Law and submit to Council for approval by 31 October 2023	Number of by-laws submitted for approval	All	0	0	1	0	0	1	0	R
Corrective Measure				The Draft Waste By-Law is going to be presented to the committee in February, then submitted to Council in March								
TL42	Basic Service Delivery	Revise the Human Settlements Plan and submit to Council by 31 December 2023	Number of plans submitted	All	0	0	1	0	0	1	0	R
Corrective Measure				The Municipality will advertise for the procurement of the service provider, or request the assistance of the Provincial Department to assist								
TL43	Basic Service Delivery	95% of the approved project budget spent on the supply and delivery of a Yellow Plant (Landfill Site) in Beaufort West by 30 June 2024 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2024	All	New KPI for 2023/24. No audited comparative available	0%	10%	50%	95%	95%	99%	G 2

Table 52. SO1: Provide, maintain and expand basic services to all people in the municipal area

*The definition of indigent households refers to the definition prescribed in the Municipality's Indigent Policy and not the Credit Control and Debt Collection Policy as stated KPI description

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b) SO2: Sustainable, safe and healthy environment

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2022/23	Overall performance 2023/24						Actual	
						Target					Annual		
						Q1	Q2	Q3	Q4	Annual			
TL29	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	100%	95%	95%	95%	95%	95%	95-75%	G2	
TL36	Basic Service Delivery	95% of the approved project budget spent on the upgrade of sportsgrounds in Nelspoort by 30 June 2024 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2024	All	New KPI for 2023/24. No audited comparative available	0%	10%	50%	95%	95%	100%	G2	
TL37	Basic Service Delivery	95% of the approved project budget spent on the upgrade of existing Regional Sport Stadium in Rustdene by 30 June 2024 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2024	All	New KPI for 2023/24. No audited comparative available	0%	10%	50%	95%	95%	96.50%	G2	
TL38	Good Governance and Public Participation	Hold roadblocks in conjunction with the Provincial Traffic Department quarterly	Number of roadblocks held	All	0	1	1	1	1	4	0	R	
Corrective Measure				The Municipality will work with the Provincial Traffic Department to plan joint traffic roadblock schedule or plan for the next financial year									
TL44	Basic Service Delivery	Develop an Air Quality Management By-Law and submit to Council by 30 June 2024	Number of by-laws submitted	All	1	0	0	0	1	1	0	R	
Corrective Measure				By-law has been developed but not submitted to Council. Submission to Council will take place before the end of October 2024									

Table 53. SO2: Sustainable, safe and healthy environment

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c) SO3: Promote broad-based growth and development

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2022/23	Overall performance 2023/24						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL3	Local Economic Development	Review the LED strategy and submit to Council by 30 June 2024	Revised LED strategy submitted to Council by 30 June 2024	All	0	0	0	0	1	1	1	G
TL28	Local Economic Development	Create temporary job opportunities in terms of the Extended Public Works Programme (EPWP) projects by 30 June 2023	Number of temporary jobs opportunities created by 30 June 2023	All	95	0	0	0	74	74	90	G2

Table 54. SO3: Promote broad-based growth and development

d) SO4: Maintain an ethical, accountable and transparent administration

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2022/23	Overall performance 2023/24						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL1	Good Governance and Public Participation	Compile the Risk based audit plan for 2024/25 and submit to Audit committee for consideration by 30 June 2024	Risk based audit plan submitted to Audit committee by 30 June 2024	All	1	0	0	0	1	1	1	G
TL2	Good Governance and Public Participation	70% of the Risk based audit plan for 2023/24 implemented by 30 June 2024 [(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 2024	All	87:50%	10%	25%	50%	70%	70%	70.00%	G
TL4	Good Governance and Public Participation	Review the Integrated Development Plan 2022-2027 and submit to Council by 31 May 2024	Number of IDP's submitted	All	1	0	0	0	1	1	1	G
TL5	Good Governance and Public Participation	Submit the Annual Performance Report to the Auditor-General by 31 August 2023	Number of reports submitted	All	1	1	0	0	0	1	1	G

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Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2022/23	Overall performance 2023/24					Actual	
						Target						
						Q1	Q2	Q3	Q4	Annual		
TL21	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	0	0	0	1	1	1	G
TL22	Municipal Transformation and Institutional Development	0.5% of the municipality's personnel budget spent on implementing its workplace skills plan by 30 June 2024 [(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%	0%	0%	0%	0.50%	0.50%	0.50%	G
TL24	Municipal Transformation and Institutional Development	Submit the Change Management Strategy to Council by 31 December.	Number of strategies submitted	All	0	0	1	0	0	1	1	G
TL25	Municipal Transformation and Institutional Development	Submit the Rewards and Recognition Policy to Council by 30 June 2024	Rewards and Recognition Policy submitted to Council by 30 June 2024	All	New KPI for 2023/24. No audited comparative available	0	0	0	1	1	1	G
TL26	Municipal Transformation and Institutional Development	Submit the Portfolio of Evidence Policy to Council by 30 June 2024	Portfolio of Evidence Policy submitted to Council by 30 June 2024	All	New KPI for 2023/24. No audited comparative available	0	0	0	1	1	0	R
Corrective Measure				Policy will be deferred to next financial year. Assistance will be asked for SALGA								
TL27	Municipal Transformation and Institutional Development	Establish the Municipal Moderation Committee by 30 June 2024	Municipal Moderation Committee established by 30 June 2024	All	New KPI for 2023/24. No audited comparative available	0	0	0	1	1	0	R

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Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2022/23	Overall performance 2023/24					
						Target					Actual
						Q1	Q2	Q3	Q4	Annual	
Corrective Measure				The Moderation Committee could not be established due to operational reasons. Will be deferred to next financial year							

Table 55. SO4: Maintain an ethical, accountable and transparent administration

e) SO6: Uphold sound financial management principles and practices

Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2022/23	Overall performance 2023/24						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL15	Municipal Financial Viability and Management	Financial viability measured in terms of the municipality's ability to meet its service debt obligations at 30 June 2024 [(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 2024	All	1%	0%	0%	0%	45%	45%	2.00%	B
TL16	Municipal Financial Viability and Management	Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison with total revenue received for services at 30 June 2024 [(Total outstanding service debtors/annual revenue received for services) x 100]	Service debtors to revenue as at 30 June 2024	All	81.26%	0%	0%	0%	35%	35%	80.42%	R
Corrective Measure				Municipality achieved the debt relief collection rate								

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2022/23	Overall performance 2023/24						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL17	Municipal Financial Viability and Management	Financial viability measured in terms of the available cash to cover fixed operating expenditure at 30 June 2024 [(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 2024	All	0	0	0	0	1	1	0.42	R
Corrective Measure				Municipality under FRP								
TL18	Municipal Financial Viability and Management	Achieve a payment percentage of 85% by 30 June 2024 [(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100]	Payment % achieved by 30 June 2024	All	81.26%	88%	88%	88%	88%	88%	81.76%	O
Corrective Measure				Municipality achieved the debt relief collection rate								
TL19	Municipal Financial Viability and Management	Limit unaccounted for water quarterly to less than 25% during 2023/24 [(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold (including free basic water) / Number of Kilolitres Water Purchased or Purified x 100]	% unaccounted water	All	63.66%	0%	0%	0%	30%	30%	78.33%	R
Corrective Measure				Meter audit was performed. Meter audit outcome to be implemented								

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Ref	National KPA	KPI	Unit of measurement	Wards	Actual performance of 2022/23	Overall performance 2023/24						
						Target					Actual	
						Q1	Q2	Q3	Q4	Annual		
TL20	Municipal Financial Viability and Management	Limit unaccounted for electricity to less than 10% quarterly during the 2023/24 financial year [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased] × 100	% unaccounted electricity	All	14.18%	0%	0%	0%	10%	10%	20.19%	R
Corrective Measure				Meter audit was performed. Meter audit outcome to be implemented								
TL23	Local Economic Development	Spend 100% of the library grant by 30 June 2024 (Actual expenditure divided by the total grant received)	% of grant spent by 30 June 2023	All	100%	0%	0%	0%	100%	100%	97.00%	O
Corrective Measure				The 3 % is a result in delayed filling of vacancies								

Table 56. SO6: Uphold sound financial management principles and practices

3.2.3 Municipal functions

The municipal functional areas are as indicated below:

Municipal function	Municipal function Yes / No
Constitution Schedule 4, Part B functions:	
Air pollution	Yes
Building regulations	Yes
Childcare facilities	No
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

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Municipal function	Municipal function Yes / 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
Constitution Schedule 5, Part B functions:	
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
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table 57. Municipal functions

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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 7 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.

b) Challenges: Water Services

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

Description	Actions to address
Water losses	Installation of pre-paid meters
Vandalism to infrastructure	Install vandal proof enclosures

Table 58. Water Services challenge

c) 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
2022/23	0	0	251 861	2 546 600
2023/24	0	0	334 115	3 378 275

Table 59. Total use of water by sector (cubic meters)

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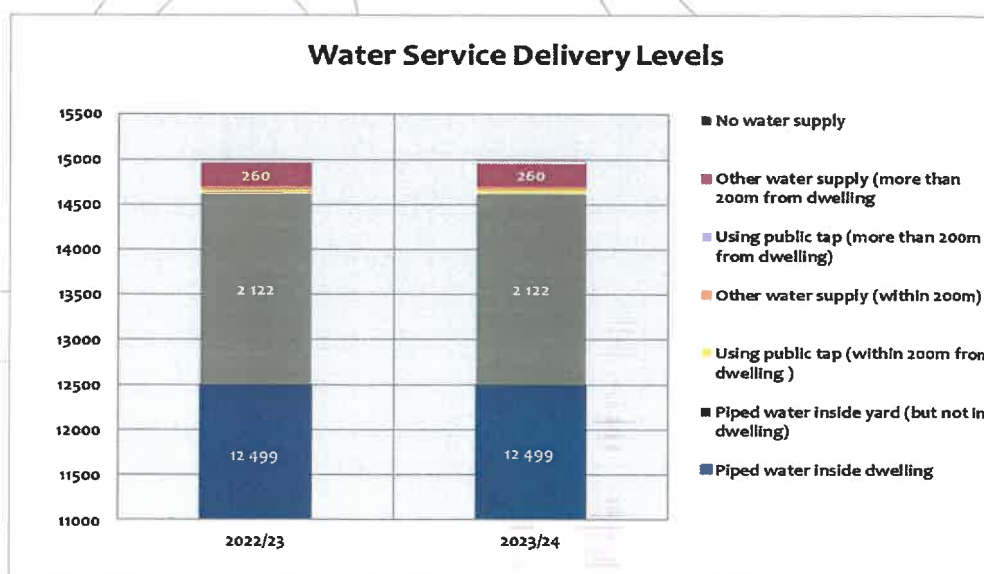


d) Water service delivery levels

The table below indicates the water service delivery levels:

Households		
Description	2022/23	2023/24
	Actual	Actual
	No.	No.
Water: (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
Water: (below min level)		
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 60. Water service delivery levels



Graph 2.: Water service delivery levels

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e) 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#
2022/23	14 961	89.1%	6 866
2023/24	14 961	98.1%	6 866

* 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 61. Access to water

f) Employees: Water Services

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

Occupational level	2022/23	2023/24			
		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	7	7	7	0	0%
Unskilled	13	13	13	0	0%
Total	22	22	22	0	0%

Table 62. Employees: Water Services

g) Capital expenditure: Water Services

The table below indicates the capital expenditure incurred:

Capital projects	2023/24 (R)		
	Budget	Adjustment budget	Actual expenditure
Water Supply Infrastructure : Boreholes :- Repair of vandalised switchgear – boreholes KH3 and KH5	0	1 043	1 043
Replace Borehole Pump & Motor - Nelspoort BH NP02	0	0	13
Water Infrastructure - Water Pipeline :: Skills Centre	0	30	32
Total	0	1 074	1 088

Table 63. Capital Expenditure: Water Services

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3.3.2 Water and Waste Water Networks

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.

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

b) Challenge: Sanitation Services

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

Description	Actions to address
Vandalism to manholes	Lockable manhole covers
Beaufort West WWTW operating at full capacity	Upgrading of Beaufort West WWTW

Table 64. Sanitation Services challenges

c) Sanitation service delivery levels

The table below indicates the service delivery levels for sanitation:

Description	Households	
	2022/23	2023/24
	Actual No.	Actual No.
Sanitation/sewerage: (above minimum level)		
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	14 337	14 337
Minimum service level and above percentage	96%	96%
Sanitation/sewerage: (below minimum level)		
Bucket toilet	309	309
Other toilet provisions (below min.service level)	0	0
No toilet provisions	305	305
Below Minimum Service Level sub-total	617	617

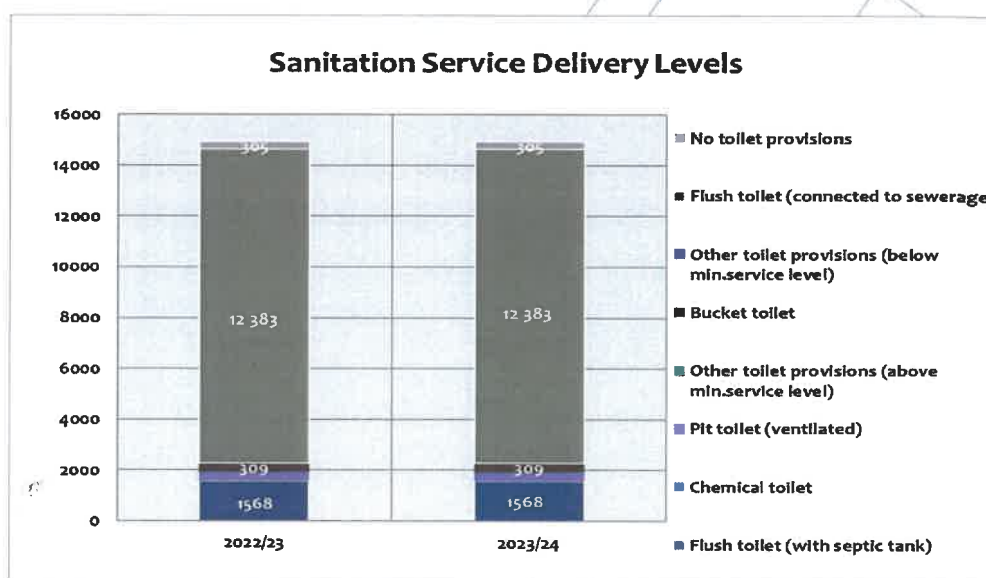
CHAPTER 3: SERVICE DELIVERY PERFORMANCE



Households		
Description	2022/23	2023/24
	Actual	Actual
	No.	No.
Below Minimum Service Level Percentage	4%	4%
Total households	14 951	14 951

Including informal settlements

Table 65. Sanitation Service delivery levels



Graph 3.: Sanitation Service delivery levels

d) Employees: Sanitation Services

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

Occupational level	2022/23	2023/24			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	
Senior management	0	0	0	0	
Middle management and professionals	1	1	1	0	0%
Skilled technical, superintendents, etc.	1	1	1	0	0%
Semi-skilled	1	1	1	0	0%
Unskilled	13	13	11	2	15%
Total	14	15	14	2	15%

Table 66. Employees: Sanitation Services



e) Capital expenditure: Sanitation Services

The table below indicates the capital expenditure incurred:

Capital projects	2023/24 (R)		
	Budget	Adjustment budget	Actual expenditure
New Stormwater Drainage - Murraysburg	917	0	30
Upgrading of Existing Irrigation Pump Station at WWTW - Beaufort West	2 137	0	0
Repair Vandalised Sewerage Pump Station - Murraysburg	0	435	170
Repair Vandalised Sewerage Pumps B/West WWTW	0	0	265
Sanitation Infrastructure - Sewer Pipeline :- Skills Centre	0	8	8
Storm Water Infrastructure - Storm Water Channel :- Skills Centre	0	208	208
Total	3 054	651	681

Table 67. Capital Expenditure: Sanitation Services

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 volts at Katjieskop substation and distribute 11 000 volts to the supply areas.

The electricity is sold to industrial, commercial and domestic customers. Approximately 27.84% of the electricity is sold to industrial and commercial customers, 39.11% to domestic customers, 6.86% to indigents, 3.36% for street lighting and 0.24% for own use. Energy losses during the financial year amounted to 21.73%.

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.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



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. Currently, the Municipality is busy with upgrading of its primary substations in Beaufort West and this will be completed by the year 2024. This project was made possible with funding from Integrated National Electrification Programme (INEP).

b) Highlights: Electricity Services

The table below indicates the highlights of the financial year:

Highlight	Description
New Director	The Director, Infrastructure Services has been appointed
Loadshedding	Loadshedding is less frequent now

Table 68. Electricity Services highlights

c) Challenges: Electricity Services

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

Description	Actions to address
Financial constraints	Apply for budget funding
Shortage of capable personnel	Appoint organigram vacancies
SCM processes cumbersome	Plan ahead as thoroughly as possible

Table 69. Electricity Services challenges

d) Electricity service delivery levels

The table below indicates the service delivery levels for electricity:

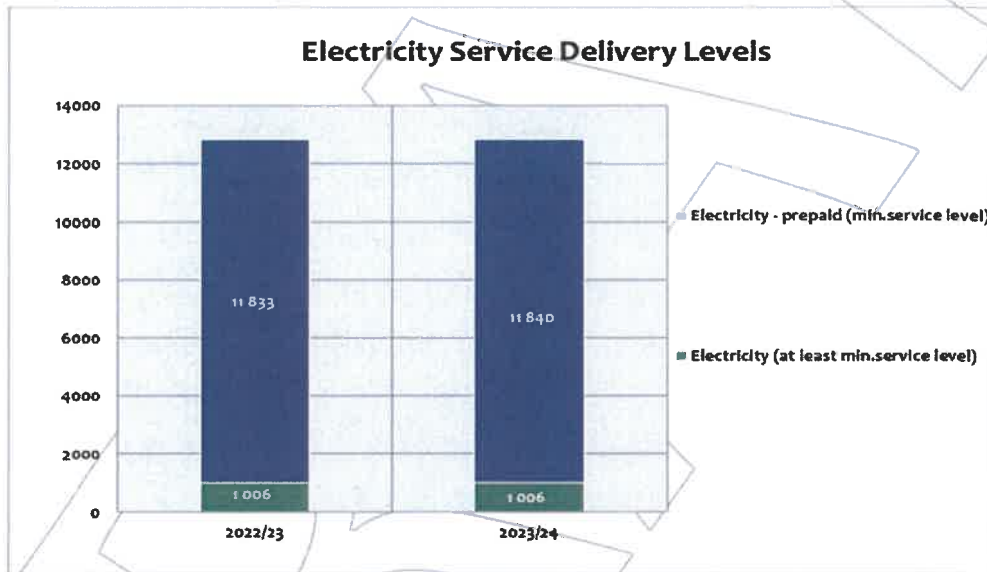
Description	Households	
	2022/23	2023/24
	Actual No.	Actual No.
Energy: (above minimum level)		
Electricity (at least min.service level)	1 006	1 006
Electricity - prepaid (min.service level)	11 833	11 840
Minimum service level and above sub-total	12 839	12 847

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Households		
Description	2022/23	2023/24
	Actual	Actual
	No.	No.
Minimum service level and above percentage	100	100
<i>Energy: (below minimum level)</i>		
Electricity (<min.service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
Below minimum service level sub-total	0	0
Below minimum service level percentage	0	0
Total number of households	12 839	12 847

Table 70. 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	2022/23	2023/24			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	0	0	0	0	
Senior management	1	1	0	1	100%
Middle management and professionals	1	1	0	1	100%
Skilled technical, superintendents, etc.	2	2	2	0	0%



Occupational level	2022/23	2023/24			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Semi-skilled	5	6	5	1	16.6%
Unskilled	14	16	14	2	12.5%
Total	23	26	21	5	19.2%

Table 71. Employees: Electricity Services

f) Capital expenditure: Electricity Services

The table below indicates the capital expenditure incurred:

Capital projects	2023/24 (R)		
	Budget	Adjustment budget	Actual expenditure
High Mast Lighting - Beaufort West	0	0	16
Total	0	0	16

Table 72. 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 Section provides a weekly door-to-door waste removal service to households and bi-weekly to some 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 for free.

Various programs played a big role in terms of street cleaning, cleaning of open spaces with dumped waste, emptying of street swing bins and maintenance of landfill sites. These programmes were funded by the Department of Transport and Infrastructure (EPWP), Department of Forestry Fishery and Environment (DFFE) and Community Working Program (CWP) for more than 3 months within Beaufort West jurisdiction. These programmes were mainly focusing mostly in residential and business areas where there's no permanent employees allocated and according to complaints received from affected residents.

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

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- Nelspoort – known as Nelspoort Landfill Site
- Murraysburg – known as Murraysburg Landfill Site

All landfill sites are operational of which 3 has permits (Vaalkoppies, Merweville and Nelspoort) but Murraysburg licensed expired.

III) WASTE MINIMISATION

Recycling programmes have not yet been formalised though recycling activities are done by waste pickers on all four (4) sites. On the streets its either collected by private recycling companies or dropped by waste pickers at the recycling facility in Beaufort West on the 5 working days of the week. Not much recycling activities occurs in the outside areas. Currently, it is done mostly by waste pickers onsite though few residents are interested to start but storage of material and transportation to sell to the nearby recycling depot (Beaufort West or Graff Reinet) is a main challenge. Though the Municipality tried to assist with transportation and space for storage but could not continue due to budgetary constraints and minimal suitable space, the matter is still under discussion with the aim of giving residents support once the internal challenges has been addressed.

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 highlights during the financial year:

Highlights	Description
Education and awareness programme was conducted by EPWP's to about 6 primary schools in Beaufort West	Definition of waste , importance of managing of waste at schools and home , challenges with lack of management of waste at schools and home , sorting of waste at school and benefits. Participants created their own posters and with competition and small prizes to learners who answered questions
Education and awareness on the main road in the CBD area and traffic road blocks during holidays and/or festive seasons	Participants stood with their own designed posters next to robots and traffic road blocks, with messages encouraging the pedestrians and visitors passing our town to keep our town clean, green and safe

Table 73. Waste Management highlights

c) Challenges: Waste Management

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

Description	Actions to address
Programme duration very short	Sustain and expansion of program yearly to all areas
Lack of permanent staff to conduct awareness programmes	Integration of all relevant stakeholders within Beaufort West Municipality jurisdiction

Table 74. Waste Management challenges

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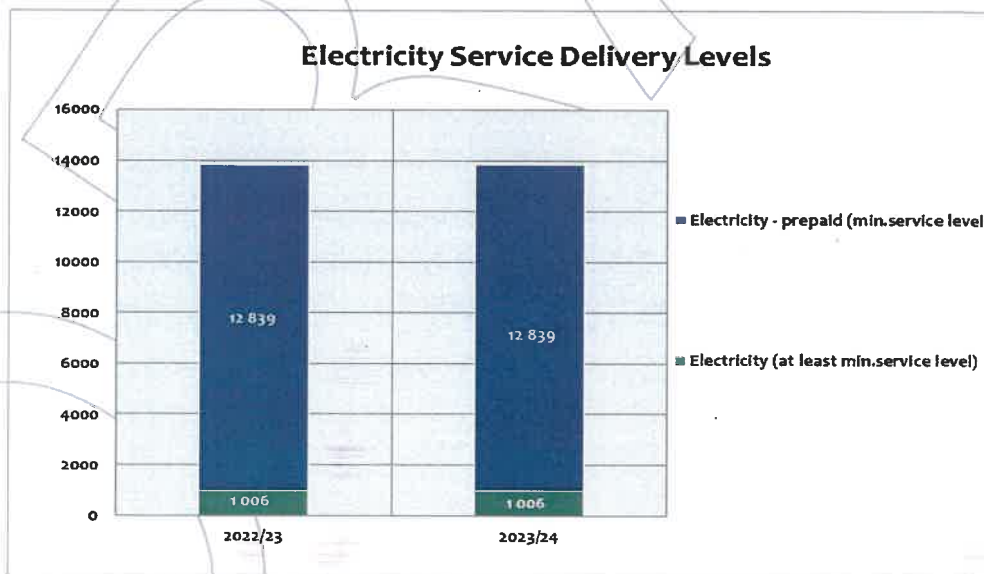


d) Waste Management service delivery levels

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

Description	Households	
	2022/23	2023/24
	Actual	Actual
	No.	No.
<i>Solid waste removal: (minimum level)</i>		
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
<i>Solid waste removal: (below minimum level)</i>		
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
Total number of households	12 978	12 978

Table 75. Waste Management service delivery levels



Graph 5.: Waste Management service delivery levels

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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	2022/23	2023/24			
		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	19	13	6	31.57%
Semi-skilled	8	8	5	3	37.5%
Unskilled	29	29	20	9	31.03%
Total	57	57	39	18	31.56%

Table 76. 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	2022/23	2023/24			
		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.	12	12	10	2	16.66%
Semi-skilled	8	8	4	4	50%
Unskilled	31	31	24	7	22.58%
Total	52	52	39	13	25%

Table 77. Employees: Waste, Environment and Facilities Management

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g) Capital expenditure: Waste Management

The table below indicates the capital expenditure incurred:

Capital projects	2023/24 (R)		
	Budget	Adjustment budget	Actual expenditure
Landfill Site: Supply and Delivery of Yellow Plant - Beaufort West	4 174	4 586	4 586
Total	4 174	4 586	4 586

Table 78. Capital expenditure: Waste Management

3.3.5 Employees: Basic Services: Merweville, Murraysburg and Nelspoort (excluding Library Services of the 3 towns)

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

Occupational level	2022/23	2023/24			
		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	0	1	100%
Skilled technical, superintendents, etc.	8	8	7	1	12.5%
Semi-skilled	8	8	8	0	0%
Unskilled	31	31	26	5	16.12%
Total	48	48	41	7	14.58%

Table 79. Employees: Basic Services: Merweville, Murraysburg and Nelspoort

3.3.6 Housing

a) Introduction to housing

Being encouraged by the Housing Act 107 of 1997, our Municipality strives to establish and maintain habitable, stable and sustainable public and private residential environment to ensure viable households and communities in areas allowing convenient access to economic, health, educational and social opportunities.

The scale of the housing problem confronting the Central Karoo is actual. The number of units delivered has lessened in comparison with the growing demand for low-cost housing. This result in the increasing demand backlogs and a disturbing degree of quality.

Planners need to understand the scope of problems and the benefits related to strategic, conceptual and implementation alternatives. Alternative strategies must thus be sought which address issues regarding the quantity and quality of housing delivered. The need for improved approaches is thus clear.

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I) HOUSING NEED

The need for an inclusive approach which considers community participation and stakeholder engagement, whilst considering the wide scale of impact related to housing development is recognised. Our Municipality recognise the following programmes as clarified by need with the income group categories:

- Integrated Residential Development Programme (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
- Finance Linked Individual Subsidy Programme (FLISP) and GAP Housing R3 501 – R22 000 per month

II) EXISTING UNITS

Existing units are as follows:

IRDP Subsidy	7 248 - units according to recent estimates of the housing demand data base (Includes towns Beaufort West, Murraysburg, Merweville and Nelspoort)
GAP	574 - potential applicants have registered on our database system
Social Housing	20 - potential applicants occupying premises (Nurses Home - Nelspoort)

Table 80. 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	
3 284 Murraysburg IRDP	360
Subsidy Priority 2	
S7 IRDP	624

Table 81. 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		
2 851	G2	67
1 946	G1	120
Rem Farm 185	G3	1 134

Table 82. GAP housing sites

CHAPTER 3: SERVICE DELIVERY PERFORMANCE



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Existing units are as follows:

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Rem Farm 185	G3	1 134

Table 82. GAP housing sites

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d) Highlight: Housing

The table below indicates the highlight achieved during the financial year:

Description	Actions to address
The submission of planning documents for G1 project successful	These planning documents ensures the successful packaging of the Human Settlement projects
The submission of planning documents for G2 project successful	
The submission of planning documents for S7 project successful	

Table 83. Housing: highlight

e) Challenge: Housing

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

Description	Actions to address
Lack of capacity	Filling budgeted vacant posts
Appointment of the Turn Key Service Provider	The service provider plays a critical role in ensuring successful packaging and implementation of housing projects, the absence thereof has detrimental effect on all aspects of Human Settlement Projects

Table 84. Housing: challenge

f) 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
2022/23	13 014	12 991	99.8%
2023/24	13 066	13 014	99.60%

Table 85. 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)
2022/23	6 941	4.49%
2023/24	7 248	4.42%

Table 86. Housing waiting list

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h) Housing allocation

A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2022/23	0	0	0	0	0
2023/24	0	0	0	0	0

Table 87. Houses built in 2023/24

i) Employees: Human Settlements and Land Affairs

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

Occupational level	2022/23	2023/24			
		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	3	3	1	2	66.66%
Unskilled	1	1	1	0	0%
Total	5	5	3	2	40%

Table 88. 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 receive 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.

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b) Households: Free basic services

The tables below indicate the number of households that received free basic services in the 2022/23 and 2023/24 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	%
2022/23	11 350	4 593	30	6 866	45	3 957	26	3 959	26
2023/24	11 350	5 998	52	3 921	35	5 278	46	5 389	47

Table 89. Free basic services: Number of households

Financial Year	Electricity								
	Indigent households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value R'000	No. of HH	Unit per HH (kwh)	Value R'000	No. of HH	Unit per HH (kwh)	Value R'000
2022/23	4 593	50	7 216	6 603	3.0124	238 690	52	50	576 452
2023/24	5 998	50	7 054	5 233	3.3202	46 520	83	50	655 649

Table 90. Free basic services: Electricity

Financial Year	Water					
	Indigent Households			Non-indigent households		
	No. of HH	Unit per HH (kl)	Value R'000	No. of HH	Unit per HH (kl)	Value R'000
2022/23	6 866	6	5 813	8 475	25.47	215 858
2023/24	3 921	6	8 871	7 429	27.00	50 103

Table 91. Free basic services: Water

Financial Year	Sanitation					
	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value R'000	No. of HH	Unit per HH per month	Value R'000
2022/23	3 957	139	5 106	7 393	139	1 582 376
2023/24	5 278	147.34	8 788	6 072	147.34	28 031

Table 92. Free basic services: Sanitation

Financial Year	Refuse removal					
	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value R'000	No. of HH	Unit per HH per month	Value R'000
2022/23	3 959	1	3 289	7 391	87.83	999 681
2023/24	5 389	1	8 788	5 961	93.10	16 177

Table 93. Free basic services: Refuse removal

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b) Households: Free basic services

The tables below indicate the number of households that received free basic services in the 2022/23 and 2023/24 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	%
2022/23	11 350	4 593	30	6 866	45	3 957	26	3 959	26
2023/24	11 350	5 998	52	3 921	35	5 278	46	5 389	47

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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
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			R'000			R'000
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	No. of HH	Service per HH per week	Value	No. of HH	Unit per HH per month	Value
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Table 93. Free basic services: Refuse removal

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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.

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

b) Highlight: Roads

The following table indicate the highlight of the financial year:

Highlight	Description
Completion Alfred Moply Street, Nelspoort	Paving 80m of gravel road Municipal Infrastructure Grant (MIG) project
Completion Frank Marlow Street, Nelspoort	Paving 80m of gravel road MIG project
Municipal Infrastructure Support Agent (MISA) funded road maintenance material	R 700 260 worth of road material supply and delivered

Table 94. Roads highlight

c) Challenges: Roads

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

Description	Actions to address
Limited budget for resealing	Apply for budget funding
Unreliable/ broken machines	Fix, replace or rent machines
Issue Personal Protective Equipment (PPE)	Issue PPE on time as required

Table 95. 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)
2022/23	55.30	0	0.44	2
2023/24	55.14	0	0.160	32

Table 96. Gravel road infrastructure



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.

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

b) Highlight: Roads

The following table indicate the highlight of the financial year:

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2023/24	55.14	0	0.160	32

Table 96. Gravel road infrastructure

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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
2022/23	110.54	0.44	0	0	45
2023/24	110.700	0.160	0	0	85

Table 97. Tarred road infrastructure

f) Cost of maintenance and construction of roads

The table below shows the costs involved for the maintenance and construction of roads within the municipal area:

Financial year	New and replacements	Resealed	Maintained
	R'000		
2022/23 (Main roads)	0	0	0
2022/23 (Other roads)	R3 448 492.47	0	0
2023/24 (Main roads)	0	0	0
2023/24 (Other roads)	R	0	N/A

The cost for maintenance includes stormwater

Table 98. Cost of maintenance and construction of roads

g) Employees: Roads and Stormwater

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

Occupational level	2022/23	2023/24			Vacancies (as a % of total budgeted posts)
		Budgeted posts	Employees	Vacancies	
	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.	10	10	9	1	10%
Semi-skilled	0	0	0	0	0%
Unskilled	39	39	29	10	25.64%
Total	50	50	39	11	22%

Table 99. Employees: Roads and stormwater

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h) Capital expenditure: Roads and Stormwater

The table below indicates the capital expenditure incurred:

Capital projects	2023/24 (R)		
	Budget	Adjustment budget	Actual expenditure
Upgrade Streets : Dliso Ave & Matshaka St - Kwa-Mandlenkosi	878	5	24
Upgrade Roads : Freddie Max Crescent - Nelspoort	727	4 568	4 015
Rehabilitate Gravel Roads : Rustdene, Kwa-Mandlenkosi & Hillside II - Beaufort West	858	8	82
Upgrade Gravel Roads : Pieter Street, Rustdene - Beaufort West	634	1 405	1 455
Total	3 096	5 985	5 576

Table 100. 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 work team in the Roads & Stormwater Section and also temporary Expanded Public Works Programme (EPWP) employees as well as external managed Community Work Programme (CWP) Teams:

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
Maintenance of critical plant	TLB & Tipper truck, Tractor
No major flooding damages	2023/24 saw abnormal downpours and rivers flowed to their full capacity with flooding in Murraysburg
Upgrading of Pieter Street flood area	Bigger diameter pipe systems installed & opening and maintaining of outflow concrete channel was done
Opening up of earth channel	From Padda Vlei area to Falatsha Way

Table 101. Waste water (stormwater drainage) highlight

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c) Challenges: Waste water (stormwater drainage)

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

Description	Actions to address
Limited budgets for operational work	Apply for more budget funding
Broken machinery	Fix or hire machines
Murraysburg flooding	Upgrading and maintenance of flood systems must be done
Climate change effect causing more abnormal rain seasons and flooding, old storm water systems outdated/ insufficient	Apply for funding to do full Storm Water Master Planning complete with implementation actions

Table 102. 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
2022/23	Master plan outdated	0	0.5	30
2023/24	Master plan outdated	0.06	3	110

Table 103. Stormwater infrastructure

e) Cost of stormwater infrastructure

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

Financial year	Stormwater measures		
	New R'000	Upgraded R'000	Maintained R'000
2022/23	Part of new Mark- & Pardon Street road budget	0	Part of Roads
2023/24	Upgrading of Pieter Street stormwater	0	Part of Roads

Table 104. 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	0
Supervisor	0	0	0
Labourers	3	11	14

Table 105. Appointments for EPWP stormwater maintenance



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 Turn Key contractor. The aforementioned planning was done in conjunction with the officials of the Municipality.

b) Highlight: Planning and Building Control

The following table indicate the highlight of the financial year:

Highlight	Description
Renewable energy structure on farm portions	Spatial Planning and Land-Use Management (SPLUMA) applications

Table 106. Planning and building control highlight

c) Challenge: Planning and Building Control

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

Description	Actions to address
The Municipality do not have a registered Town Planner	Full vacant posts

Table 107. Planning and building control challenge

d) Service statistics: Planning and Building Control

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

Type of service	2022/23	2023/24
Building plans application processed	85	83
Total surface (m ²)	6 699.20	6 159.77
Approximate value (Rand)	20 097 600	279 372.04
Residential extensions	78	79
Land use applications processed	20	16
Rural applications	0	0

Table 108. Service statistics: Planning and building control

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e) Employees: Planning and Building Control

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

Occupational level	2022/23	2023/24			
		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	1	1	50%
Semi-skilled	0	0	0	0	0%
Unskilled	0	0	0	0	0%
Total	2	2	1	1	50%

Table 109. Employees: Planning and building control

f) Capital expenditure: Planning and development

The table below indicates the capital expenditure incurred:

Capital projects	2023/24 (R)		
	Budget	Adjustment budget	Actual expenditure
Computer Equipment : Purchase 3 X Laptops – Project Management Unit	0	64	56
Machinery and Equipment	0	100	93
Total	0	164	149

Table 110. Capital expenditure: Planning and development

3.5.2 Local Economic Development (including market places)

a) Introduction to LED

As part of its local government mandate, the Beaufort West Local Municipality has embarked on a process to develop a new LED Strategy for the Beaufort West municipal area. The aim of this process is to provide the Beaufort West Local Municipality, the private sector and the local community the opportunity to develop a planning guide that promotes economic growth, facilitates job creation and addresses poverty within the area.

The purpose of the Local Economic Development Strategy (LEDS) is to interrogate available economic information in an integrated and coordinated manner to identify opportunities that can broaden the economic base of the Beaufort West municipal area. These opportunities are then packaged into an implementation framework which sets out guidelines as to how existing economic potential can be utilised to generate positive spin-offs for the local economy.

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b) Private sector projects on LED

The Municipality currently have no private sector projects on LED.

c) Mobilisation of private sector resources

Development proposals were requested through an open bidding process during the 2023/24 financial year for the development of the following:

- A truck stop with overnight accommodation, excluding the sale of fuel
- Development of a private hospital
- Development of a private airport

The Municipality was involved in some inter-sectoral job creation opportunities during the 2023/24 financial year, including the Expanded Public Works Programme (EPWP) and the Community Work Programme (CWP). Details of the programmes/projects are reflected below.

EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

The main funder of the EPWP is the National Department of Public Works; and the CWP is funded by the National Department of Cooperative Governance, which also hires the implementing agent to facilitate the programme within the Western Cape.

The consistent reporting with regards to the work opportunities created across all sectors on the EPWP. The EPWP work opportunities are consistently presented on the municipal annual report which forms part of the IDP public participation process. The project implementation status-quo is always reflected on the annual reports.

EPWP Budget allocations as well as the number of work opportunities for the 2021/22, 2022/23 and 2023/24 financial year are reflected below:

Financial Year	Budget Allocation	Expenditure
2021/22	R1 285 000	R968 030
2022/23	R1 136 000	R1 005 915
2023/24	R1 372 000	R1 288 725

Table 111. EPWP budget allocations

Financial Year	Project Name	Work Opportunities
2021/22	IG Roads and Stormwater Maintenance	12
	IG Storm water System Maintenance	6
	IG Waste Management Project	20
	IG Data Capturer and Administrator	3
2022/23	IG COVID-19 Screening and Support Services	11
	IG Road and Storm water Maintenance	11
	IG Waste Management Project	10

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Financial Year	Project Name	Work Opportunities
	IG Clearing of Invasive Alien Plants	21
	IG Administration Support	5
2023/24	IG Road and Stormwater Maintenance	11
	IG Waste Management Project	10
	IG Clearing of Invasive Alien Plants	19
	IG Administration Support	3

Table 112. EPWP work opportunities

d) Community Works Programme (CWP)

The Community Works Programme is an intervention that was adopted by national government to afford the unemployed of working age the opportunity to do a community beneficial job, while also giving the participants the opportunity to improve their chances of getting a long-term full-time job through skills development.

JOB CREATION AND TRAINING

About 1 151 participants benefited from the CWP for the 2023/24 financial year.

CWP budget allocations details for the 2021/22, 2022/23 and 2023/24 are reflected below:

CWP Budget Allocation		
2021/22	2022/23	2023/24
R14 318 884	R15 960 339	15 952 301

Table 113. CWP budget allocation

e) LED and Tourism Strategy

The Municipality still does not have a dedicated LED and Tourism Official. The vacancy could not be filled due to financial constraints.

The final Draft LED Strategy is developed with the support of the Municipal Infrastructure Support Agent (MISA) and will be workshopped with Council on 21 August 2024 to be tabled to Council for consideration and approval on the 27 August 2024. It was envisaged to approve the strategy during the 2023/24 financial year by end of June 2024. Due to unforeseen circumstances this could not be achieved by 30 June 2024.

Some of the projects that are 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); and
- utilisation of the farm Lemoenfontein for renewable energy.

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f) Challenges: LED

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

Description	Actions to address
No budget for LED Programmes	Solicit funding for LED Projects with approved LED Strategy
No successful development proposals as advertised by the Municipality was received during the financial year	Re-advertise development proposals of the private hospital, the development of a private airport

Table 114. LED challenges

3.6 Component D: Community and Social Services

3.6.1 Libraries

a) Introduction to Libraries

There are six libraries in Beaufort West Municipality area. Services include the lending out of books, magazines, music CD'S and DVDs, photocopying and computer services and in some cases, internet access.

If you are a resident of the Beaufort West Municipal Area, you can borrow books and other materials and use facilities free of charge. If you are not local, for example South Cape College students, the services are for free because they will stay in town for a year or more. For other people that are from outside the municipal area, The Municipality allows them to use services for free such as internet but not allowing them to borrow any books or any other material that is for circulation, unless they will stay more than two or three months. Adults can borrow ten books, two magazines, two CDs and DVDs for a period of two weeks at a time. Children can borrow four books, one magazine for a period of two weeks at a time. If you want to extend your borrowing time, you can do so over the phone or renew at the Library.

Other Services

Other services include the following:

- Computers: At least three computer per library for typing of long documents, free of charge. Church Street have more computers than other libraries.
- Internet: Free access to the internet is available to all libraries.
- Wi-Fi: Free access to the Wi-Fi is available to all libraries.
- Braille Services and Audio books: for the blind and partially handicapped.
- E-Books: for those who want to read via their phones without using books on hard copy.
- Photocopying: Self-serving photocopying at 50c per page. (Bring loose coins)
- Printing: R1 per black and white A-4 page, R5 per colour A4 page and R10 colour A3-page
- Chess: The main library at Church Street has chess tables and games.
- Children's programmes, Story hour in the afternoon, reading circles for pre-schools, reading aloud for primary children, holiday programmes, library tours and orientation. Watch notice board for information.
- Some libraries conduct outreach to schools, institutions and organisations. Please enquire at your community library.

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Become a Library Member

Bring a copy of your ID document and proof of your residential address to local library and fill in the relevant form at the counter. It takes about a maximum of 20 minutes for the application to be processed and a library card issued.

Branches and Opening Times

- 📖 Church Street: Monday to Friday 10 am to 5pm
- 📖 Mimosa: Monday to Friday 10am to 5pm
- 📖 Murraysburg: Monday to Friday 10 am to 5pm
- 📖 Nelspoort: Monday to Friday 10 am to 5pm
- 📖 Kwa Mandlenkosi: Monday to Friday 10 am to 5pm
- 📖 Nelspoort: Monday to Friday 10 am to 5pm

b) Highlights: Libraries

The table below indicates the highlights of the financial year:

Highlight	Description
Launch of Library Week in Murraysburg in March 2024	Beaufort West Municipality and Western Cape Provincial Library launched a library week together in Murraysburg. Library week is a national library event which is celebrated every year in March. Various events were done by schools and praise singers from the community. The community at large supported this event. The event was attended by the MEC, the Executive Mayor, Councillors, Senior Management of Beaufort West Municipality, Provincial Library Services Senior Management as well as Library Staff and other Municipal Personnel
Proposed extension of Kwa Mandlenkosi Library	Kwa Mandlenkosi Library is one of the smallest libraries in Beaufort West. Beaufort West Municipality decided to request funding for an extension of Kwa Mandlenkosi Library. Provincial Library Services granted an amount of R1 500 000.00 for Kwa Mandlenkosi extension. The extension of the library will be completed by June 2025
Receiving of new fleet by the Library Services	The vehicle allocated to Library Services was broken and that made life difficult for libraries to conduct programmes and professional visits to various libraries. Beaufort West Municipality procured a vehicle for Library Services so that library programmes a professional visits could continue
Availability of E-Books in our libraries. (LIBBY)	Patrons don't need to go to the library to borrow a book, you can do that via your phone in the comfort of your house. However, you must first be a member of a library
Partnership with a School	Mimosa Library is assisting Beaufort West Primary School by setting up a library for them

Table 115. Libraries highlights

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c) Challenges: Libraries

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

Description	Actions to address
Lack of sufficient funding	Apply for more budget funding
Lack Of qualified personnel in Libraries	Beaufort West Library is extremely experienced a lack of qualified librarians as result whenever we want to appoint a senior or qualified librarian we must hire from outside town. This is prompted by staff regulations
Old library buildings	Apply for more budget funding for maintenance
Unreliability of Systematic Library Information Management System (SLIMS) system	Library computer system is very unreliable and this resulted in many mistakes on circulation of library staff. Most of the time patrons accumulate unnecessary fines because the system is off for a week or months

Table 116. Libraries challenge

d) Service statistics for libraries

The table below indicates the service statistics for library services:

Type of service	2022/23	2023/24
Library members	15 800	19 200
Books circulated	22 300	24 200
Exhibitions held	84	90
Internet users	10 400	23 200
New library service points or wheelie wagons	0	0
Visits by school groups	16	18

Table 117. Service statistics for libraries

e) Employees: Libraries (including Murraysburg, Merweville & Nelspoort)

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

Occupational level	2022/23	2023/24			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
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.	4	4	5	1	25%

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Occupational level	2022/23	2023/24			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Semi-skilled	10	10	10	0	0%
Unskilled	9	9	9	0	0%
Total	24	24	25	1	4.17%

Table 118. Employees: Libraries

f) Capital expenditure: Libraries

The table below indicates the capital expenditure incurred:

Capital projects	2023/24 (R)		
	Budget	Adjustment budget	Actual expenditure
Computer Equipment : Purchase 3 X Laptops - Library Service	0	77	35
Furniture and Office Equipment – Library Service	0	26	0
Total	0	103	35

Table 119. Capital expenditure: Libraries

3.6.2 Cemeteries

a) Introduction to Cemeteries

There are currently enough burial grounds in Beaufort West but new cemeteries will have to be developed in Murraysburg.

b) Highlight: Cemeteries

The table below indicates the highlight of the financial year:

Highlight	Description
Maintenance of cemeteries	Participants of the cleaning and greening program were deployed to most cemeteries to clean and beautify the cemeteries within Beaufort West jurisdiction for a year

Table 120. Cemeteries highlight

c) Challenge: Cemeteries

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

Description	Actions to address
Lack of personnel and regular maintenance of facilities	Budget allocation for appointment of required and permanent personnel to all cemeteries
Vandalism of facilities	Repair the new ablution facility
Insufficient burial space at Murraysburg cemetery	Submitted business plan to MIG for funding in 2025/26 financial year

Table 121. Cemeteries challenge



d) Service statistics: Cemeteries

The table below indicates the performance statistics for Cemeteries:

Type of service	2022/23	2023/24
Pauper burials	2	48
Total	2	48

Table 122. Capital expenditure: Cemeteries

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 Law Enforcement is responsible for road safety and by-law enforcement. The Office also renders the following services and functions:

- Vehicle testing for roadworthiness
- Driving License Testing Centre
- Motor Vehicle Registration
- Court and prosecutorial function

b) Highlight: Traffic and Law Enforcement Services

The following table indicate the highlight of the financial year:

Highlight	Description
Appointed Designated Roadblock Staff	Daily roadblocks to collect outstanding fines

Table 123. Traffic and Law Enforcement Services highlight

c) Challenge: Traffic Services and Law Enforcement

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

Description	Actions to address
Vacant posts	Advertise budgeted post in new financial year
Funding for training	Apply for funding/request funding

Table 124. Traffic and Law Enforcement Services challenge

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d) Service statistics for Traffic and Law Enforcement Services

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

Details	2022/23	2023/24
Motor vehicle licenses processed	59 180	69 216
Learner driver licenses processed	662	9 640
Driver licenses processed	441	468
Driver licenses issued	1 719	1 719
Fines issued for traffic offenses	20 940	94 674
R-value of fines collected	6 718 140	18 209 540
Roadblocks held	18	104
Complaints attended to by Traffic Officers	0	0
Awareness initiatives on public safety	0	0

Table 125. Service statistics for Traffic and Law Enforcement Services

e) Employees: Traffic Services and Law Enforcement

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

Occupational Level	2022/23	2023/24			
		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	31	31	22	9	29.03
Unskilled	5	5	2	3	60%
Total	38	38	26	12	31.58

Table 126. Employees: Traffic and Law Enforcement Services

3.7.2 Fire and Disaster Management Services

a) Introduction to Fire and Disaster Management Services

Disaster Management is a process of effectively preparing for and responding to disasters. It involves strategically organising resources to lessen the harm that disasters cause. It also involves a systematic approach to manage the responsibilities of disaster prevention, preparedness, response and recovery.

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b) Highlight: Fire and Disaster Management Services

The following table indicate the highlight of the financial year:

Highlight	Description
PPE uniform allowance	Bunker gears and Combat / Station Wear

Table 127. Fire and Disaster Management Services highlight

c) Challenges: Fire and Disaster Management Services

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

Description	Actions to address
Water supply	Provide bigger water capacity tank
First responder vehicle not equipped	Provide skit unit
Faulty fire hydrants	Regular maintenance of hydrants

Table 128. Fire and Disaster Management Services challenges

d) Service statistics for Fire and Disaster Management Services

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

Details	2022/23	2023/24
Operational callouts	105	146
Reservists and volunteers trained	0	1
Awareness initiatives on fire safety	0	4

Table 129. 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	2022/23	2023/24			Vacancies (as a % of total budgeted posts)
		Budgeted posts	Employees	Vacancies	
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	14	14	12	2	14.29%
Unskilled	0	0	0	0	0%
Total	15	15	13	2	13.33

Table 130. Employees: Fire and Disaster Management Services

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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:

a) Highlight: Sport and Recreation

The following table indicate the highlight of the financial year:

Highlight	Description
Construction of an additional ablution facility and yard at Rustdene Sport Complex	Service provider was appointed through MIG Funding to build an ablution facilities for both male and females and replacement of yard.

