

Beaufort-West Municipality

*Annual Report
2013/14*



LIST OF TABLES	9
LIST OF FIGURES	17
LIST OF GRAPHS.....	17
CHAPTER 1.....	19
COMPONENT A: MAYOR’S FOREWORD	19
COMPONENT B: EXECUTIVE SUMMARY.....	21
1.1 MUNICIPAL MANAGER’S OVERVIEW.....	21
1.2 MUNICIPAL OVERVIEW	23
1.2.1 <i>Vision and Mission</i>	23
1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW	23
1.3.1 <i>Population</i>	23
1.3.2 <i>Population by Race</i>	24
1.3.3 <i>Population by age</i>	24
1.3.4 <i>Households</i>	24
1.3.4 <i>Demographic Information</i>	25
1.4 SERVICE DELIVERY OVERVIEW	28
1.4.1 <i>Basic services delivery performance highlights</i>	28
1.4.2 <i>Basic services delivery challenges</i>	29
1.4.3 <i>Proportion of Households with access to Basic Services</i>	29
1.5 FINANCIAL HEALTH OVERVIEW	30
1.5.1 <i>Financial Viability Highlights</i>	30
1.5.2 <i>Financial Viability Challenges</i>	30
1.5.3 <i>National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)</i>	30
1.5.4 <i>Financial Overview</i>	30
1.5.5 <i>Total Capital Expenditure</i>	31
1.6 AUDITOR GENERAL REPORT	31
1.6.1 <i>Audited Outcomes</i>	31
CHAPTER 2.....	32
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE	32
2.1 NATIONAL KEY PERFORMANCE INDICATORS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION	32
2.2 GOVERNANCE STRUCTURE	32
2.2.1 <i>Political Governance Structure</i>	32
2.2.2 <i>Administrative Governance Structure</i>	35
COMPONENT B: INTERGOVERNMENTAL RELATIONS.....	36

2.3	INTERGOVERNMENTAL RELATIONS	36
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION		36
2.4	PUBLIC MEETINGS	36
2.5	WARD COMMITTEES	37
a)	<i>Ward 1: Murraysburg & Murraysburg rural areas</i>	37
b)	<i>Ward 2: Nelspoort, Nelspoort rural, Noord Einde, part of Hillside, Central Town, part of rural areas of Beaufort west, part of Hospital Hill</i>	37
c)	<i>Ward 3: Part of Rustdene, Essopville, Nieuveld Park</i>	38
d)	<i>Ward 4: Part of Kwa Mandlenkosi, De Lande, part of Central town, Southern part of Hospital Hill</i>	38
e)	<i>Ward 5: Part of Kwa Mandlenkosi, part of Rustdene, Paddavlei, Hooyvlakte, New Lands, New Town</i>	38
f)	<i>Ward 6: Part of Rustdene, Prince Valley</i>	39
g)	<i>Ward 7: Part of rural Beaufort West, part of Hillside I and II, Toekomsrus, Merweville, rural parts of Merweville</i>	39
2.6	FUNCTIONALITY OF WARD COMMITTEE	39
2.7	REPRESENTATIVE FORUMS	40
a)	<i>Labour Forum</i>	40
COMPONENT D: CORPORATE GOVERNANCE		41
2.8	RISK MANAGEMENT	41
2.9	ANTI-CORRUPTION AND ANTI-FRAUD	41
a)	<i>Developed Strategies</i>	41
2.10	AUDIT COMMITTEE	42
a)	<i>Functions of the Audit Committee</i>	42
b)	<i>Members of the Audit Committee</i>	43
2.11	PERFORMANCE AUDIT COMMITTEE.....	43
a)	<i>Functions of the Performance Audit Committee</i>	43
b)	<i>Members of the Performance Audit Committee</i>	44
2.12	INTERNAL AUDITING	44
2.13	BY-LAWS AND POLICIES.....	46
2.14	COMMUNICATION	46
2.15	WEBSITE	47
2.16	SUPPLY CHAIN MANAGEMENT	47
2.16.1	<i>Competitive Bids in Excess of R200 000</i>	48
2.16.2	<i>Deviation from Normal Procurement Processes</i>	51
2.16.3	<i>Logistics Management</i>	52
CHAPTER 3.....		54
3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION		54
3.1.1	LEGISLATIVE REQUIREMENTS.....	54

3.1.2	ORGANISATIONAL PERFORMANCE	55
3.1.3	THE PERFORMANCE SYSTEM FOLLOWED FOR 2013/14	55
a)	<i>The IDP and the budget</i>	55
b)	<i>The Service Delivery Budget Implementation Plan</i>	55
3.1.4	PERFORMANCE MANAGEMENT	56
a)	<i>Organisational Performance</i>	56
b)	<i>Individual Performance Management</i>	56
3.2	INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2013/14	57
3.2.1	STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (TOP LAYER)	57
3.2.2	DETAIL ACTUAL PERFORMANCE FOR 2013/14 KEY PERFORMANCE INDICATORS PER STRATEGIC OBJECTIVES	59
a)	<i>Basic service delivery and infrastructure development</i>	59
b)	<i>Economic development</i>	64
c)	<i>Financial viability and management</i>	65
d)	<i>Good governance and community participation</i>	66
e)	<i>Institutional Development and Municipal Transformation</i>	66
3.2.3	MUNICIPAL FUNCTIONS.....	67
a)	<i>Analysis of Functions</i>	67
3.3	COMPONENT A: BASIC SERVICES	68
3.3.1	WATER PROVISION	68
a)	<i>Introduction to Water and Sanitation Provision</i>	68
b)	<i>Highlights: Water Services</i>	69
a)	<i>Challenges: Water Services</i>	69
b)	<i>Total Use of water by sector</i>	70
c)	<i>Water Service Delivery Levels</i>	70
d)	<i>Access to Water</i>	71
e)	<i>Employees: Water Services</i>	71
f)	<i>Capital expenditure: Water Services</i>	72
3.3.2	WASTE WATER (SANITATION) PROVISION	72
a)	<i>Introduction to Sanitation Provision</i>	72
b)	<i>Highlights: Waste Water (Sanitation) Provision</i>	72
c)	<i>Challenges: Waste Water (Sanitation) Provision</i>	72
b)	<i>Sanitation Service Delivery Levels</i>	73
c)	<i>Employees: Sanitation Services</i>	74
d)	<i>Capital Expenditure: Sanitation Services</i>	74
3.3.3	ELECTRICITY	74
a)	<i>Introduction to Electricity</i>	74

b)	<i>Highlights: Electricity</i>	75
c)	<i>Challenges: Electricity</i>	76
d)	<i>Electricity Service Delivery Levels</i>	76
e)	<i>Employees: Electricity Services</i>	77
f)	<i>Capital Expenditure: Electricity Services</i>	77
3.3.4	WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING).....	78
a)	<i>Highlights: Waste Management</i>	78
b)	<i>Challenges: Waste Management</i>	78
c)	<i>Solid Waste Service Delivery Levels</i>	78
d)	<i>Employees: Solid Waste Services</i>	79
e)	<i>Capital Expenditure: Solid Waste Services</i>	80
3.3.5	EMPLOYEES: BASIC SERVICES: MERWEVILLE, MURRAYSBURG & NELSPOORT.....	80
3.3.6	HOUSING.....	80
a)	<i>Introduction to Housing</i>	80
b)	<i>Prioritised IRDP Housing Sites</i>	81
c)	<i>GAP Housing Sites</i>	81
d)	<i>Highlights: Housing</i>	82
e)	<i>Challenges: Housing</i>	82
f)	<i>Households with access to basic housing</i>	82
g)	<i>Housing Waiting List</i>	82
h)	<i>Housing Allocation</i>	83
i)	<i>Employees: Housing</i>	83
3.3.7	FREE BASIC SERVICES AND INDIGENT SUPPORT	83
a)	<i>Introduction</i>	83
b)	<i>Households: Free Basic Services</i>	84
c)	<i>Financial Performance: Free Basic Services</i>	85
3.4	COMPONENT B: ROAD TRANSPORT	85
3.4.1	ROADS.....	85
a)	<i>Introduction to Roads</i>	85
b)	<i>Highlights: Roads</i>	86
c)	<i>Challenges: Roads</i>	86
d)	<i>Gravel Roads Infrastructure: Kilometers</i>	86
e)	<i>Tarred Road Infrastructure: Kilometers</i>	86
f)	<i>Cost: Maintenance and Construction of Roads</i>	86
g)	<i>Employees: Roads and Stormwater</i>	87
h)	<i>Capital Expenditure: Roads and Stormwater</i>	87
3.4.2	WASTE WATER (STORMWATER DRAINAGE)	87

