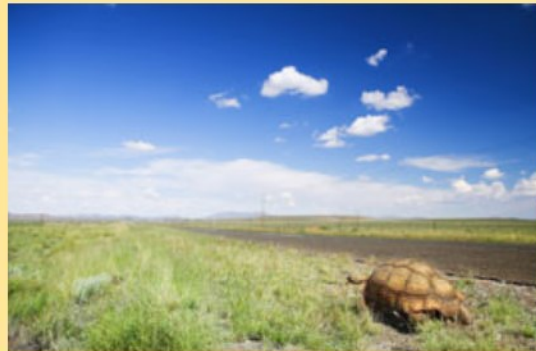




# BEAUFORT WEST MUNICIPALITY



# Annual Report 2012/13



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# Chapter 1: Mayor's Foreword and Executive Summary

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## CHAPTER 1

### COMPONENT A: MAYOR'S FOREWORD



In presenting this Annual Report of the Beaufort West Municipality, we will account for the work that was done for the period ending 30 June 2013. The report highlight our achievements and reflects on the challenges facing our municipality.

Our ultimate goal is to ensure democracy and accountability in fulfilling our responsibility of ensuring the provision of services, development and poverty alleviation and eradication.

We have deepen the thrust and impact of existing policies and developmental programmes directed to accelerate service delivery and facilitate the effective implementation of government's programmes on social and economic transformation.

The deployment of key strategies was aimed at tackling service delivery that is geared at the provision of water, sanitation, refuse collection, electricity, etc. It is important to have a sustainable service delivery in order to attract investors and to grow local economic development.

Not all of us may have been affected in the same manner, but we faced the same headwinds and uncertainties. None of us have the privilege of perfect foresight and none of us is isolated from the tides and turbulence of the global markets.

However, during periods of uncertainty, it is important that we keep focused on the things required to raise long term growth. The circumstances call to each one of us to do more, to act with greater determination and to act together.

Our priorities are aligned with those of National, Provincial and District and include the following:

- We committed ourselves to the further acceleration of economic growth and development.
- Speeding up the process of building infrastructure we need to achieve our economic and social goals.
- Improving the effectiveness of our interventions directed at the Second Economy and poverty eradication.
- Strengthening the machinery of government to ensure that it has capacity to respond to our development imperatives.

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## Chapter 1: Mayor's Foreword and Executive Summary

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- We have identified a number of projects aimed at local economic development, but due to budget constraints and the requirements of credible budgeting, these projects could not be budgeted for. Hence, we must continue our efforts to lobby the financial support of both National and Provincial Government in order for us to be able to effectively implement our LED Strategy. We remain committed to creating the conditions and environment conducive to local economic development.

In revisiting our strategic priorities for the period ahead, we seek to engage with the global environment, its threats and opportunities, while remaining firmly rooted in the principle on which our democracy is founded. The mandate that we draw from the preamble to our Constitution compels us to:

- heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights;
- lay the foundations for a democratic and open society in which government is based on the will of the people and every citizens' right to be protected by law;
- improve on quality of life of all citizens and free the potential of each person; and
- build a united and democratic South Africa, able to take its rightful place as a sovereign state.

The topography of the area provides an abundant potential for the development of the tourism industry, which could reach its full capacity with an adequate injection of investments, again both in terms of human and monetary capital.

I want to express my sincere thanks to the Municipal Manager and his personnel for their dedication and hard work. My sincerest thanks to all councillors for their unselfish service to the communities of Beaufort West.

I also want to express my sincere appreciation to our taxpayers and residents who steadfastly adhered to paying their dues to the municipality.

Let us work together to truly make Beaufort West a place of opportunity.

**HT PRINCE**  
**EXECUTIVE MAYOR**

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# Chapter 1: Mayor's Foreword and Executive Summary

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## COMPONENT B: EXECUTIVE SUMMARY

### 1.1 Municipal Manager's Overview



In presenting this Annual Report of the Beaufort West Municipality, we will account for the work that was done for the period under review. This Annual Report will highlight our achievements and will reflect on the challenges facing our various and diverse communities.

The people residing in Beaufort West municipality need hope. They want local government to lead. Our people want government-, business-, labour- and social organisations to work together to create a better economic future. Our people want to be energised so they can take initiative to improve their own lives and communities. People want action on jobs, growth and poverty.

The period under review challenged us to look for different answers and solutions. We have used our own resources, the equitable share and conditional grants to extend the provision of infrastructure.

The provision of infrastructure is becoming more difficult and costly. The revenue generation and collection from services provided by the municipality have not been optimal in order to enable reinvestment in operations and maintenance. The skills shortage or inappropriate recruitment of skills has been placing a huge pressure on our service delivery capacity.

This annual report outlines the details of the various programmes managed by the municipality and how we have performed towards meeting the specific annual targets we have set. We firmly believe that we have made significant progress towards achieving our strategic goals.

Beaufort West Municipality's success could widely be attributed to the contribution and harmonisation between the politicians and administration in ensuring that all systems flourish.

It is indeed an honour to present this report to you. Allow me to congratulate the devoted citizens, councillors, officials and all the stakeholders for their continuing support during the year.

And in this regard there are steps we have to take to change the legacy we will leave our children, adjustments to our growth we have to make as a global community, as a nation working together, as citizens of a shared humanity in response to the challenge of climate change and environmental responsibility.

We are in these together, the war on poverty, infrastructure development and financial stability, responding to global warming – we share these obligations; rich and poor, urban and rural, men and women, business and community organizations, labour and governments, because we march together under the banner of social solidarity to improve the lives of all our people.

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## Chapter 1: Mayor's Foreword and Executive Summary

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We are bold enough to admit that there is room for improvement. Together though, we cannot only do more but also do better.

**J BOOYSEN**

**MUNICIPAL MANAGER**

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# Chapter 1: Mayor's Foreword and Executive Summary

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## 1.2 Municipal Overview

This report addresses the performance of the Beaufort West Municipality 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 programme performance and the general state of affairs in their locality.

The 2012/13 Annual Report reflects on the performance of the Beaufort West Municipality for the period 1 July 2012 to 30 June 2013. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

### 1.2.1 Vision and Mission

The Beaufort West Municipality committed itself to the following vision and mission:

#### Vision:

*"Beaufort West, land of space in the Great Karoo, strives to improve the lives of all its residents by being a sustainable, expanding and safe town"*

#### Mission:

- ∞ To reflect the will of the South African people as reflected in the Constitution and by Parliament
- ∞ An effective municipal system, maintained at the highest standard
- ∞ To create affordable and sustainable infrastructure for all residents and tourists
- ∞ Business initiatives and the optimisation of tourism (local and foreign)
- ∞ Empowerment of personnel, management and council members for effective service delivery
- ∞ Creating and maintaining an effective financial management system
- ∞ To develop the region as the sport and recreational mecca of the Karoo
- ∞ To create a crime-free, safe and healthy environment
- ∞ Agricultural business to improve the potential for job creation
- ∞ Creation of employment to reduce unemployment to acceptable levels
- ∞ To reduce poverty and promote the empowerment of women
- ∞ To involve HIV/Aids sufferers in economic and household responsibilities

## 1.3 Municipal Functions, Population and Environmental Overview

### 1.3.1 Population

The table below indicates the total population within the municipal area:

2001	2011	% growth
37 111	49 586	33.62
<i>Census 2001 &amp; 2011</i>		

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

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# Chapter 1: Mayor's Foreword and Executive Summary

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## 1.3.2 Households

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The total number of households within the municipal area increased from **12 084** households in the 2011/12 financial year to a total of **13 384** households in the 2012/13 financial year. This indicates a increase of **10.75%** in the total number of households within the municipal area over the two years.

Households	2011/12	2012/13
Number of households in municipal area	12 084	13 384
Number of indigent households in municipal area	5 112	4 847

*Table 2.: Total number of households*

The total number of indigent households decreased from 5 112 households in 2011/12 to 4 847 households in the 2012/13 financial year. This indicates a decrease of **5.2%** in the total number of indigent households within the municipal area over the two years

## 1.3.4 Demographic Information

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### *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 once 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 the scientist, the historian and the eco-tourist; fondly referred to as place of the pioneers. In February 1837, the 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, and is strategically positioned on the N1 national road, which links Cape Town with the interior of South Africa, maintaining a minimal but steady amount of growth due to the high volume of passing road traffic.

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 16 330.10km<sup>2</sup> with the town situated 851m 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 near here, in what has subsequently been described as the world's richest collecting ground for these fossils, but the town's historic centre displays an eclectic 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 are known to sometimes occur as late as September and the first snowfalls reached ground level in 2011. Temperatures increase dramatically during November and remain

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# Chapter 1: Mayor's Foreword and Executive Summary

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high until February, reaching highs of between 38 and 48 degrees Celsius before they finally decrease by April. The midwinter months of June and July are cold and dry with temperatures falling well below zero.

In 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 district management area (DMA) of the BWM.

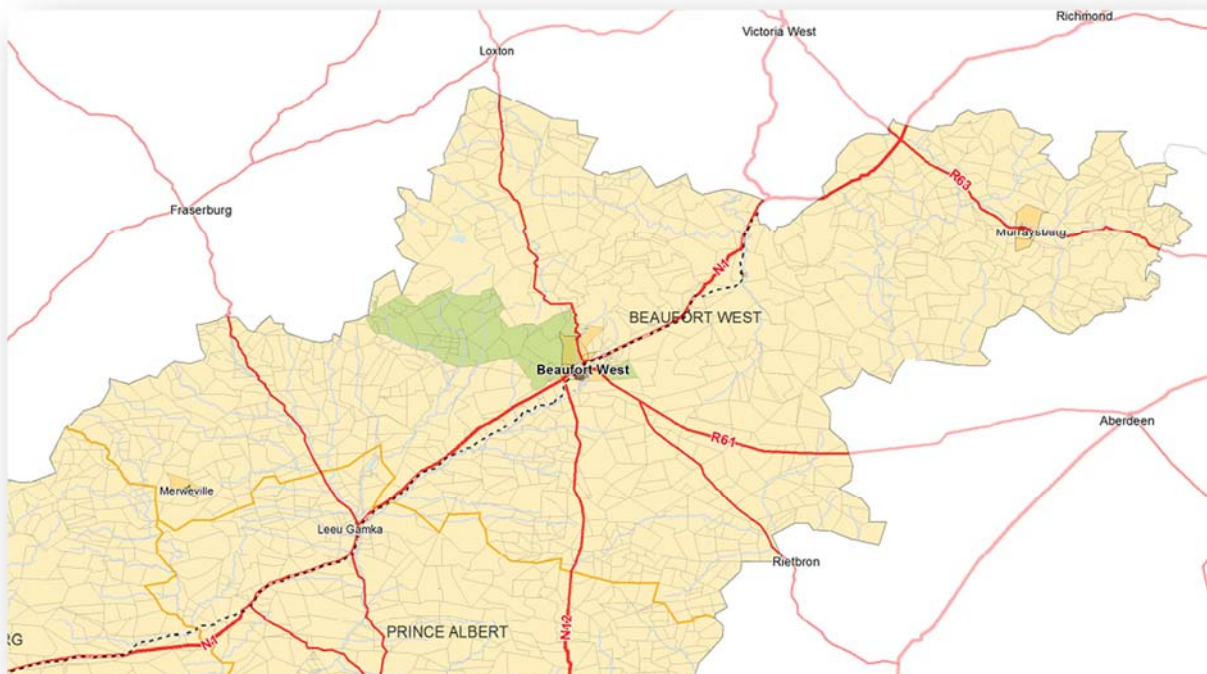
## Wards

The municipality is structured into the following 7 wards:

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

*Table 3.: Municipal Wards*

Below is a map that indicates the Municipal Area in the Central Karoo District area:



*Figure 1.: Beaufort West Area map*

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## Chapter 1: Mayor's Foreword and Executive Summary

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### Merweville

Merweville is a small town situated 160km south-east of Beaufort West and 40km from Prince Albert Road station. This Central Karoo town lies in a picturesque area of plains often likened to the Nevada Desert region of the United States. It was established around 1897 on the farm of Jacobus van der Bijl, a jack of many trades: farmer, shopkeeper, postmaster, magistrate and justice of the peace. He built a church that was later used as a school. Merweville lies in the Koup, which means "caul fat", and was so named by early indigenous inhabitants who felt that the patches of golden veld grass, interspersed by dark brown soil, resembled the fat and blood vessels surrounding a sheep's liver. The reason for this name is quite apparent at the onset of winter when the veld is less lush and the gold and brown patches become evident. Merweville maintains a great deal of the charm of earlier days and is an ideal spot to rest, relax and unwind from the pressures of modern-day city life.

### Murraysburg

Murraysburg, a typical old-world Great Karoo town that lies 160km south-west 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 the farmers. Farms were attacked, houses set alight, 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. This 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. The new town was named after the Reverend Andrew Murray, minister of the DRC in Graaff-Reinet. The "burg" derives from the Dutch word meaning "place of safety".

### Nelspoort

Nelspoort, situated 56km north of Beaufort West, is a small community in the depths of the Central Karoo. The Bushmen and Khoi visited the surrounding koppies and left their mark in rock engravings. A long time after the Bushmen, the area became a haven for those with chest ailments. As early as 1836, Beaufort West's dour but well loved Dr John Christie appealed to people to "breathe" the air of the Nuweveld Mountains. White farmers later established their homes here and for a while the sanatorium brought peace and healing to many 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



# Chapter 1: Mayor's Foreword and Executive Summary

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.

## Key Economic Activities

Agriculture forms the backbone of 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 by-products (skins, hides, wool, mohair, milk)
	Processed animal by-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 GGP in this sector.
Tourism	Wide-open spaces, magnificent landscapes, panoramas and the sense of solitude attractions
	Historic and Cultural attractions

Table 4.: Key economic activities

## 1.4 Service Delivery Overview

### 1.4.1 Basic services delivery performance highlights

Highlight	Description
Electrification of new built houses with area lighting	Building of high and low voltage overhead lines to supply electricity to newly built houses. The erection of 3x30m high masts lights.
Provided services for 518 plots for low cost housing provision	Housing project can proceed

Table 5.: Basic Services Delivery Highlights

### 1.4.2 Basic services delivery challenges

Service Area	Challenge	Actions to address
Electricity	Backlogs in repairs and maintenance of network.	Source additional funding.
Electricity	New developments cannot be accommodated without major capital investment.	Source additional funding.

# Chapter 1: Mayor's Foreword and Executive Summary

Service Area	Challenge	Actions to address
Roads	Not enough funding to maintain, reseal or upgrade roads	Source additional funding.
Bulk Water	Not sufficient funds internally to co-fund projects	Plea to the Department of Water Affairs to provide the total grant

Table 6.: Basic Services Delivery Challenges

## 1.4.3 Proportion of Households with access to Basic Services

Description	2011/12	2012/13
Electricity service connections	100%	100%
Water - available within 200 m from dwelling	84%	98%
Sanitation - Households with at least VIP service	100%	95%
Waste collection - kerbside collection once a week	100%	100%

Table 7.: Households with minimum level of Basic Services

## 1.5 Financial Health Overview

### 1.5.1 Financial Viability Highlights

Highlight	Description
Effective SCM processes	There were no successful appeals against bids awarded
Improve debt collection	The collection rate for rates, sewerage, refuse, water and electricity has improved
Customer care	Improved turnover rate in resolving customer enquiries

Table 8.: Financial Viability Highlights

### 1.5.2 Financial Viability Challenges

Challenge	Action to address
Financial viability	Tighter budget control and further improve debt collection
Lack of capacity in Budget and Treasury Office	Training and recruitment of skilled personnel. Amend organogram and budget accordingly
Difficulty with GRAP compliance	Appointment of skilled staff and capacitating of existing staff and interns
Ineffective systems, management and data retrieval for reporting	Investigate options to simplify data retrieval, e.g. migration to new system or modules
Low revenue base	Grow the economy by attracting investments

Table 9.: Financial Viability Challenges

### 1.5.3 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** required in terms of the Local Government: Municipal Planning and the Performance Management

## Chapter 1: Mayor's Foreword and Executive Summary

Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the **National Key Performance Area** namely **Municipal Financial Viability and Management**.

KPA & Indicator	2011/12	2012/13
Debt coverage ((Total operating revenue-operating grants received):debt service payments due within the year)	0.98	1.38
Service debtors to revenue – (Total outstanding service debtors: revenue received for services)	69%	56%
Cost coverage ((Available cash+ investments): Monthly fixed operating expenditure	9.58	21.04

Table 10.: National KPI's for financial viability and management

### 1.5.4 Financial Overview

Details	Original budget	Adjustment Budget	Actual
	R'000		
Income			
Grants	91 408	137 086	117 401
Taxes, Levies and tariffs	107 772	108 051	101 345
Other	15 880	16 294	22 543
<b>Sub Total</b>	<b>215 060</b>	<b>261 431</b>	<b>241 288</b>
Less Expenditure	184 309	201 049	195 175
<b>Net surplus/(deficit)</b>	<b>30 751</b>	<b>60 382</b>	<b>46 113</b>

Table 11.: Financial Overview

### 1.5.5 Total Capital Expenditure

Detail	2011/12	2012/13
	R'000	
Original Budget	53 443	40 787
Adjustment Budget	53 443	72 836
Actual	82 363	51 525
% Spent	154	71

Table 12.: Total Capital Expenditure

## 1.6 Auditor General Report

### 1.6.1 Audited Outcomes

Year	2010/11	2011/12	2012/13
<b>Opinion received</b>	Unqualified	Unqualified	Unqualified

Table 13.: Audit Outcomes

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## Chapter 2: Good Governance

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### CHAPTER 2

#### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

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 minimized, the views of minorities are taken into account 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.

#### 2.1 National Key Performance Indicators - Good Governance and Public Participation

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2011/12	2012/2013
The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan (After roll over projects)	92	71

Table 14.: National KPIs - Good Governance and Public Participation Performance

#### 2.2 Governance Structure

##### 2.2.1 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 programmes in the municipal area.

##### a) Council

The Council comprises 13 elected Councillors before the Local Government elections in May 2011, 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.

## Chapter 2: Good Governance

Below is a table that categorised the councillors within their specific political parties and wards for the 2012/13 financial year:

Council Members	Capacity	Political Party	Ward representing or proportional	Number of meetings attended
Councillor L Deyce	Councillor	ANC	Ward 1	13
Councillor AM Slabbert	Councillor	DA	Ward 2	12
Councillor G de Vos	Councillor	ANC	Ward 3	12
Councillor SM Motsoane	Speaker	ANC	Ward 4	13
Councillor M Furmen	Councillor	ANC	Ward 5	13
Councillor GP Adolph	Fulltime Councillor	ANC	Ward 6	12
Councillor J Bostander	Councillor	ANC	Ward 7	12
Councillor PA Jacobs	Deputy Executive Mayor	ICOSA	Proportional	9
Councillor GT Murray	Councillor	DA	Proportional	10
Alderman HT Prince	Executive Mayor	ANC	Proportional	13
Councillor RA van der Linde	Councillor	DA	Proportional	10
Councillor DE Welgemoed	Councillor	DA	Proportional	11
Councillor AD Willemse	Councillor	DA	Proportional	10

*Table 15.: Council*

Below is a table which indicates the Council meetings attendance for the 2012/13 financial year:

Meeting dates	Council Meetings Attendance	Apologies for non-attendance
05 July 2012	12	(1)
31 July 2012	8	(5)
28 August 2012	10	2 (1)
28 September 2012	11	2
30 October 2012	13	0
29 November 2012	13	0
18 December 2012	11	2
28 January 2013	13	0
28 February 2013	12	(1)

## Chapter 2: Good Governance

Meeting dates	Council Meetings Attendance	Apologies for non-attendance
03 April 2013	12	(1)
30 April 2013	11	1 (1)
28 May 2013	13	0
25 June 2013	11	(2)
<i>Numbers between brackets indicate non-attendance without apology</i>		

**Table 16.: Council meetings**

### **b) Executive Mayoral Committee**

The Executive Mayor of the Municipality, Alderman T Prince, assisted by the Mayoral Committee, heads the executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, and as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

The name and portfolio of each Member of the Mayoral Committee is listed in the table below for the period 1 July 2012 to 30 June 2013:

Name of member	Capacity
Alderman HT Prince	Executive Mayor
Councillor PA Jacobs	Deputy Executive Mayor
Councillor GP Adolph	Fulltime Councillor

**Table 17.: Mayoral Committee Members**

The table below indicates the dates of the Committee meetings and the number of reports submitted to Council for the 2012/13 financial year:

Meeting date	Number of reports submitted to council
16 August 2012	6
15 October 2012	
18 October 2012	
20 September 2012	
12 February 2013	
10 June 2013	

**Table 18.: Executive Mayoral Committee Meetings**

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### c) Portfolio Committees

Section 80 committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the executive committee on policy matters and make recommendations to Council. Section 79 committees are temporary and appointed by the executive committee as needed. They are usually set up to investigate a particular issue and do not have any decision making powers. Just like Section 80 committees they can also make recommendations to Council. Once their *ad hoc* task had been completed, Section 79 committees are usually disbanded. External experts, as well as Councillors can be included on Section 79 committees.

The portfolio committees for the 2011/16 Mayoral term and their Chairpersons are as follow:

<b>Financial Services and Development Committee</b>			
Chairperson	Other members	Number of minutes submitted to council	Meeting Dates
Alderman HT Prince	Councillor G de Vos	6	04 September 2012
	Councillor M Furmen		07 September 2012
	Councillor PA Jacobs		02 October 2012
	Councillor DE Welgemoed		06 November 2012
	Councillor R van der Linde		05 February 2013
			04 June 2013
<b>Corporate Services and Social Development Committee</b>			
Councillor SM Motsoane	Councillor GP Adolph	7	12 July 2012
	Councillor J Bostander		05 September 2012
	Councillor PA Jacobs		03 October 2012
	Councillor AD Willemse		07 November 2012
	Councillor AM Slabbert		06 February 2013
			08 May 2013
			05 June 2013
<b>Human Resource Development Committee</b>			
Councillor M Furmen	Councillor M Furmen	4	04 September 2012
	Councillor GP Adolph		05 February 2013
	Councillor AM Slabbert		05 March 2013
	Councillor GT Murray		04 June 2013
<b>Municipal Services and Infrastructure Committee [Community Development Committee &amp; Technical Services Committee]</b>			
Councillor G de Vos	Councillor G de Vos	5	05 September 2012
	Alderman HT Prince		03 October 2012
	Councillor SM Motsoane		07 November 2012
	Councillor PA Jacobs		08 May 2013
	Councillor DE Welgemoed		06 June 2013

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Financial Services and Development Committee			
Chairperson	Other members	Number of minutes submitted to council	Meeting Dates
	Councillor AD Willemse		

Table 19.: Portfolio Committees

### 2.2.2 Administrative Governance Structure

The Municipal Manager is the Chief Accounting Officer of the Municipality. He is the head of the administration, and primarily has to 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 J Booysen	Municipal Manager	Yes
Ms NE Mfundisi	Director: Corporate Services	Yes
Mr D Louw	Director: Financial Services (Resigned at 31 August 2012)	No
Mr AC Makendlana	Director: Community Services	Yes
Mr JCL Smit	Director: Engineering Services	Yes
Mr RE van Staden	Director: Electro Technical Services	Yes

Table 20.: Administrative Governance Structure

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

Explain the various contributions to service delivery offered by those involved.

### 2.3 Intergovernmental Relations

We participate at the following forums:

- ∞ MIG Manager/Municipality Coordination Meetings – Western Cape Department of Local Government
- ∞ Central Karoo Bilateral Meeting – Department of Water Affairs
- ∞ The Provincial Transport Technical Committee (ProvTech) – Western Cape Department of Transport and Public Works
- ∞ The Provincial Transport Committee (ProvCom) – Western Cape Department of Transport and Public Works
- ∞ Integrated Waste Management Forum – Western Cape Department of Environmental Affairs and Development Planning



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- ∞ Western Cape Recycling Action Group – Western Cape Department of Environmental Affairs and Development Planning
- ∞ Municipal Infrastructure and Related Services Working Group – SALGA
- ∞ Working for Water: Implementing Agent Managers Forum – National Department of Environmental Affairs

### COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the Municipal Systems Act (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. For this purpose 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 the performance, including the outcomes and impact of such performance; and
- ∞ preparation of the municipal budget.

#### 2.4 Public Meetings

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Dates and manner of feedback given to community
To consult community on the IDP and Budget for 2012/2013	20 April 2012	1	11	44	IDP & Budget Roadshow
	23 April 2012	5	9	9	
	25 April 2012	3	10	29	
	02 May 2012	3	12	6	
	07 May 2012	1	9	25	
	08 May 2012	2	8	11	
	09 May 2012	2	8	16	
	10 May 2012	1	9	43	
	17 May 2012	1	5	20	
	17 May 2012	1	5	17	
24 May 2012	1	9	110		

Table 21.: Public Meetings

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### 2.5 Ward Committees

The 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.

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

Name of representative	Capacity representing	Dates of meetings held during the year
Mrs L Deyce	Ward Councillor	03 August 2012 27 September 2012 29 October 2012 04 November 2012 07 March 2013 19 April 2013 29 May 2013
Mublelo E Sibhozo	Unemployment	
Nokhanyo Tshikolo	Welfare	
Gloria Douglas	Religion	
Miriam Saba	Women	
Gladwell Zahela	People with disabilities	
Fikile Tshikolo	Environmental Interest Group	
Siena Bans	Health	
David Booyesen	Community Based Organization	
Willvin S Pieterse	Youth	

*Table 22.: Ward 1 Committee Meetings*

#### b) Ward 2: Nelspoort, Nelspoort rural, Noord Einde, part of Hillside, Central Town, part of rural areas of Beaufort west, part of Hospital Hill

Name of representative	Capacity representing	Dates of meetings held during the year
Mrs AM Slabbert	Ward Councillor	29 August 2012 19 September 2012 24 October 2012 26 November 2012 06 December 2012 19 February 2013 19 March 2013 16 April 2013
Johanna Lodewyk	Community Safety	
Charles de Koker	Employment Sector	
Thembile Horn	Health	
Freddy Maxegwana	Sport	
Julene de Bruyn	Women	
Margaret Breda	Religion	
Tercia Plaatjies	Community Based Organisation	
Sandra Solomons	Education	
Juliet Jonas	Women	
Elrico Booyesen	Youth	

*Table 23.: Ward 2 Committee Meetings*

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

Name of representative	Capacity representing	Dates of meetings held during the year
Mr. G de Vos	Ward Councillor	26 August 2012 23 September 2012 21 October 2012 21 November 2012 05 December 2012 05 December 2012 28 March 2013 30 April 2013 07 May 2013
Patricia Williams	People with disabilities	
Clive Berg	Employment	
Lizel Bosman	Welfare	
Johanna Frieslaar	Community Safety	
Lorraine Simon	Labour (Workers)	
Jonathan Williams	Sport	
Jacob Knecht	Religion	
Clara Snyman	Health	
Elizabeth Williams	Environment	

*Table 24.: Ward 3 Committee Meetings*

### d) Ward 4: Part of Kwa Mandlenkosi, De Lande, part of Central town, Southern part of Hospital Hill

Name of representative	Capacity representing	Dates of meetings held during the year
Mr SM Motsoane	Ward Councillor	19 July 2012 30 August 2012 06 December 2012 07 December 2012 14 December 2012 23 January 2013 06 February 2013 14 February 2013 24 April 2013 25 May 2013
Mzwandile Menziwa	Youth	
Nomayeza Ngqandela	Community Safety	
Sophie Ntsulelo	Senior Citizen	
Mandlenkosi Belwana	Youth	
Johanna Diedericks	Women	
Smilo Ngqwala	Religion	
Terry Oliphant	Youth	
Evelyn Lawrence	Housing	
Beauty Kedama	Business	
Joey Plaatjies	Education	

*Table 25.: Ward 4 Committee Meetings*

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

Name of representative	Capacity representing	Dates of meetings held during the year
Mr M Furmen	Ward Councillor	30 August 2012 27 September 2012 12 December 2012 30 January 2013 16 May 2013
Katrina Grant	Women	
Charles Fredericks	Sport	
Gladys Metsing	Youth	
Sherelden Nguqu	Community Safety	
James Maloy	Senior Citizen	
Katara Siwa	Religion	
Elsie Biesies	Health	
Gwendolene Louw	Welfare	
Headman Dick	Community Based Organization	
Bongiwe Jack		
Saartjie Phillips		
Bruce Vumazonke		

*Table 26.: Ward 5 Committee Meetings*

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

Name of representative	Capacity representing	Dates of meetings held during the year
Mr GP Adolph	Ward Councillor	28 August 2012 10 September 2012 22 October 2012 20 November 2012 13 December 2012 17 January 2013 19 February 2013 19 March 2013 25 April 2013
Christene Arendse	Health	
Ettiene Lewis	Youth	
Freddie Martin	Religion	
Elna Lottering	Welfare	
Annie Dassie	Government Services	
Dean Martin	Education	
Juanita Jacobs	Unemployment	
Ricardo Louw	Community Safety	
Sara Arries	Women, Children with disabilities	
Gareth October	Sport	

*Table 27.: Ward 6 Committee Meetings*

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

Name of representative	Capacity representing	Dates of meetings held during the year
Mr J Bostander	Ward Councilor	
Stanley Nkanyezi	Sport, Culture	23 July 2012
Jason Mdudumani	Business	14 August 2012
Edwin Lottering	Sport	14 September 2012
Andre Minnie	Youth	24 September 2012
Rozelda van Wyk	Women	31 October 2012
Klara Links	Caring hands	28 November 2012
Hendrik Willemse	Transport	28 January 2013
Melony Damon	Safety and Security	26 February 2013
Emily Hough	Women and Safety	22 April 2013
Estella Roman	Women and Children	28 May 2013
		26 June 2013

*Table 28.: Ward 7 Committee Meetings*

### 2.6 Functionality of Ward Committee

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 councilor 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 councilor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward councilor who makes specific submissions directly to the administration. These committees play a very important role in the development and annual revision of the integrated development plan of the area.

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The table below provides information on the establishment of Ward Committees and their functionality:

Ward Number	Committee established Yes / No	Number of reports submitted to the Speakers Office	Number meetings held during the year	Committee functioning effectively (Yes / No)	Actions to address
1	Yes	7	Yes	1	n/a
2	Yes	8	Yes	2	
3	Yes	9	Yes	3	
4	Yes	10	Yes	4	
5	Yes	5	Yes	5	
6	Yes	9	Yes	6	
7	Yes	11	Yes	7	

Table 29.: Functioning of Ward Committees

### 2.7 Representative Forums

#### a) Labour Forum

The table below specifies the members of the Labour Forum for the 2012/13 financial year:

Name of representative	Capacity	Meeting dates
Alderman HT Prince	Employer : Councillor	No meetings were held during the year
Councillor J Bostander	Employer : Councillor	
Councillor G de Vos	Employer : Councillor	
Councillor GP Adolph	Employer : Councillor (Chairperson)	
Mr. J Booyen	Employer: Municipal Manager	
Mr. JCL Smit	Employer: Director: Engineering Services	
Mr. H Maans	Labour: SAMWU	
Mr. SV Seyisi	Labour: SAMWU (Deputy Chairperson)	
Mr. H Klaassen	Labour: SAMWU	
Mr. S Moses	Labour: SAMWU	
Ms. K Cedras	Labour: SAMWU	
Me. M Vlok	Labour: IMATU	
Me. E Jonker	Labour: IMATU	

Table 30.: Labour Forum

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### 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.

#### 2.8 Risk Management

In terms of section 62 (1)(c)(i) *"the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure- that the municipality has and maintains effective, efficient and transparent systems – of financial and risk management and internal control;"*...

The municipality does not have a Risk Manager/ official and the function is currently facilitated by the Internal Auditor. Twelve (12) Risk champions were appointed in the year under review and trained by the Provincial treasury on their roles and responsibilities. The risk champions and risk owners are responsible for managing the risks in their department/ division.

An external service provider was appointed as the consultant in the Central Karoo to provide Internal Audit and Risk Management assistance for the planned Shared Services in the region. They performed Operational and Strategic Risk assessments in May and June 2013. The results will be used by the Internal Auditor to compile the annual and 3 year Risk Based Internal Audit Plan. The Risks will also be documented in the form of a risk register, which will be used by the Risk owners to manage their risks. The municipal Council is now in a position to set the risk appetite and –tolerance for the municipality from the results of the inherent risk assessment and the Risk Committee (which consist out of the Directors of the Beaufort West municipality) will be tasked to meet on a quarterly basis to discuss their progress.

#### 2.9 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 Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism 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 supply chain management system to minimize the likelihood of corruption and fraud.

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### a) Developed Strategies

Name of strategy	Developed Yes/No	Date Adopted
Anti-Corruption Strategy and Implementation Plan	Reviewed	29 November 2012

*Table 31.: Strategies*

### 2.10 Audit Committee

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must –

- (a) 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;
  - ∞ performance Management; and
  - ∞ effective Governance.

The Audit Committee have the following main functions as prescribed in section 166 (2) (a-e) of the Municipal Finance Management Act, 2003 and the Local Government Municipal and Performance Management Regulation:

### a) Functions of the Audit Committee

- ∞ To advise the 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, the annual Division of Revenue Act (DoRA) and other applicable legislation.
- ∞ Respond to the council on any issues raised by the Auditor-General in the audit report.
- ∞ To review the quarterly reports submitted to it by the 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.



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- ∞ 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 or limitations are placed on the Internal Audit section.
- ∞ Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.

### b) Members of the Audit Committee

Name of representative	Capacity	Meeting dates
Mr. A Hooker	Chairperson	29 August 2012
Mr. KE McKay	Member	11 October 2012
Ms. T Solomon	Member	25 January 2013
Mr. LW Hawker	Member	7 March 2013

Table 32.: Members of the Audit Committee

### 2.11 Performance audit committee

The Regulations require that the performance audit committee 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 performance audit committee 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 performance audit committee who is neither a councillor nor an employee of the municipality as the chairperson of the committee.

In terms of Section 166(4) (a) of the MFMA, an audit committee must consist of at least three persons with appropriate experience, of who the majority may not be in the employ of the municipality.

Section 166(5) of the MFMA, requires that the members of an audit committee must be appointed by the council of the municipality. One of the members, not in the employ of the municipality, must be appointed as the chairperson of the committee. No councillor may be a member of an audit committee.

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

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

### a) Functions of the Performance Audit Committee

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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 in 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.

### b) Members of the Performance Audit Committee

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Name of representative	Capacity	Meeting dates
Mr. A Hooker	Chairperson	27 June 2013
Mr. KE McKay	Member	
Ms. T Solomon	Member	
Mr. LW Hawker	Member	

Table 33.: Members of the Performance Audit Committee

### 2.12 Internal Auditing

Section 165 (2) (a), (b)(iv) of the MFMA requires that:

The internal audit unit of a municipality must –

- (a) prepare a risk based audit plan and an internal audit program for each financial year; and
  - (b) advise the accounting officer and report to the audit committee on the implementation on the internal audit plan and matters relating to:
-

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- (i) internal audit;
- (ii) internal controls;
- (iii) accounting procedures and practices;
- (iv) risk and risk management;
- (iv) performance management;
- (v) loss control; and
- (vi) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation

(c) perform other duties as may be assigned to it by the accounting officer.

The Municipality has an In-house Internal Audit function consisting of:

- ∞ An internal auditor and a finance intern

### Annual Audit Plan

The table below provides detail on audits completed:

Description			Date completed
<b>Phase 1</b>			
Revisiting current risk profile and priorities			18 June 2013
<b>Phase 2</b>			
Compiling Risk Based Audit Plan			30 June 2013
<b>Phase 3</b>			
Type of Audit Engagement	Department	Detail	Date completed
Internal Audit	Community Services	Traffic Management	7 August 2012
Follow-up Audit	Community Services	Traffic Management	23 January 2013
Internal Audit	Community Services	Disaster Management & Fire Brigade	20 September 2012
Follow-up Audit	Community Services	Disaster Management & Fire Brigade	24 January 2013
Ad-Hoc Investigation	Engineering Services	Alleged theft of fuel	23 November 2012
Ad-Hoc Investigation	Financial Services	Income Cashpoints: Theft of cash (Kwa-Mandlenkozi)	05 November 2012
Ad-Hoc Investigation	Financial Services	Income Cashpoints: Theft of cash (Hillside)	18 September 2012
Ad-Hoc Investigation	Financial Services	Levy of Rent	06 December 2012
Ad-Hoc Investigation	Engineering Services	Theft of Tar	February 2013
Quarterly Audit of Key controls: AG (31 Dec. 2012)	All directorates	Quarterly Dashboard Report: Key Controls	29 January 2013

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Description			Date completed
Quarterly Audit of Key controls: AG (31 March 2013)	All directorates	Quarterly Dashboard Report: Key Controls	22 April 2013
Quarterly Audit of Key controls: AG (30 June 2013)	All directorates	Quarterly Dashboard Report: Key Controls	12 July 2013
Audit of Predetermined Objectives: 30 Sept. 2012	All directorates	Quarterly audit of Performance information	17 May 2013
Audit of Predetermined Objectives: 31 Dec. 2012	All directorates	Quarterly audit of Performance information	20 May 2013
Audit of Predetermined Objectives: 31 March 2013	All directorates	Quarterly audit of Performance information	22 May 2013
Audit of Predetermined Objectives: 30 June 2013	All directorates	Quarterly audit of Performance information	July 2013
Audit of implementation of AG recommendations	All Directorates	Audit of implementation of AG recommendations	28 June 2013
Ad-Hoc Investigation	HR	Audit of Leave of specific personnel member	July 2013
Ad-Hoc Investigation	Traffic Services	Audit of SLA	August 2013
Compliance Audit	Corporate Services	Audit of information to be published on the Website	December 2012
Audit of outstanding municipal accounts	Financial Services	Employees and councilors	24 April 2013

*Table 34.: Internal Audit Coverage Plan*

Below are the functions of the Internal Audit Unit that was performed during the financial year under review on a shared services basis by an external service provider:

Function	Date/Number
Review of the Risk Management Policy	June 2013
Review of Internal Audit Charter	June 2013
Review of Audit Committee Charter	June 2013
Compilation of Internal Audit Plan 2013/14	June 2013
Audit of Grants and Dora allocations	June/July 2013
Conduct of Operational Risk Assessment	21 & 27 May 2013
Conduct of Strategic Risk Assessment	18 June 2013

*Table 35.: Internal Audit Functions*

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### 2.13 By-Laws and Policies

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

No By-laws were developed or reviewed during the year under review.

Below is a list of all the policies developed and reviewed during the financial year:

Policies developed/ revised	Date adopted	Public Participation Conducted Prior to adoption of policy Yes/No
IT Policy	28 February 2013	n/a
IT Communication Policy	28 February 2013	n/a
IT Security Policy	28 February 2013	n/a
Server Security Policy	28 February 2013	n/a
Change Management and Control Policy	28 February 2013	n/a
Access Control Policy	28 February 2013	n/a
Asset Management Policy	20 December 2012	n/a

*Table 36.: Policies developed and reviewed*

### 2.14 Communication

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa Act 1996 and other statutory enactments all impose an obligation on local government communicators and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

The communities, on the other hand, have a right and a responsibility to participate in local government affairs and decision-making and ample provision is made in the abovementioned legislation for them to exercise their right in this respect. Our democratic government is committed to the principle of *Batho Pele* and this, in simple terms, means that those we elect to represent us (councillors at the municipal level) and those who are employed to serve us (the municipal officials at municipal level) must always put people first in what they do.

South Africa has adopted a system of developmental local government, which addresses the inequalities, and backlogs of the past while ensuring that everyone has access to basic services, to opportunities and an improved quality of life.

To be successful, communications must focus on the issues that are shown to impact on the residents' perceptions, quality of service, value for money and efficiencies. They should ideally look to

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close the communication-consultation loop, i.e. tell people how they can have a say and demonstrate how those who have given their views have had a real impact.

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

Communication activities	Yes/No
Communication unit	Yes
Communication strategy	Yes
Communication Policy	No
Customer satisfaction surveys	No
Functional complaint management systems	Yes
Newsletters distributed at least quarterly	No

*Table 37.: Communication Activities*

### 2.15 Website

A municipal website should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that the municipalities place key documents and information on their website, including the IDP, the annual budget, adjustments budgets and budget related documents and policies.

Below is a website checklist to indicate the compliance to Section 75 of the MFMA:

Documents published on the Municipal website	Date Published or Yes/ No
Annual budget 2012/13 and all budget-related documents	Yes
Adjustment budget for 2012/13	Yes
Budget implementation policy: Tariff policy	Yes
Budget implementation policy: Credit control policy	Yes
Budget implementation policy: Rates policy By-Law	Yes
Budget implementation policy: SCM policy	Yes
Annual report for 2011/12	Yes
Performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act for 2012/13	Yes
All quarterly reports tabled in the council in terms of section 52 (d) of the MFMA during 2012/13	Yes

*Table 38.: Website Checklist*

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### 2.16 Supply Chain Management

The Supply Chain Management Policy of the Beaufort West Municipality is deemed to be fair, equitable, transparent, competitive and cost-effective as required by Section 217 of the Constitution.

#### 2.16.1 Competitive Bids in Excess of R200 000

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##### a) Bid Committee Meetings

The following table details the number of bid committee meetings held for the 2011/12 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
13	15	6

*Table 39.: Bid Committee Meetings*

The members of the bid specification committee are as follows:

Member
SA Pothberg
C Wright
P de V Strumpher
E Van Staden
JCL Smith
AC Makhendlana
D le Roux
J. Kaptein
J. van Wyk
H Meintjies
RE van Staden

*Table 40.: Members of bid specification committee*

The members of the bid evaluation committee are as follows:

Member
SA Pothberg
C Wright
P de V Strumpher
E Van Staden
JCL Smith
AC Makhendlana
D le Roux
H Meintjies
RE van Staden

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Member
R Summers

*Table 41.: Members of bid evaluation committee*

The members of the bid adjudication committee are as follows:

Member
H Meintjies
RA Naidoo
LL De Wet
NE Mfundisi
AC Makhendlana
RE van Staden
C Wright
C De Koker
MA Strumpher
EJJ Van Staden
P De V Strumpher
JCL Smit
D Le Roux

*Table 42.: Members of bid adjudication committee*

### *b) Awards Made by the Bid Adjudication Committee*

The ten 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
SCM 01/2013	20/09/2012	Compilation of water services development plans and water services audit reports for Bwest Municipality	Worley Parsons	R932 976.00
SCM 02/2013	22/11/2012	Full Maintenance Fleet: Vehicles	Eqstra Wesbank	Various Amounts
SCM 03/2013	25/10/2012	Supply and delivery of Medium- and low voltage material for 22 kv overhead line to Stegman Primary School and Farms at Willowmore	VE Reticulation	R1 646 958.51
SCM 08/2013	19/02/2013	Medium and low Voltage Reticulation of 367 erven	Adenco Construction	R3 777 233.31



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Bid number	Date of award	Title of bid	Successful Bidder	Value of bid awarded
		Rustdene Bwest		
SCM 26/2012	19/02/2013	Construction of a Link road, pedestrian Walkways and Landscaping in Bwest	RK Sauer Construction	R4 204 000.00
SCM 08/2013	18/03/2013	The upgrading of Rustdene Sports ground (Swimming pool)	A.C.Wright en Seun	R294 541.80
SCM/Fin 24/2013 (Transversal Agreement)(Bitou)	18/03/2013	Accounting services support for a period of 3 years	Mubesko Africa	R395 100.00
Transversal Agreement with Bitou Municipality	18/03/2013	Support and Maintenance of Beaufort West Municipality's IT Equipment and System for a period of 3 years	Ubertech	R1 742 064.00
SCM 08/2013	20/05/2013	Professional Services for the paving of gravel roads	Quantra Civil Engineering Consultants	R528 000.00
SCM 09/2013	20/05/2013	Provision of cash-in-transit services	Stears Security	R1 292 389.50

*Table 43.: Ten highest bids awarded by bid adjudication committee*

### *c) Awards Made by the Accounting Officer*

Bids awarded by the Accounting Officer are as follows:

Bid number	Title of bid	Directorate and section	Value of bid awarded
SCM 05/2013	The separation of the Electrical installations for Nieuveld and Kwa-Mandlenkosi clinics in Bwest	Electro-Technical Services	R75 450.90
SCM 04/2013	Supply and delivery of Information Technology Hardware	Corporate Services	R16 975.00

*Table 44.: Awards made by Accounting Officer*

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### d) Appeals Lodged by Aggrieved Bidders

Tender No	Description	Awarded to	Complainant	Date received	Outcome	Outcome Date
SCM 05/2013	The separation of the Electrical installations for Nieuveld and Kwa-Mandlenkosi Clinics in B/West	T.G. Elektries	CZ Elektries	21/02/2013	Appeal dealt with and Quotation SCM 05/2013 awarded to T.G.Elektries	11/03/2013
SCM 08/2013	Professional Services for the Paving of Gravel Roads	Quantra Civil Engineering Consultants (Pty) Ltd	Element Consulting	24/06/2013	Appeal dealt with and Tender SCM 08/2013 awarded to Quantra Civil Engineering Consultants (Pty) Ltd	24/06/2013

*Table 45.: Appeals lodged by aggrieved bidders*

### 2.16.2 Deviation from Normal Procurement Processes

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

Type of deviation	Number of deviations	%	Value of deviations	Percentage of total deviations value
Emergency	23	20	R211 793.92	11
Sole Supplier	86	73	R1 789 266.93	87
Acquisition of special works of art or historical objects where specifications are difficult to compile.	8	7	R68 550.91	2
<b>Total</b>	<b>117</b>	<b>100</b>	<b>R2 069 611.76</b>	<b>100</b>

*Table 46.: Summary of deviations*

Clause 36(1)(a)(v)- Deviations- Impractical and or Impossible

Type of deviation	Number of deviations	%	Value of deviations
Any contract relating to the publication of notices and advertisements by the municipality.	21	21	R249 636.63
The appointment of any	25	25	R1 205 174.86

## Chapter 2: Good Governance

Type of deviation	Number of deviations	%	Value of deviations
person to provide professional advice or services, where the value of such appointment is less than R200 000 or any such greater amount as may be legislated from time to time			
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	57	54	R373 501.32
<b>Total</b>	<b>103</b>	<b>100</b>	<b>R1 828 312.81</b>

*Table 47.: Clause 36(1)(a)(v)- Deviations- Impractical and or Impossible*

### 2.16.3 Logistics Management

The system of logistics management must ensure the following:

- ∞ 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, are coded and are listed on the financial system. Monthly monitoring of patterns of issues and receipts are performed by the Storekeeper.

Inventory levels are set at the start of each financial year. These levels are set for normal operations. In the event that special projects are being launched by departments, such information is not

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communicated timely to the Stores section in order for them to gear them to order stock in excess of the normal levels.

Internal controls are in place to ensure that goods and service that are received are certified by the responsible person which is in line with the general conditions of contract.

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 2013, the value of stock at the municipal stores amounted to **R3 166 276.40 (R3 024 319.72 in 2011/12)**. For the 2012/2013 financial year a total of **R35 077.93** were accounted for as surpluses (R100 988.38 in 2011/12), **R26 064.07** as deficits (R32 166.70 in 2011/12) 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; and
- ∞ 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.
- ∞ We are complying with section 14 of the MFMA which deals with the disposal of capital assets.
- ∞ Assets must be disposed of in terms of Council's Asset Management Policy as well as
- ∞ the Immoveable Property Management Policy

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## Chapter 3: Service Delivery Performance

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### CHAPTER 3

This chapter provides an overview of the key service achievements of the municipality that came to fruition during 2012/13 in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP. It furthermore, includes an overview on achievement in 2012/13 compared to actual performance in 2011/12.

#### 3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also 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 institutionalized 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 also linked with the concept of performance management, with reference to 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 Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, 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

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## Chapter 3: Service Delivery Performance

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conducted, organised and managed, including determining the roles of the different role players.” Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

### 3.1.1 Legislative requirements

In terms of section 46(1)(a) 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 is meeting 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 must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlight the strategic performance in terms of the municipality’s Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the National Key Performance Areas, performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipal Systems Act, 2000 and an overall summary of performance on a functional level and municipal services

### 3.1.3 The performance system followed for 2012/13

#### a) The IDP and the budget

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The IDP was reviewed for 2012/13 and the budget for 2012/13 was approved by Council on 30 May 2012. The IDP process and the performance management process 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.

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### b) The Service Delivery Budget Implementation Plan

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The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at directorate and departmental levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

The MFMA Circular No.13 prescribes that:

- ∞ The IDP and budget must be aligned
- ∞ The budget must address the strategic priorities
- ∞ The SDBIP should indicate what the municipality is going to do during next 12 months
- ∞ The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The SDBIP were prepared as described in the paragraphs below and the Top Layer SDBIP approved by the Executive Mayor on **26 June 2012**.

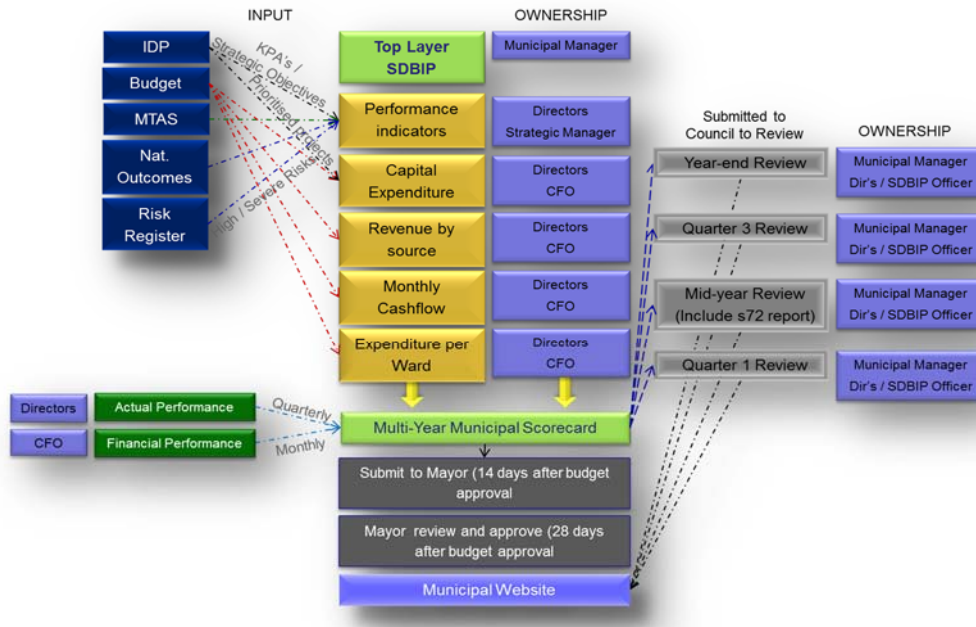
### i) The municipal scorecard (Top Layer SDBIP)

The municipal scorecard (Top Layer SDBIP) consolidate service delivery targets set by Council / senior management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. Components of the Top Layer SDBIP include:

- ∞ **One-year** detailed plan, but should include a **three-year capital plan**
- ∞ The 5 necessary components includes:
  - ∞ Monthly projections of revenue to be collected for each source
  - ∞ Expected revenue to be collected NOT billed
  - ∞ Monthly projections of expenditure (operating and capital) and revenue for each vote
  - ∞ Section 71 format (Monthly budget statements)
  - ∞ Quarterly projections of service delivery targets and performance indicators for each vote
  - ∞ Non-financial measurable performance objectives in the form of targets and indicators
  - ∞ Output NOT input / internal management objectives
  - ∞ Level and standard of service being provided to the community
  - ∞ Ward information for expenditure and service delivery
  - ∞ Detailed capital project plan broken down by ward over three years

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The following diagram illustrates the establishment, components and review of the municipal scorecard (Top Layer SDBIP):



Top Layer KPI's were prepared based on the following:

- ∞ KPI's identified during the IDP process and KPI's that need to be reported to key municipal stakeholders.
- ∞ KPI's to address the required National Agenda Outcomes, priorities and minimum reporting requirements.

It is important to note that the municipal manager needs to implement the necessary systems and processes to provide the POE's for reporting and auditing purposes.

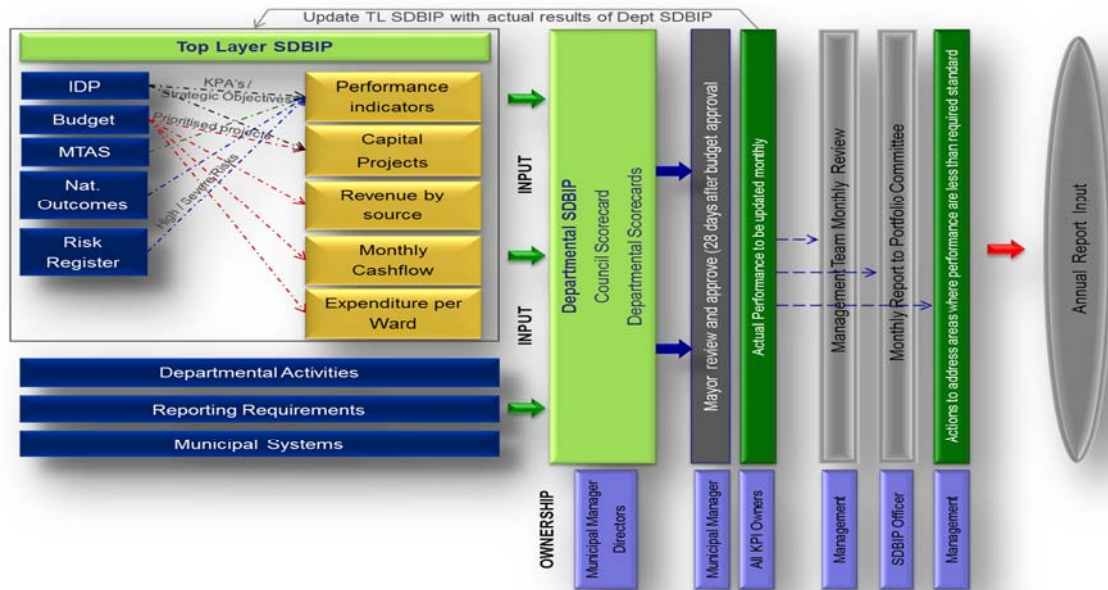
### ii) Directorate/Departmental scorecards

The directorate and departmental scorecards (detail SDBIP) capture the performance of each defined directorate or department. Unlike the municipal scorecard, which reflects on the strategic performance of the municipality, the departmental SDBIP provide detail of each outcome for which top management are responsible for, in other words a comprehensive picture of the performance of that directorate/sub-directorate. It was compiled by **senior managers** for their **directorate** and consists of objectives, indicators and targets derived from the approved Top Layer SDBIP, the approved budget and measurable service delivery indicators related to each functional area.

The following diagram illustrates the establishment, components and review of the departmental SDBIP:



## Chapter 3: Service Delivery Performance



KPI's were developed for each Directorate. The KPI's:

- ∞ Address the TL KPI's by means of KPI's for the relevant section responsible for the KPI.
- ∞ Address the key departmental activities.
- ∞ Each KPI have clear monthly targets and are assigned to the person responsible for the KPI's.

### c) Actual performance

The municipality utilizes an electronic web based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- ∞ The actual result in terms of the target set.
- ∞ The output/outcome of achieving the KPI.
- ∞ The calculation of the actual performance reported. (If %)
- ∞ A performance comment.
- ∞ Actions to improve the performance against the target set, if the target was not achieved.

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

#### 3.1.4 Performance Management

Performance management is prescribed by chapter of the Municipal Systems Act, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7 (1) of the aforementioned regulation states that "A Municipality's Performance Management System

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## Chapter 3: Service Delivery Performance

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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, organized and managed, including determining the responsibilities of the different role players." This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance. The municipality adopted a performance management framework that was approved by Council in November 2008.

### a) Organisational Performance

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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 26 June 2011 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 key performance indicator targets by the 15<sup>th</sup> of every month for the previous month's performance.
- ∞ Additionally, the performance system administrator reminded all departments on a monthly basis to update their actual performance on the web based system.
- ∞ The first quarterly report was submitted to Council on the 30 October 2012 (Item 8.7) and the second quarterly report formed part of the section 72 report in terms of the Municipal Finance Management Act, which was submitted to the Mayor on 28 January 2013 (Item 8.28). The third quarter report was submitted to Council on 15 May 2013 (Item 10).

### b) Individual Performance Management

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#### i) *Municipal Manager and Managers directly accountable to the Municipal Manager*

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance based agreements with the all s57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements for the 2012/13 financial year were signed during July 2012 as prescribed.