Table 131. Sport and Recreation highlight

b) Challenges: Sport and Recreation

Challenges	Actions to address
Poor maintenance of facilities	<ul style="list-style-type: none"> • Budget allocation for necessary machinery and relevant personnel to be onsite • Contract management
Vandalism of facilities	<ul style="list-style-type: none"> • Request for funding from DCAS funds for repairs • Safety and security onsite • Involvement of community and relevant sports organisation for taking ownership

Table 132. Sport and recreation challenge

c) Service Statistics for Sport and Recreation

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

Type of service	2022/23	2023/24
Community parks		
Number of parks with play park equipment	8	2
Number of wards with community parks	7	7
Swimming pools		
Number of visitors per annum	6 719	12 744
R-value collected from entrance fees	R94 062	R157 032
Sport fields		
Number of wards with sport fields	7	5
Sport halls		
Number of wards with sport halls	1	5
Number of sport associations utilizing sport halls	0	4

Table 133. Service statistics for sport and Recreation

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d) Capital expenditure: Sport and Recreation

The table below indicates the capital expenditure incurred:

Capital projects	2023/24 (R)		
	Budget	Adjustment budget	Actual expenditure
Upgrade Existing Regional Sport Stadium Ph2 - Rustdene	1 580	576	576
Upgrade Sportsgrounds - Nelspoort	2 073	1 847	1 862
Total	3 653	2 422	2 438

Table 134. 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 highlights of the financial year:

Highlight	Description
Conclusion of the appointment of Manager : Human Resource process	Manager : Human Resource appointed and commenced on 8 July 2024
Submission and approval of business plan for the extension of Kwa Mandlenkosi Library	Library will be extended in the 2024/25 financial year
Progress made on compilation of skills audits and qualification verification	Municipal Staff Regulations (MSR) prescribed the skills audits be conducted

Table 135. Corporate Services highlight

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c) Challenges: Corporate Services

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

Description	Actions to address
Resignation of Committee Clerk	Recruitment and selection process followed for the appointment of Committee Clerk
Lack of funding for the revamping of municipal website	Budget in the 2025/26 financial year for revamping of website
Thusong centres not receiving adequate funding to maintain the centres	Submit business proposal to Department of Local Government (DLG) for funding
Organisational structure not finalised within the financial year due to delayed response from DLG	Finalise the organisational structure
Councillors still requesting hard copies for agendas	Purchase and provide laptops to Councillors
Office Space	The current gym at the Corporate Services building be converted into offices
Critical vacant positions that cannot be filled due to financial constraints	Improve revenue so that funds can be available to fill critical vacancies to enhance service delivery

Table 136. Corporate Services challenges

d) Employees: Administration

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

Occupational level	2022/23	2023/24			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
Number					
Top management	1	1	1	0	0%
Senior management	4	4	4	0	0%
Middle management and professionals	14	14	13	1	7.14%
Skilled technically, superintendents etc.	89	89	63	26	29.21%
Semi-skilled	145	145	112	33	22.76%
Unskilled	31	31	24	7	22.58%
Total	284	284	217	67	23.59%

Table 137. Employees: Administration

Occupational level	2022/23	2023/24			
		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%

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Occupational level	2022/23	2023/24			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Middle management and professionals	1	1	1	0	0%
Skilled technically, superintendents etc.	1	1	1	0	0%
Semi-skilled	9	9	9	0	0%
Unskilled	2	2	2	0	0%
Total	13	13	13	0	0%

Table 138. Employees: Councillor Support and Thusong Service Centres

Occupational level	2022/23	2023/24			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	1	1	1	0	0%
Senior management	3	3	3	0	0%
Middle management and professionals	1	1	1	0	0%
Skilled technically, superintendents etc.	3	3	1	2	66.67%
Semi-skilled	2	2	2	0	0%
Unskilled	0	0	0	0	0%
Total	10	10	8	2	20%

Table 139. Employees: Office of the Municipal Manager

Occupational level	2022/23	2023/24			
		Budgeted posts	Employees	Vacancies	Vacancies (as a % of total budgeted posts)
	Number				
Top management	1	1	1	0	0%
Senior management	3	3	3	0	0%
Middle management and professionals	1	1	1	0	0%
Skilled technically, superintendents etc.	3	3	1	2	66.67%
Semi-skilled	2	2	2	0	0%
Unskilled	0	0	0	0	0%
Total	10	10	8	2	20%

Table 140. Employees: Municipal Management Services

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3.9.2 Financial Services

a) Highlights: Financial Services

The following table indicate the highlight of the financial year:

Highlight	Description
85% collection rate	The Municipality managed to reach 85% collection rate as at 30 June 2024, which is as per the Eskom Debt Relief
Concluding acknowledgement of debt (AOD) with the following big creditors: <ul style="list-style-type: none"> • Western Cape Department of Mobility • Auditor-General of South Africa (AGSA) • South African Local Government Association (SALGA) 	The Municipality managed to secure and sign AOD's for the large creditors as this would also assist in improving the Municipality's liquidity ratio.
Eskom Municipal Debt Relief approved for an amount of R76 million	The Municipality received approval for an amount of R76 million for amounts owing to Eskom for bulk electricity purchases not paid for over decades. In the first year ending 30 June 2024, the Municipality will receive approximately R25 million write off the amount
General Valuation (GV) Roll 2024/25	The Municipality has not had a full GV performed in 7 years. Appointment of a Valuer was completed in September 2023 and GV Role was completed in June 2024
Increase in traffic fines and penalties paid	The traffic fines collection rate increased to 26%, total finance and penalties issued were R75 million
Material irregularity on amp charges concluded	Material irregularity, all recommendations as per AGSA have been implemented. Final report to be sent to the MM and reported to AGSA for the material impairments to be cleared
Reduction in Legal fees due to SCM matters	Non-compliance to SCM rules, laws, regulations and policies. A detailed procurement plan was developed to avoid unplanned spending
MIG funding 99.6% spent	The Municipality managed to spend 99.6% of the capital expenditure or municipal infrastructure grant

Table 141. Financial Services highlight

b) Challenges: Financial Services

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

Description	Actions to address
Lack of capacity within department	Development of individual leaning plans, on the job training and evaluation of performance against set targets. Full financial system training based on business processes, duties and standard operating procedures (SOP's).
Unfunded budget	An impairment methodology and framework to be developed. The Municipality will also look into preparing a long-term financial plan for the Municipality

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Description	Actions to address
Incorrect billing	Data cleansing of the customer database on the billing system. Appointment of the following positions: <ul style="list-style-type: none"> • Controller: Billing, Rates and Taxes • Controller: Credit Control, Indigent • Controller: Cashiering and Customer Care
Failure to implement Credit Control and Debt Collection	The Beaufort West Credit Control and Debt Collection Policy to be workshopped to all staff, councillors and ward committee members. Workshops to be held in the 7 wards within the Municipal area
Failure/ Delay in submission of monthly reconciliations	Month end procedures and checklist have been developed, all reconciliations are reviewed by Seniors Managers before the submission of the Section 71 and other monthly reports
Lack of discipline and Batho Pelo principles	SALGA has taken lead in assisting the Municipality with the implementation of disciplinary hearings and formulating charge sheets. Employees have also been furnished with the Batho Pelo principles and importance of at all times adhering to the principles has also been communicated to the staff

Table 142. Financial Services challenges

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	2022/23		2023/24	
	Billed in Year	Actual for accounts billed in year	Billed in Year	Actual for accounts billed in year
	R'000		R'000	
Property Rates	13 830	38 505	14 697	64 766
Electricity	11 196	91 902	11 231	74 160
Water	15 341	18 595	7 613	55 649
Sanitation	12 271	20 863	11 706	28 839
Refuse	11 896	10 709	11 749	16 809

Table 143. Debt recovery

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d) Employees: Financial Services

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

Occupational level	2022/23	2023/24			
		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	3	3	2	1	33.33%
Skilled technically, superintendents etc.	16	16	11	5	31.25%
Semi-skilled	43	43	26	17	39.43%
Unskilled	6	6	4	2	33.33%
Total	70	70	45	25	35.71

Table 144: Employees: Financial Services

e) Capital expenditure: Financial Services

The table below indicates the capital expenditure incurred:

Capital projects	2023/24 (R)		
	Budget	Adjustment budget	Actual expenditure
Computer Software and Applications - ICT - Firewall	0	291	241
Computer Software and Applications - MS Server 2022	0	280	257
Computer Equipment	0	478	177
Machinery and Equipment	0	51	51
Furniture and Office Equipment	0	100	13
Service Connection - Fire Infrastructure :- Skills Centre	0	72	0
Leased Office Equipment - Photocopier Machines	0	0	1 582
Total	0	1 272	2 321

Table 145: Capital Expenditure: Financial Services

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3.9.3 HR

a) Highlights: HR

The following table indicates the highlights of the financial year:

Highlight	Description
Vacancies	Various posts were advertised on approval of the Cash-Flow Committee. The position of Manager: Human Resources was filled July 2024
Organogram	Approved at a special council meeting held on 29 June 2023. MEC comments on organogram are now being implemented
General	An increase in volume of work was overwhelming within the HR Division. Contributing factors include but not limited to ratio of HR staff over employees, implementation of the municipal staff regulations, existing commitments to Labour Department's declarations and or report submissions and adapting to a continuous under pressure environment. Staff benefitted exposure in driving a Human Resources Section in strategic, transactional and operational human resources which contributes to succession planning within the Division

Table 146. HR highlights

b) Challenges: HR

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

Description	Actions to address
Advertising of budgeted vacancies	The MSR regulates that all budgeted vacancies must be filled within 6 months that it become vacant and or budgeted. The Municipality can however not fill all budgeted vacancies as it is dependent on Cash-Flow Committee approval in terms of S139 5a of the RSA Constitution the Financial Recovery Plan (FRP)
Job descriptions (JD)	Previous attempts failed with the approach of sending all JD's to Departments to amend and align to the Municipal Staff Regulations (MSR) after MSR workshops held with all staff members. The Human Resources Section had to revise the approach and commenced this project during May 2024 and will be completed by 31 August 2024. Management and supervisors are consulted with each post within their respective structures and the HR staff members draft amended and aligned JD's for management and staff inputs
Human Resources Officer: Labour Relations	The position was not filled in 2023/24 financial year. This resulted in delays of disciplinary hearings and high volumes of work. The post will be filled by no later than 1 October 2024
Employment Equity	No EE approved plan since 2015 to date. Draft plan in place. Employment Equity Committee (EEC) to be established before 31 August 2024. The draft plan will then be presented to the EEC for their comments, inputs and amendments to finalise the plan for Council Approval by 31 October 2024

Table 147. HR challenges

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c) Employees: HR Services

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

Occupational level	2022/23	2023/24			
		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	1	100%
Skilled technically, superintendents etc.	1	1	1	0	0%
Semi-skilled	3	3	3	0	0%
Unskilled	0	0	0	0	0%
Total	4	4	4	1	20%

Table 148. Employees: HR

3.9.4 Information and Communication Technology (ICT) Services

a) Introduction to ICT services

The ICT department consist of a permanent appointed ICT manager. All Technical support functionalities are outsourced to a service provider.

b) Highlights: ICT services

The following table indicates the highlight of the financial year:

Highlight	Description
Procurement of Windows server licenses	Supply and delivery of Windows server licenses
Complaints Management System	Implementation of Complaints Management System
Procurement of ICT firewall	Supply, Installation, and configuration of an ICT firewall

Table 149. ICT Services highlight

c) Challenges: ICT services

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

Description	Actions to address
Server room disaster	Disaster in the ICT Server Room that lead to loss of critical information. However, the restore of backup information played a huge role in recovering the lost information
Telephone disruptions	There was a Telkom line breakage between George and Beaufort West which caused downtime on landlines for almost 7 days

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Description	Actions to address
Network disruption during implementation of the ICT firewall.	During the merging of the ICT firewall with the Beaufort West Municipality's network, they disruptions that lead to a full day of downtime on the network
Implementation of ICT Strategy	Insufficient budget allocations to implement more projects in the approved ICT strategy

Table 150. ICT Services challenges

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	4 865	405	20
Orders processed	1 344	112	6
Requests cancelled or referred back	181	15	1
Extensions	2	1	0
Bids received (number of documents)	212	18	1
Bids awarded	44	4	1
Bids awarded below R200 000	8	1	1
Appeals registered	4	1	0
Successful appeals	0	0	0

Table 151. 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	10	21%	618 652.65	40%
Sole supplier	14	29%	211 390.41	14%
Acquisition of special works of art or historical objects where specifications are difficult to compile	0	0%	0	0%
Any other exceptional case where it is impossible or impractical to follow the official procurement process	9	19%	207 959.85	14%
Any contract with an organ of state, a local authority or a public utility corporation or company	0	0%	0	0%



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%	111 228.00	7%
The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount	0	0%	0	0%
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.	12	25%	382 793.10	25%

Table 152. 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.

An 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) Highlights: Municipal Buildings

The following table indicates the highlight of the financial year:

Highlight	Description
Continuation of service	Handling of queries speedily
Assistance with labour from CKDM programme	Student allocated from CKDM from their training programme

Table 153. Municipal buildings highlight

c) Challenges: Municipal Buildings

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

Description	Actions to address
Limited operational budget	Increasing of funds for operation repairs
No capital budget	Allocation of budget for capital work
No indigent household or EPWP Team to assist with complaints	Establishing of Indigent or EPWP team for repairs on indigent households
57% vacancy rate on the Section's organogram	Total section posts are 21 positions. 12 of the posts are vacant
Shortage in skilled labour	Total skilled positions are 10 of which 7 is vacant

Table 154. Municipal buildings challenges

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d) Challenges: Municipal Buildings

The table below shows the costs involved for the maintenance of buildings within the municipal area:

Maintenance details	2022/23	2023/24
Municipal	R347 890.00	R347 890.00
Total	R347 890.00	R347 890.00

Table 155. Cost of Municipal Building Maintenance

e) Employees: Municipal Buildings

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

Occupational level	2022/23	2023/24			
		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 technically, superintendents, etc.	3	3	2	1	33.33%
Semi-skilled	0	0	0	0	0%
Unskilled	10	10	9	1	10%
Total	14	14	12	2	14.29%

Table 156. Employees: Municipal buildings

3.9.7 Fleet Management Services

a) Introduction to Fleet Management Services

I) THE GOAL:

Strive 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 consists of 42 vehicles on lease agreement from Avis, 1 Cherry Picker leased from Bidvest and a Refuge Truck leased from Equestra. Beaufort West Municipality has approx. 100 plant, including tractors, loaders, graders, refuge trucks, crane trucks, tipper trucks, water trucks, fire trucks, flatbed trucks, cherry pickers, road sweeping brooms, jetting machine, blower mowers, lawn mowers, generators, compressors, landfill compacter, water pumps, mini bus, cars, bakkies and trailers

II) OBJECTIVE:

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

- To maintain fleet costs effective and in a timely manner.
- To set up and implement structures to do preventative maintenance.
- To set up structures to assist service delivery departments.

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- To ensure that breakdowns on fleet are kept minimum and to repair breakdowns as fast as possible without hindering service delivery.
- To build a healthy and safe work environment.
- To build an efficient history log of breakdowns on plant.
- To investigate common occurring breakdowns and have parts available to repair.

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

b) Highlight: Fleet Management Services

The table below indicates the highlight achieved during the financial year:

Description	Actions to address
Fleet broken down for years are repaired	Grader, loader, cherry pickers and numerous trucks has been standing for access of 4 years
Fleet being monitored for maintenance	After fleet and trucks has been brought back in service, parts are ordered and fitted to do maintenance that are preventing break downs
Refuge trucks consistent in working order	Since September 2023, all the refuge trucks have undergone major repairs, and on average 3 has been working on a daily basis
Backlog of services of plant	All plant and trucks have been services at least once in 2024, in some cases plant and trucks were neglected to be serviced for 3+ years
Plant and trucks not standing for punctured wheels	Plant and trucks have been issued spare wheels, and punctured wheels are being repaired ASAP
Fitment of hour meters	Plant and trucks are being fitted with hour meters to ensure an accurate fuel consumption, and timeous service interval
Vehicles has safe working tires	All vehicles with worn tires have been issued with new tires

Table 157. Fleet management highlight

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c) Challenges: Fleet Management Services

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

Description	Actions to address
Outdated fleet	Management and counsel need to meet and decide on the future of the current fleet inside the municipality.
Abusing of fleet	Drivers and operators of fleet needs to be held responsible for their actions towards fleet and assets of the municipality.
Fleet Policies	Policies and structures need to be placed in order to ensure proper fleet management. Proper training and staff as per organigram need to be adhered to.
Supply Chain Structure	The policies of supply chain make it difficult to plan and do timeous maintenance. More time must be invested to overcome this inevitable obstacle.
Theft	The current CCV camera system and surrounding fencing makes it hard to have a decent organised yard. We share our yard with the public (visitors of roadworthy,) during working hours, and after hour's public have access via poor fencing. The security has their work cut out looking after our assets.
Fencing	Erecting better fencing in some parts of our yard will enable us to organise our yard better and have a more professional experience for visitors from the public.
Organigram	Vacant posts need to be filled. If the workshop's work gets behind, it will start effecting other department's service delivery.
Skill workers	Investing training into our current employees will enhance work performance.
Fleet induction	When appointed induction are not taken place.

Table 158. Fleet management challenges

d) Employees: Mechanical Workshop and Fleet Management

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

Occupational level	2022/23	2023/24			
		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	1	1	50%
Semi-skilled	0	0	0	0	0%
Unskilled	0	0	0	0	0%
Total	2	2	1	1	50%

Table 159. Employees: Mechanical Workshop and Fleet Management

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3.10 Component H: Service Delivery Priorities for 2023/24

The main development and service delivery priorities for 2023/24 forms part of the Municipality's Top Layer SDBIP for 2023/24 and are indicated in the tables below:

3.10.1 Provide, maintain and expand basic services to all people in the municipal area

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL5	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 2025	Number of residential properties which are billed for water or have pre-paid meters as at 30 June 2025	All	8 000
TL6	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 2025	Number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas) as at 30 June 2025	All	11 350
TL7	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 2025	Number of residential properties which are billed for sewerage as at 30 June 2025	All	11 900
TL8	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 2025	Number of residential properties which are billed for refuse removal as at 30 June 2025	All	11 700
TL9	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 2025	Number of active indigent households receiving free basic water as at 30 June 2025	All	4 500
TL10	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 2025	Number of active indigent households receiving free basic electricity as at 30 June 2025	All	6 000

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Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL11	Basic Service Delivery	Provide free basic sanitation to active indigent households as defined in paragraph 9(1) of the Municipality's Credit Control and Debt Collection Policy as at 30 June 2025	Number of active indigent households receiving free basic sanitation as at 30 June 2025	All	5 380
TL12	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 2025	Number of active indigent households receiving free basic refuse removal as at 30 June 2025	All	5 380
TL13	Basic Service Delivery	The percentage of the municipal capital budget spent by 30 June 2025 [(Actual amount spent / Total amount budgeted for capital projects) X 100]	% of capital budget spent by 30 June 2025	All	95%
TL23	Basic Service Delivery	Complete the upgrade of Kwa-Mandlenkosi Library by 30 June 2025 [(Actual expenditure divided by the total approved project budget) X 100]	Upgrade completed by 30 June 2025	5	1
TL27	Basic Service Delivery	95% of the project budget spent on the upgrade of vandalised boreholes in the Beaufort West Municipal Area by 30 June 2025	% project budget spent	All	95%
TL28	Basic Service Delivery	95% of the project budget spent on the upgrade of telemetry system in the Beaufort West Municipal Area by 30 June 2025	% project budget spent	All	95%
TL30	Basic Service Delivery	95% of the project budget spent on the Phase 1 (48km 22kV in Murraysburg) in the Beaufort West Municipal Area by 30 June 2025	% project budget spent	1	95%
TL31	Basic Service Delivery	95% of the project budget spent on the Phase 6 Main Substation Beaufort West by 30 June 2025	% project budget spent	All	95%
TL32	Basic Service Delivery	95% of the approved project budget spent on the supply and delivery of a Yellow Plant (Landfill Site) in Beaufort West by 30 June 2025 [(Actual expenditure divided by the total approved project budget) X 100]	% of budget spent by 30 June 2025	All	95%
TL33	Basic Service Delivery	Review the Water Services Development Plan and submit to Council by 31 October 2024	Reviewed Water Services Development Plan submitted to Council by 31 October 2024	All	1
TL37	Basic Service Delivery	Submit a quarterly report on the Illegal Dumping Project	Number of reports submitted	All	1

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Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
		(Department of Environmental Affairs) to Council			
TL38	Good Governance and Public Participation	Submit a Housing Pipeline Report to Council by 30 June 2025	Number of reports submitted	All	1
TL39	Basic Service Delivery	Draft the Waste By-Law and submit to Council for approval by 30 September 2024	Number of by-laws submitted for approval	All	1
TL40	Basic Service Delivery	Revise the Human Settlements Plan and submit to Council by 31 March 2025	Number of plans submitted	All	1

Table 160. Service delivery priority: Provide, maintain and expand basic services to all people in the municipal area

3.10.2 Sustainable, safe and healthy environment

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL26	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%
TL29	Basic Service Delivery	95% of the approved project budget spent on the upgrade of sportsgrounds in Nelspoort by 30 June 2025 [(Actual expenditure divided by the total approved project budget)x100]	% of budget spent by 30 June 2025	2	95%
TL36	Good Governance and Public Participation	Hold roadblocks in conjunction with the Provincial Traffic Department quarterly	Number of roadblocks held	All	4
TL41	Basic Service Delivery	Develop an Air Quality Management By-Law and submit to Council by 31 March 2025	Number of by-laws submitted	All	1
TL42	Good Governance and Public Participation	Compile a Traffic Services Strategy and submit draft to Council by 30 April 2025	Draft Strategy submitted to Council by 30 April 2025	All	1

Table 161. Service delivery priority: Sustainable, safe and healthy environment

3.10.3 Promote broad-based growth and development

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL25	Local Economic Development	Create temporary job opportunities in terms of the Extended Public Works Programme (EPWP) projects by 30 June 2025	Number of temporary jobs opportunities created by 30 June 2025	All	55

Table 162. Service delivery priority: Promote broad-based growth and development

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3.10.4 Maintain an ethical, accountable and transparent administration

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL1	Good Governance and Public Participation	Compile the Risk based audit plan for 2025/26 and submit to Audit committee for consideration by 30 June 2025	Risk based audit plan submitted to Audit committee by 30 June 2025	All	1
TL2	Good Governance and Public Participation	70% of the Risk based audit plan for 2024/25 implemented by 30 June 2025 [(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 2025	All	70%
TL3	Good Governance and Public Participation	Review the Integrated Development Plan 2022-2027 and submit to Council by 31 May 2025	Revised IDP submitted	All	1
TL4	Good Governance and Public Participation	Submit the Annual Performance Report to the Auditor-General by 31 August 2024	Annual Performance Report submitted	All	1
TL18	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
TL19	Municipal Transformation and Institutional Development	0.5% of the municipality's personnel budget spent on implementing its workplace skills plan by 30 June 2025 [(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%
TL21	Municipal Transformation and Institutional Development	Submit the Portfolio of Evidence Policy to Council by 30 June 2025	Portfolio of Evidence Policy submitted to Council by 30 June 2025	All	1
TL22	Municipal Transformation and Institutional Development	Establish the Municipal Moderation Committee by 30 June 2025	Municipal Moderation Committee established by 30 June 2025	All	1

Table 163. Service delivery priority: Maintain an ethical, accountable and transparent administration

3.10.5 SO5: Enabling a diverse and capacitated workforce

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL24	Municipal Transformation and Institutional Development	95% of the approved project budget spent on computer equipment by 30 June 2025 [(Actual expenditure divided by the total approved project budget)x100]	% of project budget spent	All	95%

Table 164. Service delivery priority: Enabling a diverse and capacitated workforce

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3.10.6 Uphold sound financial management principles and practices

Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
TL14	Municipal Financial Viability and Management	Financial viability measured in terms of the municipality's ability to meet its service debt obligations at 30 June 2025 [(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 2025	All	45%
TL15	Municipal Financial Viability and Management	Financial viability measured in % in terms of the total amount of outstanding service debtors in comparison with total revenue received for services at 30 June 2025 [(Total outstanding service debtors/annual revenue received for services)x 100]	Service debtors to revenue as at 30 June 2025	All	35%
TL16	Municipal Financial Viability and Management	Financial viability measured in terms of the available cash to cover fixed operating expenditure at 30 June 2025 [(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 2025	All	1
TL17	Municipal Financial Viability and Management	Achieve a payment percentage of 88% by 30 June 2025 [(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100]	Payment % achieved by 30 June 2025	All	85.75%
TL20	Local Economic Development	Spend 100% of the library grant by 30 June 2025 (Actual expenditure divided by the total grant received)	% of grant spent by 30 June 2025	All	100%
TL34	Municipal Financial Viability and Management	Limit unaccounted for water quarterly to less than 25% during 2024/25 [(Number of Kilotres Water Purchased or Purified - Number of Kilotres Water Sold (including free basic water) /	% unaccounted water	All	25%

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Ref	National KPA	KPI	Unit of measurement	Wards	Annual target
		Number of Kilotres Water Purchased or Purified x 100]			
TL35	Municipal Financial Viability and Management	Limit unaccounted for electricity to less than 10% quarterly during the 2024/25 financial year [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased] × 100]	% unaccounted electricity	All	10%

Table 165. Service delivery priority: Uphold sound financial management principles and practices



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
	2022/23	2023/24
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	1	1
0.5% of the municipality's personnel budget spent on implementing its workplace skills plan by 30 June 2024 [(Actual amount spent on training/total personnel budget) x100]	0.50%	0.50%

Table 166. National KPIs – Municipal transformation and organisational development

4.2 Component A: Introduction to the municipal workforce

The Municipality currently employs 380 (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”

The Municipality has no Employment Equity Commission (EEC) and Employment Equity Plan (EEP) since 2015. Thus, targets were not set. The EEC to be established by end of 15 September 2024. The Municipality does, however, consider appointment of underrepresented groups into the staff establishment.

a) Employment equity targets and actuals

African		Coloured		Indian		White	
Target	Actual	Target	Actual	Target	Actual	Target	Actual
71	70	274	174	0	0	40	11

Table 167. 2023/24 Employment equity targets and actuals by racial classification

Males (including disability)		Females (including disability)	
Target	Actual	Target	Actual
180	248	205	132

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Table 168. 2023/24 Employment equity targets and actuals by gender classification

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	1	0	0	0	0	1
Senior management	3	0	0	0	0	0	0	0	3
Professionally qualified and experienced specialists and mid- management	2	1	0	5	2	1	0	0	11
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	5	19	0	3	5	10	0	0	42
Semi-skilled and discretionary decision making	33	89	0	2	21	57	0	2	204
Unskilled and defined decision making	26	59	0	0	8	26	0	0	119
Total permanent	69	168	0	11	36	94	0	2	380

Table 169. Occupational categories

4.2.2 Vacancy rate

The approved organogram of the Municipality had 486 budgeted posts for the 2023/24 financial year. The actual positions filled are indicated in the tables below by post and by functional level. 106 posts were vacant at the end of 2023/24, with 62 budgeted and 44 not budgeted, resulting in a vacancy rate of 12.75% if the budgeted vacancies in calculated only. If total vacancies are calculated the vacancy rate is 21.81%. 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	4	1
Middle management (T14-T19)	11	5
Admin officers (T4-T13)	246	48
General workers (T3)	119	52
Total	380	106
Per functional level		
Functional area	Filled	Vacant
Municipal Manager	5	10
Corporate Services	55	15
Financial Services	52	22
Community Services	74	26
Infrastructure Services	194	33
Total	380	106

Table 170. Vacancy rate per post and functional level

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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 decreased from 5.43% in 2022/23 to 4.73% in 2023/24.

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
2022/23	394	3	22	5.43%
2023/24	380	4	18	4.73%

Table 171. 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 **increased** from 9 for 2022/23 to 18 for the 2023/24 financial year.

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

Directorates	2022/23	2023/24
Municipal Manager	0	0
Corporate Services	0	2
Financial Services	2	2
Community Services	5	7
Infrastructure Services	2	7
Total	9	18

Table 172. 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 2023/24 financial year shows an increase when compared with the 2022/23 financial year.

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

Department	2022/23	2023/24
Municipal Manager	5	3
Corporate Services	357	438
Financial Services	461	640
Community Services	929	818
Infrastructure Services	1 095	1 280
Total	2 847	3 179

Table 173. 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
Category A: Organisation management		
A6	Human Resource Communication Policy	Approved by Council: 26 June 2023
Category B: HR provisioning and maintenance		
B1	Recruitment and Selection Policy	Approved by Council: 26 June 2023
B2	Private Work Policy and Declaration of Interest Policy	Approved by Council: 26 June 2023
B3	Working Hours Policy	Approved by Council: 26 June 2023
B4	Overtime Policy	Approved by Council: 26 June 2023
B5	Legal-Aid Policy	Approved by Council: 26 June 2023
B6	Promotion, Transfer, Secondment and Acting Appointment Policy	Approved by Council: 26 June 2023
B7	Placement Policy	Approved by Council: 26 June 2023
B8	Absent leave Policy	Approved by Council: 26 June 2023
B9	Remuneration Policy	Approved by Council: 26 June 2023
B10	Overtime Policy	Approved by Council: 26 June 2023
B11	Job Evaluation Policy	Approved by Council: 26 June 2023
B12	Occupational Health and Safety Policy	Approved
Category C: Human Capital Development		
C1	Succession Planning and Career Pathing	Approved by Council : 29 January 2019
C2	Induction Policy	Approved: 26 June 2023
Category D: Employee Wellness		
D1	HIV and Aids Policy	Approved by Council: 26 June 2023
D2	Incapacity Policy-Poor Work performance, Ill Health, Injury and	Approved by Council: 26 June 2023

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HR policies categories supplied to Municipality		
Category	Policy	Date
	Operational Requirements	
D3	Intoxicating Substance Abuse Policy	Approved by Council: 26 June 2023
D4	Staff Member Wellness Programme	Approved by Council: 26 June 2023
D5	On-boarding Medical Fitness	Approved by Council: 26 June 2023
Category E: Employment Equity		
E1	Employment Equity Policy Framework	Approved: July 2022
E2	Sexual Harassment	Approved: July 2022
E3	Gender Policy	Approved: July 2022

Table 174. 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).

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 (2023/24)	Number of employees that received training (2023/24)
Municipal Manager and Section 57 employees	Female	0	0
	Male	0	0
Legislators, senior officials and managers	Female	0	0
	Male	0	0
Associate professionals and technicians	Female	1	1
	Male	1	1
Professionals	Female	5	5
	Male	6	6
Clerks	Female	4	4
	Male	4	4
Service and sales workers	Female	2	2
	Male	8	8
Craft and related trade workers	Female	0	0
	Male	0	0
Plant and machine operators and assemblers	Female	0	0
	Male	6	6
Elementary occupations	Female	0	0

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Management level	Gender	Number of employees identified for training at start of the year (2023/24)	Number of employees that received training (2023/24)
	Male	0	0
Sub-total	Female	18	18
	Male	55	55
Total		73	73

Table 175. Skills matrix

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 (2023/24)	
		Learnerships	
		Target	Actual
Municipal Manager and Section 57 employees	Female	0	0
	Male	0	0
Legislators, senior officials and managers	Female	0	0
	Male	0	0
Associate professionals and technicians	Female	1	1
	Male	1	1
Professionals	Female	5	5
	Male	6	6
Technicians and associate professionals	Female	4	4
	Male	4	4
Clerks	Female	2	2
	Male	8	8
Service and sales workers	Female	0	0
	Male	0	0
Craft and related trade workers	Female	0	0
	Male	0	0
Plant and machine operators and assemblers	Female	0	0
	Male	6	6
Elementary occupations	Female	0	0
	Male	0	0
Sub-total	Female	18	18
	Male	55	55
Total		73	73

Table 176. Skills development

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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 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))
Financial officials				
Accounting Officer	1	1	1	1
Chief Financial Officer	1	1	1	1
Senior managers	2	2	2	2
Any other financial officials	0	0	0	0
Non-financial officials				
Heads of SCM Units	0	0	0	0
SCM senior managers	0	0	0	0
Total	4	4	4	4

Table 177. 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.

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4.5.1 Personnel expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years and that the Municipality is within the national norm of between 35% to 40%:

Financial year	Total expenditure salary and allowances	Total operating expenditure	Percentage
	R'000		
2022/23	128 707	404 370	31.83%
2023/24	127 123	405 056	31.38%

Table 178. Personnel expenditure

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

Financial year	2022/23	2023/24		Actual
	Actual	Original budget	Adjusted budget	
Description	R'000			
Councillors (political office bearers plus other)				
Basic salaries and wages	5 359	5 876	5 945	5 207
Pension and UIF contributions	192	174	108	99
Medical aid contributions	3	0	5	5
Motor vehicle allowance	136	148	136	136
Cell phone allowance	529	559	562	525
Other benefits and allowances	47	49	50	46
Sub total	6 266	6 806	6 806	6 018
% increase/ (decrease)	N/A	8.62	0.00	(11.58)
Senior managers of the Municipality				
Basic salaries and wages	3 108	4 438	3 181	2 734
Pension and UIF contributions	297	205	267	432
Medical aid contributions	11	0	71	184
Performance bonus	150	107	112	57
Motor vehicle allowance	88	60	180	200
Cell phone allowance	83	72	63	63
Other benefits and allowances	0	0	37	71
Payments in lieu of leave	176	0	49	49
Scarcity	258	329	268	249
Acting and post related allowance	560	0	81	83
Sub total	4 731	5 211	4 309	4 112
% increase/ (decrease)	N/A	10.15	(17.31)	(4.57)
Other municipal staff				

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Financial year	2022/23		2023/24	
	Actual	Original budget	Adjusted budget	Actual
Description	R'000			
Basic salaries and wages	83 250	92 657	84 285	80 237
Pension and UIF contributions	13 702	15 971	14 650	13 756
Medical aid contributions	2 007	2 045	2 168	2 175
Overtime	3 654	2 587	4 082	4 116
Performance bonus	5 948	6 552	6 016	5 973
Motor vehicle allowance	81	224	251	169
Cell phone allowance	152	167	153	148
Housing allowances	423	403	402	405
Other benefits and allowances	4 969	5 233	5 453	5 360
Payments in lieu of leave	379	0	313	1 068
Long service awards	482	962	896	455
Post-retirement benefit obligations	1 048	1 476	1 554	964
Acting and post related allowances	1 615	0	2 175	2 166
Sub-total	117 710	128 277	122 398	116 900
% increase/ (decrease)	N/A	8.98	(4.58)	(4.49)
Total Municipality	128 706	140 294	133 513	127 030
% increase/ (decrease)	N/A	9	(4.83)	(4.86)

Table 179. Councillor and staff benefits

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CHAPTER 5

This chapter provides details regarding the financial performance of the Municipality for the 2023/24 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 2023/24 financial year:

Financial summary						
R'000						
Description	2022/23	2023/24		2023/24 % variance		
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
Financial performance						
Property rates	45 589	50 821	48 421	46 614	(9.03)	(3.88)
Service charges	127 021	151 922	160 637	147 162	(3.23)	(9.16)
Investment revenue	12 440	750	2 115	14 970	94.99	85.87
Transfers recognised - operational	91 797	96 971	101 752	100 068	3.10	(1.68)
Other own revenue	188 962	118 747	123 714	97 319	(22.02)	(27.12)
Total revenue (excluding capital transfers and contributions)	465 807	419 211	436 638	406 132	(3.22)	(7.51)
Employee costs	122 441	133 488	126 707	121 105	(10.23)	(4.63)
Remuneration of Councillors	6 266	6 806	6 806	6 018	(13.09)	(13.09)
Depreciation and asset impairment	25 008	100 660	91 333	26 493	(279.95)	(244.74)
Finance charges	17 224	2 091	2 252	7 691	72.82	70.71
Materials and bulk purchases	91 747	118 933	117 214	107 300	(10.84)	(9.24)
Transfers and grants	588	0	0	0	N/A	N/A
Other expenditure	279 248	50 233	89 730	136 450	63.19	34.24
Total expenditure	542 521	412 211	434 042	405 056	(1.77)	(7.16)
Surplus/(deficit)	(76 714)	7 000	2 595	1 076	(550.50)	(141.20)

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Financial summary						
R'000						
Description	2022/23	2023/24		2023/24 % variance		
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
Transfers recognised - capital	52 732	15 057	16 194	16 230	7.23	0.23
Contributions recognised - capital and contributed assets	2 965	0	366	0	N/A	N/A
Surplus/(deficit) after capital transfers and contributions	(21 016)	22 056	19 155	17 306	(27.45)	(10.68)
Capital expenditure and funds sources						
Capital expenditure						
Transfers recognised - capital	14 840	13 093	14 387	14 117	7.26	(1.91)
Public contributions and donations	794	0	0	0	N/A	N/A
Borrowing	0	0	0	1 582	100.00	100.00
Internally generated funds	5	884	1 844	1 190	25.69	(54.91)
Total sources of capital funds	15 640	13 977	16 230	16 889	17.24	3.90
Financial position						
Total current assets	71 287	151 161	160 891	84 297	(79.32)	(90.86)
Total non-current assets	467 002	450 127	456 473	456 936	1.49	0.10
Total current liabilities	179 485	127 245	115 270	134 472	5.37	14.28
Total non-current liabilities	50 605	108 509	133 224	81 256	(33.54)	(63.96)
Community wealth/equity	308 199	365 535	368 870	325 505	(12.30)	(13.32)
Cash flows						
Net cash from (used) operating	44 351	33 060	29 547	18 228	(81.37)	(62.09)
Net cash from (used) investing	(45 118)	(13 977)	(16 230)	(16 016)	12.73	(1.34)
Net cash from (used) financing	(759)	(877)	(1 119)	(1 182)	25.79	5.29
Cash/cash equivalents at the year end	(1 526)	18 206	12 197	1 030	(1 667.79)	(1 084.28)
Cash backing/surplus reconciliation						
Cash and investments available	14 860	17 437	27 017	15 890	(9.74)	(70.03)

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Financial summary						
R'000						
Description	2022/23	2023/24			2023/24 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjustments budget
Application of cash and investments	107 361	30 048	8 480	72 246	58.41	88.26
Balance - surplus (shortfall)	(92 502)	(12 610)	18 538	(56 356)	77.62	132.89
Asset management						
Asset register summary (WDV)	464 477	448 385	453 948	456 624	1.80	0.59
Depreciation and asset impairment	25 008	26 248	26 805	26 493	0.93	(1.18)
Renewal of existing assets	0	0	0	0	N/A	N/A
Repairs and maintenance	1 865	4 842	5 961	3 488	(38.81)	(70.90)
Free services						
Cost of Free Basic Services provided	0	0	0	0	N/A	N/A
Revenue cost of free services provided	0	0	0	0	N/A	N/A

Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual

Table 180. Financial performance 2023/24

The table below shows a summary of performance against budgets:

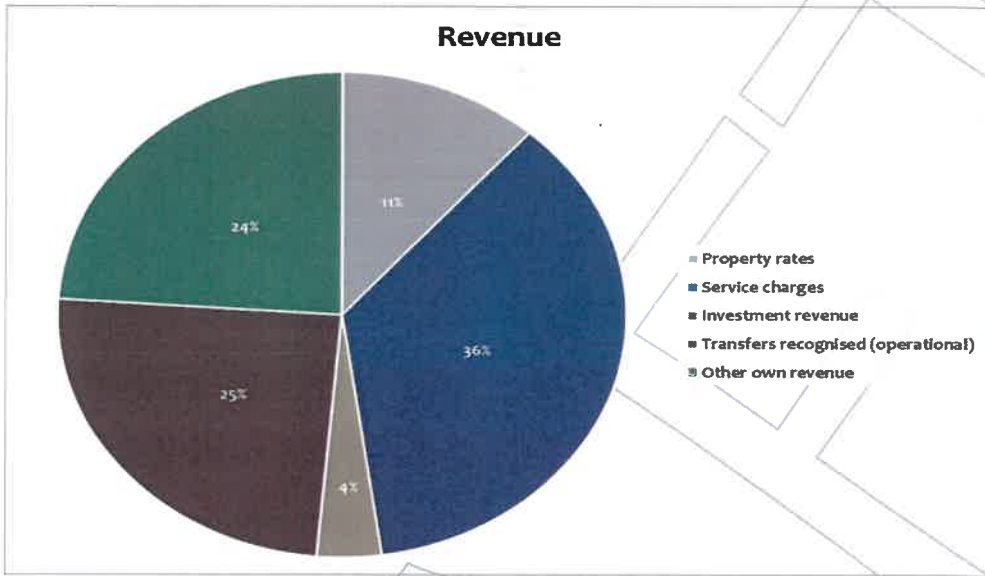
Financial year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2022/23	427 498	521 505	94 007	22	412 240	542 521	(130 281)	(32)
2023/24	453 198	422 362	(30 835)	(7)	434 042	405 056	28 986	7

Table 181. Performance against budgets

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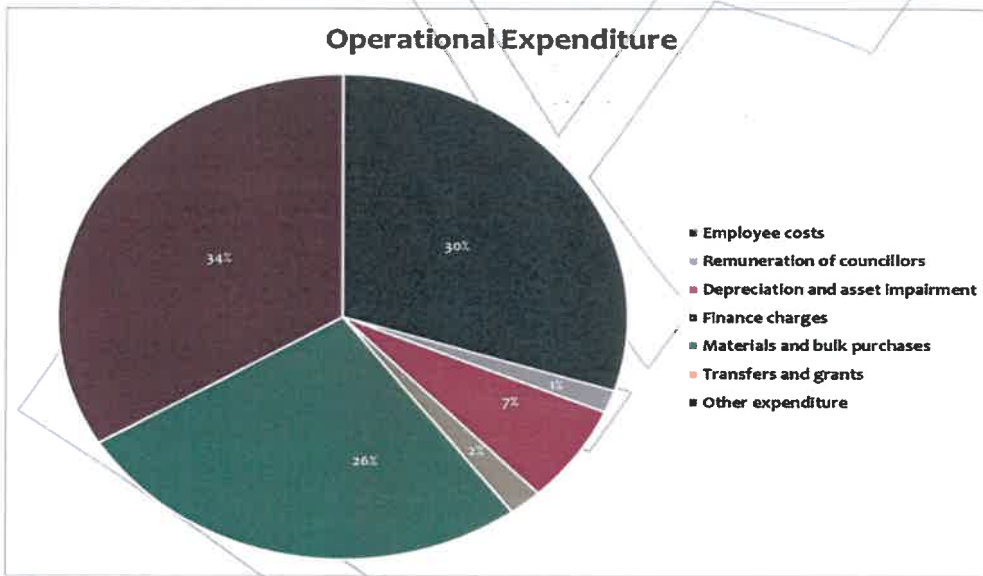


The following graph indicates the various types of revenue items in the municipal budget for 2023/24



Graph 6.: Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2023/24



Graph 7.: Operating expenditure

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5.1.1 Revenue collection by vote

The table below indicates the revenue collection performance by vote:

Vote description	2022/23	2023/24			2023/24 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000					
Vote 1 – Executive and Council	9 579	8 732	8 754	8 725	(0.09)	(0.34)
Vote 2 - Financial Services	112 008	25 292	71 426	127 031	80.09	43.77
Vote 3 - Corporate Services	45 736	11 852	14 430	14 499	18.25	0.48
Vote 4 - Community Services	36 405	112 124	72 602	67 957	(64.99)	(6.84)
Vote 5 - Engineering Services	183 763	276 267	285 985	204 319	(35.21)	(39.97)
Total revenue by vote	387 491	434 267	453 198	422 530	(2.78)	(7.26)

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual

Table 182: Revenue by vote

5.1.2 Revenue collection by source

The table below indicates the revenue collection performance by source for the 2023/24 financial year:

Description	2022/23	2023/24			2023/24 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000					
Property rates	45 589	50 821	48 421	46 614	(9.03)	(3.88)
Service Charges - electricity revenue	79 356	99 386	108 534	95 514	(4.05)	(13.63)
Service Charges - water revenue	16 740	15 525	13 718	21 205	26.79	35.31
Service Charges - sanitation revenue	20 449	23 478	23 340	19 654	(19.46)	(18.75)
Service Charges - refuse revenue	10 477	13 533	15 045	10 788	(25.44)	(39.46)
Rentals of facilities and equipment	1 385	1 838	1 838	1 715	(7.18)	(7.18)
Interest earned - external investments	2 121	750	2 115	2 684	72.06	21.20
Interest earned - outstanding debtors	10 318	13 923	14 316	12 286	(13.33)	(16.52)
Fines	44 668	66 536	70 464	75 692	12.10	6.91
Licences and permits	181	490	490	390	(25.73)	(25.73)
Agency services	1 180	1 320	1 606	1 356	2.65	(18.41)
Transfers recognised - operational	91 797	96 971	101 752	100 068	3.10	(1.68)

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Description	2022/23	2023/24			2023/24 % variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000					
Other revenue	3 396	34 640	35 000	18 166	(90.69)	(92.67)
Gains on disposal of PPE	0	0	0	0	N/A	N/A
Total Revenue (excluding capital transfers and contributions)	327 656	419 211	436 638	406 132	(3.22)	(7.51)

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual

Table 183. Revenue by source

5.1.3 Operational services performance

The table below indicates the operational services performance for the 2023/24 financial year:

Description	2022/23	2023/24			2023/24 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000					%
Operating Cost						
Water Services	28 138	30 614	34 632	30 968	1.14	-11.83
Waste Water (Sanitation) Services	20 680	17 770	16 350	19 550	9.11	16.37
Electricity Services	98 226	126 224	134 316	109 909	(14.84)	(22.21)
Waste Management Services	16 907	17 111	18 134	18 089	5.40	(0.25)
Component A: sub-total	163 951	191 719	203 433	178 517	(7.40)	(13.96)
Roads and Stormwater	15 733	19 502	20 254	18 207	(7.11)	(11.24)
Transport	0	0	0	0	N/A	N/A
Component B: sub-total	15 733	19 502	20 254	18 207	(7.11)	(11.24)
Planning	7 698	11 333	11 749	11 787	3.85	0.32
Local Economic Development	0	0	0	0	N/A	N/A
Component C: sub-total	7 698	11 333	11 749	11 787	3.85	0.32
Housing	1 731	2 522	2 604	2 124	(18.73)	(22.62)
Social services & community development	0	0	0	0	N/A	N/A
Component D: sub-total	1 731	2 522	2 604	2 124	(18.73)	(22.62)
Environmental Protection (Pollution Control, Bio-Diversity, Landscape, Open Spaces, Parks, And Coastal Protection)	0	0	0	0	N/A	N/A
Component E: sub-total	0	0	0	0	N/A	N/A

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Description	2022/23	2023/24			2023/24 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Operating Cost						
Traffic & licensing	84 138	73 683	74 842	39 567	(86.22)	(89.15)
Fire Services and Disaster Management	0	0	0	0	N/A	N/A
Component F: sub-total	84 138	73 683	74 842	39 567	(86.22)	(89.15)
Sport and Recreation	4 039	7 203	8 737	6 121	(17.68)	(42.74)
Cemeteries	1 355	1 304	1 307	907	(43.70)	(44.05)
Libraries	6 650	7 053	6 071	5 720	(23.31)	(6.15)
Museum	0	0	0	0	N/A	N/A
Community Halls, Facilities, Thusong Centres	9 440	3 574	3 775	9 664	63.02	60.94
Component G: sub-total	21 485	19 134	19 890	22 412	14.63	11.25
Budget and Treasury Office	65 970	46 043	54 908	89 097	48.32	38.37
Executive and Council	20 108	15 932	15 356	19 979	20.26	23.14
Corporate Services	27 695	32 344	31 006	23 534	(37.43)	(31.75)
Component H: sub-total	113 772	94 319	101 270	132 610	28.88	23.63
Total Expenditure	408 508	412 211	434 042	405 224	(1.72)	(7.11)

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 184. Operational services performance

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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	2022/23	2023/24			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	45 419	42 427	41 786	37 029	(12.85)
Expenditure:					
Employees	7 626	7 216	7 439	6 955	(6.96)
Repairs and maintenance	601	539	370	358	(3.38)
Other	19 911	22 859	26 823	23 656	(13.39)
Total operational expenditure	28 138	30 614	34 632	30 968	(11.83)
Net operational (service)	17 281	11 813	7 154	6 061	(18.04)

Variations are calculated by dividing the difference between the actual and original budget by the actual

Table 185. Financial performance: Water services

5.2.2 Waste water (sanitation) services

Description	2022/23	2023/24			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	28 661	38 758	36 299	32 556	(11.50)
Expenditure:					
Employees	6 707	6 938	6 967	6 222	(11.96)
Repairs and maintenance	417	493	310	466	33.50
Other	13 556	10 339	9 074	12 862	29.45
Total operational expenditure	20 680	17 770	16 350	19 550	16.37
Net operational (service)	7 981	20 987	19 948	13 006	(53.38)

Variations are calculated by dividing the difference between the actual and original budget by the actual

Table 186. Financial performance: Waste water (sanitation) services

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5.2.3 Electricity

Description	2022/23	2023/24			% variance to budget
	Actual	Original budget	Adjusted budget	Actual	
	R'000				
Total operational revenue	104 850	135 232	146 456	126 585	(15.70)
Expenditure:					
Employees	8 537	8 223	9 221	8 726	(5.67)
Repairs and maintenance	162	404	558	73	(659.41)
Other	89 526	117 597	123 273	101 109	(21.92)
Total operational expenditure	98 226	126 224	133 052	109 909	(21.06)
Net operational (service)	6 625	9 008	13 405	16 676	19.62

Variations are calculated by dividing the difference between the actual and original budget by the actual

Table 187. Financial performance: Electricity

5.2.4 Waste management

Description	2022/23	2023/24			% variance to budget
	Actual	Original budget	Adjusted budget	Actual	
	R'000				
Total operational revenue	18 786	28 272	30 492	24 895	(22.49)
Expenditure:					
Employees	9 989	10 752	10 388	9 551	(8.76)
Repairs and maintenance	0	385	220	11	(1 925.60)
Other	6 918	5 975	7 532	8 527	11.67
Total operational expenditure	16 907	17 111	18 139	18 089	(0.28)
Net operational (service)	1 878	11 160	12 353	6 806	(81.51)

Variations are calculated by dividing the difference between the actual and original budget by the actual

Table 188. Financial performance: Waste management

CHAPTER 5: FINANCIAL PERFORMANCE



5.2.5 Housing

Description	2022/23	2023/24			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	165	932	1 135	1 071	(6.01)
Expenditure:					
Employees	1 673	1 465	1 237	1 073	(15.25)
Repairs and maintenance	0	6	0	0	N/A
Other	58	1 051	1 345	1 051	(28.04)
Total operational expenditure	1 731	2 522	2 582	2 124	(21.58)
Net operational (service)	(1 566)	(1 590)	(1 447)	(1 053)	(37.41)

Variations are calculated by dividing the difference between the actual and original budget by the actual

Table 189: Financial performance: Housing

5.2.6 Road transport

Description	2022/23	2023/24			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	3 697	2 934	6 313	6 207	(1.71)
Expenditure:					
Employees	10 022	9 332	10 109	9 050	(11.70)
Repairs and maintenance	0	420	250	1	(24 805.11)
Other	5 710	9 750	9 752	9 156	(6.51)
Total operational expenditure	15 733	19 502	20 111	18 207	(10.45)
Net operational (service)	(12 036)	(16 568)	(13 798)	(12 000)	(14.98)

Variations are calculated by dividing the difference between the actual and original budget by the actual

Table 190: Financial performance: Road transport

CHAPTER 5: FINANCIAL PERFORMANCE



5.2.7 Planning and development

Description	2022/23	2023/24			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	2 171	1 466	2 042	1 859	(9.81)
Expenditure:					
Employees	6 062	8 825	5 834	6 550	10.93
Repairs and maintenance	0	28	30	0	N/A
Other	1 636	2 480	4 831	5 236	7.75
Total operational expenditure	7 698	11 333	10 695	11 787	9.26
Net operational (service)	(5 528)	(9 867)	(8 654)	(9 927)	12.83

Variations are calculated by dividing the difference between the actual and original budget by the actual

Table 191. Financial performance: Planning and development

5.2.8 Libraries

Description	2022/23	2023/24			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	6 606	7 101	7 302	6 818	(7.10)
Expenditure:					
Employees	5 815	6 267	5 850	5 347	(9.40)
Repairs and maintenance	58	0	0	8	100.00
Other	777	786	367	577	36.45
Total operational expenditure	6 650	7 053	6 217	5 933	(4.79)
Net operational (service)	(44)	48	1 085	885	(22.58)

Variations are calculated by dividing the difference between the actual and original budget by the actual

Table 192. Financial performance: Libraries

CHAPTER 5: FINANCIAL PERFORMANCE



5.2.9 Community facilities

Description	2022/23	2023/24			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	1 708	1 122	1 122	1 677	33.13
Expenditure:					
Employees	6 518	3 802	3 497	5 643	38.03
Repairs and maintenance	3	103	85	81	(4.09)
Other	4 274	973	1 166	4 634	74.84
Total operational expenditure	10 795	4 878	4 748	10 359	54.16
Net operational (service)	(9 087)	(3 756)	(3 627)	(8 681)	58.22

Variations are calculated by dividing the difference between the actual and original budget by the actual

Table 193. Financial performance: Community facilities

5.2.10 Traffic services and law enforcement

Description	2022/23	2023/24			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	4 443	67 582	26 852	27 952	3.94
Expenditure:					
Employees	17 886	18 462	18 482	16 683	(10.78)
Repairs and maintenance	22	304	320	29	(1 005.67)
Other	66 230	54 917	59 015	22 856	(158.21)
Total operational expenditure	84 138	73 683	77 816	39 567	(96.67)
Net operational (service)	(79 695)	(6 101)	(50 965)	(11 615)	(338.77)

Variations are calculated by dividing the difference between the actual and original budget by the actual

Table 194. Financial performance: Traffic services and law enforcement

CHAPTER 5: FINANCIAL PERFORMANCE



5.2.11 Parks and recreation

Description	2022/23	2023/24			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	2 209	4 039	2 623	2 530	(3.68)
Expenditure:					
Employees	2 379	5 218	5 348	2 323	(130.21)
Repairs and maintenance	34	359	425	22	(1 810.35)
Other	1 626	1 627	2 963	3 775	21.51
Total operational expenditure	4 039	7 203	8 737	6 121	(42.74)
Net operational (service)	(1 831)	(3 165)	(6 114)	(3 591)	(70.26)

Variations are calculated by dividing the difference between the actual and original budget by the actual

Table 195. Financial performance: Parks and recreation

5.2.12 Office of the MM

Description	2022/23	2023/24			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	45 224	11 932	11 954	11 946	(0.06)
Expenditure:					
Employees	14 337	6 894	6 497	13 433	51.63
Repairs and maintenance	0	43	0	0	N/A
Other	5 771	8 995	8 812	6 545	(34.63)
Total operational expenditure	20 108	15 932	15 310	19 979	23.37
Net operational (service)	25 117	(4 000)	(3 356)	(8 032)	58.22

Variations are calculated by dividing the difference between the actual and original budget by the actual

Table 196. Financial performance: Office of the MM

CHAPTER 5: FINANCIAL PERFORMANCE



5.2.13 Financial services

Description	2022/23	2023/24			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	112 008	79 843	124 767	127 114	1.85
Expenditure:					
Employees	19 598	23 006	21 874	24 438	10.49
Repairs and maintenance	473	1 635	2 678	2 388	(12.11)
Other	47 832	21 401	28 189	60 829	53.66
Total operational expenditure	67 903	46 043	52 740	87 655	39.83
Net operational (service)	44 105	33 800	72 027	39 459	(82.54)

Variations are calculated by dividing the difference between the actual and original budget by the actual

Table 197. Financial performance: Financial services

5.2.14 Corporate Services

Description	2022/23	2023/24			
	Actual	Original budget	Adjusted budget	Actual	% variance to budget
	R'000				
Total operational revenue	11 544	12 629	14 056	14 291	1.65
Expenditure:					
Employees	11 557	17 088	13 964	11 127	(25.50)
Repairs and maintenance	92	125	716	50	(1329.92)
Other	14 112	15 131	18 233	13 799	(32.14)
Total operational expenditure	25 762	32 344	32 913	24 976	(31.78)
Net operational (service)	(14 218)	(19 714)	(18 857)	(10 684)	(76.49)

Variations are calculated by dividing the difference between the actual and original budget by the actual