a)	<i>Highlights: Waste Water (Stormwater Drainage)</i>	88
b)	<i>Challenges: Waste Water (Storm water Drainage)</i>	88
c)	<i>Stormwater Infrastructure: Kilometers</i>	88
d)	<i>Cost: Stormwater Infrastructure</i>	88
3.4.3	EMPLOYEES: OTHER SERVICES	89
3.5	COMPONENT C: PLANNING AND LOCAL ECONOMIC DEVELOPMENT	89
3.5.1	PLANNING AND BUILDING CONTROL.....	89
a)	<i>Highlights: Planning and Building Control</i>	89
b)	<i>Additional Service Statistics: Planning and Building Control</i>	89
c)	<i>Employees: Planning and Building Control</i>	90
3.5.2	LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES).....	90
3.6	COMPONENT D: COMMUNITY AND SOCIAL SERVICES	91
3.6.1	LIBRARIES	91
a)	<i>Highlights: Libraries</i>	91
a)	<i>Challenges: Libraries</i>	91
b)	<i>Service statistics for Libraries</i>	92
c)	<i>Employees: Libraries</i>	92
d)	<i>Capital Expenditure: Libraries</i>	93
3.6.2	CEMETERIES	93
a)	<i>Challenges: Cemeteries</i>	93
3.7	COMPONENT G: SECURITY AND SAFETY	93
3.7.1	TRAFFIC SERVICES AND LAW ENFORCEMENT	93
a)	<i>Highlights: Traffic Services and Law Enforcement</i>	93
b)	<i>Challenges: Traffic Services and Law Enforcement</i>	94
c)	<i>Additional Service statistics for Traffic Services and Law Enforcement</i>	94
d)	<i>Employees: Traffic Services and Law Enforcement</i>	94
3.7.2	FIRE SERVICES AND DISASTER MANAGEMENT	95
a)	<i>Service statistics for Fire Services and Disaster Management</i>	95
b)	<i>Employees: Fire Services and Disaster Management</i>	95
3.8	COMPONENT H: SPORT AND RECREATION	95
3.8.1	SPORT AND RECREATION	95
a)	<i>Highlights: Sport and Recreation</i>	95
b)	<i>Challenges: Sport and Recreation</i>	96
c)	<i>Service statistics for Sport and Recreation</i>	96
d)	<i>Employees: Sport and Recreation</i>	96
e)	<i>Capital Expenditure: Sport and Recreation</i>	97

3.9	COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES.....	97
3.9.1	CORPORATE SERVICES.....	97
a)	<i>Highlights: Corporate Services</i>	97
b)	<i>Challenges: Corporate Services</i>	98
c)	<i>Employees: Corporate Services</i>	98
3.9.2	FINANCIAL SERVICES.....	99
a)	<i>Highlights: Financial Services</i>	99
b)	<i>Challenges: Financial Services</i>	99
c)	<i>Debt Recovery statistics</i>	100
d)	<i>Employees: Financial Services</i>	100
3.9.3	HUMAN RESOURCE SERVICES.....	100
a)	<i>Highlights: Human Resources</i>	100
b)	<i>Challenges: Human Resources</i>	101
c)	<i>Employees: Human Resource Services</i>	101
3.9.4	INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES.....	102
a)	<i>Introduction to Information and Communication Technology (ICT) Services</i>	102
b)	<i>Highlights: ICT Services</i>	102
c)	<i>Challenges: ICT Services</i>	102
d)	<i>Capital Expenditure: ICT Services</i>	102
3.9.5	PROCUREMENT SERVICES.....	103
a)	<i>Highlights: Procurement Services</i>	103
b)	<i>Challenges: Procurement Services</i>	103
c)	<i>Service Statistics for Procurement Services</i>	103
d)	<i>Details of Deviations for Procurement Services</i>	103
3.9.6	MUNICIPAL BUILDINGS.....	104
a)	<i>Introduction to municipal buildings</i>	104
b)	<i>Highlights: Municipal Buildings</i>	104
c)	<i>Challenges: Municipal Buildings</i>	104
d)	<i>Low cost housing: New houses</i>	104
e)	<i>Cost: Maintenance Municipal Buildings</i>	104
f)	<i>Employees: Building Maintenance</i>	105
3.9.7	FLEET MANAGEMENT.....	105
a)	<i>Introduction to Fleet Management</i>	105
b)	<i>Highlights: Fleet Management</i>	105
c)	<i>Challenges: Fleet Management</i>	106
d)	<i>Cost: Fleet Management</i>	106
e)	<i>Cost of workshop</i>	106

3.10	COMPONENT L: SERVICE DELIVERY PRIORITIES FOR 2014/15	106
3.10.1	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	106
3.10.2	TO EMBARK ON A TURNAROUND STRATEGY TO ADDRESS THE ADMINISTRATIVE AND FINANCIAL CHALLENGES FACING THE MUNICIPALITY	107
3.10.3	TO IMPROVE AND MAINTAIN CURRENT BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT THROUGH THE PROVISION OF BASIC SERVICES AND SPECIFIC INFRASTRUCTURAL DEVELOPMENT PROJECTS	107
3.10.4	TO IMPROVE THE FINANCIAL VIABILITY OF THE MUNICIPALITY.....	110
3.10.5	TO PROMOTE GOOD GOVERNANCE THROUGH ONGOING COMMUNICATION BETWEEN THE COUNCIL AND CITIZENS THROUGH COMMUNITY PARTICIPATION, EFFECTIVE INFORMATION DISSEMINATION AND COMMUNICATION AND WARD BASED CONSULTATION.....	110
CHAPTER 4	CHAPTER 4	112
4.1	NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	112
4.2	INTRODUCTION TO THE MUNICIPAL WORKFORCE	112
4.2.1	EMPLOYMENT EQUITY	112
a)	<i>Employment Equity targets/actual</i>	112
b)	<i>Specific Occupational Categories - Race</i>	113
4.2.2	VACANCY RATE	113
4.2.3	TURNOVER RATE.....	114
4.3	MANAGING THE MUNICIPAL WORKFORCE	114
4.3.1	INJURIES	114
4.3.2	SICK LEAVE.....	115
4.3.3	HR POLICIES AND PLANS	115
4.4	CAPACITATING THE MUNICIPAL WORKFORCE	116
4.4.1	SKILLS MATRIX.....	116
4.4.2	SKILLS DEVELOPMENT – TRAINING PROVIDED	117
4.4.3	SKILLS DEVELOPMENT - BUDGET ALLOCATION	118
4.4.4	MFMA COMPETENCIES	118
4.5	MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE	119
4.5.1	PERSONNEL EXPENDITURE	119
CHAPTER 5	CHAPTER 5	122
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE	COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE	122
5.1	FINANCIAL SUMMARY	122
5.1.1	<i>Revenue collection by Vote</i>	125
5.1.2	<i>Revenue collection by Source</i>	126
5.1.3	<i>Operational Services Performance</i>	127

5.2	FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION	128
5.2.1	<i>Water Services</i>	128
5.2.2	<i>Waste Water (Sanitation)</i>	128
5.2.3	<i>Electricity</i>	129
5.2.4	<i>Waste Management</i>	129
5.2.5	<i>Housing</i>	129
5.2.6	<i>Road Transport</i>	130
5.2.7	<i>Planning and Development</i>	130
5.2.8	<i>Community & Social Services</i>	131
5.2.9	<i>Public Safety</i>	131
5.2.10	<i>Sport and Recreation</i>	132
5.2.11	<i>Executive and council</i>	132
5.2.12	<i>Budget and Treasury Office</i>	133
5.2.11	<i>Corporate Services</i>	133
5.3	GRANTS	133
5.3.1	<i>Grant Performance</i>	133
5.3.2	<i>Level of Reliance on Grants & Subsidies</i>	135
5.4	FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS	136
5.4.1	<i>Liquidity Ratio</i>	136
5.4.2	<i>IDP Regulation Financial Viability Indicators</i>	136
5.4.3	<i>Repairs and maintenance</i>	138
5.4.4	<i>Borrowing Management</i>	138
5.4.5	<i>Employee costs</i>	139
	COMPONENT B: CASH FLOW MANAGEMENT AND INVESTMENTS	139
5.5	CASH FLOW	139
5.6	GROSS OUTSTANDING DEBTORS PER SERVICE	140
5.7	TOTAL DEBTORS AGE ANALYSIS.....	141
5.8	BORROWING AND INVESTMENTS	142
5.8.1	<i>Actual Borrowings</i>	142
5.8.2	<i>Municipal Investments</i>	143
	CHAPTER 6	144
	COMPONENT A: AUDITOR-GENERAL OPINION 2012/13	144
6.1	AUDITOR GENERAL REPORT 2012/13.....	144
	COMPONENT B: AUDITOR-GENERAL OPINION 2013/14	145
6.2	AUDITOR GENERAL REPORT 2013/14.....	145
	LIST OF ABBREVIATIONS	146