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The final evaluation of the 2011/12 financial year (1 January 2011 to 30 June

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### 3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2012/13

#### 3.2.1 Strategic Service Delivery Budget Implementation Plan (Top Layer)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section should provide 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 (strategic) SDBIP is the municipality's strategic plan and shows the strategic alignment between the different documents. (IDP, Budget and Performance Agreements)

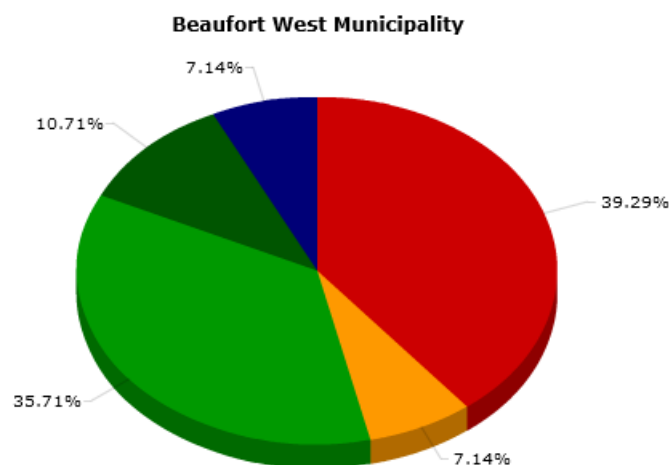
In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

The following table explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (kpi's) of the SDBIP is measured:

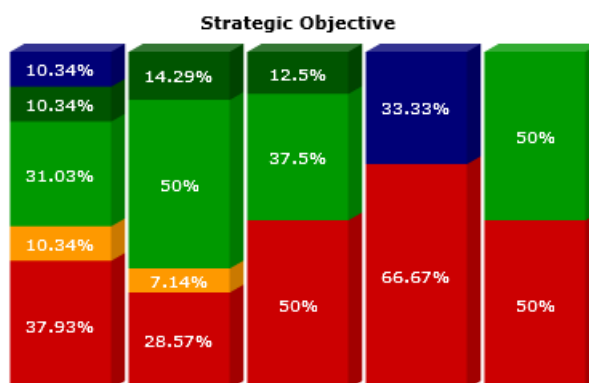
Category	Color	Explanation
KPI's Not Yet Measured	Grey	KPIs with no targets or actuals in the selected period.
KPI's Not Met	Red	0% >= Actual/Target < 75%
KPI's Almost Met	Orange	75% >= Actual/Target < 100%
KPI's Met	Green	Actual/Target = 100%
KPI's Well Met	Dark Green	100% > Actual/Target < 150%
KPI's Extremely Well Met	Dark Blue	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 2012/13:



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	Beaufort West Municipality	Strategic Objective				
		Basic service delivery and infrastructure development	Financial viability and management	Institutional development and municipal transformation	To develop a local economic development strategy that responds to food security, social infrastructure, health environment, education and skills development and the gender balances in society	To promote good governance through ongoing communication between the council and citizens via community participation, effective information dissemination, communication and ward-based consultation
<b>KPI Not Met</b>	22 (39.3%)	11 (37.9%)	4 (28.6%)	4 (50%)	2 (66.7%)	1 (50%)
<b>KPI Almost Met</b>	4 (7.1%)	3 (10.3%)	1 (7.1%)	-	-	-
<b>KPI Met</b>	20 (35.7%)	9 (31%)	7 (50%)	3 (37.5%)	-	1 (50%)
<b>KPI Well Met</b>	6 (10.7%)	3 (10.3%)	2 (14.3%)	1 (12.5%)	-	-
<b>KPI Extremely Well Met</b>	4 (7.1%)	3 (10.3%)	-	-	1 (33.3%)	-
<b>Total:</b>	<b>56</b>	<b>29</b>	<b>14</b>	<b>8</b>	<b>3</b>	<b>2</b>

Graph 1.: Overall performance per Strategic objective

- a) To promote good governance through ongoing communication between the council and citizens through community participation, effective information dissemination and communication and ward-based consultation

Ref	KPI	Unit of Measurement	Ward	Actual 2011/12	Overall performance for 2012/13							Actual	Corrective actions
					Target					Actual	Corrective actions		
					Q1	Q2	Q3	Q4	Annual				
TL49	Revise the communication strategy and submit to council by March 2013	% completed	All	90%	0%	0%	100%	0%	100%	100%	G	n/a	
TL50	Develop and distribute external municipal newsletters	Number of external newsletter distributed	All	New performance indicator for 2012/13.	1	1	1	1	4	0	R	Capacity and budget constraints	

## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of Measurement	Ward	Actual 2011/12	Overall performance for 2012/13							
					Target					Actual	Corrective actions	
					Q1	Q2	Q3	Q4	Annual			
				No comparatives available.								

*Table 48.: To promote good governance through ongoing communication between the council and citizens through community participation, effective information dissemination and communication and ward-based consultation*

### b) Institutional development and municipal transformation

Ref	KPI	Unit of Measurement	Ward	Actual 2011/12	Overall performance for 2012/13							
					Target					Actual	Corrective actions	
					Q1	Q2	Q3	Q4	Annual			
TL8	Limit the vacancy level the organisation according to the approved organogram to less than 20%	% Vacancy level as % of approved organogram	All	0%	0%	0%	0%	20%	20%	24.12%	G 2	n/a
TL9	Submit the approved Employment Equity Plan by the end of September 2012	Plan submitted	All	New performance indicator for 2012/13. No comparatives available.	1	0	0	0	1	0	R	Budget and capacity constraints.
TL10	Develop an IT disaster recovery plan by 30 June 2013	Plan completed	All	New performance indicator for 2012/13. No comparatives available.	0	0	0	1	1	0	R	Budget and capacity constraints.
TL11	Review and update the IT policy and submit to Council for approval by 30 June 2013	Policy reviewed and submitted	All	New performance indicator for 2012/13. No comparatives available.	0	0	0	1	1	1	G	n/a

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Ref	KPI	Unit of Measurement	Ward	Actual 2011/12	Overall performance for 2012/13							Actual	Corrective actions
					Target								
					Q1	Q2	Q3	Q4	Annual				
TL12	Review the Occupational Health & Safety Policy by the end of September 2012	Reviewed policy	All	New performance indicator for 2012/13. No comparatives available.	1	0	0	0	1	1	G	n/a	
TL48	Targeted skills development measured by the implementation of the workplace skills plan	% of the budget spent on implementation of the WSP	All	New performance indicator for 2012/13. No comparatives available.	0%	0%	0%	1%	1%	0.01%	R	Budget constraints	
TL51	Implement an individual performance management system	Up to "T" post level implemented	All	New performance indicator for 2012/13. No comparatives available.	0	12	0	0	12	0	R	Capacity constraints, need internal PMS driver	
TL52	Review the performance of the municipality to identify early warning signs and implement corrective measures	Number of performance reports submitted to council	All	New performance indicator for 2012/13. No comparatives available.	1	1	1	1	4	4	G	n/a	

*Table 49.: Institutional development and municipal transformation*

### c) Financial viability and management

Ref	KPI	Unit of Measurement	Ward	Actual 2011/12	Overall performance for 2012/13							Actual	Corrective actions
					Target								
					Q1	Q2	Q3	Q4	Annual				
TL36	Financial viability measured in terms of the available cash to cover fixed operating	Ratio achieved	All	0.98	0	0	0	2	2	1.38	R	Low revenue base	

## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of Measurement	Ward	Actual 2011/12	Overall performance for 2012/13							Actual	Corrective actions
					Target					Actual	Corrective actions		
					Q1	Q2	Q3	Q4	Annual				
	expenditure ((Available cash+ investments) / Monthly fixed operating expenditure)												
TL37	Financial viability measured in terms of the municipality's ability to meet its service debt obligations ((Total operating revenue-operating grants received)/debt service payments due within the year) (%)	% achieved	All	9.58	0%	0%	0%	32%	32%	21.04%	R	Low revenue base	
TL38	Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services)	Ratio achieved	All	68.99%	0	0	0	0.8	0.8	56	R	Low revenue base	
TL39	Achieve debt collection percentage of at least 88%	% Debt recovery rate	All	102.75%	88%	88%	88%	88%	88%	90.88%	G2	n/a	
TL40	Root causes of issues raised in the audit report of the previous financial year addressed to promote a clean audit	% of Root causes addressed	All	95%	0%	100%	0%	0%	100%	78.60%	O	Still in process	

## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of Measurement	Ward	Actual 2011/12	Overall performance for 2012/13							
					Target					Actual	Corrective actions	
					Q1	Q2	Q3	Q4	Annual			
TL41	Approved financial statements submitted by 31 August in terms of the MFMA	Approved financial statements submitted	All	100%	100%	0%	0%	0%	100%	100%	G	n/a
TL42	Compliance with the SCM Act measured by the limitation of successful appeals against the municipality	0 successful appeals	All	0	0	0	0	0	0	0	G	n/a
TL43	Improvement in capital conditional grant spending measured by the % spent	% of the grant spent	All	100%	25%	50%	75%	100%	100%	100%	G	n/a
TL44	Improvement in operational conditional grant spending measured by the % spent	% of the grant spent	All	100%	25%	50%	75%	100%	100%	100%	G	n/a
TL45	Annual review of Supply Chain Management policy in line with legal requirements by the end of March	Plan reviewed	All	New performance indicator for 2012/13. No comparatives available.	0	0	1	0	1	1	G	n/a
TL46	Review all legislative required budget implementation policies by the end of March	Number of policies	All	New performance indicator for 2012/13. No comparatives available.	0	0	10	0	10	0	R	Actual performance was not updated on the system
TL47	Indigent awareness campaigns held	Number of campaigns	All	New performance indicator for	0	0	0	1	1	1	G	n/a



## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of Measurement	Ward	Actual 2011/12	Overall performance for 2012/13							
					Target					Actual	Corrective actions	
					Q1	Q2	Q3	Q4	Annual			
				2012/13. No comparatives available.								
TL53	Compile the Risk based audit plan and submit to Audit committee for approval	Plan approved	All	100%	100%	0%	0%	0%	100%	100%	G	n/a
TL54	Implement the Risk based audit plan	% of planned audits completed	All	New performance indicator for 2012/13. No comparatives available.	0%	40%	0%	70%	70%	85%	G 2	n/a

Table 50.: Financial viability and management

- d) To develop a local economic development strategy that responds to food security, social infrastructure, health environment, education and skills development and the gender balances in society

Ref	KPI	Unit of Measurement	Ward	Actual 2011/12	Overall performance for 2012/13							
					Target					Actual	Corrective actions	
					Q1	Q2	Q3	Q4	Annual			
TL17	Temporary job opportunities created in terms of EPWP projects	Number of temporary jobs opportunities created	All	2659	100	50	200	150	500	2,305	B	n/a
TL55	Review the Local Economic Development Strategy and submit to council by 30 June 2013	% Completed	All	80%	0%	0%	0%	100%	100%	0%	R	Capacity and budget constraints
TL56	Provide input into the develop a Tourism strategy by the Central	Input provided by June 2013	All	New performance indicator for 2012/13.	0%	0%	0%	100%	100%	70%	R	Capacity and budget constraints

## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of Measurement	Ward	Actual 2011/12	Overall performance for 2012/13							
					Target					Actual	Corrective actions	
					Q1	Q2	Q3	Q4	Annual			
	Karoo District Municipality			No comparatives available.								

Table 51.: To develop a local economic development strategy that responds to food security, social infrastructure, health environment, education and skills development and the gender balances in society

### e) Basic service delivery and infrastructure development

Ref	KPI	Unit of Measurement	Ward	Actual 2011/12	Overall performance for 2012/13							
					Target					Actual	Corrective actions	
					Q1	Q2	Q3	Q4	Annual			
TL1	Develop an Integrated Human Settlement Plan by the end of June 2013	Plan completed	7	New performance indicator for 2012/13. No comparatives available.	0	0	0	1	1	0	R	Budget constraints
TL2	Transfer units in XHOXHA to beneficiaries by the end of May 2013	Number of units	4	New performance indicator for 2012/13. No comparatives available.	0	0	60	0	60	45	O	The beneficiaries refuse to sign contracts due to the bad condition of the houses.
TL3	Conduct law enforcement and joint operations to decrease high risk violations	Number of operations	All	10	6	6	6	6	24	6	R	Financial constraints to pay overtime and also unavailability of personnel during weekends.
TL4	Percentage of the operational budget spent on maintaining refuse removal assets	% of the budget spent	All	100%	25%	50%	75%	100%	100%	40%	R	The refuse removal assets were in a better condition.

## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of Measurement	Ward	Actual 2011/12	Overall performance for 2012/13							Actual	Corrective actions
					Target					Actual	Corrective actions		
					Q1	Q2	Q3	Q4	Annual				
TL5	Apply for a permit for the Murraysburg landfill site by the end of June 2013	Application submitted	1	New performance indicator for 2012/13. No comparatives available.	0	0	0	1	1	0	R	The current landfill site is not suitable, therefore a new landfill site need to be identified, but funding for this purpose is not available at this stage	
TL6	Create temporary job opportunities with the EPWP project for the cleaning and removal of alien vegetation in the Gamka River	Number of temporary job opportunities created	All	New performance indicator for 2012/13. No comparatives available.	0	0	0	30	30	60	B	n/a	
TL7	Complete the planning for the construction of the recycling facility at Vaalskoppies landfill site by the end of June 2013	Number of activities completed	2	New performance indicator for 2012/13. No comparatives available.	0	0	0	2	2	2	G	n/a	
TL13	Management of electrical provisioning system (limit to 15%)	% of electricity unaccounted for	All	17.48%	10%	10%	10%	10%	10%	11.10%	R	Electricity losses was 17,5% the previous year. We managed to bring it down to 11% without an external audit.	
TL14	Green energy and energy saving awareness initiatives	Number of initiatives per year	All	New performance indicator for 2012/13. No comparatives	1	1	1	1	4	4	G	n/a	

## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of Measurement	Ward	Actual 2011/12	Overall performance for 2012/13							Actual	Corrective actions
					Target					Actual	Corrective actions		
					Q1	Q2	Q3	Q4	Annual				
				available.									
TL15	Complete 132 kv Substation for Eskom	% completed	All	New performance indicator for 2012/13. No comparatives available.	0%	0%	100%	0%	100%	80%	O	We have to wait for Eskom to complete their side of the Substation before we can complete our side of the Substation.	
TL16	Approve building plans within 30 days for buildings less than 500m2 and 60 days for buildings larger than 500m2 after all information required is correctly submitted	% Approved	All	New performance indicator for 2012/13. No comparatives available.	90%	90%	90%	90%	90%	95%	G2	n/a	
TL18	Review of the Pavement management system by the end of June	% of Pavement management system reviewed	All	New performance indicator for 2012/13. No comparatives available.	0%	0%	100%	0%	100%	0%	R	Will be completed in 13/14 if sufficient funds is available	
TL19	New roads structured with approved capital projects for the financial year	Number of meters	All	New performance indicator for 2012/13. No comparatives available.	0	0	0	600	600	3,017	B	n/a	
TL20	Report on the implementation of the Water	% completed	All	New performance indicator for	0%	100%	0%	0%	100%	100%	G	n/a	

## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of Measurement	Ward	Actual 2011/12	Overall performance for 2012/13							Actual	Corrective actions
					Target					Actual	Corrective actions		
					Q1	Q2	Q3	Q4	Annual				
	Service Delivery Plan (Audit) by end October 2012			2012/13. No comparatives available.									
TL21	Revise the Water Services Development Plan by the end of June 2013	% completed	All	100%	0%	0%	100%	0%	100%	95%	O	Must still be submitted to council	
TL22	Create water saving awareness	Number of initiatives	All	New performance indicator for 2012/13. No comparatives available.	1	1	1	1	4	4	G	n/a	
TL23	Limit unaccounted water to less than 15% between source and sector meters	% of water unaccounted for between source and sector meters	All	37.25%	15%	15%	15%	15%	15%	25.03%	R	Incorrect billing and handling of prepaid meters	
TL24	Maintain water quality as per SANS 241 physical and micro parameters	% water quality level	All	92.08%	95%	95%	95%	95%	95%	98.75%	G <sub>2</sub>	n/a	
TL25	Quality of final waste water outflow	% quality level	All	96.67%	90%	90%	90%	90%	90%	98.34%	G <sub>2</sub>	n/a	
TL26	Upgrade of recreational areas, paving and greening of areas in Kwa Mandlenkosi and Hillside II in terms of Neighbourhood Development	Number of projects	3; 4; 7	New performance indicator for 2012/13. No comparatives available.	0	0	0	2	2	6	B	n/a	

## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of Measurement	Ward	Actual 2011/12	Overall performance for 2012/13							Actual	Corrective actions
					Target								
					Q1	Q2	Q3	Q4	Annual				
TL27	Complete the paving or the Rustdene Sport Stadium	% completion	5	New performance indicator for 2012/13. No comparatives available.	0%	0%	100%	0%	100%	30%	R	Still in process, will be completed in 13/14	
TL28	Rehabilitate gravel roads phase II in Beaufort West, Hillside II, Rustdene and Kwa Mandlenkosi	% completion	7	New performance indicator for 2012/13. No comparatives available.	0%	100%	0%	0%	100%	100%	G	n/a	
TL29	Rehabilitate roads in Murraysburg	% completion	1	New performance indicator for 2012/13. No comparatives available.	0%	0%	100%	0%	100%	100%	G	n/a	
TL30	Complete new stormwater retention pond phase in Hillside	% completion	2; 7	New performance indicator for 2012/13. No comparatives available.	0%	100%	0%	0%	100%	100%	G	n/a	
TL31	Upgrade the extended Water Supply in Murraysburg	% completion	1	New performance indicator for 2012/13. No comparatives available.	0%	0%	100%	0%	100%	0%	R	Still in process, will be completed in 13/14	
TL32	Complete the investigation for new aquifers for Beaufort West	% completion	2; 3; 4; 5; 6; 7	New performance indicator for 2012/13. No comparatives available.	0%	0%	0%	100%	100%	100%	G	n/a	

## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of Measurement	Ward	Actual 2011/12	Overall performance for 2012/13							Actual	Corrective actions
					Target					Actual	Corrective actions		
					Q1	Q2	Q3	Q4	Annual				
				tives available.									
TL33	Complete the new bulk water supply for Nelspoort	% completion	2	New performance indicator for 2012/13. No comparatives available.	0%	0%	0%	20%	20%	5%	R	Design completed, tender will be awarded in August	
TL34	Complete new total pressure reduction of water network	% completion	All	New performance indicator for 2012/13. No comparatives available.	0%	0%	100%	0%	100%	60%	R	90% completed	
TL35	Re-align the bulk water pipeline for housing in Rustdene	% completion	3	New performance indicator for 2012/13. No comparatives available.	0%	0%	0%	100%	100%	100%		n/a	

**Table 52.: Basic service delivery and infrastructure development**

## Chapter 3: Service Delivery Performance

### 3.2.2 Municipal Functions

#### a) Analysis of Functions

The municipal functional areas are as indicated below:

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



## Chapter 3: Service Delivery Performance

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

Table 53.: Functional Areas

### b) Overview of performance per directorate in term of the Departmental SDBIP

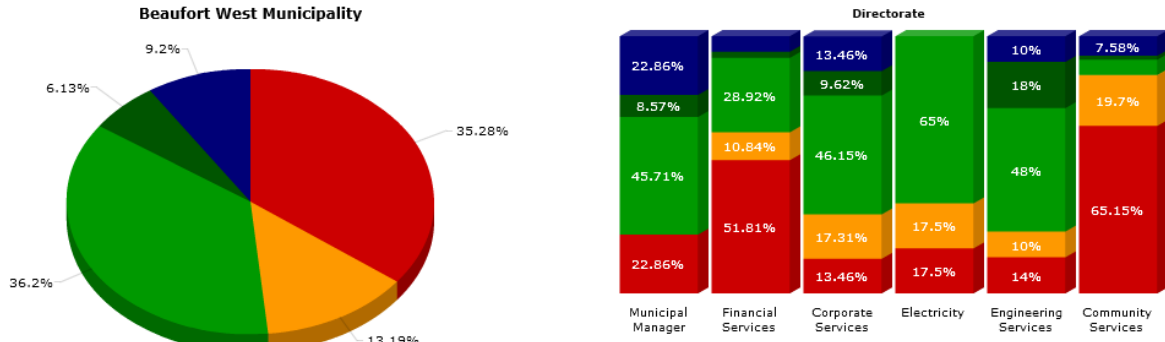
The performance statistics in the table below and all the graphs in the following sub paragraphs include performance in terms of the departmental SDBIP for the 2012/13 financial year and where applicable, in comparison to the 2011/12 financial year.

Directorates	Financial Year	Total KPIs	KPIs Extremely Well Met	KPIs Well Met	KPIs Met	KPIs almost Met	KPIs not Met
Council	2011/12	15	9	0	3	0	3
	2012/13	n/a	n/a	n/a	n/a	n/a	n/a
Municipal Manager	2011/12	80	14	7	23	13	23
	2012/13	27	8	2	13	0	4
Corporate Services	2011/12	81	4	13	15	20	29
	2012/13	46	7	4	22	9	4
Financial Services	2011/12	110	10	10	65	7	18
	2012/13	71	5	1	18	8	39
Community Services	2011/12	86	7	6	16	24	33
	2012/13	59	4	1	3	12	39
Engineering Services	2011/12	131	25	17	45	32	12
	2012/13	30	2	6	17	4	1
Electricity	2011/12	78	0	1	62	4	11
	2012/13	37	0	0	25	6	6

Table 54.: Summary of total performance per Directorate

# Chapter 3: Service Delivery Performance

The graphs illustrative an overview of the overall performance results of all the KPI's measured as at 30 June.



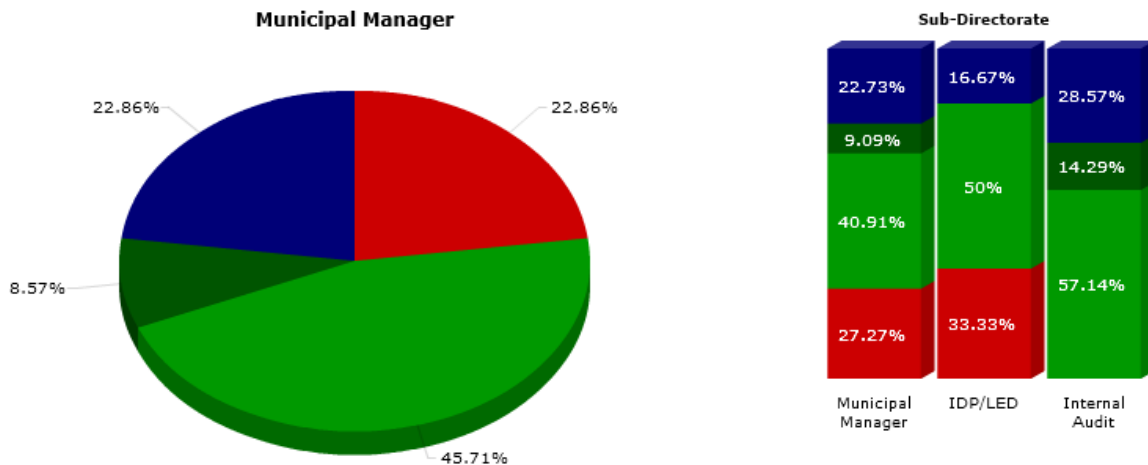
Graph 2.: Overall performance of directorates for 2012/13

## c) Performance per functional area (Departmental/Operational SDBIP)

### i) Municipal Manager consists of the following divisions:

- ∞ Municipal Manager
- ∞ IDP/LED
- ∞ Internal Audit

The following graph indicates the overall performance of the various sub-directorates within the Municipal Manager directorate



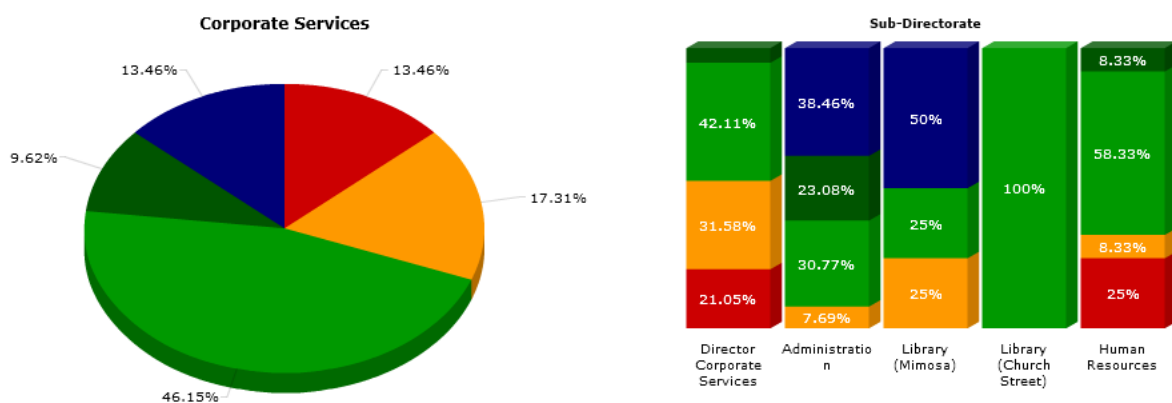
Graph 3.: Municipal Manager sub-directorate performance

## Chapter 3: Service Delivery Performance

### ii) Corporate Services consists of the following divisions:

- ∞ Director: Corporate Services
- ∞ Administration
- ∞ Library (Mimosa)
- ∞ Library (Church Street)
- ∞ Human Resources

The following graph indicates the overall performance of the various sub-directorates within the Corporate Services directorate

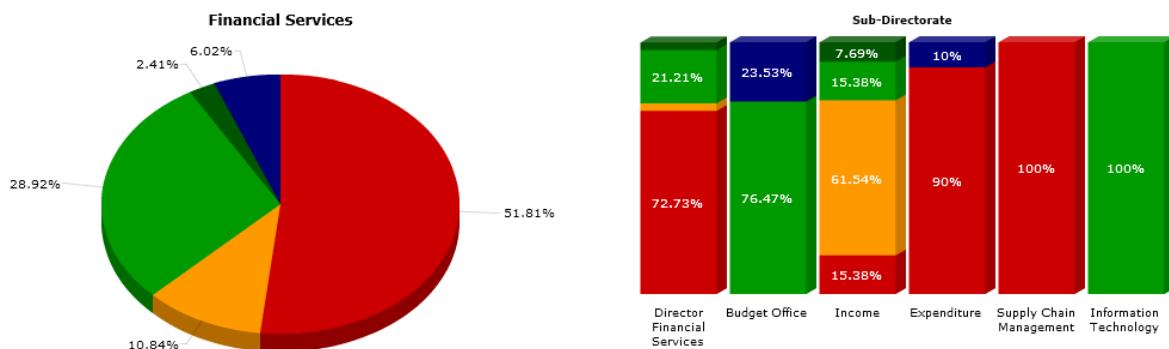


Graph 4.: Corporate Services sub-directorate performance

### iii) Finance consists of the following divisions:

- ∞ Director: Financial Services
- ∞ Budget Office
- ∞ Income
- ∞ Expenditure
- ∞ Supply Chain Management
- ∞ Information Technology

The following graph indicates the overall performance of the various sub-directorates within the Financial Services directorate



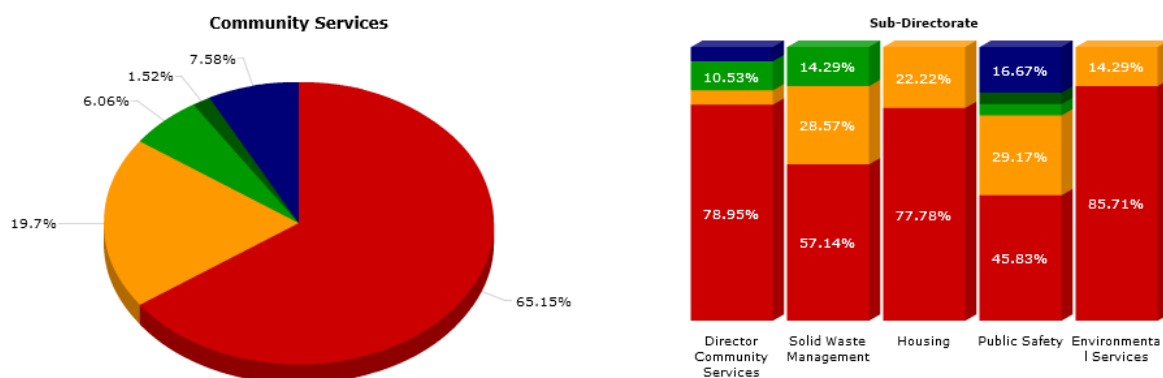
Graph 5.: Finance sub-directorate performance

## Chapter 3: Service Delivery Performance

*iv) Community Services consists of the following divisions:*

- ∞ Director: Community Services
- ∞ Solid Waste Management
- ∞ Housing
- ∞ Public Safety & Traffic Services
- ∞ Environmental Services

The following graph indicates the overall performance of the various sub-directorates within the Community Services directorate



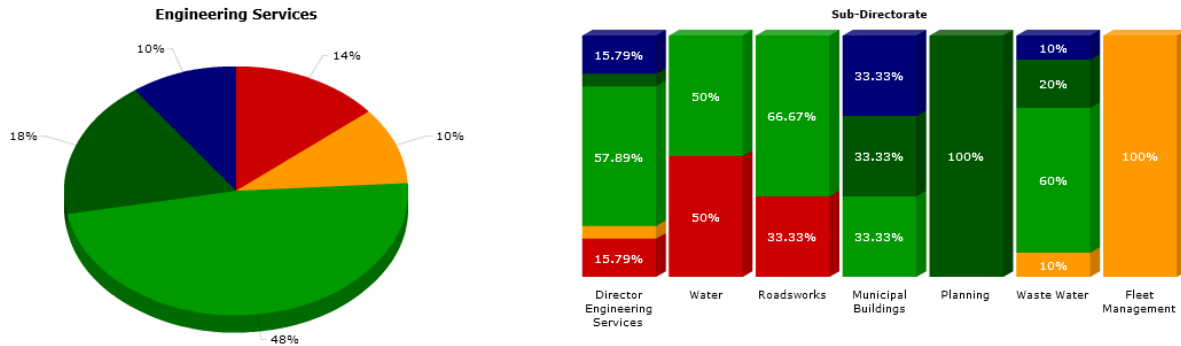
*Graph 6.: Community Services sub-directorate performance*

*v) Engineering Services consists of the following divisions:*

- ∞ Director: Engineering Services
- ∞ Water & Sewerage Reticulation
- ∞ Roadworks & Stormwater
- ∞ Municipal Buildings
- ∞ Planning & Development
- ∞ Waste Water Treatment Works
- ∞ Water Treatment Works
- ∞ Fleet Management
- ∞ Parks & Recreation
- ∞ Landfill sites (Merweville)
- ∞ Landfill sites (Nelspoort)

## Chapter 3: Service Delivery Performance

The following graph indicates the overall performance of the various sub-directorates within the Engineering Services directorate

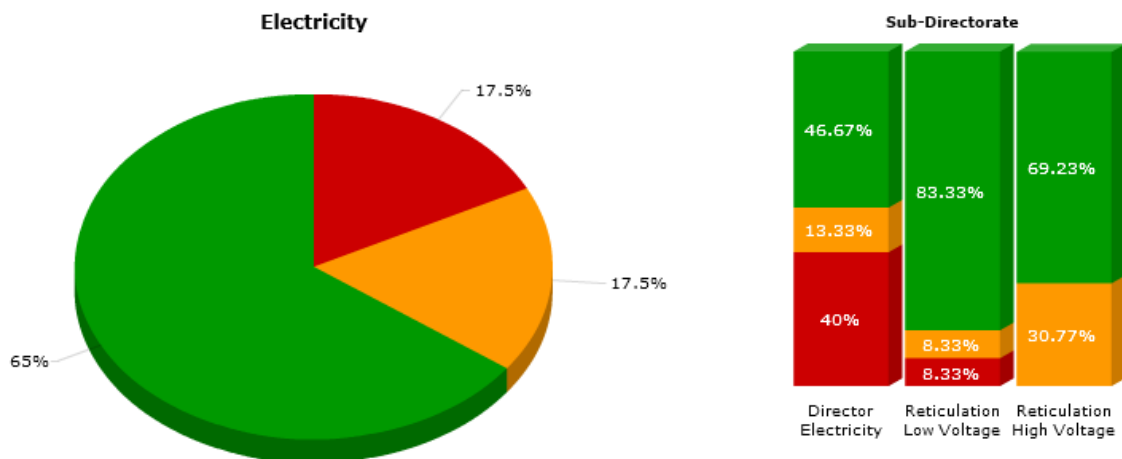


Graph 7.: Engineering Services sub-directorate performance

vi) Electricity Services consists of the following divisions:

- ∞ Director: Electricity
- ∞ Reticulation Low Voltage
- ∞ Reticulation High Voltage

The following graph indicates the overall performance of the various sub-directorates within the Electricity directorate



Graph 8.: Electricity Services sub-directorate performance

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## Chapter 3: Service Delivery Performance

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### 3.3 COMPONENT A: BASIC SERVICES

This component includes basic service delivery highlights and challenges, includes details of services provided for water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

#### 3.3.1 Water Provision

##### a) Introduction to Water and Sanitation Provision

---

Water is probably the most fundamental and indispensable of natural resources – fundamental to life, the environment, food production, hygiene and power generation. Poverty reduction and improved water management are inextricably linked. Section 4B of the Constitution lists water and sanitation services limited to potable water supply systems and domestic wastewater and sewerage disposal systems as a local government function. Basic water is defined as 25 liters of potable water per day supplied within 200 meters of a household.

Beaufort West is dependent of three different water sources: Surface Water (Gamka Dam, Springfontein Dam and Walker Dam), Boreholes (36 Boreholes in 6 Aquifers) and the Water Reclamation Plan.

The water sources mentioned above are used to adhere to the demand of the community. The demand of the community is approximately 6 Mega liters per day. This figure varies depending on the weather conditions. In the summer months the water consumption is much higher than in the winter.

The high summer consumption is balanced by abstracting water from the Gamka Dam, boreholes as well as water from the Reclamation Plant. In the winter months only the boreholes and the Reclamation Plant are used to adhere to the demand from the community.

During the 2011/12 financial year three pressure reducing valves have been installed. The aim of the valves is to reduce the water pressure and by reducing the pressure the water consumption is reduced at the same time. The effects of the pressure reducing valves (PRV's) are clearly visible and the water consumption in the three areas has decreased by an average of 40%. The effect of this project was so substantial that a further three PRV's were installed in Rustdene and the industrial areas in 2012/13. The valves were calibrated and the effect was immediately experienced in the decreasing of main pipe bursts.

## Chapter 3: Service Delivery Performance

According to WQMS system the water quality of Beaufort West, Nelspoort, Murraysburg and Merweville has improved during 2011/12. Unfortunately no assessment was done in 2012/13 as it is now only done bi-annually. The previous Blue Drop Scores is indicated below.

Town	2011/2012	2012/2013
Beaufort West	96.27%	No Blue Drop Assessments were done in 2012/2013
Nelspoort	86.43%	
Merweville	74.45%	

Table 55.: Blue drop scores

Murraysburg was not assessed during the previous year but it is anticipated that it will be done in 2013/14. Water losses are reduced to the minimum from the source to sector meters. There is however a loss of approximately 40% from sector meters to billing. A water meter audit was done and it showed clearly that the challenge is billing and not only water losses by leakages in the network.

### b) Highlights: Water Services

Highlights	Description
Installation of pressure reduction valves to reduce the water pressure, that will result in less pipe bursts.	4 New pressure reduction valves have been installed

Table 56.: Water Services Highlights

### c) Challenges: Water Services

Description	Actions to address
Recover revenue to reduce the unaccounted for water	<ul style="list-style-type: none"> <li>∞ Investigate a billing problem</li> <li>∞ Replace missing water meters</li> <li>∞ Replace faulty water meters</li> </ul>

Table 57.: Water Services Challenges

### d) Total Use of Water by Sector

Total Use of Water by Sector (cubic meters)				
Year	Agriculture	Forestry	Industrial	Domestic
2011/12	0	0	66 459	2 368 368
2012/13	0	0	70 568	2 472 313

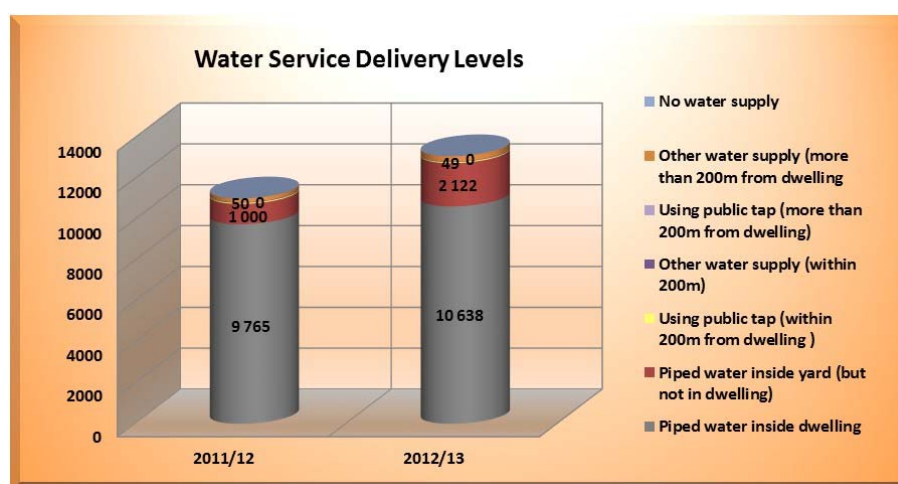
Table 58.: Total use of water by sector (cubic meters)

## Chapter 3: Service Delivery Performance

### e) Water Service Delivery Levels

Households		
Description	2011/12	2012/13
	Actual	Actual
	No.	No.
<b><u>Water: (above min level)</u></b>		
Piped water inside dwelling	9 765	10 638
Piped water inside yard (but not in dwelling)	1 000	2 122
Using public tap (within 200m from dwelling )	50	49
Other water supply (within 200m)	30	31
<i>Minimum Service Level and Above sub-total</i>	<b>10 845</b>	<b>12 830</b>
<i>Minimum Service Level and Above Percentage</i>	<b>84</b>	<b>98</b>
<b><u>Water: (below min level)</u></b>		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	187	260
No water supply	0	0
<i>Below Minimum Service Level sub-total</i>	<b>187</b>	<b>260</b>
<i>Below Minimum Service Level Percentage</i>	<b>16</b>	<b>2</b>
<b>Total number of households</b>	<b>11 032</b>	<b>13 090</b>
<i>Include informal settlements</i>		

Table 59.: Water service delivery levels: Households



Graph 9.: Water Service Delivery levels



## Chapter 3: Service Delivery Performance

### f) 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#
2011/12	9 765	84%	4 345
2012/13	10 638	98%	6 293

\* 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 60.: Access to water

### g) Employees: Water Services

Job Level	2011/12		2012/13		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	5	12	5	7	58
4 - 6	5	9	5	4	44
7 - 9	0	1	0	1	100
10 - 12	2	2	2	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>12</b>	<b>24</b>	<b>12</b>	<b>12</b>	<b>50</b>

Table 61.: Employees: Water Services

### h) Capital expenditure: Water Services

R'000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
New Total Pressure Reduction of Water Network	1 167	-	1 455	(288)	1 455
Re-Alignment Bulk Water Pipeline: Rustdene	726	-	494	232	494

Total project value represents the estimated cost of the project on approval by Council

Table 62.: Capital Expenditure 2012/13: Water Services

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## Chapter 3: Service Delivery Performance

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### 3.3.2 Waste water (sanitation) provision

#### a) Introduction to Sanitation Provision

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Beaufort West Municipality has four Waste Water Treatment Plants that are situated in Beaufort West, Nelspoort, Merweville and Murraysburg.

The Waste Water Treatment Plant of Beaufort West and Merweville are operating within in the design capacity and the finale effluent is of a good quality.

A study needs to be conducted to ensure that the Waste Water treatment Plant of Nelspoort and Murraysburg is operating within their design capacity. A MIG project was registered to conduct this study. A service provider was appointed to do this in the 2013/14 financial year.

The Waste Water Treatment Plant of Beaufort West consists of two processes, an activated sludge process and a biological trickle filter process. The effluent from the activated sludge process is redirected to the Water Reclamation Plant and the effluent from the biological trickle filters are used for irrigation purposes.

The Waste Water Treatment plant of Nelspoort, Merweville and Murraysburg are evaporation ponds.

Green Drop Awards evaluation did take place in 2012/2013, but unfortunately the Minister of Water Affairs postponed the awards until later in 2012/13. It is clear that the Beaufort West WWTW will be awarded again.

#### b) Highlights: Waste Water (Sanitation) Provision

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Highlights	Description
Installation of a new Archimedean screw pump	Two pumps installed to ensure that sewage can be pumped into the treatment facility.

*Table 63.: Waste Water (Sanitation) Provision Highlights*

#### c) Challenges: Waste Water (Sanitation) Provision

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Description	Actions to address
Sewer blockages due to foreign objects in sewer lines, entering at the manholes in the municipal network as well as private networks.	Fit manholes with lockable covers.

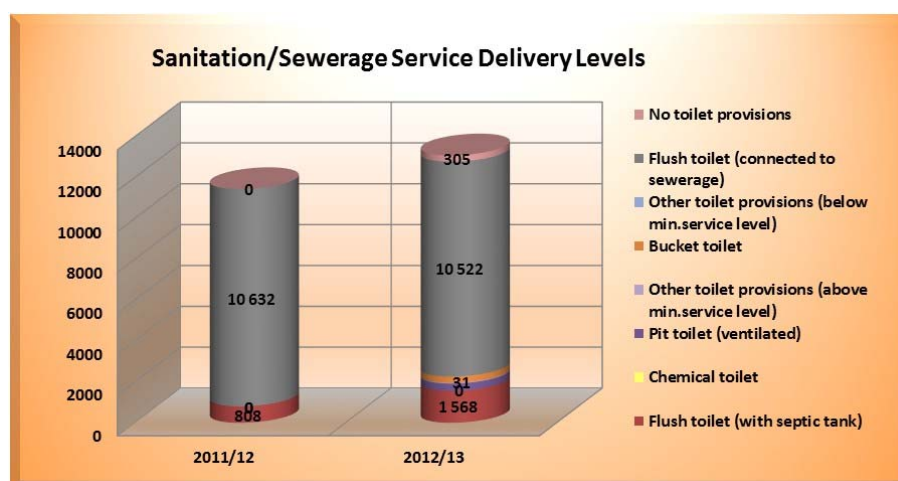
*Table 64.: Waste Water (Sanitation) Provision Challenges*

## Chapter 3: Service Delivery Performance

### d) Sanitation Service Delivery Levels

Households		
Description	2011/12	2012/13
	Outcome	Actual
	No.	No.
<b><i>Sanitation/sewerage: (above minimum level)</i></b>		
Flush toilet (connected to sewerage)	10 632	10 522
Flush toilet (with septic tank)	808	1 568
Chemical toilet	0	0
Pit toilet (ventilated)	0	355
Other toilet provisions (above min.service level)	0	31
<i>Minimum Service Level and Above sub-total</i>	<b>11 440</b>	<b>12 476</b>
<i>Minimum Service Level and Above Percentage</i>	<b>100</b>	<b>95</b>
<b><i>Sanitation/sewerage: (below minimum level)</i></b>		
Bucket toilet	0	309
Other toilet provisions (below min.service level)	0	0
No toilet provisions	0	305
<i>Below Minimum Service Level sub-total</i>	<b>0</b>	<b>614</b>
<i>Below Minimum Service Level Percentage</i>	<b>0</b>	<b>5</b>
<b>Total households</b>	<b>11 440</b>	<b>13 090</b>
<i>Including informal settlements</i>		

Table 65.: Sanitation service delivery levels



Graph 10.: Sanitation/Sewerage Service Delivery Levels

## Chapter 3: Service Delivery Performance

### e) Employees: Sanitation Services

Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	10	14	10	4	28
4 - 6	5	9	5	4	44
7 - 9	0	1	0	1	100
10 - 12	0	1	0	1	100
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>15</b>	<b>25</b>	<b>15</b>	<b>10</b>	<b>40</b>

*Employees and Posts numbers are as at 30 June.*

Table 66.: Employees Waste Water (Sanitation) Provision

### f) Capital Expenditure: Sanitation Services

R' 000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Installation of a New Archimedean Screw Pump	570	-	542	28	542

*Total project value represents the estimated cost of the project on approval by Council*

Table 67.: Capital Expenditure 2012/13: Waste Water (Sanitation) Provision

### 3.3.3 Electricity

#### a) Introduction to Electricity

Local Government plays a very 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.

Beaufort West Municipality provides electricity services mostly to the communities of Beaufort West, Nelspoort and partially Murraysburg, whilst Eskom provides electricity to Merweville and partially to Murraysburg.

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## Chapter 3: Service Delivery Performance

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During 2012/13 projects to the amount of **R4.2million** for the electrification of 367 newly built houses were approved by Council and partly executed by the electricity department to improve and sustain service delivery to the community.

Electricity purchases for the 2012/13 financial year amounted to **R38.3 million** for **56 911 818** KWh. The electricity is sold to industrial/commercial and domestic customers. Approximately **36.45%** of the electricity is sold to industrial/commercial customers, **46.23%** to domestic customers, **2.35%** for street lighting and **3.52%** for own use. Energy losses during the financial year amounted to **11.45%**.

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

### 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.

### Infrastructure

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

### **b) Highlights: Electricity**

Highlights	Description
Electrification of new built houses with area lighting.	Building of high and low voltage overhead lines to supply electricity to newly built houses. The erection of 3x30m high masts lights.
The electricity losses was 17,5 % the previous year. We managed to reduce the losses to 11,45 %.	Spot checks on prepaid and conventional meters. We have a system in place where we reward informants for information regarding consumers with illegal electricity connections.

*Table 68.: Electricity Highlights*

## Chapter 3: Service Delivery Performance

### c) Challenges: Electricity

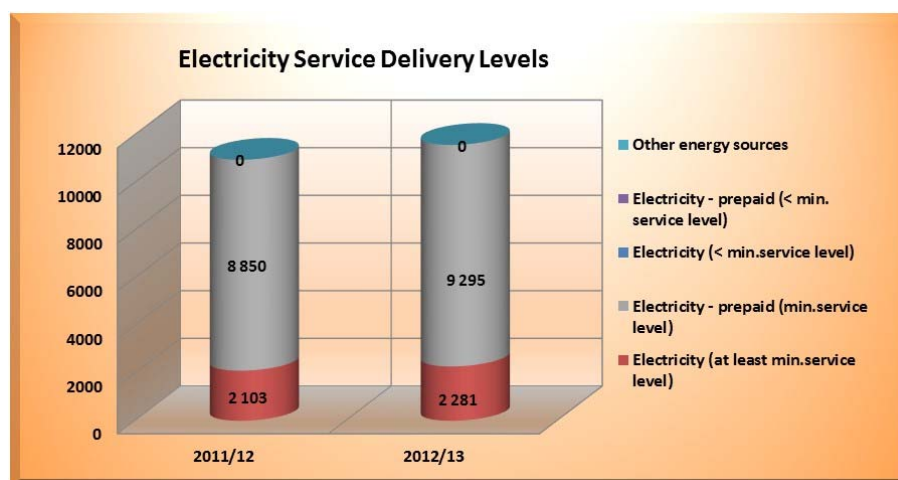
Description	Actions to address
When the Department of Housing made money available for the building of houses, there were not enough time for the Electricity Department to source for money to electrify the newly built houses.	Funding for the building and electrification of houses must be funded by one Department.

Table 69.: Electricity Challenges

### d) Electricity Service Delivery Levels

Households		
Description	2011/12	2012/13
	Actual	Actual
	No.	No.
<b>Energy: (above minimum level)</b>		
Electricity (at least min.service level)	2 103	2 281
Electricity - prepaid (min.service level)	8 850	9 295
<i>Minimum Service Level and Above sub-total</i>	<b>10 953</b>	<b>11 576</b>
<i>Minimum Service Level and Above Percentage</i>	<b>100</b>	<b>100</b>
<b>Energy: (below minimum level)</b>		
Electricity (< min.service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
<i>Below Minimum Service Level sub-total</i>	<b>0</b>	<b>0</b>
<i>Below Minimum Service Level Percentage</i>	<b>0</b>	<b>0</b>
<b>Total number of households</b>	<b>10 953</b>	<b>11 576</b>

Table 70.: Electricity service delivery levels



Graph 11.: Electricity service delivery levels

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### e) Employees: Electricity Services

Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	5	10	5	5	50
4 - 6	5	8	5	3	38
7 - 9	6	7	6	1	14
10 - 12	5	6	5	1	17
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>21</b>	<b>31</b>	<b>21</b>	<b>10</b>	<b>32</b>

Table 71.: Employees: Electricity services

### f) Capital Expenditure: Electricity Services

R' 000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>12 000</b>	<b>0</b>	<b>11 970</b>	<b>(30)</b>	<b>47 500</b>
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)</i>					

Table 72.: Capital Expenditure 2012/13: Electricity Services

### 3.3.4 Waste management (Refuse collections, waste disposal, street cleaning and recycling)

#### a) Highlights: Waste Management

Highlights	Description
Food for Waste project	Street sweeping, litter picking, open space and cleaning the yards of elderly and people with disability deployed in the disadvantaged areas.
BLAWDO project	Street sweeping, littering and open spaces deployed in suburb areas.

Table 73.: Waste Management Highlights

## Chapter 3: Service Delivery Performance

### b) Challenges: Waste Management

Description	Actions to address
Illegal dumping	Distribute pamphlets on education and awareness on illegal dumping to the affected areas , cleaning of the spots and installation of illegal dumping sign
Uncollected refuse bags	Distribution of pamphlets regarding the weekly program for the of refuse
Non-compliance of landfill site e.g. burning of refuse, littering and access control	Employ permanent staff and sufficient tools and equipment
Regular repairs and maintenance of equipment and tools	Budget provision

Table 74.: Waste Management Challenges

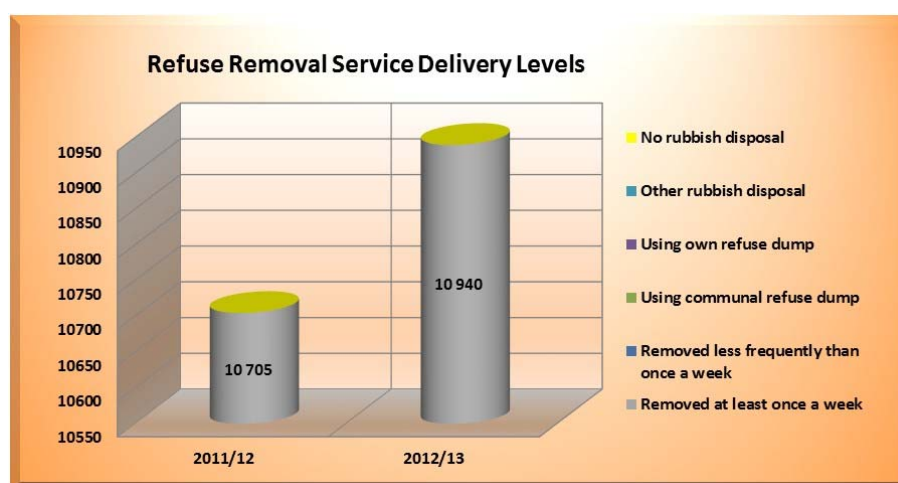
### c) Solid Waste Service Delivery Levels

Description	Households	
	2011/12	2012/13
	Actual	Actual
	No.	No.
<b><u>Solid Waste Removal: (Minimum level)</u></b>		
Removed at least once a week	10 705	10 940
<i>Minimum Service Level and Above sub-total</i>	<b>10 705</b>	<b>10 940</b>
<i>Minimum Service Level and Above percentage</i>	<b>100</b>	<b>100</b>
<b><u>Solid Waste Removal: (Below minimum level)</u></b>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
<i>Below Minimum Service Level sub-total</i>	<b>0</b>	<b>0</b>
<i>Below Minimum Service Level percentage</i>	<b>0</b>	<b>0</b>
<b>Total number of households</b>	<b>10 705</b>	<b>10 940</b>

Table 75.: Solid Waste Service Delivery Levels



## Chapter 3: Service Delivery Performance



Graph 12.: Refuse Removal Service Delivery Levels

### d) Employees: Solid Waste Services

Job Level	2011/12		2012/13		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	27	34	25	9	26
4 - 6	3	3	3	0	0
7 - 9	7	7	7	0	0
10 - 12	1	1	1	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>38</b>	<b>45</b>	<b>36</b>	<b>9</b>	<b>20</b>

Table 76.: Employees: Solid Waste Services

### 3.3.5 Employees: Basic services: Merweville, Murraysburg & Nelspoort

Job Level	2011/12		2012/13		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	20	21	20	1	5
4 - 6	12	12	12	0	0
7 - 9	3	3	3	0	0
10 - 12	2	2	2	0	0

## Chapter 3: Service Delivery Performance

Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
13 – 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>37</b>	<b>38</b>	<b>37</b>	<b>1</b>	<b>3</b>

Table 77.: Employees: Basic services: Merweville, Murraysburg & Nelspoort

### 3.3.6 Housing

#### a) Introduction to Housing

The municipality wishes to stimulate local economy development through the identification of land that would meet the strengths and anticipated future demands of the economy. A strong and vibrant economy is necessary in leader towns such as Beaufort West and in pursuit of this objective a holistic perspective of development is required.

Against the background of the holistic perspective of integrated residential development approach it was decided to focus strategically mainly on two components of the land use spectrum namely:

- Gap Housing
- Subsidy Housing.

#### Housing need:

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

- Subsidy housing >R3 500 per
- Gap housing-R3 500-R15 000 per month

Given the strategic decision to focus in the first instance on subsidy and Gap housing, those housing needs can be summarized as follows:

<b>Subsidy</b>	5 221 units according to recent estimates of the housing demand data base
<b>Gap</b>	275 potential applications have registered on our data system.

Table 78.: Housing needs

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### b) Prioritised Housing Sites

Site	Property	Units
<b>Subsidy: Priority 1</b>		
S3	Erf 4672 (10.4ha)	312
S4	Erf 3611 (3.0ha)	90
<b>Total</b>		<b>402</b>
<b>Subsidy Priority 2</b>		
S8	Rem Farm 185	225
<b>Subsidy Priority 3</b>		
S1	Rem Farm 185 (41.1ha)	1 232
S1	Erf 2848 (4.9ha)	147
S2	Rem Farm 185 (1.2ha)	36
S7	Rem Farm 185 (20.8ha)	624
<b>Total</b>		<b>2 039</b>
<b>Subsidy Grand Total</b>		<b>2 666</b>

Table 79.: Prioritised housing sites

### c) GAP Housing Sites

Site	Property	Units
<b>GAP: Priority 1</b>		
G2	Erf 2851 – P.O.S	67
<b>GAP: Priority 2</b>		
G1	Erf 1946 – (4.0ha)	120
<b>GAP Total</b>		<b>187</b>

Table 80.: GAP housing sites

### d) Highlights: Housing

Highlights	Description
Xhoxha Housing project	Transfer of property and Rectification
Consolidation Housing project	Old dilapidated houses upgraded
Housing Consumer Education	Attendance satisfactory

Table 81.: Housing Highlights

### e) Challenges: Housing

Description	Actions to address
Xhoxha housing: Acceptance of 40 <sup>2</sup> m houses	Review of the size of the RDP houses
Pre-1994 houses with structural defects	Source funding for Pre-1994 Rectification

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Table 82.: Housing Challenges

### f) Households with access to basic housing

Number of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2011/12	10 705	10 643	99
2012/13	10 940	10 878	99

Table 83.: 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. There are currently approximately 5 221 housing units on the waiting list.

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2011/12	5 955	24
2012/13	5 221	(12)

Table 84.: Housing waiting list

### h) Housing Allocation

A total amount of R30 million was allocated to build houses during the financial year under review. A summary of houses built, includes:

Financial year	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000			
2011/12	6 121	2 100	65.7%	0	0
2012/13	31 100	30 317	96.8%	160	573

Table 85.: Houses built in 2012/13

### i) Employees: Housing

Job Level	2011/12		2012/13		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	1	1	1	0	0
7 - 9	3	3	3	0	0

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Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12	0	0	0	0	0
13 - 15	0	1	0	1	100
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>20</b>

Table 86.: Employees: Housing

### 3.3.7 Free Basic Services and Indigent Support

#### a) Introduction

The free basic services were funded from the "equitable share" grant received from National Treasury plus an amount from the municipality's own income as budgeted for in the financial year under review.