Table 198. Financial performance: Corporate services

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5.3 Grants

5.3.1 Grant performance

The Municipality spent an amount of **R117.3 million** on infrastructure and other projects available which was received in the form of grants from national and provincial governments during the 2023/24 financial year. The performance in the spending of these grants is summarised as follows:

Description	2022/23	2023/24			2023/24 variance	
	Actual (audited outcome)	Budget	Adjustments budget	Actual	Original budget	Adjustments budget
	R'000				%	
Operating transfers and grants						
National government:	129 478	102 980	101 920	101 920	(1.04)	0.00
Equitable Share	77 265	83 574	83 574	83 574	0.00	0.00
Local Government Finance Management Grant	2 085	2 185	2 185	2 185	0.00	0.00
Municipal Infrastructure Grant (MIG) – Project Management Unit	9 553	15 849	14 789	14 789	(7.17)	0.00
Integrated National Electrification Programme (INEP)	11 000	0	0	0	N/A	N/A
Expanded Public Works Programme (EPWP) Integrated Grant	1 136	1 372	1 372	1 372	0.00	0.00
Water Services Infrastructure Grant (WSIG)	28 439	0	0	0	N/A	N/A
Provincial government:	10 846	8 211	13 071	12 890	36.30	(1.41)
Human Settlements Development Grant (Beneficiaries)	60	932	1 135	1 071	12.95	(6.01)
Human Settlements - Municipal Accreditation and Capacity Building Grant	256	0	0	0	N/A	N/A
Provincial Treasury: Financial Management Capacity Building Grant	100	0	0	0	N/A	N/A
Western Cape Municipal Recovery Services Grant	1 993	0	1 000	1 000	100.00	0.00
Provincial Treasury: Financial Management Support Grant	0	0	0	0	N/A	N/A

CHAPTER 5: FINANCIAL PERFORMANCE



Description	2022/23	2023/24			2023/24 variance	
	Actual (audited outcome)	Budget	Adjustments budget	Actual	Original budget	Adjust- ments budget
	R'000				%	
Operating transfers and grants						
Department of Transport and Public Works: Maintenance and Construction of Transport Infrastructure	0	0	0	0	N/A	N/A
Department of Cultural Affairs and Sport: Library Service: Replacement Funding	6 679	7 053	7 253	7 158	1.47	(1.33)
Department of Local Government: Community Development Workers (CDW) Operational Support Grant	223	226	248	226	0.00	(9.77)
Department of Local Government: Thusong Services Centres Grant (Sustainability: Operational Support Grant)	0	0	0	0	N/A	N/A
Department of Local Government: Western Cape Municipal Interventions Grant	480	0	1 635	1 635	100.00	0.00
Department of Local Government : Municipal Drought Relief Grant	1 115	0	0	0	N/A	N/A
Department of Local Government: Local Government Public Employment Support Grant	0	0	0	0	N/A	N/A
Department of Local Government: Emergency Municipal Load Shedding Relief Grant	1 115	0	0	0	N/A	N/A
Other grant providers	514	836	3 320	2 529	66.93	(31.31)
Services - Construction Education & Training Authority (CETA)	0	0	616	0	N/A	N/A
Central Karoo District Municipality	200	-	76	86	100.00	11.37
Chemical Industries Education & Training Authority	314	836	2 628	2 128	60.70	(23.54)
Local Government Sector Education and Training Authority	0	0	0	315	100.00	100.00
Total operating transfers and grants	140 838	112 027	118 312	117 338	4.53	(0.83)

Table 199. Operating grant performance

CHAPTER 5: FINANCIAL PERFORMANCE



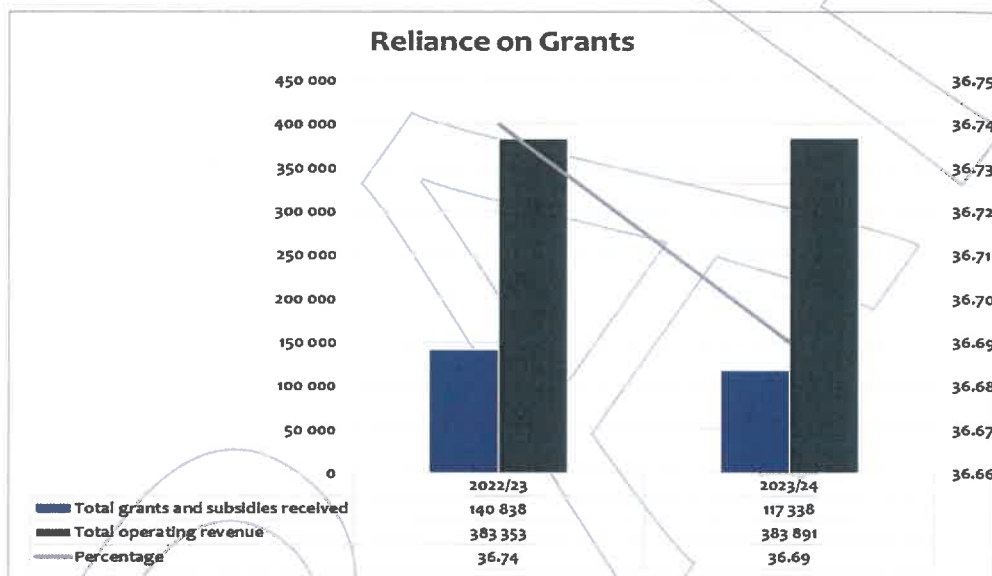
5.3.2 Level of reliance on grants and subsidies

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		%
2022/23	140 838	383 353	36.74
2023/24	117 338	422 362	27.78

Table 200. Reliance on grants

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	2022/23	2023/24			Budget variance %
	Actual (Audited Outcome)	Original Budget	Adjustment Budget	Actual	
		R' 000			
Repairs and Maintenance Expenditure	1 865	4 842	5 961	3 488	(41.49)

Table 201. Repairs and maintenance expenditure

CHAPTER 5: FINANCIAL PERFORMANCE



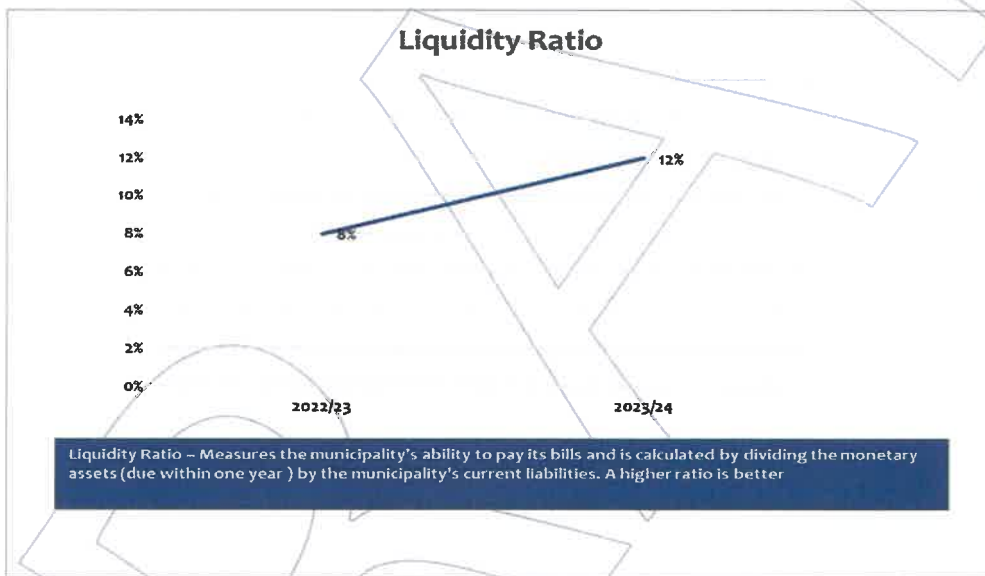
5.5 Financial ratios based on KPIs

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	2022/23	2023/24
		Audited outcome	Pre-audited outcome
Current ratio	Current assets/current liabilities	39.72%	62.69%
Current ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	(32%)	(40%)
Liquidity ratio	Monetary assets/Current liabilities	8%	12%

Table 202. Liquidity financial ratio



Graph 9.: Liquidity ratio

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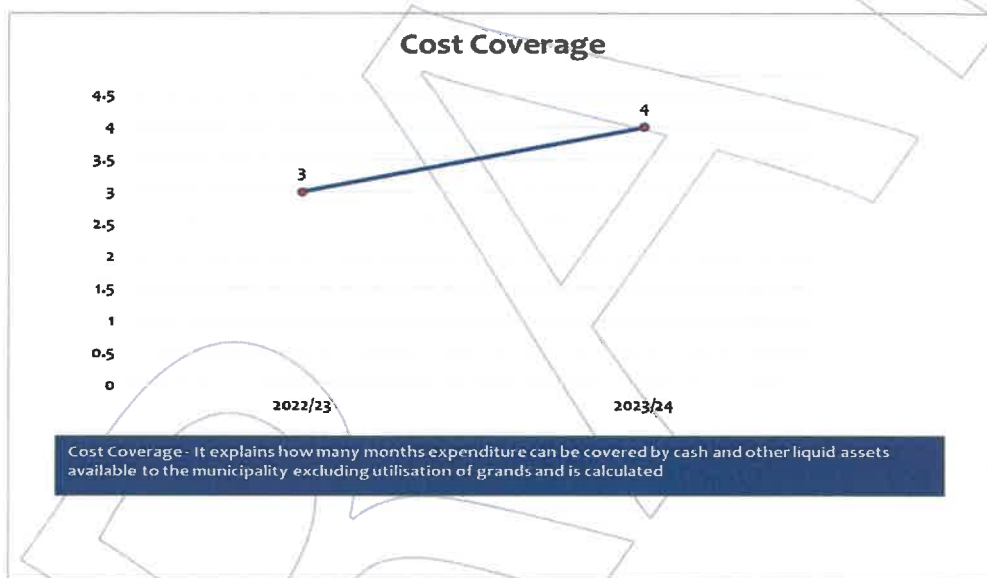


5.5.2 IDP regulation financial viability indicators

Description	Basis of calculation	2022/23	2023/24
		Audited outcome	Pre-audited outcome
Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3	4
Total outstanding service debtors to revenue	Total outstanding service debtors/annual revenue received for services	86%	84%
Debt coverage	(Total operating revenue - operating grants)/Debt service payments due within financial year	1.59	1.87

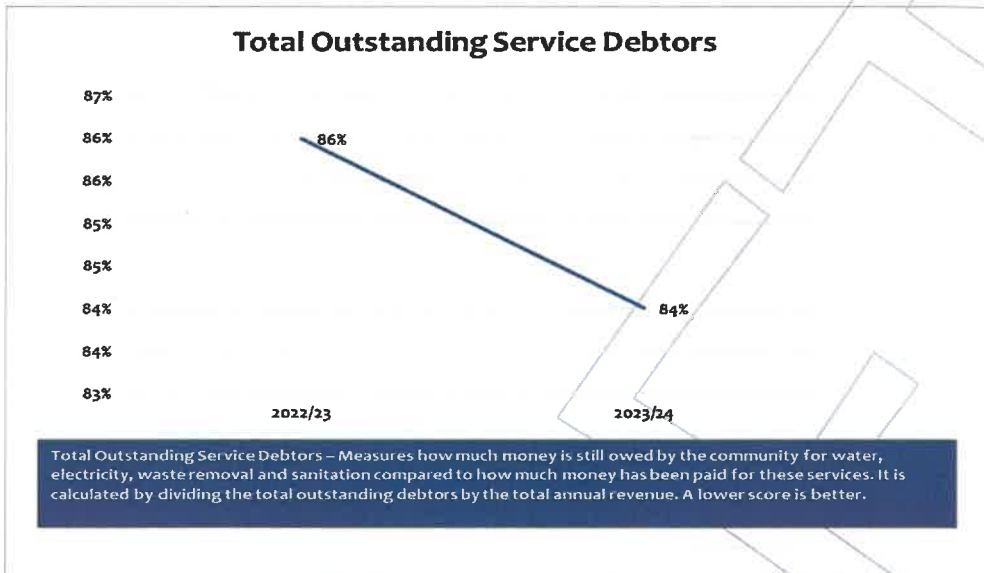
Table 203. Financial viability national KPAs

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

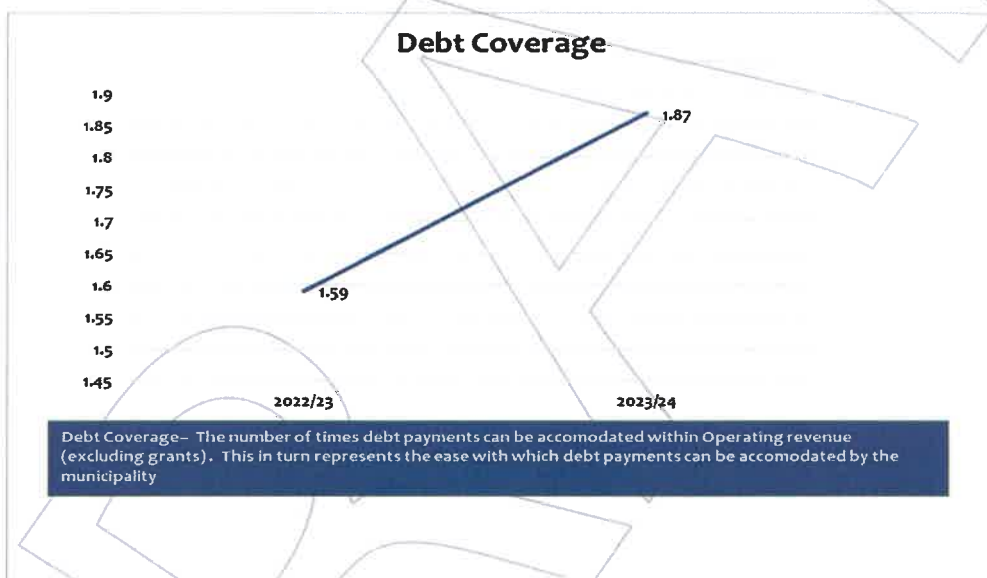


Graph 10.: Cost coverage

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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	2022/23	2023/24
		Audited outcome	Pre-audited outcome
Repairs and maintenance	R and M/(Total revenue excluding capital revenue)	1%	1%

Table 204. Repairs and maintenance

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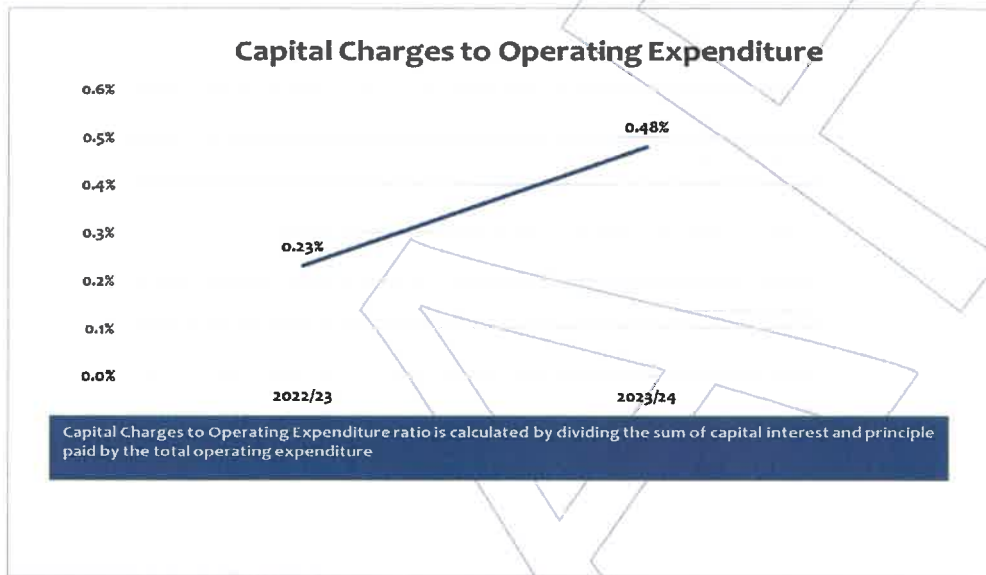


5.5.4 Borrowing management

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

Description	Basis of calculation	2022/23	2023/24
		Audited outcome	Pre-audited outcome
Capital charges to operating expenditure	Interest and principal paid/ Operating expenditure	0.23%	0.48%

Table 205. Borrowing management



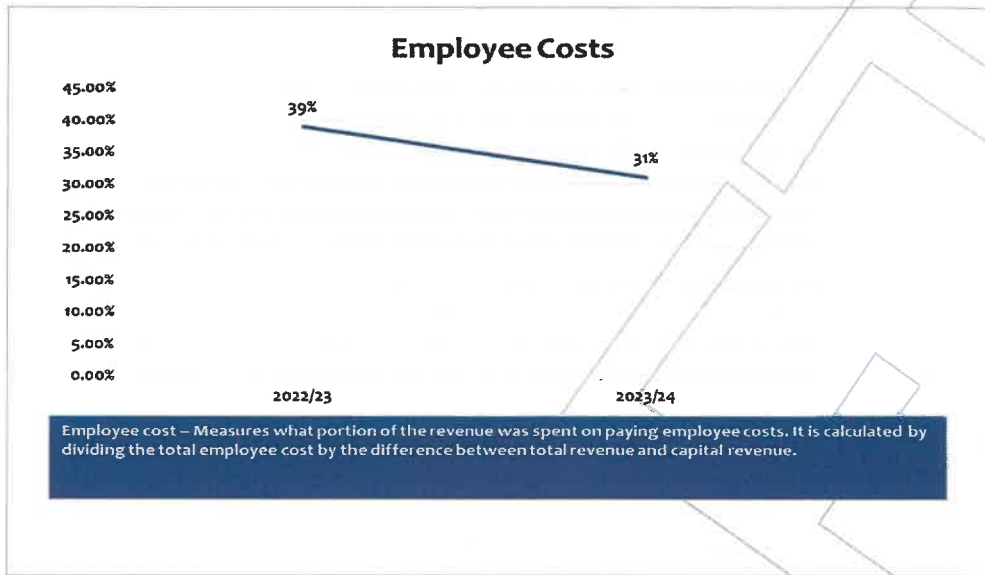
Graph 13.: Capital charges to operating expenditure

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	2022/23	2023/24
		Audited outcome	Pre-audited outcome
Employee costs	Employee costs/(Total revenue - capital revenue)	39%	31%

Table 206. Employee costs



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 2023/24 financial year:

Details	2022/23		2023/24			
	Audited outcome	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Source of finance						
Description	R'000				%	
External loans	0	0	0	1 582	N/A	N/A
Public contributions and donations	794	0	0	0	N/A	N/A
Grants and subsidies	14 840	13 093	14 387	14 117	9.89	(2.06)
Own funding	5	884	1 844	1 190	108.47	(73.90)
Total	15 640	13 977	16 230	16 889	16.12	4.71
Percentage of finance						
External loans	0	0	0	10		
Public contributions and donations	0	0	0	0		
Grants and subsidies	95	94	89	87		
Own funding	0	6	11	7		

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Details	2022/23	2023/24				
	Audited outcome	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Capital expenditure						
Description	R'000					%
Water and sanitation	4 095	3 054	1 725	1 726	(43.53)	0.04
Electricity	6 152	0	0	16	N/A	N/A
Housing	0	0	0	0	N/A	N/A
Roads and storm water	0	3 096	6 149	5 757	98.59	(12.64)
Other	5 393	7 827	8 357	9 390	6.78	13.20
Total	15 640	13 977	16 230	16 889	16.12	4.71
Percentage of expenditure						
Water and sanitation	26	22	11	10		
Electricity	39	0	0	0		
Housing	0	0	0	0		
Roads and storm water	0	22	38	34		
Other	34	56	51	56		

Table 207. 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.

CHAPTER 5: FINANCIAL PERFORMANCE



5.7 Cash flow

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

Cash flow outcomes				
R'000				
Description	2022/23	2023/24		
	Audited outcome	Original budget	Adjusted budget	Actual
Cash flow from operating activities				
Receipts				
Ratepayers and other	160 022	244 392	248 235	206 919
Government -operating	90 995	96 971	100 893	101 476
Government -capital	49 843	15 057	16 105	15 863
Interest	12 440	750	2 115	14 970
Payments				
Suppliers and employees	(254 348)	(322 018)	(335 549)	(315 544)
Finance charges	(11 845)	(2 091)	(2 252)	(1 796)
Transfers and grants	(588)	0	0	0
Grants repaid	(2 167)	0	0	(3 659)
Net cash from/(used) operating activities	44 351	33 060	29 547	18 228
Cash flows from investing activities				
Payments				
Capital assets	(45 118)	(13 977)	(16 230)	(16 016)
Net cash from/(used) investing activities	(45 118)	(13 977)	(16 230)	(16 016)
Cash flows from financing activities				
Payments				
Repayment of borrowing	(759)	(877)	(1 119)	(1 182)
Net cash from/(used) financing activities	(759)	(877)	(1 119)	(1 182)
Net increase/ (decrease) in cash held	(1 526)	18 206	12 197	1 030
Cash/cash equivalents at the year begin:	16 386	1 399	14 821	14 860
Cash/cash equivalents at the yearend:	14 860	19 606	27 017	15 890

Table 208. Cash flow

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5.8 Gross outstanding debtors per service

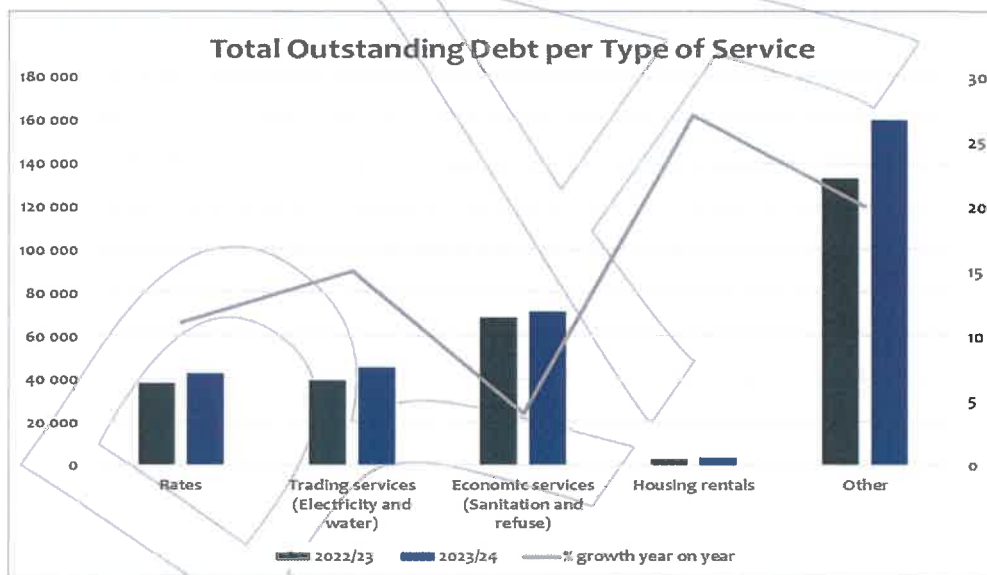
The table below reflects the debtor's analysis per service for the previous financial years:

Financial year	Rates	Trading services (Electricity and water)	Economic services (Sanitation and refuse)	Housing rentals	Other	Total
	R'000	R'000	R'000	R'000	R'000	R'000
	2022/23	38 505	39 810	68 900	3 086	133 224
2023/24	42 853	45 711	71 634	3 903	160 270	324 371
Difference	4 348	5 900	2 735	818	27 046	40 847
% growth year on year	11	15	4	27	20	14

Note: Figures exclude provision for bad debt

Table 209. Gross outstanding debtors per service

The following graph indicates the total outstanding debt per type of service for 2023/24:



Graph 15.: Debt per type of service

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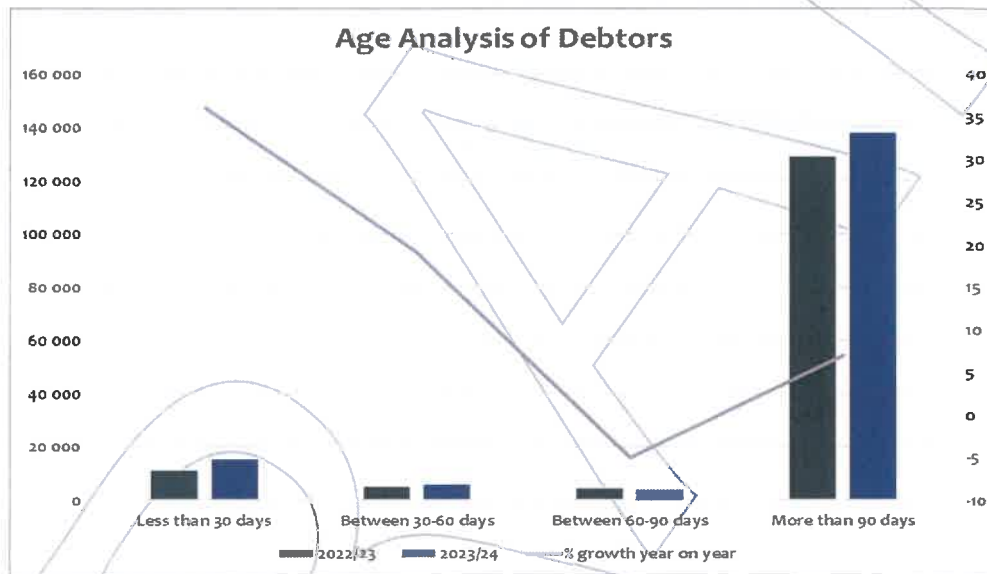
5.9 Total debtors age analysis

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
2022/23	11 445	5 032	4 695	129 128	150 301
2023/24	15 564	5 993	4 460	138 085	164 101
Difference	4 118	960	(235)	8 957	13 800
% growth year on year	36	19	(5)	7	9

Note: Figures exclude provision for bad debt.

Table 210. Service debtor age analysis



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.

CHAPTER 5: FINANCIAL PERFORMANCE



5.10.1 Actual borrowings

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

Actual borrowings		
R' 000		
Instrument	2022/23	2023/24
Long-term loans (annuity/reducing balance)	4 523	3 789
Financial leases	0	1 134
Total	4 523	4 923

Table 211. Actual borrowings

5.10.2 Municipal investments

Actual investments		
R'000		
Investment type	2022/23	2023/24
	Actual	Actual
Deposits – bank	12 318	12 106
Total	12 318	12 106

Table 212. Municipal investments



CHAPTER 6

Component A: Auditor-General Opinion 2022/23

6.1 Auditor-General report 2022/23

6.1.1 Audit report status: Qualified

Main issues raised	Corrective steps implemented / to be implemented
Revenue from exchange transactions – Basic Charges: Electricity	
<p>The Municipality did not adequately account for basic charges on electricity for retail and industrial properties. As a result, some retail and industrial properties were either not adequately charged in line with the Municipality's tariff schedule or not charged at all. Consequently, the AG was unable to determine the impact on revenue from exchange transactions and receivables from exchange transactions as well as the comparative figures, as it was impracticable to do so</p>	<ul style="list-style-type: none"> • Resolving the error is a work in progress. • All three phase meters, industrial and business meters will be subject to a meter-verification that will cover the entire population which will be the only way to be sure that the problem has been eradicated • Tariff corrections can only be done in combination with the meter verification and structuring, descriptions etc. within the MTREF budget • The Municipality's Credit Control By-Laws enable correcting errors in the current year and two preceding years. Anything extending beyond that will be subject to prescription. • The Municipality can correct for the current year and two preceding years • Target Date: 31 March 2024
Material uncertainty relating to going concern	
<p>The AG draws attention to Note 54 to the financial statements, which indicates that the Municipality's current liabilities exceeded its current assets by R65.4 million (221/22 R53.2 million). As stated in the note, indicate that a material uncertainty exists that may cast significant doubt on the Municipality's ability to continue as a going concern</p>	<ul style="list-style-type: none"> • Development of funded budget for the oncoming years • Revenue enhancement and protection strategies in place • Development of long-term financial plan for the municipality to be completed • Outstanding AOD's for all creditors developed and put in place • The reduction of Municipality's creditors will improve the current ratio • Implementation of infrastructure projects will also improve asset value
Emphasis of matters	
Restatement to corresponding figures	

CHAPTER 6: AUDITOR-GENERAL OPINION



Main issues raised	Corrective steps implemented / to be implemented
<p>As disclosed in note 43 to the annual financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors identified in the financial statements of the Municipality at, and for the year ended, 30 June 2023</p>	<ul style="list-style-type: none"> • Interim Financial Statements will be prepared as at 31 March 2023 • Development of an audit action plan where all issues raised will be tracked and progress against implementation of the recommendation will be tracked monthly
Material impairment	
<p>As disclosed in note 10 to the financial statements, the Municipality provided for the impairment of receivables from exchange transactions amounting to R124.6 million (2022/23 R109.9 million).</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 R291 million (2022/23 R255.6 million)</p>	<ul style="list-style-type: none"> • Development of funded budget for the oncoming years • The Budget adjustment for the financial year 2024/25 provision for debt impairment will be budgeted for
Material Losses	
<p>As disclosed in note 48.8 to the financial statements, material electricity losses of 6 637 653 kWh (2022/23: 18 731 951 kWh) was incurred, which represents 14.18% (2022/23: 35.42%) of total electricity purchased. Electricity losses are due to electricity theft on pre-paid meters</p> <p>As disclosed in note 48.8 to the financial statements, material water distribution losses of 2 044 082 kl (2022/23: 504 110 kl) was incurred, which represents 63.66% (2022/23: 15.86%) of total water purchased. Water losses are due to pipe bursts and field leakages</p>	<ul style="list-style-type: none"> • Meter audits will be done as from 7 January 2024 • The TID roll over process of prepaid meters will also help in the identification of tampered meters. Progress on the TID rollover process is above 50% • It is envisaged that the project will be completed on 31 March 2024

Table 213. Auditor-General report 2022/23

CHAPTER 6: AUDITOR-GENERAL OPINION



Component B: Auditor-General Opinion 2023/24

6.2 Auditor-General report 2023/24

6.2.1 Audit report status: Qualified

6.2.2 Auditor-General Report on the Financial Statements 2023/24

Main issues raised	Corrective steps implemented / to be implemented
Revenue from exchange transactions – Water Services Charges	
<p>The AG was unable to obtain sufficient appropriate audit evidence for revenue from exchange transactions for service charges relating to water, as the Municipality did not account for basic charges on water for some of the residential properties, as well as the consumption thereof. As a result, these properties were not charged for water services received. The AG was unable to determine the impact on revenue from exchange transactions for service charges relating to water as well as the comparative figures, as it was impracticable to do so. This has a resultant impact on the water losses disclosed in note 48.8 to the financial statements. Consequently, The AG was unable to determine whether any adjustments were necessary to revenue from exchange for service charges relating to water stated at R21,3 million in note 27 to the financial statements.</p>	<ul style="list-style-type: none"> • Meters are currently being installed. However, due to lack of funding and technical department capacity constraints, this will be a multi-year project. Flat rates are being levied as an interim solution and the Municipality has applied to National Treasury for additional support under the debt relief program. • Several business plans were submitted to address the shortage of water meters. As part of this effort, National Treasury's debt relief support was influenced to include meter-related interventions. This resulted in the RT 29-2024 tender now covering pre-paid water meters, items previously not included in National Treasury's original debt relief support framework
Material uncertainty relating to going concern	
<p>The AG draws attention to Note 54 to the financial statements, which indicates that the Municipality's current liabilities exceeded its current assets by R50.2 million (2022/23 R108.2 million). As stated in the note, these events or conditions, along with the other matters as set forth in the note, indicate that may cast significant doubt on the municipality's ability to continue as a going concern.</p>	<ul style="list-style-type: none"> • The Municipality is currently part of the financial recovery process. Part of the process is to improve cashflow of the municipality. • Development of funded budget for the ongoing years. • Reduction of Municipality's creditors will improve the current ratio.
Emphasis of matters	
Restatement to corresponding figures	
<p>As disclosed in note 43 to the annual financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors identified in the financial statements of the Municipality at, and for the year ended, 30 June 2024</p>	<ul style="list-style-type: none"> • Management to minimize prior year corrections with implementation of proper reconciliations and review for the AFS • Interim Financial Statements will be prepared as at 31 March 2025

CHAPTER 6: AUDITOR-GENERAL OPINION



Main issues raised	Corrective steps implemented / to be implemented
Material impairment	
<p>As disclosed in note 10 to the financial statements, the Municipality provided for the impairment of receivables from exchange transactions amounting to R133.2million (2022/23 R129.7million).</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 R137.9 million (2022/23 R118.3million)</p>	<ul style="list-style-type: none"> • Development of funded budget for the ongoing years • Strengthen the implementation of credit control and debt collection policy, to improve collection from debtors
Material Losses	
<p>As disclosed in note 48.8 to the financial statements, material water distribution losses of 3 401 552 kilolitres (2022-23: 2 044 082 kilolitres) was incurred, which represents 78,33% (2022-23: 63,66%) of total water purchases. Water losses are due to faulty prepaid water meters and where a consumer does not have a meter.</p>	<ul style="list-style-type: none"> • Repair and replace electricity meters and maintain the electricity network • A process was started to install new prepaid water meters. A flat rate was also implemented to recover loss of income

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ABBREVIATIONS



List of Abbreviations

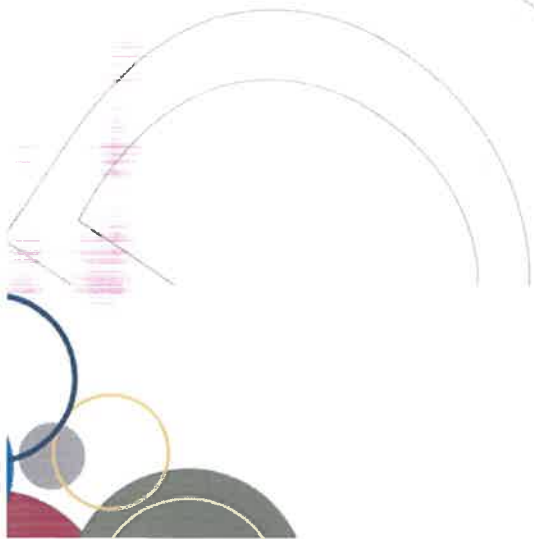
AG	Auditor-General	IRDP	Integrated Residential Development Programme
AGSA	Auditor-General of South Africa	KPA	Key Performance Area
AOD	Acknowledgement of Debt	KPI	Key Performance Indicator
BWETT	Beaufort West Empowerment Through Tourism	LED	Local Economic Development
CAPEX	Capital Expenditure	LJOC	Local Joint Organising Committee
CBP	Community Based Planning	LLF	Local Labour Forum
CCMA	Commission for Conciliation, Mediation and Arbitration	LRO	Labour Relations Officer
CFO	Chief Financial Officer	MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
CWP	Community Work Programme	MIG	Municipal Infrastructure Grant
DMA	Disaster Management Act	MISA	Municipal Infrastructure Support Agent
DMR	Disaster Management Regulations	MM	Municipal Manager
DoL	Department of Labour	MSA	Municipal Systems Act No. 32 of 2000
DPLG	Department of Provincial and Local Government	MTECH	Medium Term Expenditure Committee
DR	Disaster Recovery	MVA	Mega-Volt Ampere
DWAF	Department of Water Affairs and Forestry	NGO	Non-governmental organisation
EE	Employment Equity	NT	National Treasury
EPWP	Expanded Public Works Programme	OHS	Occupational Health and Safety
FRP	Financial Recovery Plan	OPEX	Operating expenditure
GRAP	Generally Recognised Accounting Practice	PMS	Performance Management System
HR	Human Resources	PPE	Personal Protective Equipment
ICT	Information and Communication Technology	PT	Provincial Treasury
IDP	Integrated Development Plan	SALGA	South African Local Government Organisation
IFRS	International Financial Reporting Standards	SAMDI	South African Management Development Institute
IMFO	Institute for Municipal Finance Officers	SCM	Supply Chain Management
		SDA	Skills Development Act

ABBREVIATIONS



- SDBIP** Service Delivery and Budget Implementation Plan
- SDF** Spatial Development Framework
- SLIMS** Systematic Library Information Management System
- SPLUMA** Spatial Planning and Land Management Act
- SOP** Standard Operating Procedure
- WRP** Water Reclamation Plant
- WWTW** Waste Water Treatment Works
- YCOP** Youth Community Outreach Program

DRAP



**ANNEXURE A:
AUDITED FINANCIAL
STATEMENTS**



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

30 November 2024

Beaufort West MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2024



BEAUFORT WEST LOCAL MUNICIPALITY

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AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

30 November 2024

BEAUFORT WEST LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2024, which are set out on pages 1 to 106 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 Recognised 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.


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.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2025 and I am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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.

In terms of Section 13G of the Broad-Based Black Economic Empowerment Amendment Act (Act 46 of 2013), read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their audited annual financial statements and annual reports. Compliance is disclosed in the annual report.


Mr. D. Weigemoed
Municipal Manager

30 November 2024



BEAUFORT WEST LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

GENERAL INFORMATION

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).

LEGAL FORM OF THE ENTITY

Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)

NATURE OF BUSINESS

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

JURISDICTION

The Beaufort West Municipality includes the following areas:

Beaufort West
Nalspoort
Marwsville
Murraysburg

EXECUTIVE/MAYORAL COMMITTEE

Executive Mayor	G Pieterse
Deputy Executive Mayor	LV.Piti
Speaker	Vacant on 30 June 2024
Executive councillor	CL.de Bruin
Executive councillor	S.Essop

COUNCILLOR MEMBERS

WARD

1	O.Haarvoor
2	JDK.Reynolds
3	G.J Duimpies
4	CL.de Bruin
5	LV.Piti
6	E.Links
7	LB.J.Mdudumani
Proportional	S.Jooste
Proportional	S.Essop
Proportional	SM.Meyers
Proportional	AM.Siabbert
Proportional	JJ.van der Linde
Proportional	G Pieterse

EXECUTIVE MANAGEMENT

Municipal Manager	Mr.D.Welgemoed
Chief Financial Officer	Mr.M.Nhlangethwa
Director Infrastructure Service	Mr.L.Nqolola
Director Corporate Services	Mr.AC.Makendiana

MEMBER OF AUDIT COMMITTEE

Mr. S Ngwewu (chairperson)
Mr. W Phillips
Mr. K Mckay
Mr. N Gabada

GRADING OF LOCAL MUNICIPALITY

Demarcation code WC053

REGISTERED OFFICE

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MUNICIPAL WEBSITE

<http://www.beaufortwestmun.co.za>

BANKERS

Nedbank, Beaufort West

AUDITORS

Office of the Auditor General (WC)

LEGAL REPRESENTATIVE

Crawford Attorneys, Beaufort West
Van Niekerk Attorneys, Beaufort West

RELEVANT LEGISLATION

SALGABC 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)
All Local Government Regulations issued by relevant Minister

Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
SALGABC Leave Regulations
Skills Development Levies Act (Act no 9 of 1998)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act (Act no 30 of 1988)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)
Constitution (Act no.108 of 1996)

BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

	Notes	2024 R	2023 Restated R
ASSETS			
Non-Current Assets			
		456,833,931	467,002,170
Property, Plant and Equipment	2	445,958,563	453,806,851
Investment Property	3	5,860,880	6,177,304
Intangible Assets	4	1,362,152	1,152,944
Heritage Assets	5	3,340,000	3,340,000
Non-Current Receivables from Exchange Transactions	6	229,477	2,029,753
Non-Current Receivables from Non-Exchange Transactions	7	82,858	495,318
Current Assets			
		84,515,690	71,286,909
Inventory	9	3,058,371	4,490,929
Receivables from Exchange Transactions	10	24,700,098	17,277,273
Receivables from Non-exchange Transactions	11	33,756,772	23,245,936
Operating Lease Asset	8	185,935	146,220
VAT receivable	21	5,331,983	10,112,464
Current Portion of Non-Current Receivables	6&7	1,599,347	1,154,295
Cash and Cash Equivalents	12	15,883,184	14,859,793
Total Assets		541,349,621	538,289,079
NET ASSETS AND LIABILITIES			
Non-Current Liabilities			
		101,318,762	50,605,434
Long-term Borrowings	13	3,741,325	3,788,777
Non-current Provisions	14	21,300,124	16,512,347
Non-current Employee Benefits	15	33,744,307	30,304,310
Trade and Other Payables from Exchange Transactions (debt relief)	19.2	42,533,006	-
Current Liabilities			
		126,114,221	182,783,773
Consumer Deposits	16	2,681,963	2,490,411
Provisions	17	4,232,348	3,298,696
Current Employee Benefits	18	15,172,360	14,437,907
Trade and Other Payables from Exchange Transactions	19.1	75,325,309	156,849,421
Trade and Other Payables from Exchange Transactions (debt relief)	19.2	25,166,699	-
Unspent Transfers and Subsidies	20	2,354,144	4,973,197
Current Portion of Long-term Borrowings	13	1,181,399	734,141
Total Liabilities		227,432,983	233,389,207
Net Assets			
		313,916,638	304,899,871
Housing Development Fund	22	3,789,518	3,789,518
Self Insurance Reserve	22	314,827	314,827
Accumulated Surplus		309,812,293	300,795,527
Total Net Assets and Liabilities		541,349,621	538,289,079



BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 R	2023 Restated R
REVENUE			
Revenue from Non-exchange Transactions		256,623,614	240,103,544
Taxation Revenue		46,613,835	45,588,524
Property Rates	23	46,613,835	45,588,524
Transfer Revenue		206,110,775	191,291,178
Government Grants and Subsidies - Capital	24	16,230,351	52,732,178
Government Grants and Subsidies - Operating	24	99,134,586	90,925,563
Contributed Property, Plant and Equipment	25	-	2,965,264
Fines, Penalties and Forfeits		75,691,906	44,668,173
Debt forgiveness	32.2	15,053,933	-
Other Revenue		3,899,004	3,223,842
Interest Earned - Non-exchange Transactions		3,210,957	2,541,248
Licences and Permits	26	170,488	181,192
Availability fees		517,559	501,402
Revenue from Exchange Transactions		164,805,217	144,791,820
Service Charges	27	146,644,222	128,932,593
Sales of Goods and Rendering of Services	28	674,798	809,533
Rental from Fixed Assets	29	1,715,225	1,384,810
Interest Earned - External Investments	30	2,683,944	2,121,363
Interest Earned - Exchange Transactions	31	9,074,822	7,776,900
Licences and Permits	26	219,199	-
Agency Services	56	1,355,917	1,179,795
Operational Revenue	32.1	2,437,091	2,586,825
Total Revenue		421,428,831	384,895,364
EXPENDITURE			
Employee related costs	33	121,104,843	122,440,789
Remuneration of Councillors	34	6,018,259	6,265,821
Bad Debts Written Off	10 & 11	52,235,162	224,286,351
Contracted Services	35	26,246,918	21,031,610
Depreciation and Amortisation	36	26,442,536	25,007,833
Finance Costs	37	14,944,115	17,223,672
Bulk Purchases	38	99,939,815	87,019,972
Inventory Consumed	9.1	7,359,719	4,727,069
Transfers and Subsidies	39	-	587,700
Operational Costs	40	32,888,294	33,930,320
Total Expenditure		387,179,660	542,521,137
Operating Surplus/(Deficit) for the Year		34,249,171	(157,625,773)
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	9.2	(107,578)	171,435
Reversal of Impairment Loss/(Impairment Loss) on Receivables	41	(23,054,535)	125,465,442
Gains/(Loss) on Sale of Fixed Assets	42	(1,419,423)	320,770
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	2.11	(50,749)	3,849,588
Actuarial gain/(loss)	15	(600,120)	3,966,436
NET SURPLUS/(DEFICIT) FOR THE YEAR		9,016,767	(23,852,102)

BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

	Housing Development Fund R	Self Insurance Reserve R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2022	3,789,518	314,827	326,600,173	330,704,518
Correction of Error - note 43			(1,957,588)	(1,957,588)
Restated balance 1 July 2022	3,789,518	314,827	324,642,585	328,746,930
Net Surplus/(Deficit) previously reported	-	-	19,005,299	19,005,299
Correction of Error - note 43			(42,857,401)	(42,857,401)
Net Surplus/(Deficit) restated			(23,852,102)	(23,852,102)
Restated balance 30 June 2023	3,789,518	314,827	300,790,483	304,894,828
Net Surplus/(Deficit) for the year	-	-	9,016,767	9,016,767
Balance at 30 June 2024	3,789,518	314,827	309,807,250	313,911,595
	Note 22	Note 22	Note 43	

BEAUFORT WEST LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 R	2023 Restated R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Cash receipts from customers		206,693,419	160,021,894
Government grants		117,338,260	140,837,575
Interest		14,969,722	12,439,512
Cash payments			
Suppliers and Employees		(315,324,749)	(254,347,908)
Finance Charges		(1,796,049)	(11,845,317)
Transfers and Subsidies		-	(587,700)
Grants repaid		(3,658,724)	(2,166,828)
Net Cash from Operating Activities	44	18,221,879	44,351,228
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(15,518,846)	(44,044,438)
Purchase of Intangible Assets		(497,631)	(1,073,711)
Net Cash from Investing Activities		(16,016,477)	(45,118,149)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1,182,012)	(759,166)
Net Cash from Financing Activities		(1,182,012)	(759,166)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,023,391	(1,526,088)
Cash and Cash Equivalents at the beginning of the year		14,859,793	16,385,881
Cash and Cash Equivalents at the end of the year	45	15,883,184	14,859,793
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,023,391	(1,526,088)



REPORT ON LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

ASSETS	Final Approved budget R	Adjustments (L.O. 228 and 231 of the MFMA) R	Final Adjustment Budget R	Final Budget R	Actual Outcome R	Variance as a % of final budget	Explanations for material variance of R1m or 10%
ASSETS							
Current Assets							
Cash	27,017,360	-	27,017,360	27,017,360	3,777,932	-41%	Due to financial constraints expenditure was capped to 41% expected during the budget compilation.
Cell Investment Deposits	-	-	-	-	12,105,552		Not budgeted apparently
Trade and other receivables from exchange transactions	13,959,652	-	13,959,652	13,656,652	24,700,098	80.88%	Due to implementation of AG recommendation on High amounts written off on traffic fines that was not anticipated when the budget was compiled, led to -30.70% decrease in receivables
Receivables from non-exchange transactions	50,916,751	-	50,916,751	50,616,751	33,755,772	-30.70%	Other receivables non-exchange. For the budget part of other current assets. The actual balance for other receivables part of receivables from non-exchange.
Other current assets	9,504,834	-	9,504,834	9,504,834	185,835	-0.8%	
VAT receivable	84,150,232	-	84,150,232	84,150,232	6,331,983	-0.15%	Due to over budget of VAT receivables
Current portion of non-current receivables	1,154,295	-	1,154,295	1,692,947	1,692,947	38.9%	High amounts written off on indigents not anticipated with compilation of the budget, led to increase in
Total Current Assets	160,897,973	-	160,897,973	160,897,973	3,058,371	-31.80%	More inventory consumed than expected.
Non-Current Assets							
Trade and other receivables from exchange transactions	2,029,733	-	2,029,733	2,029,733	220,477	-8.9%	High amounts written off on indigents not anticipated with compilation of the budget, led to decrease in
Non-current receivables from non-exchange transactions	485,518	-	485,518	485,518	82,468	-43.27%	High amounts written off on indigents not anticipated with compilation of the budget, led to decrease in
Investment Property	6,945,352	-	6,945,352	5,950,252	5,950,252	-17.2%	with 27% engagements made.
Property, Plant and Equipment	443,501,400	-	443,501,400	443,501,400	445,956,583	0.6%	
Intangible Assets	1,143,405	-	1,143,405	1,143,405	1,302,152	16.13%	Software purchased that was not budgeted
Heritage assets	3,340,000	-	3,340,000	3,340,000	3,340,000	0.00%	
Total Non-Current Assets	458,473,207	-	458,473,207	458,473,207	498,833,621	0.8%	
TOTAL ASSETS	619,371,180	-	619,371,180	619,371,180	859,891,993	13.89%	
LIABILITIES							
Current Liabilities							
Consumer Deposits	1,101,085	-	1,101,085	1,101,085	1,101,085	7.4%	
Trade and other payables from exchange transactions	2,490,412	-	2,490,412	2,490,412	2,081,983	-7.8%	
Trade and other payables from non-exchange transactions	59,871,450	-	59,871,450	50,821,450	106,492,009	100.42%	Due to debt relief granted for year 1
Urgent Transfers and Subsidies	772	-	772	772	2,354,144	304,640.87%	Due to all allocations received not spend by year-end
Transfer and subsidies payable	13,445,479	-	13,445,479	13,445,479	4,352,348	-68.53%	Provision for bonus, leave and long-service awards identified as provision with the budget. The actual balance classified as current employee benefits. Provision for VAT increase not budgeted for.
Current Employee Benefits	48,000,830	-	48,000,830	48,000,830	48,000,830	-100.00%	Provision for bonus, leave and long-service awards identified as provision with the budget. The actual balance classified as current employee benefits.
Taxes	1,519,440	-	1,519,440	1,519,440	16,172,390	869.55%	Estimates of provision higher than expected due to increase in net discount rates
Current Employee Benefits	115,270,368	-	115,270,368	115,270,368	126,114,221	8.41%	
Borrowing	3,942,267	-	3,942,267	3,942,267	3,741,325	-2.7%	
Provisions	22,137,109	-	22,137,109	22,137,109	26,284,123	19.8%	
Long term Borrowings	81,690,167	-	81,690,167	81,690,167	42,555,068	-48.05%	Due to debt relief granted for year 1
Non-current Provisions (Benefit)	25,575,311	-	25,575,311	25,575,311	26,760,309	12.53%	Due to debt relief granted for year 1
Non-current Employee Benefits (LISA)	133,323,873	-	133,323,873	133,323,873	101,318,792	-23.85%	increase in net discount rates
Non-current Trade and Other Payables from Exchange Transactions (debt relief)	248,484,241	-	248,484,241	248,484,241	227,433,893	-8.46%	
Non-current Employee Benefits (REMA & Pension)	394,705,694	-	394,705,694	394,705,694	309,610,293	-15.1%	Net effect of reasons above
Accumulated Surplus (Deficit)	4,104,245	-	4,104,245	4,104,245	4,104,245	0.00%	
Funds and Reserves	388,876,039	-	388,876,039	388,876,039	313,916,058	-14.60%	
Total Non-current Liabilities	819,100,000	-	819,100,000	819,100,000	788,876,039	-3.67%	
TOTAL LIABILITIES	988,971,187	-	988,971,187	988,971,187	1,048,768,032	6.46%	
NET ASSETS	369,400,000	-	369,400,000	369,400,000	369,400,000	0.00%	
Accumulated Surplus (Deficit)	369,400,000	-	369,400,000	369,400,000	369,400,000	0.00%	
Funds and Reserves	369,400,000	-	369,400,000	369,400,000	369,400,000	0.00%	
TOTAL NET ASSETS	369,400,000	-	369,400,000	369,400,000	369,400,000	0.00%	



BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Budget Adjustments (i.e. end of the year)	Shifting of Funds (i.e. 631 of the GRAP)	Final Approved Budget	Final Adjustment Budget	Final Budget	Actual Outcome	Variance as a % of final budget	Explanations for material variances of R1m or 10%
		R	R	R	R	R	R	%	
Property Rates	Property Rates	48,420,618	-	48,420,618	-	48,420,618	48,010,035	-3.73%	The lower than budgeted property rates levied were due to a supplementary valuation that was performed, which resulted in a net reduction of R37.7 million in property value and included various category changes that had an impact on rates in 2024. The outcome and implementation of the SY were too late for adjustment budget consideration.
Service Charges - Electricity Revenue	Service Charges	108,833,886	-	108,833,886	-	108,833,886	85,411,283	-42.09%	The lower-than-expected performance can be attributed to an increase of 8% in electricity losses, budget assumptions being included more than expected by local shading and considering that budgeted targets are also driven by FPP being included more than expected by local shading and considering that budgeted targets are also driven by FPP. The better-than-expected performance can be attributed to a very conservative budget compared to the prior year's budget. The better-than-expected performance of prepaid water meters (model by P1), and meeting the conditions of the debt relief program. Estimates are being reduced significantly with actual meter readings and subsequent corrections led to an increase in Revenue Forgone. Increase in indigent subsidies.
Service Charges - Water	Service Charges	13,717,978	-	13,717,978	-	13,717,978	21,129,286	54.02%	Due to increase in Revenue Forgone. Increase in indigent subsidies.
Service Charges - Waste Management	Service Charges	23,340,004	-	23,340,004	-	23,340,004	19,316,712	-17.24%	Due to increase in Revenue Forgone. Increase in indigent subsidies.
Service Charges - Waste Management	Service Charges	1,000,000	-	1,000,000	-	1,000,000	10,797,971	-28.29%	Due to increase in Revenue Forgone. Increase in indigent subsidies.
Rental from Fixed Assets	Rental from Fixed Assets	1,808,333	-	1,808,333	-	1,808,333	8,074,622	34.04%	Due to financial constraints the municipality capped expenditure to the minimum. This resulted in more cash available to be invested.
Rental from Fixed Assets	Rental from Fixed Assets	11,208,598	-	11,208,598	-	11,208,598	2,853,844	-75.35%	Due to financial constraints the municipality capped expenditure to the minimum. This resulted in more cash available to be invested.
Interest earned from Current and Non-Current Assets	Interest Earned - Exchange Transactions	2,115,000	-	2,115,000	-	2,115,000	2,115,000	0.00%	Due to financial constraints the municipality capped expenditure to the minimum. This resulted in more cash available to be invested.
Interest earned from Current and Non-Current Assets	Interest Earned - Non-Exchange Transactions	2,115,000	-	2,115,000	-	2,115,000	2,115,000	0.00%	Due to financial constraints the municipality capped expenditure to the minimum. This resulted in more cash available to be invested.
Fines, penalties and forfeits	Fines, Penalties and Forfeits	70,463,855	-	70,463,855	-	70,463,855	75,210,956	7.39%	A one service provider was appointed for the collection of fines, that resulted in an increase in collections.
Licence and Permits - exchange	Licence and Permits - exchange	288,281	-	288,281	-	288,281	210,100	-28.51%	Collections on licence and permits less than anticipated.
Licence and Permits - non-exchange	Licence and Permits - non-exchange	191,700	-	191,700	-	191,700	170,486	-11.07%	Collections on licence and permits less than anticipated.
Transfer and subsidies - Operational	Government Grants and Subsidies - Operating	1,905,600	-	1,905,600	-	1,905,600	1,355,917	-28.85%	Due to all allocations received not spent by year-end, resulting in less revenue recognised.
Operational Revenue - exchange	Operational Revenue - exchange	1,270,000	-	1,270,000	-	1,270,000	2,437,001	90.85%	Due to an GRAP 2 adjustment done on landfill site not budgeted for. Administrative handling fees higher than anticipated.
Operational Revenue - non-exchange	Operational Revenue - non-exchange	32,698,027	-	32,698,027	-	32,698,027	15,671,492	-52.71%	Debt relief granted by Eskom (year 1)
Debt Forgiveness	Debt Forgiveness	32,698,027	-	32,698,027	-	32,698,027	15,671,492	-52.71%	Debt relief granted by Eskom (year 1)
Public contributions and donation	Public contributions and donation	785,129	-	785,129	-	785,129	517,859	-34.13%	Sale of goods and rendering of services lower than anticipated.
Sale of Goods and Rendering of Services	Sale of Goods and Rendering of Services	785,129	-	785,129	-	785,129	517,859	-34.13%	Sale of goods and rendering of services lower than anticipated.
Gain on disposal of Assets	Gain on Sale of Fixed Assets	438,637,621	-	438,637,621	-	438,637,621	465,188,460	7.28%	
Gain on disposal of Assets	Gain on Sale of Fixed Assets	438,637,621	-	438,637,621	-	438,637,621	465,188,460	7.28%	
Other Gains	Other Gains	108,707,221	-	108,707,221	-	108,707,221	104,160,846	-4.63%	Due to financial constraints expenditure were capped to the minimum resulting in vacant positions not being filled.
Gain on disposal of Assets	Gain on Sale of Fixed Assets	6,800,148	-	6,800,148	-	6,800,148	6,016,259	-11.59%	Huge amounts written off on indigents and traffic fines that was not anticipated when the budget was compiled. The led to a decrease in gross amount of the debtor and thus decrease in impairment.
Employee Related Costs	Employee related costs	64,627,300	-	64,627,300	-	64,627,300	23,064,535	-64.27%	Huge amounts written off on indigents and traffic fines that was not anticipated when the budget was compiled. The led to a decrease in gross amount of the debtor and thus decrease in impairment.
Remuneration of Councilors	Remuneration of Councilors	20,881,154	-	20,881,154	-	20,881,154	22,251,182	160.75%	Huge amounts written off on traffic fines that were not anticipated when the budget was compiled.
Depreciation and amortisation	Depreciation and Amortisation	23,685,989	-	23,685,989	-	23,685,989	28,242,538	-11.05%	
Depreciation and amortisation	Depreciation and Amortisation	23,685,989	-	23,685,989	-	23,685,989	28,242,538	-11.05%	
Fixed Assets	Fixed Assets	50,749	-	50,749	-	50,749	50,749	0.00%	
Finance Costs	Finance Costs	2,252,283	-	2,252,283	-	2,252,283	14,644,115	603.51%	The increase in finance charges are due to external valuations, calculations on the rehabilitation of landfill sites and debt relief that were not anticipated during the compilation of the budget.
Bulk Purchases - electricity inventory consumed	Bulk Purchases (Electricity only)	60,490,000	-	60,490,000	-	60,490,000	60,528,508	-3.13%	Less electricity was purchased than expected.
Bulk Purchases - electricity inventory consumed	Bulk Purchases (Electricity only)	23,751,600	-	23,751,600	-	23,751,600	23,751,600	0.00%	Due to financial constraints expenditure were capped.
Bulk Purchases (Water only)	Bulk Purchases (Water only)	36,739,400	-	36,739,400	-	36,739,400	36,780,908	0.11%	Less inventory consumed was purchased.
Contracted Services	Contracted Services	30,286,389	-	30,286,389	-	30,286,389	28,246,016	-13.29%	Due to increase in cost of Security Guards, Traffic Fines contractor appointed for full financial year and unspecified services.
Operational Costs	Operational Costs	30,286,389	-	30,286,389	-	30,286,389	28,246,016	-13.29%	Due to increase in cost of Security Guards, Traffic Fines contractor appointed for full financial year and unspecified services.
Losses on disposal of Assets	(Loss) on Sale of Fixed Assets	1,416,423	-	1,416,423	-	1,416,423	1,416,423	100.00%	Due to financial constraints expenditure were capped.
Other Losses	Other Losses	600,120	-	600,120	-	600,120	600,120	100.00%	Denotation of properties not under control of this municipality.
Other Losses	Other Losses	600,120	-	600,120	-	600,120	600,120	100.00%	Actual loss as calculated with actual valuations on employee benefits that were not budgeted for.
Other Losses	Other Losses	600,120	-	600,120	-	600,120	600,120	100.00%	Due to an increase in the net-realizable value of inventory values that were not budgeted for.
Total Expenditure	Inventories - Write-down to Net Realisable Value	434,042,345	-	434,042,345	-	434,042,345	412,443,054	-4.98%	
Surplus/(Deficit)	Surplus/(Deficit)	2,985,476	-	2,985,476	-	2,985,476	(7,213,954)	(242.84%)	
Transfers and subsidies - capital (monetary allocations)	Government Grants and Subsidies - Capital	18,183,600	-	18,183,600	-	18,183,600	18,290,351	0.23%	
Transfers and subsidies - capital (in-kind - all)	Contributed Property, Plant and Equipment	386,137	-	386,137	-	386,137	386,137	100.00%	
Surplus/(Deficit) after Capital Transfers & Contributions	Surplus/(Deficit) after Capital Transfers & Contributions	19,155,179	-	19,155,179	-	19,155,179	9,018,767	-47.04%	
Surplus/(Deficit) for this year	Surplus/(Deficit) for this year	19,155,179	-	19,155,179	-	19,155,179	9,018,767	-47.04%	

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Final Approved budget R	Budget Adjustments (i.e. add and subtract) R	Final Adjustment Budget R	Shifting of Funds (i.e. out of the MPR/A) R	Virement (i.e. Council approved by-law) R	Final Budget R	Actual Outcome R	Variance as a % of final budget	Explanations for material variances of R1m or 10%
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	Cash receipts from customers	43,798,717	-	43,798,717	-	-	43,798,717	60,488,783	38.11%	Due to the stringent implementation of the Debt Collection and Credit Control Policy. Due to the current economic climate more consumers entered into payment arrangements on their outstanding accounts, resulting in the collection rate on services being lower than anticipated.
Service Charges	Cash receipts from customers	179,921,063	-	179,921,063	-	-	179,921,063	123,729,298	-31.23%	
Other Revenue Transfers and Subsidies - Operational Transfers and Subsidies - Capital	Cash receipts from customers Government	24,515,117 100,892,959	-	24,515,117 100,892,959	-	-	24,515,117 100,892,959	22,475,338 101,475,588	-8.32% 0.58%	Due to write-off i.e. Traffic Fines older than 3 years.
Interest Payments	Interest	2,115,000	-	2,115,000	-	-	2,115,000	15,862,680	-1.50%	Due to financial constraints the municipality capped expenditure to the minimum. This resulted in more cash available to be invested.
Suppliers and Employees Finance charges	Suppliers and Employees Finance Charges Grants repaid	(335,548,747) (2,252,283)	-	(335,548,747) (2,252,283)	-	-	(335,548,747) (2,252,283)	(915,324,748) (1,786,049)	-6.03% -20.25%	Due to financial constraints expenditure were capped. Due to the FRP the municipality paid most of the creditors within 30 days.
Net Cash from/(used) Operating Activities		29,546,732	-	29,546,732	-	-	20,546,732	18,221,897	-39.33%	
CASH FLOW FROM INVESTING ACTIVITIES										
Receipts										
Decrease/(increase) in non-current receivables	Decrease/(increase) in Other Non-Current Receivables	-	-	-	-	-	-	-	0.00%	
Decrease/(increase) in Non-Current Investments	Decrease/(increase) in Non-Current Investments	-	-	-	-	-	-	-	0.00%	
Payments	Capital assets	(16,230,492)	-	(16,230,492)	-	-	(16,230,492)	(16,016,477)	-1.32%	
Capital Assets	Purchase of Property, Plant and Equipment	-	-	-	-	-	-	(16,518,848)		
	Purchase of Investment Property	-	-	-	-	-	-	(0)		
	Purchase of Intangible assets	-	-	-	-	-	-	(487,831)		
Net Cash from/(used) Investing Activities		(16,230,492)	-	(16,230,492)	-	-	(16,230,492)	(16,016,477)	-1.32%	
CASH FLOW FROM FINANCING ACTIVITIES										
Receipts										
Payments	Repayment of Borrowing	(1,119,465)	-	(1,119,465)	-	-	(1,119,465)	(1,192,012)	5.59%	
Net Cash from/(used) Financing Activities	Repayment of borrowings	(1,119,465)	-	(1,119,465)	-	-	(1,119,465)	(1,192,012)	5.59%	
NET INCREASE/(DECREASE) IN CASH HELD		12,196,775	-	12,196,775	-	-	12,196,775	1,023,408	-91.61%	Net of reasons listed above
Cash and Cash Equivalents at the year begin:		14,820,585	-	14,820,585	-	-	14,820,585	14,850,783	0.26%	
Cash and Cash Equivalents at the year end:		27,017,360	-	27,017,360	-	-	27,017,360	15,863,202	-41.21%	



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30 November 2024

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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, except where an exemption or transitional provision have been granted. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

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.

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.

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

1.6. 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.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury.

The information is presented for budgets that are made publicly available.

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 is provided in the budget comparison regarding classification differences between the approved budget and the actual figure.

Explanations for material differences between the final approved budget amounts and actual amounts are included in the Statement of Comparison between budget and actual amounts.

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.

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.8. 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 103	<p><u>Heritage assets</u></p> <p>There are proposed amendments to the classification of mixed-use assets and the fair value accounting.</p> <p>The amendments to the Standard are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 104	<p><u>Financial Instruments</u></p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting, and disclosing financial instruments.</p> <p>The Municipality might need to revise the categories of financial instruments and the impairment model. The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.</p>	1 April 2025
GRAP 1: Going concern	<p><u>Presentation of Financial statements: Going concern</u></p> <p>The objective of this Standard is to prescribe the basis for presentation of general-purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. Adjustments for going concern proposed to provide guidance on the preparation of AFS as going concern and the related disclosure.</p> <p>The transitional provisions are specified in the revised Standard. The amendments may not be applied. A by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
Improvement to GRAP standards (2023)	<p><u>Improvement to GRAP standards (2023)</u></p> <p>The Improvements are approved by the Board. The effective date is yet to be determined by the Minister of Finance. The Improvements may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the</p>	Unknown

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

REFERENCE	TOPIC	EFFECTIVE DATE
	<p>Improvements once an effective date has been determined by the Minister of Finance.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	
GRAP 105, GRAP 106 and GRAP 107 (amendments)	<p><u>Transfer of Functions and Mergers</u></p> <p>The amendments to the Standards are approved by the Board. The amendments may not be applied by entities in developing an accounting policy. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance.</p> <p>No significant impact is expected as the Standards are not relevant to the operations of the Municipality.</p>	Unknown
iGRAP 22	<p><u>Foreign Currency Transactions and Advanced Consideration</u></p> <p>The interpretation is to provide guidance on determining the transaction date for purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.</p> <p>Early adoption of the Interpretation is encouraged.</p> <p>No significant impact is expected as the foreign currency transactions and advance consideration is not relevant to the operations of the Municipality.</p>	1 April 2025
Guideline	<p><u>Application of Materiality of Financial Statements</u></p> <p>The guideline is not authoritative but only encourage.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	No effective date as only encouraged

1.9. 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. Interest earned on the investments backing up this fund must be recorded as part of interest earned in surplus or deficit for the year in the Statement of Financial Performance.

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

1.10. RESERVES

1.10.1. Self-insurance reserve

A self-insurance reserve was established and, subject to external insurance were deemed necessary, covers claims that might occur. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

Contributions to and from the reserve are transferred via the Statement of Changes in Net Assets to the reserve in line with the amount provided for in the operating budget.

1.11. LEASES

1.11.1. 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. Finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments (including any indirect costs). 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. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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 disclosure of finance liability and de-recognition of financial instruments are applied to lease payables. Contingent rents shall be charged as expenses in the periods in which they are incurred.

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

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

1.11.2. 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 (including indirect costs), 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 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.

1.12. 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. The revenue received is driven from legislation. 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

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.13. 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:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.14. 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.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances.

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.

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 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.

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.

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Entity's policy, taking into account current technological, environmental and regulatory requirements. The provision for

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

1.15. 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 (privately administered or public pension 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 are recognised as employee benefit expense when they are due.

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 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 contributes to 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. 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.

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.

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

(b) *Post-Retirement Health Care Benefit*

The Municipality provides post-retirement health care 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 net 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 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, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Notional interest is charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of net interest in GRAP 25. Interest is capitalised against the liability.

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 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 net defined benefit 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 net interest in GRAP 25.

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 annually by independent qualified actuaries.

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

(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, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee related cost.

Notional interest is charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of net interest in GRAP 25. Interest is capitalised against the liability.

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.

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. The performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.16. PROPERTY, PLANT AND EQUIPMENT

1.16.1. 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 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 (including any transaction cost).

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.

Infrastructure assets are any assets that are part of a network of similar assets. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy. If cost can however not be established,

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

then infrastructure assets will be initially measured and recognised at depreciated replacement cost. Depreciated replacement cost is an accepted fair value calculation for assets where there is no active and liquid market.

1.16.2. 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.

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.

1.16.3. Depreciation and Impairment

Land is not depreciated as it is regarded as having an indefinite useful 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.

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:

<u>Infrastructure</u>	
Road network	9-102
Electricity network	12-67
Water network	9-105
Refuse network	18-29
Sanitation network	10-105
<u>Community</u>	
Cemeteries	104
Recreation sites	8-104
Community Centurms	14-104
Libraries	20-104
<u>Other</u>	
Buildings	14-104
Machinery & Equipment	3-44
Furniture and Office equipment	3-34
Computer Equipment	3-39
Transport Assets	5-87
<u>Finance lease assets</u>	
Office equipment	3-11

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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 prospectively as a change in estimate.

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.

Additional considerations for impairment are included for policy 1.19: Impairment of non-financial assets.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use. The municipality assesses at each reporting date if there is an indication of impairment.

1.16.4. De-recognition

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.

1.16.5. 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.

1.16.6. 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 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 1.19 of the policy

1.17. INTANGIBLE ASSETS

1.17.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criteria in the definition of an intangible asset when it:

- 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.

Intangible assets are initially recognised at cost.

1.17.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

1.17.3. 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 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>	<u>Years</u>
Computer Software	2-4

Changes to the useful life of assets, residual value and amortisation method are reviewed each year to determine if there is an indication that a change may have occurred. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 prospectively as a change in accounting estimate.

Additional considerations for impairment are included for policy 1.19: Impairment of non-financial assets.

1.17.4. 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.

1.17.5. 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.

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.18. INVESTMENT PROPERTY

1.18.1. 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.

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 cost. 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. (including transaction costs)

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.

For a transfer from investment property to inventory (view sale), the deemed cost for subsequent accounting is the fair value as at date of change.

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

For a transfer from owner occupied property becomes an investment property measured at fair value, the difference between the carrying value and fair value at the reporting date, shall be recognised in surplus and deficit.

For a transfer from inventory to investment property (operating lease), the difference between the carrying value and the fair value at the reporting date, shall be recognised in surplus and deficit.

1.18.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses.

1.18.3. 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 intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

<u>Investment Property</u>	<u>Years</u>
Buildings	30-33

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 prospectively as a change in accounting estimate.

Additional considerations for impairment are included for policy 1.19: Impairment of non-financial assets.

1.18.4. 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.

1.18.5. 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.19.1. 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

- 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.

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

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

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.

1.19.2. 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;

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

- 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;
- 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 by:

- *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.

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 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.

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.20. INVENTORIES

1.20.1. 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.

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.

1.20.2. Subsequent Measurement

Inventories 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.

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.

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables, cash and cash equivalents, borrowings, and payables from exchange transactions.

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.21.1. 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.

1.21.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value or financial assets at amortised cost. Financial Liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.21.2.1. Receivables

Receivables are classified as financial assets at amortised cost and are subsequently measured using the effective interest rate method. Receivables comprise non-current receivables, consumer debtors and other debtors (excluding rates and fines).

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for 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. 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. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

1.21.2.2. Payables and Borrowings

Financial liabilities consist of trade and other payables and borrowings. They are categorised as financial liabilities held at amortised cost (initial carrying amount, less repayments, plus interest). They are subsequently measured using an effective interest rate. Payable include current and non-current payables.

1.21.2.3. Cash and Cash Equivalents

Cash includes cash on hand and bank accounts. 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 overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

1.21.2.4. Consumer deposits

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.21.3. De-recognition

1.21.3.1. 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

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retained substantially all the risks and rewards of the asset but has transferred control of the asset.

1.21.3.2. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

1.21.4. 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.

1.22. 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.

1.22.1. Initial Recognition and Measurement

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition and recognition criteria of asset is met.

The Municipality initially measures the statutory receivables at their transaction amount.

1.22.2. Subsequent Measurement

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.

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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 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 adjustment shall not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised.

The amount of any adjustment is recognised in the Statement of Financial Performance.

1.22.3. 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.

Any difference between consideration received and amounts derecognised is recognised in surplus and deficit.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.23. REVENUE

1.23.1. 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

Revenue is initially measured at fair value.

Government grant and subsidies 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 government grant and subsidy 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 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.

BEAUFORT WEST MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

Interest revenue is recognised using the effective interest rate method.

Licences and permits and availability fees are charged at the approved tariff.

Debt forgiven is recognised when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners. Revenue arising from debt forgiveness is measured at the carrying amount of the debt forgiven.

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 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.23.2. 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 is initially measured at fair value (including any trade discounts and volume rebates)

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.

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 rendering of services 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.

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 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

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal (waste management) 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 sewerage (waste water management) 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 and operational revenue.

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.

1.24. RELATED PARTIES

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 Municipalities. 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:

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

- 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).
- 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.

BEAUFORT WEST MUNICIPALITY
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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 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.

1.25. 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.

1.26. 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.

1.27. 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.

1.28. 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

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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 economic benefits will be required to the obligation or the amount of the obligation cannot be measured 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.

1.29. 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 health care benefits, Long service awards and Ex gratia gratuities

The cost of post-retirement health care benefits, 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 15 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

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

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assessment of their ability to make payments based on their creditworthiness. The assessment is done per individual debtor and grouped in the Statement of Financial Position.

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. (such as property rates) When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. (such as fines) 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.

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.
- Technical estimates of the practical useful lives for different infrastructure types, based on engineering technical knowledge of infrastructure types and services requirements. Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- 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 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.
- 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

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;

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

- 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.

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.

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 assessed 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 referred to the following when making assumptions regarding useful lives and valuation of investment property:

- 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 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.
- 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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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.

Contingent Liabilities and Contingent Assets

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities and assets.

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 linked to government bond rate was used to calculate the effect of time value of money.

Provisions are discounted where the time value effect is material.

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.

Revenue Recognition

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions 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

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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) when it becomes effective. 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.

1.30. VALUE ADDED TAX

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the VAT Act No.89 of 1991.

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.

VAT comprises of the following main categories:

Categories	Description
SARS: VAT control (statutory)	Balance due by/to SARS (As per SARS statement)
VAT input accrual (payable from exchange)	VAT on outstanding creditors. VAT can only be claimed from SARS, when the creditor account is paid. Once the account is paid, the balance is transfers from VAT input accrual to VAT control account.
VAT output accrual (receivable from exchange)	VAT accrued on outstanding debtor balance. VAT only becomes payable to SARS when debtor settle its account. Once the account is paid, the balance is transfers from VAT output accrual to VAT control account.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

VAT on provision for doubtful debt (receivable from exchange or non-exchange depending on nature of debtor)	This is VAT portion relating to the debtors assessed for impairment. (Provision for impairment x 15/115).
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1.31. 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.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the Municipality.

1.32. 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
- 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.

1.33 HERITAGE ASSETS

1.33.1 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.

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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. (including transaction cost).

1.33.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.33.3 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.

For possible indicators of impairment reference can be made to the policy on impairment, 1.19: Impairment of non-financial assets.

1.33.4 De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits or service potential 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.

1.33.5 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.

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.34 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).

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.

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.

1.35 SEGMENT REPORTING

A segment is an activity of an entity:

- that generates economic benefits or service potential;
- 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1.36 TREATMENT OF ADMINISTRATIVE AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

1.37 BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

2.1. PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2024

	Cost (Revaluation)			Accumulated Impairment			Accumulated Depreciation			Carrying Value		
	Opening Balance	Correction of Error	Restated Opening Balance	Change in landfill site	Disposals	Closing Balance	Opening Balance	Correction of Error	Restated Opening Balance		Depreciation	Disposals
Infrastructure	152,861,021	-	152,861,021	15,220	149,242	152,547,400	331,939	-	331,939	44,824,405	81,479	47,511,448
Electricity Network	994,384	-	994,384	-	1,105,048	205,022,078	-	-	205,022,078	2,808,505	-	2,811,313
Reliance Network	105,244,243	-	105,244,243	-	1,105,048	205,022,078	-	-	205,022,078	2,808,505	-	2,811,313
Water Network	143,828,022	-	143,828,022	1,085,250	15,710	144,868,041	-	-	144,868,041	4,281,244	973,552	4,281,244
Landfill Sites	9,738,727	-	9,738,727	3,098,053	15,710	14,868,041	-	-	14,868,041	973,552	973,552	973,552
Community Assets	611,645,618	-	611,645,618	3,098,053	2,808,505	615,952,176	331,939	-	331,939	9,738,727	1,442,454	11,281,181
Land and Buildings	7,427,080	-	7,427,080	-	7,427,080	7,427,080	-	-	7,427,080	343,110	-	7,770,190
Land	83,186,573	-	83,186,573	-	109,863	83,028,776	-	-	83,028,776	2,416,684	-	85,445,460
Buildings	95,997,825	-	95,997,825	-	99,000	96,066,126	-	-	96,066,126	30,429	-	96,096,555
Other Assets	1,738,239	-	1,738,239	-	20,112,850	20,112,850	-	-	20,112,850	10,882,026	-	31,000,876
Leases	107,597,488	-	107,597,488	2,835,895	119,192,331	122,628,714	-	-	122,628,714	5,682,719	-	128,311,433
Land and Buildings	83,186,573	-	83,186,573	-	109,863	83,028,776	-	-	83,028,776	2,416,684	-	85,445,460
Buildings	95,997,825	-	95,997,825	-	99,000	96,066,126	-	-	96,066,126	30,429	-	96,096,555
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Leases	107,597,488	-	107,597,488	2,835,895	119,192,331	122,628,714	-	-	122,628,714	5,682,719	-	128,311,433
Land and Buildings	83,186,573	-	83,186,573	-	109,863	83,028,776	-	-	83,028,776	2,416,684	-	85,445,460
Buildings	95,997,825	-	95,997,825	-	99,000	96,066,126	-	-	96,066,126	30,429	-	96,096,555
Other Assets	1,738,239	-	1,738,239	-	20,112,850	20,112,850	-	-	20,112,850	10,882,026	-	31,000,876
Leases	107,597,488	-	107,597,488	2,835,895	119,192,331	122,628,714	-	-	122,628,714	5,682,719	-	128,311,433
Land and Buildings	83,186,573	-	83,186,573	-	109,863	83,028,776	-	-	83,028,776	2,416,684	-	85,445,460
Buildings	95,997,825	-	95,997,825	-	99,000	96,066,126	-	-	96,066,126	30,429	-	96,096,555
Other Assets	1,738,239	-	1,738,239	-	20,112,850	20,112,850	-	-	20,112,850	10,882,026	-	31,000,876
Leases	107,597,488	-	107,597,488	2,835,895	119,192,331	122,628,714	-	-	122,628,714	5,682,719	-	128,311,433
Land and Buildings	83,186,573	-	83,186,573	-	109,863	83,028,776	-	-	83,028,776	2,416,684	-	85,445,460
Buildings	95,997,825	-	95,997,825	-	99,000	96,066,126	-	-	96,066,126	30,429	-	96,096,555
Other Assets	1,738,239	-	1,738,239	-	20,112,850	20,112,850	-	-	20,112,850	10,882,026	-	31,000,876
Leases	107,597,488	-	107,597,488	2,835,895	119,192,331	122,628,714	-	-	122,628,714	5,682,719	-	128,311,433
Land and Buildings	83,186,573	-	83,186,573	-	109,863	83,028,776	-	-	83,028,776	2,416,684	-	85,445,460

2.2 PROPERTY, PLANT AND EQUIPMENT
30 JUNE 2024

	Accumulated Depreciation										Carrying Value			
	Opening Balance	Correction of Error (note 4.5)	Revised Opening balance	Disposals	Closing Balance	Opening Balance	Correction of Error (note 4.5)	Revised Opening balance	Disposals	Closing Balance				
Infrastructure	135 149 424	2 322 401	137 471 824	15 248 842	152 681 024	108 312	223 887	108 312	223 887	311 999	301 900	41 949 377	44 824 408	107 724 618
Electricity Network	884 384	-	884 384	-	884 384	-	-	884 384	-	884 384	-	884 384	-	884 384
Water Network	100 941 308	-	100 941 308	3 283 844	104 225 152	-	-	104 225 152	-	104 225 152	-	110 683 358	124 410 175	77 500 889
Sewerage Network	105 341 286	-	105 341 286	-	105 341 286	-	-	105 341 286	-	105 341 286	-	96 537 466	90 790 019	44 551 244
Sanitation Network	118 521 885	-	118 521 885	24 749 035	143 270 920	-	-	143 270 920	-	143 270 920	-	118 521 885	143 270 920	67 800 647
Landfill Sites	8 724 227	-	8 724 227	-	8 724 227	-	-	8 724 227	-	8 724 227	-	8 724 227	-	8 724 227
Community Assets	271 282 538	2 322 401	273 604 939	43 282 542	316 887 481	108 312	223 887	108 312	223 887	311 999	301 900	271 282 538	292 715 698	318 313 642
Community centres	7 427 985	-	7 427 985	-	7 427 985	-	-	7 427 985	-	7 427 985	-	7 427 985	-	7 427 985
Libraries	1 396 238	-	1 396 238	-	1 396 238	-	-	1 396 238	-	1 396 238	-	1 396 238	-	1 396 238
Recreation sites	2 445 954	-	2 445 954	2 220 247	4 666 201	21 470	540 768	4 687 671	-	4 687 671	-	32 877 147	35 176 053	37 081 146
Other Assets	13 208 278	-	13 208 278	-	13 208 278	-	-	13 208 278	-	13 208 278	-	13 208 278	-	13 208 278
Buildings	17 892 134	-	17 892 134	-	17 892 134	-	-	17 892 134	-	17 892 134	-	17 892 134	-	17 892 134
Motor Vehicles	3 715 839	-	3 715 839	-	3 715 839	-	-	3 715 839	-	3 715 839	-	3 715 839	-	3 715 839
Medical and Equipment	4 712 829	-	4 712 829	-	4 712 829	-	-	4 712 829	-	4 712 829	-	4 712 829	-	4 712 829
Furniture and Office Equipment	9 858 641	-	9 858 641	-	9 858 641	-	-	9 858 641	-	9 858 641	-	9 858 641	-	9 858 641
Computer Equipment	2 107 189	-	2 107 189	-	2 107 189	-	-	2 107 189	-	2 107 189	-	2 107 189	-	2 107 189
Transport Assets	1 702 125	-	1 702 125	-	1 702 125	-	-	1 702 125	-	1 702 125	-	1 702 125	-	1 702 125
Leases	1 702 125	-	1 702 125	-	1 702 125	-	-	1 702 125	-	1 702 125	-	1 702 125	-	1 702 125
Leased office equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leased office vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	782 843 289	-	782 843 289	49 887 088	832 730 377	10 428 397	-2 793 780	13 718 738	-3 848 889	9 869 849	9 869 849	342 768 410	342 768 410	453 801 852

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



2.3 Property, Plant and Equipment which is in the process of being constructed or developed:

	2024 R	2023 R
Infrastructure Assets	31,043,717	35,228,638
Roads	-	4,250,541
Electricity	31,043,717	31,028,097
Community Assets	575,522	9,711,174
Total Property, Plant and Equipment under construction	31,619,239	38,939,812

	2024 R	2023 R
Balance at beginning of year	38,939,812	22,049,088
Correction of error	(1,018,533)	-
Expenditure during the year	9,870,081	16,890,723
Assets unbundled during the year	(15,562,741)	-
Transferred to operational expenditure	(72,000)	-
Projects closed - will no longer continue	(539,379)	-
Balance at end of year	31,619,239	38,939,812

The movements for the year can be reconciled as follows:

2.4 Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:

	2024 R	2023 R
Infrastructure Assets	-	-
Roads	-	-
Electricity	-	-
Water Supply	-	-
Community Assets	-	-
Other Assets	-	-
Total	-	-

2.5 Property, Plant and Equipment where construction or development has been halted:

	2024 R	2023 R
Infrastructure Assets	-	16,743,012
Roads	-	4,076,613
Electricity	-	11,664,399
Community Assets	-	-
Total	-	16,743,012

The road projects are currently under investigation. The electricity project has been halted due to funding.

2.6 Expenditure incurred to repair and maintain Property, Plant and Equipment:

	2024 R	2023 R
Contracted Services	3,487,996	1,865,119
Total Repairs and Maintenance	3,487,996	1,865,119

2.7 Assets pledged as security:

Leased Property, Plant and Equipment of R1 065 191 (2023 R0) is secured for leases as set out in note 2.1 & 2.2. No restrictions has been imposed on the title of Property, Plant and Equipment.

2.8 Third party payments received for losses incurred:

	2024 R	2023 R
Payments received (Excluding VAT)	-	398,991

2.9 Effect of changes in accounting estimates

	2024 R	2025 R	2026 R
Effect on Property, plant and equipment	(1,484,614)	(65,111)	560,974

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 2.9

2.10 Contractual commitments for acquisition of Property, Plant and Equipment:

	2024 R	2023 R
Approved and contracted for		
Infrastructure	7,058,698	1,733,653
Total	7,058,698	1,733,653

	2024 R	2023 R
This expenditure will be financed from:		
Government Grants	7,058,698	1,733,653
Total	7,058,698	1,733,653

2.11 Impairment loss on Property, Plant and Equipment

	2024 R	2023 R
Electricity Network	47,847	223,687
Furniture and Office Equipment	893	-
Machinery and Equipment	2,007	-
Impairment loss	50,747	223,687

Electricity network: An impairment loss was recognised based on assets identified that was vandalised

For Furniture and Office equipment, Machinery and Equipment indicators of impairment was identified when assets was verified (condition of the asset)

Reversal of Impairment losses of P Property, Plant and Equipment

	2024 R	2023 R
Community Assets	-	567,801
Land	-	2,013,400
Other Assets	-	1,502,175
Total Reversal of Impairment losses	-	4,073,376
Reversal of Impairment Losses/(Impairment Loss) on Fixed Assets	(50,747)	3,849,628

Impairment loss was reversed due to non-municipal properties identified that was derecognised

BEAUFORTWEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



		2024 R	2023 R
3. INVESTMENT PROPERTY			
3.1	Net Carrying amount at 1 July	6,177,304	6,381,284
	Cost	11,075,824	11,075,824
	Accumulated Depreciation	(4,117,520)	(3,903,840)
	Accumulated Impairment Loss	(780,700)	(780,700)
	Disposals - Cost	(238,500)	-
	Disposals - Accumulated depreciation	134,057	-
	Depreciation for the year	(213,980)	(213,981)
	Net Carrying amount at 30 June	6,860,860	6,177,304
	Cost	10,836,324	11,075,824
	Accumulated Depreciation	(4,197,744)	(4,117,820)
	Accumulated Impairment Loss	(780,700)	(780,700)
3.2	Revenue from Investment Property	2024 R	2023 R
	Revenue derived from the rental of Investment Property		
	Various properties	1,629,857	1,307,838
	No expenditure were incurred regarding repairs and maintenance of investment property.		
	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		
	Estimate Fair Value of Investment Property at 30 June	2024 R	2023 R
		13,280,000	13,280,000
	Fair value was determined by using the valuation rate of 1 July 2017. The fair value is disclosed as indicator if impairment is relevant.		
4. INTANGIBLE ASSETS		2024 R	2023 R
	Computer System & Software		
4.1	Net Carrying amount at 1 July	1,162,944	138,296
	Cost	1,939,230	855,510
	Accumulated Amortisation	(786,285)	(727,222)
	Accumulated Impairment Loss	-	-
	Additions	497,631	1,073,711
	Amortisation	(266,423)	(50,083)
	Net Carrying amount at 30 June	1,362,182	1,152,944
	Cost	2,436,651	1,939,230
	Accumulated Amortisation	(1,074,709)	(789,285)
	Accumulated Impairment Loss	-	-
4.2	Material Intangible Assets included in the carrying value:		
	<u>Description</u>	<u>Remaining Amortisation Period</u>	<u>Carrying Value</u>
	Water infrastructure software (SCADA)	2-4 years	876 611
	ICT Firewall	3 years	236 777
	No intangible asset were assessed 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 restricted or pledged as security.		
	There are no contractual commitments for the acquisition of intangible assets.		
4.3	Effect of changes in accounting estimates	2024 R	2023 R
	Effect on intangible Assets	(44,717)	(661)
	The Municipality has reassessed the useful lives of intangible Assets. This resulted in change in depreciation charge, accumulated depreciation charge and the carrying value of intangible Assets. The effect of the change for the current and future periods are disclosed on note 4.3.	(25 299)	
5. HERITAGE ASSETS		2024 R	2023 R
	Net Carrying amount at 1 July	3,340,000	3,340,000
	Cost	3,340,000	3,340,000
	Accumulated Impairment Loss	-	-
	Additions	-	-
	Disposals	-	-
	Transfers	-	-
	Impairment Loss/ Reversal of Impairment Loss	-	-
	Net Carrying amount at 30 June	3,340,000	3,340,000
	Cost	3,340,000	3,340,000
	Accumulated Impairment Loss	-	-
	Heritage assets relates to historical buildings.		
	There are no restrictions on the title and disposal of Heritage Assets or Heritage Assets pledged as security.		
	There are no contractual obligations to purchase, construct or develop Heritage Assets.		
	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 2024



6. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS

Receivables with repay arrangements
Less: Provision for Debt Impairment

Net Non-current receivables from exchange

Less: Current portion transferred to Receivables from Exchange Transactions - note 10

Total Non-Current Receivables from Exchange Transactions

2024 R	2023 R
1 806,491	3 672,455
(523,190)	(740,358)
1 276,300	2 932,096
(1,145,823)	(902,343)
229,477	2,029,753

ARRANGEMENTS

Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period of 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.

Reconciliation of provision for debt impairment

Balance at beginning of year
Reversal of provision

Total Provision for Debt Impairment

2024 R	2023 R
740,358	6 393,427
(217,168)	(5,053,068)
523,190	740,358

7. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Housing Selling Schemes
Receivables with repay arrangements
Less: Provision for Debt Impairment

Net Non-current receivables from exchange

Less: Current portion transferred to Receivables from Non-Exchange Transactions - note 11

Total Non-Current Receivables from Non-Exchange Transactions

2024 R	2023 R
38,433	484
630,514	690,035
(132,564)	(143,246)
536,383	747,269
(453,524)	(251,951)
82,858	495,318

HOUSING SELLING SCHEME

The outstanding amount relates to prior years and is still collectable. General public were entitled to housing loans which attract interest of 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 of 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.

Reconciliation of provision for debt impairment

Balance at beginning of year
Reversal of provision

Total Provision for Debt Impairment

2024 R	2023 R
143,249	1 490,246
(10,685)	(1,346,967)
132,564	143,249

8. OPERATING LEASE ARRANGEMENTS

8.1 The Municipality as Lessor

Operating Lease Asset (current)

Reconciliation

Balance at the beginning of the year
Movement during the year

Balance at the end of the year

2024 R	2023 R
185,936	146,220
2024	2023
R	R
146,220	134,795
39 716	11 425
185,936	146,220

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

1 to 5 Years

More than 5 Years

Total Operating Lease Arrangements

Beaufort West Municipality is leasing land to rate payers for periods of 2 to 99 years with various escalations per year.

The leases are in respect of land being leased out for a period until 2109.

Lease receipts receivable for the 22/23 financial year has been restated due to contracts identified relating to previous years, that was omitted in the previous financial years. The disclosure has been restated for 2023 with R342 006.

2024 R	2023 R
893 852	820,038
1 531 864	2 517 411
184 267	342 612
2 610,023	3 680,061

BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



9. INVENTORY

Consumables and materials
Water
Total Inventory

2024 R	2023 R
2 054 629	4 279 600
103 742	211 320
3,058,371	4,490,920

The municipality recognised only purification costs in respect of non-purchased purified water inventory
No inventories were pledged as security for liabilities

9.1 Inventories recognised as an expense during the year:

Consumables and materials
Materials and Supplies
Total

2024 R	2023 R
542 050	295 833
6 816 759	4 431 236
7,359,710	4,727,069

9.2 Reversal of write down to Net realisable value (write down)

Reversal of write down to Net realisable value

2024 R	2023 R
(107,578)	171,435

Water inventory was remeasured on year-end that resulted in a loss for the current financial year.

10. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables
Electricity
Water
Property Rentals
Waste Management
Waste Water Management
Total Service Receivables
Less: Provision for Debt Impairment
Net Service Receivables

2024 R	2023 R
20 509 353	15 947 405
30 235 565	28 897 339
3 903 474	3 085 647
27 331 338	28 249 904
44 303 146	42 649 906
128 282 868	116 830 201
(105 202 557)	(100 538 430)
21 080 311	16 291 770

Other Amounts

Total: Other receivables from exchange transactions (before provision)

Less: Provision for Debt Impairment

Total: Other receivables from exchange transactions (after provision)

Total Net Receivables from Exchange Transactions

2024 R	2023 R
31 853 195	30 129 169
31 853 195	30 129 169
(28 043 637)	(26 143 667)
3 809 558	3 985 502
24 700 098	17 277 273

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 approximates their carrying value

No debtors were pledged as security

Electricity: Amount

Current (0 - 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days
Total

2024 R	2023 R
7 614 105	3 287 283
608 307	551 249
369 556	487 787
11 916 383	11 621 108
20 509 353	16 947 405

Water: Amount

Current (0 - 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days
Total

2024 R	2023 R
1 842 300	2 308 051
1 485 391	1 158 092
1 472 926	1 280 814
25 451 068	24 064 381
30 235 685	28 897 339

Property Rentals: Amount

Current (0 - 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days
Total

2024 R	2023 R
166 329	108 534
76 855	145 635
71 233	79 976
3 589 047	2 751 503
3,803,474	3,085,647

BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



Waste Management Arrears

	2024 R	2023 R
Current (0 - 30 days)	1,066,336	1,038,660
31 - 60 Days	895,256	729,383
61 - 90 Days	805,954	709,251
+ 90 Days	24,763,790	23,772,601
Total	27,331,338	26,249,904

Waste Water Management Arrears

	2024 R	2023 R
Current (0 - 30 days)	1,917,437	1,839,260
31 - 60 Days	1,596,077	1,174,669
61 - 90 Days	950,037	1,133,567
+ 90 Days	39,836,567	38,505,201
Total	44,300,118	42,649,908

Other Arrears

	2024 R	2023 R
Current (0 - 30 days)	34,806	79,527
31 - 60 Days	49,023	15,888
61 - 90 Days	193,285	16,147
+ 90 Days	31,418,282	30,017,688
Total	31,663,186	30,129,189

Total Arrears

	2024 R	2023 R
Current (0 - 30 days)	12,641,112	8,748,413
31 - 60 Days	4,994,920	3,772,028
61 - 90 Days	3,532,895	3,707,541
+ 90 Days	138,977,055	130,732,480
Total	167,246,093	148,869,370

Summary of Debtors by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2024				
Current (0 - 30 days)	233,109	8,898,705	2,759,704	1,880,577
31 - 60 Days	58,298	4,060,850	192,713	362,959
61 - 90 Days	69,571	3,159,544	186,565	239,314
+ 90 Days	2,226,119	119,000,566	4,985,514	6,833,785
Sub-total	2,586,098	135,119,765	6,094,596	12,145,630
Less: Provision for Debt Impairment	(2,293,137)	(126,127,415)	(4,825,443)	-
Total debtors by customer classification	292,961	8,992,349	3,269,153	12,145,630

Summary of Debtors by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government
30 June 2023				
Current (0 - 30 days)	115,691	6,890,166	1,765,436	689,116
31 - 60 Days	48,478	3,252,053	192,603	279,792
61 - 90 Days	67,809	3,198,200	148,816	291,715
+ 90 Days	1,867,205	114,400,467	4,570,863	9,079,937
Sub-total	2,099,183	127,741,908	6,777,721	10,340,560
Less: Provision for Debt Impairment	(1,788,048)	(123,356,336)	(4,535,712)	-
Total debtors by customer classification	311,135	4,385,572	2,242,009	10,340,560

Reconciliation of Provision for Debt Impairment

	2024 R	2023 R
Balance at beginning of year	129,682,006	109,817,711
Transfer from non-current portion	740,356	6,393,427
Contribution to provision	3,346,730	13,611,787
VAT on provision	-	656,652
Reversal of provision	-	(57,132)
Transfer to non-current portion	(523,190)	(740,358)
Balance at end of year	133,245,894	129,682,096

The total amount of this provision consist of

	2024 R	2023 R
Electricity	12,200,223	11,902,075
Water	24,850,296	23,714,007
Waste Management	24,848,971	23,828,256
Waste water management	40,065,727	38,451,206
Property Rentals	3,437,140	2,642,884
Other Arrears	28,043,637	29,143,667
Total Provision for Debt Impairment on Receivables from exchange transactions	133,245,894	129,682,097

Ageing of amounts past due but not impaired:

	2024 R	2023 R
1 month past due	392,959	279,792
2- months past due	10,072,100	9,371,652
	10,465,059	9,651,444

Ageing of amounts past due and impaired:

	2024 R	2023 R
1 month past due	4,301,960	3,580,323
2- months past due	129,608,979	126,906,333
	133,910,939	132,486,656

The provision for doubtful debts on receivables exists due to the possibility that not all debts will be recovered. 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.

BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



<u>Reconciliation of bad debts written off</u>	2024	2023
Service debtors	R 17,369,337	R 14,574,364

Bad debts were written off for indigent debtors.

11. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2024	2023
	R	R
Property Rates	42,852,776	38,505,016
Fines	117,502,302	91,490,244
Other receivables	11,329,752	11,604,240
	<u>171,684,830</u>	<u>141,699,499</u>
<u>Less:</u> Provision for Debt Impairment	<u>(137,928,058)</u>	<u>(118,353,563)</u>
Total Receivables from non-exchange transactions	33,756,772	23,245,936

Statutory receivables included in receivables from non-exchange transactions

Property rates	42,852,776	38,505,016
Other receivables	11,329,752	11,604,240
Fines	117,502,302	91,490,244
	<u>171,684,830</u>	<u>141,699,499</u>

Financial assets included in receivables from non-exchange transactions

Other receivables - Eskom deposit	836,770	561,690
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The fair value of other receivables approximates their carrying value.

Property Rates 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.

No debtors were pledged as security.

<u>Property Rates: Ageing</u>	2024	2023
	R	R
Current (0 - 30 days)	2,857,092	2,778,545
31 - 60 Days	1,346,771	1,275,158
61 - 90 Days	990,501	1,003,708
+ 90 Days	37,558,442	33,447,608
Total	42,852,776	38,606,016

Other Receivables: Ageing

Current (0 - 30 days)	4,526	(588)
31 - 60 Days	539	1,042
61 - 90 Days	87	-
+ 90 Days	11,324,600	11,603,890
Total	11,329,762	11,604,240

Fines Ageing

Current (0 - 30 days)	4,704,000	11,953,800
31 - 60 Days	3,843,050	9,673,750
61 - 90 Days	4,680,300	11,105,150
+ 90 Days	104,274,952	56,757,544
Total	117,682,302	91,490,244

Summary of Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2024				
Current (0 - 30 days)	4,688,023	1,654,584	725,933	197,048
31 - 60 Days	3,961,303	990,526	189,661	173,870
61 - 90 Days	4,814,641	357,911	135,943	162,393
+ 90 Days	122,862,581	21,906,076	4,412,857	3,874,599
Sub-total	136,546,528	25,168,097	5,444,195	4,508,010
<u>Less:</u> Provision for Debt Impairment	<u>(110,593,763)</u>	<u>(23,076,710)</u>	<u>(4,283,586)</u>	<u>-</u>
Total debtors by customer classification	25,952,745	2,116,387	1,180,629	4,608,010

Summary of Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2023				R
Current (0 - 30 days)	12,247,537	1,534,734	723,723	225,652
31 - 60 Days	9,801,308	727,205	182,518	238,817
61 - 90 Days	11,227,707	636,655	134,656	106,639
+ 90 Days	75,570,300	21,015,827	4,091,534	3,221,387
Sub-total	108,846,852	23,917,420	5,042,732	3,792,496
<u>Less:</u> Provision for Debt Impairment	<u>(86,748,018)</u>	<u>(17,710,992)</u>	<u>(3,894,552)</u>	<u>-</u>
Total debtors by customer classification	12,098,833	6,206,428	1,148,180	3,792,496

BEAUFORT WEST MUNICIPALITY
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Reconciliation of Provision for Debt Impairment

	2024 R	2023 R
Balance at beginning of year	118 353 584	255 554 063
Transfer from non-current portion	143 249	1 490 246
Contribution to provision	48 043 814	33 810 241
VAT contributions to provision	(143 965)	520 842
Reversal of provision	(26 335 806)	(172 087 479)
Transfer to non-current portion	(132 564)	(143 249)
Balance at end of year	<u>137 928 059</u>	<u>118 353 584</u>
	2024 R	2023 R

The total amount of this provision consist of

	2024 R	2023 R
Property Rates	40 835 060	39 473 518
Fines	97 092 068	78 860 045
Total Provision for Debt Impairment	<u>137 928 068</u>	<u>118 353 563</u>
	2024 R	2023 R

Ageing of amounts past due but not impaired

	2024 R	2023 R
1 month past due	173 870	238 817
2+ months past due	4 137 062	3 328 028
Total	<u>4 310 962</u>	<u>3 666 843</u>
	2024 R	2023 R

Ageing of amounts past due and impaired

	2024 R	2023 R
1 month past due	5 016 460	10 711 131
2+ months past due	154 191 451	112 569 876
Total	<u>159 207 941</u>	<u>123 301 010</u>
	2024 R	2023 R

The provision for doubtful debts on receivables exists due to the possibility that not all debts will be recovered. 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 receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of 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 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.

Reconciliation of bad debts written off

	2024 R	2023 R
Property Rates	3 366 846	3 291 648
Fines	31 484 863	206 420 338
Total	<u>34 841 741</u>	<u>209 711 987</u>
	2024 R	2023 R

Bad debts were written off for indigent debtors (property rates). Traffic fines that exceeded the prescribed period were written off.

12. CASH AND CASH EQUIVALENTS

12.1 Cash and Cash Equivalents

	2024 R	2023 R
Current Accounts	3 760 764	2 524 653
Call Deposits and Investments	12 105 552	12 318 108
Cash On-hand	16 868	17 032
Total Cash and Cash Equivalents	<u>15 883 184</u>	<u>14 859 793</u>
	2024 R	2023 R

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investment Deposits to an amount of R12 105 552 (2023: R12 318 108) are held to fund Unspent Conditional Grants.

An approved bank overdraft of R5 000 000 exists at Nedbank and the Municipality has a facility of R500 000 for Fleet Cards at Nedbank on 30 June 2024.

The municipality has the following bank accounts:

	2024 R	2023 R
Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account)	3 366 022	2 010 264
ABSA Bank -Account Number 409 410 8341	394 742	514 389
	<u>3 760 764</u>	<u>2 524 653</u>
	2024 R	2023 R

Call Deposits and Investments

	2024 R	2023 R
Investec	1 296 652	1 106 025
ABSA	7 330 917	4 112 946
Standard Bank	2 596 376	6 177 126
Nedbank	902 613	832 012
	<u>12 105 669</u>	<u>12 318 110</u>
	2024 R	2023 R

Details of current accounts are as follow:

Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):

	2024 R	2023 R
Cash book balance at beginning of year	2 010 264	2 821 384
Cash book balance at end of year	<u>3 366 022</u>	<u>2 010 264</u>
Bank statement balance at beginning of year Nedbank-Account Number 10 7428 0318	1 886 046	2 643 186
Bank statement balance at end of year Nedbank-Account Number 10 7428 0318	<u>3 149 267</u>	<u>1 888 046</u>
	2024 R	2023 R

BEAUFORT WEST MUNICIPALITY
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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

2024 R	2023 R
514,389	110,685
394,742	514,389
241,925	77,340
394,742	241,925

Details of call deposits and investment accounts are as follow

Investec
 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

2024 R	2023 R
1 196,025	895,257
1 296,652	1 196,025
1 196,025	895,257
1 296,652	1 196,025

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

2024 R	2023 R
4,112,946	-
7,339,617	4,112,946
4,112,946	-
7,339,617	4,112,946

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

2024 R	2023 R
6,177,126	7,470,625
2,566,376	6,177,126
6,177,126	7,470,625
2,566,376	6,177,126

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

2024 R	2023 R
832,012	5,071,332
902,613	832,012
832,012	5,071,332
902,613	832,012

13. LONG-TERM BORROWINGS

Annuity Loans - note 13.1
 Capitalised Lease Liability note 13.2

2024 R	2023 R
3,768,777	4,522,919
1,133,948	-
4,922,726	4,522,919
(1,181,399)	(734,141)
(658,021)	(734,141)
(523,378)	-
3,741,325	3,788,777

Less: Current Portion transferred to Current Liabilities
 Annuity Loans
 Capitalised Lease Liability

Total Long-term Borrowings

Annuity loans at amortised cost is calculated at 6.75%-10.60% interest rate, with last maturity date of 31 December 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. No contingent rents are payable.

Capitalised lease liability at amortised cost is calculated at 14.25% interest rate, with the last maturity date of 30 June 2026. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured. No contingent rents are payable.

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

2024 R	2023 R
	Minimum annuity payments
1 046,875	1 184,871
3 596,371	3 739,373
449,540	1 348,620
5 092,887	6 282,864
(1,304,107)	(1 759,043)
3,788,779	4,822,921

TOTAL
Less: Future finance obligations
 Present value of annuity loans obligations

13.2 The obligations under capitalised lease liability are scheduled below:

Amounts payable under finance leases:
 Payable within one year
 Payable within two to five years

2024 R	2023 R
	Minimum lease payments
640,067	-
654,764	-
1 294,832	-
(160,894)	-
1,433,948	-

TOTAL
Less: Future finance obligations
 Present value of capitalised lease obligations

BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



		2024	2023
		R	R
14.	NON-CURRENT PROVISIONS		
	Provision for Rehabilitation of Landfill-sites	21,300,124	16,512,347
	Total Non-current Provisions	21,300,124	16,512,347
		2024	2023
		R	R
14.1	Landfill Sites		
	Balance 1 July	16,512,346	14,650,321
	Increase due to re-measurement	2,700,250	244,671
	Unwinding of discounted interest	2,087,526	1,608,355
	Total provision 30 June	21,300,123	16,512,346
	Less: Transfer of Current Portion to Current Provisions - Note 17	-	-
	Balance 30 June	21,300,123	16,512,346

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:

Licence type	Beaufort West		Nelspoort		Murraysburg		Merweville	
	G.C.B.	R	G.C.B.	R	G.C.B.	R	G.C.B.	R
Preliminary and General (Rand)	3,713,724		633,183		1,111,723		485,270	
Site Clearance and Preparation (R2.95/m ²)	72,727		9,656		20,067		6,096	
Silt/Water Control Measures (Rand)	2,390,511		1,184,081		1,430,304		743,774	
Capping (Rand)	20,237,115		2,371,480		4,703,226		1,618,275	
Leachate Management (Rand)	746,260		420,680		480,981		261,830	
Fencing (Rand)	13,397		13,397		388,310		13,397	
Discount Rate used								
					2024		2023	
					%		%	
Beaufort West					12.177%		12.312%	
Merweville					12.264%		12.295%	
Murraysburg					9.196%		9.454%	
Nelspoort					11.656%		12.314%	

In terms of the licensing of the landfill-sites, the municipality will incur licensing and rehabilitation costs of R21 300 124 (2023: R16 512 347) 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 May 2023 to May 2024.