ANNEXURE A: FINANCIAL STATEMENTS

ANNEXURE B: REPORT OF THE AUDITOR-GENERAL

LIST OF TABLES

Table 1.:	Demographic information of the municipal area – Total population.....	24
Table 2.:	Population by Race.....	24
Table 3.:	Population by age.....	24
Table 4.:	Total number of households.....	25
Table 5.:	Municipal Wards.....	26
Table 6.:	Key economic activities	28
Table 7.:	Basic Services Delivery Highlights	28
Table 8.:	Basic Services Delivery Challenges	29
Table 9.:	Households with minimum level of Basic Services.....	29
Table 10.:	Financial Viability Highlights	30
Table 11.:	Financial Viability Challenges.....	30
Table 12.:	National KPI's for financial viability and management.....	30
Table 13.:	Financial Overview	31
Table 14.:	Total Capital Expenditure	31
Table 15.:	Audit Outcomes	31
Table 16.:	National KPIs - Good Governance and Public Participation Performance	32
Table 17.:	Council.....	33
Table 18.:	Council meetings.....	33
Table 19.:	Mayoral Committee Members.....	34
Table 20.:	Executive Mayoral Committee Meetings.....	34
Table 21.:	Portfolio Committees	35
Table 22.:	Administrative Governance Structure.....	36

Table 23.:	Public Meetings.....	37
Table 24.:	Ward 1 Committee Meetings.....	37
Table 25.:	Ward 2 Committee Meetings.....	37
Table 26.:	Ward 3 Committee Meetings.....	38
Table 27.:	Ward 4 Committee Meetings.....	38
Table 28.:	Ward 5 Committee Meetings.....	39
Table 29.:	Ward 6 Committee Meetings.....	39
Table 30.:	Ward 7 Committee Meetings.....	39
Table 31.:	Functioning of Ward Committees	40
Table 32.:	Labour Forum.....	41
Table 33.:	Strategies.....	41
Table 34.:	Members of the Audit Committee	43
Table 35.:	Members of the Performance Audit Committee	44
Table 36.:	Internal Audit Coverage Plan	45
Table 37.:	Internal Audit Functions	46
Table 38.:	By-Laws developed and reviewed.....	46
Table 39.:	Communication Activities.....	47
Table 40.:	Website Checklist.....	47
Table 41.:	Bid Committee Meetings.....	48
Table 42.:	Members of bid specification committee.....	48
Table 43.:	Members of bid evaluation committee.....	49
Table 44.:	Members of bid adjudication committee.....	50
Table 45.:	Ten highest bids awarded by bid adjudication committee.....	50
Table 46.:	Summary of deviations.....	51
Table 47.:	Clause 36(1)(a)(v)- Deviations- Impractical and or Impossible.....	52
Table 48.:	Basic service delivery and infrastructure development.....	64

Table 49.:	Economic development.....	64
Table 50.:	Financial viability and management.....	65
Table 51.:	Good governance and community participation	66
Table 52.:	Institutional Development and Municipal Transformation	67
Table 53.:	Functional Areas.....	68
Table 54.:	Blue drop scores.....	69
Table 55.:	Water Services Highlights	69
Table 56.:	Water Services Challenges.....	69
Table 57.:	Total use of water by sector (cubic meters)	70
Table 58.:	Water service delivery levels: Households	70
Graph 2.:	Water Service Delivery levels.....	71
Table 59.:	Access to water	71
Table 60.:	Employees: Water Services.....	71
Table 61.:	Capital Expenditure 2013/14: Water Services	72
Table 62.:	Waste Water (Sanitation) Provision Highlights.....	72
Table 63.:	Waste Water (Sanitation) Provision Challenges.....	72
Table 64.:	Sanitation service delivery levels	73
Table 65.:	Employees Waste Water (Sanitation) Services	74
Table 66.:	Capital Expenditure 2013/14: Waste Water (Sanitation) Provision	74
Table 67.:	Electricity Highlights	75
Table 68.:	Electricity Challenges.....	76
Table 69.:	Electricity service delivery levels.....	76
Table 70.:	Employees: Electricity Services	77
Table 71.:	Capital Expenditure 2013/14: Electricity Services.....	78
Table 72.:	Waste Management Highlights.....	78
Table 73.:	Waste Management Challenges	78

Table 74.:	Solid Waste Service Delivery Levels	79
Table 75.:	Employees: Solid Waste Services	80
Table 76.:	Capital Expenditure 2013/14: Solid Waste Services.....	80
Table 77.:	Employees: Basic services: Merweville, Murraysburg & Nelspoort	80
Table 78.:	Housing needs.....	81
Table 79.:	Prioritised housing sites.....	81
Table 80.:	GAP housing sites.....	82
Table 81.:	Housing Highlights.....	82
Table 82.:	Housing Challenges	82
Table 83.:	Households with access to basic housing.....	82
Table 84.:	Housing waiting list	83
Table 85.:	Houses built in 2013/14.....	83
Table 86.:	Employees: Housing	83
Table 87.:	Free basic services to indigent households.....	84
Table 88.:	Free basic Water services to indigent households	84
Table 89.:	Free basic Water services to indigent households	84
Table 90.:	Free basic Water services to indigent households.....	85
Table 91.:	Free basic Refuse Removal services to indigent households per type of service.....	85
Table 92.:	Financial Performance 2013/14: Cost to Municipality of Free Basic Services Delivered	85
Table 93.:	Roads Highlights.....	86
Table 94.:	Roads Challenges	86
Table 95.:	Gravel road infrastructure	86
Table 96.:	Tarred road infrastructure.....	86
Table 97.:	Cost of construction/maintenance of roads and storm water.....	87
Table 98.:	Employees: Roads and Stormwater	87
Table 99.:	Capital Expenditure 2013/14: Roads and Stormwater	87

Table 100.:	Waste Water (Storm water drainage) Highlights.....	88
Table 101.:	Waste Water (Stormwater drainage) Challenges	88
Table 102.:	Stormwater infrastructure	88
Table 103.:	Cost of construction/maintenance of stormwater systems	88
Table 104.:	Additional job creation.....	89
Table 105.:	Employees Fleet Management	89
Table 106.:	Planning Highlights	89
Table 107.:	Additional Performance Town Planning and Building Control	90
Table 108.:	Employees: Planning.....	90
Table 109.:	Libraries Highlights.....	91
Table 110.:	Libraries Challenges	92
Table 111.:	Service statistics for Libraries	92
Table 112.:	Employees: Libraries	92
Table 113.:	Capital Expenditure 2013/14: Libraries.....	93
Table 114.:	Cemeteries Challenges.....	93
Table 115.:	Traffic Services Highlights.....	93
Table 116.:	Traffic Services Challenges	94
Table 117.:	Additional performance Service Statistics for Traffic Services	94
Table 118.:	Employees: Traffic and Law Enforcement Services.....	94
Table 119.:	Fire Service Data	95
Table 120.:	Employees: Fire services and Disaster Management.....	95
Table 121.:	Sport and Recreation Highlights	95
Table 122.:	Sport and Recreation Challenges.....	96
Table 123.:	Additional performance information for Sport and Recreation	96
Table 124.:	Employees: Sport and Recreation.....	97
Table 125.:	Capital Expenditure 2013/14: Sport and Recreation	97