The municipality has made significant progress and is one of the first municipalities in the country to have implemented free basic services to its indigent households. A debtor is considered indigent if the total monthly household income is equal to two times the amount of state funded social pensions or less (currently R2 400 per month). All indigent households are receiving 6 kl 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 semi-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 **R2 400** per month will receive the free basic services as prescribed by national policy. The table, furthermore, indicates the total number of indigent households and other households that received free basic services in the past two financial years:

## Chapter 3: Service Delivery Performance

### b) Households: Free Basic Services

The tables below indicates the number of households that received free basic services in the 2011/12 and 2012/13 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	%
2011/12	10 046	4 140	41	4 345	43	3 114	31	1 112	11
2012/13	13 384	5 435	41	6 293	47	2 661	20	957	7

Table 87.: Free basic services to indigent 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
2011/12	4 089	50	2 182	0	0	0	51	50	38
2012/13	4 699	50	2 665	686	50	420	50	50	45

Table 88.: Free basic Water services to indigent households

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
2011/12	4 345	6	5 098	0	0	0
2012/13	4 847	6	6 648	1 446	6	502

Table 89.: Free basic Water services to indigent households

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
2011/12	3 114	606.9	1 890	0	0	0
2012/13	2 661	643.20	2 051	0	0	0

Table 90.: Free basic Water services to indigent households

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Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Service per HH per week	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2011/12	1 112	1	549	0	0	0
2012/13	957	1	638	0	0	0

Table 91.: Free basic Refuse Removal services to indigent households per type of service

### c) Financial Performance: Free Basic Services

Financial Performance 2012/13: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2011/12	2012/13			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Water	5 098	2 630	3 850	6 648	2 798
Waste Water (Sanitation)	1 890	2 062	2 070	2 051	(19)
Electricity	2 182	2 186	2 666	2 665	(1)
Waste Management (Solid Waste)	549	609	641	638	(3)
<b>Total</b>	<b>9 719</b>	<b>7 487</b>	<b>9 227</b>	<b>12 002</b>	<b>2 775</b>

Table 92.: Financial Performance 2012/13: Cost to Municipality of Free Basic Services Delivered

## 3.4 COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

### 3.4.1 Roads

#### a) Introduction to Roads

Although 2 196m gravel roads were upgraded to paved roads in Beaufort West and Murraysburg, the general maintenance of tarred and gravel roads were respectively neglected due to budget constraints and unreliable machinery.

Pothole repair is done by the municipality while the construction of new paved roads are undertaken by contractors. These projects is done according to EPWP rules to create job opportunities.

#### b) Highlights: Roads

Highlights	Description
Pedestrian bridge over railway lines was completed.	Construction of pedestrian bridge over railway lines for the communities crossing ward 7 to ward 3.
Phase 2 of the upgrading of streets in Murraysburg	Upgrading of gravel roads to paved roads with

## Chapter 3: Service Delivery Performance

Highlights	Description
was completed.	associated stormwater.
Phase 1 of the upgrading of streets in Hillside 2 in Beaufort West was completed	Upgrading of gravel roads to paved roads with associated stormwater.
The upgrading of the Link-road and pedestrian walkways in Beaufort West was completed.	Upgrading of gravel link-road and walkways between Mandlenkosi and Rustdene with associated stormwater.
Phase 2 of the pedestrian walkways in Beaufort West was completed	Construction of pedestrian walkways

Table 93.: Roads Highlights

### c) Challenges: Roads

Description	Actions to address
Limited funding for pothole repair and the reseal of roads	More funds to be allocated towards this budget vote.
Maintenance of Gravel roads	Replace unreliable machinery

Table 94.: Roads Challenges

### d) Gravel Roads Infrastructure: Kilometers

Gravel Roads Infrastructure: Kilometers				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2011/12	54 524	0	0.707	54 524
2012/13	51 608	0	2.196	51 608

Table 95.: Gravel road infrastructure

### e) Tarred Road Infrastructure: Kilometers

Tarred Road Infrastructure: Kilometers					
Year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2011/12	95 144	0.707	0	1.2	95 144
2012/13	97 340	2.196	0	0	97 430

Table 96.: Tarred road infrastructure



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### f) Cost: 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 & Replacements	Resealed	Maintained
	R'000		
2011/12 (Main roads)	0	430	114
2011/12 (Other roads)	5 463	2 283	2 624
2012/13 (Main roads)	0	0	0
2012/13 (Other roads)	0	0	2 752

*\* The cost for maintenance include stormwater*

*Table 97.: Cost of construction/maintenance of roads and stormwater*

### g) Employees: Roads and Stormwater

Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	20	35	20	15	43
4 - 6	4	8	4	4	50
7 - 9	8	10	8	2	20
10 - 12	0	1	0	1	100
13 - 15	0	0	0	0	0
16 - 18	0	1	0	1	100
19 - 20	0	0	0	0	0
<b>Total</b>	<b>32</b>	<b>55</b>	<b>32</b>	<b>23</b>	

*Table 98.: Employees: Roads and Stormwater*

### h) Capital Expenditure: Roads and Stormwater

Capital Expenditure 2012/13: Roads					
R'000					
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Upgrading of streets in Murraysburg, Phase 2	5 102	0	5 484	(382)	5 484
Upgrading of streets in, Rustdene, Hillside 2, Kwa	6 739	0	6 992	(253)	6 992

## Chapter 3: Service Delivery Performance

Capital Expenditure 2012/13: Roads					
R'000					
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
mandlenkosi, Beaufort West					
NDPG: Linkroad, pedestrian walkways, Beaufort West	3 449	0	3 772	(323)	3 772
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					

Table 99.: Capital Expenditure 2012/13: Roads

### 3.4.2 Waste water (Stormwater drainage)

During the financial year a new detention pond system was built in Hillside to prevent flooding of houses in Hillside. A further one will be built in future to complete the system. Stormwater structures were also built along new paved roads.

Unfortunately due to budget constraints only the cleaning of the existing structures could take place.

Clearing of the Kuils- and Gamka river of vegetation also took place.

#### a) Highlights: Waste Water (Stormwater Drainage)

Highlights	Description
Phase 2 of the new stormwater retention pond /dam was completed	Construction of stormwater retention pond /dam to control Hillside' s runoff efficiently.

Table 100.: Waste Water (Stormwater drainage) Highlights

#### c) Challenges: Waste Water (Stormwater Drainage)

Description	Actions to address
Outdated Stormwater Management Plan	Stormwater Management plan to be updated
Old storm water pipes in Hillside 1 that are to small and old to convey runoff efficiently	Source funding to replace.

Table 101.: Waste Water (Stormwater drainage) Challenges

## Chapter 3: Service Delivery Performance

### d) Stormwater Infrastructure: Kilometres

The table below shows the total kilometers of stormwater maintained and upgraded as well as the kilometers of new stormwater pipes installed:

Stormwater Infrastructure: Kilometres				
Year	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2011/12	99	0	0	0
2012/13	Master Plan outdated	1.08	1.445	17.1

Table 102.: Stormwater infrastructure

### e) Cost: 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
2011/12	5 224	0	Part of Roads
2012/13	4 182	0	Part of Roads

Table 103.: Cost of construction/maintenance of stormwater systems

### 3.4.3 Employees: Other Services

Employees: Fleet Management (Workshop)					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	4	4	4	0	0
7 - 9	1	1	1	0	0
10 - 12	1	1	1	0	0
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>0</b>

Table 104.: Employees Fleet Management

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Employees: Building Maintenance					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	8	9	8	1	11
4 - 6	4	6	4	2	33
7 - 9	1	1	1	0	0
10 - 12	1	1	1	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>14</b>	<b>17</b>	<b>14</b>	<b>3</b>	<b>18</b>

Table 105.: Employees Building Maintenance

### 3.5 COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT

#### 3.5.1 Planning and Building Control

Due to the growing beneficiary list for subsidized housing planning for residential areas to accommodate IRDP and GAP housing, the planning of these plots was done by ASLA as the turnkey contractor. This planning was done in conjunction with the officials of the municipality.

##### a) Highlights: Planning and Building Control

Highlights	Description
Planned S8 and G2 for low cost housing project	Planned S8 for 239 plots and G2 for 70 plots

Table 106.: Planning Highlights

##### b) Additional Service Statistics: Planning and Building Control

Type of service	2011/12	2012/13
Building plans application processed	116	148
Total surface (m2 )	5710.39	6012.52
Approximate value (Rand)	17 032 229	74 758 777
Residential extensions	107	132
Land use applications processed	23	42

## Chapter 3: Service Delivery Performance

Type of service	2011/12	2012/13
Rural applications	116	148

Table 107.: Additional Performance Town Planning and Building Control

### c) Employees: Planning and Building Control

Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0
4 - 6	3	3	3	0	0
7 - 9	1	3	1	2	66
10 - 12	3	3	3	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>8</b>	<b>10</b>	<b>8</b>	<b>2</b>	<b>20</b>

Table 108.: Employees: Planning

### 3.5.2 Local Economic Development (Including Tourism and Market places)

The LED Strategy was reviewed within the 2009/10 financial year, but not approved. The LED forum was established, but is not functional.

The sectors that are contributing the most to the town's economy are transport and communication (25.3%), wholesale and retail trade (16.8%), general government services (14.4%), manufacturing (10.9%) and agriculture (7.7%). The ability of the local economy to create jobs is limited and is reflected in the current high unemployment figure of 35,5% compared to the provincial unemployment rate of 15,9 percent, this situation is further aggravated by the inability of the current markets to pay living wages i.e. household income is estimated at R 850 pm – R 1500 pm

The high unemployment coupled with the low skills level of the labour force have been identified as of critical importance at the regional growth and development summit that was held for the district during March 2007. Local government, therefore, also has to play a role in the development of skills of the local labour force. The challenge for the Beaufort West Municipality is therefore not only to grow the economy and tax base, but to also develop skills so that the jobs that are created through the growing economy can be taken up by the local unemployed residents.

## Chapter 3: Service Delivery Performance

The Beaufort West Municipality have an approved Local Economic Development strategy that was compiled during a comprehensive and transparent formulation process. However this plan has not been reviewed in three years, making it very difficult to measure progress and challenges. A senior official in top management is responsible for economic development and implementation, which is challenging due to limited resources and capacity. The IDP and LED functions were separated in 2012 so that the unit consists of an IDP Coordinator and LED Official (which is vacant), instead of the IDP Manager managing both functions. Both these functions still reside within the Office of the Municipal Manager.

Job creation through EPWP projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2011/12	Various projects	1 590
2012/13	Various projects	980

Table 109.: Job creation through EPWP\* projects

### 3.6 COMPONENT D: COMMUNITY AND SOCIAL SERVICES

#### 3.6.1 Libraries

##### a) Highlights: Libraries

Highlights	Description
Poetry Event with prisoners	Prisoners were encourage to write a poem/s that were evaluated and winners were announced.
Mandela Day	The staff made some soup and circulated it amongst less privilege people and participated in the march from the local prison to the old age home.
Race to knowledge	Annual competition for grade 12 students
Annual Spelling Bee	Competition between high school members were held and the best individual and school were chosen.

Table 110.: Libraries Highlights

##### b) Challenges: Libraries

Description	Actions to address
Increasing book losses	Strict policies needs to be put in place.
Vandalism in libraries	Ongoing workshops on good morals and character building must be held in schools and through library orientation.
Insufficient Staff	Appointment of additional staff members and a senior librarian

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Description	Actions to address
Internet access in the Wheelie Wagon	To install an internet system by the provincial department
Lack of fencing around the libraries	To fence libraries
Lack of emergency exits in libraries	Develop alternative exits in case of fire or an emergency.

Table 111.: Libraries Challenges

### c) Service statistics for Libraries

Type of service	2011/12	2012/13
Library members	16 737	17 474
Books circulated	215 103	203 855
Exhibitions held	±133	±132
Internet users	±10 214	±9 844
New library service points or Wheelie Wagons	1	1
Visits by school groups	±24	±24
Primary and Secondary Book Education sessions	±12	±12

Table 112.: Service statistics for Libraries

### d) Employees: Libraries

Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	13	20	19	1	5
7 - 9	0	0	0	0	0
10 - 12	2	3	2	1	33
13 - 15	0	1	0	1	100
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>15</b>	<b>24</b>	<b>21</b>	<b>3</b>	<b>13</b>

Table 113.: Employees: Libraries

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### 3.6.2 Cemeteries

There are enough burial ground in all the towns under the jurisdiction of Beaufort west for the near future. However new cemeteries will have to be developed in the 2015/16 financial year.

#### a) Challenges: Cemeteries

Description	Actions to address
Vandalism	Improved fencing and gates
Animals entering cemeteries	Impounding of animals

Table 114.: Cemeteries Challenges

## 3.7 COMPONENT G: SECURITY AND SAFETY

This component includes: traffic; law enforcement; fire and disaster management

### 3.7.1 Traffic Services and Law Enforcement

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

Highlights	Description
Training	Examiner of Driving Licenses

Table 115.: Traffic Services Highlights

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

Challenges	Actions to overcome
DLTC & VTS under one roof	Establish under one roof

Table 116.: Traffic Services Challenges

#### c) Additional Service statistics for Traffic Services and Law Enforcement

Details	2011/12	2012/13
Animals impounded	166	85
Motor vehicle licenses processed	10 343	11 637
Learner driver licenses processed	1 636	1 024
Driver licenses processed	768	502
Driver licenses issued	2 704	2 946
Fines issued for traffic offenses	2 601	1 350



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Details	2011/12	2012/13
R-value of fines collected	1 350 250	696 050
Roadblocks held	30	8
Complaints attended to by Traffic Officers	0	66
Awareness initiatives on public safety	2	0

Table 117.: Additional performance Service Statistics for Traffic Services

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

Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0
4 - 6	7	10	7	3	33
7 - 9	5	6	5	1	17
10 - 12	4	5	4	1	20
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>19</b>	<b>24</b>	<b>19</b>	<b>5</b>	<b>21</b>

Table 118.: Employees: Traffic Services

### 3.7.2 Fire Services and Disaster Management

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

Details	2011/12	2012/13
Operational call-outs	87	93
Reservists and volunteers trained	15	13
Awareness initiatives on fire safety	2	4

Table 119.: Fire Service Data

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

Job Level	2011/12		2012/13		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	12	12	11	1	8
7 - 9	0	0	0	0	0
10 - 12	0	2	0	2	100
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>12</b>	<b>14</b>	<b>11</b>	<b>3</b>	<b>21</b>

Table 120.: Employees: Fire services and Disaster Management

### 3.8 COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

#### 3.8.1 Sport and Recreation

The community loves their sport, but the main challenge is to raise enough funds to develop the different sport fields as only 15 % of MIG funds are available for this purpose. SAFA however built an astro turf soccer field and clubhouse during the 2011/12 financial year that really enhanced sport.

#### a) Highlights: Sport and Recreation

Highlights	Description
Developed the Rustdene Sport Field	VIP lounge and swimming pool

Table 121.: Sport and Recreation Highlights

#### b) Challenges: Sport and Recreation

Description	Actions to address
Vandalism	Install and upgrade alarm systems
To meet community expectations with a limited budget	Apply for grant funding

Table 122.: Sport and Recreation Challenges

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### c) Service statistics for Sport and Recreation

Type of service	2011/12	2012/2013
<b>Community parks</b>		
Number of parks with play park equipment	8	8
Number of wards with community parks	7	7
<b>Swimming pools</b>		
Number of visitors per annum	5 443	26 497
R-value collected from entrance fees	R27 215	R143 155
<b>Sport fields</b>		
Number of wards with sport fields	4	7
R-value collected from utilization of sport fields	R131 997	R156 773
<b>Sport halls</b>		
Number of wards with sport halls	4	7
Number of sport associations utilizing sport halls	5	5
R-value collected from rental of sport halls	R36 731	R49 573

Table 123.: Additional performance information for Sport and Recreation

### d) Employees: Sport and Recreation

Job Level	2011/12		2012/13		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	16	21	16	5	20
4 - 6	11	15	11	4	26
7 - 9	1	4	1	3	75
10 - 12	1	1	1	0	0
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>30</b>	<b>42</b>	<b>30</b>	<b>12</b>	<b>29</b>

Table 124.: Employees: Sport and Recreation

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### e) Capital Expenditure: Sport and Recreation

R'000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Swimming Pool	900	-	300	600	900
<i>Total project value represents the estimated cost of the project on approval by Council</i>					

Table 125.: Capital Expenditure 2012/13: Sport and Recreation

### 3.9 COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: executive and council; financial services; human resource services; ICT services; legal services; and procurement services.

#### 3.9.1 Corporate Services

This component includes: Administration, Councilor Support, Thusong Service Centers, Municipal Management, IDP, and Internal Audit.

#### a) Highlights: Corporate Services

Highlights	Description
Council meetings are regularly held	Monthly council meetings are held
Functioning of ward committees	Ward committees are established in all seven wards and function effectively
Training of Ward Committee members	Induction training were provided to all Ward Committee members

Table 126.: Corporate Services Highlights

#### b) Challenges: Corporate Services

Description	Actions to address
Shortage of staff	Need to budget to employ additional staff for administrative support.
Office space	Office space are limited and will need to investigate alternatives

Table 127.: Corporate Services Challenges

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### c) Employees: Corporate Services

Employees: Administration					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	3	2	1	33
4 - 6	2	2	2	0	0
7 - 9	3	3	3	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	1	1	1	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>8</b>	<b>9</b>	<b>8</b>	<b>1</b>	<b>11</b>

Table 128.: Employees: Administration

Employees: Councillor Support and Thusong Service Centers					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	1	1	1	0	0
7 - 9	2	2	2	0	0
10 - 12	0	1	0	1	100
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>25</b>

Table 129.: Employees: Councillor Support and Thusong Service Centers

Employees: Municipal Management (Directors, Administration, IDP, Internal Audit, etc.)					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0

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Employees: Municipal Management (Directors, Administration, IDP, Internal Audit, etc.)					
Job Level	2011/12		2012/13		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
7 - 9	1	1	1	0	0
10 - 12	3	3	2	1	33
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 – 20 +	6	6	4	2	33
<b>Total</b>	<b>11</b>	<b>11</b>	<b>8</b>	<b>3</b>	<b>27</b>

Table 130.: Employees: Municipal Management

### 3.9.2 Financial Services

#### a) Highlights: Financial Services

Highlights	Description
Effective SCM processes	There was no successful appeals against bids awarded
Improve debt collection	The collection rate for rates, sewerage, refuse, water and electricity has improved
Customer care	Improved turnover rate in resolving customer enquiries

Table 131.: Financial Services Highlights

#### b) Challenges: Financial Services

Description	Actions to address
Financial viability	Tighter budget control and further improve debt collection
Lack of capacity in Budget and Treasury Office	Training and recruitment of skilled staff and capacitating personnel. Amend organogram and budget accordingly
Difficulty with GRAP compliance	Appointment of skilled staff and capacitating of existing staff and interns
Ineffective systems, management and data retrieval for reporting	Investigation options to simplify data retrieval, e.g. migration to new systems or modules
Low revenue base	Grow the economy by attracting investments.

Table 132.: Financial Services Challenges

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### c) Debt Recovery statistics

Details of the types of account raised and recovered	2011/12			2012/13			2013/14		
	Billed In Year	Actual for accounts billed in year	Pro-portion of accounts value billed that were collected in the year	Billed in Year	Actual for accounts billed in year	Pro-portion of accounts value billed that were collected	To be billed in Year	Estima- ted turnout for accounts to be billed in year	Estimated Proportio n of accounts to be billed that will be collected
	R'000		%	R'000		%	R'000		%
Property Rates	18 317	16 411	89	21 645	20 242	93	23 064	22 064	93
Electricity	53 704	53 949	100	60 677	60 475	99	64 708	64 708	99
Water	8 469	7 583	89	11 785	10 952	93	112 846	11 937	93
Sanitation	9 187	8 501	92	10 053	9 449	94	10 958	10 300	94
Refuse	4 654	3 275	70	5 126	3 894	76	5 587	4 245	76

Table 133.: Debt recovery

### d) Employees: Financial Services

Job Level	2011/12		2012/13		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	1	1	50
4 - 6	22	24	22	2	8
7 - 9	3	4	3	1	25
10 - 12	7	8	7	1	13
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>35</b>	<b>39</b>	<b>34</b>	<b>5</b>	<b>13</b>

Table 134.: Employees: Financial services

### 3.9.3 Human Resource Services

#### a) Highlights: Human Resources

Highlights	Description
Employment Equity Plan was developed	Municipality developed a strategy to enforce the implementation of the Employment Equity.
Permanent employment of staff paid for by the	Contract staff in libraries employed permanently

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Highlights	Description
conditional grant for libraries	
Finalisation of job descriptions (JD's)	JD's for all staff members were completed and posts will be evaluated in the 2013-2014 financial year.

Table 135.: Human Resources Highlights

### b) Challenges: Human Resources

Description	Actions to address
Understaffed	To employ at least one typist/clerk
Quarterly OHS meetings postponed due to other engagements	Diarize quarterly OHS meetings on year planner
Monthly LLF meetings did not take place	Unions/ Councillors/ employer representatives do not attend meetings as scheduled. Diarize meetings on year planner
Recruitment process	Vacancies should be at least filled within 3 months after advertisement
Approval of leave	Induction of supervisors/ managers

Table 136.: Human Resources Challenges

### c) Employees: Human Resource Services

Employees: Human Resource Services					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	1	1	1	0	0
10 - 12	0	0	0	0	0
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>

Table 137.: Employees: Human Resource services



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

#### a) Introduction to Information and Communication Technology (ICT) Services

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

#### b) Highlights: ICT Services

Highlights	Description
Separation of Application Server and Domain Controller	One server was used as Application Server and Domain Controller. A new additional server was installed in order to separate the Application Server from the Domain Controller in order to enhance security administration.
Wireless Redundancy	Wireless redundancy was deployed on the WAN to improve the uptime of the pay points.
Centralising of documents	Correspondence related documents of the Financial Department were saved on the respective workstations and not being backed up. These documents were moved to a server in order to be backed-up properly on a daily basis.
IT Policies	Several IT policies were developed, accepted and implemented.
Monitoring of User Administration	Software was deployed in order to monitor and manage user administration and logon violations.

Table 138.: ICT Service Highlights

#### c) Challenges: ICT Services

Description	Actions to address
Budgetary constraints	Insufficient capital budget allocated to replace ageing hardware and software.

Table 139.: ICT Service Challenges

#### d) Capital Expenditure: ICT Services

Capital Expenditure 2012/13: ICT Services					
R'000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Computer Hardware/Equipment	50	0	49	1	49
<i>Total project value represents the estimated cost of the project on approval by Council</i>					

Table 140.: Capital Expenditure 2011/12: ICT Services

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### 3.9.5 Procurement Services

#### a) Highlights: Procurement Services

Highlights	Description
No successful appeals	Although there were two appeals registered during the year, they were not successful

Table 141.: Procurement Services Highlights

#### b) Challenges: Procurement Services

Description	Actions to address
SCM Regulations: "In the Service of the state": the contract with Transunion	Must be addressed
Decentralization of SCM: Limited capacity in the SCM unit	Capacitate the SCM unit

Table 142.: Procurement Services Challenges

#### c) Service Statistics for Procurement Services

Description	Total No	Monthly Average	Daily Average
Requests processed	20	1.67	0.39
Orders processed	2 771	230.92	89.39
Requests cancelled or referred back	1	0.09	0.04
Extensions	1	0.09	0.04
Bids received (number of documents)	98	8.17	3.17
Bids awarded	13	1.09	0.42
Bids awarded ≤ R200 000	3	0.25	0.10
Appeals registered	2	0.16	0.01
Successful Appeals	0	0	0

Table 143.: Service Statistics for Procurement Division

#### d) Details of Deviations for Procurement Services

Type of deviation	Number of deviations	%	Value of deviations	Percentage of total deviations value
Clause 36(1)(a)(i)-Emergency	23	20	R211 793.92	11
Clause 36(1)(a)(ii)-Sole Supplier	86	73	R1 789 266.93	87
Clause 36(1)(a)(iii)-Unique arts	8	7	R68 550.91	2

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Type of deviation	Number of deviations	%	Value of deviations	Percentage of total deviations value
Clause 36(1)(a)(v)- Impractical / impossible	103	100	R1 828 312.81	100
<b>Total</b>	<b>220</b>	<b>200</b>	<b>R3 897 924.57</b>	<b>200</b>

Table 144.: Statistics of deviations from the SCM Policy

### 3.10 COMPONENT L: SERVICE DELIVERY PRIORITIES FOR 2013/14

The main development and service delivery priorities for 2013/14 forms part of the Municipality's top layer SDBIP for 2013/14 and are indicated in the table below:

#### 3.10.1 Basic service delivery and infrastructure development

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL1	Limit the % electricity unaccounted for to 12%	% of electricity unaccounted for	All	12%
TL2	Raise public awareness on green energy and energy saving	Number of initiatives per year	All	1
TL3	Provide consideration/evaluation on building plans within 30 days for buildings less than 1000m <sup>2</sup> and 60 days for buildings larger than 1000m <sup>2</sup> after all information required is correctly submitted (Actual plans approved/by plans submitted)	% plans evaluated	All	90%
TL5	Construct new roads Phase II in Beaufort West, Hillside II, Rustdene & Kwa Mandlenkosi	Number of meters of new roads constructed	All	600
TL6	Report on the implementation of the Water Service Delivery Plan (Audit) to DWAF by end October 2013	Report submitted to DWAF	All	1
TL7	Revise the Water Services Development Plan and submit to Council for approval by the end of June	Revise the Water Services Development Plan and submit to Council	All	1
TL8	Limit unaccounted water to less than 15% between source and sector meters	% of water unaccounted for between source and sector meters	All	15%
TL9	Maintain water quality as per SANS 241 physical and micro parameters	% water quality level	All	95%
TL10	Maintain quality of final waste water outflow	% quality level	All	90%

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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL11	Spent the maintenance budget for parks and recreation	% of maintenance budget spent	All	90%
TL12	Spent the maintenance budget for roads and stormwater assets	% of maintenance budget spent	All	90%
TL13	Spent the maintenance budget for sanitation assets	% of maintenance budget spent	All	90%
TL14	Spent the maintenance budget for parks and recreation assets	% of maintenance budget spent	All	90%
TL15	Spent the maintenance budget for water assets	% of maintenance budget spent	All	90%
TL29	Spent the maintenance budget for electricity assets	% of maintenance budget spent	All	90%
TL37	Install new flood lighting at Nelspoort West sport grounds	% of approved project budget spent	2	100%
TL38	Install new flood lighting at Beaufort West sport grounds	% of approved project budget spent	2	100%
TL39	Install new flood lighting at Rustdene Sport grounds	% of approved project budget spent	3; 5; 6	100%
TL40	Replace dosing pumps	% of the approved project budget spent	All	100%
TL41	Investigate the development of new aquifers	% of the approved project budget spent	All	100%
TL42	Install new pre-paid meters	% of the approved project budget spent	All	100%
TL43	Upgrade & extend the water supply in Murraysburg	% of the approved project budget spent	1	100%
TL44	Rehabilitate the sanitation oxidation ponds in Nelspoort	% of the approved project budget spent	2	100%
TL45	Complete the new total pressure reduction of the water network	% of the approved project budget spent	All	100%
TL46	Upgrade the water Supply in Murraysburg	% of the approved project budget spent	1	100%
TL47	Complete the new bulk water supply in Nelspoort	% of the approved project budget spent	2	100%
TL48	Construct the external storm water pipeline in Rustdene (Buitekant St Ph4 Housing)	% of the approved project budget spent	3; 5; 6	100%
TL49	Construct the external sewerage pipeline in Rustdene (Buitekant St Ph4 Housing)	% of the approved project budget spent	3; 5; 6	100%
TL50	Upgrade & extend the water supply in Murraysburg	% of the approved project budget spent	1	100%
TL51	Install festive lights in Voëltjiepark	% of the approved project budget spent	All	100%

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Ref	KPI	Unit of Measurement	Wards	Annual Target
TL65	Develop an Integrated Human Settlement Plan by the end of June 2014 and submit to Council for approval	Plan completed	7	1
TL66	Transfer units in XHOXHA to beneficiaries by the end of May 2014	Number of units	4	64
TL67	Conduct law enforcement and joint operations monthly	Number of operations	All	12
TL68	100% of the maintenance budget of refuse removal spent (Actual expenditure divided by the approved budget)	% of the budget spent	All	100%
TL69	Complete the planning for the construction of the recycling facility at Vaalskoppies landfill site by the end of June	Number of activities completed	2	2
TL73	Erect Dumping Signs to prevent illegal dumping	Number of signs	All	10
TL74	Distribute refuse bins for new housing development	Number of bins	3	500
TL75	Quarterly report to the Department of Social Services on the operation of the Thusong Centre	Number of reports	All	4
TL76	Service sites for Beaufort West (259) IRDP by the end of June	Number of service sites	4	259
TL77	Rectify 21 houses in XhoXha by the end of September	Number of houses	4	21
TL78	Complete top structures for Beaufort West Infill IRDP by the end of June	Number of top structures	4	274
TL79	Purchase land for future housing development by the end of June	Land purchased	2; 7	1

Table 145.: Basic service delivery and infrastructure development

### 3.10.2 Economic development

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL4	Create temporary job opportunities in terms of EPWP projects	Number of temporary jobs opportunities created	All	500
TL28	Review the Local Economic Development Strategy and submit to council by 30 June 2014	Local Economic Development Strategy submitted to council	All	1
TL33	Submit applications for funding to potential donors to fund LED projects	Number of applications submitted	All	2
TL63	Compile and facilitate the signing of	% completed	All	1

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Ref	KPI	Unit of Measurement	Wards	Annual Target
	a service level agreement with performance indicators with the tourism burro by end September			
TL64	Obtain quarterly reports from the tourism burro on the achievements against the performance indicator set in the signed SLA and submit to Council	No of reports obtained and submitted	All	3

Table 146.: Economic development

### 3.10.3 Financial viability and management

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL16	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations ((Total operating revenue-operating grants received)/debt service payments due within the year)	Target achieved	All	2
TL17	Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services)	% achieved	All	32%
TL18	Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Available cash+ investments)/ Monthly fixed operating expenditure)	Ratio achieved	All	0.8
TL19	Achieve a debtors payment percentage of 92%	Payment %	All	92%
TL20	Compile and submit the annual financial statements by 31 August to the Auditor General	Financial statements submitted by 31 August	All	1
TL21	Review the Supply Chain Management policy and submit to council by the end March	Policy reviewed and submitted to council	All	1
TL22	Review identified required budget implementation policies by the end of March	Number of policies	All	3
TL31	Develop and action plan to address the matters as raised in the management letter of the AG and submit to the MM for approval by end December	Approved action plan developed	All	1
TL32	Submit the monthly sec 71 of the MFMA reports to the council	Number of reports submitted to council	All	12
TL53	Submit the draft reviewed IDP to Council by end March	Reviewed IDP submitted	All	1

## Chapter 3: Service Delivery Performance

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL54	Submit the top layer SDBIP to the Mayor for approval within 14 days after the approval of the budget	Top Layer SDBIP submitted to the Mayor	All	1
TL55	Submit the Mid- Year Performance Report in terms of sec72 of the MFMA to the Mayor by 25 January	Mid-year report submitted to Council	All	1
TL56	Submit quarterly progress reports to council on the implementation of the action plan developed to address all the issues raised in the management letter of the Auditor General	Number of progress reports submitted	All	4
TL57	Submit the draft main budget to Council for approval by end March	Main budget submitted to Council	All	1
TL58	Submit the adjustments budget for approval to Council by end February	Adjustment budget submitted to Council	All	1
TL59	Submit the sec 71 of the MFMA reports to the Council	Number of sec71 reports submitted to council	All	12

Table 147.: Financial viability and management

### 3.10.4 Good governance and community participation

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL26	Compile the Risk based audit plan and submit to Audit committee for approval by end September	Plan approved	All	1
TL27	Implement the approved RBAP for 2013/14 period (Number of audits completed for the period/ audits planned for the period)	% of planned audits completed	All	70%
TL34	Develop a compliance register by end March	Compliance register developed	All	1
TL35	Provide training to ward committees	Number of training sessions	All	7
TL52	Submit the draft Annual report to Council by end January	Draft annual report submitted to Council	All	1
TL61	Complete the annual risk assessment and submit to the audit committee by end March	Completed risk assessment submitted to audit committee by end March	All	1
TL62	Arrange and facilitate the public participation process of the draft IDP and budget process to enhance good governance	No of public participation sessions	All	7

Table 148.: Good governance and community participation

## Chapter 3: Service Delivery Performance

### 3.10.5 Institutional Development and Municipal Transformation

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL23	Develop skills of staff (Actual total training expenditure/total operational budget)	% of total operational budget spent on training	All	0.50%
TL24	Implement individual performance management for all managers directly reporting to directors (Number of signed agreements/Number of managers directly reporting to directors)	% of agreements signed	All	100%
TL25	Report quarterly to council on the actual performance into the Top layer SDBIP	Number of reports submitted to council	All	4
TL30	Sign performance agreements with all the directors by end July	Number of agreements signed	All	5
TL36	Install a fingerprint Identity clock system	% of approved project budget spent	All	100%
TL60	Evaluate the performance of directors in terms of their signed agreements	Number of formal evaluations completed	All	2
TL70	Limit the vacancy level of the organisation according to the approved organogram to less than 15%	% Vacancy level as % of approved organogram	All	15%
TL71	Compile a policy register by the end of June	Register completed	All	1
TL72	100% of the grant spent for the maintenance of existing library services (Actual expenditure divided by the total grant received)	% of budget spent	All	100%

*Table 149.: Institutional Development and Municipal Transformation*



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## Chapter 4: Organisational Development Performance

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### CHAPTER 4

#### 4.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

KPA & Indicators	Municipal Achievement	Municipal Achievement
	2011/12	2012/13
The 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	4	3
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.14	0.01

*Table 150.: National KPIs– Municipal Transformation and Organisational Development*

#### 4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Beaufort West Municipality currently employs 324 (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR 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 performance indicator 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"

## Chapter 4: Organisational Development Performance

### a) Employment Equity targets/actual

African		Coloured		Indian		White	
Target June	Actual June	Target June	Actual June	Target June	Actual June	Target June	Actual June
99	86	166	214	0	0	59	24

*Table 151.: 2011/12 EE targets/Actual by racial classification*

Males (Including disability)		Females (Including disability)	
Target June	Actual June	Target June	Actual June
175	225	149	99

*Table 152.: 2011/12 EE targets/actual by gender classification*

### b) Specific Occupational Categories - Race

The table below indicates the number of employees by race within the specific occupational categories:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	1	0	0	2	1	0	0	0	4
Senior management	0	3	0	4	0	0	0	2	9
Professionally qualified and experienced specialists and mid-management	1	4	0	1	1	4	0	0	11
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	5	27	0	3	8	20	0	4	67
Semi-skilled and discretionary decision making	17	49	0	1	9	20	0	7	103
Unskilled and defined decision making	36	71	0	0	7	16	0	0	130
<b>Total permanent</b>	<b>60</b>	<b>154</b>	<b>0</b>	<b>11</b>	<b>26</b>	<b>60</b>	<b>0</b>	<b>136</b>	<b>324</b>
Non- permanent employees	4	20	0	2	1	18	0	1	46
<b>Grand total</b>	<b>64</b>	<b>174</b>	<b>0</b>	<b>13</b>	<b>27</b>	<b>78</b>	<b>0</b>	<b>14</b>	<b>370</b>

*Table 153.: Occupational Categories*

#### 4.2.2 Vacancy Rate

The approved organogram for the municipality had **428** posts for the 2012/13 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. **104** Posts were vacant at the end of 2012/13, resulting in a vacancy rate of **24.29%**.

## Chapter 4: Organisational Development Performance

Below is a table that indicates the vacancies within the municipality:

Per Post Level		
Post level	Filled	Vacant
MM & MSA section 57 & 56	4	2
Middle management (T14-T19)	7	3
Admin Officers (T4-T13)	197	50
General Workers (T3)	116	49
<b>Total</b>	<b>324</b>	<b>104</b>
Per Functional Level		
Functional area	Filled	Vacant
Municipal Manager	8	3
Corporate Services	34	5
Financial Services	34	5
Community Services	72	18
Engineering Services	155	63
Electro-Technical Services	21	10
<b>Total</b>	<b>324</b>	<b>104</b>

*Table 154.: Vacancy rate per post and functional level*

### 4.2.3 Turnover rate

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality. The turnover rate shows a **decrease** from **8.42%** in 2011/12 to **4.63%** in 2012/13.

The table below indicates the turn-over rate over the last two years:

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2011/12	331	6	28	8.42%
2012/13	324	8	15	4.63%

*Table 155.: Turnover Rate*

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## Chapter 4: Organisational Development Performance

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### 4.3 MANAGING THE MUNICIPAL WORKFORCE

Managing the municipal workforce refers to analyzing and coordinating employee behavior.

#### 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 injury will influence the loss of man hours and therefore financial and productivity performance.

The injury rate shows a decrease for the 2012/13 financial year from 9 employees injured against 17 employees in the 2011/12 financial year.

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

Directorates	2011/12	2012/13
Municipal Manager	1	0
Corporate Services	0	0
Financial Services	0	0
Community Services	4	3
Engineering Services	11	5
Electro-Technical Services	1	1
<b>Total</b>	<b>17</b>	<b>9</b>

*Table 156.: 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 2012/13 financial year shows a **decrease** when comparing it with the 2011/12 financial year.

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

Department	2011/12	2012/13
Municipal Manager	12	11
Corporate Services	293	320
Financial Services	418	392
Community Services	1 104	1 024

## Chapter 4: Organisational Development Performance

Department	2011/12	2012/13
Engineering Services	2 184	1 327
Electro-Technical Services	52	43
<b>Total</b>	<b>4 063</b>	<b>3 117</b>

*Table 157.: 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 policies	
Name of policy	Date approved/ revised
Employment Policy	2003
Internal Conditions of Service	2003
Sexual harassment	2007
Subsistence and Travelling	2007
Training & Development	2007
Language	2007
Support Staff	2007
Cell Phone	2007
Induction Training and Staff Orientation	2007
Internal control: Salaries and grants	2007
Study	2007
IT	2007
HIV/AIDS	2007
Induction programme	2008
Recruitment and Selection	To be revised and approved in 2013 together with employment policy – combine documents
Employment Equity	To be revised and approved 2013
Incapacity / Ill-Health	To be revised and approved 2013
Substance Abuse	To be revised and approved 2013
Smoking Policy	To be revised and approved 2013
Overtime	To be revised and approved 2013
Retirement Planning	To be revised and approved 2013
Unauthorized Absence	To be revised and approved 2013
Vetting	To be revised and approved 2013

## Chapter 4: Organisational Development Performance

Approved policies	
Uniform Protective Clothing	To be revised and approved 2013

*Table 158.: HR policies and plans*

### 4.4 CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that municipality must develop its human resource 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 human resource 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 (2012/13)	Number of Employees that received training (2012/13)
MM and S57	Female	1	1
	Male	3	3
Legislators, senior officials and managers	Female	2	2
	Male	11	11
Associate professionals and Technicians	Female	2	2
	Male	26	26
Professionals	Female	4	4
	Male	4	4
Clerks	Female	12	12
	Male	1	1
Service and sales workers	Female	17	17
	Male	9	9
Craft and related trade workers	Female	5	5
	Male	26	26
Plant and machine operators and assemblers	Female	1	1
	Male	3	3
Elementary occupations	Female	0	0
	Male	15	15
<b>Sub total</b>	<b>Female</b>	<b>44</b>	<b>44</b>
	<b>Male</b>	<b>98</b>	<b>98</b>

## Chapter 4: Organisational Development Performance

Management level	Gender	Number of employees identified for training at start of the year (2012/13)	Number of Employees that received training (2012/13)
<b>Total</b>		<b>142</b>	<b>142</b>

*Table 159.: Skills Matrix*

### 4.4.2 Skills Development – Training provided

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Occupational categories	Gender	Training provided within the reporting period(2012/13)						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% Variance
MM and S57	Female	1	1	0	0	1	1	0
	Male	4	4	0	0	4	4	0
Legislators, senior officials and managers	Female	0	0	2	2	2	2	0
	Male	0	0	11	11	11	11	0
Professionals	Female	4	4	0	0	4	4	0
	Male	7	7	0	0	7	7	0
Technicians and associate professionals	Female	8	8	0	0	8	8	0
	Male	49	49	0	0	49	49	0
Clerks	Female	59	59	0	0	59	59	0
	Male	13	13	0	0	13	13	0
Service and sales workers	Female	0	0	17	17	17	17	0
	Male	0	0	22	22	22	22	0
Craft and related trade workers	Female	0	0	8	8	8	8	0
	Male	0	0	49	49	49	49	0
Plant and machine operators and assemblers	Female	0	0	1	1	1	1	0
	Male	0	0	34	34	34	34	0
Elementary occupations	Female	0	0	21	21	21	21	0
	Male	0	0	109	109	109	109	0
<b>Sub total</b>	<b>Female</b>	<b>72</b>	<b>72</b>	<b>49</b>	<b>49</b>	<b>121</b>	<b>121</b>	<b>0</b>

## Chapter 4: Organisational Development Performance

Occupational categories	Gender	Training provided within the reporting period(2012/13)						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% Variance
	Male	73	73	225	225	298	298	0
<b>Total</b>		<b>145</b>	<b>145</b>	<b>274</b>	<b>274</b>	<b>419</b>	<b>419</b>	<b>0</b>

*Table 160.: Skills Development*

### 4.4.3 Skills Development - Budget allocation

The table below indicates that a total amount of **R811 070** were allocated to the workplace skills plan and that **54%** of the total amount was spent in the 2012/13 financial year:

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
2011/12	R58 504 668	R1 103 892	R336 401.81	30.47
2012/13	R58 658 893	R811 070	R437 970	54.0

*Table 161.: Budget allocated and spent for skills development*

### 4.4.4 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 Municipal Finance Management Act. 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, 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."



## Chapter 4: Organisational Development Performance

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

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>				
Accounting officer	1	Yes	1	1
Chief financial officer	1	n/a	n/a	n/a
Senior managers	4	2	2	2
Any other financial officials	2	Not yet received	n/a	0
<b>Supply Chain Management Officials</b>				
Heads of supply chain management units	1	On training	n/a	0
Supply chain management senior managers	1	On training	n/a	0
<b>Total</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>

*Table 162.: MFMA competencies*

### 4.5 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.

#### 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 well within the national norm of between 35 to 40%:

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure	Percentage
	R'000		
2011/12	56 032	171 066	30.7
2012/13	61 145	202 411	30.2

*Table 163.: Personnel Expenditure*

## Chapter 4: Organisational Development Performance

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

Financial year	2011/12	2012/13		
Description	Actual	Original Budget	Adjusted Budget	Actual
R'000				
<b><u>Councillors (Political Office Bearers plus Other)</u></b>				
Salary	2 485	2 677	2 729	2 695
Pension Contributions	186	190	190	208
Medical Aid Contributions	4	0	0	50
Motor vehicle allowance	742	775	775	771
Cell phone allowance	170	200	200	379
Housing allowance	0	0	0	0
Other benefits or allowances	0	0	0	0
In-kind benefits	0	0	0	0
<b>Sub Total</b>	<b>3 586</b>	<b>3 842</b>	<b>3 894</b>	<b>4 103</b>
<b>% increase/ (decrease)</b>	<b>-</b>	<b>7.14</b>	<b>1.35</b>	<b>5.37</b>
<b><u>Senior Managers of the Municipality</u></b>				
Pension Contributions	2 998	3 306	3 306	3 036
Pension Contributions	481	578	579	427
Medical Aid Contributions	69	71	71	46
Motor vehicle allowance	477	504	504	427
Cell phone allowance	11	42	42	0
Housing allowance	0	0	0	0
Performance Bonus	247	354	354	412
Other benefits or allowances	156	55	55	65
In-kind benefits	0	0	0	0
<b>Sub Total</b>	<b>4 439</b>	<b>4 910</b>	<b>4911</b>	<b>4 413</b>
<b>% increase/ (decrease)</b>	<b>-</b>	<b>10.61</b>	<b>0.02</b>	<b>(10.4)</b>
<b><u>Other Municipal Staff</u></b>				
Basic Salaries and Wages	33 932	43 541	41 003	39 808
Pension Contributions	5 415	7 050	6 232	6 065
Medical Aid Contributions	936	948	1 054	1 074
Motor vehicle allowance	718	614	796	913
Cell phone allowance	0	0	0	0
Housing allowance	256	228	252	252
Overtime	2 080	2 427	3 040	3 093

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## Chapter 4: Organisational Development Performance

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Financial year	2011/12	2012/13		
Description	Actual	Original Budget	Adjusted Budget	Actual
R'000				
Other benefits or allowances	4 670	1 372	1 372	1 139
<b>Sub Total</b>	<b>48 007</b>	<b>56 149</b>	<b>53 748</b>	<b>52 344</b>
% increase/ (decrease)	-	16.96	(4.28)	(2.61)
<b>Total Municipality</b>	<b>56 032</b>	<b>64 901</b>	<b>625 33</b>	<b>60 860</b>
% increase/ (decrease)	-	15.83	(3.65)	(2.68)

*Table 164.: Personnel Expenditure*

## Chapter 5: Financial Performance

### CHAPTER 5

This chapter provides details regarding the financial performance of the municipality for the 2012/13 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 2011/12 financial year:

Financial Summary						
R'000						
Description	2011/12	2012/13		2012/13 %Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Financial Performance</b>						
Property rates	19 315	21 082	22 203	21 646	2.60	-2.58
Service charges	72 957	80 139	78 543	79 699	-0.55	1.45
Investment revenue	1 899	1 170	1 170	1 657	29.37	29.37
Transfers recognised - operational	48 363	50 771	66 853	66 169	23.27	-1.03
Other own revenue	19 386	14 185	14 749	20 886	32.08	29.38
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>161 920</b>	<b>167 347</b>	<b>183 517</b>	<b>190 057</b>	<b>11.95</b>	<b>3.44</b>
Employee costs	54 113	61 059	58 659	58 410	-4.54	-0.43
Remuneration of councilors	3 715	3 842	3 894	4 103	6.35	5.07
Depreciation & asset impairment	21 599	12 347	12 347	21 019	41.26	41.26
Finance charges	4 206	1 881	1 881	4 197	55.18	55.18
Materials and bulk purchases	51 139	61 301	61 998	54 216	-13.07	-14.35
Transfers and grants	16 183	850	850	29 398	97.11	97.11
Other expenditure	20 293	35 953	53 741	23 833	-50.85	-125.49
<b>Total Expenditure</b>	<b>171 249</b>	<b>177 233</b>	<b>193 370</b>	<b>195 175</b>	<b>9.19</b>	<b>0.92</b>

## Chapter 5: Financial Performance

Financial Summary						
R'000						
Description	2011/12	2012/13			2012/13 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
<b>Surplus/(Deficit)</b>	<b>(9 329)</b>	<b>(9 886)</b>	<b>(9 852)</b>	<b>(5 118)</b>	-93.16	-92.51
Transfers recognised - capital	31 865	40 637	70 234	51 170	20.58	-37.26
Contributions recognised - capital & contributed assets	44 976	0	0	61	100.00	100.00
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>67 512</b>	<b>30 751</b>	<b>60 382</b>	<b>46 113</b>	<b>33.31</b>	<b>-30.94</b>
Share of surplus/(deficit) of associate	0	0	0	0	0	0
<b>Surplus/(Deficit) for the year</b>	<b>67 512</b>	<b>30 751</b>	<b>60 382</b>	<b>46 113</b>	<b>33.31</b>	<b>-30.94</b>
<b><u>Capital expenditure &amp; funds sources</u></b>						
<b>Capital expenditure</b>						
Transfers recognised - capital	31 865	40 637	70 434	51 257	0.21	-0.37
Public contributions & donations	324	0	0	61	1.00	1.00
Borrowing	2 283	0	534	2 358	1.00	0.77
Internally generated funds	3 749	150	1 868	491	0.69	-2.81
<b>Total sources of capital funds</b>	<b>38 220</b>	<b>40 787</b>	<b>72 836</b>	<b>54 167</b>	<b>0.25</b>	<b>-0.34</b>
<b><u>Financial position</u></b>						
Total current assets	53 981	33 241	22 491	48 628	0.32	0.54
Total non-current assets	337 394	338 161	357 871	378 609	0.11	0.05
Total current liabilities	52 245	34 933	25 626	52 609	0.34	0.51
Total non-current liabilities	44 463	42 673	42 673	43 849	0.03	0.03
Community wealth/Equity	294 667	293 796	325 878	340 780	0.14	0.04
<b><u>Cash flows</u></b>						
Net cash from (used) operating	35 329	35 439	67 503	63 091	0.44	-0.07

## Chapter 5: Financial Performance

Financial Summary						
R'000						
Description	2011/12	2012/13			2012/13 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Net cash from (used) investing	(36 647)	(29 395)	(61 426)	(54 113)	0.46	-0.14
Net cash from (used) financing	(969)	(2 461)	(2 461)	(1 423)	-0.73	-0.73
<b>Cash/cash equivalents at the year end</b>	<b>(2 286)</b>	<b>3 582</b>	<b>3 615</b>	<b>7 555</b>	<b>0.53</b>	<b>0.52</b>
<b><u>Cash backing/surplus reconciliation</u></b>						
Cash and investments available	10 543	9 533	13 139	18 098	0.47	0.27
Application of cash and investments	(13 368)	(6 454)	(13 006)	(12 090)	0.47	-0.08
<b>Balance - surplus (shortfall)</b>	<b>(2 825)</b>	<b>3 078</b>	<b>132</b>	<b>6 008</b>	<b>0.49</b>	<b>0.98</b>
<b><u>Asset management</u></b>						
Asset register summary (WDV)	324 312	325 822	357 871	365 713	0.11	0.02
Depreciation & asset impairment	13 265	12 347	12 347	12 537	0.02	0.02
Renewal of Existing Assets	0	13 671	13 685	0	-100	-100
Repairs and Maintenance	0	14 952	14 952	0	-100	-100
<b><u>Free services</u></b>						
Cost of Free Basic Services provided	0	9 187	9 187	0	-100	-100
Revenue cost of free services provided	9 720	15 509	15 509	12 190	-0.27	-0.27
<b><u>Households below minimum service level</u></b>						
Water:	0	0	0	0	0	0
Sanitation/sewerage:	0	0	0	0	0	0
Energy:	0	0	0	0	0	0
Refuse:	0	0	0	0	0	0
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

**Table 165.: Financial Performance 2012/13**

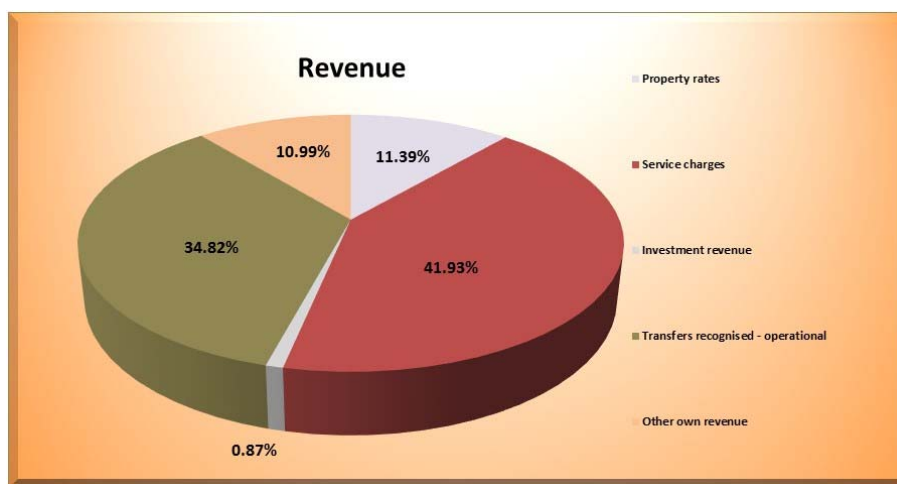
## Chapter 5: Financial Performance

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	
2011/12	212 949	238 761	25 812	12.2	174 517	171 066	(3 451)	1.98
2012/13	253 752	241 288	(12 463)	-5	193 370	195 175	(1 805)	-1

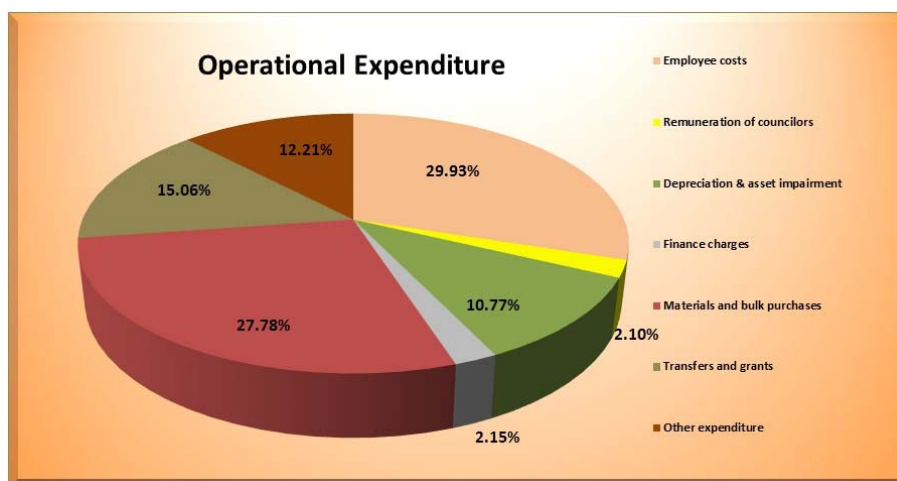
*Table 166.: Performance against budgets*

The following graph indicates the various types of revenue items in the municipal budget for 2012/13



*Graph 13.: Revenue*

The following graph indicates the various types of expenditure items in the municipal budget for 2012/13



*Graph 14.: Operating expenditure*

## Chapter 5: Financial Performance

### 5.1.1 Revenue collection by Vote

The table below indicates the Revenue collection performance by Vote:

Vote Description	2011/12	2012/13			2012/13 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Vote 1 - Municipal Manager	448	0	646	517	100.00	-24.99
Vote 2 - Director : Corporate Services	79 614	36 532	36 595	41 053	11.01	10.86
Vote 3 - Director ; Financial Services	23 320	22 883	24 159	25 996	11.98	7.07
Vote 4 - Director : Engineering Services	41 125	50 281	55 979	61 967	18.86	9.66
Vote 5 - Director : Community Services	24 422	24 508	50 346	36 982	33.73	-36.14
Vote 6 - Director : Electrical Services	69 832	73 781	86 026	74 773	1.33	-15.05
<b>Total Revenue by Vote</b>	<b>238 761</b>	<b>207 984</b>	<b>253 752</b>	<b>241 288</b>	<b>13.80</b>	<b>-5.17</b>

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

*Table 167.: Revenue by Vote*

### 5.1.2 Revenue collection by Source

The table below indicates the revenue collection performance by source for the 2012/13 financial year:

Description	2011/12	2012/13			2012/13 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Property rates	19 315	20 557	21 678	21 646	5.03	-0.15
Property rates - penalties & collection charges	517	525	525	607	13.55	13.55
Service Charges - electricity revenue	49 774	56 590	54 235	51 777	-9.30	-4.75
Service Charges - water revenue	8 334	10 442	10 850	11 510	9.28	5.73
Service Charges - sanitation revenue	9 028	7 634	7 832	9 886	22.78	20.78
Service Charges - refuse	4 685	5 474	5 626	5 205	-5.16	-8.09



## Chapter 5: Financial Performance

Description	2011/12	2012/13			2012/13 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
revenue						
Service Charges - other	0	0	0	0	0	0
Rentals of facilities and equipment	583	745	908	751	0.72	-20.98
Interest earned - external investments	1 899	1 170	1 170	1 657	29.37	29.37
Interest earned - outstanding debtors	619	1 215	1 438	713	-70.33	-101.59
Dividends received	0	0	0	0	0	0
Fines	13 299	10 427	10 413	13 504	22.78	22.89
Licences and permits	620	584	593	510	-14.40	-16.26
Agency services	469	530	480	472	-12.39	-1.78
Transfers recognised - operational	48 363	50 771	66 853	66 169	23.27	-1.03
Other revenue	4 415	682	897	5 649	87.93	84.13
Gains on disposal of PPE	0	2	20	0	-100	-100
Environmental Protection	0	0	0	0	0	0
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>161 920</b>	<b>167 347</b>	<b>183 517</b>	<b>190 057</b>	<b>11.95</b>	<b>3.44</b>