Other assumptions:

	Beaufort West	Nelspoort	Murraysburg	Merweville
Area (m ²)	46,474	6,772	13,651	6,590
Environmental Authorisation (Closure Licence) (Rand)	460,688	460,688	460,688	460,688
Technical ROD (Rand)	232,968	232,968	232,968	232,968
Install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor site establishment) (Rand)	184,695	171,470	191,476	152,333
Landscape Architects (Rand)	159,181	159,279	159,898	159,914
Water use licence (Rand)	39,000	39,000	39,000	39,000
Topographical Survey (Rand)	19,554	7,850	7,950	7,950
Contingencies (Rand)	2,717,377	463,308	813,461	341,175
Engineering - Professional Fees (Rand)	2,665,396	621,996	1,983,289	456,872
Site Supervision (Engineer's Representative) (Rand)	606,880	167,150	269,347	143,994
Site Supervision (Environmental Control Officer & OHS Agent) (Rand)	29,635	32,740	71,137	59,482

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 date	2024	2023
		R	R
Beaufort West	2043	67,703,885	112,011,849
Murraysburg	2030	15,388,977	14,925,976
Nelspoort	2042	16,951,841	20,374,678
Merweville	2081	89,690,955	108,140,568
Total		209,725,658	256,453,101

BEALPORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



16. NON-CURRENT EMPLOYEE BENEFITS

Post Retirement Benefits
Long Service Awards
Pension Murraysburg
Total Non-current Employee Benefits

2024 R	2023 R
28 750 897	25 548 000
4 964 000	4 729 000
27 311	27 311
33 744 307	30 304 311

Post Retirement Health Care Benefits

Balance 1 July
Contribution for the year
Expenditure for the year
Actuarial Loss/(Gain)

2024 R	2023 R
27 009 000	27 677 000
4 191 000	4 232 000
(1 503 885)	(1 329 313)
767 885	(3 570 687)
30 484 000	27 009 000

Total provision 30 June

Less: Transfer of Current Portion to Current Provisions - Note 16

(1 711 000)	(1 481 000)
28 773 000	26 548 000

Balance 30 June

Pension Murraysburg

Balance 1 July
Expenditure for the year
Total provision 30 June

2024 R	2023 R
27 311	27 311
-	-
27 311	27 311

Less: Transfer of Current Portion to Current Provisions - Note 16

-	-
27 311	27 311

Balance 30 June

Long Service Awards

Balance 1 July
Contribution for the year
Expenditure for the year
Actuarial Loss/(Gain)

2024 R	2023 R
5 609 000	5 670 000
1 035 000	1 068 000
(736 235)	(733 251)
(187 785)	(365 749)
6 737 000	6 609 000

Total provision 30 June

Less: Transfer of Current Portion to Current Provisions - Note 16

(773 000)	(860 000)
4 964 000	4 729 000

Balance 30 June

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July
Contribution for the year
Expenditure for the year
Actuarial Loss/(Gain)

32 845 311	33 374 311
5 226 000	5 300 000
(2 243 120)	(2 062 564)
600 120	(3 956 438)
36 228 311	32 845 311

Total employee benefits 30 June

Less: Transfer of Current Portion to Current Provisions - Note 16

(2 484 000)	(2 341 000)
33 744 311	30 304 311

Balance 30 June

15.1 Provision for Post Retirement Health Care Benefits

2024 R 2023 R

Nature of the plan
Eligible employees will receive a post-employment subsidy of 70% of the contributions payable should they be a member of a medical scheme at retirement. Continuation members and their eligible dependants receive a 70% subsidy.

Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:
LA Health
SAMWU Medical Aid

Regulatory framework
GRAP 25, derived from IPSAS 38 and IAS 19, has been approved by the ASB and the Minister of Finance, and is effective for financial periods commencing on or after 1 April 2023. It applies to institutions falling within the ambit of the Finance Management Act.

Risks of the plan
Inflation: The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.
Longevity: The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.
Volatility of open-ended, long-term DBO: The risk that the DBO may be volatile which is exacerbated by its long-term nature.
Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
Future changes in legislation: The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the DBO for the Municipality.

There are no curtailments or settlements to reflect.

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	60	58
In-service (employee) non-members	290	311
Continuation members (e.g. Retirees, widows, orphans)	33	33
Total Members	383	400
	2024 R	2023 R

The liability in respect of past service has been estimated to be as follows:

In-service members	6,555,000	7,871,000
In-service non-members	4,417,000	3,848,000
Continuation members (e.g. Retirees, widows, orphans)	16,492,000	15,492,000
Total Liability	30,464,000	27,009,000
	2024 R	2023 R

Key actuarial assumptions used:

i) Rate of Interest	%	%
Discount rate	12.17%	12.27%
CPI	6.17%	6.38%
Medical Aid Contribution Inflation Rate	7.67%	7.88%
Net Effective Discount Rate	4.18%	4.07%

The next contribution increases were assumed to occur at 1 January 2025

ii) Mortality during employment

SABS-90 table, adjusted for female lives

iii) Mortality rates post employment

The PA 90-1 with 1% mortality improvement from p a from 2010

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 59 for females which then implicitly allows for expected rates of early and ill-health retirement.

vi) Continuation of membership

It has been assumed that 75% of in-service members will continue after retirement. It has been assumed that 10% of eligible in-service non-members will be on medical scheme by retirement (should not exit before then) and continue with subsidy at retirement.

viii) 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) Termination of service

Valuation: 30 June 2024

Age	Rate
20-24	6%
25-29	6%
30-34	6%
35-39	5%
40-44	5%
45-49	4%
50-54	3%
55+	0%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	30,464,000	27,009,000
Net defined benefit liability	30,464,000	27,009,000
	2024 R	2023 R

The total defined benefit obligation has increased by 13% (or R3 455 million) since the last valuation. The main reasons for the change in liability:

- 1 An increase in the average age, which means members are closer to retirement (less discounting) and less likely to leave before retirement.
- 2 An increase in the average post service.
- 3 An increase in the average post-employment subsidy.
- 4 An increase in the proportion of members with a spouse dependant (continuation members).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	27,009,000	27,677,000
Total contribution	4,191,000	4,232,000
Service cost	964,000	1,048,000
Interest Cost	3,227,000	3,184,000
Remeasurement of net defined liability		
Payments to the plan	(1,503,885)	(1,328,313)
Actual gain/losses	767,895	(3,570,697)
Financial assumptions	(4,15,000)	(3,331,000)
Experience adjustments	1,192,885	(39,987)
Present value of fund obligation at the end of the year	30,464,000	27,009,000
Less: Transfer of Current Portion - Note 18	(1,711,000)	(1,461,000)
Balance 30 June	28,753,000	25,548,000
	2024 R	2023 R

Sensitivity Analysis on the Accrued Liability on 30 June 2024

Assumption	Total Liability (Rm)
Central Assumptions	30,464,000

The effect of movements in the assumptions are as follows:

Assumption	Change	Total Liability (Rm)	% change
Medical aid contribution inflation rate	1%	34,428,000	13%
Medical aid contribution inflation rate	-1%	27,181,000	-11%
Discount rate	1%	27,309,000	-10%
Discount rate	-1%	34,261,000	13%
Post-retirement mortality	1 year	28,810,000	-3%
Post-retirement mortality	(1 year)	31,514,000	3%
Average retirement age	-1 year	31,690,000	4%
Membership continuation	-10%	28,677,000	-6%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2024

BEAUFORT WEST MUNICIPALITY
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Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumptions		084 000	3 227 000	4 191 000	
Medical aid contribution inflation rate	1%	1 158 000	3 658 000	4 814 000	15%
Medical aid contribution inflation rate	-1%	810 000	2 868 000	3 678 000	-12%
Discount rate	1%	625 000	3 119 000	3 844 000	-6%
Discount rate	-1%	1 140 000	3 348 000	4 488 000	7%
Post-retirement mortality	1 year	843 000	3 133 000	4 076 000	-3%
Post-retirement mortality	(1 year)	886 000	3 320 000	4 306 000	3%
Average retirement age	(1 year)	886 000	3 372 000	4 358 000	4%
Membership continuation	-10%	840 000	3 044 000	3 884 000	-7%

The method used to prepare the sensitivity analysis remained unchanged from the previous period. The assumptions used would be based on the market conditions and demographic inputs as at 30 June 2024.

The Service Cost for the ensuing year is estimated to be R841 000 whereas the Interest Cost for the next year is estimated to be R3 600 000.

Maturity analysis for obligation (benefit payments)

Future year	Financial year	Expected benefits
1	2025	1 711 000
2	2026	1 950 000
3	2027	2 083 000
4	2028	2 334 000
5	2029	2 564 000
6-10	2030-2034	17 505 000
11-15	2035-2039	28 182 000
16-20	2040-2044	37 774 000
21-25	2045-2049	51 386 000
26-30	2050-2054	65 476 000
31-40	2055-2064	158 704 000
41-50	2065-2074	155 842 000
51-60	2075-2084	110 807 000
61-70	2085-2094	49 374 000
71-80	2095-2104	10 844 000

16.2 Provision for Long Service Awards (LSA)

Nature of the plan
The Municipality offers employees LSA for every five years of service completed, from ten years of service to 45 years of service, inclusive. In the month that each "completed service" milestone is reached, the employee is granted an LSA.

As at year end the following number of employees were eligible for Long Service Bonuses.

Regulatory Framework

GRAP 25, derived from IPSAS 36 and IAS 19, has been approved by the ASB and the Minister of Finance, and is effective for financial periods commencing on or after 1 April 2023. It applies to institutions falling within the ambit of the Finance Management Act.

Risks of the defined benefit obligation (DBO)

Inflation: The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.

Termination of service: The risk that fewer eligible employees terminate their service at the Municipality i.e. more long service awards vest than expected.

Volatility of open-ended, long-term DBO: The risk that the DBO may be volatile which is exacerbated by its long-term nature.

Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

Future changes in legislation: The risk that changes to legislation with respect to long service awards may increase the DBO for the Municipality.

Key actuarial assumptions used

	2024 %	2023 %
i) Rate of interest		
Discount rate	10.97%	11.20%
General Salary Inflation	6.14%	6.52%
CPI	5.14%	5.52%
Net Discount rate	4.55%	4.36%
The next general earnings increase was assumed to take place on 1 July 2025.		
ii) Mortality during employment		
SABS-90 ultimate table, adjusted down for female lives		
iii) Retirement age		
It has been assumed that male employees will retire at age 62 and female employees will retire at age 59 (average). The normal retirement age is 65 for males and 60 for females.		
iv) Withdrawal rates		
Valuation: 30 June 2024		
Age	Rate	
20-24	9%	
25-29	8%	
30-34	8%	
35-39	5%	
40-44	5%	
45-49	4%	
50-54	3%	
55+	0%	

The amounts recognised in the Statement of Financial Position are as follows:

	2024 R	2023 R
Present value of fund obligations	5 737 000	5 608 000
Net defined benefit liability	5 737 000	5 608 000

There are currently no long-term assets held aside off-balance sheet in respect of the long-service award, thus plan assets is zero.

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation.

The total defined benefit obligation has increased by 2% (or R128 000) due to the above, partially offset by a decrease in the number of eligible employees since the last valuation.

Reconciliation of present value of fund obligation:

	2024 R	2023 R
Present value of fund obligation at the beginning of the year	5 609 000	5 670 000
Total contribution	1 035 000	1 068 000
Service cost	455 000	482 000
Interest Cost	580 000	586 000
Remeasurement of net defined liability		
Payments to the plan	(739 235)	(733 251)
Actuarial (gains)/losses	(187 765)	(385 749)
Financial assumptions	(44 000)	(302 000)
Experience adjustments	(123 765)	(93 749)
Net defined benefit liability	5 737 000	5 609 000
Less: Transfer of Current Portion - Note 18	(773 000)	(680 000)
Net defined benefit liability	4 964 000	4 729 000

Sensitivity Analysis on the Accrued Liability on 30 June 2024

Assumption	Change in assumption	Liability	% change
Central assumptions		5 737 000	
General earnings inflation	1%	6 049 000	5%
General earnings inflation	-1%	5 433 000	-5%
Discount rate	1%	5 447 000	-5%
Discount rate	-1%	6 050 000	5%
Average retirement age	2 year	6 786 000	18%
Average retirement age	(2 year)	4 525 000	-18%
Rates of termination service	x2	4 793 000	-16%
Rates of termination service	x0.5	6 369 000	11%

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Sensitivity Analysis on Current Service and Interest Cost for the year ending 30 June 2024

Assumption	Change in assumption	Service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumptions		455 000	580 000	1 035 000	
General earnings inflation	1%	468 000	615 000	1 083 000	7%
Discount rate	-1%	425 000	549 000	974 000	-6%
Average retirement age	2 year	521 000	682 000	1 203 000	17%
Rates of termination service	x2	346 000	475 000	821 000	-21%
	x0.5	533 000	651 000	1 184 000	14%

The method used to prepare the sensitivity analysis remained unchanged from the previous period. The assumptions used would be based on the market conditions and demographic inputs as at 30 June 2024.

The Service Cost for the ensuing year is estimated to be R454 000 whereas the Interest Cost for the next year is estimated to be R586 000.

Maturity analysis: Expected benefit payments

The expected benefit payments was determined by actuaries for the next 30 years, for current eligible employees.

Future year	Financial year	Expected benefits vesting
1	2025	773,000
2	2026	1,141,000
3	2027	650,000
4	2028	961,000
5	2029	1,071,000
6-10	2030-2034	4,899,000
11-15	2035-2039	5,568,000
16-20	2040-2044	5,387,000
21-30	2045-2054	5,349,000
31-40	2055-2064	343,000

16.3 Multi-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 employer. 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 claim 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 respective plans is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. The only obligation of the municipality in terms of the plans is to make specified contributions.

CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT 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 2023 revealed that the fund is in a sound financial position with a funding level of 120,1% (30 June 2022 - 131,8%).

Contributions paid recognised in the Statement of Financial Performance

2024	2023
R	R
12 000 466	11 881 261

Expected contributions for the next reporting period

15 344 825	12 000 466
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LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

The contribution rate payable is 0%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2023 revealed that the fund has a funding level of 120,3% (30 June 2022 - 104,5%).

Contributions paid recognised in the Statement of Financial Performance

55 619	58 807
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Expected contributions for the next reporting period

61,537	55 619
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SALA PENSION FUND

The contribution rate payable is 8,60% by members and 20,78% by Council. The most recent valuation was done on September 2023. The market value of the fund as at September 2023 was R12 076 570 424 (30 April 2022: R12 610 632 303).

Contributions paid recognised in the Statement of Financial Performance

885 169	650 620
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Expected contributions for the next reporting period

852 864	885 169
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MUNICIPAL RETIREMENT WORKERS FUND

Council 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 (8,0%) and Council (18,0%).

Contributions paid recognised in the Statement of Financial Performance

549 085	565 997
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Expected contributions for the next reporting period

460 501	549 085
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BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



16. CONSUMER DEPOSITS

	2024 R	2023 R
Electricity	1 853 547	1 852 709
Rental Properties	154 598	105 185
Water	332 877	328 039
Building Plans	6 340	631
Posters	4 169	357
Refuse	330 432	203 490
Total Consumer Deposits	2 611 963	2 490 411

The fair value of consumer deposits approximates their carrying value. Interest is not paid on these amounts.
 For guarantees held in lieu of electricity and water deposits refer to note 52.

17. PROVISIONS

	2024 R	2023 R
Current Portion of VAT Libraries		
Opening balance	3 298 698	2 427 522
Additions	933 652	871 174
Total Provisions	4 232 348	3 298 696

As per the Schedule 5 of the Constitution of the Republic of South Africa, the responsibility to render library services is allocated to the provincial government. The Western Cape Provincial Department of Cultural Affairs and Sport (DCAS) therefore has a responsibility to provide the library services as per its mandate.

The library function has not been assigned to the Municipality. Library services therefore remains a provincial government function performed by DCAS.

In order for DCAS to carry out its library services, DCAS entered into a Memorandum of Agreement (MOA) with Beaufort West Local Municipality in which DCAS makes a payment of library grant funding to the municipality, in order for the municipality to provide the library services for the benefit of the general public.

Payments received from Western Cape Provincial Department of Cultural Affairs (DCAS) is not deemed to be a grant according to the VAT act, yet there is some uncertainty related to the treatment of the VAT related to funding received from DCAS.

The main uncertainty is what periods SARS will include in the assessment and per the VDP program. The Municipality took a conservative approach and calculated the provision based on a period of 5 year, i.e. from 2019/20 to 2023/24.

Another uncertainty is whether any interest will be levied by SARS. The possible interest for the past 5 years were included as a contingent liability, refer to note 52.

18. CURRENT EMPLOYEE BENEFITS

	2024 R	2023 R
Performance Bonuses	160 513	103 190
Staff Bonuses	3 398 132	3 481 398
Staff Leave	9 126 714	8 532 318
Current Portion of Non-Current Provisions	2 484 000	2 341 000
Current Portion of Post Retirement Benefits - Note 15	1 711 000	1 481 000
Current Portion of Long-Service Provisions - Note 15	773 000	880 000
Total Provisions	16 172 360	14 437 907

The movement in current provisions are reconciled as follows:

18.1 Performance Bonuses

	2024 R	2023 R
Balance at beginning of year	103 190	200 368
Contribution to current portion	160 513	3 006
Reversal of provision	(103 190)	(100 183)
Balance at end of year	160 513	103 190

Performance bonuses are being paid to permanent directors after an evaluation of performance by the council. There is no possibility of reimbursement.

18.2 Staff Bonuses

	2024 R	2023 R
Balance at beginning of year	3 481 400	3 404 268
Contribution to current portion	5 872 579	6 085 863
Reversal of provision	(6 035 845)	(6 128 531)
Balance at end of year	3 398 133	3 461 400

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 safety cycle. There is no possibility of reimbursement.

18.3 Staff Leave

	2024 R	2023 R
Balance at beginning of year	6 532 319	6 656 501
Contribution to current portion	1 116 881	554 966
Expenditure incurred	(519 485)	(678 151)
Balance at end of year	6 129 715	6 532 319

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 2024



	2024 R	2023 R
19.1 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Receivable accounts with credit balances	8,715,473	6,980,851
Relations	1,225,065	2,783,159
Sundry creditors	1,210,908	574,989
Trade Payables	84,174,265	148,550,612
Total Trade Payables (excluding debt relief)	76,326,309	156,849,421
<p>Payables are being recognised net of any discounts. The required payment period per MFMA is 30 days. Due to financial difficulties experienced by the municipality all payables are not paid within 30 days. 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.</p>		
19.2 TRADE AND OTHER PAYABLES FROM EXCHANGE (DEBT RELIEF)		
Non-current portion arrangement	42,533,008	-
Current portion arrangement	25,186,869	-
Total arrangement	67,899,705	-
<p>The municipality was approved for debt relief programme on Eskom debt, with effect from 1 July 2023. Per the debt relief programme, arrear debt as at March 2023, is written off over a three year period, based on certain conditions that need be complied with.</p>		
20. UNSPENT TRANSFERS AND SUBSIDIES		
Unspent Transfers and Subsidies	2,354,144	4,973,197
National Government Grants	185,581	3,309,454
Provincial Government Grants	1,371,547	497,369
District Municipality	85,714	75,865
Other Grant Providers	701,301	1,120,378
Total Unspent Transfers and Subsidies	2,354,144	4,973,197
Amount available in short term investment deposits - note 12	12,105,552	12,318,108
Available Cash for Unspent Conditional Grants and Receipts	12,106,652	12,318,108
<p>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.</p>		
21. VAT RECEIVABLE/(PAYABLE)		
21.1 Net VAT Receivable/(Payable)	6,331,883	10,112,464
VAT balances per classification		
SARS: VAT control (statutory)	(6,191,680)	(1,482,782)
VAT input accrual (receivable from exchange)	14,780,607	15,715,790
VAT output accrual (payable from exchange)	(17,280,236)	(18,287,801)
VAT on provision for doubtful debt	14,923,272	14,187,257
	6,331,883	10,112,464
<p>VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.</p>		

BEAUPORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



		2024 R	2023 R
22. NET ASSET RESERVES			
RESERVES		4,104,345	4,104,345
Housing Development Fund	22.1	3,789,518	3,788,518
Self Insurance Reserve	22.2	314,827	314,827
Total Net Asset Reserve and Liabilities		4,104,345	4,104,345

22.1 The Housing Development Fund was established in terms of section 15 (5) 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

22.2 The Self Insurance Reserve is used to finance future insurance claims

		2024 R	2023 R
23. PROPERTY RATES			
Valuations - 1 July 2023			
Rateable Land and Buildings		5,048,384,500	5,055,089,500
Business and Commercial Properties - Sec 8(2)(c)		371,332,500	369,823,500
Farm Agricultural Purposes - Sec 8(2)(d)		2,887,897,500	2,874,968,500
Municipal Owned		137,422,000	137,430,000
Public service infrastructure properties - Sec 8(2)(g)		2,308,000	2,308,000
Residential Properties - Sec 8(2)(e)		1,249,025,500	1,250,421,500
State Owned & Used for Public Services - Sec 8(2)(f)		180,389,000	181,563,000
Vacant Land		45,841,000	45,607,000
Other Categories		194,071,000	192,810,000
Total Property Rates		6,048,384,500	6,065,089,500

Actual

		2024 R	2023 R
Rateable Land and Buildings		64,247,760	62,288,787
Business and Commercial Properties - Sec 8(2)(c)		11,798,836	11,104,415
Farm Agricultural Purposes - Sec 8(2)(d)		16,966,827	15,181,108
National Monuments		183,537	175,149
Residential Properties - Sec 8(2)(e)		28,284,570	29,678,117
State Owned & Used for Public Services - Sec 8(2)(f)		6,831,965	5,188,858
Vacant Land		1,080,122	980,140
Less: Revenue Forgone		(17,833,824)	(16,700,284)
Total Assessment Rates		48,813,835	46,688,623

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 5 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

Residential	0.022333c/R	0.021069c/R
Business and Industrial	0.031267c/R	0.029497c/R
Agricultural	0.005583c/R	0.005267c/R
Public Service Infrastructure Properties (PSI)	0.031267c/R	0.029497c/R
State-owned	0.031267c/R	0.029497c/R
National Monuments	0.031267c/R	0.029497c/R
Vacant land	0.026600c/R	0.025283c/R

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Municipal owned properties and PSIs (Public Service Infrastructure) are exempt.

Place of Worship and Protected Areas are impermissible and not levied.

Rebates granted as below:

Residential	The first R15 000 of improved residential properties are impermissible with an additional R4000 rebate allowed by the municipality
National Monuments	10% rebate based on application and complying specific conditions
Agricultural	70% rebate based on application and complying specific conditions
Pensioners	Additional rebates based on application and complying specific conditions, for property market value below R750 000 and household income not more R7 500 per month
School	20% rebate in respect of public or independent school (only for 2022/2023 financial year)

Rebates 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.

24. GOVERNMENT GRANTS AND SUBSIDIES

Government Grants and Subsidies - Operating

	2024 R	2023 R
Government Grants and Subsidies - Operating	99,134,696	90,926,663
Equitable Share	83,574,000	77,265,000
Expanded Public Works Programme Integrated Grant (EPWP)	1,308,353	789,596
Local Government Financial Management Grant (FMG)	2,165,000	2,085,000
Department of Local Government - Local Government Public Employment Support Grant	-	1,035,734
Department of Local Government - Community Development Workers (CDW) Operational Support Grant	218,287	365,904
Municipal Infrastructure Grant (MIG)	727,878	744,153
Department of Cultural Affairs and Sport - Library Service Replacement Funding	5,009,056	5,712,568
Human Settlements - Municipal Accreditation and Capacity Building Grant	-	164,627
Human Settlements - Development Grant (Beneficiaries)	1,070,692	0
Provincial Treasury - Western Cape Municipal Recovery Services Grant	200,000	1,993,000
Central Karoo District Municipality	75,066	414,641
Department of Local Government - Western Cape Municipal Interventions Grant	788,978	179,941
Chemical Industries Education & Training Authority	2,178,900	175,200
Department of Local Government - Municipal Energy Resilience Grant	600,000	-
Services SETA	82,800	-
Local Government Sector Education and Training Authority	315,372	-
Government Grants and Subsidies - Capital	16,330,351	58,732,178
Integrated National Electrification Programme Grant (INEP)	-	16,801,949
Department of Cultural Affairs and Sport - Library Service Replacement Funding	39,802	-
Municipal Infrastructure Grant (MIG)	13,628,869	5,658,643
Department of Local Government - Western Cape Municipal Interventions Grant	778,689	300,000
Water Services Infrastructure Grant (WSIG)	-	26,438,288
Department of Local Government - Emergency Municipal Load Shedding Relief Grant	-	1,115,000
Department of Local Government - Municipal Water Resilience Grant	1,199,695	-
Services SETA	285,177	417,697
Total Government Grants and Subsidies	115,364,937	143,657,741

Included in above are the following grants and subsidies received:

Unconditional

	2024 R	2023 R
Equitable Share	83,574,000	77,266,000
	83,574,000	77,265,000

Conditional

	2024 R	2023 R
Conditional	32,830,626	62,701,481
Expanded Public Works Programme Integrated Grant (EPWP)	1,372,000	1,138,000
Local Government Financial Management Grant (FMG)	2,165,000	2,085,000
Provincial Treasury - Western Cape Financial Management Capacity Building Grant	-	100,000
Department of Local Government - Western Cape Municipal Interventions Grant	1,835,000	480,000
Department of Cultural Affairs and Sport - Library Service Replacement Funding	6,224,348	5,807,828
Department of Local Government - Community Development Workers (CDW) Operational Support Grant	228,000	223,000
Integrated National Electrification Programme Grant (INEP)	-	11,000,000
Municipal Infrastructure Grant (MIG)	14,769,000	9,553,000
Human Settlements - Municipal Accreditation and Capacity Building Grant	-	296,000
Human Settlements - Development Grant (Beneficiaries)	1,070,692	-
Water Services Infrastructure Grant (WSIG)	-	28,438,000
Department of Local Government - Emergency Municipal Load Shedding Relief Grant	-	1,115,000
Provincial Treasury - Western Cape Municipal Recovery Services Grant	1,000,000	1,993,000
Department of Local Government - Municipal Energy Resilience Grant	600,000	-
Department of Local Government - Municipal Water Resilience Grant	1,200,000	-
Chemical Industries Education & Training Authority	2,127,500	313,575
Central Karoo District Municipality	65,714	200,000
Local Government Sector Education and Training Authority	315,372	-
Total Government Grants and Subsidies	116,404,626	130,966,401

BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



Revenue recognised per vote as required by Section 123 (c) of the MFMA

	2024 R	2023 R
Equitable share	83,574,000	77,265,000
Executive and Council	216,267	2,931,279
Community and social services	5,849,552	(391,233)
Finance and administration	5,538,641	9,354,120
Planning and development	1,726,826	-
Road transport	8,206,645	2,065,000
Sport and recreation	2,388,448	-
Waste water management	748,196	-
Housing	1,070,692	-
Waste management	6,207,054	-
Energy services	800,000	23,185,691
Water management	1,236,495	26,227,864
Total Government Grants and Subsidies	116,364,937	143,667,741

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.

	2024 R	2023 R
24.1 National Grants		
Opening balance	3,309,454	8,654,893
Grants received	101,920,000	129,478,000
Repaid to National Revenue Fund	(3,308,724)	(1,040,308)
Conditions met - Operating	(87,706,232)	(80,883,749)
Conditions met - Capital	(13,026,699)	(50,889,181)
Conditions still to be met	196,600	3,309,454
24.2 Provincial Grants		
Opening balance	467,400	2,488,085
Grants received	11,950,040	9,874,826
Repaid to National Revenue Fund	(350,000)	(1,128,518)
Conditions met - Operating	(8,885,618)	(9,451,873)
Conditions met - Capital	(2,016,275)	(1,415,000)
Conditions still to be met	1,371,648	467,400
24.3 District Grants		
Opening balance	75,896	290,607
Grants received	85,714	200,000
Conditions met - Operating	(75,896)	(414,641)
Conditions still to be met	85,715	75,966
24.4 Other Grant Providers		
Opening balance	1,120,376	1,400,000
Grants received	2,442,872	313,575
Conditions met - Operating	(2,576,772)	(175,200)
Conditions met - Capital	(285,177)	(417,897)
Conditions still to be met	701,301	1,120,378
24.5 Equitable Share		
Grants received	83,574,000	77,265,000
Conditions met - Operating	(83,574,000)	(77,265,000)
Conditions still to be met	-	-
<p>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.</p> <p>In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.</p> <p>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.</p> <p>See Appendix E & note 20 for a reconciliation of all grants</p>		
24.6 Local Government Financial Management Grant (FMG)		
Grants received	2,185,000	2,085,000
Conditions met - Operating	(2,185,000)	(2,085,000)
Conditions still to be met	-	-
<p>The Financial Management Grant (FMG) 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)</p>		
24.7 Provincial Treasury - Western Cape Municipal Recovery Services Grant		
Grants received	1,000,000	1,963,000
Conditions met - Operating	(200,000)	(1,963,000)
Conditions still to be met	800,000	-
<p>To assist the municipalities to perform their functions effectively, including the coordination and integrated functions and support related to improve overall financial governance and financial sustainability within municipalities when there is a municipal intervention</p>		

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



	2024 R	2023 R
24.8 Municipal Infrastructure Grant (MIG)		
Opening balance	2 949 004	1 040 310
Grants received	14 786 000	9 553 000
Repaid to National Revenue Fund	(2 949 868)	(1 040 306)
Conditions met - Operating	(727 879)	(744 153)
Conditions met - Capital	(13 928 699)	(5 858 943)
Conditions still to be met	<u>132 240</u>	<u>2 949 904</u>
The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas		
	2024 R	2023 R
24.9 Integrated National Electrification Grant (INEP)		
Opening balance	12 435	5 614 384
Grants received	-	11 000 000
Repaid to National Revenue Fund	(12 434)	-
Conditions met - Operating	-	(16 801 048)
Conditions still to be met	<u>1</u>	<u>12 436</u>
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
	2024 R	2023 R
24.10 Expanded Public Works Programme Integrated Grant (EPWP)		
Opening balance	346 404	-
Grants received	1 372 000	1 138 000
Repaid to National Revenue Fund	(346 404)	-
Conditions met - Operating	(1 309 353)	(789 598)
Conditions still to be met	<u>62 648</u>	<u>348 404</u>
To provide funding for job creation in specific focus areas		
	2024 R	2023 R
24.11 Department of Local Government - Western Cape Municipal Interventions Grant		
Opening balance	60	-
Grants received	1 535 900	480 000
Conditions met - Operating	(716 978)	(179 841)
Conditions met - Capital	(776 669)	(300 000)
Conditions still to be met	<u>71 393</u>	<u>80</u>
To provide financial assistance to municipalities to improve infrastructure, systems, structures, corporate governance, service delivery and compliance with executive obligations.		
	2024 R	2023 R
24.12 Human settlements development grant (Beneficiaries)		
Grants received	1 070 602	-
Conditions met - Operating	(1 070 602)	-
Conditions still to be met	<u>-</u>	<u>-</u>
The Housing grant was utilised for the development of erven and the erection of top structures.		
	2024 R	2023 R
24.13 Human Settlements - Municipal Accreditation and Capacity Building Grant		
Opening balance	(0)	(91 173)
Grants received	-	256 000
Conditions met - Operating	-	(164 827)
Conditions still to be met	<u>(0)</u>	<u>(0)</u>
The purpose of grant is to fund salary of the capacity building clerk for a period of twelve months		
	2024 R	2023 R
24.14 Provincial Treasury - Financial Management Capacity Building Grant		
Opening balance	350 000	250 000
Grants received	-	100 000
Repaid to National Revenue Fund	(350 000)	-
Conditions still to be met	<u>-</u>	<u>350 000</u>
To develop financial human capacity within the municipal area 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		

	2024 R	2023 R
24.15 Department of Local Government: Municipal Energy Resilience Grant		
Grants received	800,000	-
Conditions met - Operating	(800,000)	-
Conditions still to be met	-	-
Financial assistance to municipalities to ensure effective planning and functioning of municipal electrical infrastructure, to support the implementation of renewable energy and energy resilience projects within the province and also to maximise the provision of basic electricity to citizens.		
24.16 Department of Cultural Affairs and Sport: Library Services: Replacement Funding	2024 R	2023 R
Opening balance	95,258	1,086,401
Grants received	6,224,548	5,907,828
Repaid to National Revenue Fund	-	(1,098,401)
Conditions met - Operating	(5,809,650)	(5,712,569)
Conditions met - Capital	(39,892)	-
Conditions still to be met	470,054	85,258
To support municipal investment in library services and sustain the future professional delivery and development of library services.		
24.17 Department of Local Government: Municipal Water Resilience Grant	2024 R	2023 R
Grants received	1,200,000	-
Conditions met - Capital	(1,189,695)	-
Conditions still to be met	305	-
To provide financial assistance to municipalities to enhance water resilience through water supply augmentation, infrastructure capacity upgrades, water source management and water demand management across the Province.		
24.18 Department of Local Government - Community Development Workers (CDW) Operational Support Grant	2024 R	2023 R
Opening balance	22,081	164,084
Grants received	226,900	223,000
Conditions met - Operating	(218,287)	(265,904)
Conditions still to be met	29,793	22,081
To provide financial assistance to the municipality to cover operational and capital costs pertaining to line functions of community development workers including supervisors and regional coordinators.		
24.19 Department of Local Government - Municipal Drought Relief Grant	2024 R	2023 R
Opening balance	(0)	28,118
Repaid to National Revenue Fund	-	(28,118)
Conditions still to be met	(0)	(0)
Drought relief financial assistance to the municipality to augment water supply and bulk infrastructure capacity.		
24.20 Water Services Infrastructure Grant (WSIG)	2024 R	2023 R
Opening balance	712	-
Grants received	-	28,438,000
Conditions met - Capital	-	(28,438,288)
Conditions still to be met	712	712
Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities; provide basic and intermittent water and sanitation supply that ensures provision of services to identified and prioritised communities, including spring protection and groundwater development; support municipalities in implementing water conservation and water demand management projects; support the close-out of the existing Ductal Eradication Programme intervention in formal residential areas; support drought relief projects in affected municipalities.		
24.21 Other Grant Providers: Local Government Section Education and Training Authority	2024 R	2023 R
Grants received	315,372	-
Conditions met - Operating	(315,372)	-
Conditions still to be met	-	-
The primary objective of the grant is for collaboration between LGSETA and the municipality for the implementation of the National Skills Development Plan 2030, by improving the effectiveness and efficiency of the skills development through provision of bursaries.		

BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



	2024 R	2023 R
24.22 Department of Local Government: Emergency Municipal Load Shedding Relief Grant		
Grants received	-	1,115,000
Conditions met - Capital	-	(1,115,000)
Conditions still to be met	-	-
Provide a financial contribution to municipalities towards the purchase and installation of back-up energy supply (which may include generators, renewable power sources, batteries and all ancillary costs associated with the installation i.e. switch gear, safe keeping, cabling etc.) for water and wastewater infrastructure as an immediate response to the prolonged load-shedding, thereby mitigating the impact on the provision of basic services and potential health risks		
24.23 Other Grant Providers: Chemical Industries Education & Training Authority		
Opening balance	138,375	-
Grants received	2,127,500	313,575
Conditions met - Operating	(2,178,800)	(175,200)
Conditions still to be met	87,275	138,375
Implementation of learning programmes on a fulltime and uninterrupted basis for a period of 18 months.		
24.24 Central Karoo District Municipality		
Opening balance	75,966	250,507
Grants received	85,714	200,000
Conditions met - Operating	(75,865)	(414,641)
Conditions still to be met	85,715	76,968
To provide safety response measures with regards to COVID 19 pandemic		
24.25 Department of Local Government : Local Government Public Employment Support Grant		
Opening balance	(0)	1,035,734
Conditions met - Operating	(0)	(1,035,734)
Conditions still to be met	(0)	(0)
Partnership between local, district and metro municipalities to expand or initiate public employment initiatives in social, infrastructure and environmental sectors. To provide financial assistance to mitigate economic challenges arising from COVID 19 pandemic		
24.26 Other Grant Providers: Services SETA		
Opening balance	982,003	1,400,000
Conditions met - Operating	(82,800)	-
Conditions met - Capital	(285,177)	(417,697)
Conditions still to be met	614,026	982,003
Financial contribution towards electrical and water infrastructure for completion of the Skills Centre.		
24.27 Total Grants		
Opening balance	4,973,198	10,631,365
Grants received	116,404,628	139,868,401
Repaid to National Revenue Fund	(3,658,724)	(2,186,828)
Conditions met - Operating	(99,134,586)	(90,825,583)
Conditions met - Capital	(16,230,351)	(52,732,178)
Conditions still to be met	2,364,182	4,973,198
The comparative for note 24.27 (total grant reconciliation) was restated as:		
Conditions met - Own income		(28,438,288)
Balance as previously stated		28,438,288
Correction - Western Cape municipal recovery grant, condition met - capital		-
Restated - Own Income		-
Conditions met - Operating		(94,904,737)
Balance as previously stated		1,983,000
Correction - Western Cape Municipal Recovery Services Grant, duplicated under "total grants"		1,115,000
Correction - Emergency Municipal Load Shedding Relief Grant, should be classified as "conditions met capital"		-
Restated - Conditions met - Operating		(91,796,737)
Conditions met - Capital		(23,178,869)
Balance as previously stated		(26,438,288)
Correction - Western Cape municipal recovery grant, previously included under "conditions met - own income"		(1,115,000)
Correction - Emergency Municipal Load Shedding Relief Grant, previously included under "condition met - operating"		-
Restated - Conditions met - Capital		(82,732,178)
The restatement only relate to the disclosure note, where human error was made between total "conditions met - own income", "conditions met - operating" and "conditions met - capital". The balance as per the financial performance and financial position is correct		
25. CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT		
Department, Forestry, Fisheries and the Environment - Waste Compactor Truck	-	2,551,862
Total Computer Services - Computer Equipment	-	4,300
Uberlec - Computer Equipment	-	7,480
Department Transport and Public Works - Computer Equipment	-	401,622
Total Contributed Property, Plant and Equipment	-	2,965,264
26. LICENCES AND PERMITS		
Road and Transport	389,687	161,192
Total Licences and Permits	389,687	161,192
Disclosed as follows:		
Revenue from Non-Exchange Transactions	170,488	161,192
Revenue from Exchange Transactions	219,199	-
Total Licences and Permits	389,687	161,192
27. SERVICE CHARGES		
Electricity	96,411,283	81,670,131
Service Charges	102,466,280	88,951,943
Less: Revenue Forgone	(7,054,997)	(7,281,613)
Water	21,128,266	16,669,626
Service Charges	30,000,075	22,232,853
Less: Revenue Forgone	(8,871,809)	(5,573,227)
Waste Management	10,787,971	10,476,618
Service Charges	16,498,024	14,454,036
Less: Revenue Forgone	(5,710,053)	(3,977,419)
Waste Water Management	19,316,712	20,126,318
Service Charges	28,105,130	25,277,291
Less: Revenue Forgone	(8,788,418)	(5,150,974)
Total Service Charges	146,844,222	128,932,693
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 rebate or remission		

BEAUPORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



	2024 R	2023 R
28. SALES OF GOODS AND RENDERING OF SERVICES		
Application Fees for Land Usage	-	82,290
Building Plan Approval	131,562	99,749
Cemetery and Burial	224,775	245,569
Clearance Certificates	102,349	50,685
Drainage Fees	-	680
Encroachment Fees	916	916
Entrance Fees	141,728	80,165
Legal Fees	-	1,001
Membership Fees	19,236	14,047
Photocopies and Faxes	24,874	16,070
Sale of Goods	29,530	118,413
Total Sales of Goods and Rendering of Services	674,798	809,633
	2024 R	2023 R
29. RENTAL FROM FIXED ASSETS		
Investment Property	1,529,857	1,307,830
Property, Plant and Equipment	85,368	76,971
Total Rental from Fixed Assets	1,716,225	1,384,810
	2024 R	2023 R
30. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	2,883,944	2,121,363
Total Interest Earned - External Investments	2,883,944	2,121,363
	2024 R	2023 R
31. INTEREST EARNED - EXCHANGE TRANSACTIONS		
Receivables from exchange transactions	9,074,822	7,778,900
Total Interest Earned - Outstanding Receivables	9,074,822	7,778,900
	2024 R	2023 R
32.1 OPERATIONAL REVENUE		
Administrative Handling Fees and Photocopies	1,004,324	1,930,305
Breklages and Losses Recovered	1,973	591
Commission of insurances	114,756	116,924
Discounts and Early Settlements	387,783	-
Incidental Cash Surpluses	84,069	47,699
Inspection Fees	-	983
Insurance Refund	-	388,891
Registration Fees	186,647	172,245
Request for Information	35,834	28,012
Staff Recoveries	76,026	(314,233)
Skills development levy refund	153,903	185,307
Sale of Property	406,874	20,000
Total Operational Revenue	2,437,091	2,686,825
	2024 R	2023 R
32.2 DEBT FORGIVENESS		
Eskom debt relief	15,053,933	-

The municipality was approved for debt relief programme on Eskom debt, with effect from 1 July 2023. Per the debt relief programme, former debt as at March 2023, is written off over a three year period based on certain conditions that need be complied with.

BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



33. EMPLOYEE RELATED COSTS

	2024 R	2023 R
Acting Allowance	2 240 253	2 175 514
Basic Salaries and Wages	83 042 312	66 350 431
Bargaining council	50 026	51 289
Bonuses	5 072 576	6 095 663
Cell Phone Allowance	2 10 400	234 303
Essential users	2 572 816	2 357 238
Group Insurance	33 216	50 834
Housing Allowances	4 04 873	422 873
Medical Aid Contributions	2 359 889	2 018 512
Overtime	4 116 257	3 853 523
Payments in lieu of leave	1 116 881	554 966
Pension and UIF Contributions	14 178 560	13 998 883
Performance bonus	57 326	3 008
Scarcity allowance	248 590	257 696
Standby Allowances	2 520 890	2 429 683
Transport Allowances	368 679	167 014
Uniform Allowance	182 000	80 000
Post retirement obligations	1 418 697	1 530 000
Service Cost - Long Service Awards - Note 15.2	455 000	482 000
Service Cost - Medical - Note 15.1	983 697	1 046 000
Total Employee Related Costs	121 104 843	122 440 789

KEY MANAGEMENT PERSONNEL

The directors are directly accountable to the Municipal Manager. The Director Corporate Services are permanently employed. There are no post-employment or termination benefits payable to them at the end of their service.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2024 R	2023 R
<i>Remuneration of the Municipal Manager: M.J. Penza</i>		
Acting Allowance	-	405 519
Basic Salary	-	8 400
Cellular and Telephone Allowance	-	888
Contributions, Medical and Pension Funds	-	26 385
Scarcity allowance	-	109 762
Payments in lieu of leave	-	-
Total	-	550 963

Municipal Manager for the period July 2022 to November 2022.

Remuneration of the Acting Municipal Manager: GZ Nyathi

	2024 R	2023 R
Basic Salary	-	694 141
Cellular and Telephone Allowance	-	9 000
Contributions, Medical and Pension Funds	-	1 093
Payments in lieu of leave	-	29 241
Scarcity allowance	-	41 417
Total	-	774 861

Acting Municipal Manager for the period July 2022 to December 2022.

Remuneration of the Acting Municipal Manager: RR Linke

	2024 R	2023 R
Basic Salary	-	71 764
Cellular and Telephone Allowance	-	5 513
Pension and UIF Contributions	-	566
Scarcity allowance	-	5 023
Total	-	83 066

Acting Municipal Manager for the period January 2023 to April 2023

Remuneration of the Municipal Manager: De Welgemoed

	2024 R	2023 R
Basic Salary	911 443	120 812
Cellular and Telephone Allowance	17 050	3 000
Medical Aid Contributions	71 078	11 456
Motor Vehicle Allowance	120 000	20 000
Payments in lieu of leave	49 001	-
Pension and UIF Contributions	72 587	10 880
Scarcity allowance	80 889	12 029
Total	1 321 846	187 173

Municipal Manager for the period July 2023 to June 2024 (prior year: May to June 2023)

Remuneration of Acting Chief Financial Officer: NP Mabheba

	2024 R	2023 R
Basic Salary	-	564 205
Cellular and Telephone Allowance	-	12 000
Scarcity allowance	-	39 494
Payments in lieu of leave	-	24 581
Contributions, Medical and Pension Funds	-	1 417
Total	-	641 697

Acting Chief Financial Officer for the period July 2022 to March 2023

Remuneration of Chief Financial Officer: M Nkhangezwe

	2024 R	2023 R
Basic Salary	659 734	-
Cellular and Telephone Allowance	14 710	-
Medical Aid Contributions	63 303	-
Scarcity allowance	53 081	-
Other benefits and allowances	48	-
Pension and UIF Contributions	86 520	-
Total	858 294	-

Acting Chief Financial Officer for period September 2023 to February 2024, Permanently appointed from March 2024

Remuneration of Director: Infrastructure Services: L Ngqola

	2024 R	2023 R
Basic Salary	363 797	-
Cellular and Telephone Allowance	9 000	-
Medical Aid Contributions	49 140	-
Motor Vehicle Allowance	20 200	-
Other benefits and allowances	68	-
Pension and UIF Contributions	83 973	-
Scarcity allowance	35 412	-
Total	661 590	-

Director: Infrastructure Services for period January 2024 to June 2024

BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



	2024 R	2023 R
Remuneration of Acting Chief Financial Officer: RA Eland		
Acting Allowance	23,225	47,103
Scarcity allowance	1,826	3,287
Cellular and Telephone Allowance	3,290	6,000
Total	28,141	56,400
Acting Chief Financial Officer for period July to August 2023, February 2024 (prior year March 2023)		
	2024 R	2023 R
Remuneration of the Director Corporate Services: AC Makendira		
Basic Salary	869,989	842,698
Cellular and Telephone Allowance	16,000	18,000
Pension and UIF Contributions	199,375	192,581
Scarcity allowance	77,483	72,823
Motor Vehicle Allowance	80,000	60,000
Other benefits and allowances	137	838
Performance Bonus	57,326	100,183
Total	1,282,309	1,287,324
	2024 R	2023 R
Remuneration of Director: Infrastructure Services: D.C. Van Turha		
Basic Salary	-	401,114
Cellular and Telephone Allowance	-	7,500
Scarcity allowance	-	38,412
Motor Vehicle Allowance	-	7,500
Contributions, Medical and Pension Funds	-	88,404
Payments in lieu of leave	-	12,064
Performance Bonus	-	50,000
Other benefits and allowances	-	773
Total	-	603,707
Director Infrastructure Services for the period July 2022 to December 2022.		
	2024 R	2023 R
Remuneration of Acting Director: Infrastructure Services: C.B Wright		
Acting Allowance	60,000	162,383
Acting Director Infrastructure for the period July to December 2023. (prior year July 2022, September 2022, June 2023)		
	2024 R	2023 R
Remuneration of Acting Director Corporate Services: M.G Tshibe		
Acting Allowance	-	103,358
Cellular and Telephone Allowance	-	4,500
Scarcity allowance	-	5,223
Total	-	113,081
Acting Director Corporate Services for period September 2022 to December 2022		
	2024 R	2023 R
Remuneration of Acting Director Community Services: M.C Tshibe		
Acting Allowance	-	194,200
Cellular and Telephone Allowance	-	8,000
Scarcity allowance	-	13,564
Total	-	216,764
Acting Director Community Services for period December 2022 to May 2023		
	2024 R	2023 R
Remuneration of Acting Director Infrastructure Services: N.L. Kotze		
Acting Allowance	-	6,182
Acting Director Infrastructure Services for August 2022		
	2024 R	2023 R
Remuneration of Acting Director Community Services: N.L. Kotze		
Acting Allowance	-	47,006
Acting Director Community Services for period September 2022 to November 2022		
TOTAL REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	2024 R	2023 R
Acting Allowance	83,225	560,241
Basic Salary	2,804,893	3,109,453
Cellular and Telephone Allowance	62,650	81,013
Contributions, Medical and Pension Funds	183,519	11,456
Medical Aid Contributions	200,200	87,500
Motor Vehicle Allowance	250	1,611
Other benefits and allowances	49,001	175,588
Payments in lieu of leave	422,454	204,155
Pension and UIF Contributions*	57,326	150,183
Performance Bonus	248,590	257,692
Scarcity allowance	-	-
Total	4,112,178	4,730,865

* The total pension and UIF contributions, did not previously include the pension contribution of the Director: Corporate services, due to a formula error in the 2023 financial year. The error was subsequently corrected.

BEAUFORTWEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



34. REMUNERATION OF COUNCILLORS

	2024 R	2023 R
Total Remuneration of Councillors		
Annual Remuneration	5 206 271	5 358 063
Cellphone Allowance	524 880	528 943
Travel Allowance	136 327	136 215
Tools of trade	46 344	46 072
Pension	99 227	192 404
Medical	5 209	2 605
Total	6 018 299	6 265 821

Remuneration paid to Councillors can be summarised as follow

2024 financial year	Annual Remuneration	Cellphone Allowance	Travel Allowance	Tools of trade	Pension	Medical	Total
*Executive Mayor (G Pietersen)	306,154	15,347	-	1,351	-	-	322,853
*Executive Mayor (EF Botha)	427,677	32,400	-	2,853	27,818	-	489,549
*Executive Mayor (A Sauls)	147,832	7,153	-	730	-	-	155,715
Deputy Executive Mayor (LV Pfa)	844,499	43,200	-	3,804	44,939	5,209	939,641
Speaker (N Constable)	645,361	40,440	-	3,591	-	-	689,392
Executive councillor (CL de Bruin)	652,503	43,200	-	3,804	-	-	699,507
Executive councillor (S Essop)	402,441	43,200	-	3,804	-	-	449,445
R. Skuza	177,876	32,400	-	2,853	29,870	-	239,999
JDK Reynolds	272,728	43,200	-	3,804	-	-	319,732
LBJ Mdudumani	272,728	43,200	-	3,804	-	-	319,732
SM Meyers	272,728	43,200	-	3,804	-	-	319,732
AM Sibberd	204,565	43,200	66,183	3,804	-	-	317,752
JJ van der Linde	204,565	43,200	66,183	3,804	-	-	317,752
N Abrahams	457,729	32,400	-	2,853	-	-	492,882
TCJ Prince	116,855	18,540	-	1,711	-	-	137,105
Total Councillors' Remuneration	5,206,271	624,880	136,327	46,344	99,227	5,209	6,018,299

*A Sauls was the Executive Mayor for the period July 2023 to September 2023.

*EF Botha was the Executive Mayor for the period September 2023 to February 2024

*G Pietersen was the Executive Mayor for the period February 2024 to June 2024.

2023 financial year	Annual Remuneration	Cellphone Allowance	Travel Allowance	Tools of trade	Pension	Medical	Total
**Executive Mayor (A Sauls)	337,326	15,543	-	1,372	-	2,605	356,846
**Executive Mayor (T Prince)	464,739	23,800	-	2,100	37,429	-	528,068
Deputy Executive Mayor (LV Pfa)	598,659	40,800	-	3,600	69,829	-	712,888
Speaker (N Constable)	658,969	40,800	-	3,600	-	-	703,369
Executive councillor (CL de Bruin)	645,648	40,800	-	3,600	-	-	690,048
Executive councillor (N Abrahams)	645,648	40,800	-	3,600	-	-	690,048
R. Skuza	242,818	40,800	-	3,600	29,812	-	317,030
JDK Reynolds	272,430	40,800	-	3,600	-	-	316,830
EF Botha	236,696	40,800	-	3,600	35,534	-	316,630
LBJ Mdudumani	272,430	40,800	-	3,600	-	-	316,830
S Essop	272,430	40,800	-	3,600	-	-	316,830
SM Meyers	272,430	40,800	-	3,600	-	-	316,830
AM Sibberd	204,322	40,800	66,108	3,600	-	-	314,830
JJ van der Linde	204,322	40,800	66,108	3,600	-	-	314,830
Total Councillors' Remuneration	5,358,983	628,643	136,215	46,872	192,404	2,605	6,265,821

** T Prince was the executive mayor for the period July 2022 to January 2023. A. Sauls was the executive mayor for the period February 2023 to June 2023.

In-Kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker, 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.

BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



	2024 R	2023 R
35. CONTRACTED SERVICES		
Consultants and Professional Services	11 444 802	12 477 453
Consultants and Professional Services Business and Advisory Accounting and Auditing	1 155 017	3 840 971
Consultants and Professional Services Business and Advisory Audit Committee	61 517	58 308
Consultants and Professional Services Business and Advisory Business and Financial Management	5 183 512	3 520 461
Consultants and Professional Services Business and Advisory Human Resources	7 06 917	-
Consultants and Professional Services Business and Advisory Medical Examinations	20 400	-
Consultants and Professional Services Business and Advisory Occupational Health and Safety	271 660	-
Consultants and Professional Services Business and Advisory Valuer and Assessors	683 967	39 745
Consultants and Professional Services Infrastructure and Planning Engineering Civil	1 481 410	43 127
Consultants and Professional Services Infrastructure and Planning Engineering Electrical	579 479	154 500
Consultants and Professional Services Infrastructure and Planning Engineering Geomatic Services	75 524	-
Consultants and Professional Services Infrastructure and Planning Land and Quantity Surveyors	180	-
Consultants and Professional Services Laboratory Services Water	97 100	126 110
Consultants and Professional Services Legal Cost Collection	1 950	937 512
Consultants and Professional Services Legal Cost Issue of Summons	1 128 149	205 630
Consultants and Professional Services Legal Cost Legal Advice and Litigation	-	3 499 088
Contractors	4 244 070	2 814 827
Contractors Electrical	-	47 369
Contractors Employee Welfare	-	6 292
Contractors Maintenance of Buildings and Facilities	308 600	298 927
Contractors Maintenance of Equipment	912 444	1 162 002
Contractors Maintenance of Unspecified Assets	2 266 052	404 190
Contractors Plants, Flowers and Other Decorations	756 074	86
Contractors Prepaid Electricity Vendors	-	692 932
Outsourced Services	10 888 048	6 885 331
Outsourced Services Burial Services	223 612	301 564
Outsourced Services Catering Services	67 658	110 083
Outsourced Services Driver Licence Cards	139 514	129 402
Outsourced Services Internal Auditors	223 395	244 361
Outsourced Services Meter Management	657 563	-
Outsourced Services Security Services	7 349 305	5 130 244
Outsourced Services Traffic Fine Management	1 876 099	84 818
Total Contracted Services	26 246 618	21 031 610
	2024 R	2023 R
36. DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	25 040 132	24 734 789
Investment Property	213 080	213 081
Intangible Assets	288 423	55 083
Total Depreciation and Amortisation	26 442 636	26 007 953
	2024 R	2023 R
37. FINANCE COSTS		
Long-term Borrowings	638 226	485 818
Non-current Provisions - Note 14	2 087 526	1 608 355
Non-current Employee Benefits - Note 15	3 807 000	3 770 000
Debt relief	7 253 540	-
Overdraft Facilities	1 157 822	11 350 501
Total Finance Costs	14 844 116	17 223 672
	2024 R	2023 R
38. BULK PURCHASES		
Electricity	90 528 508	75 857 718
Water	9 411 307	11 162 254
Total Bulk Purchases	99 939 816	87 019 972

The distribution loss of bulk purchases for 2024 is R25 649 582 (20,18% electricity, 78,33% water) and for 2023: R17 863 011 (14,18% electricity, 83,68%). Refer to note 46.8 for further detail on electricity and water losses.

BEAUPORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



	2024 R	2023 R
39. TRANSFERS AND SUBSIDIES		
Monetary Allocations		
Households	-	175,200
Non-profit Institutions (Tourism)	-	412,500
Total Transfers and Subsidies	-	587,700
	2024 R	2023 R
40. OPERATIONAL COSTS		
Advertising, Publicity and Marketing	307,585	399,182
Achievements and Awards	5,500	3,000
Audit Fees	2,849,709	7,851,666
Bank Charges, Facility and Card Fees	1,220,242	1,035,884
Bursaries (Employees)	340,782	101,508
Cleaning Services	-	717
Commission	80,122	278
Counter and Delivery Services	15,861	238,488
Communication	1,828,838	2,000,957
Deeds	21,574	18,713
Drivers Licences and Permits	13,500	13,193
Entertainment	2,001	1,714
External Computer Service	3,752,306	3,381,778
Freight Services	-	244,871
Hire Charges	5,518,650	4,313,400
Indigent Relief	618,122	576,453
Insurance	1,901,870	1,721,738
Leaverships and Internships	1,372,200	-
Licences	248,848	341,451
Municipal Services	2,094,202	2,316,338
Personnel Agency Fees (Personnel Recruitment Costs)	-	35,727
Printing, Publications and Books	452,317	307,455
Professional Bodies, Membership and Subscription	1,458,425	1,416,335
Registration Fees	4,036	3,877
Remuneration to Ward Committees	341,500	353,000
Replacement Cost	-	4,425
Rewards Incentives	8,000	4,348
Skills Development Fund Levy	831,772	827,863
Toff Gate Fees	1,043	178
Transport Provided as Part of Departmental Activities	8,100	-
Travel and Subsistence	804,048	783,917
Uniform and Protective Clothing	794,072	81,347
Vehicle Tracking	12,618	14,931
Wet Fuel	3,783,739	3,302,020
Workman's Compensation Fund	2,138,547	2,172,813
Total Operational Costs	32,888,294	33,830,320
	2024 R	2023 R
41. REVERSAL OF IMPAIRMENT LOSS / (IMPAIRMENT LOSS) ON RECEIVABLES		
Receivables from Exchange Transactions - Note 10	(3,346,730)	(13,611,767)
Receivables from Non-exchange Revenue - Note 11	(19,707,805)	136,077,238
Total Reversal of Impairment Loss / (Impairment Loss) on Receivables	(23,054,535)	122,465,471

The reversal of impairment is due to significant balance of traffic fines written off, thus reducing the population.

BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



	2024 R	2023 R
42. GAINS/ (LOSS) ON SALE OF FIXED ASSETS		
Investment Property	(102,443)	
Property, Plant and Equipment	(1,316,980)	320,770
Total Gains/ (Loss) on Sale of Fixed Assets	(1,419,423)	320,770
	2024 R	2023 R
43. CORRECTION OF ERROR IN TERM 8 OF GRAP 3		
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		
		2023
43.1 Receivables from Exchange Transactions		
Balance previously reported		17,762,144
(b) Correction incorrect billing 2022/2023 financial year		(484,871)
Restated Balance		17,277,273
43.2 Receivables from Non-exchange Transactions		
Balance previously reported		67,033,231
(b) Correction incorrect billing 2022/2023 financial year		(54,435)
(c) Correction traffic fines 2022/2023 financial year - bad debts written off		(206,420,339)
(d) Correction traffic fines 2022/2023 financial year - impairment		172,687,479
Restated Balance		23,246,936
43.3 Trade and Other Payables from Exchange Transactions		
Balance previously reported		148,230,617
(a) Correction of retention for 2021/2022 financial year for project Upgrading of Beaufort West Substation - Katjaskop		287,105
(f) Correction of trade payables for 2020/2021 and 2021/2022 financial year		2,560,755
(g) Correction of trade payables for 2022/2023 financial year		5,760,943
Restated Balance		156,849,421
43.4 Operating lease asset		
Balance previously reported		88,417
(a) Correction of operating leases - additional leases identified 2021/2022		78,059
(a) Correction of operating leases - additional leases identified 2022/2023		1,744
Restated Balance		168,220
43.5 Accumulated Surplus		
Balance previously reported 1 July 2022		R 326,806,173
(a) Correction of retention for 2021/2022 financial year for project Upgrading of Beaufort West Substation - Katjaskop		(267,105)
(e) Correction of operating leases - additional leases identified 2021/2022		78,059
(f) Correction of trade payables for 2020/2021 and 2021/2022 financial year		(2,580,755)
(h) Correction of property, plant and equipment for the 2021/2022 financial year		1,235,105
(f) Correction of receivables from exchange - electricity amps previously not billed - 2021/2022 financial year		1,984,630
(m) Correction on VAT library grant, to account for possible Output VAT for period 2019/2020, 2020/2021 and 2021/2022 financial year		(2,427,522)
Total adjustment for 2021/2022 financial year		(1,987,688)
Restated balance 1 July 2023		324,842,686
Surplus for the 2022/2023 financial year as previously reported		19,006,299
(b) Correction incorrect billing 2022/2023 financial year		(539,306)
(c) Correction traffic fines 2022/2023 financial year - bad debts written off		(206,420,339)
(d) Correction traffic fines 2022/2023 financial year - impairment		172,687,479
(e) Correction of operating leases - rental from fixed assets - additional leases identified 2022/2023		1,744
(g) Correction of trade payables for 2022/2023 financial year - operational cost, finance cost, inventory consumed		(5,760,943)
(i) Correction of property, plant and equipment for the 2022/2023 financial year - depreciation		9,768
(f) Correction of receivables from exchange - electricity amps previously not billed - 2022/2023 financial year		(1,984,630)
(h) Correction on VAT library grant, to account for possible Output VAT for period 2022/2023 financial year		(871,174)
Total adjustment for 2022/2023 financial year		(42,867,401)
Deficit for the 2022/23 financial year as restated		(23,862,102)
Restated Balance		300,780,483
43.6 Property, Plant and Equipment		
Balance previously reported		462,611,978
(h) Correction of property, plant and equipment for the 2021/2022 financial year - first-time recognition infrastructure, disposal non-municipal properties, correction residual value (cost, accumulated depreciation, accumulated impairment)		1,285,106
(i) Correction of property, plant and equipment for the 2022/2023 financial year - depreciation		9,768
Restated balance 1 July 2023		463,906,851
43.7 Current Provision		
Balance previously reported		0
(m) Correction on VAT library grant, to account for possible Output VAT for period 2019/2020, 2020/2021 and 2021/2022 financial year		(2,427,522)
(n) Correction on VAT library grant, to account for possible Output VAT for period 2022/2023 financial year		871,174
Restated balance 1 July 2023		(1,666,348)

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



43.8 Changes to Statement of Financial Performance

		2024 R	2023 R
		Balance previously reported (after reclassification)	Restated Balance
Revenue			
Property Rates	(b)	45 586 846	45 586 524
Government Grants and Subsidies - Capital		52 732 178	52 732 178
Government Grants and Subsidies - Operating	(n)	91 796 737	90 825 563
Contributed Property, Plant and Equipment		2 965 284	2 965 284
Fees, Penalties and Forfeits		44 858 173	44 858 173
Interest Earned - Non-exchange Transactions	(b)	2 587 362	2 341 248
Licences and Permits from Non-Exchange Transactions		181 192	181 192
Availability fees	(k)	501 402	501 402
Service Charges	(b)(k)(l)	126 928 567	128 632 593
Sales of Goods and Rendering of Services		806 533	809 533
Rental from Fixed Assets	(b) (e)	1 382 478	1 384 810
Interest Earned - External Investments		2 121 363	2 121 363
Interest Earned - Exchange Transactions	(b)	7 852 338	7 778 900
Licences and Permits from Exchange Transactions		-	-
Agency Services		1 179 795	1 179 795
Operational Revenue		2 586 625	2 586 825
Total		383 891 049	384 896 384
Expenditure			
Employee related costs		122 440 769	122 440 769
Remuneration of Councilors		8 265 821	8 265 821
Bad Debts Written Off	(c)	17 866 012	22 428 351
Contracted Services		21 031 810	21 031 810
Depreciation and Amortisation	(i)	25 017 601	25 007 833
Finance Costs	(g)	11 487 868	17 223 672
Bulk Purchases		87 016 972	87 016 972
Inventory Consumed	(g)	4 725 794	4 727 068
Operating Leases		-	-
Transfers and Subsidies		587 700	587 700
Operational Costs	(g)	33 628 458	33 630 320
Total		330 348 822	342 621 137
Gains and Losses			
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		171 435	171 435
Reversal of Impairment Loss/(Impairment Loss) on Receivables	(d)(l)	(42 844 358)	125 465 442
Gains/(Loss) on Sale of Fixed Assets	(j)	320 770	320 770
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	(i)	3 840 588	3 849 588
Actuarial gains/(losses)	(f)	3 986 438	3 986 438
Total		(34 638 127)	133 773 870
Net Surplus/(Deficit) for the year		19 006 299	(23 862 102)

(j) The 2023 reversal of impairment loss was overstated with an amount of R320 770. The balance was recognised as a disposal and reclassified to gain/(loss) on sale of fixed assets.
 (k) A reclassification done from service charges to availability fees. This was done to disclose availability fees as revenue from non-exchange transactions.

44. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

	2024 R	2023 R
Surplus/(Deficit) for the year	9 016 767	(23 852 102)
Adjustments for:		
Depreciation	26 154 112	24 948 770
Amortisation	288 423	59 063
Loss/(Gain) on Sale of Fixed Assets	1 418 423	(320 770)
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	107 578	(171 435)
Impairment Loss/(Reversal of Impairment Loss) - Receivables	23 054 535	(125 465 442)
Impairment Loss/(Reversal of Impairment Loss) - Fixed assets	50 749	(3 849 588)
Contributed Property, Plant and Equipment	-	(2 965 284)
GRAP 2 landfill site adjustment	367 783	-
Contribution from provisions - Non-Current Employee Benefits - Actuarial losses/gain	600 120	(3 986 438)
Movement in current employee benefits	734 433	(133 200)
Movement in non-current employee benefits	3 439 697	2 016 436
Bad Debts written off	52 235 162	224 288 351
Interest on provisions	1 487 408	1 808 355
Operating lease income accrued	(89 719)	(11 425)
Debt forgiveness	(15 053 933)	-
Interest debt relief	7 253 540	-
Operating Surplus/(Deficit) before changes in working capital	111 116 400	93 083 284
Changes in working capital	(92 894 520)	(48 732 056)
Increase/(Decrease) in Trade and Other Payables	(61 550 554)	24 835 588
Increase/(Decrease) in Trade and Other Payables Exchange (debt relief non-current)	37 975 898	-
Increase/(Decrease) in Trade and Other Payables Exchange (debt relief current)	37 524 200	-
Increase/(Decrease) in VAT	4 780 491	1 889 930
(Increase)/Decrease in Inventory	1 324 880	(1 071 268)
Increase/(Decrease) in Consumer Deposits	191 552	(1 351 114)
Increase/(Decrease) in Current portion of non-current receivables	(445 053)	1 250 488
(Increase)/Decrease in Non-current receivables	2 212 735	(1 413 219)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(26 183 006)	(232 109 865)
(Increase)/Decrease in Trade Receivables from Non-Exchange Transactions	(85 080 352)	164 224 287
Increase/(Decrease) in Unspent Transfers and Subsidies	(1 685 401)	(4 986 894)
Cash generated/(absorbed) by operations	18 221 879	44 361 228

45. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

	2024 R	2023 R
Current Accounts - Note 12	3 780 764	2 524 853
Call Deposits and Investments - Note 12	12 105 552	12 318 106
Cash on hand - Note 12	16 888	17 032
Total cash and cash equivalents	16 883 184	14 859 993

46. UTILISATION OF LONG-TERM BORROWINGS RECONCILIATION

	2024 R	2023 R
Long-term Borrowings - Note 13	4 922 725	4 522 918
Used to finance property, plant and equipment - note 13	(4 922 725)	(4 522 918)
Cash invested for repayment of long-term borrowings	-	-

Long-term borrowings have been utilized in accordance with the Municipal Finance Management Act.

Amortised loans at amortised cost is calculated at 6.75%-10.80% interest rate, with last maturity date of 31 December 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. No contingent rents are payable.

Capitalised lease liability at amortised cost is calculated at 14.25% interest rate, with the last maturity date of 30 June 2026. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured. No contingent rents are payable.

BEAUPORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



47. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

47.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance
Unauthorised expenditure current year - operational
Unauthorised expenditure current year - capital
Unauthorised expenditure awaiting authorisation

2024 R	2023 R
169 063 121	147 783 002
11 184 207	20 641 937
1 492 561	637 282
181 739 810	169 063 121

Unauthorised expenditure can be summarised as follows:

Incident	Disciplinary steps/criminal proceedings	2024 R	2023 R
Actual vs Budgeted spending	None	12 876 788	21 279 219
		12 876 788	21 279 219

The overspending of the Budget per municipal vote can be summarised as follows:

	2024 Actual R	2024 Final Budget R	2024 Variance R	2024 Unauthorised R
Unauthorised expenditure current year - operating				
Vote 1 - MUNICIPAL MANAGER	8 335 132	7 274 895	1 060 137	1 060 137
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	240 248 827	233 811 195	6 637 632	6 637 632
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES	43 412 251	36 831 490	3 480 761	3 480 761
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	42 917 158	42 911 509	5 647	5 647
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	77 696 453	110 315 186	(32 618 733)	-
Total	412 679 828	434 042 346	(21 462 618)	11 184 207

Municipal Manager: Expenditure on operational cost and contracted services higher than anticipated with the budget.

Directorate: Corporate Services: Due to interest cost on employee benefits valuations only performed on year-end, by actuarial experts.

	2024 Actual R	2024 Final Budget R	2024 Variance R	2024 Unauthorised R
Unauthorised expenditure current year - capital				
Vote 1 - MUNICIPAL MANAGER	-	-	-	-
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	7 126 106	7 561 312	(435 203)	-
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES	1 144 474	1 543 175	(398 701)	-
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	1 594 848	118 000	1 476 848	1 476 848
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	7 025 749	7 098 005	(72 256)	15 735
Total	16 889 178	16 230 492	658 678	1 492 611

Directorate: Community services: Due to project: Upgrade Existing regional sport stadium phase 2 - Rustdene where additional expenditure was incurred, not expected when budget was compiled.

Directorate: Financial Services: Due to finance leases on office equipment.

47.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance
Fruitless and wasteful expenditure current year
Fruitless and wasteful expenditure awaiting condonement

2024 R	2023 R
19 135 700	10 173 525
1 213 426	8 862 175
20 349 127	19 135 700

Fruitless and wasteful expenditure can be summarised as follows:

Incident	Disciplinary steps/criminal proceedings	2024 R	2023 R
2020 - Double payment to supplier - Kamo street	None	287 798	287 798
2020 - Interest on overdue accounts - Fakom accounts	None	532 857	532 857
2020 - Interest and Penalties on overdue accounts - SARS	None	130 784	130 784
2020 - Interest on overdue account - Telkom accounts	None	3 132	3 132
2020 - Interest on overdue account - Auditor General	None	287 383	287 383
2020 - Interest on overdue account - Barlowsrd	None	256	256
2020 - Interest late payment pension - LA Retirement fund	None	108	108
2021 - Invoice still twice - Braede Gouritz (water)	None	2 891	2 861
2022 - Interest and Penalties on overdue accounts - SARS PAYE UIF SDL	None	280 983	280 983
2022 - Interest and Penalties on overdue accounts - SARS VAT	None	405 975	405 975
2022 - Interest on overdue accounts - creditors	None	6 430 311	6 430 311
2022 - Salaries paid of suspended employees	None	1 810 846	1 810 948
2023 - Interest on overdue accounts - creditors	None	6 037 517	6 037 517
2023 - Salaries paid of suspended employees	None	2 024 856	2 024 858
2024 - Interest on overdue accounts - creditors	None	1 157 822	-
2024 - Salary paid into invalid bank account	None	42 578	-
2024 - Legal fees paid on summons for overdue supplier account	None	13 025	-
		20 349 127	19 135 700

47.3 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance
Irregular expenditure current year
Irregular expenditure (PPR regulations (4)(1))
Irregular expenditure (Vat lost)
Irregular expenditure awaiting further action

2024 R	2023 R
203 422 200	175 924 052
18 640 184	25 504 456
1 45 830	1 453 783
1 902 949	-
224 111 263	203 422 200

Irregular expenditure can be summarised as follows:

Incident	Disciplinary steps/criminal proceedings	2024 R	2023 R
2018 - SCM procedures not followed 2017/2018 - competitive bidding	Expenditure will be investigated in the next financial year	49 387 958	49 387 958
2018 - SCM procedures not followed 2018/19	Expenditure will be investigated in the next financial year	439 130	439 130
2019 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	1 639 310	1 639 310
2019 - SCM procedures not followed with regards to competitive bid process section 32	Expenditure will be investigated in the next financial year	55 780 264	55 780 264
2019 - SCM procedures not followed with appointment process	Expenditure will be investigated in the next financial year	1 017 883	1 017 883
2020 - SCM procedures not followed with appointment process	Expenditure will be investigated in the next financial year	496 714	496 714
2020 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year	38 628 053	38 628 053
2020 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	1 925 276	1 925 276
2021 - SCM procedures not followed with regards to quotation	Expenditure will be investigated in the next financial year	821 187	821 187
PPR - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year	17 196 800	17 196 800
2022 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	830 808	830 808
2022 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year	7 752 497	7 752 497
2023 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	7 626 877	7 626 877
2023 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year	17 967 519	17 967 519
2023 - Incorrect publication of PPR resolutions	Refer to note 1	1 903 783	1 903 783
2024 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	98 785	-
2024 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year	16 541 399	-
2024 - Incorrect application of PPR regulations	Expenditure will be investigated in the next financial year	1 45 830	-
2024 - Irregular identified by AG(SA) - Vat lost - COMAF 12	Expenditure will be investigated in the next financial year	1 902 949	-
		224 111 263	203 422 200

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.

Irregular expenditure is disclosed inclusive of VAT.

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48.7 **Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27835 dated 30 May 2005**

Regulation 38(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 38(1)(a) and (b)

30 JUNE 2024	Amount	Single Supplier	Type of Deviation		
			Impossible	Impractical	Emergency
Jul-23	79 600	50 620	-	4 660	24 100
Aug-23	102 015	82 728	-	19 867	-
Sep-23	154 259	29 115	-	125 144	-
Oct-23	12 562	-	-	12 592	-
Nov-23	39 660	11 060	-	-	28 600
Dec-23	571 015	28 439	-	170 448	372 728
Jan-24	121 470	11 060	-	60 615	49 795
Feb-24	93 487	11 060	-	62 427	-
Mar-24	16 071	16 871	-	-	-
Apr-24	174 305	11 060	-	163 245	-
May-24	55 705	11 060	-	-	44 645
Jun-24	11 090	11 090	-	-	-
Total	1,433,239	274,132	-	639,239	619,868

30 JUNE 2023	Amount	Single Supplier	Type of Deviation		
			Impossible	Impractical	Emergency
Jul-22	42,410	-	-	36,885	3,534
Aug-22	221,117	-	-	72,422	148,695
Sep-22	147,679	4,367	-	136,538	3,754
Oct-22	23,621	-	-	23,621	-
Nov-22	12,482	-	-	12,482	-
Dec-22	-	-	-	-	-
Jan-23	224,614	96,632	-	123,632	34,150
Feb-23	5,431	-	-	5,431	-
Mar-23	258,896	-	-	44,161	215,705
Apr-23	53,429	-	-	8,379	45,050
May-23	52,494	-	-	52,494	-
Jun-23	38,266	-	-	10,566	27,700
Total	1,081,419	71,019	-	631,812	478,689

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

In terms of section 36 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

Total Deviations	2023/24 Amounts
11	62,880
25	386,907
10	843,915
1	337,538
47	1,433,239

Deviations are disclosed inclusive of VAT

48.8

Material losses

Electricity distribution losses

Units purchased (Kwh)
Units lost during distribution (Kwh)
Percentage lost during distribution

2024 R	2023 R
46 566 162	46 609 725
9 606 111	6 637 653
20.19%	14.18%

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 (kl)
Units lost during distribution (kl)
Percentage lost during distribution

2024 R	2023 R
4 342 489	3 210 737
3 401 552	2 044 062
78.33%	63.66%

The reason for water losses is due to pipe bursts and field leakages. Maintenance on meters is difficult due to limitation in funds. In an effort to address the significant issue of losses, a meter audit was performed in the 2023/2024 financial year. Through the audit default meters and straight-line meters was identified. A default meter is a meter not billed (credit or prepaid) and straight-line meter the consumer has not meter. In an effort to improve billing from the 2024/2025 financial year a flat rate will be billed for a default meter.

48.9 **Other non-compliance**

MFMA Section 66(2)(b)
Adequate management, accounting and information system was not in place which accounted for creditors
MFMA Section 66(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 16
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(2) and 32(4)

Report pertaining to unauthorised, irregular, fruitless and wasteful expenditure have not been submitted to all relevant parties. Possible debt not yet recovered from responsible officials

MFMA Section 62

Expenditure were not adequately monitored in accordance with section 62, resulting in unauthorised, fruitless and wasteful and irregular expenditure.

Supply chain management regulations

Non-compliance with supply chain management regulation resulting in irregular expenditure

48.10 **PURCHASES FROM MEMBERS IN SERVICE OF STATE**

The following purchases were made during the 2023/24 financial year where Councilors or staff have an interest:

Company Name	Amount	Interest
Avri Celang	12,075	Son is employed at the Department of Agricultural and the daughter at Department of Social Development
Anne's Deli	3,600	Husband, Mr A Stoffies, is currently employed by the Department of Education
TSCH International Holding	120,950	Spouse, Mr E Hlongwane, currently employed at City of Cape Town
Q&K Projects	801,611	Spouse, Mrs Y De Wee, currently employed at Transnet
Beaufort West Luxury Coaches	4,750	Son, W Johnson, was employed at Beaufort West Municipality and daughter, B Johnson, employed by the Department of Community Safety.
Ian Dickie and Company	24,500	M Samuels, Financial Directors' spouse, Deon Samuels are employed by South Africa Police Services.
Jabeja Consulting	13,617	Brother, Mr Du Plessis, is currently employed by the Department of Education
Swens Bestuurskool	13,500	Spouse, Mr S Swenspoel, currently employed at the Department of Correctional Services
	984,812	

The following purchases were made during the 2022/23 financial year where Councilors or staff have an interest:

Company Name	Amount	Interest
Avri Celang	21,150	Son is employed at the Department of Agricultural and the daughter at Department of Social Development
Anne's Deli	41,005	Husband Mr A Stoffies, is currently employed by the Department of Education
TSCH International Holding	33,064	Spouse, Mr E Hlongwane, currently employed at City of Cape Town
Q&K Projects	244,172	Spouse, Mrs Y De Wee, currently employed at Transnet
Beaufort West Luxury Coaches	8,500	Son works at the Beaufort West Municipality and daughter at Provincial traffic
Ian Dickie and Company	28,358	Spouse, Mrs M Samuels, currently employed at SAPS
Jabeja Consulting	12,015	Brother, Mr Du Plessis is employed by Department of Education
	388,293	

48.11 **Levies paid to other government organisations (MFMA sec 11(c))**

Opening balance
Current year payroll deductions
Amount paid - current year
Amount paid - previous year
Balance unpaid (included in creditors)

	2024 R	2023 R
	4,158	4,204
	50,903	51,278
	(46,726)	(47,120)
	(4,158)	(4,204)
	4,176	4,168

49. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including interest rate 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) 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. 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:

2% (2023: 0.5%) Increase in interest rates
2% (2023: 0.5%) Decrease in interest rates

	2024 R	2023 R
	218,872	51,599
	(218,872)	(51,599)

(b) 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 for call investment deposits, bank accounts and trade and other receivables.

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 "levying of penalty charges", "demand for payment", "restriction 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, Indigents, 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 debtors are payable within 30 days from invoice date. Refer to note 10 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 6 and 7 for balances included in receivables that were re-negotiated for the period under review.

	2024 %	2024 R	2023 %	2023 R
Non-Current Receivables				
Repayment arrangement	100.00%	1,811,683	100%	3,879,388
Exchange Receivables				
Electricity	13%	20,500,353	11%	15,847,405
Water	19%	30,235,585	20%	28,867,338
Property Rentals	2%	3,003,474	2%	3,085,847
Waste Management	17%	27,331,338	18%	26,248,904
Waste Water Management	26%	44,303,148	29%	42,848,906
Other Arrears	20%	31,063,195	21%	30,129,189
Total	100.00%	157,948,093	100%	146,869,376

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 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:

Exchange Receivables				
Electricity	9%	12,200,223	9%	11,092,075
Water	18%	24,650,296	18%	23,714,007
Waste Management	19%	24,848,971	18%	23,628,256
Waste Water Management	30%	40,065,727	30%	38,451,208
Property Rentals	3%	3,437,140	2%	2,842,684
Other Arrears	21%	28,043,637	22%	29,143,667
Total	100.00%	133,245,996	100%	129,882,097

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The provision for bad debts could be allocated between the different categories of receivables as follows:

	2024 %	2024 R	2023 %	2023 R
Other	1.72%	2,293,137	1%	1,768,049
Industrial	3.62%	4,625,443	3%	4,535,712
Residential	94.66%	126,127,415	95%	123,356,336
Total	100.00%	133,245,995	100%	129,662,097

Bad debts written off:

	2024 R	2023 R
Exchange Receivables		
Services	17,393,337	14,574,384

Ageing of amounts past due but not impaired are as follows:

	2024 R	2023 R
2024		
1 month past due	392,959	-
2+ months past due	10,072,100	-
Total	10,465,059	-
2023		
1 month past due	276,762	-
2+ months past due	9,371,652	-
Total	9,648,414	-

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 risk on cash on hand is regarded as unlikely and excluded from credit risk disclosure.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. 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.

Non-current receivables and current receivables are individually evaluated annually at end of financial year 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:

	2024 R	2023 R
Non-Current Receivables from Exchange Transactions	229,477	2,029,753
Non-Current Receivables from Non-Exchange Transactions	82,858	495,318
Current Portion of Non-Current Receivables	1,590,347	1,154,295
Receivables from Exchange Transactions	24,700,096	17,277,273
Cash and Cash Equivalents	15,866,316	14,842,781
Total	42,478,097	36,799,399

(c) 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.

Consumer Deposits are disclosed at the value that could be repayable in the following year. It is unlikely that the full balance would become payable as consumer accounts are expected to remain similar year to year. By implication, if the consumer deposit is paid, a similar receipt from a different customer would be expected. The balance is however disclosed in order to indicate a conservative liquidity risk.

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
2024				
Long-term Borrowings	1,687,043	4,251,135	449,540	-
Trade and Other Payables from exchange transactions	75,325,309	-	-	-
Trade and Other Payables from exchange transactions (debt-ral-ral)	25,166,669	-	-	-
Trade and Other Payables from non-exchange transactions (non-current debt-ral)	-	42,533,006	-	-
Consumer deposits	2,081,963	-	-	-
Total	104,881,014	46,784,141	449,540	-
2023				
Less than 1 year				
Long-term Borrowings	1,194,871	3,739,373	1,348,620	-
Trade and Other Payables from exchange transactions	156,649,421	-	-	-
Consumer deposits	2,490,411	-	-	-
Total	160,634,703	3,739,373	1,348,620	-

BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



50. FINANCIAL INSTRUMENTS		2024	2023
		R	R
In accordance with GRAP104 45 the financial liabilities and assets of the municipality are classified as follows:			
50.1	Financial Assets		
	<u>Classification</u>		
		2024	2023
		R	R
Non-Current Receivables			
Non-current receivables from exchange	Financial Instruments at amortised cost	229,477	2,029,753
Non-current receivables from non-exchange	Financial Instruments at amortised cost	82,858	495,318
Current Portion of Non-Current Receivables	Financial Instruments at amortised cost	1,599,347	1,154,295
		2024	2023
		R	R
Receivables from Exchange Transactions			
Trade receivables from exchange transactions	Financial Instruments at amortised cost	21,080,541	18,291,770
Other receivables from exchange transactions	Financial Instruments at amortised cost	3,619,557	985,502
Receivables from Non-Exchange Transactions			
Other receivables from exchange transactions	Financial Instruments at amortised cost	856,770	561,950
		2024	2023
		R	R
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	3,777,832	2,541,684
Call Investment Deposits	Financial Instruments at amortised cost	12,105,552	12,318,108
Total Financial Assets		42,494,966	38,816,431
SUMMARY OF FINANCIAL ASSETS			
Financial Instruments at amortised cost:			
Non-Current Receivables from exchange	Non-current receivables from exchange	229,477	2,029,753
Non-Current Receivables from non-exchange	Non-current receivables from non-exchange	82,858	495,318
Current Portion of Non-Current Receivables	Current Portion of Non-Current Receivables	1,599,347	1,154,295
Trade receivables from exchange transactions	Trade receivables from exchange transactions	21,080,541	18,291,770
Other receivables from exchange transactions	Other receivables from exchange transactions	3,619,557	985,502
Cash and Cash Equivalents	Bank Balances	3,777,832	2,541,684
Cash and Cash Equivalents	Call Investment Deposits	12,105,552	12,318,108
Total Financial Assets		42,494,966	38,816,431
		2024	2023
		R	R
50.2	Financial Liabilities		
	<u>Classification</u>		
		2024	2023
		R	R
Long-term Borrowings			
Annuity Loans	Financial Instruments at amortised cost	3,130,758	3,788,779
Capitalised Lease Liability	Financial Instruments at amortised cost	610,569	-
		2024	2023
		R	R
Trade and other payables from exchange transactions (current)			
Retention	Financial Instruments at amortised cost	1,225,065	2,763,159
Sundry creditors	Financial Instruments at amortised cost	-	403,106
Trade Payables	Financial Instruments at amortised cost	64,174,265	146,550,612
Trade and other payables from exchange transactions (non-current - debt relief)			
Trade and other payables from exchange transactions (non-current - debt relief)	Financial Instruments at amortised cost	42,533,006	-
Trade and other payables from exchange transactions (current - debt relief)	Financial Instruments at amortised cost	25,166,699	-
		2024	2023
		R	R
Current Portion of Long-term borrowings			
Annuity Loans	Financial Instruments at amortised cost	558,021	734,141
Capitalised Lease Liability	Financial Instruments at amortised cost	523,378	-
Consumer deposits	Financial Instruments at fair value	2,681,963	2,490,411
SUMMARY OF FINANCIAL LIABILITIES		2024	2023
		R	R
Financial Instruments at amortised cost:			
Long-term Borrowings	Annuity Loans	3,788,777	4,522,921
Long-term Borrowings	Capitalised Lease Liability	1,133,948	-
Trade and other payables from exchange transactions (current)	Retention	1,225,065	2,763,159
Trade and other payables from exchange transactions (current)	Trade Payables	64,174,265	146,550,612
Trade and other payables from exchange transactions (non-current - debt relief)	Trade Payables	42,533,006	-
Trade and other payables from exchange transactions (current - debt relief)	Trade Payables	25,166,699	-
Consumer deposits	Consumer deposits	2,681,963	2,490,411
Total Financial Liabilities		149,703,722	166,327,103

BEAUPORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



61. STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

Taxes

VAT Receivable

Receivables from Non-Exchange Transactions

Property rates
Other receivables
Fines

Total Statutory Receivables (before provision)

Less: Provision for Debt Impairment

Total Statutory Receivables (after provision)

Statutory Receivables arises from the following legislation:

Taxes - Value Added Tax Act (No 89 of 1991)
Property rates - Municipal Properties Rates Act (No 6 of 2004)
Fines - Criminal Procedures Act

Taxes only recognised as part of Statutory receivables, if a balance is due from SARS to the municipality (Control account a receivable)

Statutory receivables are initially measured at transaction value, and subsequently at cost.

	2024 R	2023 R
VAT Receivable		
Receivables from Non-Exchange Transactions	170,848,059	141,037,549
Property rates	42,852,776	38,505,018
Other receivables	10,492,982	11,042,290
Fines	117,502,302	91,490,244
Total Statutory Receivables (before provision)	170,848,059	141,037,549
Less: Provision for Debt Impairment	(137,928,056)	(118,353,583)
Total Statutory Receivables (after provision)	32,920,001	22,683,966

Property Rates: Ageing

Current (0 - 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days

Total

	2024 R	2023 R
Current (0 - 30 days)	2,957,062	2,778,545
31 - 60 Days	1,346,771	1,275,156
61 - 90 Days	890,501	1,003,706
+ 90 Days	37,558,442	33,447,608
Total	42,852,776	38,505,016

Other Receivables: Ageing

Current (0 - 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days

Total

	2024 R	2023 R
Current (0 - 30 days)	4,528	(688)
31 - 60 Days	539	1,042
61 - 90 Days	87	-
+ 90 Days	11,324,809	11,603,898
Total	11,329,762	11,604,240

Fines: Ageing

Current (0 - 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days

Total

	2024 R	2023 R
Current (0 - 30 days)	4,704,000	11,953,800
31 - 60 Days	3,843,050	9,873,750
61 - 90 Days	4,680,300	11,105,150
+ 90 Days	104,274,952	58,757,544
Total	117,602,302	91,490,244

Reconciliation of Provision for Debt Impairment

Balance at beginning of year
Transfer from non-current portion
Contribution to provision
VAT contributions on provision
Transfer to non-current portion
Reversal of provision
Balance at end of year

	2024 R	2023 R
Balance at beginning of year	118,353,564	255,554,983
Transfer from non-current portion	143,249	1,490,248
Contribution to provision	46,043,614	33,610,241
VAT contributions on provision	(143,895)	528,842
Transfer to non-current portion	(132,564)	(143,249)
Reversal of provision	(26,335,809)	(172,687,479)
Balance at end of year	137,928,056	118,353,583

Property Rates & Other receivables: 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:

1 month past due
2+ months past due

Total

	2024 R	2023 R
1 month past due	5,018,490	10,711,131
2+ months past due	154,181,451	112,588,878
Total	159,207,941	123,301,010

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. The above is in relation to property rates and fines.

Ageing of amounts past due but not impaired:

1 month past due
2+ months past due

Total

	2024 R	2023 R
1 month past due	173,870	238,817
2+ months past due	4,137,092	3,328,026
Total	4,310,962	3,566,843

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.

Interest Received from Statutory Receivables

Property Rates

Interest is levied at a rate determined by the council on outstanding property rates amounts

	2024 R	2023 R
Property Rates	3,210,657	2,541,248

62. CONTINGENT LIABILITIES

The following guarantees qualify as contingent liabilities

NAME / REG NO	GUARANTEE ISSUED TO	2024 R	2023 R
Nedbank 286	Performance guarantee no 285/02883307 Post office	50,000	50,000
Nedbank 287	Electricity guarantee: 285/32683218 Eskom	34,700	34,700
Nedbank 288	Electricity guarantee: 285/32683905 Eskom - Nelspoort	41,700	41,000
		126,400	125,700

Claims against the municipality

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.

Beaufort West Municipality/Minister of Water and Sanitation

In this matter the municipality received a summons from the Minister of Water and Sanitation for payment of the amount of R3 311 205.85 for the payment of water charges from the periods pending from 1st April 2002 until 31 August 2018. We have entered a notice of Intention to Defend and up until today we have not received any further pleadings from the Plaintiff's attorneys. At this stage we do not think this matter will proceed any further and the costs exposure would therefore be very minimal

3,311,206

Beaufort West Municipality/A Damco & SS Demco

In this matter the Plaintiff issued Summons against the Municipality for damages as a result of a fire that burned down their immovable property, in the amount of R838 623.54. We have defended the matter and it is still ready. We confirm that a trial date as obtained from 8 November 2021, but due to the fact that no Judge could be allocated to this matter, the matter was removed from the court roll. Since then there was no movement on the matter and at this stage unclear if the Plaintiff intends to pursue this claim any further. The cost exposure for the municipality is the amount claimed by the Plaintiff and legal cost we estimated at +- R400 000.

400,000

Beaufort West/Africa Creek

This matter relates to a claim by Africa Creek against the municipality for payment of an amount of R15 340 344. The municipality vehemently denies liability to the claim and this matter is currently being defended in the Cape Town High Court. We confirm that we have filed a Notice of Intention to defend and up until date there were no further movement with respect to this matter. Our prospects to successfully defend this matter is very good. We confirm that the costs exposure for the municipality in this matter could well be between R100 000 to R250 000.

250,000

Beaufort West/Van Wyk

This is labour matter where Applicant, Mr van Wyk, claims arrears overtime money. The applicant did not disclose an amount that was due to him and at this stage we are not in a position to establish the financial exposure for Beaufort West Municipality. We have received a directive from the Labour court to file a notice of condonation as well as our answering statement and was subsequently filed. We are now waiting the Labour court to furnish us with a date for the matter to be heard. Our prospect to successfully defend this matter is good.

Beaufort West Municipality/Traffic Violation Solutions (Pty) Ltd

Traffic Violations Solutions issued a summons against the municipality in terms of a SLA between Traffic Violations Solutions and Beaufort West Municipality in terms whereof they claim damages in the amount of R1 327.01 as well as the amount of R3 197 754. This matter was subsequently defended by Messrs Ngweni Attorneys who subsequently withdrew from record.

This matter has since been taken over by Municipal attorneys as well as correspondent attorneys in Cape Town, Messrs Marais Muller Hendricks Attorneys. The attorneys is currently in process of defending the claim.

3,199,082

Beaufort West Municipality & T. Francois Bosman

An application by Mr Bosman challenging the decision of the municipality to appoint Mr Hendrik Truman Prince as the Director of Community Services. This application was issued on 19 July 2019 out of the Labour Court and has since been argued in the Labour Court and now await judgement of the Labour Court. The matter was argued during November last year and until date we have not received the judgement.

The legal team were successful in defending the matter, but the Applicant have now filed an Application for Leave to Appeal to the Labour Appeal Court. The legal team are currently busy with the appeal process and that the cost exposure for the municipality could be in excess of R300 000

300,000

Beaufort West/DA councillors

This is the matter where the municipality claim payment from certain councillors of the DA as well as certain employees of the Democratic Alliance for salaries that was paid to them in error. Furthermore we confirm that we are the Plaintiff in this matter and that the defendants pleaded several special pleas and that the special pleas was argued during January 2021 in the High Court. The judgement was forwarded to the Municipal Manager and we were successful in the defence of the special pleas that was pleaded by the Defendants. This court also ordered the defendants to pay the legal fees of the municipality. We confirm that the party and the party costs were taxed and have already received payment of the taxed amount. The judgement relates only to a preliminary issue, but the main trial must still proceed and at this stage we are in the process of applying for a date of trial in the High Court. Our prospects of success in order to claim the money from the DA councillors is in our opinion very good. The cost exposure for the municipality could be between R200 000 and R300 000.

300,000

Murraysburg Landfill site

The landfill site licence expired in 2019 and currently the site is operated illegally. A new application is yet to be submitted to the Department of Environmental Affairs. The municipality is exposed to a possible fine or imprisonment or both. This will only be determined once a communication is issued by the Department.

GAP Management

GAP Management made an application to high Court to compel the municipality to decide their appeal that was submitted in terms of section 62 of the municipal system Act 32/2000 in the meantime, the legal team received the decision of the current acting Municipal Manager with regards to the Appeal of GAP Management and it was subsequently furnished to the Legal Representatives acting on behalf of GAP Management. The legal team confirm that there is indeed a cost implication for the municipality for the taxed costs of the legal representatives of GAP. Furthermore, we confirm that we now received the notice of taxation from our opponents and instructions given to legal teams to vigorously oppose this taxation. At this stage the possible cost implication is not clear.

Beaufort West/SARS

The separation of funding and implementation responsibilities often results in unfunded mandates being imposed on municipalities. Beaufort West Municipality is not assigned a library function and is also not acting formally in terms of an SLA as agent of the Western Cape Provincial Government (WCPG), but it is also expected to contribute financially to the provision of library services. The possible interest to be paid on receipts for the past 5 years will only be confirmed once a formal notice is issued by SARS. Management estimated the possible interest for the past 5 years, as per the latest rates of SARS.

1,784,340

1,098,035

8,233,422

Total

CONTINGENT ASSETS

BANK / FIRM	PURPOSE	REG NO	2024 R	2023 R
First National Bank	Electricity supply 163/3/06	147	2,020	2,020
FNB/Shoprite	Guarantee: Electricity Supply	88	12,265	12,265
FNB/Ackermans	Electricity Supply 579-131/01	91	2,080	2,080
ABSA Bank	Guarantee No 3043 1103 257 Water & Electricity services erf no 7401 (Beaufort Manor)	270	222,000	222,000
Rand Merchant Bank o b o R. Koster Via R A Koster	Guarantee Nr:G900/0595814/GLO. Supply of water and electricity to 13 Bird Street (Beaufort Manor)	301	31,300	31,300
Rand Merchant Bank o b o R. Koster Via R A Koster	Guarantee Nr:G900/0595852/GLO. Supply of water and electricity to 7 Bird Street (Beaufort Manor)	302	21,100	21,100
First Rand Bank (RMB) o b o De Jagers Loodgieter Kontrakteurs (Edms) Bpk	Performance Guarantee: Guarantee No OGT0672ZA0043595 Tender No SCM 28/2023 Upgrading of Murraysburg Roads and Stormwater	338	-	344,849
First Rand Bank (RMB) o b o De Jagers Loodgieter Kontrakteurs (Edms) Bpk	Guarantee No OGT0672ZA0044386 Contract Number SCM 39/2023 Murraysburg Boreholes Development and equipping of boreholes in Murraysburg Mechanical, electrical and civil work	338	-	1,283,715
PCBS Construction & Customs Bond Services (Pty) Ltd - Bryle o b o ZABS Etterouse (Pty) Ltd	Guarantee Number JBCC2D230327/001 Tender SCM 37/2023: New Ablution Block, Pavilion and upgrading and renovation of existing Ablution	339	-	190,491
First Rand Bank (RMB) o b o De Jagers Loodgieter Kontrakteurs (Edms) Bpk	Retention Guarantee: Guarantee Number OGT0672ZA0045919 Contract No SCM 32/2023 Merweville Boreholes, development and equipping of boreholes in Merweville: Mechanical, electrical and civil works	340	525,328	525,328
First Rand Bank (RMB) o b o De Jagers Loodgieter Kontrakteurs (Edms) Bpk	Retention Guarantee: Guarantee No OGT0672ZA0045918 Contract Number SCM 39/2023: Murraysburg Boreholes Development and equipping of boreholes in Murraysburg Mechanical, electrical and civil work	341	641,852	641,852
First Rand Bank (RMB) o b o TG Elektries (Pty) Ltd	Performance Guarantee Number: OGT0672ZA0046556 Contract No SCM 72/2023 Three year maintenance and upgrade tender of mechanical and electrical installators Boreholes, pump stations and buildings	343	150,000	-
First Rand Bank (RMB) o b o De Jagers Loodgieter Kontrakteurs (Edms) Bpk	Performance Guarantee: Guarantee No OGT0672ZA0050240 Contract No SCM 38/2024 Upgrading of Nelspoort Soccer / Rugby field and facilities Phase 1 Area C	346	743,169	-
First Rand Bank (RMB) o b o De Jagers Loodgieter Kontrakteurs (Edms) Bpk	Retention Guarantee: Guarantee No OGT0672ZA0050312 Contract No SCM 07/2024 Upgrading of Roads and Stormwater Infrastructure in Nelspoort and Murraysburg	347	104,051	-
First Rand Bank (RMB) o b o De Jagers Loodgieter Kontrakteurs (Edms) Bpk	Retention Guarantee: Guarantee No OGT0672ZA0050313 Contract No SCM 11/2024 Upgrading of Roads and Stormwater Infrastructure in Beaufort West	348	37,520	-
Beaufort West Municipality/Duneco CC	Application for review was made by applicants for review of tender relating to implementation of low-cost housing. The Applicants were ordered to pay the wasted costs to the Municipality. A cost consultant is still to be appointed to draw up a comprehensive Bill of costs in this regard		25,000	-
Total			2,617,786	3,277,001

63. RELATED PARTIES

Key Management and Councilors receive and pay for services on the same terms and conditions as other ratepayers / residents.

Services rendered to key management personnel occurred within normal supplier and customer relationships on terms and conditions no more or less favourable than those which the municipality is reasonable to expect to have adopted if dealing with the individual persons in the same circumstances. These terms and conditions are within the normal operating parameters established by the municipality's legal mandate.

The amounts outstanding are unsecured and will be settled in cash.

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.

63.2 Related Party Loans

Since 1 July 2004 loans to councilors 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.

63.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 33 and 34 to the Annual Financial Statements.

64. FINANCIAL SUSTAINABILITY

Financial Indicators

The current ratio increased to 0.63:1 from 0.4:1 in the prior year.

The municipality have budgeted for a surplus of R19 155 179 for the 2023/2024 financial year. The municipality is also budgeting for positive cash flows (surplus) during 2024/2025 and 2025/2026 amounting to R35 391 868 and R33 214 472 respectively.

The municipality had an actual deficit of R9,018,787 (2023: R-23,852,102) for the current year.

The average debtors' payment days increased to 424 days from 455 days.

The average creditors payment period increased to 172 days from 373 days.

The municipality is experiencing difficulty to settle its current liabilities as its net current asset position is insufficient. The current liabilities exceeds the current assets with of R41,566,531 (2023: R11,496,864)

The municipality had a positive bank balance with Nedbank to an amount of R3 149 287 (2023: R1 888 648) as per the bank statement

The bank balance as per the cash book (primary account) for the current year is of R3,365,022 (2023: R2,010,284)

The was an increase in cash and cash equivalents for the current year of R1,023,391 (2023: R-1,528,088)

The municipality had a collection rate of 84.58% for June 2024.

The municipality had call investment deposits for the current year of R12,105,552 (2023: R12,318,108)

The outstanding balances in respect of external loans amounts to R4,922,725 (2023: R4,522,919)

The Municipality has signed repayment agreements with Eskom, Izzelo, Water & Waste management, SALGA, Auditor General to repay long outstanding accounts.

Possible outflow of resources due the contingent liability disclosed in note 52

The municipality was approved for debt relief from Eskom, that assisted with improving the results for current and future financial years. Refer to note 19.2 and 32.2.

The municipality has been under financial recovery since 2021/2022 financial year.

In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.

65. EVENTS AFTER REPORTING PERIOD

No events after the reporting date were identified by management that will effect the operations of the municipality or the results of those operations significantly

BEALPORTWEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

66. PRINCIPAL/AGENT AGREEMENTS

Agent: Provincial Department of Transport and Public Works

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 Trade and other 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.

There are no resources under the custodianship of the Municipality, nor have they been recognised as such.

	2024 R	2023 R
Compensation received for agency activities		
Commission	1,355,917	1,179,795
Total Compensation received	1,355,917	1,179,795

Principal arrangement: Traffic services

The municipality has a service provider TCS who acts as an agent for the municipality with the issuing of traffic fines. All payments are received directly by the municipality and the service provider issue invoices to the municipality for commission payable. The municipality determines the significant terms and conditions and receives the benefit from traffic fines issues. There are no resources under the custodianship of the agent, nor have they been recognised as such. As no resources of the municipality is held by the service provider, no significant risks has been transferred. Should a possible breach in contract arise there could be cost implications depending on the agreement/outcome reached.

	2024 R	2023 R
Commission paid to the agent:	1,875,999	179,951

Principal arrangement: Conjour

The municipality has a service provider Conjour who acts as agent for the municipality with the sale of prepaid electricity and water. All payments are received directly by the municipality and the service provider invoices the municipality for commission payable. The municipality determines the significant terms and conditions and receives the benefit from water and electricity sold. No changes occurred from the previous period. There are no resources under the custodianship of the agent, nor have they been recognised as such. As no resources of the municipality is held by the service provider, no significant risks has been transferred. There is no cost implication to the municipality if the arrangement is terminated.

	2024 R	2023 R
Commission paid to the agent:	756,074	662,952

Principal arrangement: Lithaba Travel

The municipality has a service provider Lithaba who acts as an agent for the municipality with the 3rd party to seek secure travel and accommodation services. All payments are received directly by the municipality and the service provider invoices the municipality for commission payable. The municipality determines the significant terms and conditions and receives the benefits. No change occurred in significant terms and conditions from the previous period. There are no resources under the custodianship of the agent, nor have they been recognised as such. As no resources of the municipality is held by the service provider, no significant risks has been transferred. There is no cost implication to the municipality if the arrangement is terminated.

	2024 R	2023 R
Commission paid to the agent	31,001	13,499

Principal arrangement: Esayoye

The municipality has a service provider Esayoye who acts as an agent for the municipality with the 3rd party collection of debtor payments. All payments are received directly by the municipality and the service provider invoices the municipality for commission payable. The municipality determines the significant terms and conditions and receives the benefits. No change occurred in significant terms and conditions from the previous period. There are no resources under the custodianship of the agent, nor have they been recognised as such. As no resources of the municipality is held by the service provider, no significant risks has been transferred. There is no cost implication to the municipality if the arrangement is terminated.

	2024 R	2023 R
Commission paid to the agent	29,121	144,700



57. REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2024

For management purposes, the municipality is organized and operates in key functional segments for 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 section 71 schedule that provides actual amounts at that time per both the department and function.