Table 126.:	Corporate Services Highlights.....	97
Table 127.:	Corporate Services Challenges	98
Table 128.:	Employees: Administration	98
Table 129.:	Employees: Councillor Support and Thusong Service Centres	98
Table 130.:	Employees: Municipal Management	99
Table 131.:	Financial Services Highlights.....	99
Table 132.:	Financial Services Challenges	99
Table 133.:	Debt recovery	100
Table 134.:	Employees: Financial Services	100
Table 135.:	Human Resource Highlights	100
Table 136.:	Human Resource Challenges	101
Table 137.:	Employees: Human Resource services.....	102
Table 138.:	ICT Service Highlights	102
Table 139.:	ICT Service Challenges.....	102
Table 140.:	Capital Expenditure 2013/14: ICT Services.....	102
Table 141.:	Procurement Services Highlights	103
Table 142.:	Procurement Services Challenges.....	103
Table 143.:	Service Statistics for Procurement Division.....	103
Table 144.:	Statistics of deviations from the SCM Policy	104
Table 145.:	Municipal Buildings Highlights.....	104
Table 146.:	Buildings Challenges	104
Table 147.:	New and rebuilt houses	104
Table 148.:	Cost of maintenance of buildings	105
Table 149.:	Employees Building Maintenance.....	105
Table 150.:	Fleet Management: Highlights	105
Table 151.:	Fleet Management Challenges	106

Table 152.:	Cost of fleet	106
Table 153.:	Cost of the workshop	106
Table 154.:	Service delivery priority for 2014/15: 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	106
Table 155.:	Service delivery priority for 2013/14: To embark on a turnaround strategy to address the administrative and financial challenges facing the municipality	107
Table 156.:	Service delivery priority for 2014/15: To improve and maintain current basic service delivery and infrastructure development through the provision of basic services and specific infrastructural development projects	110
Table 157.:	Service delivery priority for 2014/15: To improve the financial viability of the municipality.....	110
Table 158.:	Service delivery priority for 2014/15: To promote good governance through ongoing communication between the council and citizens through community participation, effective information dissemination and communication and ward based consultation	111
Table 159.:	National KPIs– Municipal Transformation and Organisational Development	112
Table 160.:	2013/14 EE targets/Actual by racial classification	112
Table 161.:	2013/14 EE targets/actual by gender classification	113
Table 162.:	Occupational Categories	113
Table 163.:	Vacancy rate per post and functional level	114
Table 164.:	Turnover Rate.....	114
Table 165.:	Injuries	115
Table 166.:	Sick Leave	115
Table 167.:	HR policies and plans	116
Table 168.:	Skills Matrix	117
Table 169.:	Skills Development.....	118
Table 170.:	Budget allocated and spent for skills development	118
Table 171.:	MFMA competencies	119
Table 172.:	Personnel Expenditure	119
Table 173.:	Personnel Expenditure	121
Table 174.:	Financial Performance 2013/14.....	124

Table 175.:	Performance against budgets.....	124
Table 176.:	Revenue by Vote.....	125
Table 177.:	Revenue by Source	126
Table 178.:	Operational Services Performance	127
Table 179.:	Financial Performance: Water services.....	128
Table 180.:	Financial Performance: Waste Water (Sanitation) services	128
Table 181.:	Financial Performance: Electricity	129
Table 182.:	Financial Performance: Waste Management	129
Table 183.:	Financial Performance: Housing.....	130
Table 184.:	Financial Performance: Road Transport.....	130
Table 185.:	Financial Performance: Planning and Development.....	131
Table 186.:	Financial Performance: Community & Social Services	131
Table 187.:	Financial Performance: Public Safety.....	132
Table 188.:	Financial Performance: Sport and Recreation	132
Table 189.:	Financial Performance: Executive and Council	132
Table 190.:	Financial Performance: Budget and Treasury Office.....	133
Table 191.:	Financial Performance: Corporate Services.....	133
Table 192.:	Operating Grant Performance.....	135
Table 193.:	Reliance on grants	135
Table 194.:	Liquidity Financial Ratio	136
Table 195.:	Financial Viability National KPAs.....	136
Table 196.:	Repairs and maintenance.....	138
Table 197.:	Borrowing Management	138
Table 198.:	Employee Costs.....	139
Table 199.:	Cashflow.....	140
Table 200.:	Gross outstanding debtors per service	141

Table 201.:	Service debtor age analysis	141
Table 202.:	Actual Borrowings.....	142
Table 203.:	Municipal Investments.....	143
Table 204.:	Auditor-General Report 2012/13.....	145
Table 205.:	Auditor-General Report 2013/14.....	145

LIST OF FIGURES

Figure 1.:	Beaufort West municipal area and wards	26
Figure 2.:	SDBIP Measurement Categories	57

LIST OF GRAPHS

Graph 1.:	Overall performance per Strategic objective	58
Graph 2.:	Water Service Delivery levels.....	71
Graph 3.:	Sanitation/Sewerage Service Delivery Levels	73
Graph 4.:	Electricity service delivery levels.....	77
Graph 5.:	Refuse Removal Service Delivery Levels.....	79
Graph 6.:	Revenue.....	125
Graph 7.:	Operating expenditure	125
Graph 8.:	Reliance on grants.....	135
Graph 9.:	Liquidity ratio.....	136
Graph 10.:	Cost Coverage	137
Graph 11.:	Outstanding Service Debtors to Revenue	137
Graph 12.:	Debt coverage.....	137
Graph 13.:	Repairs and maintenance	138
Graph 14.:	Capital charges to Operating Expenditure	139

Graph 15.: Employee Costs..... 139

Graph 16.: Debt per type of service 141

Graph 17.: Service debtors age analysis 142

Graph 18.: Actual borrowings 142

CHAPTER 1

COMPONENT A: MAYOR'S FOREWORD



I am indeed extremely proud and honoured to once again publicly present the municipality's Annual Report for 2013/2014 in recognition of our commitment to be an accountable and transparent public institution. This report seeks to outline our service delivery and developmental challenges and achievements for the past financial year whilst reflecting concrete steps taken to realise our issues and plans for the community in future. The intention of this report, which covers the past financial year, is to provide a summarised statement of Beaufort West Municipality's progress as set in our Integrated Development Plan.

Intergovernmental and stakeholder relations have prospered to functional levels across the board. It is with great delight to highlight the good partnership between Beaufort West Municipality and the Department of Rural Development and South African Broadcasting Cooperation with the creation of the Beaufort West Youth Centre. This epitomises the seriousness of the Beaufort West Municipality addressing Youth Development.

In creating a developmental local government for the coming years it is imperative and essential for us as Council to document our functional activities in service delivery in line with our annual budget process plan and programmes that are informed by our IDP. We will achieve better service delivery by continuing to measure our outputs in terms of the Municipal Systems Act which are:

- ∞ Infrastructure and service delivery
- ∞ Social and economic development
- ∞ Institutional transformation
- ∞ Democracy and governance
- ∞ Financial management/viability

During the 2013/14 financial year, in order to provide progress on performance as well as to get inputs towards the 2014/2015 budget and IDP, public participation meetings were held. The Beaufort West Municipality remains committed to citizenry participation.

Our government has committed itself in working with all South Africans in the implementation of detailed programmes which are intended:-

- ∞ To close the gap between the first economy and the 2nd
- ∞ To speed up the process of skills development
- ∞ To expand basic services such as water, electricity and sanitation
- ∞ To facilitate and create an enabling endorsement for housing programmes.

I also wish to highlight that there are also challenges the municipality faces.

- a) The negative economic climate and unemployment rate continue to place pressure on our resultant challenge to ensure a healthy debt collection rate which needs to be balanced with the community's ability to pay for and affordability of services.
- b) The reduction of MIG funding over the years has limited us to deliver in-mass or provide infrastructure to our communities.
- c) The lack of housing development for the middle class and upper class limits the revenue base of the Municipality. As a remit we are unable to generate enough income to fund our projects as identified in the IDP.
- d) The depending of the Municipality on grant funding is a serious concern for us.

However, it is our intentions and plans as the municipality to explore ways and engage provincial and national government to relook the funding model of MIG and also the Equitable Share.

In conclusion I must express my sincere gratitude to all the Councilors, top management and all the workers of the municipality for their service to the community of Beaufort West, Murraysburg, Nelspoort and Merweville.

Alderman Truman Prince

EXECUTIVE MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.1 Municipal Manager's Overview



In terms of Section 121 of the Local Government: Municipal Finance Management Act, 56 of 2003 and Section 46 of the Local Government: Municipal Systems Act No. 32 of 2000, every municipality and municipal entity must prepare an annual report for each financial year. Beaufort West Municipality's 2013/14 annual report is submitted in fulfilment of this legal obligation and it has been prepared in line with the customized template and guidelines for municipal annual reports, provided by National Treasury.

In the 2013/14 financial year, Beaufort West Municipality had six departments, namely; Engineering Services, Community Services, Corporate Services, Electrical Services, Financial Services and Community Services.