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

**Table 168.: Revenue by Source**

### 5.1.3 Operational Services Performance

The table below indicates the Operational services performance for the 2012/13 financial year:

Financial Performance of Operational Services						
R'000						
Description	2011/12	2012/13			2012/13 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
<b>Operating Cost</b>						
Water	19 502	17 656	18 106	21 503	21.79	18.76
Waste Water (Sanitation)	5 336	4 710	4 548	4 731	0.46	3.87
Electricity	55 322	59 389	63 287	58 918	-0.80	-7.41

## Chapter 5: Financial Performance

Financial Performance of Operational Services						
R'000						
Description	2011/12	2012/13		2012/13 % Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
<b>Operating Cost</b>						
Waste Management	7 961	8 750	8 647	7 987	-9.55	-8.26
Housing	5 380	6 815	18 081	16 033	135.25	-11.33
<b>Component A: sub-total</b>	<b>93 501</b>	<b>97 320</b>	<b>112 669</b>	<b>109 172</b>	<b>10.86</b>	<b>-3.20</b>
Road Transport	17 729	15 881	15 876	15 501	-2.45	-2.42
<b>Component B: sub-total</b>	<b>17 729</b>	<b>15 881</b>	<b>15 876</b>	<b>15 501</b>	<b>-2.45</b>	<b>-2.42</b>
Planning and Development	3 272	4 911	4 596	4 279	-12.88	-6.91
<b>Component C: sub-total</b>	<b>3 272</b>	<b>4 911</b>	<b>4 596</b>	<b>4 279</b>	<b>-12.88</b>	<b>-6.91</b>
Community & Social Services	4 510	5 961	6 440	6 679	12.05	3.72
Public Safety	10 152	11 670	11 828	13 256	13.59	12.08
Sport and Recreation	5 893	5 560	5 674	7 074	27.22	24.68
Corporate Policy Offices and Other	36 189	35 929	36 287	39 363	8.72	7.81
<b>Component D: sub-total</b>	<b>56 744</b>	<b>59 120</b>	<b>60 229</b>	<b>66 372</b>	<b>10.88</b>	<b>1.51</b>
<b>Total Expenditure</b>	<b>171 249</b>	<b>177 233</b>	<b>193 370</b>	<b>195 325</b>	<b>9.26</b>	<b>1.00</b>

*Table 169.: Operational Services Performance*

## Chapter 5: Financial Performance

### 5.2 Financial Performance per Municipal Function

#### 5.2.1 Water Services

Description	2011/12	2012/13			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>12 665</b>	<b>15 183</b>	<b>15 672</b>	<b>15 689</b>	<b>3.22</b>
Expenditure:					
Employees	3 402	3 836	3 723	4 136	7.23
Repairs and Maintenance	1 852	1 539	1 813	2 015	23.60
Other	14 248	12 280	12 570	15 352	20.01
<b>Total Operational Expenditure</b>	<b>19 502</b>	<b>17 656</b>	<b>18 106</b>	<b>21 503</b>	<b>17.89</b>
<b>Net Operational (Service) Expenditure</b>	<b>(6 837)</b>	<b>(2 473)</b>	<b>(2 434)</b>	<b>(5 814)</b>	<b>57.47</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 170.: Financial Performance: Water services

#### 5.2.2 Waste Water (Sanitation)

Description	2011/12	2012/13			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>9 063</b>	<b>9 634</b>	<b>9 981</b>	<b>17 144</b>	<b>43.81</b>
Expenditure:					
Employees	2 371	2 873	2 489	2 417	-18.86
Repairs and Maintenance	593	453	668	494	8.43
Other	2 372	1 384	1 391	1 820	23.96
<b>Total Operational Expenditure</b>	<b>5 336</b>	<b>4 710</b>	<b>4 548</b>	<b>4 731</b>	<b>0.46</b>
<b>Net Operational (Service) Expenditure</b>	<b>3 727</b>	<b>4 924</b>	<b>5 433</b>	<b>12 412</b>	<b>60.33</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 171.: Financial Performance: Waste Water (Sanitation) services

## Chapter 5: Financial Performance

### 5.2.3 Electricity

Description	2011/12	2012/13			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>69 832</b>	<b>73 764</b>	<b>86 010</b>	<b>74 773</b>	<b>1.35</b>
Expenditure:					
Employees	4 774	5 268	5 161	5 451	3.35
Repairs and Maintenance	1 471	1 863	1 889	1 464	-27.26
Other	49 077	52 259	56 237	53 004	1.41
<b>Total Operational Expenditure</b>	<b>55 322</b>	<b>59 389</b>	<b>63 287</b>	<b>59 918</b>	<b>0.88</b>
<b>Net Operational (Service) Expenditure</b>	<b>14 510</b>	<b>14 375</b>	<b>22 723</b>	<b>14 854</b>	<b>3.23</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 172.: Financial Performance: Electricity

### 5.2.4 Waste Management

Description	2011/12	2012/13			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>5 747</b>	<b>7 230</b>	<b>7 413</b>	<b>6 943</b>	<b>-4.13</b>
Expenditure:					
Employees	4 587	5 148	4 976	5 058	-1.77
Repairs and Maintenance	1 529	1 294	1 313	1 239	-4.37
Other	1 845	2 308	2 357	1 689	-36.64
<b>Total Operational Expenditure</b>	<b>7 961</b>	<b>8 750</b>	<b>8 647</b>	<b>7 987</b>	<b>-9.55</b>
<b>Net Operational (Service) Expenditure</b>	<b>(2 214)</b>	<b>(1 519)</b>	<b>(1 233)</b>	<b>(1 044)</b>	<b>-45.58</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 173.: Financial Performance: Waste Management

## Chapter 5: Financial Performance

### 5.2.5 Housing

Description	2011/12	2012/13			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>4 746</b>	<b>5 974</b>	<b>31 425</b>	<b>15 196</b>	<b>60.69</b>
Expenditure:					
Employees	586	639	647	696	8.10
Repairs and Maintenance	208	59	59	88	33.33
Other	4 586	6 117	17 375	15 249	59.89
<b>Total Operational Expenditure</b>	<b>5 380</b>	<b>6 815</b>	<b>18 081</b>	<b>16 033</b>	<b>57.49</b>
<b>Net Operational (Service) Expenditure</b>	<b>(634)</b>	<b>(842)</b>	<b>13 343</b>	<b>(836)</b>	<b>-0.64</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 174.: Financial Performance: Housing

### 5.2.6 Road Transport

Description	2011/12	2012/13			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>18 666</b>	<b>17 697</b>	<b>20 541</b>	<b>28 433</b>	<b>37.76</b>
Expenditure:					
Employees	6 014	6 610	6 261	5 843	-13.13
Repairs and Maintenance	4 864	2 258	2 496	2 713	16.76
Other	5 454	7 012	7 119	5 391	-30.07
<b>Total Operational Expenditure</b>	<b>16 332</b>	<b>15 881</b>	<b>15 876</b>	<b>13 948</b>	<b>-13.86</b>
<b>Net Operational (Service) Expenditure</b>	<b>2 334</b>	<b>1 816</b>	<b>4 665</b>	<b>14 485</b>	<b>87.46</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 175.: Financial Performance: Road Transport

## Chapter 5: Financial Performance

### 5.2.7 Planning and Development

Description	2011/12	2012/13			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>591</b>	<b>1 062</b>	<b>1 064</b>	<b>297</b>	<b>-257.45</b>
Expenditure:					
Employees	2 767	3 325	3 015	3 218	-3.31
Repairs and Maintenance	99	218	209	138	-58.26
Other	407	1 368	1 372	923	-48.26
<b>Total Operational Expenditure</b>	<b>3 272</b>	<b>4 911</b>	<b>4 596</b>	<b>4 279</b>	<b>-14.78</b>
<b>Net Operational (Service) Expenditure</b>	<b>(2 682)</b>	<b>(3 849)</b>	<b>(3 532)</b>	<b>(3 981)</b>	<b>3.33</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 176.: Financial Performance: Planning and Development

### 5.2.8 Community & Social Services

Description	2011/12	2012/13			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>2 453</b>	<b>3 726</b>	<b>3 933</b>	<b>4 053</b>	<b>8.08</b>
Expenditure:					
Employees	3 649	4 763	4 876	4 421	-7.75
Repairs and Maintenance	144	279	253	364	23.33
Other	718	919	1 311	1 894	51.50
<b>Total Operational Expenditure</b>	<b>4 510</b>	<b>5 961</b>	<b>6 440</b>	<b>6 679</b>	<b>10.75</b>
<b>Net Operational (Service) Expenditure</b>	<b>(2 058)</b>	<b>(2 235)</b>	<b>(2 507)</b>	<b>(2 626)</b>	<b>14.87</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 177.: Financial Performance: Community & Social Services

## Chapter 5: Financial Performance

### 5.2.9 Public Safety

Description	2011/12	2012/13			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>13 106</b>	<b>10 604</b>	<b>10 604</b>	<b>13 600</b>	<b>22.03</b>
Expenditure:					
Employees	5 402	6 561	6 016	5 808	-12.98
Repairs and Maintenance	775	692	662	855	19.04
Other	3 975	4 417	5 150	6 593	33.01
<b>Total Operational Expenditure</b>	<b>10 152</b>	<b>11 670</b>	<b>11 828</b>	<b>13 256</b>	<b>11.96</b>
<b>Net Operational (Service) Expenditure</b>	<b>2 954</b>	<b>(1 066)</b>	<b>(1 224)</b>	<b>343</b>	<b>410.50</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 178.: Financial Performance: Public Safety

### 5.2.10 Sport and Recreation

Description	2011/12	2012/13			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>536</b>	<b>1 019</b>	<b>1 190</b>	<b>514</b>	<b>-98.19</b>
Expenditure:					
Employees	3 676	3 549	3 684	3 619	1.94
Repairs and Maintenance	1 039	1 178	1 174	1 151	-2.41
Other	1 178	833	816	2 304	63.84
<b>Total Operational Expenditure</b>	<b>5 893</b>	<b>5 560</b>	<b>5 674</b>	<b>7 074</b>	<b>21.39</b>
<b>Net Operational (Service) Expenditure</b>	<b>(5 358)</b>	<b>(4 542)</b>	<b>(4 483)</b>	<b>(6 560)</b>	<b>30.77</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 179.: Financial Performance: Sport and Recreation

## Chapter 5: Financial Performance

### 5.2.11 Executive and council

Description	2011/12	2012/13			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>77 708</b>	<b>33 000</b>	<b>33 697</b>	<b>38 175</b>	<b>13.56</b>
Expenditure:					
Employees	2 935	4 041	4 209	3 407	-18.63
Repairs and Maintenance	18	26	16	0	-10096.08
Other	12 088	9 105	9 701	10 917	16.60
<b>Total Operational Expenditure</b>	<b>15 042</b>	<b>13 173</b>	<b>13 926</b>	<b>14 324</b>	<b>8.04</b>
<b>Net Operational (Service) Expenditure</b>	<b>62 666</b>	<b>19 827</b>	<b>19 771</b>	<b>23 851</b>	<b>16.87</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 180.: Financial Performance: Executive and Council

### 5.2.12 Budget and Treasury Office

Description	2011/12	2012/13			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>23 295</b>	<b>22 862</b>	<b>24 136</b>	<b>25 971</b>	<b>11.97</b>
Expenditure:					
Employees	8 012	9 018	8 201	8 008	-12.61
Repairs and Maintenance	109	179	157	103	-73.65
Other	2 595	3 525	3 928	4 993	29.40
<b>Total Operational Expenditure</b>	<b>10 716</b>	<b>12 723</b>	<b>12 286</b>	<b>13 104</b>	<b>2.91</b>
<b>Net Operational (Service) Expenditure</b>	<b>12 580</b>	<b>10 139</b>	<b>11 849</b>	<b>12 867</b>	<b>21.20</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 181.: Financial Performance: Budget and Treasury Office



## Chapter 5: Financial Performance

### 5.2.11 Corporate Services

Description	2011/12	2012/13			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
<b>Total Operational Revenue (excluding tariffs)</b>	<b>352</b>	<b>6 229</b>	<b>8 086</b>	<b>498</b>	<b>-1150.93</b>
Expenditure:					
Employees	4 892	5 194	5 147	5 203	0.17
Repairs and Maintenance	403	962	1 021	605	-59.06
Other	5 137	3 878	3 906	5 977	35.11
<b>Total Operational Expenditure</b>	<b>10 432</b>	<b>10 034</b>	<b>10 074</b>	<b>11 784</b>	<b>14.85</b>
<b>Net Operational (Service) Expenditure</b>	<b>(10 080)</b>	<b>(3 805)</b>	<b>(1 989)</b>	<b>(11 286)</b>	<b>66.28</b>
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 182.: Financial Performance: Corporate Services

## 5.3 Grants

### 5.3.1 Grant Performance

The municipality had a total amount of **R117,339** million for infrastructure and other projects available that was received in the form of grants from the National and Provincial Governments during the 2012/13 financial year. The performance in the spending of these grants is summarised as follows:

Description	2011/12	2012/13			2012/13 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	<b>39 940</b>	<b>40 760</b>	<b>44 724</b>	<b>45 918</b>	<b>11.23</b>	<b>2.60</b>
Local Government Equitable Share	28 956	32 765	32 765	32 765	0.00	0.00
Finance Management Grant	1 138	1 250	1 250	1 322	5.46	5.46
Municipal Systems Improvement	887	800	800	800	0.00	0.00
DME	7 335	4 117	7 738	9 313	55.79	16.90
EPWP Incentive Grant	397	1 228	1 493	1 311	6.30	-13.90
Municipal Infrastructure Grant	202	600	600	222	-170.30	-170.30
DWAF	354	0	78	186	100.00	57.99

## Chapter 5: Financial Performance

Description	2011/12	2012/13			2012/13 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
<b>Operating Transfers and Grants</b>						
Government Grants	40	0	0	0	0.00	0.00
ESKOM	488	0	0	0	0.00	0.00
LED	143	0	0	0	0.00	0.00
<b>Provincial Government:</b>	<b>7 843</b>	<b>9 611</b>	<b>21 232</b>	<b>18 788</b>	<b>48.85</b>	<b>-13.01</b>
CDW Operational Grant	419	324	324	379	14.42	14.42
Library Services	2 147	3 029	3 029	2 869	-5.59	-5.59
Multi-purpose Community Centre	0	219	437	436	49.89	-0.23
Main Road Subsidy	0	188	188	0	-100.00	-100.00
Housing	4 331	5 851	17 104	14 700	60.20	-16.35
Management Support Grant	120	0	150	0	0.00	-100.00
Refuse Recycling Project	402	0	0	404	100.00	100.00
PAWC - Other	332	0	0	0	0.00	0.00
Water learnership LGSEAT	92	0	0	0	0.00	0.00
<b>District Municipality:</b>	<b>183</b>	<b>0</b>	<b>150</b>	<b>675</b>	<b>100.00</b>	<b>77.78</b>
Shared Services	183	0	150	172	100.00	12.54
EPWP	0	0	0	504	100.00	100.00
<b>Other grant providers:</b>	<b>396</b>	<b>400</b>	<b>746</b>	<b>789</b>	<b>49.28</b>	<b>5.42</b>
Capacity Building - DBSA	0	400	400	0	-100.00	-100.00
Customer Care - DBSA	235	0	346	345	100.00	-0.20
Donations and Public Contributions	157	0	0	439	100.00	100.00
Disaster Fund	5	0	0	4	100.00	100.00
<b>Total Operating Transfers and Grants</b>	<b>48 363</b>	<b>50 771</b>	<b>66 853</b>	<b>66 169</b>	<b>23.27</b>	<b>-1.03</b>
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>						

**Table 183.: Operating Grant Performance**

## Chapter 5: Financial Performance

Details	Budget	Adjustments Budget	Actual	Variance	
				Budget	Adjustments Budget
	R'000			%	
<b>Capital Grant Performance</b>					
Municipal Infrastructure Grant (MIG)	20 837	20 837	21 008	0.82	0.82
Regional Bulk Infrastructure	1 900	1 900	723	-162.89	-162.89
DME	12 000	22 867	11 883	-0.98	-92.44
NDPG	5 900	7 611	6 292	6.22	-20.97
Housing and Local Government	0	14 263	8 537	100.00	-67.07
PAWC	0	0	36	100.00	100.00
Public Transport Infrastructure Program (PTIP)	0	0	2 692	100.00	100.00
<b>Total</b>	<b>40 637</b>	<b>67 478</b>	<b>51 170</b>	<b>20.58</b>	<b>-31.87</b>
<i>This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG). Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>					

Table 184.: Capital Grant Performance

### 5.3.2 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000		%
2011/12	80 228	238 761	33.60
2012/13	117 339	241 288	48.63

Table 185.: Reliance on grants

### 5.4 Asset Management

All three projects listed above are revenue generating assets and the costs are recovered through tariffs.

#### 5.4.1 Repairs and Maintenance

Description	Actual 2011/12	2012/13			
		Original Budget	Adjustment Budget	Actual	Budget variance
		R' 000			%
Repairs and Maintenance Expenditure	13 178	14 952	15 649	11 302	-27.78

Table 186.: Repairs & maintenance expenditure

## Chapter 5: Financial Performance

### 5.5 Financial Ratios Based on Key Performance Indicators

#### 5.5.1 Liquidity Ratio

Description	Basis of calculation	2011/12	2012/13
		Audited outcome	Audited outcome
Current Ratio	Current assets/current liabilities	1.03	1.14
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.81	0.85
Liquidity Ratio	Cash and equivalents/Trade creditors and short term borrowings	0.42	0.27

Table 187.: Liquidity Financial Ratio

#### 5.5.2 IDP Regulation Financial Viability Indicators

Description	Basis of calculation	2011/12	2012/13
		Audited outcome	Audited outcome
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.98	1.38
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	69.00%	56.00%
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	9.58	21.04

Table 188.: Financial Viability National KPAs

#### 5.5.3 Repairs and maintenance

Description	Basis of calculation	2011/12	2012/13
		Audited outcome	Audited outcome
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	8.10	5.90

Table 189.: Repairs and maintenance

## Chapter 5: Financial Performance

### 5.5.4 Borrowing Management

Description	Basis of calculation	2011/12	2012/13
		Audited outcome	Audited outcome
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0	0

Table 190.: Borrowing Management

### 5.5.5 Employee costs

Description	Basis of calculation	2011/12	2012/13
		Audited outcome	Audited outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	33.40	30.70

Table 191.: Employee Costs

## COMPONENT B: CASH FLOW MANAGEMENT AND INVESTMENTS

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

### 5.6 Cash Flow

Cash Flow Outcomes				
R'000				
Description	2011/12	2012/13		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>Cash flow from operating activities</b>				
<b>Receipts</b>				
Ratepayers and other	112 299	104 121	106 420	156 312
Government - operating	25 549	50 771	66 853	38 076
Government - capital	31 865	40 637	70 234	51 170
Interest	2 519	2 385	2 608	2 371
Dividends	0	0	0	0
<b>Payments</b>				
Suppliers and employees	(132 661)	(159 745)	(175 882)	(180 600)
Finance charges	(4 206)	(1 881)	(1 881)	(4 197)
Transfers and Grants	(35)	(850)	(850)	(40)

## Chapter 5: Financial Performance

Cash Flow Outcomes				
R'000				
Description	2011/12	2012/13		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>Net cash from/(used) operating activities</b>	<b>35 329</b>	<b>35 439</b>	<b>67 503</b>	<b>63 091</b>
<b>Cash flows from investing activities</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	44	2	20	0
Decrease (Increase) in non-current debtors	0	2 052	2 052	0
Decrease (increase) other non-current receivables	0	9 338	9 338	0
Decrease (increase) in non-current investments	44	2	20	0
<b>Payments</b>				
Capital assets	(36 690)	(40 787)	(72 836)	(54 113)
<b>Net cash from/(used) investing activities</b>	<b>(36 647)</b>	<b>(29 395)</b>	<b>(61 426)</b>	<b>(54 113)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts</b>				
Short term loans	0	0	0	0
Borrowing long term/refinancing	2 498	0	0	2 358
Increase (decrease) in consumer deposits	0	0	0	0
<b>Payments</b>				
Repayment of borrowing	(3 467)	(2 461)	(2 461)	(3 781)
<b>Net cash from/(used) financing activities</b>	<b>(969)</b>	<b>(2 461)</b>	<b>(2 461)</b>	<b>(1 423)</b>
<b>Net increase/ (decrease) in cash held</b>	<b>(2 286)</b>	<b>3 582</b>	<b>3 615</b>	<b>7 555</b>
<b>Cash/cash equivalents at the year begin:</b>	<b>12 829</b>	<b>5 950</b>	<b>5 950</b>	<b>10 543</b>
<b>Cash/cash equivalents at the yearend:</b>	<b>10 543</b>	<b>9 532</b>	<b>9 565</b>	<b>18 098</b>

*Table 192.: Cashflow*

## Chapter 5: Financial Performance

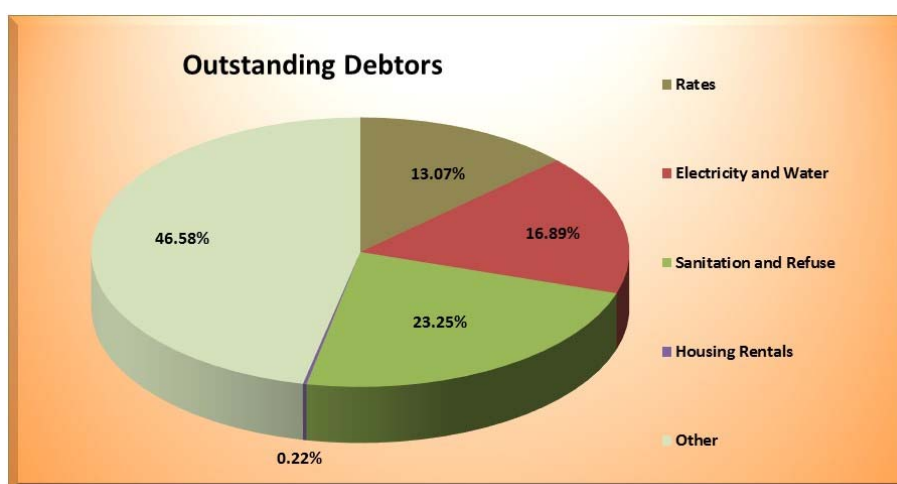
### 5.7 Gross Outstanding Debtors per Service

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
	2011/12	6 688	8 118	9 716	110	24 510
2012/13	6 419	8 297	11 422	107	22 886	49 131
Difference	(269)	179	1 706	(3)	(1 624)	(11)
% growth year on year	-4	2	18	-3	-7	0

*Note: Figures exclude provision for bad debt*

Table 193.: Gross outstanding debtors per service

The following graph indicates the total outstanding debt per type of service for 2012/13



Graph 15.: Debt per type of service

### 5.8 Total Debtors Age Analysis

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
2011/12	6 850	1 340	2 865	38 087	49 142
2012/13	7 482	2 461	915	38 274	49 131
Difference	631	1 121	(1 951)	187	(11)
% growth year on year	9	84	-68	0	0

*Note: Figures exclude provision for bad debt.*

Table 194.: Service debtor age analysis

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## Chapter 5: Financial Performance

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### 5.9 Borrowing and Investments

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

#### 5.9.1 Actual Borrowings

Actual Borrowings		
R' 000		
Instrument	2011/12	2012/13
Long-Term Loans (annuity/reducing balance)	17 277	15 417
Financial Leases	1 658	2 095
<b>Total</b>	<b>18 935</b>	<b>17 512</b>

Table 195.: Actual Borrowings

#### 5.9.2 Municipal Investments

Actual Investments		
R'000		
Investment type	2011/12	2012/13
	Actual	Actual
Deposits - Bank	14 191	16 812
<b>Total</b>	<b>14 191</b>	<b>16 812</b>

Table 196.: Municipal Investments



## Chapter 6: Auditor-General Findings

### CHAPTER 6

#### COMPONENT A: AUDITOR-GENERAL OPINION 2011/12

##### 6.1 Auditor General Report 2011/12

###### Audit report Status: Unqualified

Main issues raised under emphasis of matter	Corrective steps implemented/ To be implemented
Expenditure not budgeted for and budget exceeded	The Manager: Financial Administration will be tasked with the responsibility to report unauthorised, irregular, fruitless and wasteful expenditure to the Mayor, AG, and MEC for Local government. Furthermore, these expenditure will be investigated by the MPAC
Processes to prevent unauthorized and irregular expenditure	The Manager: Financial Administration will be tasked with the responsibility to report unauthorised, irregular, fruitless and wasteful expenditure to the Mayor, AG, and MEC for Local government. Furthermore, these expenditure will be investigated by the MPAC
Compliance of the financial statements with Section 122 of the MFMA	The work of external expertise will in future be reviewed by the consultants preparing the AFS and it will be reviewed by the Manager: Financial Administration
Awards to providers who are persons in service of other state institutions (Supply Chain Management Regulation 44)	The municipality will liase with the Provincial and National Treasury and the AG to obtain access to a database of persons in the service of the state. Consideration will also be given of contracting the services of Trans-Union to assist with the identification of persons in the service of the state
Recommendations of the Audit Committee of the performance management system (Section 45(1)(a) of the Municipal Systems Act)	The performance information will be reported to the Audit Committee and to Council on a quarterly basis
Audit of performance measures and the functionality of the performance management system by the Internal Auditor (Section 45(1)(a) of the Municipal Systems Act)	The internal auditor will be assisted by an intern until such time that the municipality can afford an additional employee in the department. The internal audit findings will be discussed in management meetings and the Accounting Officer will ensure that recommendations are implemented. Independent declarations will be incorporated as part of the audit engagement of each internal audit assignment, will be signed and kept on file. Follow-up audits will be conducted and the montly performance reports will be submitted for audit purposes.
Reliability of reported performance information	The IDP Manager will be tasked to review the information reported on the SDBIP and will be requested to file all evidence of the reported performance. The performance information will then

## Chapter 6: Auditor-General Findings

Main issues raised under emphasis of matter	Corrective steps implemented/ To be implemented
	be submitted to the Municipal Manager for review. Performance information will also be reviewed by Internal Audit prior to it being submitted to the Municipal Manager. The performance information will also be reported to the Audit Committee and to Council on a quarterly basis
Achievement of planned targets	The KPI's and targets in the SDBIP will be reviewed during the adjustment budget process to conform with the principles outlined in the performance regulations

*Table 197.: AG Report 2011/12*

### COMPONENT B: AUDITOR-GENERAL OPINION 2012/13

#### 6.2 Auditor General Report 2012/13

##### Audit report Status: Unqualified

Main issues raised under emphasis of matter	Corrective steps implemented/ To be implemented
The municipality has materially underspent its capital budget to the amount of R18 639 591.	The procurement plan will be enforced to ensure that all capital projects are spent during the financial year. The heads of department will be tasked to plan for purchases of all capital items in their respective departments within the financial period.
Lack of procedures for the accurate recording of actual achievements and lack of frequent review of validity of reported achievements against source information.	The municipality has a performance system where actual achievements are recorded. The Internal Auditor reviews the validity of the reported achievements against the source information on a quarterly basis.
46% of total planned targets were not achieved.	Reasons for non-achievement will be investigated and managed.
The Performance Audit Committee did not submit at least twice during the financial year an audit report to council on the review of the performance management system as required by the Municipal Planning and Performance Regulation.	The Audit Committee will be required to submit at least two reports on the review of the performance management system to council.
The measures taken to improve performance were not reported in the Performance report.	Measures taken to improve performance will be included in the next performance report.
Expenditure was incurred in excess of the limits of the amounts provided for the votes of the approved budget.	All heads of departments will be tasked to view the budgeted amounts available on the financial system before approving the expenditure.
The Audit Committee did not advise council on matters relating to financial control and internal audits, risk management, accounting policies, effective governance, performance management or performance evaluation and matters relating to compliance with laws and regulations as required by the MFMA.	The Accounting officer will ensure that the Audit Committee report to council on a quarterly basis.
The Audit Committee did not respond to the council on the issues raised in the Audit Report of the Auditor	The accounting officer will ensure that the Audit Committee include all issues raised in the Audit Report

## Chapter 6: Auditor-General Findings

Main issues raised under emphasis of matter	Corrective steps implemented/ To be implemented
General as required by the MFMA.	of the Auditor General to the council.
The accounting officer did not exercise oversight over financial reporting and related internal control processes and in addition did not ensure a proper review of the financial statement and performance report.	The accounting officer will ensure in future that oversight will be exercised over financial reporting and related internal control processes as well as the review of the performance report.
Management did not identify and mitigate the risk of unauthorized expenditure.	Management will develop a list of all unauthorized expenditure, identify the risks as well as controls in order to mitigate the risk in future.
Management have not implemented sufficient documented policies and procedures to guide the operations of the municipality resulting in non-compliance with various laws and regulations	Standing Operating Procedures (SOP's) will be drafted in order to guide the operations of the municipality. A system called "Compliance assist" was also implemented - which serves as a reminder to comply. In order to comply with various laws and regulations, this system will assist each department to comply, monitor compliance and report on compliance.
Audit findings detected by the internal audit function are not followed-up by management and recommendations are not implemented accordingly.	Progress on implementation of Internal Audit findings will be a standing item on the agenda of the regular meetings with the Directors.

*Table 198.: AG Report 2012/13*

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## Abbreviations

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### LIST OF ABBREVIATIONS

<b>AG</b>	Auditor-General
<b>CAPEX</b>	Capital Expenditure
<b>CBP</b>	Community Based Planning
<b>CFO</b>	Chief Financial Officer
<b>DPLG</b>	Department of Provincial and Local Government
<b>DWAF</b>	Department of Water Affairs and Forestry
<b>EE</b>	Employment Equity
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>HR</b>	Human Resources
<b>IDP</b>	Integrated Development Plan
<b>IFRS</b>	International Financial Reporting Standards
<b>IMFO</b>	Institute for Municipal Finance Officers
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>LED</b>	Local Economic Development
<b>MAYCOM</b>	Executive Mayoral Committee
<b>MFMA</b>	Municipal Finance Management Act (Act No. 56 of 2003)
<b>MIG</b>	Municipal Infrastructure Grant
<b>MM</b>	Municipal Manager
<b>MSA</b>	Municipal Systems Act No. 32 of 2000
<b>MTECH</b>	Medium Term Expenditure Committee
<b>NGO</b>	Non-governmental organisation
<b>NT</b>	National Treasury
<b>OPEX</b>	Operating expenditure
<b>PMS</b>	Performance Management System
<b>PT</b>	Provincial Treasury
<b>SALGA</b>	South African Local Government Organisation
<b>SAMDI</b>	South African Management Development Institute
<b>SCM</b>	Supply Chain Management
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>SDF</b>	Spatial Development Framework

# **Beaufort West**

**MUNICIPALITY**

**FINANCIAL STATEMENTS**

**30 JUNE 2013**

# BEAUFORT WEST LOCAL MUNICIPALITY

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# BEAUFORT WEST LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

## GENERAL INFORMATION

### NATURE OF BUSINESS

Beaufort West Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

### COUNTRY OF ORIGIN AND LEGAL FORM

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

### JURISDICTION

The Beaufort West Municipality includes the following areas:

*Beaufort West*  
*Nelspoort*  
*Merweville*  
*Murraysburg*

### MUNICIPAL MANAGER

*Mr. A.C. Makendlana (Acting since 1 July 2013)*

### CHIEF FINANCIAL OFFICER

*Mr. J. Booysen (Acting 1 July 2013)*

### REGISTERED OFFICE

*112 Donkin Street*  
*BEAUFORT WEST*  
*6970*

### AUDITORS

Office of the Auditor General (WC)

### PRINCIPLE BANKERS

ABSA Bank, Beaufort West

### ATTORNEYS

*Crawford Attorneys, Beaufort West*

### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations

# BEAUFORT WEST LOCAL MUNICIPALITY

## MEMBERS OF THE BEAUFORT WEST LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	L Deyse
2	A.M. Slabbert
3	G. de Vos
4	S.M. Motsoane
5	M. Furmen
6	G.P. Adolph
7	J. Bostander
Proportional	P.A. Jacobs
Proportional	G.T. Murray
Proportional	T. Prince
Proportional	R. van der Linde
Proportional	D.E. Welgemoed
Proportional	A.D. Willemse

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2013, which are set out on pages 1 to 79 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 GRAP.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2013 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

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*Mr. A.C. Makendlana (Acting since 1 July 2013)*  
**Municipal Manager**

31 August 2013  

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**Date**



**BEAUFORT WEST LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013**

	Notes	2013 R (Actual)	2012 R (Restated)
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>339 792 942</b>	<b>294 834 220</b>
Capital Replacement Reserve	2	4 546 564	1 885 759
Housing Development Fund	2	4 170 185	4 138 843
Self Insurance Reserve	2	1 035 337	765 283
Accumulated Surplus		330 040 856	288 044 335
<b>Non-Current Liabilities</b>		<b>42 478 710</b>	<b>44 463 099</b>
Long-term Liabilities	3	14 703 391	15 417 494
Employee benefits	4	22 295 025	23 792 028
Non-Current Provisions	5	5 480 294	5 253 577
<b>Current Liabilities</b>		<b>44 985 625</b>	<b>52 245 165</b>
Consumer Deposits	6	1 159 826	1 059 679
Current Employee benefits	7	7 156 341	6 471 335
Provisions	8	1 876 743	1 810 986
Payables From Exchange Transactions	9	24 209 891	22 128 344
Unspent Conditional Government Grants and Receipts	10	7 774 144	13 219 957
Unspent Public Contributions	11	-	376 303
Operating Lease Liability	23.1	-	547
Cash and Cash Equivalents	24	-	3 660 114
Current Portion of Long-term Liabilities	3	2 808 681	3 517 900
<b>Total Net Assets and Liabilities</b>		<b>427 257 277</b>	<b>391 542 484</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>378 568 666</b>	<b>337 561 315</b>
Property, Plant and Equipment	13	362 702 323	324 479 514
Investment Property	14	9 690 469	9 969 740
Non-current Assets Held For Sale	15	-	-
Intangible Assets	16	334 581	433 721
Capitalised Restoration Cost	17	1 249 142	1 345 217
Heritage Assets	18	2 970 644	-
Long-Term Receivables	19	1 621 507	1 333 123
<b>Current Assets</b>		<b>48 688 611</b>	<b>53 981 169</b>
Inventory	20	3 165 903	3 080 493
Trade Receivables from exchange transactions	21	14 095 015	14 516 211
Other Receivables from non-exchange transactions	22	8 879 561	16 654 035
Unpaid Conditional Government Grants and Receipts	10	972 570	97 044
Operating Lease Asset	23.2	12 645	11 537
Taxes	12	3 465 238	5 418 819
Cash and Cash Equivalents	24	18 097 679	14 203 030
<b>Total Assets</b>		<b>427 257 277</b>	<b>391 542 484</b>

BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 (Actual) R	2012 (Restated) R	Correction of error R	2012 (Previously reported) R
<b>REVENUE</b>					
<b>Revenue from Non-exchange Transactions</b>		<b>155 919 734</b>	<b>158 004 748</b>	-	<b>158 004 748</b>
<b>Taxation Revenue</b>		<b>21 645 527</b>	<b>19 314 916</b>	-	<b>19 314 916</b>
Property taxes	25	21 645 527	19 314 916	-	19 314 916
<b>Transfer Revenue</b>		<b>117 576 277</b>	<b>125 203 492</b>	-	<b>125 203 492</b>
Government Grants and Subsidies - Capital	26	51 170 022	31 864 995	-	31 864 995
Government Grants and Subsidies - Operating	26	66 345 163	48 362 618	-	48 362 618
Contributed PPE		61 092	324 000	-	324 000
Transfer DMA From District		-	44 651 879	-	44 651 879
<b>Other Revenue</b>		<b>16 697 930</b>	<b>13 486 340</b>	-	<b>13 486 340</b>
Actuarial Gains		3 194 043	187 559	-	187 559
Fines		13 503 887	13 298 781	-	13 298 781
<b>Revenue from Exchange Transactions</b>		<b>86 828 456</b>	<b>80 756 403</b>	-	<b>80 756 403</b>
Property Rates - penalties imposed and collection charges		607 297	516 940	-	516 940
Service Charges	27	78 302 416	71 821 058	-	71 821 058
Rental of Facilities and Equipment		750 537	583 341	-	583 341
Interest Earned - external investments		978 977	1 227 298	(672 091)	1 899 389
Interest Earned - outstanding debtors		1 391 595	1 291 448	672 091	619 357
Licences and Permits		510 365	619 638	-	619 638
Agency Services		471 592	469 217	-	469 217
Other Income	28	3 815 677	4 227 463	-	4 227 463
<b>Total Revenue</b>		<b>242 748 190</b>	<b>238 761 151</b>	-	<b>238 761 151</b>
<b>EXPENDITURE</b>					
Employee related costs	29	60 608 770	54 112 690	184 687	53 928 003
Remuneration of Councillors	30	4 102 580	3 715 493	-	3 715 493
Debt Impairment	31	8 000 132	7 966 544	-	7 966 544
Collection Cost		677 580	521 813	-	521 813
Depreciation and Amortisation	32	13 285 322	13 418 232	38 641	13 379 591
Impairments	33	-	253 256	-	253 256
Repairs and Maintenance	34	11 241 566	13 177 824	-	13 177 824
Actuarial losses	4	3 106	2 451 441	-	2 451 441
Finance Charges	35	4 197 444	4 206 166	-	4 206 166
Bulk Purchases	36	43 161 669	37 961 332	-	37 961 332
Contracted services		7 695 664	4 376 588	-	4 376 588
Grants and Subsidies Paid	37	39 859	34 521	-	34 521
Other Operating Grant Expenditure	38	29 358 204	16 148 768	-	16 148 768
Loss on disposal of PPE		85 728	69 695	-	69 695
General Expenses	39	15 331 891	12 873 079	-	12 873 079
<b>Total Expenditure</b>		<b>197 789 515</b>	<b>171 287 442</b>	<b>223 328</b>	<b>171 064 114</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>44 958 675</b>	<b>67 473 709</b>	<b>(223 328)</b>	<b>67 697 037</b>

**BEAUFORT WEST LOCAL MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013**

	<b>Self Insurance Reserve</b>	<b>Housing Development Fund</b>	<b>Capital Replacement Reserve</b>	<b>Accumulated Surplus/ (Deficit)</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Balance at 1 July 2011</b>	<b>522 626</b>	<b>3 807 893</b>	<b>2 798 226</b>	<b>221 567 586</b>	<b>228 696 333</b>
Correction of error - See Note 40.04	-	-	-	(1 335 818)	(1 335 818)
<b>Restated Balance at 1 July 2011</b>	<b>522 626</b>	<b>3 807 893</b>	<b>2 798 226</b>	<b>220 231 768</b>	<b>227 360 515</b>
Net Surplus/(Deficit) for the year	-	-	-	67 697 037	67 697 037
Correction of error - See Note 40.01	-	-	-	(223 327)	(223 327)
Contribution to Insurance Reserve	397 729	-	-	(397 729)	-
Insurance claims processed	(155 072)	-	-	155 072	-
Transfer to CRR	-	-	1 515 848	(1 515 848)	-
Property, Plant and Equipment purchased	-	-	(2 428 315)	2 428 315	-
Transfer to Housing Development Fund	-	330 950	-	(330 950)	-
Rounding	-	-	-	(3)	(3)
<b>Restated Balance at 1 July 2012</b>	<b>765 283</b>	<b>4 138 843</b>	<b>1 885 759</b>	<b>288 044 335</b>	<b>294 834 222</b>
Net Surplus/(Deficit) for the year	-	-	-	44 958 675	44 958 675
Transfer to CRR	-	-	3 245 801	(3 245 801)	-
Property, Plant and Equipment purchased	-	-	(584 996)	584 996	-
Contribution to Insurance Reserve	464 705	-	-	(464 705)	-
Insurance claims processed	(194 651)	-	-	194 651	-
Transfer to Housing Development Fund	-	31 342	-	(31 342)	-
Rounding	-	-	-	47	47
<b>Balance at 30 June 2013</b>	<b>1 035 337</b>	<b>4 170 185</b>	<b>4 546 564</b>	<b>330 040 856</b>	<b>339 792 944</b>

**BEAUFORT WEST LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

	Notes	2013 R	2012 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		157 771 527	113 233 615
Government		89 245 983	57 414 115
Interest		2 370 572	2 518 746
<b>Payments</b>			
Suppliers and employees		(182 143 813)	(133 596 333)
Finance charges	35	(4 197 444)	(4 206 166)
Transfers and Grants		(39 859)	(34 521)
<b>Net Cash from Operating Activities</b>		<b>63 006 966</b>	<b>35 329 455</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(54 135 308)	(36 683 024)
Proceeds on Disposal of Fixed Assets		113 740	43 696
Purchase of Intangible Assets		(7 359)	(7 411)
<b>Net Cash from Investing Activities</b>		<b>(54 028 927)</b>	<b>(36 646 739)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loans raised		2 357 891	2 497 782
New loans (repaid)		(3 781 193)	(3 466 978)
Rounding		26	-
<b>Net Cash from Financing Activities</b>		<b>-1 423 276</b>	<b>-969 196</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>7 554 763</b>	<b>(2 286 480)</b>
Cash and Cash Equivalents at the beginning of the year		10 542 916	12 829 396
Cash and Cash Equivalents at the end of the year	42	18 097 679	10 542 916
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>7 554 763</b>	<b>(2 286 480)</b>

**BEAUFORT WEST LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2013 R	2013 R	2013 R	
	(Actual)	(Final Budget)	(Variance)	Explanations for material variances
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	12 330	11 950	380	
Call investment deposits	16 811 803	13 138 520	3 673 283	Additional grants received that was invested and unspent at year-end.
Primary bank account	1 273 546	-	1 273 546	Included under "Call investment deposits" in budget.
Consumer debtors	16 213 265	9 352 208	6 861 057	Increase in debtors due to low payment rate.
Other Receivables	11 211 764	7 802 583	3 409 181	Increase in debtors due to low payment rate.
Current portion of long-term receivables	-	-	-	
Inventory	3 165 903	2 935 810	230 093	
<b>Total current assets</b>	<u>48 688 611</u>	<u>33 241 071</u>	<u>15 447 540</u>	
<b>Non current assets</b>				
Long-term receivables	1 621 507	1 934 184	(312 677)	
Investments	-	-	-	
Investment property	9 690 469	9 970 505	(280 036)	
Property, plant and equipment	363 951 465	357 871 383	6 080 082	Increase in housing grants (infrastructure) received for capital expenditure.
Biological Assets	-	-	-	
Intangible Assets	334 581	433 493	(98 912)	
Heritage Assets	-	-	-	
<b>Total non current assets</b>	<u>375 598 022</u>	<u>370 209 565</u>	<u>5 388 457</u>	
<b>TOTAL ASSETS</b>	<u><u>424 286 633</u></u>	<u><u>403 450 636</u></u>	<u><u>20 835 997</u></u>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	-	3 617 970	(3 617 970)	Additional grants received that was invested and unspent at year-end.
Borrowing	2 808 681	3 852 610	(1 043 929)	Redemption on external loans and finance leases.
Consumer deposits	1 159 826	1 152 630	7 196	
Trade and other payables	31 984 035	21 773 350	10 210 685	Additional grants received that was invested and unspent at year-end.
Provisions and Employee Benefits	9 033 084	4 536 200	4 496 884	Increase in Post retirement Benefits and provision for landfill sites.
<b>Total current liabilities</b>	<u>44 985 625</u>	<u>34 932 760</u>	<u>10 052 865</u>	
<b>Non current liabilities</b>				
Borrowing	14 703 391	18 702 840	(3 999 449)	Redemption on external loans and finance leases.
Provisions and Employee Benefits	27 775 319	23 969 870	3 805 449	Increase in Post retirement Benefits and provision for landfill sites and annual bonuses previously not disclosed.
<b>Total non current liabilities</b>	<u>42 478 710</u>	<u>42 672 710</u>	<u>(194 000)</u>	
<b>TOTAL LIABILITIES</b>	<u><u>87 464 335</u></u>	<u><u>77 605 470</u></u>	<u><u>9 858 865</u></u>	
<b>NET ASSETS</b>	<u><u>336 822 298</u></u>	<u><u>325 845 166</u></u>	<u><u>10 977 132</u></u>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	330 040 856	317 422 784	12 618 073	Net of all reasons.
Reserves	9 752 086	8 455 531	1 296 555	Additional contribution to CRR due to NT circular 48
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<u><u>339 792 942</u></u>	<u><u>325 878 315</u></u>	<u><u>13 914 628</u></u>	

**BEAUFORT WEST LOCAL MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013  
ADJUSTMENTS TO APPROVED BUDGET**

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Explanations for material adjustments
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	11 950	-	11 950	
Call investment deposits	13 138 520	-	13 138 520	
Consumer debtors	9 352 208	-	9 352 208	
Other Receivables	7 802 583	-	7 802 583	
Current portion of long-term receivables	-	-	-	
Inventory	2 935 810	-	2 935 810	
<b>Total current assets</b>	<b>33 241 071</b>	<b>-</b>	<b>33 241 071</b>	
<b>Non current assets</b>				
Long-term receivables	1 934 184	-	1 934 184	
Investments	-	-	-	
Investment property	9 970 505	-	9 970 505	
Property, plant and equipment	325 822 392	32 048 991	357 871 383	Increase in housing grants (infrastructure) received for capital expenditure.
Biological Assets	-	-	-	
Intangible Assets	433 493	-	433 493	
Heritage Assets	-	-	-	
<b>Total non current assets</b>	<b>338 160 574</b>	<b>32 048 991</b>	<b>370 209 565</b>	
<b>TOTAL ASSETS</b>	<b>371 401 645</b>	<b>32 048 991</b>	<b>403 450 636</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	3 617 970	-	3 617 970	
Borrowing	3 852 610	-	3 852 610	
Consumer deposits	1 152 630	-	1 152 630	
Trade and other payables	21 773 350	-	21 773 350	
Provisions and Employee Benefits	4 536 200	-	4 536 200	
<b>Total current liabilities</b>	<b>34 932 760</b>	<b>-</b>	<b>34 932 760</b>	
<b>Non current liabilities</b>				
Borrowing	18 702 840	-	18 702 840	
Provisions and Employee Benefits	23 969 870	-	23 969 870	
<b>Total non current liabilities</b>	<b>42 672 710</b>	<b>-</b>	<b>42 672 710</b>	
<b>TOTAL LIABILITIES</b>	<b>77 605 470</b>	<b>-</b>	<b>77 605 470</b>	
<b>NET ASSETS</b>	<b>293 796 175</b>	<b>32 048 991</b>	<b>325 845 166</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	287 792 248	29 630 536	317 422 784	Net of all reasons.
Reserves	6 003 927	2 451 604	8 455 531	Additional contribution to CRR due to NT circular 48
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>293 796 175</b>	<b>32 082 140</b>	<b>325 878 315</b>	

**BEAUFORT WEST LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
<b>REVENUE BY SOURCE</b>				
Property rates	21 645 527	21 678 051	(32 524)	
Property rates - penalties & collection charges	607 297	525 000	82 297	
Service charges	78 302 416	78 542 768	(240 352)	
Rental of facilities and equipment	750 537	908 025	(157 488)	
Interest earned - external investments	978 977	1 170 471	(191 494)	Interest on conditional grants at year-end recognized
Interest earned - outstanding debtors	1 391 595	1 438 000	(46 405)	Interest to recognized
Dividends received	-	-	-	
Fines	13 503 887	10 412 550	3 091 337	Traffic fine provision
Licences and permits	510 365	593 350	(82 985)	
Agency services	471 592	480 000	(8 408)	
Government Grants and Subsidies - Operating	66 345 163	66 852 563	(507 400)	1% not material
Other revenue	7 070 812	896 691	6 174 121	VAT and interest according to NT circular 48
Gains on disposal of PPE	-	20 000	(20 000)	
<b>Total Operating Revenue</b>	<u>191 578 168</u>	<u>183 517 469</u>	<u>8 060 699</u>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	60 608 770	58 658 893	1 949 877	
Remuneration of councillors	4 102 580	3 894 440	208 140	
Debt impairment	8 000 132	2 410 000	5 590 132	Additional debt impairment provision
Depreciation & asset impairment	13 285 322	12 346 988	938 334	5% not material
Finance charges	4 197 444	1 881 095	2 316 349	Interest on finance leases, post retirement benefits and landfill sites
Bulk purchases	43 161 669	46 348 500	(3 186 831)	Less consumption
Other materials	11 241 566	15 649 220	(4 407 654)	Less repair and maintenance expenditure
Contracted services	7 695 664	4 835 910	2 859 754	Increase on commission of SKTS
Grants and subsidies paid	39 859	850 000	(810 141)	Expenses in respect of indigent committee reallocated
Other expenditure	45 370 781	46 494 747	(1 123 966)	2% not material
Loss on disposal of PPE	85 728	-	85 728	
<b>Total Operating Expenditure</b>	<u>197 789 515</u>	<u>193 369 793</u>	<u>4 419 722</u>	
<b>Operating Deficit for the year</b>	<u>(6 211 347)</u>	<u>(9 852 324)</u>	<u>3 640 977</u>	
Government Grants and Subsidies - Capital	51 170 022	70 234 168	(19 064 146)	Capital grants reallocated as operating grant expenditure.
<b>Net Surplus for the year</b>	<u><u>44 958 675</u></u>	<u><u>60 381 844</u></u>	<u><u>(15 423 169)</u></u>	

**BEAUFORT WEST LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**

**ADJUSTMENTS TO APPROVED BUDGET**

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Reasons for material adjustments
<b>REVENUE BY SOURCE</b>				
Property rates	20 556 875	1 121 176	21 678 051	Expected increase in property rates
Property rates - penalties & collection charges	525 000	-	525 000	
Service charges	80 139 260	(1 596 492)	78 542 768	Expected decrease in electricity charges
Rental of facilities and equipment	745 115	162 910	908 025	Expected increase in rentals
Interest earned - external investments	1 170 471	-	1 170 471	
Interest earned - outstanding debtors	1 215 000	223 000	1 438 000	Expected increase in interest
Dividends received	-	-	-	
Fines	10 427 050	(14 500)	10 412 550	Expected decrease in fines
Licences and permits	583 850	9 500	593 350	Expected decrease in permits
Agency services	530 000	(50 000)	480 000	Expected decrease in agency services
Government Grants and Subsidies - Operating	50 770 500	16 082 063	66 852 563	Increase in housing grants (top structures)
Other revenue	681 891	214 800	896 691	Expected increase
Gains on disposal of PPE	2 000	18 000	20 000	Expected increase
<b>Total Operating Revenue</b>	<b>167 347 012</b>	<b>16 170 457</b>	<b>183 517 469</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	61 059 225	(2 400 332)	58 658 893	Expected decrease in employee related costs
Remuneration of councillors	3 841 950	52 490	3 894 440	Expected increase in remuneration of councillors
Debt impairment	2 410 000	-	2 410 000	
Depreciation & asset impairment	12 346 988	-	12 346 988	
Finance charges	1 881 095	-	1 881 095	
Bulk purchases	46 348 500	-	46 348 500	
Other materials	14 952 278	696 942	15 649 220	Immaterial
Contracted services	3 842 000	993 910	4 835 910	Increase in security services
Grants and subsidies paid	850 000	-	850 000	
Other expenditure	29 700 668	16 794 079	46 494 747	Housing grants (top structures)
Loss on disposal of PPE	-	-	-	
<b>Total Operating Expenditure</b>	<b>177 232 704</b>	<b>16 137 089</b>	<b>193 369 793</b>	
<b>Operating Surplus/(Deficit) for the year</b>	<b>(9 885 692)</b>	<b>33 368</b>	<b>(9 852 324)</b>	
Government Grants and Subsidies - Capital	40 637 000	29 597 168	70 234 168	
<b>Net Surplus for the year</b>	<b>30 751 308</b>	<b>29 630 536</b>	<b>60 381 844</b>	



**BEAUFORT WEST LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	157 771 527	106 420 426	51 351 101	Refer to reasons in the Statement of Financial Performance comparison.
Government - operating	38 075 958	66 852 563	(28 776 605)	Refer to reasons in the Statement of Financial Performance comparison.
Government - capital	51 170 025	70 234 168	(19 064 143)	Refer to reasons in the Statement of Financial Performance comparison.
Interest	2 370 572	2 608 471	(237 899)	
Dividends	-	-	-	
<b>Payments</b>				
Suppliers and Employees	(182 143 813)	(175 881 710)	(6 262 103)	Refer to reasons in the Statement of Financial Performance comparison.
Finance charges	(4 197 444)	(1 881 095)	(2 316 349)	Refer to reasons in the Statement of Financial Performance comparison.
Transfers and Grants	(39 859)	(850 000)	810 141	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>63 006 966</b>	<b>67 502 823</b>	<b>(4 495 857)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of Assets	113 740	20 000	93 740	
Decrease/(increase) in non-current receivables	-	9 337 758	(9 337 758)	Hand overs and included in actual under receipts
Decrease/(increase) in non-current debtors	-	2 052 066	(2 052 066)	Included in actual under receipts
<b>Payments</b>				
Capital assets	(54 142 667)	(72 835 991)	18 693 324	Additional grants received that was invested and unspent at year-end.
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(54 028 927)</b>	<b>(61 426 167)</b>	<b>7 397 240</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	2 357 891	-	2 357 891	Redemption on external loans and finance leases.
Increase/(decrease) in consumer deposits	-	-	-	
<b>Payments</b>				
Repayment of borrowing	(3 781 193)	(2 461 300)	(1 319 893)	Redemption on external loans and finance leases.
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(1 423 302)</b>	<b>(2 461 300)</b>	<b>1 037 998</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>7 554 737</b>	<b>3 615 356</b>	<b>3 939 381</b>	
Cash and Cash Equivalents at the beginning of the year	10 542 916	5 950 293	4 592 623	Additional grants received that was invested and unspent at year-end.
Cash and Cash Equivalents at the end of the year	18 097 679	9 565 649	8 532 030	Additional grants received that was invested and unspent at year-end.

**BEAUFORT WEST LOCAL MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

**ADJUSTMENTS TO APPROVED BUDGET**

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Reasons for material adjustments
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	104 121 428	2 298 998	106 420 426	Immaterial
Government - operating	50 770 500	16 082 063	66 852 563	Additional housing grants (top structures)
Government - capital	40 637 000	29 597 168	70 234 168	Additional housing grants (Infrastructure)
Interest	2 385 471	223 000	2 608 471	Increase interest on outstanding debtors
Dividends	-	-	-	
<b>Payments</b>				
Suppliers and Employees	(159 744 621)	(16 137 089)	(175 881 710)	Additional housing grants (top structures)
Finance charges	(1 881 095)	-	(1 881 095)	
Transfers and Grants	(850 000)	-	(850 000)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>35 438 683</b>	<b>32 064 140</b>	<b>67 502 823</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of Assets	2 000	18 000	20 000	Expected increase
Decrease/(increase) in non-current receivables	9 337 758	-	9 337 758	
Decrease/(increase) in non-current debtors	2 052 066	-	2 052 066	
<b>Payments</b>				
Capital assets	(40 787 000)	(32 048 991)	(72 835 991)	Refer adjustment capital budget
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(29 395 176)</b>	<b>(32 030 991)</b>	<b>(61 426 167)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
<b>Payments</b>				
Repayment of borrowing	(2 461 300)	-	(2 461 300)	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(2 461 300)</b>	<b>-</b>	<b>(2 461 300)</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>3 582 207</b>	<b>33 149</b>	<b>3 615 356</b>	
Cash and Cash Equivalents at the beginning of the year	5 950 293	-	5 950 293	
Cash and Cash Equivalents at the end of the year	9 532 500	33 149	9 565 649	

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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

**1.1. BASIS OF PREPARATION**

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
GRAP 1 (Revised – Mar 2012)	Presentation of Financial Statements	1 April 2013
GRAP 3 (Revised – Mar 2012)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2013
GRAP 9 (Revised – Mar 2012)	Revenue from Exchange Transactions	1 April 2013
GRAP 12 (Revised – Mar 2012)	Inventories	1 April 2013
GRAP 13 (Revised – Mar 2012)	Leases	1 April 2013
GRAP 16 (Revised – Mar 2012)	Investment Property	1 April 2013
GRAP 17 (Revised – Mar 2012)	Property, Plant and Equipment	1 April 2013
GRAP 25 (Original – Nov 2009)	Employee Benefits	1 April 2013
GRAP 27 (Revised – Mar 2012)	Agriculture	1 April 2013
GRAP 31 (Revised – Mar 2012)	Intangible Assets	1 April 2013
IGRAP 16 (Issued – Mar 2012)	Intangible Assets – Website Costs	1 April 2013

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

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

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

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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

**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 financial statements have been prepared on a going concern basis.