The key functional segments comprise of:

PRIMARY SEGMENTS - 2023/2024 FINANCIAL YEAR

- Vote 1 - Municipal Manager
- Vote 2 - Directorate: Infrastructure Services
- Vote 3 - Directorate: Electro-technical Services
- Vote 4 - Directorate: Corporate Services
- Vote 5 - Directorate: Financial Services
- Vote 6 - Directorate: Community Services

PRIMARY SEGMENTS - 2022/2023 FINANCIAL YEAR

- 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:

PRIMARY SEGMENTS

Functional Segments	Sub vote	Aggregation	Reportable Segment	
Vote 1 - Executive & Council	1.1 - Office of the Executive Mayor	Aggregated	Governance and Administration	
	1.2 - Office of the Executive Deputy Mayor	Aggregated	Governance and Administration	
	1.3 - Office of the Speaker	Aggregated	Governance and Administration	
	1.4 - Portfolio Committees	Aggregated	Governance and Administration	
	1.5 - Council General	Aggregated	Governance and Administration	
	Vote 2 - Municipal Manager	2.1 - Office of the Municipal Manager	Aggregated	Governance and Administration
		2.2 - Internal Audit	Aggregated	Governance and Administration
		2.3 - Case Cases	Aggregated	Governance and Administration
		2.4 - Strategic Services	Aggregated	Governance and Administration
		2.5 - Risk Management	Aggregated	Governance and Administration
		2.6 - Performance Management	Aggregated	Governance and Administration
		2.7 - Council Support	Aggregated	Governance and Administration
	Vote 3 - Corporate Services	3.1 - Office of HOD - Corporate Services	Aggregated	Governance and Administration
		3.2 - Administration & Archives	Aggregated	Governance and Administration
		3.4 - Human Resources	Aggregated	Governance and Administration
3.5 - Contract & Legal Services		Aggregated	Governance and Administration	
4.1 - Office of the CFO		Aggregated	Governance and Administration	
Vote 4 - Financial Services	4.2 - Income	Aggregated	Governance and Administration	
	4.3 - Expenditure	Aggregated	Governance and Administration	
	4.4 - Information Technology	Aggregated	Governance and Administration	
	4.5 - Financial Accounting	Aggregated	Governance and Administration	
	4.6 - Supply Chain Management	Aggregated	Governance and Administration	
	5.1 - Office of HOD - Community Services	Aggregated	Governance and Administration	
	5.2 - Protection Services	Aggregated	Governance and Administration	
Vote 5 - Community and Public Safety	5.3 - Parks & Recreation	Aggregated	Community and Public Safety	
	5.4 - Library Services	Aggregated	Community and Public Safety	
	5.5 - Cleansing Services	Aggregated	Community and Public Safety	
	5.6 - Development & Planning	Aggregated	Community and Public Safety	
	5.7 - Human Settlement	Aggregated	Community and Public Safety	
	5.8 - Council Buildings & Halls	Aggregated	Community and Public Safety	
	5.9 - Airport	Aggregated	Community and Public Safety	
	6.1 - Office of HOD - Technical Services	Aggregated	Technical Services	
	6.2 - Electro-Technical Services	Aggregated	Technical Services	
	6.3 - Job Creation	Aggregated	Technical Services	
6.4 - Civil Engineering Services	Aggregated	Technical Services		
Vote 6 - Technical Services	6.5 - Rural Water	Aggregated	Technical Services	
	6.6 - Works/High	Aggregated	Technical Services	
	6.7 - Sewerage	Aggregated	Technical Services	
	7.1 - Human Settlement	Aggregated	Governance and Administration	
	8.1 - Corporate Wide Strategic Services	Aggregated	Governance and Administration	
	8.2 - Town Planning	Individually Reported	Town Planning	
	8.3 - IDP	Aggregated	Governance and Administration	

SECONDARY SEGMENTS

Major functional segments identified	Aggregation	Aggregation	Reportable Segment
• Governance and Administration	Executive and council Finance and administration Internal audit Community and social services Sport and recreation Public safety Health services Planning and development Road transport Environmental protection services	Aggregated Aggregated Aggregated Aggregated Aggregated Aggregated Aggregated Aggregated Aggregated Aggregated Aggregated	Governance and Administration Governance and Administration Governance and Administration Community and public safety Community and public safety Governance and Administration Governance and Administration Economic and environmental services Governance and Administration Governance and Administration Energy sources
• Community and public safety	Water management Waste water management Waste management services	Individually Reported Individually Reported Individually Reported	Water management Waste water management Waste management services
• Economic and environmental services	Abattoirs Air Transport Forestry Licensing and Regulation Markets Tourism	Aggregated Aggregated Aggregated Aggregated Aggregated Aggregated	Other Other Other Other Other Other
• Trading services			
• Other			

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. Capital expenditure (additions) is reviewed by management monthly per the section 71 schedule.

	PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2024					Total
	Municipal Manager	Infrastructure Services	Electro-technical Services	Corporate Services	Financial Services	
	R	R	R	R	R	R
SEGMENT REVENUE						
External revenue from exchange transactions	-	-	-	-	-	-
Service Charges	140,440,337	1,023,440	7,586,886	15,165,854	15,165,854	164,805,217
Sales of Goods and Rendering of Services	133,924,828	-	1,921,823	10,787,971	10,787,971	146,644,222
Rental from Fixed Assets	132,207	24,874	151,115	366,501	366,501	874,798
Interest Earned - External Investments	-	1,397,088	262,761	85,398	85,398	1,715,225
Interest Earned - Exchange Transactions	6,362,070	-	2,693,944	-	-	2,693,944
Liabilities and Permits	-	-	490,439	2,202,313	2,202,313	8,074,822
Agency Services	-	-	219,188	-	-	219,188
Operational Revenue	231	231,470	1,837,506	1,955,917	1,955,917	1,956,917
External revenue from non-exchange transactions	8,724,536	63,870,854	11,779,821	119,484,490	52,790,713	266,623,614
Property Rates	-	-	-	46,013,835	-	46,013,835
Government Grants and Subsidies - Capital	6,285,907	316,762	-	7,857,663	7,857,663	16,230,351
Government Grants and Subsidies - Operating	39,609,443	11,447,631	20,816,079	16,559,898	16,559,898	89,134,588
Debt forgiveness	15,053,833	-	-	-	-	15,053,833
Contributed Property, Plant and Equipment	-	-	-	-	-	-
Fines, Penalties and Forfeits	433,213	8,428	-	26,431,814	26,431,814	75,881,505
Interest Earned - Non-exchange Transactions	-	-	-	3,210,957	-	3,210,957
Liabilities and Permits	-	-	-	0,270	-	170,468
Availability fees	517,559	-	-	-	-	517,559
Total Segment Revenue	8,724,536	204,319,291	13,397,281	127,031,176	97,856,566	421,428,831
SEGMENT EXPENDITURE						
Employee related costs	-	-	-	-	-	-
Remuneration of Councilors	5,892,808	40,826,591	19,367,876	19,580,938	35,858,832	121,104,843
Bad Debts Written Off	-	-	6,016,259	-	-	6,016,259
Contracted Services	1,451,826	45,893,872	3,224,443	1,887,377	4,453,913	52,235,102
Depreciation and Amortisation	-	16,246,544	1,754,059	10,893,434	4,884,115	26,246,818
Finance Costs	11,377	7,879,120	3,881,225	602,833	5,840,101	26,442,588
Bulk Purchases	-	96,839,815	-	1,251,131	2,111,262	14,844,116
Inventory Consumed	2,855	5,880,387	284,223	286,160	913,984	88,838,815
Operating Leases	-	-	-	-	-	7,368,718
Transfers and Subsidies	-	-	-	-	-	-
Operational Costs	1,166,188	10,738,811	8,870,238	7,913,897	4,389,280	32,888,284
Total Segment Expenditure	8,935,132	235,777,820	43,506,422	41,327,560	58,239,508	387,179,660
Surplus/(Deficit)	389,404	(31,457,729)	(30,103,180)	85,703,596	9,717,060	34,249,171
Inventories: (Write-down)/Reversal or Write-down to Net Realisable Value	-	(107,578)	-	-	-	(107,578)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	-	(3,131,847)	-	(1,351,797)	(19,428,957)	(23,004,535)
Gained/(Loss) on Sale of Fixed Assets	-	(1,184,535)	-	(234,687)	-	(1,419,423)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	(47,846)	-	(2,801)	-	(50,748)
Accrual gain/(loss)	-	-	(600,120)	-	-	(600,120)
Surplus/(Deficit) after Capital Transfers & Contributions	389,404	(35,829,537)	(29,847,225)	84,114,021	(8,709,897)	9,016,787
Taxation	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	389,404	(35,829,537)	(29,847,225)	84,114,021	(8,709,897)	9,016,787
Attributable to Minorities	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	389,404	(35,829,537)	(29,847,225)	84,114,021	(8,709,897)	9,016,787
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
Surplus/(Deficit) for the year	389,404	(35,829,537)	(29,847,225)	84,114,021	(8,709,897)	9,016,787
Capital expenditure per segment	-	7,128,109	-	1,144,474	1,594,846	7,023,740
	-	-	-	-	-	16,889,170

**APPENDIX A
BEAUFORT WEST LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2024**

EXTERNAL LOANS	Reg No/Serial number	Rate	Supplier	Loan number/Area	Maturity date	Balance at 30 June 2023	Received during the period	Redeemed written off during the period	Balance at 30 June 2024
LONG-TERM LOANS									
ANNUITY LOANS									
General									
Sewerage Farm Merweville		6.75%	DBSA	103464/2	2024/12/31	415,141	-	(272,139)	143,002
Electricity									
20MVA Transformer - Sub Station		10.90%	DBSA	103464/1	2028/12/31	2,493,422	-	(280,435)	2,212,987
Water Works									
Farm Hantsler		10.90%	DBSA	103464/1	2028/12/31	1,252,873	-	(140,911)	1,111,962
Pressure Control System		10.90%	DBSA	103464/1	2028/12/31	381,495	-	(40,656)	320,828
Total Annuity Loans						4,522,921	-	(754,141)	3,768,779
CAPITALISED LEASE LIABILITY									
Photocopy machineC360I	AA2J021504384	14.25%	Konica Minolta	Corporate Services	30/06/2026	-	57,637	(16,564)	41,073
Photocopy machineC360I	AA2J021504382	14.25%	Konica Minolta	Supply Chain	30/06/2026	-	57,637	(16,564)	41,073
Photocopy machineC360I	AA2J021504435	14.25%	Konica Minolta	Engineering	30/06/2026	-	57,637	(16,564)	41,073
Photocopy machine4050I	ACT8021033446	14.25%	Konica Minolta	Youth Hub/Road House	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machine4050I	ACT8021033445	14.25%	Konica Minolta	Traffic Department	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machine4050I	ACT8021032986	14.25%	Konica Minolta	Traffic Department	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machine4050I	ACT8021031954	14.25%	Konica Minolta	Traffic Department	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machine4050I	ACT8021032888	14.25%	Konica Minolta	Mayors Office	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machine4050I	ACT8021032953	14.25%	Konica Minolta	Council Chambers	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machineC360I	AA2J021505110	14.25%	Konica Minolta	Church Street Library	30/06/2026	-	74,562	(21,428)	53,134
Photocopy machine4050I	ACT8021033352	14.25%	Konica Minolta	Finance-Credit Control	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machineC360I	AA2J021505056	14.25%	Konica Minolta	Finance-Reception	30/06/2026	-	57,637	(16,564)	41,073
Photocopy machine4050I	ACT8021032924	14.25%	Konica Minolta	Finance-Expenditure	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machine4050I	ACT8021033353	14.25%	Konica Minolta	Finance-Pay Roll	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machine4050I	ACT8021033276	14.25%	Konica Minolta	Finance-Budget	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machine4050I	ACT8021033312	14.25%	Konica Minolta	Stores	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machine4050I	ACT8021032905	14.25%	Konica Minolta	Stores	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machine4050I	ACT8021032908	14.25%	Konica Minolta	Assets	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machine4050I	ACT8021032915	14.25%	Konica Minolta	Workshop	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machineC360I	AA2J021504385	14.25%	Konica Minolta	Wheely Wagon Library	30/06/2026	-	74,562	(21,428)	53,134
Photocopy machine4050I	ACT8021033447	14.25%	Konica Minolta	Pay Point- Youth Hub	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machineB360I	ACT77021002316	14.25%	Konica Minolta	Housing/Youth Hub	30/06/2026	-	48,567	(13,957)	34,610
Photocopy machine4050I	ACT8021033438	14.25%	Konica Minolta	Thusong Centre	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machine4050I	ACT8021033462	14.25%	Konica Minolta	Indigent Office	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machineC360I	AA2J021504443	14.25%	Konica Minolta	Electrical Department	30/06/2026	-	57,637	(16,564)	41,073
Photocopy machine4050I	ACT8021032927	14.25%	Konica Minolta	CDW- Rustdene	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machineC360I	AA2J021504456	14.25%	Konica Minolta	CDW- Rustdene 1	30/06/2026	-	57,637	(16,564)	41,073
Photocopy machineC360I	AA2J021504153	14.25%	Konica Minolta	Mimosa Library	30/06/2026	-	74,562	(21,428)	53,134
Photocopy machine4050I	ACT8021033324	14.25%	Konica Minolta	Traffic Court	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machine4050I	ACT8021032911	14.25%	Konica Minolta	Murraysburg Offices	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machineC360I	AA2J021504348	14.25%	Konica Minolta	Murraysburg Library	30/06/2026	-	74,562	(21,428)	53,134
Photocopy machine4050I	ACT8021032953	14.25%	Konica Minolta	Murraysburg thusong centre	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machineC360I	AA2J021504446	14.25%	Konica Minolta	Merweville Library	30/06/2026	-	74,562	(21,428)	53,134
Photocopy machine4050I	ACT8021033479	14.25%	Konica Minolta	Merweville Betsal Kantoer	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machine4050I	ACT8021033511	14.25%	Konica Minolta	Merweville Betsal Kantoer 1	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machine4050I	ACT8021032899	14.25%	Konica Minolta	Nelsport Pay Office	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machineC360I	AA2J021504444	14.25%	Konica Minolta	Nelsport Library	30/06/2026	-	74,562	(21,428)	53,134
Photocopy machine4050I	ACT8021032976	14.25%	Konica Minolta	CDW- Nelsport	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machine4050I	ACT8021032922	14.25%	Konica Minolta	ICT Offices	30/06/2026	-	16,978	(4,879)	12,099
Photocopy machineC360I	AA2J021504458	14.25%	Konica Minolta	Director Office	30/06/2026	-	57,637	(16,564)	41,073
Photocopy machineSF350	44121715	6.17%	Sky Metro Equipment	Corporate Services	31/08/2026	-	89,716	(23,284)	66,432
Photocopy machineC654I	AA2X1021000771	6.17%	Sky Metro Equipment	Corporate Services	31/08/2026	-	78,970	(20,495)	58,475
Photocopy machineC650I	AA7N027000238	6.17%	Sky Metro Equipment	Corporate Services	31/08/2026	-	72,315	(18,758)	53,547
TOTAL CAPITALISED LEASE LIABILITY						-	1,581,818	(447,870)	1,133,948
TOTAL EXTERNAL LOANS						4,522,921	1,581,818	(1,182,012)	4,922,727

APPENDIX B
BEAUFORT WEST LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2023 Actual Income R	2023 Actual Expenditure R	2023 Surplus/ (Deficit) R		2024 Actual Income R	2024 Actual Expenditure R	2024 Surplus/ (Deficit) R
45,224,382	20,107,652	25,116,730	Governance and Administration	11,946,203	19,978,587	(8,032,384)
123,617,062	93,007,754	30,609,308	Executive and council	141,474,717	119,987,121	21,487,595
7,443,245	17,445,321	(10,002,077)	Community and Public Safety	7,561,093	16,291,402	(8,730,308)
2,208,721	4,039,487	(1,830,766)	Community and social services	2,530,176	6,120,916	(3,590,740)
4,443,075	84,137,731	(79,694,656)	Sport and recreation	27,952,049	39,567,487	(11,615,438)
164,827	1,730,711	(1,565,884)	Public safety	1,070,692	2,123,885	(1,053,193)
			Housing			
			Economic and Environmental Services			
2,170,541	7,698,181	(5,527,640)	Planning and development	1,859,464	11,786,728	(9,927,263)
3,697,111	15,733,007	(12,035,896)	Road transport	6,206,645	18,207,051	(12,000,405)
			Trading Services			
118,795,294	103,259,870	15,535,424	Energy sources	139,256,706	109,909,370	29,347,335
45,942,076	28,138,095	17,803,980	Water management	37,483,723	30,968,475	6,515,248
29,046,183	20,680,390	8,365,793	Waste water management	32,966,792	19,550,240	13,416,552
18,996,510	16,907,136	2,089,374	Waste management	25,124,994	18,088,568	7,036,426
401,749,027	412,885,337	(11,136,310)	Sub Total	435,433,255	412,579,829	22,853,425
(12,715,792)	-	(12,715,792)	Less Inter-Departmental Charges	(13,836,658)	-	(13,836,658)
389,033,235	412,885,337	(23,852,102)	Total	421,596,596	412,579,829	9,016,767

APPENDIX C
BEAUFORT WEST LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024
MUNICIPAL VOTES CLASSIFICATIONS

2023 Actual Income R	2023 Actual Expenditure R	2023 Surplus/ (Deficit) R		2024 Actual Income R	2024 Actual Expenditure R	2024 Surplus/ (Deficit) R
8,543,548	6,789,526	1,754,022	Municipal Manager	8,724,536	6,023,705	2,700,831
36,680,835	13,318,126	23,362,708	Municipal Manager Mayor and Council	3,221,667	13,954,882	(10,733,215)
112,073,196	75,623,928	36,449,269	Chief Financial Officer	127,183,321	94,794,431	32,388,890
			Budget and Treasury Office			
11,543,865	17,383,826	(5,839,961)	Director: Administration	14,291,396	25,192,690	(10,901,294)
2,170,541	7,698,181	(5,527,640)	Corporate Services Planning and Development	1,859,464	11,786,728	(9,927,263)
7,443,245	17,445,321	(10,002,077)	Director: Community Services	7,561,093	16,291,402	(8,730,308)
2,208,721	4,039,487	(1,830,766)	Community and Social Services Sport and Recreation	2,530,176	6,120,916	(3,590,740)
4,443,075	84,137,731	(79,694,656)	Public Safety	27,952,049	39,567,487	(11,615,438)
164,827	1,730,711	(1,565,884)	Housing	1,070,692	2,123,885	(1,053,193)
3,697,111	15,733,007	(12,035,896)	Director: Technical Services	6,206,645	18,207,051	(12,000,405)
118,795,294	103,259,870	15,535,424	Road Transport	139,256,706	109,909,370	29,347,335
45,942,076	28,138,095	17,803,980	Electricity	37,483,723	30,968,475	6,515,248
29,046,183	20,680,390	8,365,793	Water	32,966,792	19,550,240	13,416,552
18,996,510	16,907,136	2,089,374	Waste Water Management Waste Management	25,124,994	18,088,568	7,036,426
401,749,027	412,885,337	(11,136,310)	Sub Total	435,433,255	412,579,829	22,853,425
(12,715,792)		(12,715,792)	Less Inter-Departmental Charges	(13,836,658)		(13,836,658)
389,033,235	412,885,337	(23,852,102)	Total	421,596,596	412,579,829	9,016,767

APPENDIX D
BEAUFORT WEST LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2024
GENERAL FINANCE STATISTICS CLASSIFICATION

	Opening Balance		Additions		Disposals		Accumulated Impairment		Accumulated Depreciation		Closing Balance		Carrying Value
Budget & Treasury	8,470,551	1,850,185										5,737,650	5,574,045
Community & Social Services	6,095,945	2,123,371	(4,000)	3,500	433		3,933					3,252,860	4,065,800
Corporate Services	173,598,762	8,219,316	(100,028)	-	587		587					50,015,037	114,758,231
Executive & Council	170,456,566	174,299,853	(148,242)	9,533,550	235	(7,100)	9,526,985					48,737,605	108,035,230
Housing	1,149,776	190,529,444	(230,500)	331,980	48,110		360,109					4,495,172	5,896,408
Planning & Development	7,540	1,117,254	-	780,700	(1)		780,699					2,251,184	2,251,184
Public Safety	4,783,018	4,783,018	-	-	398		398					1,460,788	2,548,543
Trade & Transportation	1,827,200	6,413,055	(1,105,045)	-	235		659,051					1,417,866	4,904,034
Water	62,677,667	204,391,024	(1,105,045)	-	519		519					127,050,268	77,301,236
Waste Management	97,937,466	15,990,037	(64,974)	-	73		15,925,137					10,871,145	6,866,880
Waste Water Management	11,868,158	104,549,513	(1,297,593)	-	84		61,387,086					64,524,246	4,105,573
Water	144,546,819	145,027,402	(75,110)	-	110		57,655,148					61,860,038	3,538,416
	842,188,794	19,897,202	(3,033,293)	10,449,748	60,748	(7,100)	10,493,398					381,897,696	458,821,699

**APPENDIX E
BEAUFORT WEST LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF MFMA, 56 OF 2003 FOR 30 JUNE 2024**

Grant Description	Balance 1 July 2023	Contributions during the year	Repaid to National Provincial Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2024
National Government Grants						
Equitable share	-	83,574,000	-	(83,574,000)	-	-
Municipal Infrastructure Grant (MIG)	2,949,903	14,789,000	(2,949,886)	(727,879)	(13,928,899)	132,240
Integrated National Electrification Programme Grant (INEP)	12,434	-	(12,434)	-	-	0
Water Services Infrastructure Grant (WSIG)	712	-	-	-	-	712
Local Government Financial Management Grant (FMG)	346,404	2,185,000	(346,404)	(2,185,000)	-	-
Expanded Public Works Programme Integrated Grant (EPWP)	-	1,372,000	-	(1,309,353)	-	-
Total National Government Grants	3,309,454	101,920,000	(3,308,724)	(87,796,232)	(13,928,899)	185,599
Provincial Government Grants						
Provincial Treasury : Western Cape Financial Management Capacity Building Grant	350,000	-	(350,000)	-	-	-
Provincial Treasury : Municipal Financial Recovery Services Grant	-	1,000,000	-	(200,000)	-	800,000
Human Settlements : Development Grant (Beneficiaries)	-	1,070,692	-	(1,070,692)	-	-
Department of Cultural Affairs and Sport : Library Services; Replacement Funding	95,258	6,224,348	-	(5,809,659)	(39,892)	470,054
Department of Local Government : Community Development Workers (CDW) Operational Support Grant	22,081	226,000	-	(218,287)	-	29,793
Department of Local Government : Western Cape Municipal Interventions Grant	60	1,635,000	-	(786,978)	(776,689)	71,393
Department of Local Government: Municipal Energy Resilience Grant	-	600,000	-	(600,000)	-	-
Department of Local Government: Municipal Water Resilience Grant	-	1,200,000	-	-	(1,199,695)	305
Total Provincial Government Grants	467,389	11,956,040	(350,000)	(8,685,616)	(2,016,275)	1,371,547
District Municipality						
Central Karoo District Municipality	75,966	85,714	-	(75,966)	-	85,715
Total District Municipality Grants	75,966	85,714	-	(75,966)	-	85,715
Other Grant Providers						
Services SETA	962,003	-	-	(62,800)	(285,177)	614,026
Chemical Industries Education & Training Authority	138,375	2,127,500	-	(2,178,600)	-	87,275
Local Government Sector Education and Training Authority	-	315,372	-	(315,372)	-	-
Total Other Grant Providers	1,120,378	2,442,872	-	(2,576,772)	(285,177)	701,301
Total Grants	4,973,197	116,404,626	(3,658,724)	(99,134,566)	(16,230,351)	2,354,161

APPENDIX F - Unaudited

BEAUFORT WEST LOCAL MUNICIPALITY

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Description	2023/2024							2022/2023		
	Original Budget	Budget Adjustments (i.Lo. MFMA e2)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome % of Original Budget	Restated Audited Outcome	
R thousands	1	2	3	4	5	6	7	8	12	
Financial Performance										
Property rates	50,821	2,401 (8,715)	48,421	46,614		(1,807)	-3.7%	-3.3%	45,569	
Service charges	151,922	160,637 (1,366)	160,637	146,644		(13,992)	-8.7%	-3.5%	128,933	
Investment revenue	730	2,115 (4,781)	1,115	14,970		12,855	607.8%	1896.0%	12,440	
Transfers recognised - operational	96,971	101,752 (4,967)	101,752	99,135		(2,617)	-2.6%	2.2%	90,926	
Other own revenue	118,747	123,714 (17,427)	123,714	82,782		(40,932)	-33.1%	-30.3%	51,312	
Total Revenue (excluding capital transfers and contributions)	418,211	(17,427)	436,638	390,146		(46,492)	-10.6%	-9.9%	328,188	
Employee costs	133,488	6,781	126,707	121,105		(5,602)	-4.4%	-3.3%	118,474	
Remuneration of councillors	6,806	-	6,806	6,018		(788)	-11.6%	-11.6%	6,266	
Depreciation & asset impairment	100,660	9,327 (162)	91,333	26,483		(64,839)	-71.0%	-73.7%	21,158	
Finance charges	2,091	14,944	2,252	14,944		12,692	563.5%	614.8%	17,224	
Inventory consumed and bulk purchases	118,933	1,719	117,214	107,300		(9,914)	-8.5%	-9.8%	91,747	
Transfers and grants	-	-	-	-		-	#DIV/0!	#DIV/0!	588	
Other expenditure	50,233	(39,497)	89,730	135,133		45,403	50.6%	169.0%	163,291	
Total Expenditure	412,211	(21,851)	434,042	410,993	26,247	(23,050)	-5.3%	-0.3%	406,747	
Surplus/(Deficit)	7,000	4,404	2,596	(20,848)	-	(23,444)	-303.2%	-387.8%	(78,550)	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	15,057	(1,137)	16,194	16,230		37	0.2%	7.8%	52,732	
Transfers and subsidies - capital (in-kind - all) & Surplus/(Deficit) before taxation	-	-	366	-		-	-	-	2,965	
Surplus/(Deficit) after capital transfers & contributions	22,056	3,267	19,155	(4,618)		(23,407)	-124.1%	-120.9%	(23,652)	
Share of surplus/ (deficit) of associate	-	-	-	-		-	-	-	-	
Surplus/(Deficit) for the year	22,056	3,267	19,155	(4,618)		(23,407)	-124.1%	-120.9%	(23,652)	
Financial position										
Total current assets	151,161	(9,730)	160,891	84,516		(76,375)	-47.5%	-44.1%	71,287	
Total non current assets	450,127	(6,346)	456,473	456,834		361	0.1%	1.5%	467,002	
Total current liabilities	127,245	11,975	115,270	126,114		10,844	9.4%	-0.9%	182,784	
Total non current liabilities	108,509	(24,715)	133,224	101,319		(31,905)	-23.5%	-6.6%	50,605	
Community wealth/Equity	365,535	(3)	368,070	313,917		(54,953)	-14.9%	-14.1%	304,900	
Capital Expenditure & funds sources										
Capital expenditure										
Transfers recognised - capital	13,083	(1,294)	14,387	16,230		1,843	12.8%	24.0%	52,732	
Transfers and subsidies - capital (in-kind)	-	(318)	318	-		(318)	0.0%	0.0%	2,965	
Borrowing	-	-	-	-		-	0.0%	0.0%	-	
Internally generated funds	884	(959)	1,844	-		(1,844)	-100.0%	-100.0%	-	
Total sources of capital funds	13,977	(2,253)	16,230	-		(319)	-100.0%	-100.0%	55,697	
Cash flows										
Net cash from (used) operating	33,060	3,514	29,547	18,222		(11,325)	-38.3%	-44.9%	44,351	
Net cash from (used) investing	(13,977)	2,253	(16,230)	(16,016)		214	-1.3%	14.6%	(45,118)	
Net cash from (used) financing	(877)	242	(1,119)	(1,162)		(63)	5.6%	34.8%	(759)	
Cash/cash equivalents at the year end	16,206	6,010	12,197	1,023		(11,173)	-61.6%	-64.4%	(1,826)	

APPENDIX F - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2023/2024					2022/2023						
	Original Budget	Budget Adjustments (i.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	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
Revenue - Standard												
Governance and administration	104,405	46,572	150,977	153,583		2,675	17,1%	2,4%				158,776
Executive and council	11,532	11,554	11,554	11,546		(6)	-0,05%	-0,05%				11,540
Finance and administration	52,473	46,550	138,023	141,405		2,582	1,85%	2,75%				123,502
Community and public safety	80,775	(41,742)	39,033	39,114		81	0,21%	0,16%				14,250
Community and social services	8,223	200	8,423	7,481		(892)	-10,22%	-10,48%				7,443
Sport and recreation	4,039	(1,415)	2,623	2,530		(93)	-3,55%	-2,31%				2,209
Public safety	67,582	(40,709)	26,872	27,552		1,100	4,10%	1,63%				4,443
Housing	532	203	1,135	1,071		(64)	-5,67%	-5,90%				185
Economic and environmental services	4,389	3,985	8,374	8,366		(8)	-0,1%	-0,0%				8,368
Planning and development	1,466	576	2,042	1,859		(182)	-8,93%	-12,44%				2,171
Road transport	2,534	3,373	6,313	6,207		(106)	-1,68%	-3,61%				3,697
Trafficking services	24,498	10,346	255,033	221,058		(33,989)	-13,32%	-13,88%				200,130
Energy services	135,232	11,224	146,456	126,585		(19,871)	-13,57%	-14,65%				107,253
Water management	42,427	(941)	41,486	37,029		(4,457)	-11,38%	-11,21%				45,419
Waste water management	38,758	(2,459)	36,299	32,556		(3,743)	-10,31%	-9,65%				28,961
Waste management	28,272	2,221	30,492	24,895		(5,598)	-18,35%	-19,80%				18,785
Other							0,00%	0,00%				
Total Revenue - Standard	414,457	18,158	432,615	421,597		(11,018)	-2,57%	-7,28%				388,211
Expenditure - Standard												
Governance and administration	94,319	6,851	101,270	159,586		39,695	38,2%	41,0%				113,115
Executive and council	15,532	(976)	15,556	15,579		4,423	30,1%	29,0%				20,108
Finance and administration	77,168	7,555	84,724	119,587		35,263	41,6%	45,7%				53,008
Internal audit	1,219	(23)	1,190	-		(1,169)	-100,0%	-97,7%				
Community and public safety	56,319	4,588	57,337	64,104		(33,233)	-54,1%	-54,5%				107,353
Community and social services	11,531	(777)	11,163	16,291		5,138	46,1%	43,1%				17,445
Sport and recreation	7,203	1,634	8,737	6,121		(2,616)	-29,8%	-36,3%				4,039
Public safety	73,683	1,159	74,842	39,587		(35,255)	-47,1%	-47,5%				84,138
Housing	2,522	83	2,604	2,124		(480)	-18,4%	-19,1%				1,731
Economic and environmental services	30,814	1,169	32,003	29,984		(2,009)	-6,3%	-6,5%				28,431
Planning and development	11,533	416	11,749	11,787		(2,447)	-20,8%	-20,9%				7,668
Road transport	19,592	762	20,254	18,207		(2,047)	-10,1%	-10,5%				15,733
Trafficking services	193,719	11,714	203,433	178,517		(24,916)	-12,2%	-13,0%				168,865
Energy services	136,524	8,092	134,316	109,509		(24,807)	-18,2%	-19,3%				102,260
Water management	30,614	4,018	34,632	30,568		(4,064)	-11,7%	-12,0%				28,139
Waste water management	17,770	(1,420)	16,350	19,550		3,200	19,6%	18,0%				20,890
Waste management	17,111	1,623	18,734	18,689		(46)	-0,3%	-0,3%				16,307
Total Expenditure - Standard	412,211	21,831	434,042	412,889		(21,463)	-4,9%	-5,2%				412,885
Surplus/(Deficit) for the year	2,246	(2,381)	(1,427)	9,607		(10,188)	-2,4%	-6,8%				(24,674)

**APPENDIX F - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

Vote Description	2023/2024							2022/2023				
	Original Budget	Budget Adjustments (i.e. MFMA 68)	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	8,732	22	8,754	8,725			0.0%	0.0%				9,579
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	276,267	9,719	285,985	204,319			0.0%	0.0%				186,176
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES							0.0%	0.0%				
Vote 4 - DIRECTORATE: CORPORATE SERVICES	11,852	2,577	14,430	13,565			0.0%	0.0%				44,865
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	25,232	46,134	71,428	127,031								112,008
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	112,124	(39,922)	72,602	67,957								36,405
Total Revenue by Vote	434,267	16,930	453,196	424,587			0.0%	0.0%				205,033
Expenditure by Vote to be appropriated												
Vote 1 - MUNICIPAL MANAGER	7,615	(340)	7,275	8,335	1,060		0.0%	0.0%				11,610
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	215,960	17,651	233,611	240,249	6,638		0.0%	0.0%				387,323
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES							0.0%	0.0%				
Vote 4 - DIRECTORATE: CORPORATE SERVICES	39,457	474	39,931	43,412	3,481		0.0%	0.0%				34,261
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	40,570	2,341	42,912	42,917	6		0.0%	0.0%				66,772
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	108,608	1,705	110,313	77,666			0.0%	0.0%				(87,050)
Total Expenditure by Vote	412,211	21,831	434,042	412,580	11,184		0.0%	0.0%				412,636
Surplus/(Deficit) for the year	22,056	(2,901)	19,155	9,017			0.0%	0.0%				(23,602)

**APPENDIX F - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)**

Description	2023/2024				2022/2023				Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFFMA	Balance to be recovered	Revised Audited Outcome
	Original Budget	Budget Adjustments (I.Lo. MFFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget				
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source:												
Property rates	50,821	(2,401)	48,421	46,614		(1,807)	-3.7%	-3.6%				45,569
Service charges - Electricity	89,386	8,148	108,534	95,411		(13,123)	-12.1%	-13.2%				81,670
Service charges - Water	15,525	(1,807)	13,718	21,128		7,410	54.0%	47.7%				16,860
Service charges - Waste Water Management	23,478	(138)	23,340	19,317		(4,023)	-17.2%	-17.1%				20,128
Service charges - Waste Management	13,533	1,512	15,045	10,788		(4,257)	-28.3%	-31.5%				10,477
Sale of Goods and Rendering of Services	785	-	785	675		(123)	-6.7%	-6.7%				1,365
Rental from Fixed Assets	1,638	-	1,638	1,715		104	3.3%	3.2%				2,121
Interest	3,284	(177)	3,107	3,211		104	3.3%	3.2%				10,318
Interest earned from Receivables	10,639	570	11,209	9,075		(2,134)	-18.0%	-20.1%				-
Interest earned from Current and Non Current Assets	750	1,365	2,115	2,864		528	7.4%	7.9%				44,668
Fines, penalties and forfeits	66,536	3,628	70,164	75,892		(70,074)	-68.4%	-14302.0%				181
Licences and permits	480	-	480	380		(86)	17.6%	65.6%				1,180
Agency services	1,320	286	1,606	1,356		(86)	87.5%	100.6%				90,828
Transfer and subsidies - Operational	96,971	4,781	101,752	99,135		(83,743)	-82.3%	-247.4%				3,888
Operational Revenue	33,845	360	34,205	18,009		(34,205)	-100.0%	#DIV/0!				-
Gains on disposal of Assets	-	-	-	-		(68,147)	60	(6)				329,188
Other Gains	-	17,427	436,638	485,198								-
Total Revenue (excluding capital transfers and contributions)	419,211	17,427	436,638	485,198								
Expenditure By Type:												
Employee related costs	133,468	(6,761)	126,707	121,705		(5,002)	-3.9%	-3.7%				118,474
Remuneration of councillors	8,806	(9,855)	(949)	6,018		(766)	-11.6%	-11.6%				6,288
Debt repayment	74,412	20,832	95,244	23,055		(41,473)	-64.3%	-53.7%				(125,465)
Inrecoverable debts written off	-	-	-	52,235								-
Depreciation and amortisation	26,248	558	26,806	28,493		(312)	-1.2%	-1.2%				21,158
Interest	2,091	162	2,253	14,944		12,692	583.5%	607.1%				17,224
Bulk purchases - electricity	87,370	(3,620)	83,750	90,529		(2,921)	-3.1%	-3.0%				87,020
Inventory consumed	21,564	2,200	23,764	18,771		(8,993)	-28.4%	-32.4%				4,727
Contracted services	14,866	15,303	30,266	26,247		(4,021)	-13.3%	-26.9%				21,032
Transfers and subsidies	-	-	-	32,888		(5,742)	-14.9%	-16.3%				568
Operational costs	35,267	3,363	38,630	32,888		(5,742)	-14.9%	-16.3%				238,217
Losses on disposal of Assets	-	-	-	-		1,527	#DIV/0!	#DIV/0!				(171)
Other Losses	-	-	-	1,527		1,527	#DIV/0!	#DIV/0!				(171)
Total Expenditure	412,211	21,631	433,842	412,412	14,219	(53,094)	-12.2%	-12.2%				469,068
Surplus/(Deficit)	7,000	(4,404)	2,595	(7,214)		(9,809)	-37.9%	-44.0%				(79,870)
Transfers and subsidies - capital (monetary allocations)	15,057	1,137	16,194	16,220		37	0.2%	0.2%				52,732
Transfers and subsidies - capital (in-kind - all)	-	366	366	-		(366)	-100.0%	#DIV/0!				2,965
Surplus/(Deficit) after capital transfers & contributions	22,056	(2,901)	19,155	9,017		(10,138)	-52.9%	-46.0%				(24,173)
Surplus/(Deficit) for the year	22,056	(2,901)	19,155	9,017		(10,138)	-52.9%	-46.0%				(24,173)

**APPENDIX F - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Vote Description	2023/2024					2022/2023						
	Original Budget (11.0 RMBLA.20)	Total Budget Adjustments	Final adjustments budget	Actual Outcomes	Unauthorised expenditure	Variance	Actual Outcomes as % of Final Budget	Actual Outcomes as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFSA	Balance to be recovered	Revised Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - MUNICIPAL MANAGER												
Vote 2 - DIRECTORATE INFRASTRUCTURE SERVICES	6 150	(165)	5 985	-	-	(5 985)	0%	0%	-	-	-	-
Vote 3 - DIRECTORATE ELECTRO-TECHNICAL SERVICES	-	-	-	-	-	-	-100%	0%	-	-	-	-
Vote 4 - DIRECTORATE CORPORATE SERVICES	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 5 - DIRECTORATE FINANCIAL SERVICES	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 6 - DIRECTORATE COMMUNITY SERVICES	7 248	(810)	6 438	6 438	-	(8 649)	-100%	0%	-	-	-	-
Capital multi-year expenditure	13 398	(975)	12 423	12 423	-	(12 423)	0%	0%	-	-	-	-
Multi-year expenditure												
Vote 1 - MUNICIPAL MANAGER												
Vote 2 - DIRECTORATE INFRASTRUCTURE SERVICES				7 120	5 115	5 115	254%	0%	0%	-	-	10 247
Vote 3 - DIRECTORATE ELECTRO-TECHNICAL SERVICES				-	-	-	0%	0%	-	-	-	-
Vote 4 - DIRECTORATE CORPORATE SERVICES	339	769	1 108	1 144	36	36	0%	0%	-	-	-	30
Vote 5 - DIRECTORATE FINANCIAL SERVICES				1 655	1 477	1 477	122%	0%	0%	-	-	-
Vote 6 - DIRECTORATE COMMUNITY SERVICES				7 024	6 955	6 955	197%	0%	0%	-	-	5 382
Capital single-year expenditure	339	1 238	1 477	16 889	15 212	15 212	0%	0%	-	-	-	15 840
Total Capital Expenditure - Vote	13 377	2 203	15 220	16 889	15 212	6 69	0%	0%	-	-	-	15 840
Capital Expenditure - Remainder												
Government and administration		1 272	1 272	2 232	1 990	1 000	63%	0%	0%	-	-	2 247
Electricity and coal		1 272	1 272	2 232	1 000	1 000	63%	0%	0%	-	-	4 940
Engineering		-	-	-	-	-	0%	0%	0%	-	-	-
General administration		-	-	-	-	-	0%	0%	0%	-	-	-
Information and communications		-	-	-	-	-	0%	0%	0%	-	-	-
Community and public safety	3 183	(1 144)	2 039	2 473	1 920	(27)	-1%	-1%	-	-	-	-
Community and social services		77	77	1 820	1 820	1 820	0%	0%	-	-	-	-
Sport and recreation		3 183	3 183	2 422	578	(1 847)	-78%	-51%	-	-	-	-
Public safety		-	-	-	-	-	0%	0%	0%	-	-	-
Housing		-	-	-	-	-	0%	0%	0%	-	-	-
Health and social welfare services		3 075	3 075	6 377	6 377	6 377	0%	0%	-	-	-	7
Police services		164	164	151	151	(12)	-7%	0%	-	-	-	1
Planning and development		3 005	2 889	5 955	5 093	(770)	-26%	-12%	-	-	-	-
Road transport		-	-	-	-	-	0%	0%	0%	-	-	-
Treasury services		(810)	8 310	6 327	233	17	0%	0%	-	-	-	10 247
Energy services		-	-	18	18	18	0%	0%	-	-	-	5 182
Water management		1 074	1 291	2 17	2 17	2 16	20%	0%	-	-	-	4 095
Waste water management		3 054	2 403	651	651	(216)	-22%	-20%	-	-	-	-
Waste management		4 174	4 258	4 258	4 258	4 258	0%	0%	-	-	-	-
Other		-	-	-	-	-	0%	0%	-	-	-	-
Total Capital Expenditure - Remainder	13 377	2 203	15 220	16 255	15 113	6 69	0%	0%	-	-	-	15 840
Total	13 377	2 203	15 220	16 889	15 212	6 69	0%	0%	-	-	-	15 840
Capital Expenditure - Total	13 377	2 203	15 220	16 889	15 212	6 69	0%	0%	-	-	-	15 840
Capital Expenditure - Total	13 377	2 203	15 220	16 889	15 212	6 69	0%	0%	-	-	-	15 840
Capital Expenditure - Total	13 377	2 203	15 220	16 889	15 212	6 69	0%	0%	-	-	-	15 840
Capital Expenditure - Total	13 377	2 203	15 220	16 889	15 212	6 69	0%	0%	-	-	-	15 840

APPENDIX F - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
CASH FLOWS

Description	2023/24								2022/23	
	Original Budget	Budget Adjustments (i.e., ±23)	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		
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts	47 613	(3 814)	43 799	60 489	16 690	38.1%	27.0%	160 022		
Property rates	176 258	3 668	179 921	123 728	(56 192)	-31.2%	-28.8%			
Service charges	20 520	3 886	24 515	22 475	(2 040)	-8.3%	8.5%			
Other revenue	96 971	3 922	100 893	101 476	583	0.6%	4.6%	140 838		
Transfers and Subsidies - Operational	15 057	1 048	16 105	15 883	(242)	-1.5%	5.4%			
Transfers and Subsidies - Capital	750	1 365	2 115	14 970	12 855	807.6%	1888.0%	12 440		
Interest										
Payments	(322 018)	(13 531)	(335 549)	(316 983)	18 565	-4.9%	-0.8%	(256 515)		
Suppliers and employees	(2 081)	(182)	(2 262)	(1 786)	456	-20.3%	-14.1%	(11 845)		
Finance charges								(588)		
Transfers and Subsidies										
NET CASH FROM/(USED) OPERATING ACTIVITIES	33 060	(9 514)	23 547	16 222	-	-38.3%	-44.9%	44 351		
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE						0.0%	0.0%			
Decrease (increase) in non-current debtors						0.0%	0.0%			
Decrease (increase) other non-current receivables						0.0%	0.0%			
Decrease (increase) in non-current investments						0.0%	0.0%			
Payments	(13 977)	(2 253)	(16 230)	(16 016)	214	-1.3%	14.6%	(45 118)		
Capital assets										
NET CASH FROM/(USED) INVESTING ACTIVITIES	(13 977)	(2 253)	(16 230)	(16 016)	-	-1.3%	14.6%	(45 118)		
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans						0.0%	0.0%			
Borrowing long term/refinancing						0.0%	0.0%			
Increase (decrease) in consumer deposits						0.0%	0.0%			
Payments	(877)	(242)	(1 119)	(1 182)	(63)	5.6%	34.6%	(759)		
Repayment of borrowing										
NET CASH FROM/(USED) FINANCING ACTIVITIES	(877)	(242)	(1 119)	(1 182)	-	5.6%	0.0%	(759)		
NET INCREASE/(DECREASE) IN CASH HELD	16 206	(6 010)	10 197	1 023	-			(1 526)		
Cash/cash equivalents at the year begin:	1 369	13 422	14 821	14 880				15 386		
Cash/cash equivalents at the year end:	16 605	7 412	27 017	15 883	(11 134)	-41.2%	-19.0%	14 860		

ANNEXURE B: AG REPORT

Report of the auditor-general to the Western Cape Provincial Parliament and the council on 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 95, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Beaufort West Municipality as at 30 June 2024, 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 5 of 2023 (Dora).

Basis for qualified opinion

Revenue from exchange transactions – Water service charges

3. I was unable to obtain sufficient appropriate audit evidence for revenue from exchange transactions for service charges relating to water, as the municipality did not account for basic charges on water for some of the residential properties, as well as the consumption thereof. As a result, these properties were not charged for water services received. I was unable to determine the impact on revenue from exchange transactions for service charges relating to water as well as the comparative figures, as it was impracticable to do so. This has a resultant impact on the water losses disclosed in note 48.8 to the financial statements. Consequently, I was unable to determine whether any adjustments were necessary to revenue from exchange for service charges relating to water stated at R21,3 million in note 27 to the financial statements.

Context for opinion

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
5. 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.

6. 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

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.
8. I draw attention to note 54 to the financial statements, which indicates that the municipality's current liabilities exceeded its current assets by R50,2 million (2022-23: R108,2 million). As stated in the note, these events or conditions, along with the other matters as set forth in the note, indicate that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

10. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors identified in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Material impairment

11. As disclosed in note 10 to the financial statements, the municipality provided for the impairment of receivables from exchange transactions amounting to R133,2 million (2022-23: R129,7 million).
12. As disclosed in note 11 to the financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R137,9 million (2022-23: R118,3 million).

Material losses

13. As disclosed in note 48.8 to the financial statements, material water distribution losses of 3 401 552 kilolitres (2022-23: 2 044 082 kilolitres) was incurred, which represents 78,33% (2022-23: 63,66%) of total water purchases. Water losses are due to faulty prepaid water meters and where a consumer do not have a meter.

Other matters

14. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure note

15. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. The 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

16. The supplementary information set out on pages 96 to 106 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

17. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and 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.
18. 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.

Responsibilities of the auditor-general for the audit of financial statements

19. 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.
20. 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 annual performance report

21. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
22. I selected the following material performance indicators related to objective 1: provide, maintain and expand basic services to all people in the municipal area presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

- 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 2024
- 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 2024
- 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 2024
- Number of formal residential properties for which refuse is removed once per week and which are billed for refuse removal as at 30 June 2024
- 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 2024
- 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 2024
- Provide free basic sanitation to active indigent households as defined in paragraph 9(1) of the municipality's Credit Control and Debt Collection Policy as at 30 June 2024
- 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 2024

23. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

24. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents

- the reported performance information presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for measures taken to improve performance.

25. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

26. I did not identify any material findings on the reported performance information for the selected indicators.

Other matters

27. I draw attention to the matters below.

Achievement of planned targets

28. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

29. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages 5 to 7.

Strategic objective 1: Provide, maintain and expand basic services to all people in the municipal area

<p><i>Targets achieved: 25%</i> <i>Budget spent: 99,70%</i></p>		
Key service delivery indicator not achieved	Planned target	Reported achievement
<p>TL 6 – 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 2024</p>	16 307	7 613
<p>TL 7 – 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 2024</p>	16 307	11 231
<p>TL 8 – Number of formal residential properties connected to the municipal wastewater sanitation/sewerage network for sewerage service, irrespective of the number of water</p>	16 307	11 706

<i>Targets achieved: 25%</i>		
<i>Budget spent: 99,70%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
closets (toilets) which are billed for sewerage as at 30 June 2024		
TL 9 – Number of formal residential properties for which refuse is removed once per week and which are billed for refuse removal as at 30 June 2024	16 307	11 749
TL 10 – 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 2024	9 658	3 921
TL 11 – 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 2024	9 658	5 998
TL 12 – Provide free basic sanitation to active indigent households as defined in paragraph 9(1) of the municipality's Credit Control and Debt Collection Policy as at 30 June 2024	9 658	5 278
TL 13 – 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 2024	9 658	5 389

Material misstatements

30. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for strategic objective 1: Provide, maintain and expand basic services to all people in the municipal area. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

31. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
32. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

33. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
34. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

35. 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 liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently, but the uncorrected material misstatements and/ or supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

36. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
37. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R1,1 million, as disclosed in note 47.1 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.
38. Reasonable steps were not taken to prevent irregular expenditure amounting to R1,9 million as disclosed in note 47.3 to the annual financial statements, as required by section 62(1)(d) of the MFMA.
39. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R1,2 million, as disclosed in note 47.2 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

Consequence management

40. 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.
41. 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.
42. 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

43. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.
44. I was unable to obtain sufficient appropriate audit evidence that revenue due to the municipality was calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

Other information in the annual report

45. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected strategic objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
46. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
47. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected strategic objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
48. 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 matters to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to report on it in the auditor's report as appropriate. However, if it is corrected this will not be necessary

Internal control deficiencies

49. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
50. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report
51. Leadership did not effectively monitor the implementation of policies and procedures, as noted in the prior year's report. As a result, issues previously identified have re-occurred, including non-compliance with applicable laws and regulations and a misstatement relating to billing for water services.

52. Governance structures were not effective in ensuring that good governance practices were in place by engaging management to prepare and monitor action plans to address the previous year's audit issues, as well as proper implementation thereof. This includes ineffective oversight and governance responsibilities regarding consequence management, resulting in repeat material non-compliance findings related to the failure to investigate irregular, fruitless and wasteful expenditure, as well as unauthorised expenditure.

Material irregularities

53. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Material irregularities in progress

54. I identified a material irregularity during the prior year audit and notified the accounting officer, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the response from the accounting officer.

Status of previously reported material irregularities

Employee remunerated in excess of the remuneration policy

55. The municipality appointed a manager: administrative services for a contract period from 16 July 2018 to 30 November 2019. This manager was not remunerated in accordance with the remuneration policy as determined by the municipal council which is in contravention of section 66(1)(c) of the Municipal Systems Act 32 of 2000. The manager was paid at various rates and hours throughout the contract period (16 July 2018 to 30 November 2019) for both administration services and project management to a total value of R1 456 160.

56. The appointment of the employee is likely to result in a material financial loss as the remuneration paid is significantly higher than the remuneration attached to the position.

57. I recommended that the accounting officer should take the following actions to address the material irregularity, by 14 July 2023.

- The non-compliance should be investigated to determine if any official might have committed an act of financial misconduct or an offence in terms of chapter 15 of the MFMA, for purposes of recovering the loss.
- That disciplinary proceedings commence, without undue delay, against all officials who have allegedly committed an act of financial misconduct or an offence, as required by section 62(1)(e) of the MFMA and the manner prescribed by the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.
- If a senior manager of the municipality has allegedly committed an act of financial misconduct, the accounting officer must report the allegation to the municipal council, the Provincial Treasury and the National Treasury as required by Regulation 3(1) of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

- If it appears that the municipality suffered the financial loss through criminal acts or possible criminal acts or omission, this must be reported to the South African Police Service, as required by section 32(6) of the MFMA.
- The financial loss should be quantified and all person(s) liable for the losses should be identified and appropriate action should commence to recover the financial loss. The recovery process should not be unduly delayed.

58. The AGSA's Material Irregularity Committee, duly delegated by the Auditor-General to make decisions on material irregularities, approved an extension to 6 March 2024 for the implementation of the recommendations.

59. As at the date of the audit report I am in the process of evaluating the implementation of the recommendation.

Auditor General

Cape Town

30 November 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 selected material performance indicators and on the municipality's compliance with selected requirements in key legislation.

Financial statements

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 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
- conclude on the appropriateness of the 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 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

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.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and 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.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003 (MFMA)	<p>Sections 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii)</p> <p>Sections 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f)</p> <p>Sections 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a)</p> <p>Sections 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)</p>
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	<p>Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e)</p> <p>Regulations 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i)</p> <p>Regulations 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)</p>
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17, 25(7A)
Division of Revenue Act 5 of 2023	Sections 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section 3(1)

Legislation	Sections or regulations
Municipal Systems Act 32 of 2000 (MSA)	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2) Sections 54A(1)(a), 56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations 7(1), 31
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2) Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

**ANNEXURE C:
INTERNAL AUDIT
REPORTS TO AUDIT
COMMITTEE**

BEAUFORT WEST MUNICIPALITY

1st BI-ANNUAL REPORT OF THE AUDIT COMMITTEE: 01 JULY 2023 – 31 DECEMBER 2023



23 JANUARY 2024

1. Introduction

The Audit Committee is an independent advisory body to the Council, Accounting Officer, the management and staff of the Municipality on matters relating to internal financial control and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, the Municipal Finance Management act (MFMA) and any other applicable legislation.

The role of the Audit Committee is to promote accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation.

The Audit Committee is expected to review the annual financial statements to provide an authoritative and credible view of the Municipality, its efficiency and effectiveness and its overall level of compliance with applicable legislation.

2. Terms of Reference

Section 166(2) of the MFMA states that an Audit Committee is an independent advisory body which must advise the Municipal Council, the Political office bearers, the Accounting Officer and the Management staff of the Municipality, on matters relating to:

- Internal financial control;
- Risk management;
- IT management;
- Performance management; and
- Effective governance

The Audit Committee has adopted formal terms of reference (Charter) that has been approved by Council (and is reviewed annually) and has executed its duties during the reporting period in accordance with these terms of reference.

The Audit Committee has not yet reviewed the Auditor-Generals' final management report communicated to the Accounting Officer as at 30 November 2023.