Every attempt was made to ensure that the municipality complies with legislation concerning the development, operation and maintenance of a performance management system that is commensurate to the institutional service delivery objectives captured in the Integrated Development Plan (IDP).

The institution has continued to maintain the effective operation of the following mechanisms:-

- ∞ The IDP included strategic objectives, strategies and key performance indicators (KPIs) as required by the Municipal Systems Act, 32 of 2000;
- ∞ The 2013/14 budget for implementation of the IDP was approved within the prescribed timelines prescribed in the Municipal Finance Management Act, 56 of 2003;
- ∞ After approval of the budget, the Service Delivery and Budget Implementation Plan (SDBIP) was developed to integrate the IDP and the budget and to ensure effective implementation of the institutional strategies;
- ∞ Performance agreements with the IDP and the budget and to ensure effective implementation of the institutional strategies;
- ∞ Performance agreements with performance plans were developed, signed and approved by the Executive Mayor as required by the Municipal Performance Regulations, 2006; and
- ∞ Annual assessments of performance of managers directly reporting to the Municipal Manager, as well as the Municipal Managers's performance are conducted by a duly constituted performance evaluation panel as required by the performance regulations.

The year under review has been one full of progress and yet presented us with a variety of challenges, locally, nationally and internationally. The global financial meltdown affected most sectors and to a large extent the majority of households.

In order for us to realize our vision and succeed in our mission, we have articulated our goals in terms of the following five strategic objectives:-

- ∞ The provision of quality basic services and develop infrastructure
- ∞ Advance shared economic growth and development

- ∞ To foster participatory democracy and applying Batho Pele principles through accessible and accountable governance
- ∞ Good governance, financial viability and institutional transformation
- ∞ Fighting poverty, building clean, healthy, safe and sustainable communities

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 huge pressure on our service delivery capacity.

There is an urgent need to focus on the governance and decision-making and financial management to deal with budgeting, tariff setting, revenue collection, customer services, operations and maintenance planning and infrastructure asset management.

Due to good financial management and good internal control and accountability we were able to obtain an unqualified opinion from the Auditor-General for the second financial year in a row. The relationship between financial management and financial viability remain a challenging factor and the focus on the next financial year will be on maintaining a balance between financial management and viability. The focus on financial viability will be on revenue enhancement including debt management.

I am confident that this Annual Report is a true and just reflection of what really happened at Beaufort West Municipality during the 2013/14 financial year.

I wish to express my appreciation to the Executive Mayor and the Mayoral Committee Members for their leadership. We also appreciate the support that we continue to receive from all councilors.

Furthermore our partnership with key community organizations has yielded positive results and we are encouraged by their levels of commitment to partner with us.

The staff of the municipality continues to put in every effort to ensure our organization implements its mandate effectively and that we, individually and collectively are able to make a difference in our communities.

J Booyesen

MUNICIPAL MANAGER

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 2013/14 Annual Report reflects on the performance of the Beaufort West Municipality for the period 1 July 2013 to 30 June 2014. 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

It is estimated that about 88% or 49 586 of the people living in the Central Karoo District — with a total population of 56 323 — resides within the Beaufort West municipal area. The increase in the number of people residing in the municipal area, is because of the merging of administrative areas, i.e. the Beaufort West municipal area and the former District Management Area (DMA)

and in-migration from other provinces. The total population in 2001, was 43 284 people of which 6183 resided in the then DMA. Hence, the population increased at a relatively high rate over the 10 years from 2001 to 2011, viz. from 43 284 to 49 586 (or about 12%). In the context of a remotely located semi-arid rural area, this represents a significant growth of more than 6 000 people over a ten-year period.

It is estimated that the annual population growth since 2001 has been 1.36%. Although population growth is expected to slow down somewhat, it will still have a significant impact on the demand and the level of service delivery (especially in Beaufort West). The population density is a very low 0.3 people per square kilometer and the urban segment of the municipal population is expected to rise.

The table below illustrates the population in the municipal area since 2001:

Population	2001	2011
Number of people residing in the Beaufort West municipal area	43 284	49 586
<i>Census 2001 & 2011</i>		

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

1.3.2 Population by Race

The total population in the Beaufort West municipal area in 2011, was 49 586, of which 16.3% were black African, 73.5% were Coloured, 9.2% were White and 'other' 0.5%.

Year	Black African	Coloured	Indian or Asian	White	Other	Total
2001	6 923	31 792	42	4 528	0	43 284
2011	8 103	36 433	241	4 539	270	49 586
<i>Census 2001 & 2011</i>						

Table 2.: Population by Race

1.3.3 Population by age

The table below includes data about the composition of the population per age category. In this regard, the population pyramid shows that a significant portion of the population is younger than 20 years, which is not uncommon for a rural community. It is, however, a concern that so few people (the 'employables') between the ages of 20 and 40, resides in the area.

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

Table 3.: Population by age

1.3.4 Households

The number of households within the municipal area increased from 12 084 households in the 2011/12 financial year to 13 089 households in the 2012/13 financial year. This indicates an increase of about 10% in the total number of households within the municipal area over the two year period and represents a household size of about 3.7 people per household (if Census 2011 is used). This sudden rise in the number of households from 2009/10 to 2011/12, can be ascribed to the inclusion of the DMA population in the data for the Beaufort West municipal area.

Households	2008/09	2009/10	2011/12	2012/13
Number of households	7 902	8 690	12 084	13 089

Table 4.: Total number of households

1.3.4 Demographic Information

a) Municipal Geographical Information

Towering mountains and rolling plains welcome you to the Beaufort West region. Beaufort West, the oldest and largest town in the Central Karoo, lies in an ancient area 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 16 330.10km2 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 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.

b) 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, Nieuvelid 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 5.: Municipal Wards

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



Figure 1.: Beaufort West municipal area and wards

i) Merweville

Merweville is a small town situated 160km south-west 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 Koupe, 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.

ii) Murraysburg

Murraysburg, a typical old-world Great Karoo town that lies 160km north-east of Beaufort West, became Ward 1 with the new demarcation and as a result became a DMA of the BWM, after it was previously a DMA of the Central Karoo District Municipality. Murraysburg, located at the foot of the Sneeu Berg 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, herdsman murdered. Farmers went out on punitive missions and killed many of the San, who hunted the livestock of the farmers. The region was very unsettled by stock theft, murders and reprisal expeditions against the San. At the beginning of the 19th century, the San began to move towards the Kalahari and eventually the farm *Eenzaamheid* was bought from Mr Kootjie Burger. 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".

iii) 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 magic mountain method of healing with good food and fresh air was a thing of the past and thus Nelspoort devoted itself to psychiatric patients, maintaining only one TB ward. Today, both roles have declined.

c) Key Economic Activities

Agriculture forms the backbone of 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)

Key Economic Activities	Description
	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 6.: Key economic activities

1.4 Service Delivery Overview

1.4.1 Basic services delivery performance highlights

Highlight	Description
Upgrade of Murraysburg bulk water supply	Supplying Murraysburg with disinfection units at each borehole
Green Drop Results of 2013	Beaufort West – 93.73%
	Merweville – 88.70%
	Nelspoort – 89.08%
Electrification of 367 low cost houses	This units were electrified at a total cost of R4.2 million and it was a huge step forward in the effort to eradicate the housing backlog
Nelspoort soccer field lighting	4 X 20 meter scissor masts with 1 000 watt metal halide luminaires were installed and will improve the quality of life for the residents of Nelspoort as this is the only sports facility in the town
Beaufort West rugby field lighting	4 X 20 meter scissor masts with 1 000 watt metal halide luminaires were installed and will improve the quality of life for the residents of Beaufort West as this is the only sports facility catering for the game of rugby in the town
High mast lighting in Beaufort West	3 x 30 meter high mast lights were erected in the previously disadvantaged areas mainly for the safety of the residents
Testing of LED luminaires for high mast lighting	Beaufort West Municipality in conjunction with Provincial Government is in the process of testing the efficiency of LED luminaires for the 30 meter high mast lights. If the outcome of the tests proves positive, it will be a huge improvement in energy efficiency and the maintenance of these masts
EEDSM Project on municipal buildings	Through the funding from DOE, Beaufort West Municipality was able to change all of the lighting in municipal buildings to LED energy efficient lights. This will be a huge saving on the electricity for own use as well as a reduction in maintenance
EPWP funds	Received funds to run environmental projects (incl. recycling)
New landfill site in Murraysburg	Received funds from the Department of Public Works