**1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the 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 material 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.

**1.5. AMENDED DISCLOSURE POLICY**

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

**1.6. 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 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 comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2012 to 30 June 2013. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

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

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of Comparison of Budget and Actual Amounts.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

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

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

<b>Standard</b>	<b>Description</b>	<b>Effective Date</b>
<b>GRAP 6 (Revised – Nov 2010)</b>	<b>Consolidated and Separate Financial Statements</b> The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity.  No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.	<b>Unknown</b>
<b>GRAP 7 (Revised – Mar 2012)</b>	<b>Investments in Associate</b> This Standard prescribes the accounting treatment for investments in associates where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other form of interest in the net assets.  No significant impact is expected as the Municipality does have any interest in associates.	<b>1 April 2013</b>

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

<p><b>GRAP 8</b> <b>(Revised – Nov 2010)</b></p>	<p><b>Interest in Joint Ventures</b> The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Municipality is not involved in any joint ventures.</p>	<p align="center"><b>Unknown</b></p>
<p><b>GRAP 18</b> <b>(Original – Feb 2011)</b></p>	<p><b>Segment Reporting</b> The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	<p align="center"><b>Unknown</b></p>
<p><b>GRAP 20</b> <b>(Original – June 2011)</b></p>	<p><b>Related Party Disclosure</b> The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	<p align="center"><b>Unknown</b></p>
<p><b>GRAP 105</b> <b>(Original – Nov 2010)</b></p>	<p><b>Transfer of Functions Between Entities Under Common Control</b> The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p align="center"><b>Unknown</b></p>
<p><b>GRAP 106</b> <b>(Original – Nov 2010)</b></p>	<p><b>Transfer of Functions Between Entities Not Under Common Control</b> The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the</p>	<p align="center"><b>Unknown</b></p>

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	foreseeable future.	
<b>GRAP 107 (Original – Nov 2010)</b>	<p><b>Mergers</b></p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<b>Unknown</b>
<b>IGRAP 11</b>	<p><b>Consolidation - Special Purpose Entities (SPE)</b></p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	<b>Unknown</b>
<b>IGRAP 12</b>	<p><b>Jointly Controlled Entities non-monetary contributions</b></p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	<b>Unknown</b>

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

**1.9. RESERVES**

**1.9.1 Capital Replacement Reserve (CRR)**

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

**1.9.2 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 the Housing Development Fund. Housing selling schemes, both completed 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 sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

**1.9.3 Self Insurance Reserve**

A Self Insurance Reserve has been established and, subject to external insurance where deemed necessary, covers claims that may occur. Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

- Contributions to the fund by Business Units are transferred via the Statement of Changes in Net Assets to the reserve in line with amounts budgeted for in the operating budget. The contributions to the reserve are charged to the Business Units based on the previous year's insured value of the assets under their control.
- The Council determines annually to contribute to the Self Insurance Reserve.
- The total amount of insurance premiums paid to external insurers are regarded as expenses and must be shown as such in the Statement of Financial Performance. These premiums do not affect the Self Insurance Reserve.
- Claims received from external insurers are recognised as revenue in the Statement of Financial Performance.
- Claims received to meet repairs of damages on assets are reflected as income in the statement of financial performance.
- Repair and replacement costs not fully covered by external insurance are financed from the insurance reserve. The repair and replacement cost is regarded as an expense and is reflected in the Statement of financial performance. An amount equal to the expense is transferred from the Insurance Reserve to the Accumulated Surplus via the Statement of changes in net assets.
- Amounts paid on behalf of employees in respect of medical costs for injuries sustained whilst on duty are regarded as expenses and are recorded in the Statement of Financial Performance when incurred. An amount equal to these expenses is transferred from the Insurance Reserve to the Accumulated Surplus account via the Statement of Changes in Net Assets.

**1.10. LEASES**

**1.10.1 Municipality as Lessee**

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

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

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

**1.10.2 Municipality as Lessor**

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

**1.11. 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 financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

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 as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

**1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on 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 the public.

**1.13. UNSPENT PUBLIC CONTRIBUTIONS**

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

**1.14. PROVISIONS**

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

**1.15. EMPLOYEE BENEFITS**

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

**1.15.1 Post Retirement Medical Obligations**

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in 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 present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability,

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

**1.15.2 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 annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation. .

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

**1.15.3 Provision for 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 and also on the basic salary of the employee.

Accumulating 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, limited to 48 day, will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

**1.15.4 Staff Bonuses Accrued**

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.

**1.15.5 Provision for 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 accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

**1.15.6 Pension and retirement fund obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance 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.

**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 cost of an item of property, plant and equipment is 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 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.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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.

**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 any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

**1.16.3 Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. 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. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	<b>Years</b>		<b>Years</b>
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	5-130	Buildings	30-105
Pedestrian Malls	10-30	Specialist vehicles	3-70
Electricity	6-130	Other vehicles	3-70
Water	10-130	Office equipment	3-25
Sewerage	10-130	Furniture and fittings	2-30
Housing	30	Watercraft	15
		Bins and containers	5
<b><u>Community</u></b>		Specialised plant and	
Buildings	10-105	Equipment	3-40
Recreational Facilities	20-105	Other plant and	
Security	30	Equipment	3-40
Halls	30-105	Landfill sites	10-100
Libraries	20-105	Quarries	5-25
Parks and gardens	20-105	Emergency equipment	3-30
Other assets	10-105	Computer equipment	3-20
<b><u>Finance lease assets</u></b>			
Office equipment	3-7		
Other assets	3-7		

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 recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

**1.16.4 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.

**1.17. INTANGIBLE ASSETS**

**1.17.1 Initial Recognition**

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

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

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

**1.17.2 Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

**1.17.3 Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	3 - 10

**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.

**1.18. INVESTMENT PROPERTY**

**1.18.1 Initial Recognition**

Investment property is 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 Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

**1.18.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

**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. 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. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

**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.

**1.19 HERITAGE ASSETS**

**1.19.1 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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**1.19.2 Subsequent Measurement – Cost Model**

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

**1.19.3 Depreciation and Impairment**

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

**1.19.4 De-recognition**

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

**1.20. NON-CURRENT ASSETS HELD FOR SALE**

**1.20.1 Initial Recognition**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**1.20.2 Subsequent Measurement**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in the Statement of Financial Performance.

**1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.21.1 Cash-generating assets**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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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.
  - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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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 CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

**1.21.2 Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
  - Cessation, or near cessation, of the demand or need for services provided by the asset.
  - Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.
  
- (b) Internal sources of information
  - Evidence is available of physical damage of an asset.
  - Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
  - A decision to halt the construction of the asset before it is complete or in a usable condition.
  - 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 is recognised in the Statement of Financial Performance.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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**1.22. INVENTORIES**

**1.22.1 Initial Recognition**

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

**1.22.2 Subsequent Measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, 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.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

**1.23. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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**1.23.1 Initial Recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

**1.23.2 Subsequent Measurement**

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

**1.23.2.1 Receivables**

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate,

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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the discount rate for measuring any impairment loss is the current effective interest rate.

**1.23.2.2**     Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

**1.23.2.3**     Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

**1.23.2.4**     Non-Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

**1.23.3 De-recognition of Financial Instruments**

**1.23.3.1**     Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



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When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**1.23.3.2 Financial Liabilities**

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

**1.23.4 Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

**1.24. REVENUE**

**1.24.1 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.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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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.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

The Municipality estimates the water and electricity consumption from the last meter readings in June up until 30 June. The estimated consumption usage is based on system average of the year per month divided by 30 days times the amount of days since last reading until 30 June.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. 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 indicate 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, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

**1.24.2 Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . 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.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) 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. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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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.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

#### **1.25. RELATED PARTIES**

**BEAUFORT WEST MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person’s family is related to the Municipality if that person:
- has control or joint control over the Municipality.
  - has significant influence over the 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:
- 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;

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

- 
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
  - (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
  - (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services 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.

**1.26. 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.

**1.27. 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.

**1.28. 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.

**1.29. 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 Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

**1.30. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

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:

**1.30.1 *Post retirement medical obligations and Long service awards***

The cost of post retirement medical obligations and long service awards 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 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

**1.30.2 *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 assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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**1.30.3 Property, Plant and Equipment**

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

**1.30.4 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.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

**1.30.5 Investment Property**

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

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

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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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.

**1.30.6 Provisions and Contingent Liabilities**

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

**1.30.7 Revenue Recognition**

Accounting Policy 1.24.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The Municipality estimates the water and electricity consumption from the last meter readings in June up until 30 June. The estimated consumption usage is based on system average of the year per month divided by 30 days times the amount of days since last reading until 30 June. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

**1.30.8 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 at the reporting date of the expected future cash flows to rehabilitate the landfill site. 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 are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

**1.30.9 Provision for Task Implementation**

The provision at 30 June for Task Implementation represents the Municipality's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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The difference between these two packages was backdated to the implementation date of the TASK grading system.

**1.30.10 Provision for Staff leave**

Staff leave is accrued to employees according to collective agreements. Provision is made on basic salary for the accrued leave, limited to 48 day, at reporting date. This provision will be realised as employees take leave or when employment is terminated.

**1.30.11 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.

**1.30.12 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.

**1.31. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.32. CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

**1.33. 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 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.

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>2 NET ASSET RESERVES</b>		
RESERVES	9 752 086	6 789 885
Capital Replacement Reserve	4 546 564	1 885 759
Housing Development Fund	4 170 185	4 138 843
Self Insurance Reserve	1 035 337	765 283
<b>Total Net Asset Reserve and Liabilities</b>	<b>9 752 086</b>	<b>6 789 885</b>

The above balances are represented by cash of R197 487 for the current year and R172 784 (2012) and is invested together with the other investments of the municipality (See Note 24)

	2013 R	2012 R
<b>3 LONG TERM LIABILITIES</b>		
Annuity Loans - At amortised cost	15 417 375	17 277 196
Capitalised Lease Liability - At amortised cost	2 094 697	1 658 198
	<b>17 512 072</b>	<b>18 935 394</b>
<b>Less:</b> Current Portion transferred to Current Liabilities	<b>2 808 681</b>	<b>3 517 900</b>
Annuity Loans - At amortised cost	1 877 333	2 236 256
Capitalised Lease Liability - At amortised cost	931 348	1 281 644
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>14 703 391</b>	<b>15 417 494</b>

Annuity loans at amortised cost is calculated at 6.75%-14.00% 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. The loans are unsecured

Finance Lease loans at amortised cost is calculated at 8.50%-20.50% interest rate, with last maturity date of 30 April 2016. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured

	2013 R	2012 R
The obligations under annuity loans are scheduled below:		
	<b>Minimum annuity payments</b>	
Amounts payable under annuity loans:		
Payable within one year	3 408 253	3 974 262
Payable within two to five years	10 048 582	11 219 495
Payable after five years	12 951 283	14 729 012
	26 408 117	29 922 769
<b>Less:</b> Future finance obligations	(10 990 755)	(12 645 581)
<b>Present value of annuity obligations</b>	<b>15 417 362</b>	<b>17 277 188</b>

	2013 R	2012 R
The obligations under finance leases are scheduled below:		
	<b>Minimum lease payments</b>	
Amounts payable under finance leases:		
Payable within one year	1 069 932	1 407 094
Payable within two to five years	1 254 478	383 110
Payable after five years	-	-
	2 324 410	1 790 204
<b>Less:</b> Future finance obligations	(229 718)	(132 005)
<b>Present value of lease obligations</b>	<b>2 094 692</b>	<b>1 658 199</b>

Leases are secured by property, plant and equipment - Note 13

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Sharp	AR1206 Multifunction System	11.97%	0%	3 Years	2012/07/31
EQSTRA	CZ 3359 Toyota Yaris T3 A/C	11.94%	0%	3 Years	2013/03/31
EQSTRA	CZ 3363 Toyota Hilux 2.5 D-4D P/U S/C	12.01%	0%	3 Years	2013/03/31
EQSTRA	CZ 3368 Toyota Hilux 2.5 D-4D P/U S/C	12.01%	0%	3 Years	2013/03/31
EQSTRA	CZ 3370 Toyota Yaris T3 A/C	11.94%	0%	3 Years	2013/03/31
EQSTRA	CZ 3373 Toyota Hilux 2.5 D-4D P/U S/C	12.01%	0%	3 Years	2013/03/31
EQSTRA	CZ 3439 Toyota Hilux 2.5 D-4D P/U S/C	12.01%	0%	3 Years	2013/03/31
EQSTRA	CZ 3457 Toyota Hilux 2.5 D-4D P/U S/C	12.01%	0%	3 Years	2013/03/31
EQSTRA	CZ 3465 Toyota Hilux 2.5 D-4D P/U S/C	12.01%	0%	3 Years	2013/03/31
EQSTRA	CZ 4548 Toyota Corolla 1.3 Impact	11.98%	0%	3 Years	2013/09/30
EQSTRA	CZ 4557 Toyota Corolla 1.3 Impact	11.98%	0%	3 Years	2013/09/30
EQSTRA	CZ 4560 Toyota Corolla 1.3 Impact	12.01%	0%	3 Years	2013/09/30
EQSTRA	CZ 4561 Toyota Corolla 1.3 Impact	12.01%	0%	3 Years	2013/09/30
EQSTRA	CZ 4554 Toyota Corolla 1.3 Impact	12.01%	0%	3 Years	2013/09/30
EQSTRA	CZ 4741 Toyota Hilux 2.5 D-4D P/U S/C	12.09%	0%	3 Years	2013/09/30
EQSTRA	CZ 4584 Toyota Hilux 2.5 D-4D P/U S/C	12.09%	0%	3 Years	2013/09/30
EQSTRA	CZ 4567 Toyota Hilux 2.5 D-4D P/U S/C	12.09%	0%	3 Years	2013/09/30

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

EQSTRA	CZ 4577 Toyota Hilux 2.5 D-4D P/U S/C	12.04%	0%	3 Years	2013/09/30
EQSTRA	CZ 4566 Toyota Hilux 2.5 D-4D P/U S/C	12.04%	0%	3 Years	2013/09/30
EQSTRA	CZ 4754 Toyota Hilux 2.5 D-4D P/U S/C	11.99%	0%	3 Years	2013/09/30
EQSTRA	CZ 4746 Toyota Hilux 2.5 D-4D P/U S/C	11.99%	0%	3 Years	2013/09/30
EQSTRA	CZ 4336 Toyota Hilux 2.5 D-4D P/U S/C	12.13%	0%	3 Years	2013/10/31
EQSTRA	CZ 4738 Toyota Hilux 2.5 D-4D P/U S/C	12.06%	0%	3 Years	2013/11/30
EQSTRA	CZ 4730 Toyota Hilux 2.5 D-4D P/U S/C	12.06%	0%	3 Years	2013/11/30
EQSTRA	CZ 2543 Toyota Hilux 2.5 D-4D P/U S/C	11.99%	0%	3 Years	2012/08/31
EQSTRA	CZ 2533 Toyota Corolla 1.3 Impact	12.03%	0%	3 Years	2012/08/31
EQSTRA	CZ 3947 HILUX 2.5 D-4D SRX 4X4 P/U S/C	11.99%	0%	3 Years	2013/06/30
EQSTRA	CZ 6725 LDV TOYOTA	9.00%	0%	3 Years	2014/10/13
Nashua	MP4001	9.00%	0%	3 Years	2014/09/30
Nashua	MPC5501	9.00%	0%	3 Years	2014/08/31
Sharp	AR - 1206 Multifunction Machine	9.00%	0%	3 Years	2013/03/30
Sharp	AR 2060 Multifunction Machine	9.00%	0%	3 Years	2013/03/30
Sharp	AR -M258 25C Multifunction Machine	9.00%	0%	3 Years	2013/03/30
EQSTRA	CZ 8282 ISUZU KB250D FLETSIDE A/C P/U S/	8.50%	0%	3 Years	2016/02/28
EQSTRA	CZ 8340 ISUZU KB250D FLETSIDE A/C P/U S/	8.50%	0%	3 Years	2016/02/28
EQSTRA	CZ 8341 ISUZU KB250D FLETSIDE A/C P/U S.	8.50%	0%	3 Years	2016/02/28
EQSTRA	CZ 8343 ISUZU KB250D FLETSIDE A/C P/U S/	8.50%	0%	3 Years	2016/02/28
EQSTRA	CZ 8408 ISUZU KB250D FLETSIDE A/C P/U S/	8.50%	0%	3 Years	2016/04/30
EQSTRA	CZ 8410 ISUZU KB250D FLETSIDE A/C P/U S/	8.50%	0%	3 Years	2016/04/30
EQSTRA	CZ 8414 ISUZU KB250D FLETSIDE A/C P/U S/	8.50%	0%	3 Years	2016/04/30
EQSTRA	CZ 8415 ISUZU KB250D FLETSIDE A/C P/U S/	8.50%	0%	3 Years	2016/04/30
EQSTRA	CZ 8418 ISUZU KB250D FLETSIDE A/C P/U S/	8.50%	0%	3 Years	2016/04/30
EQSTRA	CZ 8419 ISUZU KB250D FLETSIDE A/C P/U S/	8.50%	0%	3 Years	2016/04/30
EQSTRA	CZ 8421 TOYOTA YARIS ZEN3 ACS	8.50%	0%	3 Years	2016/04/30
EQSTRA	CZ 8422 TOYOTA YARIS ZEN3 ACS	8.50%	0%	3 Years	2016/04/30
Panasonic	Machine Photocopy Kyocera FS1128	9.00%	0%	5 Years	2016/08/30
Panasonic	Machine Photocopy Kyocera FS 6025	9.00%	0%	5 Years	2016/07/30
Panasonic	PABX TELEPHONE SYSTEM	9.00%	15%	5 Years	2016/03/30
Panasonic	CCTV CAMERA'S	20.50%	0%	3 Years	2015/09/30
Panasonic	CCTV CAMERA'S	9.00%	15%	3 Years	2014/07/30

	2013 R	2012 R
<b>4 EMPLOYEE BENEFITS</b>		
Post Retirement Benefits - Refer to Note 4.1	19 242 724	20 739 895
Long Service Awards - Refer to Note 4.2	3 023 067	3 024 209
Pension Murraysburg	29 234	27 924
<b>Total Non-current Employee Benefit Liabilities</b>	<b>22 295 025</b>	<b>23 792 028</b>
<b><u>Post Retirement Benefits</u></b>		
Balance 1 July	21 524 707	17 583 976
Transfer from DMA (Murraysburg)	-	197 399
Contribution for the year	(826 186)	(717 149)
Expenditure for the year	2 474 038	2 009 040
Actuarial Loss/(Gain)	(3 194 043)	2 451 441
<b>Total post retirement benefits 30 June</b>	<b>19 978 516</b>	<b>21 524 707</b>
<b>Less:</b> Transfer of Current Portion - Note 7	<b>(735 792)</b>	<b>(784 812)</b>
<b>Balance 30 June</b>	<b>19 242 724</b>	<b>20 739 895</b>
<b><u>Long Service Awards</u></b>		
Balance 1 July	3 246 547	2 902 880
Transfer from DMA (Murraysburg)	-	225 312
Contribution for the year	(331 808)	(333 955)
Expenditure for the year	560 472	639 869
Actuarial Loss/(Gain)	3 106	(187 559)
<b>Total long service 30 June</b>	<b>3 478 317</b>	<b>3 246 547</b>
<b>Less:</b> Transfer of Current Portion - Note 7	<b>(455 250)</b>	<b>(222 338)</b>
<b>Balance 30 June</b>	<b>3 023 067</b>	<b>3 024 209</b>
<b><u>Pension Murraysburg</u></b>		
Balance 1 July	27 924	-
Transfer from DMA (Murraysburg)	-	27 431
Expenditure for the year	1 310	493
<b>Balance 30 June</b>	<b>29 234</b>	<b>27 924</b>
<b><u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u></b>		
Balance 1 July	24 799 178	20 486 856
Transfer from DMA (Murraysburg)	-	450 142
Contribution for the year	(1 157 994)	(1 051 104)
Expenditure for the year	3 035 820	2 649 402
Actuarial Loss/(Gain)	(3 190 937)	2 263 882
<b>Total employee benefits 30 June</b>	<b>23 486 067</b>	<b>24 799 178</b>
<b>Less:</b> Transfer of Current Portion - Note 7	<b>(1 191 042)</b>	<b>(1 007 150)</b>
<b>Balance 30 June</b>	<b>22 295 025</b>	<b>23 792 028</b>

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4	<b>EMPLOYEE BENEFITS (CONTINUE)</b>	<b>2013</b>	<b>2012</b>
		R	R
4.1	<b>Post Retirement Benefits</b>		
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	64	65
	In-service (employee) non-members	268	299
	Continuation members (e.g. Retirees, widows, orphans)	23	26
	<b>Total Members</b>	<u><b>355</b></u>	<u><b>390</b></u>
		<b>2013</b>	<b>2012</b>
		R	R
	The liability in respect of past service has been estimated to be as follows:		
	In-service (employees) members	7 815 266	8 183 241
	In-service (employees) non-members	1 997 976	2 080 071
	Continuation (retirees and widows) members	10 165 274	11 261 395
	<b>Total Liability</b>	<u><b>19 978 516</b></u>	<u><b>21 524 707</b></u>
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
		<b>2011</b>	<b>2010</b>
		R	R
	In-service members	7 277 383	4 234 313
	Continuation members	10 306 593	8 826 987
	<b>Total Liability</b>	<u><b>17 583 976</b></u>	<u><b>13 061 300</b></u>
		<b>2013</b>	<b>2012</b>
		Rm	Rm
	Experience adjustments were calculated as follows:		
	Liabilities: (Gain) / loss	(3.061)	1.678
	Assets: Gain / (loss)	-	-
	Experience adjustments were calculated as follows in respect of periods commencing prior to the comparative year:		
		<b>2011</b>	<b>2010</b>
		Rm	Rm
	In-service members	1.785	1.132
	Continuation members	-	-
	The municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25		
	The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
	Bonitas; LA Health; Hosmed; Samwumed; and Keyhealth.		
	The Municipality's Accrued Unfunded Liability at 30 June 2013 is estimated at R19 978 516. The Current-service Cost for the year ending 30 June 2013 is estimated at R815 290. It is estimated to be R783 017 for the ensuing year.		
	Key actuarial assumptions used:	<b>2013</b>	<b>2012</b>
		%	%
	<b>i) Rate of interest</b>		
	Discount rate	8.67%	7.85%
	Health Care Cost Inflation Rate	7.60%	6.84%
	Net Effective Discount Rate	1.00%	0.94%
	The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"		
	<b>ii) Mortality rates</b>		
	The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.		
	<b>iii) Normal retirement age</b>		
	It has been assumed that in-service members will retire at age 63 for males and 58 for females, which then implicitly allows for expected rates of early and ill-health retirement.		
	<b>The amounts recognised in the Statement of Financial Position are as follows:</b>	<b>2013</b>	<b>2012</b>
		R	R
	Present value of fund obligations	19 978 516	21 524 707
	<b>Total Liability</b>	<u><b>19 978 516</b></u>	<u><b>21 524 707</b></u>
	The fund is wholly unfunded.		

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>4 EMPLOYEE BENEFITS (CONTINUE)</b>		
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	21 524 707	17 583 976
Transfer from DMA (Murraysburg)	-	197 399
Total expenses	1 647 852	1 291 891
Current service cost	815 290	524 774
Interest Cost	1 658 748	1 484 266
Benefits Paid	(826 186)	(717 149)
Actuarial (gains)/losses	(3 194 043)	2 451 441
Present value of fund obligation at the end of the year	19 978 516	21 524 707
<b>Less:</b> Transfer of Current Portion - Note 7	(735 792)	(784 812)
<b>Balance 30 June</b>	<b>19 242 724</b>	<b>20 739 895</b>

**Sensitivity Analysis on the Accrued Liability**

Assumption		In-service members liability (R'000)	Continuation members liability (R'000)	Total liability (R'000)	% change
<b>Central Assumptions</b>		9.813	10.165	19.979	
Health care inflation	1%	11.887	11.309	23.196	16%
Health care inflation	-1%	8.175	9.188	17.363	-13%
Post-retirement mortality	-1 year	10.149	10.568	20.717	4%
Average retirement age	-1 year	10.567	10.165	20.732	4%
Withdrawal Rate	-50%	10.771	10.165	20.936	5%
		<b>Current-service Cost (R)</b>	<b>Interest Cost (R)</b>	<b>Total (R)</b>	<b>% change</b>
<b>Central Assumption</b>		815 300	1 658 700	2 474 000	
Health care inflation	1%	1 010 900	1 929 600	2 940 500	19%
Health care inflation	-1%	664 000	1 438 500	2 102 500	-15%
Post-retirement mortality	-1 year	843 200	1 720 700	2 563 900	4%
Average retirement age	-1 year	870 500	1 721 300	2 591 800	5%
Withdrawal Rate	-50%	943 800	1 725 700	2 669 500	8%

**4.2 Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans. As at year end, 330 employees were eligible for Long Service Bonuses.

The Employer's Unfunded Accrued Liability at 30 June 2013 is estimated at R3 478 317. The Current-service Cost for the year ending 30 June 2013 is estimated at R354 221. It is estimated to be R264 427 for the ensuing year.

Key actuarial assumptions used:

	2013 %	2012 %
<b>i) Rate of interest</b>		
Discount rate	7.35%	6.57%
General Salary Inflation (long-term)	6.80%	5.97%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.51%	0.57%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

	2013 R	2012 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	3 478 317	3 246 547
<b>Net liability/(asset)</b>	<b>3 478 317</b>	<b>3 246 547</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2011 R	2010 R	2009 R
Present value of fund obligations	2 902 880	1 740 386	1 557 968
<b>Total Liability</b>	<b>2 902 880</b>	<b>1 740 386</b>	<b>1 557 968</b>

Experience adjustments were calculated as follows:

	2013 R	2012 R	2011 R
Liabilities: (Gain) / loss	(110 128)	(5 747)	496 177
Assets: Gain / (loss)	-	-	-

The municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>4 EMPLOYEE BENEFITS (CONTINUE)</b>		
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	3 246 547	2 902 880
Transfer from DMA (Murraysburg)	-	225 312
Total expenses	228 664	305 914
Current service cost	354 221	434 110
Interest Cost	206 251	205 759
Benefits Paid	(331 808)	(333 955)
Actuarial (gains)/losses	3 106	(187 559)
Present value of fund obligation at the end of the year	3 478 317	3 246 547
<b>Less:</b> Transfer of Current Portion - Note 7	(455 250)	(222 338)
<b>Balance 30 June</b>	<b>3 023 067</b>	<b>3 024 209</b>

**Sensitivity Analysis on the Unfunded Accrued Liability**

Assumption	Change	Liability (Rm)	% change
Central assumptions		3.478	
General salary inflation	1%	3.727	7%
General salary inflation	-1%	3.255	-6%
Average retirement age	-2 yrs	3.011	-13%
Average retirement age	2 yrs	4.140	19%
Withdrawal rates	-50%	4.122	19%

**4.3 Retirement funds**

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating 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 Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

**CAPE RETIREMENT FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 99.9% (30 June 2011 - 100.3%).

**CAPE JOINT PENSION FUND**

The contribution rate payable is 9% by members and 18% or 23.06% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 99.40% (30 June 2011 - 98.10%). Whilst this has increased since the previous actuarial valuations it is still within the Registrar's normally acceptable range of at least a 95% funding level, provided that the previous statutory valuation reflected at least a 98.1% funding level.

	2013 R	2012 R
<b>5 NON-CURRENT PROVISIONS</b>		
Provision for Rehabilitation of Landfill-sites	5 480 294	5 253 577
<b>Total Non-current Provisions</b>	<b>5 480 294</b>	<b>5 253 577</b>
<b>Landfill Sites</b>		
Balance 1 July	7 064 563	6 728 155
Contribution for the year	292 474	336 408
<b>Total provision 30 June</b>	<b>7 357 037</b>	<b>7 064 563</b>
<b>Less:</b> Transfer of Current Portion to Provisions	(1 876 743)	(1 810 986)
<b>Balance 30 June</b>	<b>5 480 294</b>	<b>5 253 577</b>

The estimated rehabilitation costs for each of the existing sites are based on the current rates for

	Beaufort West	Nelspoort	Murraysburg	Merweville
Earthworks - Shape Landfill (m <sup>2</sup> )	58920	9 850	15 920	6300
Topsoil (m <sup>2</sup> )	58920	680	15 920	6300
Stormwater Cut off drain (m)	460	200	330	180

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:

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

5 NON-CURRENT PROVISIONS (CONTINUE)

Location	Estimated decommission date	Cost of	Cost of
		rehabilitation	rehabilitation
		Decommission date	2013
		R	R
Beaufort West	2028	5 488 439	3 214 426
Nelspoort	2036	2 394 660	1 054 341
Murraysburg	2012	1 876 743	1 876 743
Merweville	2036	2 751 668	1 211 527
		<u>12 511 510</u>	<u>7 357 037</u>

2013 R      2012 R

6 CONSUMER DEPOSITS

Water & Electricity	1 159 826	1 059 679
<b>Total Consumer Deposits</b>	<u><b>1 159 826</b></u>	<u><b>1 059 679</b></u>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

2013 R      2012 R

7 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits - Note 4	735 792	784 812
Current Portion of Long-Service Provisions - Note 4	455 250	222 338
Performance Bonuses	519 411	486 961
Bonuses	1 536 643	1 726 842
Staff Leave	3 909 245	3 250 382
<b>Total Current Employee Benefits</b>	<u><b>7 156 341</b></u>	<u><b>6 471 335</b></u>

The movement in current employee benefits are reconciled as follows:

Provision for Performance Bonuses

Balance at beginning of year	486 961	345 405
Contribution to current portion	444 126	388 367
Expenditure incurred	(411 676)	(246 811)
Balance at end of year	<u><b>519 411</b></u>	<u><b>486 961</b></u>

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by an executive performance committee.

Bonuses

Balance at beginning of year	1 726 842	1 542 155
Contribution to current portion	2 770 102	2 828 382
Expenditure incurred	(2 960 301)	(2 643 695)
Balance at end of year	<u><b>1 536 643</b></u>	<u><b>1 726 842</b></u>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

Provision for Staff Leave

Balance at beginning of year	3 250 382	2 874 861
Contribution to current portion	1 100 689	786 399
Expenditure incurred	(441 826)	(410 878)
Balance at end of year	<u><b>3 909 245</b></u>	<u><b>3 250 382</b></u>

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.

2013 R      2012 R

8 PROVISIONS

Current Portion of Rehabilitation of Landfill-sites - Note 5	1 876 743	1 810 986
<b>Total Provisions</b>	<u><b>1 876 743</b></u>	<u><b>1 810 986</b></u>

9 PAYABLES FROM EXCHANGE TRANSACTIONS

	2013 R	2012 R
Trade Payables	17 358 664	19 134 491
Unspent External Loans	-	443 032
Deposits: Other	1 293 686	1 162 726
Payments received in advance	668 313	158 665
Receivable accounts with credit balances	2 370 144	1 229 430
Pensionfund SALA	2 519 084	-
<b>Total Trade Payables</b>	<u><b>24 209 891</b></u>	<u><b>22 128 344</b></u>

Payables are not being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.

All payments are unsecured.



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	2013 R	2012 R
<b>Unspent Grants</b>	7 774 144	13 219 957
National and Provincial Government Grants	7 774 144	13 219 957
<b>Less:</b> Unpaid Grants	972 570	97 044
National and Provincial Government Grants	972 570	97 044
<b>Total Conditional Grants and Receipts</b>	<b>6 801 574</b>	<b>13 122 913</b>

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.

**10.01 Equitable share**

Opening balance	-	-
Grants received	32 765 000	28 956 000
Conditions met - Operating	(32 765 000)	(28 956 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

**10.02 National Grants**

Opening balance	7 730 026	1 713 208
Grants received	34 377 674	29 733 000
Interest on investment (Only if condition)	8 911	70 589
Nett Transfers	(8 636 001)	-
Conditions met - Own Income	(2 338 860)	(2 656 969)
Conditions met - Operating	(12 931 041)	(10 151 223)
Conditions met - Capital	(18 897 351)	(10 978 578)
Conditions still to be met	(686 642)	7 730 027

National Grants received with conditions to be met.

**10.03 Provincial Grants**

Opening balance	4 857 015	6 966 166
Grants received	32 330 845	8 425 414
Interest on investment (Only if condition)	254 182	135 078
Nett Transfers	-	56 676
Conditions met - Own Income	(155 256)	-
Conditions met - Operating	(18 787 558)	(7 843 163)
Conditions met - Capital	(11 264 440)	(2 883 158)
Conditions still to be met	7 234 788	4 857 013

Provincial Grants received with conditions to be met.

**10.04 Municipal Infrastructure Grant**

Opening balance	131 034	88 554
Grants received	21 437 001	17 672 999
Interest on investment (Only if condition)	-	276 231
Nett Transfers	1	-
Conditions met - Own Income	(337 821)	(1 180)
Conditions met - Operating	(221 979)	(201 731)
Conditions met - Capital	(21 008 234)	(17 703 838)
Conditions still to be met	2	131 035

Municipal Infrastructure Grant received with conditions to be met.

**10.05 Local Economic Development**

Opening balance	29 862	168 919
Interest on investment (Only if condition)	1 479	3 648
Conditions met - Operating	-	(142 705)
Conditions still to be met	31 341	29 862

Local Economic Development received with conditions to be met.

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

10	<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>	<b>2013</b>	<b>2012</b>
		<b>R</b>	<b>R</b>
<b>10.06</b>	<b>ESKOM</b>		
	Grants received	-	488 033
	Conditions met - Operating	-	(488 033)
	Conditions still to be met	<u>-</u>	<u>-</u>
	ESKOM received with conditions to be met.		
<b>10.07</b>	<b>LOTTERY</b>		
	Opening balance	-	8 795
	Conditions met - Capital	-	(8 795)
	Conditions still to be met	<u>-</u>	<u>-</u>
	LOTTERY received with conditions to be met.		
<b>10.08</b>	<b>Central Karoo District Municipality Funds</b>		
	Opening balance	374 976	7 438
	Grants received	521 930	554 249
	Interest on investment (Only if condition)	294	4 235
	Conditions met - Operating	(675 113)	(183 428)
	Conditions met - Capital	-	(7 517)
	Conditions still to be met	<u>222 087</u>	<u>374 977</u>
	Central Karoo District Municipality Funds received with conditions to be met.		
<b>10.09</b>	<b>Public Contributions</b>		
	Opening balance	376 304	477 624
	Grants received	578 533	540 420
	Interest on investment (Only if condition)	10 446	37 703
	Conditions met - Own Income	(813)	-
	Conditions met - Operating	(964 470)	(396 335)
	Conditions met - Capital	-	(283 109)
	Conditions still to be met	<u>-</u>	<u>376 303</u>
	Public Contributions received with conditions to be met.		
<b>10.10</b>	<b>Total Conditional Grants and Receipts</b>		
	Opening balance	13 499 217	9 430 704
	Grants received	89 245 983	57 414 115
	Interest on investment (Only if condition)	275 312	527 484
	Net Transfers	(8 636 000)	56 676
	Conditions met - Own Income	(2 832 750)	(2 658 149)
	Conditions met - Operating	(33 580 161)	(19 406 618)
	Conditions met - Capital	(51 170 025)	(31 864 995)
	Conditions still to be met	<u>6 801 576</u>	<u>13 499 217</u>
	Total Conditional Grants and Receipts received with conditions to be met.		
<b>11</b>	<b>UNSPENT PUBLIC CONTRIBUTIONS</b>		
	<b>Unspent Public Contribution</b>	-	376 303
	The Unspent Public Contributions 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.		
<b>12</b>	<b>TAXES</b>	<b>2013</b>	<b>2012</b>
		<b>R</b>	<b>R</b>
	VAT	(49 149)	1 987 882
	Balance previously reported	<u>-</u>	<u>-</u>
	Correction of error. Refer to note	<u>-</u>	<u>-</u>
	Provision for Debt Impairment of trade receivables from exchange transactions	<u>3 514 387</u>	<u>3 430 937</u>
		<u>3 465 238</u>	<u>5 418 819</u>
	VAT is payable on the payments basis. Only once payment is received from debtors is VAT paid over to SARS.		

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

13 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation			Carrying Value	
	Opening Balance R	Additions R	Transfers R	Disposals/ Impairments R	Closing Balance R	Opening Balance R	Depreciation Charge R	Disposals/ Impairments/ Transfers R		Closing Balance R
<b>30 June 2013</b>										
<b>Land and Buildings</b>	50 855 039	-	-	(198 150)	50 656 889	777 115	174 956	-	952 071	49 704 818
Land	35 343 105	-	-	(198 150)	35 144 955	-	-	-	-	35 144 955
Buildings	15 511 934	-	-	-	15 511 934	777 115	174 956	-	952 071	14 559 863
<b>Infrastructure</b>	276 574 688	51 876 710	-	-	328 451 398	33 245 926	10 368 733	-	43 614 659	284 836 739
Stormwater Network	34 914 816	3 723 422	-	-	38 638 238	5 348 275	1 489 337	-	6 837 612	31 800 626
Road Network	82 266 508	31 472 170	-	-	113 738 678	12 399 788	3 234 270	-	15 634 058	98 104 620
Sanitation Network	51 404 217	556 317	-	-	51 960 534	3 424 368	1 653 408	-	5 077 776	46 882 759
Electricity Network	53 371 181	12 822 230	-	-	66 193 411	3 596 855	1 765 867	-	5 362 722	60 830 689
Water Network	53 699 743	2 928 679	-	-	56 628 422	8 241 697	2 170 762	-	10 412 459	46 215 963
Refuse Network	918 223	373 892	-	-	1 292 115	234 944	55 089	-	290 033	1 002 082
<b>Community Assets</b>	20 315 890	209 823	(3 160 000)	-	17 365 713	1 095 408	493 774	(189 356)	1 399 826	15 965 886
Taxi Rank	252 000	-	-	-	252 000	12 607	2 494	-	15 101	236 899
Museum	3 160 000	-	(3 160 000)	-	-	158 086	31 270	(189 356)	-	-
Cemeteries	17 200	-	-	-	17 200	860	170	-	1 030	16 170
Community centres	9 686 383	-	-	-	9 686 383	553 326	295 967	-	849 293	8 837 090
Recreation sites	6 642 829	209 823	-	-	6 852 652	342 441	157 776	-	500 217	6 352 435
Libraries	557 477	-	-	-	557 477	28 088	6 097	-	34 185	523 292
<b>Lease Assets</b>	4 652 316	1 883 024	-	(2 078 300)	4 457 040	3 079 020	1 000 232	(2 078 300)	2 000 952	2 456 088
Office Equipment (Lease)	339 187	288 963	-	-	628 150	142 325	108 165	-	250 490	377 660
Vehicles (Lease)	4 313 129	1 594 061	-	(2 078 300)	3 828 890	2 936 695	892 067	(2 078 300)	1 750 462	2 078 428
<b>Other Assets</b>	16 578 118	226 843	-	(6 163)	16 798 798	6 299 068	765 783	(4 844)	7 060 007	9 738 791
Computer hardware	2 260 103	107 439	-	(5 000)	2 362 542	1 067 401	162 889	(3 729)	1 226 561	1 135 981
Air conditioners	559 368	-	-	-	559 368	297 963	34 122	-	332 085	227 283
Chairs	282 002	2 162	-	-	284 164	180 147	11 549	-	191 696	92 468
Concrete Mixer	11 938	-	-	-	11 938	8 652	365	-	9 017	2 921
Desks & Tables	319 287	2 886	-	-	322 173	188 784	13 954	-	202 738	119 435
Compactors	30 731	-	-	-	30 731	22 803	971	-	23 774	6 957
Compressors	218 751	-	-	-	218 751	33 912	10 843	-	44 755	173 996
Tools	764 167	33 892	-	-	798 059	316 511	48 975	-	365 486	432 573
Electronic Equipment	650 818	40 349	-	(1 163)	690 004	339 341	34 689	(1 115)	372 915	317 089
Fire Brigade Equipment	138 990	-	-	-	138 990	16 506	6 924	-	23 430	115 560
Lawn Equipment	290 475	-	-	-	290 475	171 325	12 648	-	183 973	106 502
Trucks/LDV	6 438 972	-	-	-	6 438 972	1 980 981	201 025	-	2 182 006	4 256 966
Motor Vehicles	532 836	-	-	-	532 836	154 065	17 174	-	171 239	361 597
Office Equipment	547 396	10 429	-	-	557 825	345 646	27 169	-	372 815	185 010
Office Furniture	818 990	17 286	-	-	836 276	392 517	46 785	-	439 302	396 974
Trailers	406 922	-	-	-	406 922	248 255	18 671	-	266 926	139 996
Tracktors	1 456 524	-	-	-	1 456 524	202 383	62 213	-	264 596	1 191 928
Toolbox	332 788	-	-	-	332 788	113 761	26 848	-	140 609	192 179
Gym Equipment	116 803	-	-	-	116 803	61 905	4 986	-	66 891	49 912
Generators	187 130	-	-	-	187 130	42 568	8 878	-	51 446	135 684
Radio Equipment	213 127	12 400	-	-	225 527	113 642	14 105	-	127 747	97 780
	368 976 051	54 196 400	(3 160 000)	(2 282 613)	417 729 838	44 496 537	12 803 478	(2 272 500)	55 027 515	362 702 323

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

13 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation			Carrying Value	
	Opening Balance R	Additions R	Transfers R	Disposals/ Impairments R	Closing Balance R	Opening Balance R	Depreciation Charge R	Disposals/ Impairments/ Transfers R		Closing Balance R
<b>30 June 2012</b>										
<b>Land and Buildings</b>	49 316 220	-	1 538 818	-	50 855 038	601 576	175 539	-	777 115	50 077 924
Land	35 378 150	-	1 174 855	-	36 553 005	-	-	-	-	36 553 005
Buildings	13 938 070	-	363 963	-	14 302 033	601 576	175 539	-	777 115	13 524 919
<b>Infrastructure</b>	204 816 152	34 168 669	37 589 866	-	276 574 687	23 321 749	9 924 177	-	33 245 926	243 328 761
Stormwater Network	23 476 895	6 137 955	5 299 965	-	34 914 815	3 917 542	1 430 733	-	5 348 275	29 566 541
Road Network	53 165 925	12 090 892	17 009 691	-	82 266 508	9 153 958	3 245 830	-	12 399 788	69 866 720
Sanitation Network	45 661 550	258 590	5 473 876	-	51 394 017	1 677 424	1 746 944	-	3 424 368	47 969 649
Electricity Network	38 182 001	11 716 323	3 472 856	-	53 371 180	2 304 176	1 292 679	-	3 596 855	49 774 325
Water Network	43 538 894	3 927 838	6 233 012	-	53 699 744	6 092 285	2 149 412	-	8 241 697	45 458 047
Refuse Network	790 887	37 071	100 466	-	928 423	176 364	58 580	-	234 944	693 479
<b>Community Assets</b>	14 380 766	369 672	5 565 451	-	20 315 890	576 612	518 796	-	1 095 408	19 220 481
Taxi Rank	252 000	-	-	-	252 000	10 087	2 520	-	12 607	239 393
Museum	3 160 000	-	-	-	3 160 000	126 487	31 599	-	158 086	3 001 914
Cemeteries	17 200	-	-	-	17 200	688	172	-	860	16 340
Community centurms	5 555 000	-	4 131 383	-	9 686 383	222 352	330 974	-	553 326	9 133 057
Recreation sites	4 851 066	369 672	1 422 091	-	6 642 829	195 163	147 278	-	342 441	6 300 388
Libraries	545 500	-	11 977	-	557 477	21 835	6 253	-	28 088	529 389
<b>Lease Assets</b>	4 414 807	360 910	-	(123 400)	4 652 316	1 587 906	1 614 514	(123 400)	3 079 020	1 573 296
Office Equipment (Lease)	108 807	230 381	-	-	339 187	50 527	91 798	-	142 325	196 862
Vehicles (Lease)	4 306 000	130 529	-	(123 400)	4 313 129	1 537 379	1 522 716	(123 400)	2 936 695	1 376 434
<b>Other Assets</b>	14 702 506	2 107 771	654 524	(886 680)	16 578 121	6 239 120	693 372	(633 425)	6 299 067	10 279 054
Computer hardware	2 145 408	387 596	31 096	(303 997)	2 260 102	1 203 816	134 101	(270 887)	1 067 030	1 193 072
Balance previously reported	2 145 408	387 596	31 096	(303 997)	2 260 102	1 296 262	118 553	(270 887)	1 143 928	1 116 175
Correction of error. No. 2 - Refer note 40.02	-	-	-	-	-	(92 446)	15 548	-	(76 898)	76 898
Air conditioners	564 503	4 036	3 072	(5 844)	565 768	265 866	37 815	(3 378)	300 303	265 465
Balance previously reported	564 503	4 036	3 072	(5 844)	565 768	315 866	29 482	(3 378)	341 970	223 798
Correction of error. No. 2 - Refer note 40.02	-	-	-	-	-	(50 000)	8 333	-	(41 667)	41 667
Chairs	288 345	-	-	(6 344)	282 001	171 698	12 812	(4 364)	180 146	101 855
Balance previously reported	288 963	-	-	(6 344)	282 619	182 314	11 194	(4 364)	189 144	93 475
Correction of error. No. 1 - Refer note 40.02	(618)	-	-	-	(618)	(418)	(66)	-	(484)	(134)
Correction of error. No. 2 - Refer note 40.02	-	-	-	-	-	(10 198)	1 684	-	(8 513)	8 513
Concrete Mixer	11 938	-	-	-	11 938	8 242	411	-	8 653	3 285
Desks & Tables	336 288	1 541	-	(18 542)	319 287	184 969	15 917	(12 120)	188 766	130 521
Balance previously reported	336 288	1 541	-	(18 542)	319 287	192 606	14 686	(12 120)	195 172	124 115
Correction of error. No. 2 - Refer note 40.02	-	-	-	-	-	(7 637)	1 231	-	(6 406)	6 406
Compactors	31 779	-	-	(1 048)	30 731	22 741	1 111	(1 048)	22 804	7 927
Compressors	210 010	8 741	-	-	218 751	22 438	11 474	-	33 912	184 839
Tools	629 243	132 705	43 986	(41 767)	764 167	305 010	42 589	(31 089)	316 511	447 656
Balance previously reported	629 243	132 705	43 986	(41 767)	764 167	319 184	40 217	(31 089)	328 313	435 854
Correction of error. No. 2 - Refer note 40.02	-	-	-	-	-	(14 174)	2 372	-	(11 802)	11 802
Electronic Equipment	617 183	54 956	8 924	(30 244)	650 819	322 363	36 388	(18 702)	340 049	310 770
Balance previously reported	617 183	54 956	8 924	(30 244)	650 819	330 832	34 948	(18 702)	347 077	303 742

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

13 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Transfers	Disposals/ Impairments	Closing Balance	Opening Balance	Depreciation Charge	Disposals/ Impairments/ Transfers	Closing Balance	
	R	R	R	R	R	R	R	R	R	R
Correction of error. No. 2 - Refer note 40.02	-	-	-	-	-	(8 469)	1 440	-	(7 029)	7 029
Fire Brigade Equipment	142 116	3 670	-	(6 796)	138 990	14 355	7 561	(5 408)	16 508	122 482
Balance previously reported	142 116	3 670	-	(6 796)	138 990	14 790	7 488	(5 408)	16 870	122 120
Correction of error. No. 2 - Refer note 40.02	-	-	-	-	-	(435)	72	-	(362)	362
Lawn Equipment	229 996	64 772	-	(4 293)	290 475	165 073	8 449	(3 386)	170 135	120 340
Balance previously reported	229 996	64 772	-	(4 293)	290 475	170 163	7 747	(3 386)	174 524	115 951
Correction of error. No. 2 - Refer note 40.02	-	-	-	-	-	(5 090)	701	-	(4 389)	4 389
Trucks/LDV	6 133 651	399 035	213 134	(306 848)	6 438 973	1 939 122	188 978	(147 119)	1 980 981	4 457 992
Balance previously reported	6 178 651	399 035	213 134	(306 848)	6 483 973	1 953 965	190 215	(147 119)	1 997 061	4 486 912
Correction of error. No. 1 - Refer note 40.02	(45 000)	-	-	-	(45 000)	(14 843)	(1 237)	-	(16 080)	(28 920)
Motor Vehicles	450 960	-	81 876	-	532 836	144 917	9 149	-	154 066	378 770
Office Equipment	578 881	4 461	8 229	(43 184)	548 387	344 949	33 926	(32 393)	346 481	201 906
Balance previously reported	578 881	4 461	8 229	(43 184)	548 387	348 483	33 377	(32 393)	349 466	198 920
Correction of error. No. 2 - Refer note 40.02	-	-	-	-	-	(3 534)	549	-	(2 985)	2 985
Office Furniture	572 020	19 654	229 207	(2 880)	818 000	338 952	55 086	(1 488)	392 550	425 450
Balance previously reported	573 010	19 654	229 207	(2 880)	818 990	347 009	53 825	(1 488)	399 345	419 645
Correction of error. No. 1 - Refer note 40.02	(990)	-	-	-	(990)	(327)	(27)	-	(354)	(636)
Correction of error. No. 2 - Refer note 40.02	-	-	-	-	-	(7 730)	1 288	-	(6 441)	6 441
Trailers	347 128	26 967	32 827	-	406 922	230 586	17 668	-	248 255	158 668
Balance previously reported	372 000	26 967	32 827	-	431 794	265 944	15 441	-	281 385	150 409
Correction of error. No. 1 - Refer note 40.02	(24 872)	-	-	-	(24 872)	(17 027)	(828)	-	(17 855)	(7 017)
Correction of error. No. 2 - Refer note 40.02	-	-	-	-	-	(18 331)	3 055	-	(15 276)	15 276
Tracktors	523 342	933 182	-	-	1 456 524	184 932	17 450	-	202 382	1 254 141
Toolbox	277 513	55 276	-	-	332 789	82 750	31 011	-	113 761	219 028
Gym Equipment	116 803	-	-	-	116 803	56 444	5 462	-	61 905	54 898
Balance previously reported	116 803	-	-	-	116 803	59 095	5 020	-	64 115	52 688
Correction of error. No. 2 - Refer note 40.02	-	-	-	-	-	(2 651)	442	-	(2 210)	2 210
Generators	195 168	-	-	(8 037)	187 131	38 936	9 831	(6 200)	42 567	144 563
Radio Equipment	300 231	11 180	2 172	(106 856)	206 727	190 959	16 183	(95 841)	111 301	95 425
Balance previously reported	300 231	11 180	2 172	(106 856)	206 727	215 468	12 099	(95 841)	131 725	75 001
Correction of error. No. 2 - Refer note 40.02	-	-	-	-	-	(24 509)	4 085	-	(20 424)	20 424
	287 630 451	37 007 022	45 348 659	(1 010 080)	368 976 052	32 326 963	12 926 399	(756 825)	44 496 536	324 479 515

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>		
<b>Carrying value of assets retired from active use and held for disposal:</b>		
Cost	-	-
Land and Buildings	-	-
Accumulated depreciation	-	-
Land and Buildings	-	-
Carrying value	-	-
<b>Impairment of property plant and equipment</b>		
Impairment charges on Property, plant and equipment recognised in statement of financial performance		
Lease Assets	-	-
Other	-	253 257
	-	253 257

The effect of a change in accounting estimate will have on the current period and subsequent periods:

	2013 R	2014 R	2015 R
Effect on Property, plant and equipment	1 008 793	2 752 200	1 096 957

Assessment of impairment of assets was performed on other assets.

**Details of property plant and equipment carried at fair value**

No property, plant and equipment are carried at fair value.

	2013 R	2012 R
<b>14 INVESTMENT PROPERTY</b>		
<b>Net Carrying amount at 1 July</b>	<b>9 969 740</b>	<b>10 249 777</b>
Cost	11 609 924	11 609 924
Accumulated Depreciation	(1 640 184)	(1 360 147)
Depreciation for the year	(279 271)	(280 037)
<b>Net Carrying amount at 30 June</b>	<b>9 690 469</b>	<b>9 969 740</b>
Cost	11 609 924	11 609 924
Accumulated Depreciation	(1 919 455)	(1 640 184)
Revenue derived from the rental of investment property:		
Sanlam Building	192 446	182 633
Operating expenditure incurred on properties generating revenue	10 539	14 010

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The cost model in terms of GRAP 16 is being applied on Investment Property.

Cost at implementation of GRAP 16 and fair value was determined by valuation roll of 1 July 2009.

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

15 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale at beginning of year - at book value	-	1 318 840
Transfer to Property Plant & Equipment	-	(1 205 795)
	-	113 045
Non-current assets sold/written off during the year	-	(113 045)
Non-current assets held for sale at end of year - at book value	-	-

Disposal group:

Non-Current Asset - Property Plant & Equipment - Land & Buildings	-	-
	-	-

Land and buildings on demand was identified by management and approved by Council to be disposed within the next 12 months during the 2011/12 financial year in accordance with Section 14 of the MFMA, Asset Transfer Regulations and the Supply Chain Management Regulations.

Due to the poor property market, management decided not to sell all these properties and transferred it back to PPE in 2012.

16 INTANGIBLE ASSETS

Computer System & Software

Net Carrying amount at 1 July

	433 721	541 079
Cost	1 041 845	1 034 434
Accumulated Amortisation	(608 124)	(493 355)

Acquisitions	7 359	7 411
Amortisation for the year	(106 499)	(114 769)

Net Carrying amount at 30 June

	334 581	433 721
Cost	1 049 204	1 041 845
Accumulated Amortisation	(714 623)	(608 124)

The following material intangible assets are included in the carrying value above

Description	Remaining Amortisation Period	Carrying Value	
		2013 R	2012 R
Sebata System	4	318 737	398 530

No intangible asset were assessed as having an indefinite useful life.  
There are no intangible assets whose title is restricted.  
There are no intangible assets pledged as security for liabilities

17 CAPITALISED RESTORATION COST

Net Carrying amount at 1 July

	1 345 217	1 473 524
Cost	2 505 396	2 505 396
Accumulated Depreciation	(1 088 885)	(1 031 872)
Accumulated Impairments	(71 295)	(31 281)

Depreciation for the year	(77 719)	(57 012)
Impairment - Note	(18 356)	(40 013)

Net Carrying amount at 30 June

	1 249 142	1 345 217
Cost	2 505 396	2 505 396
Accumulated Depreciation	(1 166 604)	(1 088 885)
Accumulated Impairments	(89 651)	(71 295)

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>18 HERITAGE ASSETS</b>		
<b>Net Carrying amount at 1 July</b>	-	-
Acquisitions	-	-
Transfers from Property, Plant and equipment	2 970 644	-
<b>Net Carrying amount at 30 June</b>	<u>2 970 644</u>	<u>-</u>

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in May 2010. The municipality identified its heritage assets during the current period but did not measure all its heritage assets. The municipality is currently in the process of measuring its heritage assets in terms of GRAP 103 and it is expected that this process will be completed for inclusion in the 2015 financial statements.

<b>19 LONG-TERM RECEIVABLES</b>		
Housing Loans	554 859	609 668
Receivables with arrangements	3 400 933	985 316
<b>Less:</b> Current portion transferred to Trade and other receivables from exchange transactions	<u>(2 334 285)</u>	<u>(261 861)</u>
	1 621 507	1 333 123
<b>Less:</b> Provision for Debt Impairment	-	-
<b>Total Long Term Receivables</b>	<u>1 621 507</u>	<u>1 333 123</u>

**ARRANGEMENTS**

Municipal account holders can make arrangements with the municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to Trade receivables where it will be included in the calculation of Provision for Impairment.

**HOUSING LOANS**

The outstanding amount relates to prior years and is still collectable. General public were entitled to housing loans which attract interest at 13,5% per annum and which are repayable over a maximum period of 30 years. These loans are repayable in the year 2026.

<b>20 INVENTORY</b>		
Consumable Stores - Stationery and materials - At cost	3 101 494	3 029 275
Water – at cost	64 409	51 218
<b>Total Inventory</b>	<u>3 165 903</u>	<u>3 080 493</u>

Consumable stores materials written down due to losses as identified during the annual stores counts.	<u>26 064</u>	<u>21 167</u>
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Consumable stores materials surpluses identified during the annual stores counts.	<u>35 078</u>	<u>100 988</u>
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No inventory assets were pledged as security for liabilities.