(a) Functions of the Audit Committee

The Audit Committee has the following functions as prescribed in terms of section 166(2) (a-e) of the MFMA, 2003 and the Local Government Municipal and Performance management regulations:

- 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 effective and its overall compliance with the MFMA, the annual division of Revenue act (DoRA) and any other applicable legislation;

- Respond to Council on any issues raised by the Auditor-General in the audit report;
- To review the quarterly reports submitted to it by Internal Audit.
- To evaluate audit reports pertaining to financial, administrative and technical systems;
- The compilation of reports to Council, at least twice during a financial year;
- To review the performance management system and make recommendations in this regard to Council;
- To 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;
- Review the plans of the Internal Audit function and in so doing, ensure that the plan addresses the high risk areas and ensure that adequate resources are available;
- Provide support to the Internal Audit function;
- Ensure that no restrictions and limitations are placed on Internal Audit;
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation;
- In addition to the above the Audit Committee also performs the function of a Performance Audit Committee. Functions of the Performance Audit Committee regulating the process in terms of section 14(4)(a) of the regulations, the Performance Audit Committee has the responsibility to –
 - i) Review the quarterly reports produced and submitted by the Internal Audit process;
 - ii) Review the Municipality's performance management system and make recommendations to this regard to the Council of the Municipality; and
 - iii) At least twice during each financial year submit a performance audit report to the Council of the Municipality.

3. Members of the Audit and Performance Audit Committee

The Committee consists of four independent non-executive members, duly appointed by Council in terms of section 166(4) of the MFMA for a period of three years.

- Mr. SS Ngwevu – Chairperson – re-appointed 01 January 2024
- Mr. N Gabada – appointed 01 January 2022 (Member appointed to serve on the Risk Committee also)
- Mr. W Phillips – re-appointed 01 January 2024
- Mr. K Mckay – appointed 08 December 2022

The Municipal Manager, CFO, Managers from various departments and Internal Audit attend the meetings. The Audit Committee would value the involvement of the Executive Mayor. This would also serve to improve communications between the Audit Committee and Council.

4. Meetings held during the period under review and attendance

The Audit Committee held the required quarterly meetings as required. Details of the Audit Committee members attendance at meetings is set out below. The members also attended a meeting with the Auditor-Generals' office to discuss the engagement letter.

Meetings from 01 July to 31 December 2023 were held on the following dates and were attended by all the members of the Audit Committee:

- 27 July 2023 (Risk Committee meeting) (Attended only by N Gabada)
- 31 August 2023 (Audit Committee meeting)
- 26 October 2023 (Risk Committee meeting) (Attended only by N Gabada)
- 23 November 2023 (Audit Committee meeting)

The Internal Auditor has attended all the above meetings and reported all necessary information to the Audit Committee.

5. Statutory Duties of the Audit Committee

The Audit Committee did receive all the monthly financial and performance reports for the period of the report. The Audit Committee duly applied its mind as to the reliability and accuracy of the reports presented to the Audit Committee as required by section 166(2) (a) (4) of the MFMA.

The Audit Committee has discharged its functions as follows:

- 1.1 Reviewed the annual financial statements;
- 1.2 Reviewed the financial and related reports;
- 1.3 Performance management processes;
- 1.4 Oversight of Risk management;
- 1.5 Internal financial controls;
- 1.6 Annual Performance report as at 30 June 2023;
- 1.7 Internal Audit activities;
- 1.8 Finance function;

6. Conclusion

The Audit Committee is very much pleased and happy with the progress and processes of thriving towards a high level of performance led and pushed by the Municipal Manager and his team.

The Audit Committee cannot yet comment about the Auditor-Generals' assessment on any part of the work that they have done auditing the Beaufort West Municipality since the Audit Committee has not reviewed any reports and the final management report to the Municipal Manager.

The Audit Committee values the sound relations with Council and staff and without compromising on independence, feels that a good relationship is imperative for the smooth functioning of the Audit Committee.

The Audit Committee cherishes its role as a watchdog but respects the role of Council and staff to make decisions without interference from the Audit Committee.

The Council and management take a keen interest in the activities of the Audit Committee in order to identify potential problems at an early stage and in such a manner that they can be addressed in time in order to achieve a clean audit report and good governance.

A special word of gratitude goes to all members of the Audit Committee and the Internal Auditor for their dedication and for taking the interests of the Municipality and community seriously.



SS NGWEVU
CHAIRPERSON

BEAUFORT WEST MUNICIPALITY

2nd BI-ANNUAL REPORT OF THE AUDIT COMMITTEE: 01 JANUARY 2024 – 30 JUNE 2024



15 JULY 2024

1. INTRODUCTION

The Audit Committee of Beaufort West Municipality in submitting their report as required by the Local Government: Municipal Planning and Performance regulations, 24 August 2021. The members of the Audit Committee during the reporting period comprised of four independent members, duly appointed by Council in terms of section 166(4) of the Municipal Finance Management Act 56 of 2003 (MFMA) namely:

1. Mr. SS Ngwevu – Chairperson - re-appointed 01 January 2024
2. Mr. N Gabada – Member appointed to serve on the Risk Committee – appointed 01 January 2022 (Chairperson of the Risk Committee)
3. W Phillips – re-appointed 01 January 2024
4. Mr. K Mckay – appointed 08 December 2022

The Performance Audit Committee must review the quarterly reports submitted to it in terms of sub-regulation (1)©(ii); review the Municipality's performance management system and make recommendations to Council in this regard, and at least twice during a financial year submit an audit report to the Municipal Council concerned.

Documents considered for this report:

- Internal Audit reports on performance management;
- Auditor-General management and audit report;
- SDBIP;
- Annual performance management report;
- Monthly financial reports and other related reports;
- Relevant legislation

2. FUNCTIONS OF THE AUDIT COMMITTEE

The Audit Committee having particular regard to the role and responsibilities of the Committee as set out in the Audit Committee Charter adopted and approved by the Municipal Council, has discharged its functions as follows:

2.1 Reviewed the financial reports;

In the course of its review the Audit Committee attended to the following items:

- Monthly financial reports;
- Risk based Internal Audit plan approved;
- Risks faced by the Municipality;
- Monthly assessment of risk assessment results;
- Advising management on risk exposure;
- Advising the Internal Audit activity on risk areas to be covered in the Internal Audit plans;
- The Audit Committee reviews the planned scope of Internal and External Auditors, results of their work, changes in their plans and scope;
- The Audit Committee reviews both findings and recommendations by Internal and External Auditors to ensure that significant findings are raised and agreed to and recommendations are implemented.

2.2 Reviewed the MFMA section 52 and 72 reports, adjustment budget and the financial reports to Council and available:

- Overtime, bad debts and traffic fines and some of the items listed in the monthly reports that do not perform very well and need constant attention.

2.3 Review the draft Annual report:

- Report was reviewed.

2.4 Review draft annual Performance report:

- The Audit Committee is in general satisfied with the information provided in the report.

2.5 Performance Management Process.

- Non-compliance with legislation
 - Management should ensure that all legislative requirements are adhered to.
 - Monitoring of compliance should be performed by creating a checklist of all the legislative requirements.
 - Management must ensure that there are adequate supporting documents to prove date and location.
 - Cascading down of PMS to all employees.

The administrative units and employees should have a signed performance agreement with key performance indicators allocated to them. Target dates and action plans for implementation of the individual performance measurement should continuously be monitored to ensure the cascading down of the PMS to all employees. The cascading down of performance management has not been done for the lowest level of employees.

- Control deficiencies in the IT security controls

The Audit Committee is satisfied that a dedicated employee has now been appointed to look into the issue of Information Technology Governance Framework and other control measures.

➤ Processes and Procedures

- The Audit Committee prepares thoroughly for all the meetings;
- The Audit Committee meets at least four times per financial year and reviews the financial statements before these are submitted to the Auditor-General;
- The Audit Committee charter deals with purpose, authority and responsibilities of the Committee;
- The members of the Audit Committee sufficiently attend the meetings as arranged;
- The Audit Committee encourages input on the meeting agenda from the Accounting Officer since is a very cordial working relation with him, including the Internal Auditor;
- The Audit Committee is cognisant of the line between oversight and management, and endeavours to respect it;
- Meetings are of the appropriate length to discuss relevant issues consistent with Audit Committee responsibilities.

➤ Overall performance

- The Audit Committee is definitely adding value to the operations of Beaufort West Municipality and the overall performance is satisfactory.

3. MEMBERS OF THE AUDIT COMMITTEE

3.1 The members of the Audit Committee have at all times acted in an independent manner.

4. MEETINGS HELD DURING THE PERIOD UNDER REVIEW AND ATTENDANCE

Meetings from 01 January to 30 June 2024 were held on the following dates and were attended by all the members of the Audit Committee:

1. 20 March 2024 (Audit Committee meeting)
2. 20 June 2024 (Audit Committee meeting)
3. 18 March 2024 (Risk Committee meeting) (Attended only by N Gabada)

The Internal Auditor was also appointed as the Chief Risk Officer and has attended all the above meetings and reported to the meetings all necessary information to the Audit and Risk Committees. Relevant senior managers are always invited to attend the meetings.



SS NGWEVU

CHAIRPERSON

16 JULY 2024

BEAUFORT WEST MUNICIPALITY

ANNUAL REPORT FROM THE INTERNAL AUDITOR/CHIEF RISK OFFICER TO THE AUDIT COMMITTEE FOR THE PERIOD 01 JULY 2023 – 30 JUNE 2024



30 JUNE 2024

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1. INTRODUCTION/PURPOSE

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations.

It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The purpose of this report is to submit the actual performance and progress of the Beaufort West Municipality's Internal Audit activities to the Audit Committee for the evaluation of the internal audit activity in terms of the agreed goals and objectives as captured in the audit plan (as specified in the 2023/2024 Approved Internal Audit Plan).

The progress of the Beaufort West Municipality's Risk Management activities are also included.

2. LEGISLATIVE MANDATE

The role and purpose of Internal Audit, like most professions, is governed by legislation and that from time to time guidelines and best practices are issued and formulated in an effort to regulate and govern the activities of the Internal Audit Activities. The following legislation and guidelines are applicable to internal auditing:

- Local Government: Municipal Finance Management Act, No 56 of 2003 Chapter 14, Section 165 – Internal Audit Unit
- KING IV: Report on Corporate Governance for South Africa 2016
- Local Government: Municipal Planning & Performance Management Regulations
- MFMA Circulars 65 & 127: Internal Audit and Audit Committees
- Global Internal Auditing Standards

3. HIGHLIGHTS: INTERNAL AUDIT/ RISK MANAGEMENT

Highlights	Description
The municipality received a qualified audit opinion with findings for the past two financial years.	We obtained a qualified audit for 2022/2023 financial year and should strive to achieve a clean audit outcome.
The Provincial Executive resolved on 25 August 2021 to intervene in the Municipality in terms of section 139(5) of the Constitution because of the crisis in its financial affairs. There were risks identified which must be mitigated for successful implementation of the FRP. These risks relate primarily to financial administration, budgeting, financial discipline and governance.	There were activities identified that Internal Audit and Risk Management needed to give assurance on which were included in the annual risk based plan of 2023/2024.

4. CHALLENGES: INTERNAL AUDIT/RISK MANAGEMENT

Challenge	Description
Understaffing	The Internal Auditor was also responsible for Risk Management and the only official in the unit.
Recommendations not implemented	Recommendations to improve the control environment were not implemented by Management and in certain instances Management did not develop action plans to mitigate the risks identified.
Lack of commitment by Management to supply information and comments on findings	Internal Audit has difficulty in obtaining information and co-operation from certain sections. Management does not regard the Internal Audit reports important enough to supply timeous management comments.
Instability in Administration	The HR Manager, Manager: SCM and Expenditure, Labour Relations Officer posts were vacant at 30 June 2024 and the recruitment and selection processes were in progress.
Senior Management did not attend all quarterly Audit Committee meetings.	Management did not attend all the quarterly Audit Committee meetings.
Key Performance Indicators(KPIs) not updated	Management did not update their monthly KPIs and did not supply their POE files to Internal Audit timeously or not at all.
Risk Management	Action plans identified by management were not implemented by Management. It was difficult to plan dates for the Risk Committee meetings because Management did not attend all the meetings.
Audit action plan	Management did develop an audit action plan for the 2022-2023 audit findings but did not submit the evidence timeously to follow-up the progress for certain activities.

5. ANNUAL RISK BASED INTERNAL AUDIT PLAN

Based on the Risk Assessment Results of February and March 2021, the risk based Internal Audit Plan for 2023/2024 was drafted (including compliance audits and FRP activities) and approved by the Audit Committee on 22 June 2023.

The plan contains the following audits for the 2023/2024 financial year:

PROGRESS ON OPERATIONAL AUDIT PLAN - 2023/2024			
#	AUDITS IN TERMS OF THE AUDIT PLAN	% COMPLETE	TABLED TO AC
1	Supply Chain Management - Tenders	100%	Yes
2	Governance – Committee System	100%	Yes
3	Expenditure management	100%	Yes
4	HR and Payroll – Recruitment and appointment	100%	Yes
5	Performance management Q1	100%	Yes
6	Performance management Q2	100%	Yes
7	Performance management Q3	100%	Yes
8	Performance management Q4 of 2022/2023	100%	Yes
9	Performance management Q4 of 2023/2024 (will be audited in September 2024)	0%	No
10	Grants/DoRA	100%	Yes
11	Enterprise Risk Management - WCPT	100%	Yes
12	Follow-up previous internal audit findings	ongoing	Yes
#	AD-HOC ASSIGNMENTS	% COMPLETE	TABLED TO AC
1	Ad-hoc investigation into the overtime of the Fire and Traffic officials from 01 January – 30 June 2023.	100%	Yes
2	Ad-hoc investigation into the overtime/standby/night allowance of the Fire Fighter personnel for the month of August 2023.	100%	Yes
3	Ad-hoc investigation into the alleged financial misconduct of a relief cashier in Murraysburg	100%	Yes
4	Year-end physical inventory count for 30 June 2023 conducted 01 July 2023.	100%	Yes
5	Ad-hoc investigation into Security tender whereby M&S Matla Security CC was awarded the tender for 3 years.	100%	Yes
6	Ad-hoc investigation into Cancellation of the Contour Contract to appoint Utilities World for the pre-paid vending system.	100%	Yes
7	Ad-hoc investigation into the overtime/standby/night allowance of the Fire Fighter personnel for the months of September and October 2023.	100%	Yes
8	Ad-hoc investigation into the Card transactions in Murraysburg of 2021 of the traffic licences that were deducted in February 2024 of ABSA Bank.	100%	Yes
9	Ad-hoc investigation into the supply and delivery of bitumen products for a period of 3 years. Non-compliance with legislations and statutory requirements were identified.	100%	Yes
#	FINANCIAL RECOVERY PLAN IN TERMS OF SECTION 139(5) OF THE CONSTITUTION INTERVENTION – ACTIVITIES ASSIGNED TO INTERNAL AUDIT	% COMPLETE	TABLED TO AC
1	Investigate non-payment for services by Councillors and administrative officials quarterly.	ongoing	Yes
2	Provide monthly assurance reports on the implementation of the approved audit action plan.	ongoing	Yes
3	Review of the existing bylaws – DLG to assist	0%	N/A

#	COMBINED ASSURANCE QUARTERLY PROGRESS REPORTS	% COMPLETE	TABLED TO AC
1	Quarter 1 – July 2023 – September 2023	100%	Yes
2	Quarter 2 – October 2023 – December 2023	100%	Yes
3	Quarter 3 – January 2024 – March 2024	100%	Yes
4	Quarter 4 – April 2024 – June 2024 (will be conducted in July 2024)	0%	No

6. FUNCTIONS PERFORMED

Below are the functions of the Internal Audit Unit that were performed during the financial year under review:

Function	Date
Prepare the 2023/2024 risk based audit plan for approval before 30 June 2023	Approved unanimously by the Audit Committee on 22 June 2023.
Advise the accounting officer and report to the Audit Committee in terms of section 165 (2)	Audit reports were submitted to Management for comments before submission to the Audit Committee.

Function	Date	Management in Attendance
Facilitate Audit Committee Meetings (All the Audit Committee members attended the meetings)	31 August 2023	<ol style="list-style-type: none"> 1. Mr. D Welgemoed – Acting MM 2. Mr. A Makendlana - Corporate Service Director 3. Mr. R Eland – Acting CFO 4. Ms. RA Naidoo – Internal Auditor
	23 November 2023	<ol style="list-style-type: none"> 1. Mr. M Nhlengethwa – Acting CFO 2. Mr. A Makendlana - Director Corporate Service 3. Mr. D Welgemoed – MM 4. Mr. W Wright – Senior Manager Infrastructure Services 5. Ms. RA Naidoo – Internal Auditor
	20 March 2024	<ol style="list-style-type: none"> 1. Mr. M Nhlengethwa - CFO 2. Mr. A Makendlana - Director Corporate Service 3. Ms. RA Naidoo – Internal Auditor 4. Mr. M Tshibo – Acting Senior Manager Community Services 5. Mr. D Welgemoed – MM 6. Mr. K Stain – AG 7. Mr. A Bloew - AG
	20 June 2024	<ol style="list-style-type: none"> 1. Ms. RA Naidoo – Internal Auditor 2. Mr. M Nhlengethwa – CFO 3. Mr. D Welgemoed – MM 4. Mr. MC Tshibo – acting Snr Manager Community Services 5. Mr. L Nqotola – Director Infrastructure Services

Function	Date	Management in Attendance
Facilitate Risk Committee Meetings	27 July 2023	<ol style="list-style-type: none"> 1. Mr. D Welgemoed – acting MM 2. Mr. A Makendlana – Director Corporate Services 3. Ms. RA Naidoo – Chief Risk Officer
	26 October 2023	<ol style="list-style-type: none"> 1. Mr. D Welgemoed – Acting MM 2. Mr. C Wright – Senior Manager Infrastructure Services 3. Mr. N Kotze – Senior Manager Infrastructure Services 4. Mr. A Makendlana – Director Corporate Services 5. Ms. RA Naidoo – Chief Risk Officer
	18 March 2024	<ol style="list-style-type: none"> 1. Mr. D Welgemoed - MM 2. Mr. M Nhlengethwa – CFO 3. Mr. Nqotola – Director Infrastructure Services 4. Mr. M Tshibo – Acting Senior Manager Community Services 5. Ms. RA Naidoo – Chief Risk Officer

7. RISK MANAGEMENT

Risk assessments were conducted during January - February 2024 and the risks were categorised into operational/strategic/top risks. Informal risk assessments were conducted of the top risks in the Risk Committee meetings and the progress was discussed and updated on the top risk register and also the progress of the FRP risks were updated on the FRP risk register.

The Risk Committee members received appointment letters and the Internal Auditor was appointed as the Chief Risk Officer for the financial year.

An Enterprise Risk Management audit was conducted in September 2023 by a service provider that was appointed by WCPT.

Quarterly follow-ups was conducted and the reports submitted to the Risk and Audit Committees.

Combined assurance reports were quarterly submitted to the Audit Committee incorporating the three lines of defence on the progress of the monitoring and evaluation of the top risks.

The Top risks of the Municipality for the financial year were as follows:

Risk level	Risk	Directorate	Impact	Likelihood	Risk rating
High	Financial Feasibility in the long term	Strategic	5	5	25
High	Ageing and deteriorating infrastructure	Strategic	5	5	25
High	OHS health & safety hazards	Strategic	5	5	25
High	Non-compliance with laws and regulations (All applicable laws and regulations in all departments)	Strategic	5	5	25
High	Excessive overtime and standby	Strategic	5	5	25
High	New financial system not supporting business processes resulting in inaccurate record of stock & reconciliations/reporting/ billing (loss of income)	Strategic	5	5	25
High	Illegal Landfill site operated at Murraysburg (funding already acquired and new regional landfill site identified) and Merweville operating without an approved license.	Community Services	5	5	25
High	Incorrect leave balances leading to financial losses	Strategic	5	5	25
High	Implementation of revised organogram hampered by budget limitations	Strategic	5	5	25
High	Inaccurate financial reports/ incomplete financial data	Financial Services	5	5	25
High	Excessive maintenance on old/ redundant assets	Strategic	5	5	25
High	Misuse of deviations	Strategic	5	5	25
High	Irregular expenditure due to payments exceeding contract amounts	Strategic	5	5	25
High	Insufficient controls with regards to unblocking of accounts	Financial Services	5	5	25
High	Manipulation of meter readings and use of interim readings to solve legacy of meter readings	Financial Services	5	5	25
High	Inaccurate billing database or failure to update database timeously resulting in billing errors	Financial Services	5	5	25
High	Non-technical excessive water losses (Financial)	Financial Services	5	5	25
High	Transactions not processed timeously & accurately (e.g. meter readings/ meter application forms/water leakages/ (Inadequate flow of information from other departments resulting in income not being billed)	Financial Services	5	5	25
High	Theft of cash(Rolling of cash/cash shortages (due to e.g. cash not banked daily/insufficient daily monitoring controls)	Financial Services	5	5	25
High	Failure to receipt all sundry income	Financial	5	5	25

Risk level	Risk	Directorate	Impact	Likelihood	Risk rating
	received resulting in loss of income (e.g. Murraysburg, libraries, swimming pool, rental of properties)	Services			
High	Failure to timely allocate unidentified deposits resulting inaccurate reporting	Financial Services	5	5	25
High	User access rights not regularly reviewed (quarterly)	Strategic	5	5	25
High	Ageing fleet of the Municipality resulting in equipment breaking (funding constraints to replace fleet)	Strategic	5	5	25
High	Shortage of competent staff impacting maintenance of fleet	Infrastructure Services	5	5	25
High	Unauthorised departures, relaxations from approved building plans/lack of building plans when new buildings are erected	Infrastructure Services	5	5	25

The FRP risks of the Municipality for the financial year were as follows:

Risk level	Risk	Pillars	Impact	Likelihood	Risk rating
Medium	Litigation due to SCM challenges	Governance	5	5	25
Medium	Dysfunctional LLF which may compromise labour peace	Institutional & HR	5	5	25
Medium	Lack of internal HR Capacity and competencies	Institutional & HR	5	5	25
Medium	Lack of internal HR Capacity and competencies	Institutional & HR	5	5	25
Medium	Poor management of discipline and lack of capacity for Presiding Officer & municipal prosecutors	Institutional & HR	5	5	25
Medium	Excessive related employee costs which pose a risk for long term sustainability	Institutional & HR	5	5	25
Medium	Insufficient communication on intervention activities to ensure commitment	Institutional & HR	5	5	25
Medium	Industrial actions owing to communications and resistance to the changes due to any organizational restructuring or realignment and the implementation thereof	Institutional & HR	5	5	25
Medium	Non-compliance to HR management laws/policies and inadequate HR policies	Institutional & HR	5	5	25
Medium	Potential resistance to change by certain internal and external stakeholders	Institutional & HR	5	5	25
Medium	Inadequate internal capacity to implement the intervention activities	Financial Management	5	5	25

Risk level	Risk	Pillars	Impact	Likelihood	Risk rating
Medium	COVID-19 related risks: loss of municipal revenue	Financial Management	5	5	25
Medium	Limited revenue base	Financial Management	5	5	25
Medium	Continued non-collection of revenue and increase in the debtor's book	Financial Management	5	5	25
Medium	Inadequate systems of delegation that impact on governance, administration, and operational efficiency	Financial Management	5	5	25
Medium	Non-commitment to stringent expenditure controls and non-implementation of the revenue enhancement initiatives	Financial Management	5	5	25
Medium	Inadequate implementation of internal controls	Financial Management	5	5	25
Medium	Excessive use of consultants for work that could be performed by internal personnel	Service Delivery	5	5	25
Medium	Community service delivery and other protests	Service Delivery	5	5	25
Medium	Loss of grant funding due to non-compliance with grant conditions	Service Delivery	5	5	25
Medium	Failure to materially control and reduce non-revenue electricity and water losses, which losses will negate the impact of other interventions	Service Delivery	5	5	25
Medium	Failure to reverse trend of under-investment in maintenance and lack of timely replacement of aged infrastructure	Service Delivery	5	5	25

8. POLICIES

Name of Policy	Risk Committee (RC) approved	Audit Committee (AC) approved	Council approved
Fraud and Risk Management Implementation plan	27 July 2023	RC minutes approved 31 August 2023	N/A
Fraud and Risk Management Policy	27 July 2023	RC minutes approved 31 August 2023	08 December 2022
Fraud and Risk Management Strategy	27 July 2023	RC minutes approved 31 August 2023	08 December 2022
Fraud and Risk Management Committee Charter	27 July 2023	RC minutes approved 31 August 2023	N/A
Anti-fraud Corruption Strategy and Response Plan	27 July 2023	RC minutes approved 31 August 2023	08 December 2022
Combined Assurance Policy	27 July 2023	31 August 2023	28 February 2023
Integrity Management Framework	27 July 2023	RC minutes approved 31 August 2023	08 December 2022
Audit Committee Charter	N/A	31 August 2023	27 September

Name of Policy	Risk Committee (RC) approved	Audit Committee (AC) approved	Council approved
			2022
Internal Audit Charter	N/A	31 August 2023	27 September 2022
Internal Audit Procedure Manual	N/A	31 August 2023	N/A
Internal Audit Policies	N/A	31 August 2023	N/A
Quality assurance and improvement program	N/A	31 August 2023	N/A

9. INTERNAL CONTROLS/AUDIT FINDINGS

The table below is a summary of all the Internal Audit findings raised for the reporting period, with the department and section which the internal control deficiencies were raised, the classification, management response status and the internal audit status.

A total of 9.02% of the internal control deficiencies identified were deemed to be critical, and a total of 90.98% were deemed significant which indicates **weak** internal control systems within the sections audited, and Management needs to address this as a matter of priority.

Some of the major contributing factors to this conclusion were:

Performance Management System - Controls deficiencies were identified and management were failing to implement the recommendations made by Internal Audit as was evident in the repeat findings raised in the quarterly report and the POE's were not submitted and some comments were received from Management.

Grants/DoRA - The risk of under-spending on capital projects resulting in loss of grants and ineffective service delivery materialised. Instances where Provincial and National Government grants were identified that were not spent timely by June 2023. Management commented on the findings.

SCM – Control deficiencies were identified in the Competitive bidding processes. No action plans were developed to address/manage/mitigate the high risks. Bid Committee exceptions were also identified. Management did not comment on the findings.

Recruitment and appointment – Control deficiencies were identified in the recruitment and appointment processes and shortcomings were identified in the approved policy. Insufficient controls were identified in the appointment processes resulting in non-compliance to the policy and legislation. Management commented on the findings.

Expenditure Management - Control deficiencies were identified in expenditure management processes as a result of the lack of a centralised SCM unit. Inadequate controls were in place to ensure that the payment file is accurately loaded onto the Nedbank online banking system. Management commented on the findings.

Governance – Control deficiencies were identified in the committee system of the Municipality resulting in shortcomings and non-compliance to policies/charters/TOR/legislation. Management did not comment on the findings.

No	Finding	Classification			Management Final Response			Internal Audit Status		Internal Audit follow-up scheduled to take place	Date the report was submitted to the Audit Committee
		Critical	Significant	Housekeeping	Agree	Disagree	No Management Comment	Cleared	Finding Remain		
HR and Payroll – Recruitment and appointments											
		0	5	0	5	0	0	0	5		
1	Recruitment, Selection and Appointment Policy shortcomings		✓		✓				✓	January 2024 May 2024	23 November 2023
2	Insufficient controls Over the appointment process resulting in non-compliance with the approved policy and legislation		✓		✓				✓	January 2024 May 2024	23 November 2023
3	Personnel vacancies not timely filled		✓		✓				✓	January 2024 May 2024	23 November 2023
4	Induction not given to newly appointed employees		✓		✓				✓	January 2024 May 2024	23 November 2023
5	No evidence that numerical goals in terms of the Employment Equity Plan taken into consideration for Appointment process		✓		✓				✓	January 2024 May 2024	23 November 2023
SCM – Competitive Bidding Processes											
		0	3	0	0	0	3	0	3		
6	Bid Committee exceptions		✓				✓		✓	February 2024 May 2024	23 November 2023
7	Competitive bids above R200 000 exceptions		✓				✓		✓	February 2024 May 2024	23 November 2023
8	Inadequate controls to ensure high risks as per the Risk register are managed		✓				✓		✓	February 2024 May 2024	23 November 2023

No	Finding	Classification			Management Final Response			Internal Audit Status		Internal Audit follow-up scheduled to take place	Date the report was submitted to the Audit Committee
		Critical	Significant	Housekeeping	Agree	Disagree	No Management Comment	Cleared	Finding Remain		

Performance Management Q 1

		1	3	0	0	0	4	0	4		
9	Non-compliance with legislation		✓				✓		✓	Audit quarterly	23 November 2023
10	Inadequate supporting documentation to measure performance	✓					✓		✓	Audit quarterly	23 November 2023
11	Standard Operating Procedures (SOPS) not developed		✓				✓		✓	Audit quarterly	23 November 2023
12	Key Performance Indicators KPI's not well defined		✓				✓		✓	Audit quarterly	23 November 2023

Performance Management Q2

		1	2	0	0	0	3	0	3		
13	Non-compliance with legislation		✓				✓		✓	Audit quarterly	20 March 2024
14	Inadequate supporting documentation to measure the performance	✓					✓		✓	Audit quarterly	20 March 2024
15	Misstatement of Reported Performance		✓				✓		✓	Audit quarterly	20 March 2024

Performance Management Q3

		1	2	0	0	0	3	0	3		
16	Non-compliance with legislation		✓				✓		✓	Audit quarterly	20 June 2024
17	Inadequate supporting documentation to measure the performance	✓					✓		✓	Audit quarterly	20 June 2024
18	Misstatement of reported performance		✓				✓		✓	Audit quarterly	20 June 2024

Performance Management Q4 of 2022/2023

		1	2	0	0	0	3	0	3		

No	Finding	Classification			Management Final Response			Internal Audit Status		Internal Audit follow-up scheduled to take place	Date the report was submitted to the Audit Committee
		Critical	Significant	Housekeeping	Agree	Disagree	No Management Comment	Cleared	Finding Remain		
19	Non-compliance with legislation		✓				✓	✓		Audit quarterly	23 November 2023
20	Inadequate supporting documentation to measure the performance	✓					✓	✓		Audit quarterly	23 November 2023
21	Misstatement of reported performance		✓				✓	✓		Audit quarterly	23 November 2023

Grants/DoRA

		1	2	0	3	0	0	0	3		
22	Grant funds not spent timely	✓			✓				✓	November 2024	20 June 2024
23	Inadequate controls to ensure that all conditions of the Division of Revenue Act ("the DORA") are complied with		✓		✓				✓	November 2024	20 June 2024
24	Inadequate controls in place to ensure the validity and accuracy of grant expenses		✓		✓				✓	November 2024	20 June 2024

Enterprise Risk Management

		0	14	0	14	0	0	3	11		
25	ERM Structure and Resources (Critical Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023
26	ERM Policy and Framework (High Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023
27	Anti-Fraud and Corruption Strategy and the Integrity Management Framework (High Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023
28	Risk Appetite and Tolerance (Medium Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023
29	Risk and Fraud Management Implementation Plans (Medium Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023
30	Fraud and Risk Management Committee Charter (High Priority)		✓		✓				✓	February 2024	23 November 2023

No	Finding	Classification			Management Final Response			Internal Audit Status		Internal Audit follow-up scheduled to take place	Date the report was submitted to the Audit Committee
		Critical	Significant	Housekeeping	Agree	Disagree	No Management Comment	Cleared	Finding Remain		
										May 2024	
31	Audit Committee Charter (High Priority)		✓		✓					February 2024 May 2024	23 November 2023
32	Combined Assurance (Medium Priority)		✓		✓					February 2024 May 2024	23 November 2023
33	Competencies, Training and Awareness (High Priority)		✓		✓					February 2024 May 2024	23 November 2023
34	Performance Management (High Priority)		✓		✓					February 2024 May 2024	23 November 2023
35	Strategic Risks (High Priority)		✓		✓			✓		February 2024 May 2024	23 November 2023
36	Operational Risks (High Priority)		✓		✓			✓		February 2024 May 2024	23 November 2023
37	Fraud Risks (High Priority)		✓		✓			✓		February 2024 May 2024	23 November 2023
38	Risk Management Team (Critical Priority)		✓		✓			✓		February 2024 May 2024	23 November 2023
Expenditure Management											
		3	4	0	7	0	0	0	7		
39	User access rights exceptions on the Enterprise Management System ("EMS") financial system Inzalo		✓		✓				✓	November 2024	20 June 2024
40	Lack of centralised SCM unit resulting in various deficiencies in the expenditure management process	✓			✓				✓	November 2024	20 June 2024
41	Delegation of powers		✓		✓				✓	November	20 June

No	Finding	Classification			Management Final Response			Internal Audit Status		Internal Audit follow-up scheduled to take place	Date the report was submitted to the Audit Committee
		Critical	Significant	Housekeeping	Agree	Disagree	No Management Comment	Cleared	Finding Remain		
	exceptions									2024	2024
42	Value Added Tax ("VAT") exceptions		✓		✓				✓	November 2024	20 June 2024
43	Inadequate controls in place to ensure that all debit orders are valid	✓			✓				✓	November 2024	20 June 2024
44	Inadequate controls in place to ensure the validity and accuracy of expenses		✓		✓				✓	November 2024	20 June 2024
45	Inadequate controls in place to ensure that the payment file is accurately loaded onto the Nedbank online banking system	✓			✓				✓	November 2024	20 June 2024
Governance Structures											
		0	4	0	0	0	4	0	3		
46	Non-compliance to Ward Committees policy		✓				✓		✓	May 2024	20 March 2024
47	ICT Steering Committee shortcomings		✓				✓	✓		May 2024	20 March 2024
48	Cashflow Committee shortcomings		✓				✓		✓	May 2024	20 March 2024
49	Established section 79 Committees non-compliance		✓				✓		✓	May 2024	20 March 2024
Follow-up previous findings											
Fixed Assets – Immovable Assets											
		0	3	0	0	0	3	0	3		
50	Fixed asset register exceptions		✓				✓		✓	October 2023 February 2024	30 January 2023
51	Impairment calculation not verified		✓				✓		✓	October 2023 February 2024	30 January 2023

No	Finding	Classification			Management Final Response			Internal Audit Status		Internal Audit follow-up scheduled to take place	Date the report was submitted to the Audit Committee
		Critical	Significant	Housekeeping	Agree	Disagree	No Management Comment	Cleared	Finding Remain		
52	Outstanding lease amounts are not followed up		✓				✓		✓	October 2023 February 2024	30 January 2023
Governance Structures											
53	Non-compliance to Ward Committees policy	0	4	0	0	0	4	0	3	May 2024	20 March 2024
		✓					✓		✓	May 2024	20 March 2024
54	ICT Steering Committee shortcomings		✓				✓		✓	May 2024	20 March 2024
55	Cashflow Committee shortcomings		✓				✓		✓	May 2024	20 March 2024
56	Established section 79 Committees non-compliance		✓				✓		✓	May 2024	20 March 2024
Grants/DORA											
57	Grant funds not spent timely	1	6	0	0	0	7	0	7		
		✓					✓		✓	October 2023	22 June 2023
58	Inadequate controls in place to ensure accuracy, completeness and validity of transactions and the Grant register		✓				✓		✓	October 2023	22 June 2023
59	Inadequate controls to ensure grant receipts and income are timely allocated to the correct votes		✓				✓		✓	October 2023	22 June 2023
60	Inadequate controls to ensure that all conditions of the Division of Revenue Act ("the DORA") or grant agreements are complied with		✓				✓		✓	October 2023	22 June 2023
61	Inadequate review of grant register		✓				✓		✓	October 2023	22 June 2023

No	Finding	Classification			Management Final Response			Internal Audit Status		Internal Audit follow-up scheduled to take place	Date the report was submitted to the Audit Committee
		Critical	Significant	Housekeeping	Agree	Disagree	No Management Comment	Cleared	Finding Remain		
62	Inadequate controls in place to ensure the validity and accuracy of grant expenses		✓						✓	October 2023	22 June 2023
63	Value added tax (VAT) exceptions		✓						✓	October 2023	22 June 2023

HR: Recruitment and Appointments

		0	5	0	5	0	0	0	5		
64	Recruitment, Selection and Appointment Policy shortcomings		✓		✓				✓	January 2024 May 2024	23 November 2023
65	Insufficient controls Over the appointment process resulting in non-compliance with the approved policy and legislation		✓		✓				✓	January 2024 May 2024	23 November 2023
66	Personnel vacancies not timely filled		✓		✓				✓	January 2024 May 2024	23 November 2023
67	Induction not given to newly appointed employees		✓		✓				✓	January 2024 May 2024	23 November 2023
68	No evidence that numerical goals in terms of the Employment Equity Plan taken into consideration for Appointment process		✓		✓				✓	January 2024 May 2024	23 November 2023

HR and Payroll: Leave and Attendance

		0	6	0	5	0	1	0	6		
69	No approved Leave Policy		✓		✓				✓	October 2023	30 January 2023
70	Inadequate monitoring of time and attendance		✓		✓				✓	October 2023	30 January 2023
71	Inadequate review of SEBATA leave module access rights		✓				✓		✓	October 2023	30 January 2023

No	Finding	Classification			Management Final Response			Internal Audit Status		Internal Audit follow-up scheduled to take place	Date the report was submitted to the Audit Committee
		Critical	Significant	Housekeeping	Agree	Disagree	No Management Comment	Cleared	Finding Remain		
72	Insufficient controls in place to ensure accurate and complete leave balances on the leave system		✓		✓				✓	October 2023	30 January 2023
73	Leave balances not maintained in terms of legislation		✓		✓				✓	October 2023	30 January 2023
74	Leave exceptions		✓		✓				✓	October 2023	30 January 2023

Enterprise Risk Management

75	ERM Structure and Resources (Critical Priority)	0	14	0	14	0	0	3	11		
			✓		✓				✓	February 2024 May 2024	23 November 2023
76	ERM Policy and Framework (High Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023
77	Anti-Fraud and Corruption Strategy and the Integrity Management Framework (High Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023
78	Risk Appetite and Tolerance (Medium Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023
79	Risk and Fraud Management Implementation Plans (Medium Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023
80	Fraud and Risk Management Committee Charter (High Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023
81	Audit Committee Charter (High Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023
82	Combined Assurance (Medium Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023

No	Finding	Classification			Management Final Response			Internal Audit Status		Internal Audit follow-up scheduled to take place	Date the report was submitted to the Audit Committee
		Critical	Significant	Housekeeping	Agree	Disagree	No Management Comment	Cleared	Finding Remain		
83	Competencies, Training and Awareness (High Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023
84	Performance Management (High Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023
85	Strategic Risks (High Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023
86	Operational Risks (High Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023
87	Fraud Risks (High Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023
88	Risk Management Team (Critical Priority)		✓		✓				✓	February 2024 May 2024	23 November 2023

Income

89	User access rights exceptions on the EMS system, Utilities World and Cashflow systems	3	11	0	0	0	14	0	14		
			✓				✓		✓	October 2023	23 March 2023
90	Inadequate controls to ensure that the high risks as per the Risk register are managed		✓				✓		✓	October 2023	23 March 2023
91	Inadequate controls to prevent unauthorised tariff changes and to ensure tariff changes are in accordance with approved tariff lists		✓				✓		✓	October 2023	23 March 2023
92	Inadequate controls in place to ensure only valid rebates are applied		✓				✓		✓	October 2023	23 March 2023
93	Inadequate controls are in place to ensure all registered indigents are valid in terms of the Indigent policy		✓				✓		✓	October 2023	23 March 2023

No	Finding	Classification			Management Final Response			Internal Audit Status		Internal Audit follow-up scheduled to take place	Date the report was submitted to the Audit Committee
		Critical	Significant	Housekeeping	Agree	Disagree	No Management Comment	Cleared	Finding Remain		
94	Inadequate controls in place to ensure outstanding amounts are appropriately monitored and followed up	✓					✓		✓	October 2023	23 March 2023
95	Inadequate controls in place to ensure outstanding amounts were paid in full before reconnection of services	✓					✓		✓	October 2023	23 March 2023
96	Approval and adherence to arrangement requirements	✓					✓		✓	October 2023	23 March 2023
97	Inadequate cash management policy		✓				✓		✓	October 2023	23 March 2023
98	Exceptions relating to cash-ups		✓				✓		✓	October 2023	23 March 2023
99	Inadequate safety measures at various cash points		✓				✓		✓	October 2023	23 March 2023
100	Inadequate controls over cash management at the swimming pools		✓				✓		✓	October 2023	23 March 2023
101	Inadequate controls over manual receipting of cash at the Libraries		✓				✓		✓	October 2023	23 March 2023
102	Inadequate controls over unidentified deposits		✓				✓		✓	October 2023	23 March 2023

SCM – Competitive Bidding Processes

103	Bid Committee exceptions	0	3	0	0	0	3	0	3	February 2024 May 2024	23 November 2023
104	Competitive bids above R200 000 exceptions		✓				✓		✓	February 2024 May 2024	23 November 2023
105	Inadequate controls to ensure high risks as per the Risk register are managed		✓				✓		✓	February 2024 May 2024	23 November 2023

External Quality Assessment

No	Finding	Classification			Management Final Response			Internal Audit Status		Internal Audit follow-up schedule d to take place	Date the report was submitted to the Audit Committee
		Critical	Significant	Housekeeping	Agree	Disagree	No Management Comment	Cleared	Finding Remain		
		0	28	0	28	0	0	9	19		
106	As the AC is a committee of council, it is expected that the AC provide regular feedback to council in terms of its delegated responsibilities as contained within the AC Charter		✓		✓			✓		October 2023 February 2024 May 2024	30 August 2023
107	The AC is the functional reporting structure to which the IAA of the municipality reports and that responsibility should be conversely addressed within their charter.		✓		✓			✓		October 2023 February 2024 May 2024	30 August 2023
108	The grading of the IAA and the CAE in the organisation's structure should be of such nature that it affords appropriate stature for the function within the organisation.		✓		✓				✓	October 2023 February 2024 May 2024	30 August 2023
109	ERM maturity and success in an organisation is dependent on the amount of time that can be spent on the process which includes interaction, communication, awareness, reporting, workshop facilitation and a number of governance aspects. There is no dedicated CRO within Beaufort West.		✓		✓				✓	October 2023 February 2024 May 2024	30 August 2023
110	An outdated ERM approach, failure to implement ERM or ERM not being implemented in a sustainable and integrated way, results in risk management being treated as an add on process and not receiving the required		✓		✓				✓	October 2023 February 2024 May 2024	30 August 2023

No	Finding	Classification			Management Final Response			Internal Audit Status		Internal Audit follow-up schedule d to take place	Date the report was submitted to the Audit Committee
		Critical	Significant	Housekeeping	Agree	Disagree	No Management Comment	Cleared	Finding Remain		
	attention										
111	A Combined Assurance Strategy in Beaufort West has been developed but has not as yet been implemented.		✓		✓			✓		October 2023 February 2024 May 2024	30 August 2023
112	The mission of Internal Audit and the mandatory nature of the adherence to the IPPF is not clear within the charter.		✓		✓			✓		October 2023 February 2024 May 2024	30 August 2023
113	No formally documented process has been established to provide evidence in terms of the adherence and/or application of the Core Principles for the Professional Practice of Internal Auditing.		✓		✓			✓		October 2023 February 2024 May 2024	30 August 2023
114	In exercising due professional care, ISPPA Standard 1220.A2 stipulates that "In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques.		✓		✓			✓		October 2023 February 2024 May 2024	30 August 2023
115	Proficiency is a collective term that refers to the knowledge, skills, and other competencies required of internal auditors to effectively carry out their professional responsibilities		✓		✓			✓		October 2023 February 2024 May 2024	30 August 2023
116	According to Standard 1320, the results of external and periodic internal		✓		✓			✓		October 2023	30 August 2023

No	Finding	Classification			Management Final Response			Internal Audit Status		Internal Audit follow-up scheduled to take place	Date the report was submitted to the Audit Committee
		Critical	Significant	Housekeeping	Agree	Disagree	No Management Comment	Cleared	Finding Remain		
	assessments must be formally communicated to senior management and the board upon completion of such assessments, and the results of ongoing monitoring must be communicated to senior management and the board at least annually									February 2024 May 2024	
117	A QAIP report is not specifically presented to the AC. In terms of Standard 1320 - Reporting on the Quality Assurance and Improvement Program		✓		✓				✓	October 2023 February 2024 May 2024	30 August 2023
118	"The CAE decide how to organize or update the audit universe, which consists of all risk areas that could be subject to audit, resulting in a list of possible audit engagements that could be performed		✓		✓				✓	October 2023 February 2024 May 2024	30 August 2023
119	Plans do not reflect changes in circumstances as they occur (organisational changes, risk changes and emerging risks, IAA changes).		✓		✓				✓	October 2023 February 2024 May 2024	30 August 2023
120	The combined assurance approach, which will assist with the coordination of activities within Beaufort West, has not yet been implemented		✓		✓				✓	October 2023 February 2024 May 2024	30 August 2023
121	The CAE should also have a clear understanding of the scope, objectives, and results of the work		✓		✓				✓	October 2023 February	30 August 2023

No	Finding	Classification			Management Final Response			Internal Audit Status		Internal Audit follow-up schedule d to take place	Date the report was submitted to the Audit Committee
		Critical	Significant	Housekeeping	Agree	Disagree	No Management Comment	Cleared	Finding Remain		
	performed by the assurance providers.									2024 May 2024	
122	Governance reviews within Beaufort West have been limited and it seems as if there is a need for specific governance reviews on structures, processes and functionalities that is required.		✓		✓				✓	October 2023 February 2024 May 2024	30 August 2023
123	A full review is required for the entire ERM process, and it is good practice for the IAA to provide an annual opinion on the ERM of the organisation.		✓		✓				✓	October 2023 February 2024 May 2024	30 August 2023
124	RaCM's were not completed for engagements that was selected for review		✓		✓				✓	October 2023 February 2024 May 2024	30 August 2023
125	Audit objectives identified during the planning stages of engagements are generic and not specific to the area/process under review, nor does it consider the process objectives or alignment to the strategies of the directorate/branch and ultimately the organisation.		✓		✓				✓	October 2023 February 2024 May 2024	30 August 2023
126	Control adequacy testing is currently not sufficiently documented within the detailed working papers, impacting the overall effectiveness evaluation of		✓		✓				✓	October 2023 February 2024	30 August 2023

No	Finding	Classification			Management Final Response			Internal Audit Status		Internal Audit follow-up schedule d to take place	Date the report was submitted to the Audit Committee
		Critical	Significant	Housekeeping	Agree	Disagree	No Management Comment	Cleared	Finding Remain		
	work conducted - as only adequate controls should be tested for effectiveness.									May 2024	
127	The IAA is currently not expressing an overall opinion on the organisation's Governance, Risk and Control processes, which include control components and control objectives.		✓		✓				✓	October 2023 February 2024 May 2024	30 August 2023
128	The documented and approved acceptance of risk process has been formalised that facilitates the approach from internal audit, management and the audit committee in the event that management accepts a level of risk to the organisation that is not acceptable in accordance with the determined risk appetite and tolerance levels.		✓		✓				✓	October 2023 February 2024 May 2024	30 August 2023
129	The IIA's Code of Ethics is not signed by IAA staff members on an annual basis.		✓		✓				✓	October 2023 February 2024 May 2024	30 August 2023
130	A systematic and structured process can be used to develop the internal audit strategy, enabling the IAA to achieve its vision and mission.		✓		✓				✓	October 2023 February 2024 May 2024	30 August 2023
131	During interviews with management the need for ongoing awareness of the IAA's role and responsibilities was expressed, especially to		✓		✓				✓	October 2023 February 2024	30 August 2023

No	Finding	Classification			Management Final Response			Internal Audit Status		Internal Audit follow-up scheduled to take place	Date the report was submitted to the Audit Committee
		Critical	Significant	Housekeeping	Agree	Disagree	No Management Comment	Cleared	Finding Remain		
	line management level.									May 2024	
132	A skills matrix with a gap analysis has not been done for Beaufort West's IAA to identify required skills		✓		✓				✓	October 2023 February 2024 May 2024	30 August 2023
133	Internal audit software generally enhances the efficiencies and the effectiveness of IAA's and is perceived as a great tool to minimise duplications and other inefficiencies. Also consider the integration possibilities with risk management software.		✓		✓				✓	October 2023 February 2024 May 2024	30 August 2023
TOTALS		12	121	0	81	0	52	17	116		
TOTAL %		9.02	90.98	0	60.90	0	39.10	12.78	87.22		
How many Different Departments Audited?	We have Audited 3 Departments thus far, which consists of 6 audits, 2 in Corporate Services(HR & Payroll, Governance), 3 Audits in Financial Services (Grants/DoRA, SCM and Creditors), 1 Audit in MM's Department (ERM) and the 4 Performance management audits(Q1, Q2, Q3 of 2023/2024 & Q4 2022/2023)										
How Many Findings Identified	We have identified 133 findings in overall of all the audits performed in the various Departments of which 9.02% were Critical, 90.98% Significant and 0% Housekeeping Findings										
Management Response	100% of the finding identified were communicated with management and 60.90% were agreed upon, 0% was disagreed upon and 39.10% of the findings Management did not provide comments on the Internal Audit reports.										
Remaining Findings to be audited on follow up	12.78% of identified findings by the Internal Audit were discussed and cleared and 87.22% of the findings which remained will all be followed up when Internal Audit performs follow-up audits on those Departments and reports.										

10. ASSURANCE

According to the Management report from the Auditor General for 2023, Internal Audit provides assurance based on the level of internal control and the impact of the different role players on these controls.

Third level of assurance

Internal audit unit: provides assurance on the internal control system of the Beaufort West Municipality.

Legislation in South Africa requires the establishment, roles, and responsibilities of internal audit units.

Internal audit units must form part of the internal control and governance structures of the municipality and must play an important role in its monitoring activities.

Internal audit must provide an independent assessment of the municipality's governance, risk management and internal control processes.

The internal audit unit of a municipality must prepare a risk-based audit plan for each financial year.

It must advise the Accounting Officer and report to the Audit Committee on implementation of the internal audit plan and matters relating to internal audit; internal controls; accounting procedures and practices; risk and risk management; performance management; loss control and compliance with the MFMA.

The internal audit unit must also perform such other duties as may be assigned by the Accounting Officer.

The Internal Audit function and Risk Management function are both performed by the Internal Auditor although they are separate posts on the approved Organogram.

The Internal Auditor was appointed as the Chief Risk Officer annually at the first Risk Committee meeting of the financial year.

11. THE 2023 FINDINGS FROM THE AUDITOR GENERAL'S MANAGEMENT REPORT RELATING TO RISK MANAGEMENT, INTERNAL AUDIT AND AUDIT COMMITTEE

An evaluation of the audit committee was conducted including inspecting the audit committee meeting minutes and internal audit reports and the following observations are made:

- The audit committee did not assist in reviewing the functioning and effectiveness of information technology security and control;
- The audit committee did not follow-up with senior management concerning the development of an audit action plan in response to internal and external audit findings;
- No evidence could be obtained of financial information of any form being reviewed by the Audit Committee during the financial year, despite the municipality's legal obligations to present monthly MFMA s71 Reports before the Council. As such, this information is never vouched nor verified by the Audit Committee prior to its submission nor after its approval; and
- No evidence was obtained that the Audit Committee considered/assessed the appropriateness of the resources and expertise of the finance division of the municipality.

The lack of documented, formalised processes remain a cause of concern, as the focus is then shifts to the year-end audit process, instead of ensuring the quality of the daily and monthly processing of financial information throughout the reporting period. The repeat nature of audit findings over the past few financial years, highlights an internal audit unit and audit committee which is not effective in ensuring recommendations are implemented in the form of a credible audit action plan.

The nature, timing and extent of the procedures performed by internal audit were not the same as the procedures to be performed by the external auditors. Internal audit was tasked with monitoring the implementation of the action plan to address significant deficiencies in internal controls identified in the prior year; however the action plan was not properly implemented and resulted in a significant number of audit findings reoccurring.

The auditing standards allow us to use the work of internal audit units for external audit purposes and for direct assistance. We have used internal audit's work for risk identification purposes in the following areas:

- Grant Management
- Income
- Supply Chain Management
- Stores and Disposal
- Fixed Assets
- Infrastructure Management
- Human Resources and Payroll; and
- Enterprise Risk Management

Recommendation and management response	Year originally recommended	Status of implementation
<p>Recommendation: Internal audit to regularly follow-up on audit findings and review recommendations, and the actions decided upon to ensure that those actions are taken by management.</p> <p>Response: None received to date</p>	2020-21	Limited progress
<p>Recommendation: The internal audit unit to assist management in developing a credible action plan for audit findings reported and perform follow-ups on the action plan.</p> <p>Response: None received to date</p>	2020-21	Limited progress

12. WAY FORWARD

Provincial Treasury appointed an external service provider which conducted an External Quality Assessment of the Internal Audit and Risk Management functions in March 2022.

Control weaknesses were identified and Internal Audit submitted regular follow –ups to address the findings and it was submitted quarterly to the Audit Committee for follow-up and the feedback of the progress of implementation was also submitted to WCPT.

Internal Audit and the Audit Committee will strive to implement the Auditor-General's recommendations and will address the findings which are within their control and legislative mandate.

13. CONCLUSION

Management need to urgently address all the critical and significant findings and implement the recommendations to improve internal control deficiencies.

Management also need to understand the importance of supplying timely information as and when requested by Internal Audit as well as comments on findings within the agreed upon timelines specified to assist Internal Audit to provide an independent objective assurance and consulting activity designed to add value and improve the organisation's operations and internal controls.

Management need to implement the action plans identified by them to mitigate/address the Top risks and FRP risks.



RA NAIDOO

INTERNAL AUDITOR/ CHIEF RISK OFFICER

Date: 30 June 2024