Table 7.: Basic Services Delivery Highlights

1.4.2 Basic services delivery challenges

Service Area	Challenge	Actions to address
Water	Reducing water losses from sector meter to consumer	An action plan has been drawn up and the pilot project will be done in Hillside 2
Waste Water (Sanitation)	A shortage of funding for upgrades of the Waste Water Treatment Plants and necessary maintenance	Capital funding and tariffs
Electricity	High cost of electricity	To implement energy efficient products to reduce the energy consumption of electrical installations
	Service delivery	To improve service delivery, we will have to appoint more qualified personnel and manage the maintenance of services and networks more closely
	Funding	More funds must be made available for the maintenance of existing and ageing networks. NERSA benchmark must be followed
	Discipline	The municipality must implement and drive the disciplinary processes and in doing that, discipline will improve without a doubt
Waste management	Illegal dumping	Place illegal dumping sign boards on critical spots
		Distribution of pamphlets on education and awareness on illegal dumping to the community/areas
	Lack of maintenance and management of landfill site	EPIP/PW on waste management (incl. landfill) and the target group for employment is the youth for 2014

Table 8.: Basic Services Delivery Challenges

1.4.3 Proportion of Households with access to Basic Services

Description	2012/13	2013/14
Electricity service connections	100%	100%
Water - available within 200 m from dwelling	98%	98%
Sanitation - Households with at least VIP service	95%	96%
Waste collection - kerbside collection once a week	100%	100%

Table 9.: Households with minimum level of Basic Services

1.5 Financial Health Overview

1.5.1 Financial Viability Highlights

Highlight	Description
Audit opinion	Achieved an unqualified audit opinion for the 2012/13 and 2013/14 financial years

Table 10.: Financial Viability Highlights

1.5.2 Financial Viability Challenges

Challenge	Action to address
Small revenue base	Implement saving initiatives and increase own revenue
Low revenue collection	Implement strict revenue collection procedures
Capacity shortages and the inability to attract certain skilled officials	Suitable processes will be implemented to attract certain skilled officials

Table 11.: 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 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	2012/13	2013/14
Debt coverage ((Total operating revenue-operating grants received):debt service payments due within the year)	19.5 times	18.1 times
Service debtors to revenue – (Total outstanding service debtors: revenue received for services)	27.0%	31.8%
Cost coverage ((Available cash+ investments): Monthly fixed operating expenditure	1 : 1.2	1 : 0.6

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

1.5.4 Financial Overview

Details	Original budget	Adjustment Budget	Actual
	R'000		
Income			
Grants	92 047	107 137	99 630
Taxes, Levies and tariffs	112 271	111 280	109 107
Other	17 297	20 834	50 390
Sub Total	221 615	239 251	259 127
Less Expenditure	209 926	223 878	254 234

Details	Original budget	Adjustment Budget	Actual
	R'000		
Net surplus/(deficit)	11 689	15 373	4 893

Table 13.: Financial Overview

1.5.5 Total Capital Expenditure

Detail	2012/13	2013/14
	R'000	
Original Budget	40 787	25 022
Adjustment Budget	72 836	34 575
Actual	51 525	30 656
% Spent	71	89

Table 14.: Total Capital Expenditure

1.6 Auditor General Report

1.6.1 Audited Outcomes

Year	2011/12	2012/13	2013/14
Opinion received	Unqualified	Unqualified	Unqualified

Table 15.: Audit Outcomes

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
	2012/2013	2013/2014
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)	71	89

Table 16.: 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, Councilors are also actively involved in community work and the various social programmes in the municipal area.

a) Council

The Council comprises of 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.

Below is a table that categorise the councillors within their specific political parties and wards for the 2013/14 financial year:

Council Members	Capacity	Political Party	Ward representing or proportional	Number of meetings attended
Councillor L Deyce	Councillor	ANC	Ward 1	6

Council Members	Capacity	Political Party	Ward representing or proportional	Number of meetings attended
Councillor AM Slabbert	Councillor	DA	Ward 2	8
Councillor G de Vos	Councillor	ANC	Ward 3	9
Councillor SM Motsoane	Speaker	ANC	Ward 4	9
Councillor M Furmen	Councillor	ANC	Ward 5	7
Councillor GP Adolph	Fulltime Councillor	ANC	Ward 6	9
Councillor J Bostander	Councillor	ANC	Ward 7	8
Councillor PA Jacobs [till 02.09.2013]	Deputy Executive Mayor [vacant since 03.09.2013]	ICOSA	Proportional	1 [13.08.2013]
Councillor EJA Beyers [Special Council meeting: 12.09.2013: Item 1]	Councillor	ICOSA	Proportional	7
Councillor GT Murray	Councillor	DA	Proportional	8
Alderman HT Prince	Executive Mayor	ANC	Proportional	6
Councillor RA van der Linde	Councillor	DA	Proportional	5
Councillor DE Welgemoed	Councillor	DA	Proportional	5
Councillor AD Willemse	Councillor	DA	Proportional	6

Table 17.: Council

Below is a table which indicates the Council meetings attendance for the 2013/14 financial year:

Meeting dates	Council Meetings Attendance	Apologies for non-attendance
13 August 2013	12	1
27 August 2013	10	2 (1)
25 September 2013	12	1
26 November 2013	7	1 (5)
18 December 2013	11	2
28 January 2014	9	4
25 March 2014	12	1
27 May 2014	12	1
26 June 2014	9	4

Numbers between brackets indicate non-attendance without apology

Table 18.: 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 2013 to 30 June 2014:

Name of member	Capacity
Alderman HT Prince	Executive Mayor
Councillor PA Jacobs [till 02.09.2013]	Deputy Executive Mayor [vacant since 03.09.2013]
Councillor GP Adolph	Fulltime Councillor

Table 19.: Mayoral Committee Members

The table below indicates the dates of the committee meetings and the number of reports submitted to Council for the 2013/14 financial year:

Meeting date	Number of reports submitted to council
12 August 2013 [Special]	3
2 October 2013	
12 May 2014 [Special]	

Table 20.: Executive Mayoral Committee Meetings

c) Portfolio Committees

The portfolio committees for the 2013/14 financial year term and their chairpersons were as follows:

Financial Services and Development Committee			
Chairperson	Other members	Number of minutes submitted to council	Meeting Dates
Alderman HT Prince	Councillor G de Vos	4	5 November 2013 4 February 2014 4 March 2014 3 June 2014
	Councillor M Furmen		
	Councillor PA Jacobs [till 02.09.2013]		
	Councillor EAJ Beyers [Special Council meeting: 12.09.2013: Item 3]		
	Councillor DE Welgemoed		
	Councillor R van der Linde		
Corporate Services and Social Development Committee			
Councillor SM Motsoane	Councillor GP Adolph	3	3 July 2013 2 April 2014 24 June 2014
	Councillor J Bostander		
	Councillor PA Jacobs		

Financial Services and Development Committee			
Chairperson	Other members	Number of minutes submitted to council	Meeting Dates
	[till 02.09.2013]		
	Councillor EAJ Beyers [Special Council meeting: 16.10.2013: Item 3]		
	Councillor AD Willemse		
	Councillor AM Slabbert		
Human Resource Development Committee			
Councillor M Furmen	Councillor M Furmen	2	5 November 2013 1 April 2014
	Councillor GP Adolph		
	Councillor AM Slabbert		
	Councillor GT Murray		
Municipal Services and Infrastructure Committee [Community Development Committee & Technical Services Committee]			
Councillor G de Vos	Councillor G de Vos	2	5 March 2014 4 June 2014
	Alderman HT Prince		
	Councillor SM Motsoane		
	Councillor PA Jacobs [till 02.09.2013]		
	Councillor EAJ Beyers [Special Council meeting: 16.10.2013: Item 3]		
	Councillor DE Welgemoed		
	Councillor AD Willemse		

Table 21.: Portfolio Committees

2.2.2 Administrative Governance Structure

The Municipal Manager is the 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 Booyesen	Municipal Manager	Yes
Ms NE Mfundisi [Contract expired 31.10.2013]	Director: Corporate Services	Yes
Vacant	Director: Financial Services	n/a
Mr AC Makendlana	Director: Community Services	Yes
Mr JCL Smit	Director: Engineering Services	Yes

Name of Official	Department	Performance agreement signed
		Yes/No
Mr RE van Staden	Director: Electro Technical Services	Yes