<b>21 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
<b>Service Receivables</b>		
Water	2 904 579	2 544 883
Electricity	5 392 199	5 572 715
Housing Rentals	107 275	110 026
Refuse	4 963 549	4 062 150
Sewerage	6 458 247	5 653 642
<b>Total Service Receivables</b>	<u>19 825 849</u>	<u>17 943 416</u>
Less: Provision for Debt Impairment	<u>(13 283 318)</u>	<u>(11 663 220)</u>
<b>Net Service Receivables</b>	<u>6 542 531</u>	<u>6 280 196</u>
<b>Other Receivables</b>		
Other Arrears	22 886 315	24 510 427
<b>Total Other Receivables</b>	<u>22 886 315</u>	<u>24 510 427</u>
Less: Provision for Debt Impairment	<u>(15 333 831)</u>	<u>(16 274 412)</u>
<b>Net Other Receivables</b>	<u>7 552 484</u>	<u>8 236 015</u>
<b>Total Net Receivables from Exchange Transactions</b>	<u>14 095 015</u>	<u>14 516 211</u>

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 trade and other receivables on initial recognition is not deemed necessary.



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

21	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)	2013 R	2012 R
	<b>Ageing of Receivables from Exchange Transactions</b>		
	<b><u>(Electricity): Ageing</u></b>		
	Current (0 - 30 days)	3 625 373	3 670 895
	31 - 60 Days	161 078	98 216
	61 - 90 Days	47 729	59 639
	+ 90 Days	1 558 019	1 743 965
	<b>Total</b>	<b>5 392 199</b>	<b>5 572 715</b>
	<b><u>(Water): Ageing</u></b>		
	Current (0 - 30 days)	954 256	735 594
	31 - 60 Days	178 572	115 549
	61 - 90 Days	136 832	76 482
	+ 90 Days	1 634 919	1 617 258
	<b>Total</b>	<b>2 904 579</b>	<b>2 544 883</b>
	<b><u>(Refuse): Ageing</u></b>		
	Current (0 - 30 days)	458 552	424 729
	31 - 60 Days	185 925	166 898
	61 - 90 Days	171 262	157 205
	+ 90 Days	4 147 810	3 313 318
	<b>Total</b>	<b>4 963 549</b>	<b>4 062 150</b>
	<b><u>(Sewerage): Ageing</u></b>		
	Current (0 - 30 days)	835 803	761 887
	31 - 60 Days	271 585	239 339
	61 - 90 Days	245 584	219 984
	+ 90 Days	5 105 275	4 432 432
	<b>Total</b>	<b>6 458 247</b>	<b>5 653 642</b>
	<b><u>(Housing Rentals Debtors): Ageing</u></b>		
	Current (0 - 30 days)	5 864	5 803
	31 - 60 Days	1 393	1 149
	61 - 90 Days	1 393	1 295
	+ 90 Days	98 625	101 779
	<b>Total</b>	<b>107 275</b>	<b>110 026</b>
	<b><u>(Other Debtors): Ageing</u></b>		
	Current (0 - 30 days)	555 590	257 239
	31 - 60 Days	196 836	556 126
	61 - 90 Days	147 306	2 168 553
	+ 90 Days	21 986 583	21 528 509
	<b>Total</b>	<b>22 886 315</b>	<b>24 510 427</b>
22	<b>TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>	<b>2013 R</b>	<b>2012 R</b>
	<b>Service Receivables</b>		
	Taxes - Rates	6 418 938	6 688 332
	Other Receivables	6 761 311	14 313 119
	<b>Total Service Receivables</b>	<b>13 180 249</b>	<b>21 001 451</b>
	Less: Provision for Debt Impairment	(4 300 688)	(4 347 416)
	<b>Net Service Receivables</b>	<b>8 879 561</b>	<b>16 654 035</b>
	<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>8 879 561</b>	<b>16 654 035</b>
	<b>Ageing of Receivables from Non-Exchange Transactions</b>		
	<b><u>(Rates): Ageing</u></b>		
	Current (0 - 30 days)	1 046 177	994 062
	31 - 60 Days	1 465 551	162 462
	61 - 90 Days	164 699	182 265
	+ 90 Days	3 742 511	5 349 543
	<b>Total</b>	<b>6 418 938</b>	<b>6 688 332</b>
	<b><u>(Other Receivables): Ageing</u></b>		
	Current (0 - 30 days)	-	-
	31 - 60 Days	-	-
	61 - 90 Days	-	-
	+ 90 Days	6 761 311	14 313 119
	<b>Total</b>	<b>6 761 311</b>	<b>14 313 119</b>

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

22 TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUE)			2013 R	2012 R
<u>Summary of Receivables by Customer Classification</u>	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
<b>2013</b>				
Total Receivables	55 339 378	-	553 035	55 892 413
Less: Provision for doubtful debts	(32 917 837)	-	-	(32 917 837)
<b>Total Recoverable debtors by customer classification</b>	<b>22 421 541</b>	<b>-</b>	<b>553 035</b>	<b>22 974 576</b>

<u>Summary of Receivables by Customer Classification</u>	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
<b>2012</b>				
Total Receivables	62 835 951	-	619 343	63 455 294
Less: Provision for doubtful debts	(32 285 048)	-	-	(32 285 048)
<b>Total Recoverable debtors by customer classification</b>	<b>30 550 903</b>	<b>-</b>	<b>619 343</b>	<b>31 170 246</b>

Trade and other receivables impaired

2013	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	<u>(28 617 149)</u>	<u>(4 300 688)</u>	<u>(32 917 837)</u>
<b>2012</b>			
Total	<u>(27 937 632)</u>	<u>(4 347 416)</u>	<u>(32 285 048)</u>

Debts are required to be settled after 30 days, interest is charged after this date at prime +1%.  
The fair value of trade and other receivables approximates their carrying amounts.

Reconciliation of the Total Provision for Debt Impairment

	2013 R	2012 R
Balance at beginning of the year	32 285 048	26 043 203
Contributions to provision	8 000 132	7 966 543
VAT Contributions to provision	83 450	935 102
Additional interest/corrections transferred to/from provision	11 189	(177 943)
Transfer from DMA (Murraysburg)	-	925 079
Doubtful debts written off against provision	-7 461 979	(3 406 936)
<b>Balance at end of year</b>	<b>32 917 840</b>	<b>32 285 048</b>

In determining the recoverability of a trade receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
<b>23</b>	<b>OPERATING LEASE ARRANGEMENTS</b>		
<b>23.1</b>	<b>The Municipality as Lessee</b>		
	<b>Balance on 1 July</b>	547	2 439
	Operating Lease Liability for the current year	(547)	(1 892)
	<b>Balance on 30 June</b>	<u>-</u>	<u>547</u>

Beaufort West Municipality is leasing land from Transnet Limited for periods of 60 months with escalations of 9% per year.

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year	-	3 600
1 to 5 Years	-	-
More than 5 Years	-	-
<b>Total Operating Lease Arrangements</b>	<u>-</u>	<u>3 600</u>

**23.2 The Municipality as Lessor**

<b>Balance on 1 July</b>	11 537	9 069
Operating Lease Asset for the current year	1 108	2 468
<b>Balance on 30 June</b>	<u>12 645</u>	<u>11 537</u>

Beaufort West Municipality is leasing land to rate payers for periods of 36 to 119 months with escalations of 10% per year.

		2013 R	2012 R
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:			
Up to 1 Year	285 020	223 384	
1 to 5 Years	199 460	350 455	
More than 5 Years	160 184	161 992	
<b>Total Operating Lease Arrangements</b>	<u>644 664</u>	<u>735 832</u>	

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

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

		2013 R	2012 R
<b>24</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	<b>Assets</b>		
	Call Investments Deposits	16 811 803	14 190 660
	Primary Bank Account	1 273 546	-
	Cash Floats	12 330	12 370
	<b>Total Cash and Cash Equivalents - Assets</b>	<u>18 097 679</u>	<u>14 203 030</u>
	<b>Liabilities</b>		
	Primary Bank Account	-	(3 660 114)
	<b>Total Cash and Cash Equivalents - Liabilities</b>	<u>-</u>	<u>(3 660 114)</u>

Call Investments Deposits to an amount of R7 774 144 are held to fund the Unspent Conditional Grants (2012: R13 596 260).

Bank overdraft of R5 000 000 exists at ABSA Bank and ABSA Bank also has a fuel overdraft facility of R400 000.

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>24 CASH AND CASH EQUIVALENTS (CONTINUE)</b>		
The municipality has the following bank account:		
<b>Current Account</b>		
<i>Beaufort West ABSA - Account Number 40 5053 8936 (Primary Account):</i>		
Cash book balance at beginning of year	(3 660 114)	(2 321 040)
Cash book balance at end of year	<u>1 273 546</u>	<u>(3 660 114)</u>
Bank statement balance at beginning of year	575 400	480 106
Bank statement balance at end of year	<u>2 925 478</u>	<u>575 400</u>
<b>Call Investment Deposits</b>		
Call investment deposits consist out of the following accounts:		
Investec	6 374 013	6 422 329
ABSA	7 165 527	5 371 821
Standard Bank	1 739 356	818 575
Nedbank	1 532 927	1 577 935
	<u>16 811 823</u>	<u>14 190 660</u>

<b>25 PROPERTY RATES</b>		
<b>Actual</b>		
<b>Rateable Land and Buildings</b>	23 829 866	21 301 936
Residential, Commercial Property, State	<u>23 829 866</u>	<u>21 301 936</u>
<b>Less: Rebates</b>	(2 184 339)	(1 987 020)
<b>Total Assessment Rates</b>	<u>21 645 527</u>	<u>19 314 916</u>

Valuations on 30 JUNE 2013:

	2013 R	2012 R
Residential	1 398 636 326	1 197 095 184
Commercial	226 933 830	232 069 880
Governments	45 086 885	36 866 885
Schools	42 109 100	49 333 350
PSI	51 599 626	55 952 386
Farms	1 074 924 181	1 604 304 306
Vacant Erven	437 270	4 372 720
Building Clause	9 429 728	8 843 928
<b>Total Property Valuations</b>	<u>2 849 156 946</u>	<u>3 188 838 639</u>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. Rebates were granted on land with buildings used solely for dwellings purposes as follows:  
Residential - The first R19 000 on the valuation is exempted.

Rates are levied monthly and payable by the 12th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

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.

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

26	<b>GOVERNMENT GRANTS AND SUBSIDIES</b>	<b>2013</b>	<b>2012</b>
		<b>R</b>	<b>R</b>
	<b>Unconditional Grants</b>	<b>32 765 000</b>	<b>28 956 000</b>
	Equitable Share - Refer to Note 26.1	32 765 000	28 956 000
	<b>Conditional Grants</b>	<b>84 750 185</b>	<b>51 271 613</b>
	Municipal Infrastructure Grant	21 008 234	17 703 839
	Finance Management Grant	1 322 133	1 232 296
	Department of Water Affairs and Forestry	185 687	354 319
	Department of Mineral and Energy	21 195 621	16 899 585
	ESKOM	-	488 033
	Municipal System Improvement Grant	800 000	886 658
	Public Transport Infrastructure Program (PTIP)	-	2 655 198
	Provincial Administration Western Cape (PAWC)	29 673 393	7 535 189
	Government Grants	-	40 398
	National Lottery	-	8 795
	Development Bank of South Africa	371 889	234 808
	Neighbourhood Development Programme (NDP)	221 979	201 731
	Donations and Public Contributions	588 667	440 100
	Local Economic Development	-	142 705
	Disaster Fund	3 912	4 536
	Drought Relief	-	88 236
	Job Creation	511 973	183 428
	Expended Public Works Program National (EPWP)	1 473 752	396 765
	Neighbourhood Development Program Capital (NDP)	6 291 602	429 102
	Regional Bulk Infrastructure Grant : Capital (RBIG)	722 737	802 442
	Water Learner ship LGSETA	-	91 821
	Central Karoo District Municipality	-	7 517
	Community Development Workers	378 606	444 112
	<b>Total Government Grants and Subsidies</b>	<b>117 515 185</b>	<b>80 227 613</b>
	Government Grants and Subsidies - Capital	51 170 025	31 864 995
	Government Grants and Subsidies - Operating	66 345 163	48 362 618
		<b>117 515 188</b>	<b>80 227 613</b>
	Revenue recognised per vote as required by Section 123 (c) of the MFMA		
	Executive & Council	34 204 774	30 606 490
	Budget & Treasury	1 604 358	1 496 081
	Planning & Development	232 044	527 124
	Community & Social Services	3 819 179	2 239 484
	Housing	15 239 051	4 360 701
	Sport & Recreation	209 823	368 167
	Waste Management	1 022 326	402 354
	Waste Water Management	7 279 641	106 700
	Road Transport	27 694 309	17 504 176
	Water	4 201 779	4 315 448
	Electricity	22 007 901	18 300 888
		<b>117 515 185</b>	<b>80 227 613</b>

The municipality does not expect any significant changes to the level of grants.

**26.1 Equitable share**

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.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned. See Appendix D & note 10 for a reconciliation of all grants.

**27 SERVICE CHARGES**

Electricity	51 717 984	49 774 361
Service Charges - Electricity	54 382 735	51 956 782
Less: Rebates	(2 664 751)	(2 182 421)
Water	11 493 073	8 334 127
Service Charges - Water	18 676 995	13 432 584
Less: Rebates	(7 183 922)	(5 098 457)
Refuse removal	5 205 292	4 684 946
Service Charges - Refuse	5 714 134	5 234 361
Less: Rebates	(508 842)	(549 415)
Sewerage and Sanitation Charges	9 886 067	9 027 624
Service Charges - Sewerage	11 718 247	10 917 537
Less: Rebates	(1 832 180)	(1 889 913)
Other Service Charges	-	-
<b>Total Service Charges</b>	<b>78 302 416</b>	<b>71 821 058</b>

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.

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>28 OTHER REVENUE</b>		
Insurance excess revenue	174 390	337 615
VAT portion of Grants that the Municipality may recognized as own income	2 676 617	2 443 144
Selling of burial sites	167 439	148 211
Subsidies	51 621	452 281
Fees: swimming pool	143 155	33 866
Commission on insurances	82 762	64 375
Re-connections	57 870	57 722
Building plans	67 516	63 229
Sale of land	20 798	23 709
Other income represents sundry income such as administration income, sale of sand and photocopies.	373 509	603 311
<b>Total Other Income</b>	<b>3 815 677</b>	<b>4 227 463</b>
<b>29 EMPLOYEE RELATED COSTS</b>		
Standby Allowances	773 927	608 040
Housing Subsidy	252 182	256 105
Bonus	3 214 232	3 216 749
Essential Users	867 612	665 758
Overtime	2 319 076	2 079 775
Long Service Awards	12 000	17 500
Salaries	38 948 667	37 135 565
Acting Allowance	1 144 989	723 568
Uniform Allowance	43 227	44 933
Leave Reserve Fund	1 100 925	578 623
Transport Allowance	472 192	530 162
Group Insurance	57 246	61 941
Medical Aid Contribution	1 120 023	1 004 860
Provident Fund SAMWU	630 923	649 527
Pension Fund Contribution	8 019 042	5 245 985
Occupational Health/Safety	101 591	-
Unemployment Fund	361 405	334 715
Long Service Bonus	354 221	434 110
Post Retirement Medical	815 290	524 774
<b>Total Employee Related Costs</b>	<b>60 608 770</b>	<b>54 112 690</b>
<b>KEY MANAGEMENT PERSONNEL</b>		
<p>Director Community Services, Director Corporate Services are appointed on a 5-year fixed contracts and the Municipal Manager and Director Finance was vacant at 30 June 2013. There are no post-employment or termination benefits payable to them at the end of the contract period.</p>		
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
<i>Remuneration of the Municipal Manager: J Booysen</i>		
Annual Remuneration	773 369	683 739
Performance Bonuses	102 221	70 081
Car Allowance	119 850	118 480
Contributions, Medical and Pension Funds	115 593	132 410
<b>Total</b>	<b>1 111 033</b>	<b>1 004 710</b>
<i>Remuneration of the Director Financial Services: D Louw (Till 31 August 2012)</i>		
Annual Remuneration	91 582	508 850
Performance Bonuses	59 474	25 982
Car Allowance	17 771	105 374
Contributions, Medical and Pension Funds	57 909	135 197
<b>Total</b>	<b>226 736</b>	<b>775 403</b>
<i>Remuneration of the Director Electrical Services: RE van Staden</i>		
Annual Remuneration	568 099	558 167
Performance Bonuses	70 597	48 401
Car Allowance	72 000	72 000
Contributions, Medical and Pension Funds	205 838	85 983
<b>Total</b>	<b>916 535</b>	<b>764 550</b>
<i>Remuneration of the Director Community Services: AC Makendiana</i>		
Annual Remuneration	693 926	472 487
Performance Bonuses	59 474	-
Car Allowance	60 000	47 500
Contributions, Medical and Pension Funds	59 382	75 959
<b>Total</b>	<b>872 781</b>	<b>595 946</b>
<i>Remuneration of the Director Engineering Services: JCL Smit</i>		
Annual Remuneration	559 473	522 060
Performance Bonuses	75 367	45 212
Car Allowance	72 000	72 000
Contributions, Medical and Pension Funds	100 037	163 054
<b>Total</b>	<b>806 877</b>	<b>802 326</b>
<i>Remuneration of the Director Corporate Services: NE Mfundisi</i>		
Annual Remuneration	436 755	393 854
Performance Bonuses	44 544	26 245
Car Allowance	71 892	71 132
Contributions, Medical and Pension Funds	98 650	106 829
<b>Total</b>	<b>651 842</b>	<b>598 060</b>

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>30 REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	389 863	388 259
Deputy Executive Mayor	315 728	306 747
Speaker	315 726	301 756
Mayoral Committee Members	340 009	316 879
Councillors	1 333 670	1 171 212
Councillors' pension contribution	207 928	185 941
Councillors' medical aid	49 944	3 847
Councillors' car allowance	770 972	741 682
Telephone Allowance	378 740	299 170
<b>Total Councillors' Remuneration</b>	<b>4 102 580</b>	<b>3 715 493</b>
<b><i>In-kind Benefits</i></b>		
The Executive Mayor, Deputy Executive Mayor, Speaker and one other councillor are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has the use of a Council owned vehicle for official duties.		
<b>31 DEBT IMPAIRMENT</b>		
Trade Receivables from exchange transactions - Note 21	6 954 921	6 893 791
Trade Receivables from non-exchange transactions - Note 21	1 045 211	1 072 753
<b>Total Contribution to Impairment Provision</b>	<b>8 000 132</b>	<b>7 966 544</b>
<b>32 Depreciation and Amortisation</b>		
Depreciation	13 178 824	13 303 461
Amortisation	106 499	114 769
<b>Total depreciation and amortisation expenditure</b>	<b>13 285 323</b>	<b>13 418 230</b>
<b>33 IMPAIRMENTS</b>		
Property Plant & Equipment - Other Assets	-	253 257
<b>Total Impairments</b>	<b>-</b>	<b>253 257</b>
<b>34 REPAIRS AND MAINTENANCE</b>		
Repairs and maintenance expenditure per vote		
Executive & Council	255	17 960
Budget & Treasury	103 196	108 540
Corporate Services	588 379	402 705
Planning & Development	137 989	98 814
Community & Social Services	364 494	144 218
Housing	88 492	208 029
Public Safety	855 009	774 605
Sport & Recreation	1 150 604	1 038 844
Waste Management	1 239 416	1 528 970
Waste Water Management	481 835	593 014
Road Transport	2 766 607	4 939 465
Water	2 015 066	1 851 676
Electricity	1 450 224	1 470 984
<b>Total repairs and maintenance expenditure</b>	<b>11 241 566</b>	<b>13 177 824</b>
<b>35 FINANCE CHARGES</b>		
Long-term Liabilities	2 077 197	2 147 272
Finance leases	182 389	294 960
Post Retirement Charges	1 864 999	1 690 025
Overdraft Facilities	72 859	73 909
<b>Total finance charges</b>	<b>4 197 444</b>	<b>4 206 166</b>
<b>36 BULK PURCHASES</b>		
Electricity	38 594 501	34 588 525
Water	4 567 168	3 372 807
<b>Total Bulk Purchases</b>	<b>43 161 669</b>	<b>37 961 332</b>
<b>37 GRANTS AND SUBSIDIES</b>		
Donations	39 859	34 521
<b>Total Grants and Subsidies</b>	<b>39 859</b>	<b>34 521</b>

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>38 OPERATING GRANT EXPENDITURE</b>		
Operating grant expenditure per vote		
Executive & Council	1 519 644	1 520 652
Budget & Treasury	1 870 403	1 741 800
Planning & Development	43 836	154 330
Community & Social Services	486 096	4 997
Housing	14 771 058	4 330 753
Waste Management	648 434	402 354
Road Transport	626 152	115 019
Water	79 972	91 821
Electricity	9 312 609	7 787 042
<b>Total Operating grant expenditure</b>	<b><u>29 358 204</u></b>	<b><u>16 148 768</u></b>
<b>39 GENERAL EXPENSES</b>		
Advertisement Costs	299 498	354 640
Banking Charges	546 572	437 555
Bursaries	238 065	303 522
Community Development Workers	378 606	425 530
Organisations	964 818	671 766
Insurance	353 579	322 563
Asset Management Plan	163 326	216 647
Licences/ Agreements	1 156 575	1 225 755
Printing & Stationary	700 690	626 292
Soup Kitchen	-	38 956
Subsistence & Travel	796 937	851 289
Audit fees	1 642 595	1 290 576
Telephone Costs	1 207 238	1 183 753
Training Costs	83 771	589 726
Water service development program	245 520	72 820
Ward Committee	353 358	180 909
Transfer existing housing	366 421	25 412
Vehicle Cost	486 328	8 961
Postage	483 405	336 131
Digging of graves	195 350	178 815
Job Creation	466 888	540 191
Legal expenses	265 945	182 166
Rental Fees	208 735	167 382
Customer Care	491 337	234 808
Deeds Registrations	13 040	98 245
Mayoral Golf Tourmmt	83 417	97 780
Public Functions	69 357	97 050
Publicity	10 286	108 017
Tracking Device	346 076	330 526
Defecit Rental Mun. Dwelling	24 594	108 784
Licences Vehicles	116 565	163 018
Consulting Fees	434 988	242 950
Workmans Compensation	634 320	-
Other expenditure	1 503 891	1 162 544
<b>General Expenses</b>	<b><u>15 331 891</u></b>	<b><u>12 873 079</u></b>

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees and auditing fees.



BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2012 R
40	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>	
	<b>Notes</b>	
40.01	<b>Changes to Statement of Financial Performance</b>	
	<b>Balance previously reported</b>	67 697 037
	Correct classification of vote from "Interest Earned - external investments" to "Interest Earned - outstanding debtors"	40.01 (672 091)
	Correct classification of vote from "Interest Earned - external investments" to "Interest Earned - outstanding debtors"	40.01 672 091
	Assets listed twice in the asset register - Restate Depreciation 2011/2012	40.02 2 158
	Correct zero carrying value assets by restate Depreciation 2011/2012	40.02 (40 798)
	First time recognition of provision for annual bonuses under current employee benefits	40.03 (184 687)
	<b>Total</b>	<b><u>67 473 710</u></b>
40.02	<b>Property, Plant and Equipment</b>	
	<b>Balance Previously Reported</b>	324 311 822
	Assets listed twice in the asset register - Restate cost	40.04 (71 480)
	Assets listed twice in the asset register - Restate Accumulated Depreciation 30 June 2011	40.04 32 615
	Assets listed twice in the asset register - Restate Depreciation 2011/2012	40.01 2 158
	Correct zero carrying value assets by restate Accumulated Depreciation 30 June 2011	40.04 245 202
	Correct zero carrying value assets by restate Depreciation 2011/2012	40.01 (40 798)
	<b>Total</b>	<b><u>324 479 519</u></b>
40.03	<b>Current Employee benefits</b>	
	<b>Balance Previously Reported</b>	-
	First time recognition of provision for annual bonuses under current employee benefits	40.01 & 7 184 687
	First time recognition of provision for annual bonuses under current employee benefits	40.04 & 7 1 542 155
	<b>Total</b>	<b><u>1 726 842</u></b>
40.04	<b>Accumulated Surplus/(Deficit)</b>	
	<b>Balance previously reported</b>	221 567 586
	Assets listed twice in the asset register - Restate cost	40.02 (71 480)
	Assets listed twice in the asset register - Restate Accumulated Depreciation 30 June 2011	40.02 32 615
	Correct zero carrying value assets by restate Accumulated Depreciation 30 June 2011	40.02 245 202
	First time recognition of provision for annual bonuses under current employee benefits	40.03 (1 542 155)
	<b>Total</b>	<b><u>220 231 768</u></b>

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

41	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS	2013	2012
		R	R
	Surplus for the year	44 958 675	67 473 709
	<b>Adjustments for:</b>		
	Depreciation	13 178 823	13 303 463
	Amortisation of Intangible Assets	106 499	114 769
	(Gain)/Loss on disposal of property, plant and equipment	85 728	69 695
	Contributed PPE	(61 092)	(324 000)
	Transfer DMA From District	-	(44 129 077)
	Impairments	-	253 256
	Contribution from/to employee benefits - non-current	(1 157 994)	(1 051 104)
	Contribution from/to employee benefits - non-current - expenditure incurred	3 035 820	2 649 402
	Contribution from/to employee benefits - non-current - actuarial losses	(3 190 937)	2 263 882
	Contribution from/to provisions - non-current	292 474	336 408
	Contribution to employee benefits – current	4 314 917	4 003 148
	Contribution to employee benefits – current - expenditure incurred	(3 813 803)	(3 301 384)
	Contribution to provisions – Debt Impairment	8 000 132	7 966 543
	Impairment written off	(7 461 979)	(3 406 936)
	Additional debt Impairment transactions	11 189	747 136
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(5 445 813)	3 403 259
	Increase/(Decrease) in Unspent Conditional Public Contributions and Receipts	(376 303)	(101 321)
	(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(875 526)	766 574
	Operating lease income accrued	(1 108)	(2 468)
	Operating lease expenses accrued	(547)	(1 892)
	Operating Surplus/(Deficit) before changes in working capital	51 599 155	51 033 062
	Changes in working capital	11 407 811	(15 703 607)
	Increase/(Decrease) in Trade and Other Payables	2 081 547	4 983 033
	Increase/(Decrease) in Taxes	2 037 031	218 004
	(Increase)/Decrease in Inventory	(85 410)	(203 245)
	(Increase)/Decrease in Long-term Receivables	(288 384)	1 001 061
	Increase/(Decrease) in Consumer Deposits	100 147	23 767
	(Increase)/Decrease in Trade Receivables from exchange transactions	(258 321)	(12 252 724)
	(Increase)/Decrease in Other Receivables from non-exchange transactions	7 821 202	(9 473 503)
	<b>Cash generated/(absorbed) by operations</b>	<b>63 006 966</b>	<b>35 329 455</b>

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>42 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 24	16 811 803	14 190 660
Cash Floats - Note 24	12 330	12 370
Bank - Note 24	1 273 546	-
Bank overdraft - Note 24	-	(3 660 114)
<b>Total cash and cash equivalents</b>	<b>18 097 679</b>	<b>10 542 916</b>
<b>43 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 42	18 097 679	10 542 916
Less:	18 097 679	10 542 916
	7 443 068	11 482 208
Unspent Committed Conditional Grants - Note 10	7 774 144	13 219 957
Unspent Public Contribution - Note 11	-	376 303
Unpaid Committed Conditional Grants - Note 10	(972 570)	(97 044)
Staff Leave - Note 7	3 909 245	3 250 382
VAT - Note 12	(3 465 238)	(5 418 819)
Cash Portion of Housing Development Fund - Note 2	197 487	151 429
<b>Net cash resources available for internal distribution</b>	10 654 611	(939 292)
<b>Allocated to:</b>		
Capital Replacement Reserve	4 546 564	1 885 759
<b>Resources available for working capital requirements</b>	<b>6 108 047</b>	<b>(2 825 051)</b>
<b>44 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 3	17 512 072	18 935 394
Used to finance property, plant and equipment - at cost	(17 512 072)	(18 492 362)
	-	443 032
Cash set aside for the repayment of long-term liabilities	-	(443 032)
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Annuity loans at amortised cost is calculated at 6.75%-14.00% interest rate, with last maturity date of 31 December 2029.		
<b>45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
<b>45.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	15 898 544	-
Unauthorised operating expenditure current year	9 396 141	12 966 745
Unauthorised capital expenditure current year	13 453 942	2 931 799
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<b>38 748 627</b>	<b>15 898 544</b>

Incident	Disciplinary steps/criminal proceedings
Actual vs Budgeted spending	None

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 R (Unauthorised)
<b>Unauthorised expenditure current year - operating</b>				
Executive & Council	14 158 781	13 926 184	232 597	232 597
Budget & Treasury	15 735 485	12 286 497	3 448 988	3 448 988
Corporate Services	11 386 867	10 074 474	1 312 393	1 312 393
Planning & Development	4 254 976	4 596 420	(341 444)	-
Community & Social Services	5 766 917	6 440 036	(673 119)	-
Housing	16 032 659	18 081 094	(2 048 435)	-
Public Safety	13 319 921	11 827 739	1 492 182	1 492 182
Sport & Recreation	5 472 544	5 673 515	(200 971)	-
Waste Management	7 987 015	8 646 846	(659 831)	-
Waste Water Management	4 117 817	4 548 183	(430 366)	-
Road Transport	15 253 723	15 875 976	(622 253)	-
Water	19 822 080	18 106 009	1 716 071	1 716 071
Electricity	64 480 730	63 286 820	1 193 910	1 193 910
	<b>197 789 515</b>	<b>193 369 793</b>	<b>4 419 722</b>	<b>9 396 141</b>
<b>Unauthorised expenditure current year - capital</b>				
	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 R (Unauthorised)
Executive & Council	13 123	2 100	11 023	11 023
Budget & Treasury	182 456	5 200	177 256	177 256
Corporate Services	446 584	8 070 004	(7 623 420)	-
Planning & Development	237 438	-	237 438	237 438
Community & Social Services	40 400	-	40 400	40 400
Sport & Recreation	359 136	1 010 526	(651 390)	-
Waste Management	375 442	800 000	(424 558)	-
Waste Water Management	556 317	10 210 739	(9 654 422)	-
Road Transport	35 351 588	22 363 764	12 987 824	12 987 824
Water	3 653 876	6 167 402	(2 513 526)	-
Electricity	12 980 039	24 206 256	(11 226 217)	-
	<b>54 196 400</b>	<b>72 835 991</b>	<b>(18 639 591)</b>	<b>13 453 942</b>

45.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-

Incident	Disciplinary steps/criminal proceedings
None	None

45.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	16 264	-
Irregular expenditure current year	-	16 264
Condonement supported by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	<b>16 264</b>	<b>16 264</b>
Irregular expenditure awaiting condonement from National Treasury	-	16 264

Incident	Disciplinary steps/criminal proceedings
2012 - Suppliers identified as having members/directors/owners who are in the service of the state with no evidence of this disclosed to the municipality. R6 170	None
2012 - Awards made to close family members of persons in the service of the state. (declaration has been signed) R10 094	None

45.4 Material Losses

Electricity distribution losses

Units purchased (Kwh)	56 991 818	55 829 987
- Units lost during distribution (Kwh)	6 519 179	9 798 249
- Percentage lost during distribution	11.44%	17.55%

Water distribution losses

Kilolitres purified	2 644 718	2 167 967
- Kilolitres lost during distribution	1 292 439	946 075
- Percentage lost during distribution	48.87%	43.64%

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

46	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2013 R	2012 R
46.1	<b>Contributions to organised local government - [MFMA 125 (1)(c)] - SALGA CONTRIBUTIONS</b>		
	Opening balance	-	-
	Council subscriptions	454 552	251 948
	Amount paid - current year	(454 552)	(251 948)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
46.2	<b>Audit fees - [MFMA 125 (1)(c)]</b>		
	Opening balance	-	-
	Current year audit fee	1 642 595	1 290 576
	External Audit - Auditor-General	1 642 595	1 290 576
	Amount paid - current year	(1 642 595)	(1 290 576)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
46.3	<b>VAT - [MFMA 125 (1)(c)]</b>		
	VAT	<b>(3 465 238)</b>	<b>(5 418 819)</b>
	VAT is payable on the payments basis. Only once payment is received from debtors is VAT paid over to SARS.		
46.4	<b>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</b>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	6 559 328	5 929 510
	Amount paid - current year	(6 022 983)	(5 929 510)
	<b>Balance unpaid (included in creditors)</b>	<b>536 345</b>	<b>-</b>
46.5	<b>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	11 294 805	10 695 235
	Amount paid - current year	(11 294 805)	(10 695 235)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
46.6	<b>Councillor's arrear consumer accounts - [MFMA 125 (1)(c)]</b>		
	The following Councillors had arrear accounts for more than 90 days during 2012/2013 financial year.		
		2013 R Outstanding more than 90 days	2012 R Outstanding more than 90 days
	Councillor L Deyse (510271/000768)	4 839	5 490
	Councillor G Adolph (021180/032194)	3 885	3 885
	Councillor M Furmen (023379/023380)	3 118	4 918
	Councillor R van der Linde (014909/020003)	473	-
	<b>Total Councillor Arrear Consumer Accounts</b>	<b>12 315</b>	<b>14 293</b>
46.7	<b>Quotations awarded - Supply Chain Management</b>		
	Refer to Appendix E for the Supply Chain Management Implementation Report for the year ended 30 June 2013		
	Supply Chain Management Regulation 45 disclosure:		

Business	Date	Invoice	Amount	Interest
B. Chalmers	12-Jul-12	15033521	R 3 275.00	Spouse, Mr. M. Chalmers employed with the Department of Correctional Services as Corrections Officer.
Duneco	05-Jul-12	15033415	R 13 148.67	Spouse, Mrs. E Klazen is employed with the Department of Educational Services.
PJ Sound & Vision	21-Jul-12		R 3 500.00	Son, Mr. PJ Jules is employed as Vehicle Inspections & Traffic Officer at the Beaufort West Municipality.
PJ Plumbing	07-May-12	15033481	R 13 418.64	Mother, Mrs. E Botha and sister, Mrs. B Saaiman, are employed with the Department of Education.
B. Chalmers	23-Aug-12		R 4 356.00	Spouse, Mr. M. Chalmers employed with the Department of Correctional Services as Corrections Officer.

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

46.7 Quotations awarded - Supply Chain Management (CONTINUE)

Business	Date	Invoice	Amount	Interest
Wilma's Catering Services	23-Aug-12		R 2 080.00	Brother currently employed as a Councilor at the Beaufort West Municipality.
Mabungwe Civis	23-Aug-12	Competitive bid	R 1 556 359.92	B.M.J Nel, spouse of AP Nel, is currently employed by SA Correctional Services
Avil's Catering	26-Oct-12	15035548	R 3 000.00	Daughter, Me. M Johnson employed with the Department of Correctional Services.
PJ Plumbing	31-Oct-12	15035702	R 4 053.24	Mother, Mrs. E Botha and sister, Mrs. B Saaiman, are employed with the Department of Education.
PJ Sound & Vision	26-Oct-12		R 6 200.00	Son, Mr. PJ Julies is employed as Vehicle Inspections & Traffic Officer at the Beaufort West Municipality
Karoo Drukkery	10-Oct-12		25-Oct-17	Wife, Mrs. S Munro is employed at the Department of Health.
New Bom Fashions	26-Oct-12		R 8 585.00	Husband, Mr. D Martin is temporally employed and sister, Mrs. L Mudumbo are currently employed at the Beaufort West Municipality
Karoo beton werke	01-Nov-12	15035725	R 6 420.00	Spouses, Mr.A Swanepoel and Mrs. E Klazen are employed with the Department of Correctional and Educational Services.
Duneco	26-Nov-12	15036151	R 23 208.12	Spouse, Mrs. E Klazen is employed with the Department of Educational Services.
	29-Nov-12	15036307	R 33 836.91	
Karoo Motors Werkswinkel	28-Jan-13	15037436	R 44 209.77	v Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health Services
	01-Mar-13	15038372	R 48 281.28	
	27-Mar-13	15038945	R 38 431.75	
Duneco	28-Jan-13	15037428	R 23 977.60	v Spouse, Mrs. E Klazen is employed with the Department of Educational Services.
	27-Mar-13	15038944	R 2 476.00	
Karoo beton werke	26-Mar-13	15038931	R 4 140.00	v Spouses, Mr A Swanepoel and Mrs. E Klazen are employed with the Department of Correctional and Educational Services.
Swans Driving School	10-Jan-13	15037264	R 4 000.00	v Spouse, Mr. W. Swanepoel employed with the Department of Correctional Services as Corrections Officer.
	14-Jan-13	15037296	R 4 000.00	
	16-Jan-13	15037325	R 4 500.00	
Adenco Construction	28-Jan-13	SCM 08/2013	R 3 777 233.31	v Parent-Helen Victoria Machimana is employed with the Department of Social Services v Parent-Busisiwe Skosana is employed with the Department of Health v Child-Adele Kassner is employed with Department of Education

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

46.7 Quotations awarded - Supply Chain Management (CONTINUE)

Business	Date	Invoice	Amount	Interest
PJ Sound & Vision	21-Feb-13	15038094	R 3 899.99	v Son, Mr. PJ Julies is employed as Vehicle Inspections & Traffic Officer at the Beaufort West Municipality
	15-Mar-13	15038547	R 4 550.00	
Nonkululeka	27-Mar-13	15038951	R 3 100.00	v Daughter, P Mditswa, is employed at the Beaufort West Municipality.
New Bom Fashions	27-Mar-13		R 9 500.00	v Husband, Mr. D Martin is temporarily employed and sister, Mrs. L Mudumbo are currently employed at the Beaufort West Municipality
Sonneblom Bloemiste	22-Mar-13	15038801	R 2 000.00	v Son, H.Jack, is currently employed on a contract basis at the Beaufort West Municipality.
Danielle Studie sentrum	05-Mar-13	15038433	R 94 050.42	v Brother, W Petersen, is employed at the Beaufort West Municipality.
Karoo Motors Werkswinkel	29-May-13	15040097	R 48 450.00	v Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health Services
	28-Jun-13	15040821	R 86 832.66	
Karoo beton werke	29-May-13	15040100	R 4 140.00	v Spouses, Mr. A Swanepoel and Mrs. E Klazen are employed with the Department of Correctional and Educational Services.
Duneco	02-May-13	15039657	R 5 250.00	v Spouse, Mrs. E Klazen is employed with the Department of Educational Services.
C Wright		SCM 06/2013	R 294 541.80	v Son, C Wright, is employed at the Beaufort West Municipality.
New Bom Fashions	15-May-13		R 26 060.00	v Husband, Mr. D Martin is temporarily employed and sister, Mrs. L Mudumbo are currently employed at the Beaufort West Municipality
Elrico Booysen	1931-04-13		R 14 690.00	v Niece, J Kaptein, is employed at the Beaufort West Municipality
	31-May-13		R 2 960.00	
		15040271	R 17 484.00	v Sister, Lena July, is employed at the department of Education services.
	30-Jun-13		R 14 664.00	
PJ Sound & Vision	19-Jun-13	15040489	R 2 500.00	v Son, Mr. PJ Julies is employed as Vehicle Inspections & Traffic Officer at the Beaufort West Municipality
	03-Jun-13	15040489	R 2 950.00	

46.8 **Other non-compliance**

**MFMA Section 65(2)(b)**

Adequate management, accounting and information system was not in place which accounted for creditors.

**MFMA Section 65(2) e**

The municipality had experienced cash flow problems during the year as a result of which creditors were not always paid within 30 days of date of statement or invoice as required.

**MFMA Section 15**

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 116(1)**

Contracts are not appropriately signed.

**MFMA Section 165**

The municipality had shortcomings/deviations with regard to the internal audit function.

**MFMA Section 166**

The municipality had shortcomings/deviations with regard to the audit committee.

**MFMA Section 71(1)(g)(ii)**

The municipality did not submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting, when necessary, an explanation of any material variances from the service delivery and budget implementation plan within 10 working days after the end of each month.

**MFMA Section 32(4)**

Report pertaining to unauthorised, irregular, fruitless and wasteful expenditure have not been submitted to all relevant parties.

**Municipal Budget and Reporting Regulations, Section 30 (1)**

Monthly budget statements were not uploaded to the website of the municipality.

**Municipal Budget and Reporting Regulations, Section 19**

The approved service delivery and budget implementation plan of the municipality, had not been made public within 10 working days after the approved of the SDBIP.

47

**CAPITAL COMMITMENTS**

**Commitments in respect of capital expenditure:**

Approved and contracted for:

Infrastructure

	6 234 976	8 481 177
	6 234 976	8 481 177
<b>Total</b>	<b>6 234 976</b>	<b>8 481 177</b>

**Total**

This expenditure will be financed from:

Government Grants

	6 234 976	8 481 177
	6 234 976	8 481 177



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

48 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk and cash flow 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) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

	2013 R	2012 R
The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
0.5% (2012 - 0.5%) Increase in interest rates	2 866	5 423
0.5% (2012 - 0.5%) Decrease in interest rates	(2 866)	(5 423)

(d) 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 a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors 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 debtors is considered to be moderate due the diversified nature of debtors 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.

The ageing of amounts past due and not impaired is as follows:

	Non-Exchange Receivables R	Exchange Receivables R	Total R
<b>2013</b>			
1 month past due	1 072 073	995 389	2 067 462
2 + month past due	-	8 510 135	8 510 135
<b>Total</b>	<u>1 072 073</u>	<u>9 505 524</u>	<u>10 577 597</u>
<b>2012</b>			
1 month past due	162 462	1 177 277	1 339 739
2 + month past due	1 184 392	9 203 231	10 387 623
<b>Total</b>	<u>1 346 854</u>	<u>10 380 508</u>	<u>11 727 362</u>

All rates and services are payable within 30 days from invoice date. Refer to note 21 and 22 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Balances past due not impaired:

	2013 %	2013 R	2012 %	2012 R
<u>Non-Exchange Receivables</u>				
Rates	0.00%	1 072 073	0.00%	1 346 854
<u>Exchange Receivables</u>				
Electricity	0.00%	-	0.00%	-
Water	0.04%	4 255	1.49%	155 115
Refuse	12.41%	1 179 419	9.60%	997 023
Sewerage	13.63%	1 295 419	11.72%	1 216 888
Housing Rentals	0.31%	29 537	0.32%	32 706
Other	73.61%	6 996 894	76.86%	7 978 776
	<u>100.00%</u>	<u>9 505 524</u>	<u>100.00%</u>	<u>10 380 508</u>

No receivables are pledged as security for financial liabilities.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

48 FINANCIAL RISK MANAGEMENT (CONTINUE)

Due to the short term nature of trade and other receivables the carrying value disclosed in note 21 & 22 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2013 %	2013 R	2012 %	2012 R
<u>Non-Exchange Receivables</u>				
Rates	100.00%	4 300 688	100.00%	4 347 416
<u>Exchange Receivables</u>				
Electricity	12.62%	3 612 773	12.97%	3 622 265
Water	6.80%	1 946 068	5.92%	1 654 174
Refuse	11.62%	3 325 578	9.45%	2 640 397
Sewerage	15.12%	4 327 025	13.15%	3 674 868
Housing Rentals	0.25%	71 874	0.26%	71 517
Other	53.58%	15 333 831	58.25%	16 274 412
	100.00%	28 617 149	100%	27 937 632

Bad debts written off per debtor class:

<u>Non-Exchange Receivables</u>				
Rates	0.00%	-	0.00%	-
<u>Exchange Receivables</u>				
Services	100.00%	7 461 979	100.00%	3 406 936
Other	0.00%	-	0.00%	-
	100.00%	7 461 979	100.00%	3 406 936

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 entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (ABSA). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:

	2013 R	2012 R
Long term receivables	1 621 507	1 333 123
Trade receivables and other receivables	22 974 576	31 170 246
Cash and Cash Equivalents	18 097 679	14 203 030
Unpaid conditional grants and subsidies	972 570	97 044
	43 666 332	46 803 443

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 30 years
<b>2013</b>			
Long Term liabilities	4 478 185	11 303 059	12 951 299
Capital repayments	2 808 681	6 735 305	7 968 085
Interest	1 669 504	4 567 754	4 983 215
Trade and Other Payables	18 652 350	-	-
Unspent conditional government grants and receipts	6 801 574	-	-
	29 932 109	11 303 059	12 951 299
<b>2012</b>			
Long Term liabilities	5 381 355	11 602 605	14 729 012
Capital repayments	3 517 900	7 441 919	7 968 223
Interest	1 863 456	4 160 686	6 760 789
Trade and Other Payables	20 297 217	-	-
Unspent conditional government grants and receipts	13 122 913	-	-
	38 801 485	11 602 605	14 729 012

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013	2012
		R	R
<b>49</b>	<b>FINANCIAL INSTRUMENTS</b>		
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:		
	The fair value of financial instruments approximates the amortised costs as reflected below.		
<b>49.1</b>	<b>Financial Assets</b>		
	<b>Classification</b>		
	<b>Long-term Receivables</b>		
	Receivables with arrangements	3 400 933	985 316
	<b>Consumer Debtors</b>		
	Trade receivables from exchange transactions	19 825 849	17 943 416
	Other receivables from exchange transactions	22 886 315	24 510 427
	<b>Unpaid Conditional Grants and Receipts</b>		
	Other Spheres of Government	972 570	97 044
	<b>Short-term Investment Deposits</b>		
	Call Deposits	16 811 803	14 190 660
	<b>Bank Balances and Cash</b>		
	Bank Balances	1 273 546	-
	Cash Floats and Advances	12 330	12 370
		<u>65 183 346</u>	<u>57 739 233</u>
	<b>SUMMARY OF FINANCIAL ASSETS</b>		
	<b>Financial instruments at amortised cost</b>	<u>65 183 346</u>	<u>57 739 233</u>
<b>49.2</b>	<b>Financial Liability</b>		
	<b>Classification</b>		
	<b>Long-term Liabilities</b>		
	Annuity Loans	13 540 042	15 040 940
	Capitalised Lease Liability	1 163 349	376 554
	<b>Trade Payables</b>		
	Trade creditors	17 358 664	19 134 491
	<b>Unspent Conditional Grants and Receipts</b>		
	Other Spheres of Government	7 774 144	13 219 957
	Public Contributions	-	376 303
	<b>Bank Balances and Cash</b>		
	Bank Balances	-	3 660 114
	<b>Current Portion of Long-term Liabilities</b>		
	Annuity Loans	1 877 333	2 236 256
	Capitalised Lease Liability	931 348	1 281 644
		<u>42 644 880</u>	<u>55 326 259</u>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>		
	<b>Financial instruments at amortised cost</b>	<u>42 644 880</u>	<u>55 326 259</u>

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

50 EVENTS AFTER THE REPORTING DATE

The municipality did not have any event after the reporting date.

51 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

52 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

53 CONTINGENT LIABILITY

53.1 The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is a general 2% increase in remuneration as from October 2009.

53.2 The following guarantees also qualify as contingent liabilities:

NAME / REG NO -	GUARANTEE ISSUED TO	2013 R	2012 R
ABSA/227	Eskom: Supply Electricity - Nelspoort	41 000	41 000
1165040859	Eskom	34 500	34 500
ABSA Bank	South African Post Office	50 000	-
ABSA/237	Dept. of Mineral & Energy - Rehabilitation of Quarry	6 000	6 000
<b>Total</b>		<b>131 500</b>	<b>81 500</b>

54 CONTINGENT ASSETS

BANK / FIRM -	PURPOSE -	REG NO			
First National Bank	Electricity supply	147	2 020	2 020	
FNB/Shoprite	Electricity Supply	88	12 265	12 265	
FNB/Ackermans	Electricity Supply	91	2 080	2 080	
Lombard Insurance Group/AGMS	Housing Project: Merweville	248	210 450	210 450	
Lombard Insurance Group/SWANSA	Reclamation Plant	261	260 068	260 068	
Lombard Insurance Group/SWANSA	Reseal of various roads	263	-	-	
Investec Private Bank/SA Tolling	Tend DID01/2008&Corp13/2008	264	3 056 000	3 056 000	
FNB/De Jager Loodgieters	Upgrading of Streets in Hillside II (Phase 1)	274	-	756 776	
Lombard Insurance Group	Construction of detention dam in Hillside Phase 1	273	-	915 693	
ABSA Bank	W&E Service Erf no. 7401 (BW Mall)	270	222 000	222 000	
Renasa Insurance Company LTD	30 Meter High Mast Pole - Floodlighting	266	853 876	853 876	
Nedbank obo Mabungwe Siviële Kontrakteurs: Guarantee No: 285/320654/05	Notice No. 52 /2012 : Tender scm 35/2012 : Construction of pressure reducing system in BW. Phase	280	179 760	-	
<b>Total</b>			<b>4 798 519</b>	<b>6 291 228</b>	

**BEAUFORT WEST MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**55 RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

**55.1 Related Party Transactions**

	Rates - Levied 1 July 2012 - 30 June 2013	Service Charges - Levied 1 July 2012 - 30 June 2013	Other - Levied 1 July 2012 - 30 June 2013	Outstanding Balances 30 June 2013
<b>Year ended 30 June 2013</b>				
<b>Councillors</b>	<b>26 139</b>	<b>148 505</b>	<b>1 672</b>	<b>15 324</b>
Councillor AM Slabbert (010137/011832)	6 754	13 416	1	1 625
Councillor AM Slabbert (028981/031495)	816	2 493		208
Councillor DE Welgemoed (012158/012159)	9 847	27 707	12	2 436
Councillor G de Vos (014633/014634)	2 618	21 060		-
Councillor G de Vos (014914/014634)	-	6 642		0
Councillor GP Adolph (021180/032194)	809	4 809		575
Councillor HT Prince(007782/010957)	-	7 048		97
Councillor HT Prince(010956/010957)	3 753	30 707	1 659	-
Councillor HT Prince(012333/010957)	-	12 435		-
Councillor L Deyce (510271/000768)	872	1 005		5 148
Councillor M Furmen (023379/023380)	-	7 036		3 118
Councillor PA Jacobs (024348/024349)	-	6 353		1 024
Councillor R van der Linde (014909/020003)	-	-		473
Councillor R van der Linde (020002/020003)	549	4 559		379
Councillor SM Motsokane (022661/022662)	122	3 233		243
<b>Municipal Manager and Section 57 Employees</b>	<b>28 288</b>	<b>54 848</b>	<b>390</b>	<b>892</b>
Municipal Manager : J Booysen(020051/020052)	-	967		-
Municipal Manager : J Booysen(010964/032381)	2 305	16 299	390	41
Municipal Manager : J Booysen(004922/032381)	853	1 523		-
Director : D Louw (009237/031809)	-	1 241		-
Director : A Makendiana (012180/029959)	7 025	1 523		712
Director : R van Staden (011989/011990)	9 442	4 769		-
Director : JCL Smit (011486/011487)	8 662	23 711		32
Director : NE Mfundisi (036117/040042)	-	4 814		106

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.

**55.2 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 19 to the Annual Financial Statements.

**55.3 Compensation of key management personnel**

The compensation of key management personnel is set out in note 29 to the Annual Financial Statements.

**55.4 Other related party transactions**

The following purchases were made during the year where Councillors or Management have an interest:

Councillor/Staff Member	Entity
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Mr. T Prince (a council member of the Beaufort West Municipality) is the president of Beaufort West Local Football Association. The property on which the soccer club is built belongs to the municipality and is leased to the club at an annual amount of R36,000. At 30 June 2012 an amount of R144 036 was outstanding in respect of the lease payments.

**56 FINANCIAL SUSTAINABILITY**

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

**Financial Indicators**

The current ratio increased to 1.08:1 from 1.03:1 in the prior year.

The municipality have budgeted for a surplus of R60 381 844 for the 2012/2013 financial year. The municipality is also budgeting for negative cash flows during 2013/2014 and 2014/2015 amounting to R19 161 900 and R12 420 900 respectively.

The average debtors' payment days decreased to 199 days from 248 days.

A bank overdraft facility is utilised amounting to R 5 000 000.

The municipality is in arrears with external loans to an amount of R15 417 375 (2012 - R17 277 176)

**Other Indicators**

Possible outflow of resources due the contingent liability disclosed in note 53

**APPENDIX A - Unaudited  
BEAUFORT WEST LOCAL MUNICIPALITY  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013**

EXTERNAL LOANS	Rate	Institution	Loan Number	Term	Balance at 30 June 2012	Correction of Error	Balance at 30 June 2012 Restated	Received during the period	Redeemed written off during the period	Balance at 30 June 2013
					R	R	R	R	R	R
<b>ANNUITY LOANS</b>										
<b>General</b>										
Sanlam Building RB21/10/03 IT 5.44	10.5%	DBSA	101257/1	2019/12/31	1 091 556	-	1 091 556	-	102 040	989 516
Tata Truck 2 Ton CZ 6388	8.6%	STANDARD	73702013/0003	2016/08/31	135 240	-	135 240	-	28 185	107 055
Tractor CZ 10625	8.0%	ABSA	75588777	2012/12/01	11 210	-	11 210	-	11 210	-
Tractor CZ 17798	10.8%	DBSA	103465/4	2014/06/30	66 899	-	66 899	-	31 689	35 210
Case Tractor 2WD CZ 6311	8.6%	STANDARD	73702013/0004	2016/08/31	147 595	-	147 595	-	30 759	116 836
Upgr. Fencing & Alarm System	9.7%	F N B	2012/001	2017/06/01	132 987	-	132 987	-	21 466	111 521
Caterpillar Digger/Loader CZ 5169	9.7%	F N B	2012/002	2017/06/01	605 410	-	605 410	-	97 377	508 033
Sod Cutter	9.7%	F N B	2012/003	2017/06/01	28 322	-	28 322	-	4 667	23 655
Lawn Mower Tractor Attached	9.7%	F N B	2012/004	2017/06/01	26 714	-	26 714	-	4 356	22 358
Lawn Mower Gholf Course	9.7%	F N B	2012/005	2017/06/01	9 736	-	9 736	-	1 556	8 180
Sewerage Farm Merweville	6.8%	DBSA	103464/2	2025/06/30	2 469 858	-	2 469 858	-	131 156	2 338 702
Case Tractor CZ 7397	9.7%	F N B	2012/006	2017/06/01	157 000	-	157 000	-	25 200	131 800
Tata Truck 2 Ton Tipper CZ 5339	9.7%	F N B	2012/007	2017/06/01	165 000	-	165 000	-	26 444	138 556
Tata Truck CZ 16014	8.0%	ABSA	77186994	2013/06/01	41 732	-	41 732	-	41 732	-
Refuse Truck CZ 3484	10.9%	DBSA	103465/3	2017/06/30	706 855	-	706 855	-	113 137	593 718
Archimedes Sewerage Pump	9.7%	F N B	2012/008	2017/06/01	-	-	-	280 712	45 111	235 601
<b>Electricity</b>										
Electr Housing scheme AA10/12/14	12.0%	DBSA	9055	2013/09/30	1 327 152	-	1 327 152	-	858 838	468 314
Load control syst RB12/5/98 IT.2	14.0%	DBSA	10619	2019/03/31	1 612 768	-	1 612 768	-	147 988	1 464 780
Cherry Picker CZ 15919	8.0%	ABSA	76879287	2013/06/01	49 343	-	49 343	-	49 343	-
Cherry Picker CZ 15926	8.0%	ABSA	76879163	2013/06/01	49 343	-	49 343	-	49 343	-
Dyna Cherry Picker CZ 4930	9.5%	ABSA	80343235	2015/11/01	319 936	-	319 936	-	83 191	236 745
Compressor CZ 4860	9.5%	ABSA	80164276	2015/10/01	130 390	-	130 390	-	34 897	95 493
Truck with crane CZ 2954	10.9%	DBSA	103464/3	2017/06/30	554 000	-	554 000	-	88 677	465 323
Toyota Hilux 2L CZ 10975	8.6%	STANDARD	73702013/0001	2016/07/31	66 140	-	66 140	-	14 118	52 022
20MVA Transformer	10.9%	DBSA	103464/1	2029/07/31	4 388 002	-	4 388 002	-	91 023	4 296 979
<b>Water Works</b>										
Farm Hansrivier	10.9%	DBSA	103464/1	2029/07/31	1 943 425	-	1 943 425	-	40 246	1 903 179
Pressure Control System	10.9%	DBSA	103464/1	2029/07/31	624 398	-	624 398	-	12 983	611 415
Isuzu L D V CZ 5929	10.0%	ABSA	79864507	2013/07/01	28 590	-	28 590	-	26 279	2 311
Trailer CZ 6253	8.6%	STANDARD	72702013/0002	2016/07/31	22 905	-	22 905	-	4 890	18 015
Telemetry System	9.7%	F N B	2012/009	2017/06/01	364 670	-	364 670	13 912	60 977	317 605
Water Purification Fencing	9.7%	F N B	2012/010	2017/06/01	-	-	-	148 408	23 955	124 453
<b>Total Annuity Loans</b>					<b>17 277 176</b>	<b>-</b>	<b>17 277 176</b>	<b>443 032</b>	<b>2 302 833</b>	<b>15 417 375</b>

**APPENDIX A - Unaudited  
BEAUFORT WEST LOCAL MUNICIPALITY  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013**

EXTERNAL LOANS	Rate	Institution	Loan Number	Term	Balance at 30 June 2012	Correction of Error	Balance at 30 June 2012 Restated	Received during the period	Redeemed written off during the period	Balance at 30 June 2013
					R	R	R	R	R	R
<b>LEASE LIABILITY</b>										
AR1206 Multyfunction System	11.97%		Church Street Library	2012/07/31	1 010	-	1 010	-	1 010	-
CZ 3359 Toyota Yaris T3 A/C	11.94%		Building Control	2013/03/31	27 864	-	27 864	-	27 864	-
CZ 3363 Toyota Hilux 2.5 D-4D P/U S/C	12.01%		Water Reticulation	2013/03/31	42 168	-	42 168	-	42 168	-
CZ 3368 Toyota Hilux 2.5 D-4D P/U S/C	12.01%		Reticulation: High Voltage	2013/03/31	42 168	-	42 168	-	42 168	-
CZ 3370 Toyota Yaris T3 A/C	11.94%		Dir: Financial Services	2013/03/31	27 864	-	27 864	-	27 864	-
CZ 3373 Toyota Hilux 2.5 D-4D P/U S/C	12.01%		Recreation Sites	2013/03/31	42 168	-	42 168	-	42 168	-
CZ 3439 Toyota Hilux 2.5 D-4D P/U S/C	12.01%		Reticulation: High Voltage	2013/03/31	42 168	-	42 168	-	42 168	-
CZ 3457 Toyota Hilux 2.5 D-4D P/U S/C	12.01%		Water Reticulation	2013/03/31	42 168	-	42 168	-	42 168	-
CZ 3465 Toyota Hilux 2.5 D-4D P/U S/C	12.01%		Water Reticulation	2013/03/31	42 168	-	42 168	-	42 168	-
CZ 4548 Toyota Corolla 1.3 Impact	11.98%		Housing Office	2013/09/30	48 116	-	48 116	-	37 911	10 205
CZ 4557 Toyota Corolla 1.3 Impact	11.98%		Dir: Traffic Services	2013/09/30	48 116	-	48 116	-	37 911	10 205
CZ 4560 Toyota Corolla 1.3 Impact	12.01%		Dir: Community Services	2013/09/30	56 879	-	56 879	-	44 813	12 066
CZ 4561 Toyota Corolla 1.3 Impact	12.01%		Dir: Traffic Services	2013/09/30	58 629	-	58 629	-	46 192	12 437
CZ 4554 Toyota Corolla 1.3 Impact	12.01%		Dir: Traffic Services	2013/09/30	58 629	-	58 629	-	46 192	12 437
CZ 4741 Toyota Hilux 2.5 D-4D P/U S/C	12.09%		Street works & Storm Water	2013/09/30	64 748	-	64 748	-	51 008	13 740
CZ 4584 Toyota Hilux 2.5 D-4D P/U S/C	12.09%		Recreation Sites	2013/09/30	64 748	-	64 748	-	51 008	13 740
CZ 4567 Toyota Hilux 2.5 D-4D P/U S/C	12.09%		Recreation Sites	2013/09/30	64 748	-	64 748	-	51 008	13 740
CZ 4577 Toyota Hilux 2.5 D-4D P/U S/C	12.04%		Dir: Community Services	2013/09/30	65 785	-	65 785	-	51 828	13 957
CZ 4566 Toyota Hilux 2.5 D-4D P/U S/C	12.04%		Street works & Storm Water	2013/09/30	65 785	-	65 785	-	51 828	13 957
CZ 4754 Toyota Hilux 2.5 D-4D P/U S/C	11.99%		Water Purification	2013/09/30	68 013	-	68 013	-	53 587	14 426
CZ 4746 Toyota Hilux 2.5 D-4D P/U S/C	11.99%		Dir: Traffic Services	2013/09/30	68 013	-	68 013	-	53 587	14 426
CZ 4336 Toyota Hilux 2.5 D-4D P/U S/C	12.13%		Street works & Storm Water	2013/10/31	71 442	-	71 442	-	52 490	18 952
CZ 4738 Toyota Hilux 2.5 D-4D P/U S/C	12.06%		Municipal Buildings	2013/11/30	70 447	-	70 447	-	51 765	18 682
CZ 4730 Toyota Hilux 2.5 D-4D P/U S/C	12.06%		Water Purification	2013/11/30	70 447	-	70 447	-	51 765	18 682
CZ 2543 Toyota Hilux 2.5 D-4D P/U S/C	11.99%		Dir: Electricity Services	2012/08/31	54 794	-	54 794	-	54 794	-
CZ 2533 Toyota Corolla 1.3 Impact	12.03%		Dir: Traffic Services	2012/08/31	11 696	-	11 696	-	11 696	-
CZ 3947 HILUX 2.5 D-4D SRX 4X4 P/U S	11.99%		Water Purification	2013/06/30	54 794	-	54 794	-	54 794	-
CZ 6725 LDV TOYOTA	9.00%		Dir: Traffic Services	2014/10/13	101 111	-	101 111	-	42 431	58 680
MP4001	9.00%		Dir: Engineers Services	2014/09/30	50 693	-	50 693	-	21 273	29 420
MPC5501	9.00%		Dir: Corporate Services	2014/08/31	123 478	-	123 478	-	54 019	69 459
AR1206 Multifunction System	9.00%		Dir: Traffic Services	2013/03/31	2 609	-	2 609	-	2 609	-
AR2060 Multifunction System	9.00%		Dir: Traffic Services	2013/03/31	1 009	-	1 009	-	1 009	-
AR1258 Multifunction System	9.00%		Housing Office	2013/03/31	3 723	-	3 723	-	3 723	-
CZ 8282 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%		Street works & Storm Water	2016/02/28	-	-	-	139 999	13 857	126 142
CZ 8340 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%		Water Reticulation	2016/02/28	-	-	-	140 135	9 651	130 484
CZ 8341 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%		Water Reticulation	2016/02/28	-	-	-	139 997	13 857	126 140
CZ 8343 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%		Municipal Buildings	2016/02/28	-	-	-	139 996	13 857	126 139
CZ 8408 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%		Reticulation High	2016/04/30	-	-	-	141 263	6 942	134 321
CZ 8410 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%		Recreation Sites	2016/04/30	-	-	-	141 563	17 578	123 985
CZ 8414 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%		Dir: Engineers Services	2016/04/30	-	-	-	125 138	6 149	118 989
CZ 8415 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%		Water Reticulation	2016/04/30	-	-	-	141 267	6 942	134 325
CZ 8418 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%		Water Reticulation	2016/04/30	-	-	-	141 270	6 942	134 328
CZ 8419 ISUZU KB250D FLETSIDE A/C P/U S/C	8.50%		Water Reticulation	2016/04/30	-	-	-	146 003	6 942	139 061
CZ 8421 TOYOTA YARIS ZEN3 ACS	8.50%		Dir: Financial Services	2016/04/30	-	-	-	98 713	4 851	93 862
CZ 8422 TOYOTA YARIS ZEN3 ACS	8.50%		Building Control	2016/04/30	-	-	-	98 715	4 851	93 864
Machine Photocopy Kyocera FS1128	9.00%		Thusong Centre	2016/08/30	-	-	-	80 722	16 717	64 005
Machine Photocopy Kyocera FS 6025	9.00%		Thusong Centre	2016/07/30	-	-	-	106 283	22 550	83 733
PABX TELEPHONE SYSTEM	9.00%		Thusong Centre	2016/03/30	-	-	-	46 478	8 240	38 238
CCTV CAMERA'S	20.50%		Dir: Financial Services	2015/09/30	-	-	-	31 837	6 241	25 596
CCTV CAMERA'S	9.00%		Thusong Centre	2014/07/30	-	-	-	55 480	23 209	32 271
<b>Total Lease Liabilities</b>					<b>1 658 198</b>	<b>-</b>	<b>1 658 198</b>	<b>1 914 859</b>	<b>1 478 360</b>	<b>2 094 697</b>
<b>TOTAL EXTERNAL LOANS</b>					<b>18 935 374</b>	<b>-</b>	<b>18 935 374</b>	<b>2 357 891</b>	<b>3 781 193</b>	<b>17 512 072</b>

**APPENDIX B - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**  
**MUNICIPAL VOTES CLASSIFICATION**

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
96 944	(1 534 091)	(1 437 147)	Admin: Commun Serv	483 132	(1 801 477)	(1 318 345)
-	(5 930 079)	(5 930 079)	Admin: Corp Serv	15 771	(6 875 189)	(6 859 418)
8 683 410	(16 414 273)	(7 730 863)	Admin: Electrical	9 612 871	(17 408 169)	(7 795 298)
351 123	(3 133 718)	(2 782 595)	Admin: Engineering Serv	232 044	(3 376 064)	(3 144 020)
3 906 975	(8 879 390)	(4 972 415)	Admin: Fin Serv	4 230 987	(11 563 817)	(7 332 830)
221	(181 689)	(181 468)	Admin: Nelspoort	1 111	(252 670)	(251 559)
13 106 056	(8 263 487)	4 842 569	Admin: Traffic	13 599 591	(11 214 782)	2 384 809
494 469	(5 872 782)	(5 378 313)	Admin: Water	214 529	(6 017 663)	(5 803 134)
63 696	(607 237)	(543 541)	Building Control	65 059	(639 001)	(573 942)
149 815	(411 691)	(261 876)	Cemetries	168 348	(431 487)	(263 139)
-	(1 306 300)	(1 306 300)	Fire Brigade	-	(1 429 652)	(1 429 652)
77 435 901	(12 472 632)	64 963 269	General Expenses	39 019 042	(10 971 855)	28 047 187
4 709 392	(5 333 517)	(624 125)	Housing Office	15 254 782	(15 983 182)	(728 400)
176 001	(325 230)	(149 229)	IDP: Co-Ordinator	-	(315 162)	(315 162)
-	(1 201 585)	(1 201 585)	Information Technology	5 500	(1 222 868)	(1 217 368)
8 405	(44 909)	(36 504)	Irrigation Water	8 194	(63 461)	(55 267)
6 164	(80 224)	(74 060)	Kwa-Mand Comm Hall	10 588	(113 336)	(102 748)
-	(391 472)	(391 472)	Kwa-Mand Office	-	(666 141)	(666 141)
978 939	(1 079 990)	(101 051)	Library Church Street	1 392 275	(1 382 145)	10 130
795 424	(1 040 411)	(244 987)	Library Mimosa	1 001 498	(1 030 523)	(29 025)
90 070	(59 123)	30 947	Library Nelspoort	154 410	(97 945)	56 465
435 614	-	435 614	Main Road	51 621	(83 090)	(31 469)
1 053	(1 397 609)	(1 396 556)	Mechanical Workshop	1 447	(1 556 227)	(1 554 780)
326 679	(3 333 678)	(3 006 999)	Municipal Buildings	456 365	(3 612 399)	(3 156 034)
234 808	(1 779 506)	(1 544 698)	Municipal Manager	345 322	(2 111 354)	(1 766 032)
18 363 562	-	18 363 562	Municipal Rates	19 795 572	-	19 795 572
4 137	(22 218)	(18 081)	Pound	2 683	(18 848)	(16 165)
420	-	420	Private Work	420	-	420
500 360	(5 072 623)	(4 572 263)	Recreation Sites	366 834	(6 583 345)	(6 216 511)
4 654 917	(4 928 701)	(273 784)	Refuse Removal	5 701 463	(5 418 475)	282 988
-	(2 541 418)	(2 541 418)	Reticulation: H Volt	11 883 012	(2 587 053)	9 295 959
57 904 587	(35 750 942)	22 153 645	Reticulation: L Volt	49 108 731	(40 273 768)	8 834 963
17 069	(95 987)	(78 918)	Rustdene Comm Hall	15 228	(111 458)	(96 230)
-	(304 759)	(304 759)	Rustdene Office	-	(334 480)	(334 480)
(9 702)	-	(9 702)	S/E 1 Rustdene	(10 179)	-	(10 179)
4 299	(4 299)	-	S/E 4 Rustdene	4 469	(4 474)	(5)
28 989	(28 989)	-	S/E 8 Rustdene	30 692	(30 691)	1
13 494	(13 495)	(1)	S/E 9 Rustdene	14 312	(14 312)	-
411 399	(379 122)	32 277	Service Connections	208 501	(451 616)	(243 115)
-	(3 874 335)	(3 874 335)	Sewerage Farm	-	(3 233 669)	(3 233 669)
9 034 973	(1 476 823)	7 558 150	Sewerage System	17 068 263	(1 506 241)	15 562 022
-	(1 354 304)	(1 354 304)	Stores	-	(1 681 351)	(1 681 351)
-	(1 109 663)	(1 109 663)	Street Cleansing	-	(1 175 188)	(1 175 188)
16 538	(3 455 038)	(3 438 500)	Street Lightening	832 027	(4 122 504)	(3 290 477)
17 520 624	(13 508 669)	4 011 955	Street works & Storm Water	27 699 500	(12 523 808)	15 175 692
28 662	(301 262)	(272 600)	Swimming Pool Birds	77 115	(289 615)	(212 500)
-	(332 752)	(332 752)	Swimming Pool Nieuveld	66 768	(265 898)	(199 130)
-	(187 859)	(187 859)	Tourism	-	(230 759)	(230 759)
25 741	(110 432)	(84 691)	Town Commonage	20 295	(59 302)	(39 007)
-	(639 901)	(639 901)	Traffic Court	-	(728 168)	(728 168)
-	(53 059)	(53 059)	Traffic Lights	-	(40 867)	(40 867)
27 896	(149 682)	(121 786)	Vacuum Services	75 318	(153 620)	(78 302)
511 359	(332 601)	178 758	Vehicle Registration	507 507	(348 254)	159 253
181 854	(321 335)	(139 481)	Vehicle Testing Station	174 065	(355 644)	(181 579)
3 869 308	(7 367 315)	(3 498 007)	Water Purification	1 162 745	(9 121 512)	(7 958 767)
7 561 823	(5 062 101)	2 499 722	Water Reticulation	14 117 735	(5 591 044)	8 526 691
-	(320 051)	(320 051)	Internal Audit	-	(383 441)	(383 441)
36 928	(284 932)	(248 004)	Labour Relations	171 504	(468 122)	(296 618)
73 385	(1 577 529)	(1 504 144)	Murraysburg Administration	120 297	(1 355 857)	(1 235 560)
2 815 597	(3 504 233)	(688 636)	Murraysburg Electricity	3 067 757	(3 519 602)	(451 845)
312 438	(333 152)	(20 714)	Murraysburg Library	372 332	(373 094)	(762)
951 354	-	951 354	Murraysburg Municipal Rates	1 849 955	-	1 849 955
-	(136 000)	(136 000)	Murraysburg Recreation Site	-	(28 854)	(28 854)
1 092 307	(1 922 434)	(830 127)	Murraysburg Refuse Removal	1 241 976	(1 393 352)	(151 376)
16 667	(2 169 107)	(2 152 440)	Murraysburg Street Works & Storm Water	-	(618 863)	(618 863)
6 651	(51 441)	(44 790)	Murraysburg Swimming Pool	3 388	(42 525)	(39 137)
730 681	(1 332 197)	(601 516)	Murraysburg Water Works	220 466	(1 081 883)	(861 417)
1 675	(69 723)	(68 048)	Thusong Centre	225 163	(555 962)	(330 799)
-	-	-	Wheely Wagon Kwa Mandlenkosi	9 789	(61 817)	(52 028)
-	-	-	Murraysburg - Thusong Centre	218 000	(220 900)	(2 900)
238 761 151	(181 555 106)	57 206 045	Sub Total	242 748 190	(207 579 895)	35 168 295
-	10 267 664	10 267 664	Less Inter-Departmental Charges	-	9 790 378	9 790 378
238 761 151	(171 287 442)	67 473 709	Total	242 748 190	(197 789 517)	44 958 673



**APPENDIX C - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
77 707 637	(15 044 980)	62 662 657	Executive & Council	39 535 868	(14 165 531)	25 370 337
23 295 497	(12 689 143)	10 606 354	Budget & Treasury	25 997 922	(15 854 316)	10 143 606
352 420	(10 575 774)	(10 223 354)	Corporate Services	497 931	(11 769 758)	(11 271 827)
590 820	(4 066 185)	(3 475 365)	Planning & Development	297 103	(4 330 227)	(4 033 124)
2 452 675	(4 726 610)	(2 273 935)	Community & Social Services	4 053 446	(6 198 992)	(2 145 546)
4 746 472	(5 380 300)	(633 828)	Housing	15 294 076	(16 032 659)	(738 583)
13 106 056	(10 209 688)	2 896 368	Public Safety	13 599 591	(13 372 602)	226 989
535 673	(5 894 078)	(5 358 405)	Sport & Recreation	514 105	(7 210 237)	(6 696 132)
5 747 224	(7 960 798)	(2 213 574)	Waste Management	6 943 439	(7 987 015)	(1 043 576)
9 062 869	(5 500 840)	3 562 029	Waste Water Management	17 143 581	(4 893 530)	12 250 051
18 667 171	(17 729 321)	937 850	Road Transport	28 434 140	(15 485 886)	12 948 254
12 664 686	(19 679 304)	(7 014 618)	Water	15 723 669	(21 875 563)	(6 151 894)
69 831 951	(62 098 085)	7 733 866	Electricity	74 713 319	(68 403 579)	6 309 740
						-
238 761 151	(181 555 106)	57 206 045	Sub Total	242 748 190	(207 579 895)	35 168 295
-	10 267 664	10 267 664	Less Inter-Departmental Charges	-	9 790 378	9 790 378
238 761 151	(171 287 442)	67 473 709	<b>Total</b>	242 748 190	(197 789 517)	44 958 673

**APPENDIX D - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 July 2012	Correction of error	Restated balance 1 July 2012	Transfer in	Contributions during the year	Interest on Investments (Only if a condition)	Interest Transferred to Revenue	VAT Transferred to Revenue	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Transfer out	Balance 30 June 2013
	R	R	R	R	R	R	R	R	R	R	R	R
<b>UNSPENT/UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>												
<b>NATIONAL</b>												
Finance Management Restruc.	(22 942)	-	(22 942)	-	1 250 000	-	-	-	1 322 133	-	-	(95 075)
Meter, oudit management & maintainance strategy	182 356	-	182 356	-	-	3 397	66	-	185 687	-	-	-
132/22KV Substation & 20 MVA Transformer	2 453 268	-	2 453 268	-	21 000 000	-	-	1 518 389	-	11 883 012	10 051 867	-
Electrification of Central Karoo	3 035 397	-	3 035 397	1 490 754	4 000 000	-	-	-	9 312 609	-	-	(786 458)
Electricity Nelspoort Dwelling	74 888	-	74 888	-	-	-	-	-	-	-	74 888	-
MIG 2010/11 - Improve Service Delivery	-	-	-	-	800 000	-	-	-	800 000	-	-	-
Neighbourhood Development Programme	1 710 824	-	1 710 824	-	5 300 000	-	-	719 222	-	6 291 602	-	-
Expanded Public Works Programme	296 235	-	296 235	-	1 000 000	-	-	-	1 229 254	-	81 358	(14 377)
Expanded Public Works Programme	-	-	-	81 358	-	-	-	-	81 358	-	-	-
Exploration Aquifers	-	-	-	-	1 027 674	5 514	-	101 183	-	722 737	-	209 268
<b>PROVINCIAL</b>												
Community Development Workers (CDW's)	57 608	-	57 608	-	324 000	5 818	-	-	378 606	-	-	8 820
Consumer Housing Education Program	131 043	-	131 043	-	-	4 532	-	-	24 946	-	-	110 629
Nelspoort Project Base Subsidy	24 064	-	24 064	-	-	268	268	-	24 064	-	-	-
Project Provincial Funds	28 632	-	28 632	-	-	1 087	-	-	-	-	-	29 719
Project Preparation Grant Planning	142 424	-	142 424	-	-	5 408	-	-	-	-	-	147 832
Public Transport Infrastructure	2 755 093	-	2 755 093	-	-	52 258	-	-	-	2 691 723	-	115 628
Public Transport Infrastructure: M/burg	895	-	895	-	-	84	979	-	-	-	-	-
Refuse Recycling Project	(3 419)	-	(3 419)	-	347 128	65	-	-	403 936	-	-	(60 162)
Rezoning Scheme Regulations	12 616	-	12 616	-	-	479	-	-	-	-	-	13 095
Sanitation Master Plan	9 540	-	9 540	-	-	362	-	-	-	-	-	9 902
Tourisme Potential Nelspoort	125 882	-	125 882	-	-	4 780	-	-	-	-	-	130 662
Tourisme Tokens	6 981	-	6 981	-	-	265	-	-	-	-	-	7 246
Upgrading electricity network Nelspoort	129 756	-	129 756	-	-	4 953	-	-	-	-	-	134 709
Public Library Services	(26 824)	-	(26 824)	-	3 029 000	18 385	-	-	2 868 596	35 540	-	116 425
Upgrading Nelspoort Civil Services	2 427	-	2 427	-	-	17	17	-	2 427	-	-	-
Water Masterplan	11 972	-	11 972	-	-	455	-	-	-	-	-	12 427
Soup Kitchens	6 469	-	6 469	-	-	180	-	-	-	-	-	6 649
Nelspoort 216 Houses	2 605	-	2 605	-	172 800	3 958	3 958	-	175 405	-	-	483 908
Merweville 90 Dwellings	58 820	-	58 820	-	507 865	4 223	132 212	-	373 291	65 404	-	817 919
Internship: Water	(8 876)	-	(8 876)	-	8 876	-	-	-	-	-	-	200 000
Internship: Roads	(18 493)	-	(18 493)	-	18 493	-	-	-	-	-	-	12 437
10 Hph Dwelling Merweville	61 623	-	61 623	-	-	1 332	17 822	-	45 134	-	-	4 923 009
Management Support Grant	83 908	-	83 908	-	400 000	-	-	-	-	-	-	817 919
Provision Of Services Nelspoort (23)	783 459	-	783 459	-	-	34 460	-	-	-	-	-	4 923 009
240 Irdp Dwellings Asla	478 810	-	478 810	-	15 837 897	84 442	-	-	11 478 140	-	-	200 000
Upgrading sport facilities Murraysburg	-	-	-	-	200 000	-	-	-	-	-	-	12 437
S3 & S4 Services	-	-	-	-	8 471 773	12 437	-	-	-	8 471 773	-	11 409
55 Consolidation Scheme Kwa Mandlenkosi	-	-	-	-	2 275 085	11 409	-	-	2 275 085	-	-	218 000
Thusong Centre Murraysburg	-	-	-	-	218 000	-	-	-	218 000	-	-	218 000
Thusong Centre Beaufort West	-	-	-	-	218 000	-	-	-	218 000	-	-	218 000
Xhoxha dwellings	-	-	-	-	301 928	2 525	-	-	301 928	-	-	2 525

**APPENDIX D - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 July 2012	Correction of error	Restated balance 1 July 2012	Transfer in	Contributions during the year	Interest on Investments (Only if a condition)	Interest Transferred to Revenue	VAT Transferred to Revenue	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Transfer out	Balance 30 June 2013
<b>MIG</b>												
Bulk water supply	14 587	-	14 587	-	-	-	-	-	-	-	14 587	-
External Stormwater Nelspoort	-	-	-	-	-	-	-	-	-	-	-	-
PMU - Project Management Unit	401	-	401	-	360 471	-	-	1 409	221 979	10 065	127 418	-
Improve surface of gravel roads	(7 364)	-	(7 364)	451 600	6 078 529	-	-	-	-	6 472 592	50 173	-
50 Streetlights Nelspoort	21 648	-	21 648	-	-	-	-	-	-	-	21 648	-
Retention Dams	10 102	-	10 102	-	5 022 000	-	-	-	-	3 723 422	1 308 680	-
Pre Paid Watermeters Kwa Mandlenkosi	746	-	746	-	-	-	-	-	-	-	746	-
Roads 5400.1	2 677	-	2 677	452 394	45 000	-	-	-	-	473 903	26 168	-
Rustdene Sport Stadium	213	-	213	-	900 000	-	-	29 375	-	209 823	661 015	-
New Refuse Transfer Station	93 316	-	93 316	-	675 820	-	-	17 169	-	373 892	378 075	-
High Mast Lights Hooyvlakte	-	-	-	-	-	-	-	-	-	-	-	-
Rehabilitation Roads: Murraysburg	276	-	276	1 006 750	3 973 426	-	-	-	-	4 876 758	103 694	-
Roads 5257.2 : Murraysburg	(9 127)	-	(9 127)	9 127	-	-	-	-	-	-	-	-
Upgrading Water Supply : Murraysburg	441	-	441	-	-	-	-	-	-	-	441	-
Upgrade/extension Of Water Sup : Murraysburg	154	-	154	-	-	-	-	-	-	-	154	-
Investigation Aquifers	2 941	-	2 941	38 420	1 040 505	-	-	50 000	-	331 866	700 000	-
Ressure Reduction Water (prv)	23	-	23	508 769	1 653 109	-	-	70 198	-	1 711 702	380 000	-
High mast lights Greater Beaufort West	-	-	-	80 700	770 000	-	-	-	-	812 280	38 420	-
Main water pipeline Rustdene	-	-	-	-	636 690	-	-	60 673	-	433 379	142 638	-
Nelspoort Bulk water	-	-	-	14 587	145 413	-	-	-	-	-	160 000	-
External sewerage line Buitekant street	-	-	-	1 483 873	61 038	-	-	91 480	-	1 453 431	-	-
External stormwater next to Buitekant street	-	-	-	67 638	75 000	-	-	17 517	-	125 121	-	-
<b>LOCAL ECONOMIC DEVELOPMENT</b>												
Arts & Crafts	29 862	-	29 862	-	-	1 479	-	-	-	-	-	31 341
<b>CKDM</b>												
Website	7 753	-	7 753	-	-	294	-	-	-	-	-	8 047
Shared Services	84 332	-	84 332	-	141 930	-	-	-	171 504	-	-	54 758
Expanded Public Works Programme	146 642	-	146 642	-	380 000	-	-	-	340 469	-	146 642	39 531
Expanded Public Works Programme	-	-	-	146 642	-	-	-	-	163 140	-	-	(16 498)
Multi Purpose Centre	136 249	-	136 249	-	-	-	-	-	-	-	-	136 249
<b>Total</b>	<b>13 122 913</b>	<b>-</b>	<b>13 122 913</b>	<b>5 832 612</b>	<b>88 667 450</b>	<b>264 866</b>	<b>155 322</b>	<b>2 676 615</b>	<b>32 615 691</b>	<b>51 170 025</b>	<b>14 468 612</b>	<b>6 801 574</b>
<b>UNSPENT/UNPAID CONDITIONAL PUBLIC CONTRIBUTION</b>												
<b>PRIVAAT</b>												
Disaster Fund	-	-	-	-	3 912	-	-	-	3 912	-	-	-
Beneficiaries Merweville Housing	27 081	-	27 081	-	-	301	301	-	27 081	-	-	-
Existing Houses Nelspoort	374 403	-	374 403	-	83 284	6 395	-	-	464 082	-	-	-
Beneficiaries Nelspoort Housing	45 984	-	45 984	-	-	512	512	-	45 984	-	-	-
Capacity Building Programme	25 596	-	25 596	-	-	972	-	-	26 568	-	-	-
Watercrisis	49 255	-	49 255	-	-	2 266	-	-	51 521	-	-	-
Customer Care Services	(146 015)	-	(146 015)	-	491 337	-	-	-	345 322	-	-	-
<b>Total</b>	<b>376 304</b>	<b>-</b>	<b>376 304</b>	<b>-</b>	<b>578 533</b>	<b>10 446</b>	<b>813</b>	<b>-</b>	<b>964 470</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Receipts</b>	<b>13 499 217</b>	<b>-</b>	<b>13 499 217</b>	<b>5 832 612</b>	<b>89 245 983</b>	<b>275 312</b>	<b>156 135</b>	<b>2 676 615</b>	<b>33 580 161</b>	<b>51 170 025</b>	<b>14 468 612</b>	<b>6 801 574</b>

# APPENDIX E



## **BEAUFORT WEST MUNICIPALITY SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT**

for the

**2012/2013 FINANCIAL YEAR**

# APPENDIX E

## INDEX

**The scope of the implementation review will include the following:**

### **Introduction**

1. The Delegations
2. Organizational Structure
3. Competency Levels of the Supply Chain Management Unit
4. Demand and Acquisition Management
5. The Bid Committee System
6. Minor Breaches and Deviations
7. Awards to Close Family Members of Persons in the Service of the State
8. Logistic, Disposal and Risk Management
9. Recommendations
10. Conclusion

Addendum A- Bids awarded by the Bid Adjudication Committee

Addendum B- Minor Breaches & Deviations

# APPENDIX E

## Supply Chain Management Implementation Report

The Local Government: Municipal Finance Management Act, No 56 of 2003, (MFMA) requires the municipality to have and implement a Supply Chain Management Policy (SCM Policy) which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'.

On the 30<sup>th</sup> May 2005 the Municipal Supply Chain Management Regulations were issued. As a Medium Capacity Municipality the Beaufort West Municipality had to comply with the provisions of the Regulations from 01 January 2006. The SCM Policy, together with the applicable set of delegations was approved by Council on February 22, 2006 at a legally constituted Council meeting.

Although the MFMA prohibits a Councillor from being a member of a bid committee or any other committee evaluating or approving quotations, bids or tenders the council has an oversight role to ensure that the accounting officer implements all supply chain management activities in accordance with this policy. For the purposes of such oversight, Council's Supply Chain Management Policy requires that the accounting officer must -

**“P1.8 (a) Within 30 days of the end of each financial year, submit a report on the implementation of the policy to the Council.”**

Following please find said Supply Chain Management Implementation Report for the 2012/13 financial year:

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## 1. The Delegations

Council has duly delegated the implementation of the Supply Chain Management Policy to the Accounting Officer who is responsible for taking all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.

In terms of this responsibility Council has adopted a full set of delegations which assist in maximising the administrative and operational efficiency. The delegations also provide adequate checks and balances in the municipality's Supply Chain Management function. According to Section 79 and 106 of the MFMA, delegations and sub-delegations in terms of sub-section 1 must be in writing.

Currently the Accounting Officer has delegated powers and duties to directors as prescribed by the SCM Policy. These delegations have since been conferred in writing and have been duly accepted. In addition we have also dealt with sub-delegations in terms of individual officials' job description and these delegations have also been conferred and accepted in writing, cognisant of their responsibilities in terms of the Codes of Conduct of Municipal Officials and Municipal Supply Chain Officials. To this effect we keep a delegation register listing the delegates and sub-delegates with their corresponding authority.

In terms of the SCM Regulation 5(2)(c) the power to make a final award for R 2million or less is within the ambits of the committee system (R 200 000 in practical terms) and may only be sub delegated to:

- (i) The Chief Financial Officer
- (ii) A Senior Manager (Director), or
- (iii) A Manager directly Accountable to the CFO or Senior Manager

A workshop was held to inform all relevant officials of the delegations.

Limitations in respect of delegations for the 2012-13 financial year are as follows:

- Senior Managers(Directors) R 200 000.00
- A Manager directly Accountable to the CFO or Senior Manager R 30 000.00
- Foremen R 2 000.00

# APPENDIX E

## 2. Organizational Structure

In terms of Paragraph 7 of the Municipal Supply Chain Management Regulations (MSCMR) the municipality must establish a Supply Chain Management Unit (SCMU) to implement its supply chain management policy. The SCMU must operate under the direct supervision of the Chief Financial Officer or may be delegated to an official in terms of Section 82 of the MFMA.

During the reporting period the staff complement that performed the duties and functions in terms of the SCM policy were as follows:

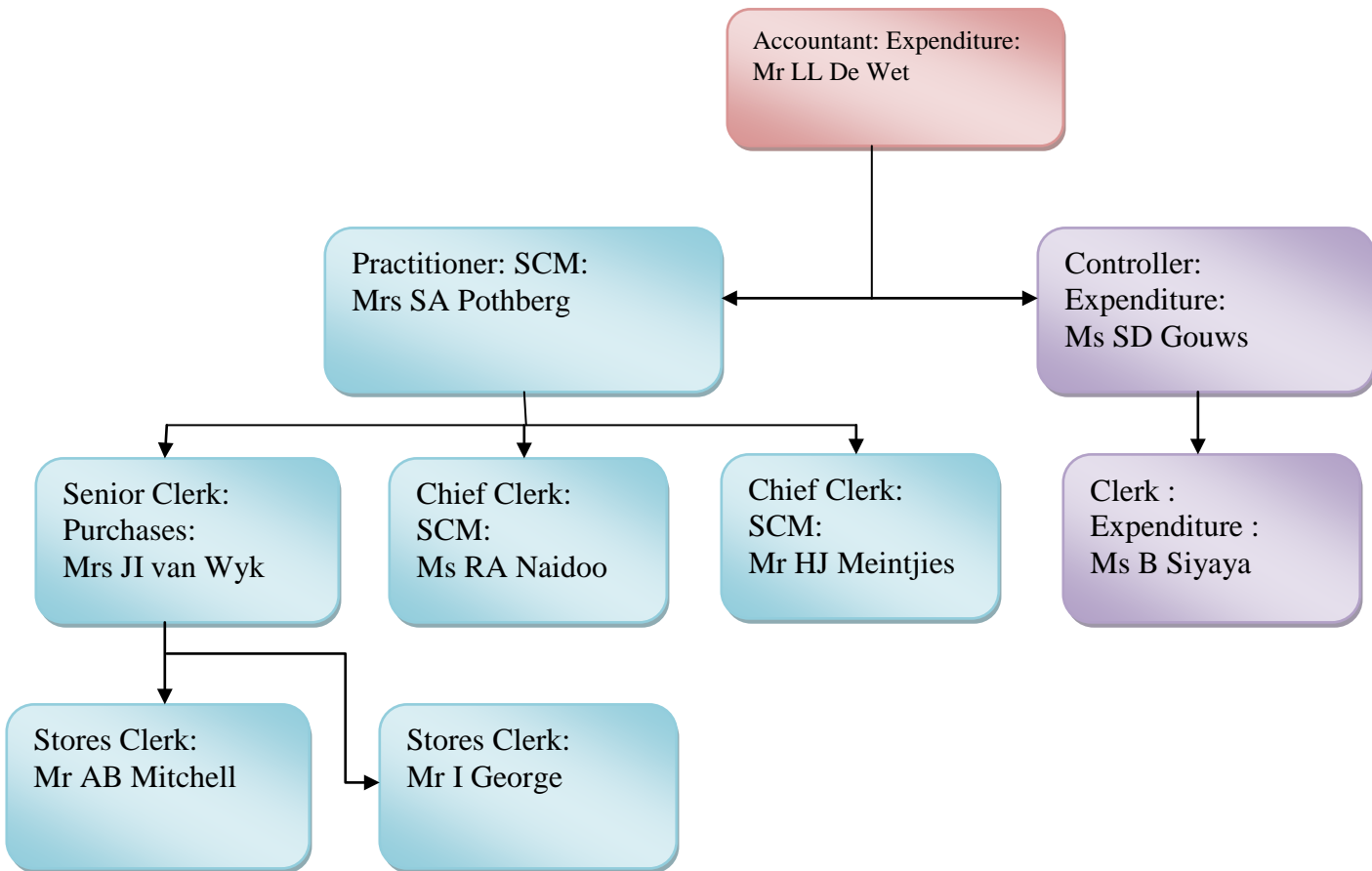
Accountant: Expenditure	-	Supply Chain Management Practitioner Manages the implementation of the Policy
Practitioner: Supply Chain Management-	-	Supply Chain Management Practitioner, Implementation of the Policy
	-	Processing of procedures for procurement above R 150 000
Clerk: Supply Chain Management duties	-	Assisting with all Supply Chain Management
Clerk: Supply Chain Management duties	-	Assisting with all Supply Chain Management
Stores Master	-	Supply Chain Management Practitioner Implement procedures for procurement up to R 2 000
	-	Processing of Invoices
	-	Control over inventory in the Municipal Store
	-	Supervise staff in Stores
Stores Clerk	-	Processing and follow-up of Orders
Stores Clerk	-	Processing of Stock Issues
	-	Receipt of Goods
	-	Monitoring of Stock Levels
Accountant Expenditure	-	Payment of Vendors / General Payments
Controller Expenditure	-	Processing of payments to Vendors / General Payments



# APPENDIX E

This structure was implemented to ensure that proper mechanisms and separation of duties in the supply chain management system are in place in order to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices. The Manager: Supply Chain Management being responsible for the administration and the implementation of the SCM policy, whilst the Accountant: Expenditure fulfilling the role of control and strategic guidance and the two officials interchangeably participating in the Bid Committees.

Unit structure was implemented as follows:



This structure will serve under the direct supervision of the Chief Financial Officer who has been duly delegated with this authority.

# APPENDIX E

## 3. Competency Levels of the Supply Chain Management Unit

SCM Manager, SCM Clerk and Accountant: Expenditure has attended training for the Municipal Minimum Competency Level as prescribed by National Treasury in the 2012-2013 financial year.

Official	Designation	Training
De Wet LL	Accountant: Expenditure	<ul style="list-style-type: none"> <li>• Introduction to SCM</li> <li>• MFMP</li> </ul>
Pothberg SA	Manager: Supply Chain Management	<ul style="list-style-type: none"> <li>• Introduction to SCM</li> <li>• Workshop SCM Policy</li> <li>• Bid Committee Training</li> <li>• Contract Management</li> <li>• SCM Intervention Week with PGWC</li> <li>• Application of BBBEEA</li> <li>• SCM on NQF 6</li> <li>• MFMP</li> </ul>
Meintjies H	SCM Clerk	<ul style="list-style-type: none"> <li>• SCM on NQF 6</li> <li>• Accounting on NQF 6</li> </ul>
Naidoo RA	SCM Clerk	<ul style="list-style-type: none"> <li>• SCM on NQF 6</li> <li>• SCM on Unit 116353-IMFO</li> <li>• MMCP</li> </ul>
Van Wyk JI	Stores Master	<ul style="list-style-type: none"> <li>• Introduction to SCM</li> <li>• SCM Intervention Week with PGWC</li> <li>• SCM on NQF 6</li> </ul>
Gouws SD	Controller: Expenditure	<ul style="list-style-type: none"> <li>• Introduction to SCM</li> <li>• Workshop SCM Policy</li> <li>• SCM on NQF 6</li> <li>• MFMP</li> </ul>
George I	Clerk: Stores	<ul style="list-style-type: none"> <li>• Introduction to SCM</li> <li>• Workshop SCM Policy</li> <li>• SCM Intervention Week with PGWC</li> </ul>
Mitchell BA	Clerk: Stores	<ul style="list-style-type: none"> <li>• SCM Intervention Week with PGWC</li> <li>• SCM on NQF 6</li> </ul>
Siyaya B	Clerk: Expenditure	<ul style="list-style-type: none"> <li>• SCM on NQF 6</li> <li>• Accounting on NQF 6</li> </ul>

# APPENDIX E

The 5 Municipal Finance Management Interns were also included in the SCM on NQF 6 and Municipal Finance Minimum Competency Program training. The attendance of the quarterly Supply Chain Management Forum meetings arranged by the Provincial Government is another platform where we gained information and engaged with like-minded officials on the challenges in the field. The aim of SCM Forum is to assist on issues such as managing transformation in scm, developing coherent policy and setting norms and standards for service delivery and to enhance interdepartmental scm relations and the exchange of information; while taking a long term perspective on spending and policy from and scm perspective.

Provincial Treasury is also focusing on the establishment of scm focus groups ( a subset of scm forum) with the aim of sharing of knowledge; expertise and skills as a platform to inform scm policy in the municipal environment. The district focus groups shall comprise of the scm head/manager/practitioner of Beaufort West; Central Karoo; Laingsburg and Prince Albert Municipality.

#### **4. Demand Management**

Demand Management is an interactive process to determine the demand levels required to meet the municipality's objectives. These objectives are reflected in the municipality's Integrated Development Plan (the 'IDP'), a comprehensive strategy document setting out how the municipality intends to address the development challenges in a specific financial year.

National Treasury issued MFMA Circular 62 – SCM enhancing compliance and accountability, in August 2013 which is a guide to assist municipalities with the planning of the procurement of goods, service or infrastructure projects in a proactive manner. It is still the vision of the SCM Unit, as supported by the Accounting Officer and the Chief Financial Officer, to implement SCM via a Demand Management Plan (DMP) as a strategic tool in order to implement the budget. It aims to identify the procurement of requirements of the municipality in advance, draft a programme listing all the requirements and the timelines of the different activities at the different procurement gates.

The goal with the DMP is to ultimately enable the SCM Unit to improve planning of tender processes and to effectively assist user departments with the planning of the execution and timely completion of projects in alignment with performance targets in the Service Delivery and Budget Implementation Plan.

# APPENDIX E

## **a. Preferred Suppliers Database**

In terms of the Municipal Financial Management Act (MFMA) (Act 56 of 2003) the Beaufort West Municipality is required to have a Preferred Suppliers Database.

Purchases of goods and services for the Municipality are made through the Preferred Suppliers Database and all current as well as interested suppliers were again requested via an advertisement in the local newspaper to register on our database.

We have also hosted a very successful Supplier's open day on 23 February 2012 with all current and interested local suppliers in the Central Karoo District. The workshop was a collaborative event between Provincial Treasury, Department of Trade and Industry, Prince Albert, Laingsburg and Central Karoo District Municipality. We have also invited different stakeholders to exhibit their services that they can deliver to SMME's in order to enhance development. (CIDB, SARS, Quadrem, Seda, Standard bank, Absa, Khula, ect)

The main focus of this open day was to help suppliers with their difficulties which prevent them from development and to inform them how the different stakeholders and government can help their business to develop and speak to their needs.

We have also engaged with the Construction Industry Development Board to host a 2 day workshop with all interested local contractors which we plan to host in this financial year. The aim of the workshop is to help contractors with registration, CIDB grading, completion of CIDB tender document and any difficulties contractors might be facing that prevent them from development.

## **b. Implementation of Preferential Procurement Policy Framework Act**

The National Treasury has revised the procurement regulations to bring them into alignment with BBBEE. These Regulations amongst other things will see the use of BBBEE scorecard when awarding government tenders. The revised Regulations have been effective as from 7 December 2011.

The municipality in conjunction with the Central Karoo District Municipality and Department of Trade and Industry has held a workshop to inform all local suppliers about the amendments. We also engaged with local Accounting businesses to provide guidance with the issuing of EME Certificates. We still experience that suppliers still is unaware of the revised Regulations

# APPENDIX E

as well as the compliance there of. The aim is host another workshop to inform all local suppliers and to provide assistance to obtain certificates.

## **c. Supply Chain Management processes**

The following thresholds are currently being adhered to in order to support the strategic and operational commitments of the municipality:

### **(a) Petty cash purchases**

Goods are purchased by way of petty cash purchases, up to a transaction value of R2 000 (VAT included).

### **(b) Written or verbal quotations**

Goods and services are procured by way of written or verbal quotations for a transaction value over R2 000 up to R10 000 (VAT included).

### **(c) Formal written price quotations**

Goods and services must be procured by way of formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included).

### **(d) A competitive bidding process**

Goods and services are procured by way of a competitive bidding process for-

- procurement above a transaction value of R200 000 (VAT included); and
- the procurement of long term contracts.

## **5. The Bid Committee System**

The Bid Committee system for competitive bids has been actively applied within the municipality over the past financial year. Officials are still being invited on an ad-hoc basis to participate in the committees as and when required, but with written delegations in order to participate in the committees.

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Our aim is to organise a refresher course for bid committee members to ensure that they are completely aware of all applicable legislations to ensure that procurement for goods and services through competitive process are fair, equitable, transparent, competitive and cost effective.

## **a. The bid specification committee**

The bid specification committee compiles the specifications for the procurement of goods or services by the municipality.

The committee is appointed by the Accounting Officer and must be composed of one or more officials of the municipality, preferably a Supply Chain Management Practitioner and the manager responsible for the function involved, and may when regarded appropriate by the Accounting Officer, include external specialist advisors. The proceedings are being formalised via the arrangement of meetings by the Corporate Services Directorate.

## **b. The bid evaluation committee**

The bid evaluation committee is appointed by the Accounting Officer and must as far as possible be composed of-

- officials from departments requiring the goods or services; and
- at least one supply chain management practitioner of the municipality.

The proceedings have been formalised in minutes of the Bid Evaluation Committee meetings, taken by administrative personnel from the Directorate: Corporate Services.

## **c. The bid adjudication committee**

The bid adjudication committee must consist of at least four senior managers of the municipality which must include-

- the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer;
- at least one senior supply chain management practitioner who is an official of the municipality; and
- a technical expert in the relevant field who is an official of the municipality, if the municipality has such an expert.

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The Bid Adjudication Committee has been fully functional and has been involved in all bids exceeding R 200 000 and due to a conservative approach even awards to a lesser value. Furthermore the delegations have also being formalised and have been properly conferred and accepted.

## **d. Bids awarded by the Bid Adjudication Committee**

The bids that were awarded by the Bid Adjudication Committee in terms of the SCM Policy and the Preferential Procurement Policy for the 2012/2013 financial year are attached as **Addendum A**.

## **e. Prevention plan for appeals**

In order to prevent appeals that might be launched against the Municipality, the SCM unit is currently envisaging a strategic prevention plan for appeals. The plan is to inform all unsuccessful bidders reasons why their bids were found non responsive and to advise on areas where they can prevent future disqualifications and comply with the minimum compliance issues, especially local SMME's.

## **6. Minor Breaches and Deviations**

### **a. Minor breaches of procurement processes**

The Supply Chain Management Policy states in Paragraph 10.3.2 that: "The accounting officer may ratify minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature".

### **b. Deviations from Procurement Processes**

The Supply Chain Management Policy states in Paragraph 10.3.1: "The accounting officer may dispense with the official procurement processes established by this policy and may procure any required goods or services through any convenient process, which may include direct negotiations, but only –

“(a) in an Emergency

(b) if such goods or services are produced or available from a single provider only;

(d) in any other exceptional case where it is impractical or impossible to follow the official procurement processes”

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During the 2012/2013 financial year minor breaches were ratified and deviations approved by the Accounting Officer. Attached please find a schedule as **Addendum B**.

## 7. AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE

Emanating from the recent audits conducted by AGSA, municipalities have received audit findings in respect of SCM Regulations 44 and 45. AGSA has classified this expenditure as irregular expenditure; this has caused serious distress and discontent with the municipalities, in the absence of an enabling system.

The municipality currently rely on the completion of Municipal Bidding Document (MBD 4-Declaration of Interest) for suppliers to declare their ownership within the company and close family members that are in the service of the state.

Municipality is has procured the services of track whether shareholders are in the service of the state. This will minimise the non compliance issues in terms of irregular expenditure with regards to Regulation 44 and 45. Provincial Treasury has created a platform whereby municipalities can submit the identity numbers of the directors of a company involved in the bidding process, which can be used to match/ verify whether they are in the service of the state. Identity numbers are match against the National Persal System of employees that are in the service of the state.

The following bids were awarded to a person who is a family member of a person in the service of the state:

### Quarter 1

Business	Date	Invoice	Amount	Interest
B. Chalmers	12/07/12	15033521	R 3 275.00	Spouse, Mr. M. Chalmers employed with the Department of Correctional Services as Corrections Officer.
Duneco	05/07/12	15033415	R 13 148.67	Spouse, Mrs. E Klazen is employed with the Department of Educational Services.
PJ Sound & Vision	21/07/12		R 3 500.00	Son, Mr. PJ Julies is employed as Vehicle Inspections & Traffic Officer at the Beaufort West Municipality
PJ Plumbing	07/05/12	15033481	R 13 418.64	Mother, Mrs. E Botha and sister, Mrs. B Saaiman, are employed with the Department of Education.
B. Chalmers	23/08/12		R 4 356.00	Spouse, Mr. M. Chalmers employed with the Department of Correctional Services as Corrections Officer.
Wilma's Catering Services	23/08/12		R 2 080.00	Brother currently employed as a Councilor at the Beaufort West Municipality.
Mabungwe Civils	23/08/12	Competitive bid	R 1 556 359.92	B.M.J Nel, spouse of AP Nel, is currently employed by SA Correctional Services



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## Quarter 2

Business	Date	Invoice	Amount	Interest
Avril's Catering	26/10/12	15035548	R 3 000.00	Daughter, Me. M Johnson employed with the Department of Correctional Services.
PJ Plumbing	31/10/12	15035702	R 4 053.24	Mother, Mrs. E Botha and sister, Mrs. B Saaiman, are employed with the Department of Education.
PJ Sound & Vision	26/10/12		R 6 200.00	Son, Mr. PJ Julies is employed as Vehicle Inspections & Traffic Officer at the Beaufort West Municipality
Karoo Drukkery	10/10/2012		R 6508.90	Wife, Mrs. S Munro is employed at the Department of Health.
New Born Fashions	26/10/2012		R 8 585.00	Husband, Mr. D Martin is temporally employed and sister, Mrs. L Mudumbo are currently employed at the Beaufort West Municipality
Karoo beton werke	01/11/2012	15035725	R 6 420.00	Spouses, Mr.A Swanepoel and Mrs. E Klazen are employed with the Department of Correctional and Educational Services.
Duneco	26/11/12 29/11/12	15036151 15036307	R 23 208.12 R 33 836.91	Spouse, Mrs. E Klazen is employed with the Department of Educational Services.

## Quarter 3

Business	Date	Invoice	Amount	Interest
Karoo Motors Werkswinkel	28/01/13 01/03/13 27/03/13	15037436 15038372 15038945	R 44 209.77 R 48 281.28 R 38 431.75	❖ Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health Services
Duneco	28/01/13 27/03/13	15037428 15038944	R 23 977.60 R 2 476.00	❖ Spouse, Mrs. E Klazen is employed with the Department of Educational Services.
Karoo beton werke	26/03/13	15038931	R 4 140.00	❖ Spouses, Mr.A Swanepoel and Mrs. E Klazen are employed with the Department of Correctional and Educational Services.
Swans Driving School	10/01/13 14/01/13 16/01/13	15037264 15037296 15037325	R 4 000.00 R 4 000.00 R 4 500.00	❖ Spouse, Mr. W. Swanepoel employed with the Department of Correctional Services as Corrections Officer.
Adenco Construction	28/01/13	SCM 08/2013	R3 777 233.31	❖ Parent-Helen Victoria Machimana is employed with the Department of

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				<p>Social</p> <ul style="list-style-type: none"> <li>❖ Parent-Busisiwe Skosana is employed with the Department of Health</li> <li>❖ Child-Adele Kassner is employed with Department of Education</li> </ul>
PJ Sound & Vision	21/02/13 15/03/13	15038094 15038547	R 3 899.99 R 4 550.00	❖ Son, Mr. PJ Julies is employed as Vehicle Inspections & Traffic Officer at the Beaufort West Municipality
Nonkululeka	27/03/13	15038951	R 3 100.00	❖ Daughter, P Mditwa, is employed at the Beaufort West Municipality.
New Born Fashions	27/03/13		R 9 500.00	❖ Husband, Mr. D Martin is temporally employed and sister, Mrs. L Mudumbo are currently employed at the Beaufort West Municipality
Sonneblom Bloemiste	22/03/13	15038801	R 2 000.00	❖ Son, H.Jack, is currently employed on a contract basis at the Beaufort West Municipality.
Danielle Studie sentrum	05/03/13	15038433	R 94 050.42	❖ Brother, W Petersen, is employed at the Beaufort West Municipality.

## Quarter 4

Business	Date	Invoice	Amount	Interest
Karoo Motors Werkswinkel	29/05/13 28/06/13	15040097 15040821	R 48 450.00 R 86 832.66	❖ Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health Services
Karoo beton werke	29/05/13	15040100	R 4 140.00	❖ Spouses, Mr.A Swanepoel and Mrs. E Klazen are employed with the Department of Correctional and Educational Services.
Duneco	02/05/13	15039657	R 5 250.00	❖ Spouse, Mrs. E Klazen is employed with the Department of Educational Services.
C Wright		SCM 06/2013	R 294 541.80	❖ Son, C Wright, is employed at the Beaufort West Municipality.
New Born Fashions	15/05/13		R 26 060.00	❖ Husband, Mr. D Martin is temporally employed and sister, Mrs. L Mudumbo are currently employed at the

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				Beaufort West Municipality
Elrico Booysen	31/04/13 31/05/13  30/06/13	15040271	R 14 690.00 R 2 960.00 R 17 484.00 R 14 664.00	<ul style="list-style-type: none"> <li>❖ Niece, J Kaptein, is employed at the Beaufort West Municipality</li> <li>❖ Sister, Lena July, is employed at the department of Education services.</li> </ul>
PJ Sound & Vision	19/06/13 03/06/13	15040489 15040489	R 2 500.00 R 2 950.00	<ul style="list-style-type: none"> <li>❖ Son, Mr. PJ Julies is employed as Vehicle Inspections &amp; Traffic Officer at the Beaufort West Municipality</li> </ul>

In terms of Regulation 45 of the Supply Chain Management Regulation, particulars of awards above R 2 000 made to a person who is a spouse, child or parent of a person in the service of the state must be disclosed in the notes to the Annual Financial Statements. All abovementioned are reported in the AFS of municipality

## 8. Logistic, Disposal, Contract, Performance and Risk Management

The SCM unit must provide an effective system to ensure the setting of inventory levels, placing of orders, receiving and distribution of goods, stores and warehouse management, expediting orders, vendor performance, maintenance and contract administration as well as provide for an effective method of disposal and letting of assets which is inclusive of redundant and obsolete stock. Such systems must also have in place mechanisms to identify, consider and avoid potential risk in the SCM system.

### a. Setting of Inventory levels

The inventory levels are constantly being monitored and updated with the assistance of the relevant user departments.

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## b. Inventory Control

No inventory count was done for first quarter because we have experienced complications with the transfer of year end balances to new financial year. This also due to the fact that the Auditor General is auditing the stores for any discrepancies and if any are found, it can be ratified before new financial year. Therefore the first inventory count was done on 17 November 2012 which included all transactions for the period 01 July 2012 to 17 November 2012. The second inventory count was 16 February and last inventory count was done on 22 June 2013. There were quarterly inventory counts to ensure adequate control over inventory.

## i. Inventory Count

After the correction of all the variances our inventory count showed inventory surpluses amounting to R 35 077.93 and inventory losses amounting to R 26 064.07. Accordingly please find a schedule detailing the surpluses and losses:

### INVENTORY COUNT FOR YEAR END 30 JUNE 2013

Commodity	Category	Bin	Description	on hand	Price R	Stock take	Price R	Diffs	Price R	Reasons
909139	GNRL	5192	Olie Ratkas Rooi	281	7,710.64	108	2,963.52	173	4,747.12	Erroneously posted must be 909140
909140	GNRL	5193	Olie Ratkas 80w90	208	5,593.12	390	10,487.10	182	-4,893.98	Erroneously posted must be 909139
909406	ELEK	1122	Kabel Laagspan 2kern 16mm	626	23,462.48	627	23,499.96	1	-37.48	Surplus
909407	ELEK	1123	Kabel Laagspan 4kern 16mm	420	22,503.60	405	21,699.90	15	803.70	Shortage
909412	ELEK	1128	Kabel Laagspan 4kern 70mm	392	76,404.72	402	78,353.82	10	-1,949.10	Surplus
909413	ELEK	1129	Kabel Laagspan 4kern 35mm	408	53,223.60	426	55,571.70	18	-2,348.10	Surplus
909414	ELEK	1130	Kabel Laagspan 4kern 25mm	293	28,593.87	294	28,691.46	1	-97.59	Surplus
909415	ELEK	1131	Kabel Laagspan 4kern 95mm	570	135,597.30	555	132,028.95	15	3,568.35	Shortage
909416	ELEK	1132	Kabel Laagspan 4kern 10mm	490	20,065.50	488	19,983.60	2	81.90	Shortage
909418	ELEK	4057	Draad Kaal Koper 16mm	1809	19,464.84	802	8,629.52	1007	10,835.32	Shortage
909419	ELEK	4058	Draad Airdac 10mm	484	14,442.56	282	8,414.88	202	6,027.68	Shortage
909420	ELEK	4063	Draad Kaal Koper 25mm	0	0.00	1009	10,856.84	1009	-10,856.84	Surplus
909421	ELEK	4064	Draad Kaal Koper 63mm	0	0.00	1309	14,084.84	1309	-14,084.84	Surplus
909712	WATER	1113	Kortkraag Koppelstuk 100mm	10	1,257.50	12	1,509.00	2	-251.50	Surplus
909736	WATER	1134	Stopkrane Plasties 15mm	215	3,431.40	227	3,622.92	12	-191.52	Surplus
909739	WATER	1137	Stopkrane Plasties 20mm	200	4,176.00	210	4,384.80	10	-208.80	Surplus
909844	WATER	6310	Plasson Passtuk Manlik 20mm	115	432.40	146	548.96	31	-116.56	Surplus
910160	WATER	5522	P/F Elbow 1216 15mm	98	2,039.38	100	2,081.00	2	-41.62	Surplus
					<b>R 418,398.91</b>		<b>R 427,412.77</b>		<b>R -9,013.86</b>	

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Council must consider approving the transfer of surpluses back into Inventory and writing-off of losses.