Table 22.: Administrative Governance Structure

COMPONENT B: INTERGOVERNMENTAL RELATIONS

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
- ∞ 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
Draft Operating and Capital Budget & Draft Integrated Development Plan	22 April 2013
	23 April 2013
	24 April 2013
	25 April 2013
	29 April 2013
	30 April 2013

Nature and purpose of meeting	Date of events
	2 May 2013
	6 May 2013

Table 23.: Public Meetings

2.5 Ward Committees

The ward committees support the Ward Councilor 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	17 July 2013 25 July 2013 27 August 2013 26 February 2014 27 May 2014 3 June 2014
Mublelo E Sibhozo	Unemployment	
Nokhanyo Tshikolo	Welfare	
Gloria Douglas	Religion	
Miriam Saba	Women	
Gladwell Zahela	Senior citizen	
Fikile Tshikolo	Environmental Interest Group	
Siena Bans	Health	
David Booyesen	Community Based Organization	
Sipho Pieterse	Youth	

Table 24.: 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	23 July 2013 27 August 2013 30 September 2013 22 October 2013 26 November 2013 25 March 2014 27 May 2014
Johanna Lodewyk	Community Safety	
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 25.: Ward 2 Committee Meetings

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	27 July 2013 18 August 2013 12 September 2013 7 October 2013 28 October 2013 5 December 2013 17 January 2014 26 February 2014 1 April 2014 29 April 2014 29 May 2014 29 June 2014
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	
Abigail Johannes	Youth	

Table 26.: 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	15 July 2013 21 August 2013 09 September 2013 7 October 2013 5 December 2013 27 January 2014 20 February 2014
Mzwandile Menziwa	Health	
Nomayeza Ngqandela	Community Safety	
Sophie Ntsulelo	Senior Citizen	
Johanna Diedericks	Women	
Smilo Ngqwala	Religion	
Evelyn Lawrence	Housing	
Beauty Kedama	Business	
Joey Plaatjies	Education	

Table 27.: Ward 4 Committee Meetings
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	17 September 2013 5 October 2013 5 November 2013 20 February 2014 28 February 2014 6 March 2014 29 May 2014 10 June 2014
Katrina Grant	Women	
Gladys Metsing	Youth	
Sheraldene Nguqu	Community Safety	
James Maloy	Senior Citizen	
Katara Siwa	Religion	
Elsie Biesies	Health	

Name of representative	Capacity representing	Dates of meetings held during the year
Gwendolene Louw	Welfare	
Headman Dick	Community Based Organization	
Saartjie Phillips	Unemployment	
Bruce S Vumazonke	People with disabilities	

Table 28.: 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	30 July 2013
Christene Arendse	Health	18 September 2013
Freddie Martin	Religion	31 October 2013
Elna Lottering	Welfare	5 December 2013
Annie Dassie	Government Services	18 December 2013
Juanita Jacobs	Unemployment	21 January 2014
Sara Arries	Women	20 February 2014
Garreth October	Sport	31 March 2014
		3 May 2014
		29 May 2014

Table 29.: Ward 6 Committee Meetings

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		
Jason Mdudumani	Business		
Edwin Lottering	Sport		
Andre Minnie	Youth		
Rozelda van Wyk	Women		
Klara Links	Caring hands		
Hendrik Willemse	Transport		
Melony Damon	Safety and Security		
Emily Hough	Women and Safety		
Estella Roman	Women and Children		
			1 September 2013
			13 September 2013
			27 September 2013
		23 October 2013	
		20 November 2013	
		10 December 2013	
		21 February 2014	
		12 March 2014	
		9 April 2014	

Table 30.: 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.

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)
1	Yes	6	6	Yes
2	Yes	7	7	Yes
3	Yes	12	12	Yes
4	Yes	7	7	Yes
5	Yes	8	8	Yes
6	Yes	10	10	Yes
7	Yes	9	9	Yes

Table 31.: Functioning of Ward Committees

2.7 Representative Forums

a) Labour Forum

The table below specifies the members of the Labour Forum for the 2013/14 financial year:

Name of representative	Capacity	Meeting dates
Alderman HT Prince	Employer : Councillor	10 April 2014 28 May 2014
Councillor J Bostander	Employer : Councillor	
Councillor G de Vos	Employer : Councillor	
Councillor GP Adolph	Employer : Councillor (Chairperson)	
Councillor GT Murray	Employer : Councillor	
Mr. J Booysen	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	
Mr. M Scholtz	Labour: IMATU	

Name of representative	Capacity	Meeting dates
Mr. E Links	Labour: IMATU	

Table 32.: Labour Forum

COMPONENT D: CORPORATE GOVERNANCE

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

2.8 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 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.

a) Developed Strategies

Name of strategy	Developed Yes/No	Date Adopted
Anti-Corruption Strategy and Implementation Plan	Reviewed in June/July 2014	29 November 2012

Table 33.: 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.
- ∞ 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 2013
Mr. KE McKay	Member	19 September 2013
Ms. T Solomon	Member	17 December 2013
Mr. LW Hawker	Member	27 February 2014

Table 34.: 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.

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

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

Name of representative	Capacity	Meeting dates
Mr. A Hooker	Chairperson	19 September 2013 27 February 2014
Mr. KE McKay	Member	
Ms. T Solomon	Member	
Mr. LW Hawker	Member	

Table 35.: 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:
 - (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.

Annual Audit Plan

The table below provides detail on audits completed:

Description	Date completed
Phase 1	
Operational and Strategic Risk Assessment	27 June 2014

Description			Date completed
Phase 2			
Compilation of Risk Based Audit Plan			30 June 2014
Phase 3			
Type of Audit Engagement	Department	Detail	Date completed
Internal Audit Report	Financial Services	Grants and DORA allocations	July 2014
Internal QAR	Internal Audit	State of readiness review of audit activity	Follow-up December 2013
Quarterly report to the Audit Committee ending: <ul style="list-style-type: none"> 30 June 2013 30 September 2013 31 December 2013 31 March 2014 	Internal Audit	Progress report on implementation of Audit Plan	After each quarter
Quarterly audit of Key Controls ending: <ul style="list-style-type: none"> 30 June 2013 30 September 2013 31 December 2013 31 March 2014 30 June 2014 	All Directorates	Assessment of key controls to achieve clean administration	<ul style="list-style-type: none"> 6 September 2013 8 October 2013 29 January 2014 4 April 2014 7 July 2014
Audit of Predetermined Objectives: <ul style="list-style-type: none"> 30 June 2013 30 September 2013 31 December 2013 31 March 2014 	All Directorates	Quarterly audit of Performance information	<ul style="list-style-type: none"> 6 September 2013 15 November 2013 28 March 2014 27 May 2014
Internal Audit Report	Corporate Services	Audit of municipal website: Circular no 13/2014	21 May 2014
Internal Audit Report	Engineering Services	Audit of claim on Proclaimed Roads	16 April 2014
Ad-hoc Investigation	Community Services	Traffic Services	In draft
Ad-hoc Investigation	HR	Leave	13 Aug 2013
2x Ad-hoc Investigations	HR	Audit of payment of study aid	<ul style="list-style-type: none"> 17 January 2014 27 January 2014
Review of IA Policies	Internal Audit	<ul style="list-style-type: none"> Review of Internal audit Manual Review of Internal audit Charter Review of Audit Committee and Performance audit committee charter 	<p>June 2014</p> <p>June 2014</p> <p>July 2014</p>
Review of Policy	Risk Management	Review of Risk management policy	July 2014
Review of strategy	Anti-Corruption	Review of Anti-Corruption strategy and Implementation plan	In draft
Internal Audit Report	Financial Services	Audit of overtime	In draft
Internal Audit Report	Community Services	Leave	In draft

Table 36.: 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
Risk Assessment	27 June 2014
Compilation of Audit Plan	30 June 2014
Audit of Grants and Dora allocations	June/July 2014
Developing of an Internal Audit manual	June 2014
Ad-Hoc Investigation: Community Services	In draft

Table 37.: Internal Audit Functions

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.