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## **c. Placing of orders**

Copies of all orders are kept onsite and outstanding orders are followed up on a regular basis.

## **d. Receiving and distribution of goods**

The receipt and distribution of goods are recorded online. This enables us to regularly do spot checks on stock as well as a full formal stock take at the end of the financial year.

## **e. Vendor maintenance, performance and contract administration**

Vendor performance is monitored continuously and problems are promptly addressed. Vendor records are also updated on a regular basis and contract administration are performed regularly by the user-departments to ensure service delivery.

## **f. Mechanisms to identify consider and avoid potential risk in the SCM system**

The potential of risks are identified on a case by case basis when the specifications of a particular requirement are drawn up. Individual transactions are scrutinized by the heads of department with the relevant delegation of authority to ensure compliance with the SCM policy and further scrutiny is placed on the transactions before the payment is made by the office of the CFO.

Further measurements of risk management are also included in the policy via the Schedules dealing with ethical standards and the ethical conduct of officials dealing with SCM. These documents were incorporated into the delegations of the individual officials and have been duly conferred and accepted. A risk management workshop was conducted by the internal auditor (Me.Lesley-Anne Gouws) with all the departments.

## **9. Review of the Policy**

In terms of Paragraph 1.20 of Council's SCM Policy the accounting officer must when he or she considers it necessary, submit proposals for the amendment of the policy to the council. The SCM policy and procurement procedures have been revised as part of the 2013/14 budget process improve the effectiveness of the procurement process. Provincial Treasury has send out a circular 23-2013 pertaining to an assessment that will be conducted with municipalities for the revision of SCM Policies.

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The assessment process was aimed at the determining whether municipal policies contained a range of discretionary information that complies to SCM Regulations, National Treasury's Municipal Circulars, the provision of the Construction Industry Development Board Act (CIDB Act) and have made use of the best practise guidelines as contained in the Guide for Accounting Officers of municipalities.

Beaufort West Municipality has revised policy to ensure that policy comply with relevant legislation and requires that Council must approve and adopt reviewed the draft Policy. Provincial Treasury will assess Council's draft SCM Policy within the new financial year.

## 10. Recommendations

Background	Council Action
<p><b>1. Annual Inventory Count</b></p> <p>After the correction of all the variances our inventory count reflected inventory surpluses amounting to R 35 077.93 and inventory losses amounting to R 26 064.07, Difference R 9 013.86.</p>	<p>Council must consider placing surpluses back on inventory and write off the losses</p>
<p><b>2. SCM Policy</b></p> <p>After the review of Council's SCM Policy, policy was amended to comply with relevant legislations and needs to be adopted by Council.</p>	<p>Council must approve and adopt reviewed amended SCM Policy</p>

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## ADDENDUM A

### BIDS AWARDED BY BID ADJUDICATION COMMITTEE FOR 1<sup>st</sup> QUARTER 01 JULY – 30 SEPTEMBER 2012

Bid #	Item	DIRECTOR (S) OF SUCCESFULL TENDER if LOCAL	Bids Received	Bid Amount	Awarded to	Remarks
SCM 35/2012	Construction of Pressure Reducing system in Beaufort West : phase 2 Project ref no: 256000KDO	None	<ul style="list-style-type: none"> <li>❖ Mabungwe Civils</li> <li>❖ Phambili Civils</li> <li>❖ De Jagers Loodgieters</li> <li>❖ M &amp; J Civils</li> <li>❖ Trucon</li> <li>❖ Urhwebo E-Transand</li> </ul>	<ul style="list-style-type: none"> <li>❖ R1 711 995.91</li> <li>❖ R1 830 840.00</li> <li>❖ R1 961 274.18</li> <li>❖ R2 013 200.40</li> <li>❖ R2 328 178.90</li> <li>❖ R2 755 080.01</li> </ul>	Mabungwe Civils	
	Construction of Pedestrian Bridge Crossing: Alteration to 3kv OHTE and 11kv Transmission Line	None	<ul style="list-style-type: none"> <li>❖ Rubex Infra</li> </ul>	<ul style="list-style-type: none"> <li>❖ R376 668.30</li> </ul>	Rubex Infra	Only approved supplier by Transnet for the dropping of electrical cables at construction of pedestrian bridge crossing, transmission line.
SCM 01/2013	Compiling of water services development plans audit reports for Beaufort west Municipality	None	<ul style="list-style-type: none"> <li>Worley Parsons Engineering Advice and Services</li> <li>Argus Gibb</li> <li>Aurecon South Africa (Pty) Ltd</li> <li>Element Consulting Engineers</li> <li>UWP Consulting Engineers</li> </ul>	<ul style="list-style-type: none"> <li>R 932 976.00</li> <li>R 991 048.00</li> <li>R 1 269 253.00</li> <li>R 1 567 500.00</li> <li>R 1 597 040.25</li> <li>R 2 116 147.00</li> </ul>	Worley Parsons	None



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## BIDS AWARDED BY BID ADJUDICATION COMMITTEE FOR 2<sup>nd</sup> QUARTER 01 OCTOBER – 31 DECEMBER 2012

Bid #	Item	DIRECTOR (S) OF SUCCESFULL TENDER if LOCAL	Bids Received	Bid Amount	Awarded to	Remarks
SCM 01/2013	Compiling of water services development plans audit reports for Beaufort west Municipality	None	<ul style="list-style-type: none"> <li>❖ Worley Parsons</li> <li>❖ Engineering Advice and Services</li> <li>❖ Argus Gibb</li> <li>❖ Aurecon South Africa (Pty) Ltd</li> <li>❖ Element Consulting Engineers</li> <li>❖ UWP Consulting Engineers</li> </ul>	<ul style="list-style-type: none"> <li>❖ R 932 976.00</li> <li>❖ R 991 048.00</li> <li>❖ R 1 269 253.00</li> <li>❖ R 1 567 500.00</li> <li>❖ R 1 597 040.25</li> <li>❖ R 2 116 147.00</li> </ul>	<ul style="list-style-type: none"> <li>❖ Worley Parsons</li> </ul>	None
SCM 03/2013	Supply and delivery of medium and low voltage material for 22kv overhead line to Stegman Primary School and farms at Willowmore	None	<ul style="list-style-type: none"> <li>❖ VE Reticulation (Pty) ltd</li> <li>❖ Reticulation &amp; General Supplies CC</li> <li>❖ WCC Cables</li> <li>❖ CZ Elektries</li> <li>❖ Isambuleni Development</li> </ul>	<ul style="list-style-type: none"> <li>❖ R 1 646 958.51</li> <li>❖ R 1 652 922.21</li> <li>❖ R 1 698 752.21</li> <li>❖ R 1 878 193.66</li> <li>❖ R 2 298 500.45</li> </ul>	<ul style="list-style-type: none"> <li>❖ VE Reticulation (Pty) ltd</li> </ul>	None
SCM 02/2012	Full maintenance fleet: Vehicles	None	<ul style="list-style-type: none"> <li>❖ Multilayer Trade Corporation</li> <li>❖ Eqstra Fleet Management</li> <li>❖ Fleet Africa</li> <li>❖ Wesbank</li> </ul>	<ul style="list-style-type: none"> <li>❖ 6251.705</li> <li>❖ 5131.35</li> <li>❖ 6509.62</li> <li>❖ 5425.19</li> </ul>	<ul style="list-style-type: none"> <li>❖ Eqstra Fleet Management</li> <li>❖ Wesbank</li> </ul>	Bid is awarded for a 3year period.

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## BIDS AWARDED BY BID ADJUDICATION COMMITTEE FOR 3<sup>rd</sup> QUARTER 01 JANUARY – 31 MARCH 2013

Bid #	Item	Bids Received	Bid Amount	Awarded to	Remarks
SCM 08/2013	Medium and low voltage reticulation of 367 erven Rustdene Beaufort west	<ul style="list-style-type: none"> <li>❖ Adenco Construction</li> <li>❖ Kontrei Elektriese Kontrakteurs</li> <li>❖ Light-be Construction</li> <li>❖ VE Reticulation</li> <li>❖ Ulssa Ondernemings</li> </ul>	<ul style="list-style-type: none"> <li>❖ R3 777 233.31</li> <li>❖ R3 988 930.17</li> <li>❖ R4 049 934.62</li> <li>❖ R4 154 192.26</li> <li>❖ R4 201 081.83</li> </ul>	<ul style="list-style-type: none"> <li>❖ Adenco Construction</li> </ul>	
SCM 07/2013	The upgrading of Rustdene Sport grounds (Mirror water in stainless steel – water feature)	<ul style="list-style-type: none"> <li>❖ Liquid Design</li> </ul>	<ul style="list-style-type: none"> <li>❖ R 137 855.34</li> </ul>	<ul style="list-style-type: none"> <li>❖ Liquid Design</li> </ul>	Competitive quotation process was followed but no quotations were received. Supplier was contacted to submit quote for services.
SCM 06/2013	The Upgrading of Rustdene Sport grounds (swimming pool)	<ul style="list-style-type: none"> <li>❖ AC Wright &amp; Seun</li> <li>❖ Sebenza Kunwe</li> </ul>	<ul style="list-style-type: none"> <li>❖ R294 541.80</li> <li>❖ R409 600.00</li> </ul>	<ul style="list-style-type: none"> <li>❖ AC Wright &amp; Seun</li> </ul>	Bid received from Sebenza was found non-responsive.
SCM/FIN 24/2013	Accounting Services Support for a period of 3 years	<ul style="list-style-type: none"> <li>❖ Mubesko Africa</li> </ul>	<ul style="list-style-type: none"> <li>❖ R 395 100.00</li> </ul>	<ul style="list-style-type: none"> <li>❖ Mubesko Africa</li> </ul>	Services were procured through a transversal agreement with Bitou Municipality.

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## BIDS AWARDED BY BID ADJUDICATION COMMITTEE FOR 4<sup>th</sup> QUARTER 01 APRIL – 30 JUNE 2013

Bid #	Item	Bids Received	Bid Amount	Awarded to	Remarks
	<b>Support and Maintenance of Beaufort West Municipality's IT Equipment and System for a period of 3 years</b>	❖ Ubertech	❖ R 1 742 064.00	❖ Ubertech	Services were procured through a transversal agreement with Bitou Municipality. Contract is for a period of 3years.
SCM 08/2013	<b>Professional services for the paving of gravel roads Contract is for a 3 year period</b>	❖ Wec-Consult ❖ Worley Parsons ❖ Aurecon ❖ Quantra ❖ Element ❖ Inventive way ❖ MVD consult ❖ Bovicon ❖ EFG Eng ❖ PH Bagale ❖ Masilakhe	❖ R523 800.00 ❖ R536 400.00 ❖ R958 800.00 ❖ R523 800.00 ❖ R483 300.00 ❖ R523 800.00 ❖ R581 800.00 ❖ R669 180.00 ❖ R718500.00 ❖ R552 900.00 ❖ R447 930.00 ❖ .	❖ Quantra Civil Engineering Consultants	
SCM 09/2013	<b>Cash in transit Services Contract is for a 3 year period</b>	❖ Stears Security	❖ R1 292 389.50	❖ Stears Security	

# APPENDIX E

## ADDENDUM B

### DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR 1<sup>st</sup> QUARTER 01 JULY – 30 SEPTEMBER 2012

DEVIATIONS APPROVED BY MUNICIPAL MANAGER – JULY 2012				
APPLICABLE PARAGRAPH IN SCM POLICY	SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION
(a) <b>EMERGENCY</b>	Karoo Drukkery	R 2,261.80	10/7/2012	Launch of Kwa-Mandlenkosi Youth hub
		R 3,837.20		
	Valsta's Specialized cleaning	R 6,875.00	13/07/2012	Help with sewerage blockage to prevent health risks
	Fire Raiders Cape (Pty) Ltd	R 8,900.60	17/07/2012	Fire fighting foam concentrate, to extinguished fire
	PJ Sounds	R 1,850.00	18/07/2012	Beaufort west youth hub launch
(b) <b>SOLE SUPPLIER</b>	MC Ellis	R 16,552.80	11/7/2012	Provide master locks as he has the template to make the locks
	W vd Heever	R 2,850.00	16/07/2012	check pins only surveyor in town
	PAWC Emergency Medical Services	R 2,626.00	21/07/2012	Marathon - Provide emergency medical services
	PJ Sounds	R 3,500.00	21/07/2012	Marathon - Provide sound and stage
	De Jagers Loodgieters	R 8,846.10	20/07/2012	Replace geyser at the golf club
	Elster kent	R 44,402.89	4/7/2012	Sole manufacturer of elster meters
		R 26,641.73	4/7/2012	
		R 32,011.33	4/7/2012	
Ubertech	R 48,454.56	9/7/2012	Council's IT service provider	
(d) <b>Any exceptional case where it is impractical or impossible to follow the official procurement processes</b>	TMS Hasler	R 6,400.00	31/07/2012	Service provider of a franking machine service procured
		R 6,980.00	3/7/2012	
	SM Consultants	R 3,577.00	12/7/2012	Service provider for the distribution of traffic summonses
		R 34,500.00	12/7/2012	
	Ignite Advisory service	R 75,268.50	5/7/2012	Service provider of Performance management services

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		Total client service	R 8,407.51	12/7/2012	Provides software for traffic services
<b>(d)(i)</b>	<b>any contract relating to the publication of notices and advertisements by the municipality</b>	Media 24	R 5,022.29	14/07/2012	Advert SCM 01/2013
<b>(d)(v)</b>	<b>the appointment of any person to provide professional advice or services, where the value of such appointment is less than R200 000 or any such greater amount as may be legislated from time to time</b>	Crawfords	R 8,691.40	12/7/2012	Local Official law practioner handling the transportations
<b>(d)(vi)</b>	<b>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.</b>	Swartberg Motors	R 2,850.00	3/7/2012	CZ 6609 Provide second hand gearbox original is beyond repair
		Kruiper Spares	R 8,919.59	24/07/2012	CZ 7713 - Provide parts

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## DEVIATIONS APPROVED BY MUNICIPAL MANAGER – AUGUST 2012

APPLICABLE PARAGRAPH IN SCM POLICY		SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION
(a)	<b>EMERGENCY</b>	Valsta's	R 30,375.00	31/08/2012	Jetting of sewerage lines
(b)	<b>SOLE SUPPLIER</b>	Rand vir Rand	R 3,200.00	6/8/2012	Repairs are done on seats for Rustdene Sports pub
		Spectrum Communications	R 15,859.68	1/8/2012	Sole provider of the telemetry system
		Afrox	R 2,752.63	29/08/2012	Supplier of oxygen and satelien
		Penny Pinchers	R 4,942.00	8/8/2012	Materials for repairs at the sewerage system
			R 2,810.76	30/08/2012	Sole local supplier of materials
		Raubex Infra	R 376,668.30	14/08/2012	Only approved supplier by Transnet for the dropping of electrical cables at construction of pedestrian bridge crossing, transmission line.
		WM Van Der Heever	R 3,990.00	31/08/2012	Check pins - sole surveyor locally
		Flotron	R 9,234.00	17/08/2012	Only supplier for water and sewerage works
		Karoo Recreational Park	R 3,600.00	3/8/2012	Suitable venue to receive minister and other guests for youth hub
(d)	<b>Any exceptional case where it is impractical or impossible to follow the official procurement processes</b>	Beaufort-Wes Verkoeling	R 2,280.00	14/08/2012	Merweville Mortuary - Air Conditioner refilled with gas
		R & S Communications	R 8,828.73	16/08/2012	Repairs are done on faulty radio's
		Youngs Halfway House	R 10,560.00	27/08/2012	Most suitable accomodation for Mayoral golf day 26-27 October 2012
		Ignite advisory service	R 20,599.80	15/08/2012	Service provider of Performance management system
		SM Consultants	R 2,401.00	16/08/2012	Service provider for the distribution of traffic summonses

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		Stears Security	R 23,655.00	3/8/2012	Cash-in-transit services
		TMS Hasler	R 6,400.00	30/08/2012	Service provider of a franking machine procured
		Ubertech	R 58,772.02	15/08/2012	Council's IT service provider
<b>(d)(i)</b>	<b>any contract relating to the publication of notices and advertisements by the municipality</b>	Die Courier	R 2,717.43	17/08/2012	Only local newspaper circulating in the Central Karoo District
<b>(d)(ii)</b>	<b>any contract with an organ of state, a local authority or a public utility corporation or company</b>	Department of Transport	R 47,670.00	17/08/2012	Prodiba is a government preferred service provider
<b>(d)(vi)</b>	<b>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.</b>	B & B Sweiswerke	R 8,910.00	13/08/2012	Partition with sitting bench for vehicles, CZ1873, 3363, 3457
		Auto Bodies	R 2,448.60	28/08/2012	CZ 5949 Repair bumper and general repairs

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<b>DEVIATIONS APPROVED BY MUNICIPAL MANAGER – SEPTEMBER 2012</b>					
<b>APPLICABLE PARAGRAPH IN SCM POLICY</b>		<b>SUPPLIERS</b>	<b>AMOUNT</b>	<b>DATE</b>	<b>REASON FOR DEVIATION</b>
<b>(a)</b>	<b>EMERGENCY</b>				
<b>(b)</b>	<b>SOLE SUPPLIER</b>	M Vivier	R 8,577.00	3/9/2012	Sole supplier that can repair soccer nets.
		Conchem Saligna	R 2,027.23	3/9/2012	Sole supplier that sell the product.
		Elster Kent Metering	R 62,699.37	11/9/2012	Sole supplier of elster meters.
		Metsi Chem	R 3,534.00	12/9/2012	Chlorinator service and labour
		Spectrum Communications	R 15,618.10	7/9/2012	Sole provider of the telemetry system
<b>(d)</b>	<b>Any exceptional case where it is impractical or impossible to follow the official procurement processes</b>	Booyens Funerals	R 5,800.00	19/09/2012	Funeral of late Willem Karools
		Ubertech	R 53,144.10	10/9/2012	Council's IT service provider
			R 53,091.10	19/09/2012	
		SM Consultants	R 29,856.80	12/9/2012	Service provider for the distribution of traffic summonses
		Ignite advisory services	R 24,990.50	10/9/2012	Service provider of performance management system
<b>(d)(i)</b>	<b>Any contract relating to the publication of notices and advertisements by the municipality</b>	Die Courier	R 25,690.00	7/9/2012	Only local newspaper circulating in the Central Karoo
		Media 24	R 10,762.06	20/09/2012	Tender advertisements
<b>(d)(v)</b>	<b>The appointment of any person to provide professional services where the value of such appointment is less than R200 000</b>	Crawfords	R 5,651.35		Local Official law practioner handling the transportations
<b>(d)(vi)</b>	<b>ad-hoc repairs to plant and</b>	Cp Nel	R 2,881.74	3/9/2012	Parts only available at agent



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equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids.		R 2,052.00	3/9/2012	
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## DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR 2<sup>nd</sup> QUARTER 01 OCTOBER – 30 DECEMBER 2012

DEVIATIONS APPROVED BY MUNICIPAL MANAGER OCTOBER 2012				
APPLICABLE PARAGRAPH IN SCM POLICY	SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION
(a) EMERGENCY	De Jagers Loodgieters	R 9,182.15	11/10/2012	Recovery of ablutions facilities at the Rustdene Sports grounds
	WCC Cables	R 5,499.36	5/10/2012	Ready board CBI - housing project on Merweville
(b) SOLE SUPPLIER	Perfect Bounce Consult	R 9,935.00	1/10/2012	Sole supplier of cricket mats.
	J W Muller Vervoer	R 7,866.00	12/10/2012	Regravel hugenoot street in Merweville
	PG Glass	R 4,386.42	22/10/2012	Supply and install 2 showers
	New Born Fashions	R 8,585.00	26/10/2012	Supply a shade cloth for corporate services
	J Civils	R 5,500.00	26/10/2012	Dumping ground clearance in Merweville
© Acquisition of special works of art or historical objects where specifications are difficult to compile.	E D catering & cleaning	R 5,718.80	22/10/2012	Mayoral Golf day - supply crockery
	PJ Sounds	R 6,200.00	22/10/2012	Provides sound, stage & Photography for Mayoral Golf day.
	Proudly Karoo	R 26,729.00	22/10/2012	Provides golf t-shirts for Mayoral Golf day.
	The Engravers	R 7,314.00	23/10/2012	supply, engrave and deliver trophies for Mayoral Golf day
	Donkin House	R 3,000.00	24/10/2012	Mayoral Golf day - supply a bread for 200 persons
(d) Any exceptional case where it is impractical or impossible to follow the official procurement processes	Karoo Drukkery	R 6,508.90	10/10/2012	Celebration of Municipality's 175 anniversary – agenda folders
	Ignite Advisory Services	R 13,759.80	5/10/2012	Service provider of performance management system
	Ubertech	R 53,300.02	5/10/2012	Council's IT service provider
	Total Client Service	R 8,407.50	16/10/2012	Provides software for traffic services

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		SM Consultants	R 36,750.00	1/10/2012	Service provider for the distribution of traffic summonses
		Nyala Communications	R 3,668.01	1/10/2012	The only service provide for internet services
		TMS Hasler	R 6,400.00	12/10/2012	Service provider of a franking machine procured
		Centracell	R 6,912.96	1/10/2012	Saving cost on telephone system
		Stears security	R 25,650.00	26/10/2012	Cash-in-transit
<b>(d)(1)</b>	<b>Any contract relating to the publication of notices and advertisements by the municipality</b>	Die Courier	R 10,431.00	3/10/2012	Only local newspaper circulating in the Central Karoo
			R 7,250.40	30/10/2012	
<b>(d)(v)</b>	<b>The appointment of any person to provide professional services where the value of such appointment is less than R200 000</b>	Danielle Studiesentrum	R 39,729.14	1/10/2012	Provide professional help in various fields in finance
		JR Nieuwenhuizen	R 6,349.80	25/10/2012	Only service provider locally for balju services
			R 5,531.28	9/10/2012	
		Crawford	R 41,276.55	16/10/2012	Legal Fees - Geo Consult
			R 4,816.58	22/10/2012	Hansrivier trust - Legal Fees
			R 110,295.00	18/10/2012	Legal Fees - Geo Consult
R 136,352.00	18/10/2012				
<b>(d)(vi)</b>	<b>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.</b>	Barloworld	R 4,221.92	24/10/2012	Guarantee -warranty service CZ 5169
		Southern cape bolt	R 1,345.38	24/10/2012	Workshop spares
		Penny Pinchers	R 2,495.29	24/10/2012	
		Marias Motors	R 2,500.00	24/10/2012	CZ 1873 Repairs - Insurance recommended supplier
		Raakvat Hersteldienste	R 3,565.50	26/10/2012	Supply material for Rustdene sportsground
		Precision Engineers	R 3,203.40	26/10/2012	Service engine and attend to brakes of case trekkers
		R & S communications	R 3,030.12	31/10/2012	Repair radios of Electrical dept

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DEVIATIONS APPROVED BY MUNICIPAL MANAGER NOVEMBER 2012					
APPLICABLE PARAGRAPH IN SCM POLICY		SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION
(a)	<b>EMERGENCY</b>	De Jagers Loodgieters	R 2 995.00	30/11/2012	Sole supplier of Anyway Soil Stabelizer
(b)	<b>SOLE SUPPLIER</b>	De Jagers Loodgieters	R 2 659.50	22/11/2012	Supply male and female adaptors for Rustdene Swimmingpool
		EHI	R 5 698.86	30/11/2012	Course presented: Flow control for Instrumentation Practioners
		Gene Louw Traffic College	R 9 808.52	2012/12/11	Course K53: examiner for drivers license
		Elster Kent	R 1 565.22	22/11/2012	Sole supplier of Elster meters and strainers
		Hoistec Engineering	R 8 816.76	22/11/2012	Safety inspection and load testing of equipment - electrical
			R 10 384.26	20/11/2012	Safety inspection and load testing of equipment - engineering
		Essops Multisave	R 81 456.00	27/11/2012	Food for waste - 100 hampers
		Pressure sealers	R 4 000.00	2012/06/11	Preventative maintenance service and check settings
		Umbono Trading	R 9 000.00	2012/12/11	Training on field safety & Snake Awareness
©	<b>Acquisition of special works of art or historical objects where specifications are difficult to compile.</b>	Outback Promotions	R 5 429.00	2012/07/11	Supply and embroid golf shirts for Mayoral Golf day.
		Ultra express	R 2 129.85	2012/07/11	Purchase refreshments for welcoming function for Mayoral Golf day
		Ayanda Mbanga Communic	R 12 031.06	2012/01/11	Recruitment advertising in die burger and Argus weekend
(d)	<b>Any exceptional case where it is impractical or impossible to follow the official procurement processes</b>	Ignite advisory services	R 64 318.80	15/11/2012	Service provider of performance management system
		SM Consultants	R 47 250.00	23/11/2012	Service provider for the distribution of traffic summonses
		Centracell	R 7 823.21	2012/01/11	Saving cost on telephone system
		TMS Hasler	R 6 400.00	2012/01/11	Service provider for a franking machine procured
		The Caledon	R 2 596.00	2012/09/11	Accomodation - N Mfundisi

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		Stears Security	R 25 650.00	28/11/2012	Cash-in transit services
		Ubertech	R 20 035.50	26/11/2012	
			R 53 300.02	2012/06/11	Council's IT service provider
<b>(d)(i)</b>	<b>Any contract relating to the publication of notices and advertisements by the municipality</b>	Media 24	R 10 762.06	21/11/2012	Advertisements SCM 06/2013 and SCM 07/2013
		Die Courier	R 2 599.20	26/11/2012	Only local newspaper circulating in the Central Karoo
<b>(d)(v)</b>	<b>The appointment of any person to provide professional services where the value of such appointment is less than R200 000</b>	Crawfords	R 11 441.50	19/11/2013	Local Official law practitioner handling the transportations
			R 10 273.00	23/11/2013	
<b>(d)(vi)</b>	<b>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.</b>	George Lawnmowers	R 2 751.28	2012/07/11	Repair Concrete Cutter
			R 3 225.93		Repair tricycle lawnmower

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## DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR 3<sup>rd</sup> QUARTER 01 JANUARY – 31 MARCH 2013

DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR DECEMBER				
APPLICABLE PARAGRAPH IN SCM POLICY	SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION
(b) <b>SOLE SUPPLIER</b>	Actebis	R 8,681.10	6/12/2012	Remove and dispose of waste removal
	Caddie	R 8,370.00	19/12/2012	Upgrade of software for building section
	C Fortuin	R 2,100.00	18/12/2012	Only available supplier for the hiring of scaffoldings
	Worley Parsons	R 5,000.00	19/12/2012	Upgrade of software for GIS Data
	Beaufort Alarms CC	R 42,197.10	28/12/2012	Sole local alarm system service provider
© <b>Acquisition of special works of art or historical objects where specifications are difficult to compile.</b>	SM Consultants	R 50,850.00	20/12/2012	Service provider for the distribution of traffic summonses
	Centracell	R 8,516.37	3/12/2012	Saving cost on telephone system
	Stears Security	R 25,650.00	3/12/2012	Cash-in transit services
	Ubertech	R 53,300.02	3/12/2012	Council's IT service provider
	Total Client Service	R 8,407.50	13/12/2012	Provides software for traffic services
	Nyala Communications	R 3,668.01	3/12/2012	The only service provide for internet services
	Alles Vars	R 3,318.05	4/12/2012	Transport of paper and glass from Beaufort West to Cape Town
(d)(i) <b>Any contract relating to the publication of notices and advertisements by the municipality</b>	Media 24	R 6,457.23	8/12/2012	SCM 08/2013 - Meduim and low voltage reticulation bwest
(d)(ii) <b>any contract with an organ of state, a local authority or a public utility corporation or</b>	Department of Transport	R 47,670.00	17/08/2012	Prodiba is a government preferred service provider

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	company				
(d)(v)	<b>The appointment of any person to provide professional services where the value of such appointment is less than R200 000</b>	Crawfords Attorneys	R 6,186.00	13/12/2012	Local Official law practitioner handling the transportations
(d)(vi)	<b>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.</b>	Gelder Motors	R 17,090.00	1/12/2012	Reconditioned engine - Mayor 1
		TrenTyre	R 9,072.58	18/12/2012	Tender- price for size not in tender
		Presisie Engineers	R 2,002.98	13/12/2012	service agency for tractors - under gaurantee
		Beaufort wes lugreeling	R 2,673.30	10/12/2012	service and repairs of airconditioner

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DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR JANUARY					
APPLICABLE PARAGRAPH IN SCM POLICY	SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION	
(a)	EMERGENCY	Brandkraal	R 27,998.40	17/01/2013	Mr De Klerk from Brandkraal has the equipment for repairs
		Procon IT Solutions	R 14,785.80	25/01/2013	STS cards for pre-paid electricity meters
(b)	SOLE SUPPLIER	Radio & Satellite	R 2,000.00	07/01/2013	Floorwiz pro
		Conlog	R 4,668.30	16/01/2013	Sole supplier & service provider for conlog meters
		De Jagers loodgieters	R 30,000.00	17/01/2013	Drilling of the pool and disposal of material
		Karoo Fire	R 3,654.00	02/01/2013	Only service provider locally to supply & service fire extinguishers
		Penny Pinchers	R 3,878.70	31/01/2013	Sole supplier of stock to make a stage at the athletics track
		Spectrum	R 20,401.44	04/01/2013	Sole provider of the telemetry system
		Jupiter Towing	R 2,650.00	29/01/2013	CZ 3484 - Tow in compacter that was stuck in the mud
(d)	Any exceptional case where it is impractical or impossible to follow the official procurement processes	Ignite Advisory services	R 14,842.80	18/01/2013	Service provider of performance management system
		Ubertech	R 53,300.02	17/01/2013	Council's IT service provider
			R 53,300.02	28/01/2013	
		SM Consultants	R 67,650.00	21/01/2013	Service provider of the distribution of traffic summonses
		Stears Security	R 25,650.00	28/01/2013	Cash-in-transit services
		TMS Hasler	R 6,400.00	04/01/2013	Service provider of a franking machine procured

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		Juta	R 4,521.50	17/01/2013	Post graduate studies - Miss LH Gouws -textbooks
		Swans Driving School	R 12 500.00	29/01/2013	EC1: Driving lessons for C Mugati, S Williams and TM Henge
		Mamela Driving school	R 4,300.00	09/01/2013	Driving lessons for Mr NJ Appies
<b>(d)(i)</b>	<b>Any contract relating to the publication of notices and advertisements by the municipality</b>	Media 24	R 5,704.56	30/01/2013	Advert Notice 08/2013 swimmingpool
		Die Courier	R 19,300.20	07/01/2013	Only local newspaper circulating in the Central Karoo
<b>(d)(vi)</b>	<b>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.</b>	Short's Nissan	R 17,890.04	08/01/2013	CZ 3484 - Repair clutch and service vehicle
		Beaufort West Precision	R 5,566.62	29/01/2013	CZ 4746 - Strip engine and test



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## DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR FEBRUARY

APPLICABLE PARAGRAPH IN SCM POLICY		SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION
(a)	<b>EMERGENCY</b>	Bevlon	R 36,000.00	7/2/2013	Removal of underground tanks and reinstate area
		Power cable Solutions	R 6,480.90	15/02/2013	Power failure due to an underground joint which went faulty
(b)	<b>SOLE SUPPLIER</b>	Beaufort Alarms	R 2,405.40	1/2/2013	An extension to the existing system at traffic department
		Landis & Gyr	R 156,750.00	1/2/2013	Sole supplier of the Landis & Gyr electricity pre-paid meters
		Karoo Fire	R 4,819.00	10/1/2013	Service of fire extinguishers
		Wiellietjies Vervoer	R 19,950.00	5/2/2013	Sole available supplier of Carting of gravel
		Penny Pinchers	R 2,730.18	12/2/2013	Sole available local supplier of items per quotation
			R 2,923.69	12/2/2013	Sole available local supplier of materials for Nelspoort
(d)	<b>Any exceptional case where it is impractical or impossible to follow the official procurement processes</b>	The Courier	R 1,548.69	1/2/2013	Sole supplier of prescribed registry file with file fasteners
		De Jagers Loodgieters	R 3,363.05	6/2/2013	Installation of geyser at the Rustdene Sports ground
		Lunathi's Catering	R 4,875.00	18/02/2013	Only available supplier to cater on short notice for a workshop
		TMS Hasler	R 6,400.00	8/2/2013	Service provider for a franking machine procured
		IMQS Software	R 15,780.32	14/02/2013	Software maintenance of water program
		Pressure Sealers	R 4,400.00	20/02/2013	Preventative maintenance service and check settings
		Ignite advisory services	R 26,128.80	25/02/2013	Service provider of performance management system
		SM Consultants	R 30,450.00	5/2/2013	Service provider for the distribution of traffic summonses
		Stears Security	R 29,640.00	26/02/2013	Cash-in-transit services
		Ubertech	R 53,300.02	28/02/2013	Council's IT service provider
			R 10,607.70	27/02/2013	
			R 10,220.10	20/02/2013	
		(d)(i)	<b>Any contract relating to the publication of notices and advertisements by the municipality</b>	Media 24	R 5,704.56
Die Courier	R 20,699.55			4/2/2013	Only local newspaper circulating in the central karoo
(d)(v)	<b>The appointment of any person to provide professional services where the value of such appointment is less than R200 000.</b>	Crawfords	R 12,654.00	25/02/2013	Local official law practitioner handling the transportations
			R 4,678.75		
		Turner Legal Regulatory Consulting Compliance	R 47,880.00	14/02/2013	Development and preparation of Employment Equity Plan for municipality
		Wagenar Attorneys	R 9,120.00	27/02/2013	Legal advice
(d)(vi)	<b>ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of</b>	Victor se garage	R 10,000.00	1/2/2013	CZ 15569 Repair clutch. Sole supplier

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the work required in order to call for bids.				
	Kruiper Spares	R 2,709.78	19/02/2013	CZ 7713 - Agent -Coolant premix for the radiator
	B-wes Tennisklub	R 5,000.00	22/02/2013	Repair fence at the tennis club
	Barloworld	R 9,576.78	19/02/2013	CZ 5169 - Agent service vehicle
	Muller Handelaars	R 5,000.00	21/02/2013	CZ 15569 - Service Massey Ferguson Tractor
	Hino George	R 9,358.48	26/02/2013	CZ 4930 - Vehicle is still under guarantee-service and repair faults
	Hilbert radios	R 2,851.01	27/02/2013	Repair radios for the Electrical Dept
	Denver	R 2,736.00	26/02/2013	CZ 15669 - Agent- for rims of tractor

## DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR MARCH

APPLICABLE PARAGRAPH IN SCM POLICY	SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION
(a) EMERGENCY	Cinogen Trading	R 7,581.00	1/3/2013	Calibrate and service vehicle testing machine-interruption of essential services
		R 13,107.72	13/03/2013	
	Brandkraal Boerdery	R 2,394.00	1/3/2013	Hire of tbl machine- the landfill site was a danger for animals and children
	Tricom	R 7,716.00	18/03/2013	Parts for repair of water pump that has broken that supplies water to town
(b) SOLE SUPPLIER	Spectrum Communications	R 21,280.00	25/03/2013	Service the telemetry system
	Elster Kent	R 18,240.06	4/3/2013	Sole manufacturer of Elster Meters and strainers
		R 8,949.00	5/3/2013	
		R 393,300.17	13/03/2013	
	Karoo beton werke	R 4,140.00	26/03/2012	Sole local manufacturer of concrete products
	Ecoguard	R 3,707.30	14/03/2013	Sole manufacturer of Eco blue dye
	Conchem Saligna	R 2,027.23	14/03/2013	Sole supplier of indoor insect killer
	Drs Theron & Van Niekerk	R 5,065.00	28/03/2013	Sole supplier in the district than can deliver the service(vacinations for employees)
Karoo Vleisboere Koperasie	R 2,268.17	28/03/2013	Sole supplier in Murraysburg that can supply stock	
(d) Any exceptional case where it is impractical or impossible to follow the official procurement processes	New born Fashions	R 9,500.00	27/03/2013	Supplier of shade net carports the Mimosa Library
	TMS Hasler	R 6,400.00	15/03/2013	Service provider for a franking machine procured
	Ignite advisory services	R 10,282.80	19/03/2013	Service provider of performance management system

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		SM Consultants	R 46,050.00	14/03/2013	Service provider for the distribution of traffic summonses
			R 52,650.00	19/03/2013	
		Stears Security	R 27,645.00	20/03/2013	Cash-in-transit services
		Sonneblom Bloemiste	R 2,000.00	15/03/2013	Function for minister
		E&D Catering	R 6,000.00	27/03/2013	Only service provider that responded to request for quotations for catering.
		WAM Technology	R 11,750.00	5/3/2013	Municipal assistant license renewal 2012/2013
		Sebata	R 22,686.00	15/03/2013	Service provider of financial management system-upgrade.
<b>(d)(i)</b>	<b>Any contract relating to the publication of notices and advertisements by the municipality</b>	Media 24	R 5,704.56	19/03/2013	Advert SCM 09/2013 Cash in transit services tender
		Die Courier	R 12,437.40	1/3/2013	Only local newspaper circulating in the central karoo
		Radio Gamkaland	R 3,500.00	11/3/2013	Broadcast issues dealing with the needs of the community
<b>(d)(ii)</b>	<b>any contract with an organ of state, a local authority or a public utility corporation or company</b>	Department of Transport	R 32,460.00	4/3/2013	Prodiba is a government preferred service provider
<b>(d)(v)</b>	<b>The appointment of any person to provide professional services where the value of such appointment is less than R200 000.</b>	Crawfords	R 5,358.00	7/3/2013	Local official law practitioner handling the transportations
		JR Nieuwenhuizen	R 12,473.90	15/03/2013	Only service provider locally for balju services
		Danielle Studie sentrum	R 94,050.42	5/3/2013	Monthly financial reconciliations
<b>(d)(vi)</b>	<b>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.</b>	George Lawnmowers	R 8,188.51	18/03/2013	Parts for the repairs to blower mower
		Barloworld	R 3,830.40	19/03/2013	Parts for repairs
		Diesel Services	R 6,195.90	26/03/2013	CZ 4032 - Repairs to fire truck, refit of transfer box
		BFTW Verkoeling	R 3,330.19	1/3/2013	Service air conditioners and repair faults

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## DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR 4<sup>th</sup> QUARTER 01 APRIL – 30 JUNE 2013

DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR APRIL					
APPLICABLE PARAGRAPH IN SCM POLICY	SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION	
(a)	<b>EMERGENCY</b>	Valsta's Transport	R 35,217.45	24/04/2013	Jetting and unblock sewerage lines
(b)	<b>SOLE SUPPLIER</b>	B & B Sweiswerke	R 5,643.00	11/4/2013	Pull boreholes in Beaufort West
			R 2,250.00		
		Spectrum Communications	R 2,081.00	23/04/2013	Repair telemetry system
		Actebis 268 CC	R 4,406.10	26/04/2013	Sole supplier that can handle hazardous waste
		The Workshop	R 2,600.00	30/04/2013	Only service provider in Murraysburg for repair CZ 7775
(d)	<b>Any exceptional case where it is impractical or impossible to follow the official procurement processes</b>	Elrico G Booyesen	R 2,960.00	2/4/2013	Security services in Nelspoort nursing home
			R 14,690.00	30/04/2013	
		Karoo Lugreeling & Verkoeling	R 8,500.00	8/4/2013	Repair air conditioners
		Nolene's Catering	R 6,750.00	10/4/2013	Catering in Murraysburg for first aid course
		Fire raiders Cape (pty) ltd	R 9,291.00	18/04/2013	Fire fighting foam
		Ignite advisory service	R 43,149.00	13/04/2013	Service provider of Performance management software
		Total client service	R 9,091.50	13/04/2013	Provides software for traffic services
		Ubertech	R 53,300.02	13/04/2013	Council's IT service provider
		SM consultants	R 47,550.00	13/04/2013	Service provide of the distribution of traffic summonses
		Centracell	R 41,587.14	30/04/2013	Saving cost on telephone system
		Stears Security	R 27,645.00	13/04/2013	Cash-in-transit services
		Nyala Communications	R 22,008.06	30/04/2013	The only service provider for internet services
(d)(i)	<b>Any contract relating to the publication of notices and</b>	Die Courier	R 33,495.48	30/04/2013	Only newspaper circulating in the central karoo

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	advertisements by the municipality				
(d)(ii)	any contract with an organ of state, a local authority or a public utility corporation or company	Department of Transport	R 13,125.00	29/04/2013	Prodiba is the sole supplier of driving license cards
			R 10,575.00		
(d)(v)	The appointment of any person to provide professional services where the value of such appointment is less than R200 000.	Crawford Attorneys	R 4,178.00	5/4/2013	Local official law practitioner handling the transportations
		Danielle Studie sentrum	R 15,390.14	2/4/2013	Completion of Audit action plan 11/12 fin year
			R 64,581.14	10/4/2013	Assistance with the completion of the draft budget 12/13
			R 47,481.14	10/4/2013	
(d)(vi)	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.	24/7 Tyres & fitment	R 2,400.00	2/4/2013	CZ 4336 - Tow in vehicle from Beaufort to Merweville, urgent
		Beaufort West Precision	R 10,564.38	11/4/2013	Bomag Roller repairs
		Victor se Garage	R 5,700.00	4/4/2013	CZ 15569 - Sole supplier in Merweville to repair vehicle
		George Lawnmowers	R 2,207.95	5/4/2013	Weedeater - repair chain saw
		Toyota	R 3,366.68	5/4/2013	CZ 10707 - Service and repair faults

DEVIATIONS APPROVED BY MUNICIPAL MANAGER					
APPLICABLE PARAGRAPH IN SCM POLICY		SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION
(a)	EMERGENCY	Nico Colyn	R 6,750.00	6/5/2013	Safeguarding and Manufacturing of steel doors for substation
		Valsta's	R 9,120.00	09/05/013	Unblock sewerage line
(b)	SOLE SUPPLIER	Safeguard Chemicals	R 7,089.26	7/5/2013	Sole supplier of dryzone products
		Asla	R 16,012.15	2/5/2013	Only available supplier for hiring of grader
		Share-a-Deal	R 2,500.00	3/5/2013	Repair paving in Murraysburg
		Die Courier	R 2,946.00	10/5/2013	Sole supplier locally to supply specific brown files

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		Elrico Booysen	R 17,484.00	31/05/2013	Only service provider in Nelspoort to deliver security services
		Muller Handelaars	R 4,000.00	15/03/2013	Only supplier in Merweville to rent Tractor
		Elster Kent	R 66,690.86	15/05/2013	Sole manufacturer of elster meters and accessories(tokens for meters)
		Spectrum Communications	R 24,874.80	30/05/2013	Repair telemetry system
		Pressure Sealers	R 4,400.00	30/05/2013	Preventative maintenance service and check settings
<b>(d)</b>	<b>Any exceptional case where it is impractical or impossible to follow the official procurement processes</b>	Pentecostal Unity Mission Church	R 4,500.00	10/5/2013	Hire for Indigent applications in Rustdene
		New fountain Ministeries Church	R 5,500.00	10/5/2013	Hire for Indigent applications in Prince Valley
		Victor se garage	R 2,500.00	10/5/2013	The only company who can do blinds in Merweville
		New Born Fashions	R 26,060.00	15/05/2013	Sole supplier of shade carports at Mimosa Library
		Beaufort-wes lugreeling	R 2,633.40	17/05/2013	Inspect and repair air conditioners at Murraysburg Library
		Stears Security	R 26,086.05	6/5/2013	Cash-in-transit services
			R 23,655.00	31/05/2013	
		Ubertech	R 27,196.25	14/05/2013	Council's IT service provider
			R 53,497.02	3/5/2013	
			R 53,032.40	29/05/2013	
		Ignite Advisory service	R 33,219.60	7/5/2013	Service provider of performance management software
		Total Client service	R 9,091.50	7/5/2013	Provides software for traffic services
		TMS Hasler	R 6,400.00	28/05/2013	Service provider for a franking machine procured
			R 6,400.00	2/5/2013	
		Nyala Communications	R 3,668.01	22/05/2013	The only service provide for internet services
		C&C Fitters	R 15,328.66	14/05/2013	Installation of an enclosed reception counter at Electricity Dept
Lexis Nexis	R 11,905.08	15/05/2013	Road traffic/Road transport legislation books		
Centracell	R 7,180.67	21/05/2013	Savin g cost on telephone system		
<b>(d)(i)</b>	<b>Any contract relating to the publication of notices and advertisements by the municipality</b>	Media 24	R 5,704.56	11/5/2013	Advert Scm 11/2013 Notice 44/2013 Security services
			R 5,736.06	29/05/2013	Advert Scm 12/2013 Notice 46/2013 Chlorine gas

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			R 16,685.84	10/5/2013	Advert for Director Finance post
		Human Communications	R 24,131.52	23/05/2013	Advert for Municipal Manager post
(d)(ii)	any contract with an organ of state, a local authority or a public utility corporation or company	Sentraal Karoo DM	R 3,000.00	15/05/2013	Sole supplier to hire grader from
			R 6,000.00	16/05/2013	
		Department of Transport	R 20,025.00	21/05/2013	Prodiba is a government preferred Service Provider for driving licence cards.
(d)(v)	The appointment of any person to provide professional services where the value of such appointment is less than R200 000.	Crawford	R 2,732.24	17/05/2013	Local law practioner handling transportations erf 45
		Dr Riel Hugo	R 8,650.00	2/5/2013	Assessment of candidates for Director Fin services
		Edward Nathan Sonnenberg	R 53,032.40	13/05/2013	Specialist advice on asset transfer regulations
(d)(vi)	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.	Tata Worcester	R 10,466.20	7/5/2013	CZ 16014 - Repair steering box
		Precision Motor Engineers	R 2,256.06	8/5/2013	CZ 6416 - Service case tractor
		Barloworld	R 17,687.46	10/5/2013	CZ 7713 - Repair cooling system
			R 17,116.89	17/05/2013	CZ 5169 - Service Cat TLB
		George Lawnmowers	R 2,217.87	31/05/2013	Repair mower
		CTE Water Tech CC	R 12,631.20	13/05/2013	Repair service and calibration of spectrophometer
		Distribution Power Economy	R 29,500.00	17/05/2013	Specialized Repair and service of power factor correction equipment

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DEVIATIONS APPROVED BY MUNICIPAL MANAGER					
APPLICABLE PARAGRAPH IN SCM POLICY		SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION
(a)	EMERGENCY	PG Glass	R 4,150.00	14/06/2013	Repair windows at the Rustdene Stadium
		CS Traffic	R 11,160.00	25/06/2013	Repair traffic controller at N1 & Fabriek St Junction
(b)	SOLE SUPPLIER	Beaufort Alarms	R 5,598.54	1/6/2013	Repair alarm system at the mini mark
			R 3,800.76	1/6/2013	Install new alarm system
		Controlled Irrigation	R 18,086.10	12/6/2013	Only supplier that could supply specific Rainbird gear drive sprayers
		Bell Oak Investments	R 10,288.50	14/06/2013	Sole supplier for EM-TRDC EM electronic De-/Reactivator
		De Jager Loodgieters	R 26,448.00	6/6/2013	Sole supplier in town for calcrete & that can deliver immediately.
		Banyana Bashimane Projects	R 17,748.00	27/06/2013	Only supplier that could do the drilling of borehole under the N1
		W.M Van Der Heever	R 2,850.00	12/6/2013	Only local land surveyor supplier
(d)	Any exceptional case where it is impractical or impossible to follow the official procurement processes	Ignite Advisory services	R 25,650.00	18/06/2013	Service provider for performance management system
		SM Consultants	R 41,400.00	13/06/2013	Service provider for the distribution of traffic summonses
			R 47,700.00	21/06/2013	
		Nyala Communications	R 3,499.00	28/06/2013	The only service provider for internet services
		Centracell	R 7,468.34	28/06/2013	Saving cost on telephone system
			R 6,924.64	3/6/2013	
		Ubertech	R 29,999.00	13/06/2013	Council's IT service provider
R 4,104.00	12/6/2013				
(d)(i)	Any contract relating to the publication of notices and advertisements by the municipality	Media 24	R 11,526.12	12/6/2013	Adverts SCM 13,14,15,16 Notice no 52, 53
		Die Courier	R 18,314.10	13/06/2013	Only newspaper circulating in the central karoo
(d)(v)	The appointment of any person to provide professional services where the value of such	JR Nieuwenhuizen	R 3,923.88	7/6/2013	Only service provider locally for balju services
		Makukane Consulting Engineers	506 730.00	28/06/2013	Electrical Consulting Services



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	appointment is less than R200 000.				
(d)(v i)	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.	Denver	R 7,081.20	3/6/2013	CZ 6542- Agent parts for the repair of Community services tractor
		Toyota	R 3,408.26	13/06/2013	CZ 8477 Repair
		George Lawnmowers	R 3,775.45	14/06/2013	Repair tricycle lawnmower
		Dougie's gearbox centre	R 25,080.00	20/06/2013	CZ 5291 - Strip and clean diff
		Bwest Precision Engineers	R 2,380.32	14/06/2013	CZ 10625 Service case tractor
		DPI trading	R 6,498.00	14/06/2013	Dorot Valves have to be altered
		R & S communications	<b>R 12,369.00</b>	<b>7/6/2013</b>	Repair radios
		Raakvat Hersteldienste	R 2,017.80	14/06/2013	Material for repair services at Hansrivier

# REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL OF BEAUFORT WEST MUNICIPALITY

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the financial statements of Beaufort West Municipality set out on pages XX to XX which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003)(MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No 5 of 2012)(DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of Beaufort West Municipality as at 30 June 2013, and its financial performance and cash flows and comparison of budget and actual amounts for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

### **Emphasis of matters**

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Restatement of corresponding figures**

8. As disclosed in note 40 to the financial statements, the corresponding figures for 30 June 2012 have been restated as a result of errors discovered during the current year in the financial statements of Beaufort West Municipality at, and for the year ended, 30 June 2012.

### **Material losses**

9. As disclosed in note 45.4 to the financial statements, the municipality suffered material water losses of 8.87% or 1 292 439 kilolitres during the year under review.
10. As disclosed in note 45.4 to the financial statements, the municipality suffered material electricity losses of 11.44% or 6 519 179 Kwh during the year under review.

### **Material impairments**

11. As disclosed in note 22 to the financial statements, material losses amounting to R7 461 979 were reported by the municipality as a result of the write-off of irrecoverable trade receivables.
12. As disclosed in note 22 to the financial statements, material impairments to the amount of R8 000 132 were recognised as a result of the impairment of irrecoverable trade receivables.

### **Material under-spending of the budget**

13. As disclosed in note 45 to the financial statements, the Beaufort West Municipality has materially unspent its capital budget to the amount of R 18 639 591. As a consequence, the municipality was unable to achieve all of its objectives of basic service delivery in the following service delivery areas:
  - Corporate services
  - Engineering services
  - Electrical services

### **Additional matters**

14. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Material inconsistencies in other information included in the annual report**

15. No material inconsistencies between the draft annual report and financial statements were identified. The final printer's proof of the annual report will be reviewed and any material inconsistencies then identified will be communicated to management. Should inconsistencies not be corrected, it may result in the matter being included in the audit report.

### **Unaudited supplementary schedules**

16. The supplementary information set out on pages XX to XX 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.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

17. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

### Predetermined objectives

18. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 1 to 95 of the annual report.
19. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability.
20. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.
21. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
22. The material findings are as follows:

### **Usefulness of information**

23. Section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 23 of 2000) (MSA) requires disclosure in the annual performance report of measures taken to improve performance where planned targets were not achieved. Measures to improve performance for a total of 48.28% of the planned targets not achieved were not reflected in the annual performance report. This was due to inadequate internal policies and procedures over the processes pertaining to the reporting of performance information.

### **Reliability of information**

24. The National Treasury Framework for managing programme performance information (*FMPPI*) requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.
25. Significantly important targets with respect to "Basic service delivery and infrastructure development" are materially misstated. This was due to the lack of standard operating procedures for the accurate recording of actual achievements and lack of frequent review of validity of reported achievements against source documentation.

### **Achievement of planned targets**

26. Of the total number of 56 targets planned for the year, 26 of these targets were not fully achieved during the year under review. This represents 46% of total planned targets that were not fully achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.

### **Compliance with laws and regulations**

27. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

#### **Strategic planning and performance management**

28. The performance audit committee did not submit at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal Planning and Performance Management Regulations, regulation 14(4)(a)(iii).
29. Measures taken to improve performance were not reported in the annual performance report for instances where indicators and targets were not achieved, as required by section 46(1)(c) of the MSA.
30. Indicators were not measurable as required by section 26(c) of the MSA.

#### **Budgets**

31. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

#### **Annual financial statements**

32. The financial statements submitted for auditing were not prepared in all material aspects in accordance with the requirements of section 122 of the MFMA. Material misstatements in respect of non-current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

#### **Audit committee**

33. The audit committee did not advise the council on matters relating to internal financial control and internal audits, risk management, accounting policies, effective governance, performance management or performance evaluation as required by section 166(2)(a) of the MFMA.
34. The audit committee did not advise the council on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.
35. The audit committee did not respond to the council on the issues raised in the audit report of the Auditor-General, as required by section 166(2)(c) of the MFMA.

### **Internal control**

36. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for the unqualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

#### **Leadership**

37. The accounting officer did not exercise oversight responsibility over financial reporting, and related internal control processes and in addition did not ensure a proper review of the financial statements and the annual performance report were performed prior to their

submission for audit resulting in errors not being identified and corrected in the financial statement disclosures. Management did not identify and mitigate the risk of unauthorised expenditure as part of its budget and expenditure management. In respect to human resource management, a senior manager acted in the position of the chief financial officer for more than six (6) months. The municipality is highly reliant on consultants for both financial and performance reports. Management have not implemented sufficient documented policies and procedures to guide the operations of the municipality, resulting in numerous instances of non-compliance with the MSA, the MFMA and the Municipal Planning and Performance Management Regulations. The municipality developed a plan to address external findings, but adherence to the plan was not monitored on a timely basis by the appropriate level of management.

### **Financial and performance management**

38. The financial statements contained numerous misstatements that were corrected, resulting in an unqualified opinion. This was mainly due to staff members not fully understanding the requirements of the financial reporting framework. The annual performance report was not reviewed for completeness and accuracy by management prior to submission for audit. A key contributing factor in this regard is that the municipality does not have individuals who fully understand the performance management requirements. The performance of consultants and the status of accounting functions that are contracted out are not reviewed and effectively monitored. Systems to ensure compliance with laws and regulations have not been put in place and alternative review and monitoring by management has not occurred.

### **Governance**

39. Audit findings detected by the internal audit function are not followed-up by management and recommendations are not implemented accordingly. Internal control deficiencies are not identified in a timely manner and therefore corrective actions are not recommended timeously to ensure compliance with laws and regulations; accurate and complete financial reporting as well as accurate and complete performance reporting. The audit committee did not report to council for the year under review. The audit committee did not carry out its duties as set out in section 166(2)(a) and (c) of the Municipal Finance Management Act. Appropriate risk management activities were not adopted by the municipality to ensure that a regular risk assessment in respect of performance information and compliance with laws and regulations are conducted and that a risk strategy to address the risks is developed and monitored.

## **OTHER REPORTS**

### **Investigations**

40. The following investigations, which relate to the municipality are in progress or have been completed during the year under review.

### **Investigations completed during the year**

41. The internal auditor conducted the following investigations for the year under review:

- Alleged theft of fuel
- Kwa-Mandlenkozi
- Levy on Rent: W Joernaal
- Theft of Tar
- Traffic Management

None of the investigations conducted by the internal auditor revealed material outcomes with respect to the potential misstatement of the financial statements, fraud or material non-

compliance with applicable legislation.

*Auditor-General*

Cape Town

29 November 2013



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*