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

By-Law developed/ revised	Date adopted	Public Participation Conducted Prior to adoption of by-Law Yes/No
Fireworks By-Law	Council Meeting: 26 November 2013: Item 8.4	Yes
By-Law Relating to the Holding of Events	Council Meeting: 26 November 2013: Item 8.3	Yes
By-Law Relating to the Prevention of Public Nuisances and Nuisances arising from the Keeping of Animals	Council Meeting: 26 November 2013: Item 8.5	Yes

Table 38.: By-Laws 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 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 39.: 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	Published Yes/ No
Annual budget 2013/14 and all budget-related documents	Yes
Adjustment budget for 2013/14	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 2012/13	Yes
Performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act for 2013/14	Yes
All quarterly reports tabled in the council in terms of section 52 (d) of the MFMA during 2013/14	Yes

Table 40.: Website Checklist

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

a) Bid Committee Meetings

The following table details the number of bid committee meetings held for the 2013/14 financial year:

Bid Specification Committee	Bid Evaluation Committee	Bid Adjudication Committee
9	18	14

Table 41.: Bid Committee Meetings

The members of the bid specification committee are as follows:

Member
C de Koker
M Lawrence
DS le Roux
AC Makendlana
NE Mfundisi
L de Wet
SA Pothberg
JCL Smit
MA Strümpher
PDV Strümpher
RE van Staden
EJJ van Staden
CB Wright
V Ruiters
RA Naidoo
HJ Meintjies
RW Summers
JB Kaptein
JI van Wyk

Table 42.: Members of bid specification committee

The members of the bid evaluation committee are as follows:

Member
C de Koker
M Lawrence
DS le Roux
AC Makendlana
NE Mfundisi

Member
L de Wet
SA Pothberg
JCL Smit
MA Strümpher
PDV Strümpher
RE van Staden
EJJ van Staden
CB Wright
V Ruiters
RA Naidoo
HJ Meintjies
RW Summers
JB Kaptein
JI van Wyk

Table 43.: Members of bid evaluation committee

The members of the bid adjudication committee are as follows:

Member
C de Koker
M Lawrence
DS le Roux
AC Makendlana
NE Mfundisi
L de Wet
SA Pothberg
JCL Smit
MA Strümpher
PDV Strümpher
RE van Staden
EJJ van Staden
CB Wright
V Ruiters
RA Naidoo
HJ Meintjies
RW Summers
JB Kaptein

Member
Jl van Wyk

Table 44.: 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 R
SCM 01/2014	15 October 2013	Supply & installation of mechanical & electrical equipment for the upgrading of the boreholes supplying water to Murraysburg	De Jager Loodgieter Kontrakteurs	1 246 155.00
SCM 12/2014	3 January 2014	Supply, delivery and Installation of 30m High masts & 20m scissor masts complete with floodlighting for Beaufort west Municipality.	Adenco Construction	2 257 529.28
SCM 14/2014	17 December 2013	Contract for the upgrading of Ebenezer Street	Trucon	3 568 729.99
SCM 02/2014	13 September 2013	Supply & delivery of assembled IT hardware	Brilliant Computers First Technology Mantella	254 649.00 320 886.06 288 186.96
SCM 06/2014	11 February 2014	Supply, delivery, maintenance and financing of Office Automation Equipment	Satinsky t/a Ricoh Smart Office Konica Minolta	225 422.80 Different Prices
SCM 07/2014	15 November 2013	Supply & delivery of Refuse bins	Imvusa business services	116 850.00
SCM 14/2014	13 February 2014	Nominated sub-contract for the upgrading of Ebenezer street	Inyameko Trading 445 CC	323 098.80
SCM 18/2014	29 April 2014	Supply & delivery of one new pad mounted standard type B mini substation 400 kva 1100/400 volt	WCC Cables	347 859.60
SCM 25/2014	25 June 2014	Construction of a 11kv overhead power line shooting range bore hole pump in Beaufort west	MDL Electrical	328 369.93
SCM 10/2014	25 November 2013	Supply, delivery, installation and maintenance of a tag surveillance system	Bell oak investments	93 947.10

Table 45.: Ten highest bids awarded by bid adjudication committee

c) Awards Made by the Accounting Officer

No bids were awarded by the Accounting Officer.

d) Appeals Lodged by Aggrieved Bidders

No appeals have been received for the 2013/14 financial year. Only enquiries on tender outcomes.

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	Percentage of total deviations number	Value of deviations R	Percentage of total deviations value
Emergency	8	3	432 199.43	6
Sole Supplier	75	25	1 919 584.59	27
Acquisition of special works of art or historical objects where specifications are difficult to compile	0	0	0	0
Any other exceptional case where it is impossible or impractical to follow the official procurement process	212	72	4 683 935.14	67
Total	295	100	7 035 719.16	100

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 & advertisements by the Municipality	15	7	207 981.93
Any purchase at a public auction sale	0	0	0
Any contract with an organ of state, a local authority or a public utility corporation or company	2	1	101 430.00
Any contract for the supply of goods & services to the municipality by a contractor of an organ of state at the price & on the terms & conditions applicable to the state.	0	0	0

Type of deviation	Number of deviations	%	Value of deviations
The appointment of any person to provide professional advice or services, where the value of such appointment is less than R200 000.	30	14	1 030 685.54
Ad-hoc repairs to plant & equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids.	165	78	3 343 837.67
EPWP Learnership projects which have been identified & registered.	0	0	0
Total	212	100	4 683 935.14

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 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 2014, the value of stock at the municipal stores amounted to **R2 830 630.46** (R3 166 276.40 in 2012/13). For the 2013/14 financial year a total of **R3 850.02** were accounted for as surpluses (R35 077.93 in 2012/13), **R4 963.57** as deficits (R26 064.07 in 2012/13) and damaged stock items of **R364.41** 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

CHAPTER 3

This chapter provides an overview of the key service achievements of the municipality that came to fruition during 2013/14 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 2013/14 compared to actual performance in 2012/13.

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 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 2013/14

a) The IDP and the budget

The IDP was reviewed for 2013/14 and the budget for 2013/14 was approved by Council on 31 May 2013 [Item 2]. 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.

b) The Service Delivery Budget Implementation Plan

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 **18 June 2013**.

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 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

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 **18 June 2013** 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 15th 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 **26 November 2013 [Item 7.1]** and the second quarterly report on **28 January 2014 [Item 7.1]**. The section 72 report in terms of the Municipal Finance Management Act, was submitted to the Mayor on **20 January 2014**. The third quarter report was submitted to Council on **27 May 2014 [Item 7.1]**.

b) Individual Performance Management

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 2013/14 financial year were signed as follows:

- | | | |
|----|--------------------------------------|------------------|
| 1. | Director: Corporate Services | 4 July 2013 |
| 2. | Director: Engineering Services | 5 July 2014 |
| 3. | Director: Community Services | 9 July 2013 |
| 4. | Director: Electro Technical Services | 31 July 2013 |
| 5. | Municipal Manager | 26 November 2013 |

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The final evaluation of the 2012/13 financial year (1 January 2013 to 30 June 2013) took place on **13 February 2014**. The final evaluation of the 2013/14 financial year (1 January 2014 to 30 June 2014) is scheduled to take place during **September 2014**.

3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2013/14

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

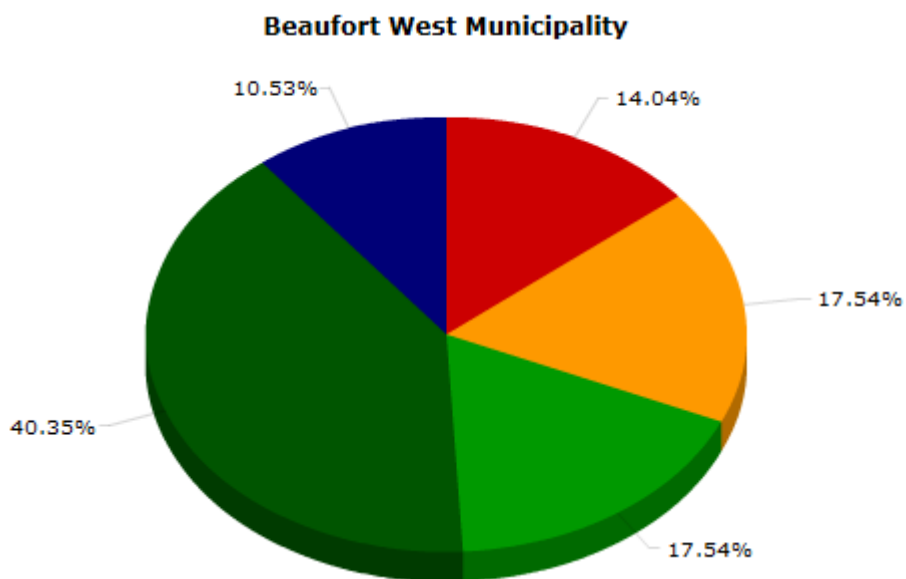
In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the IDP (strategic) objectives.

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:

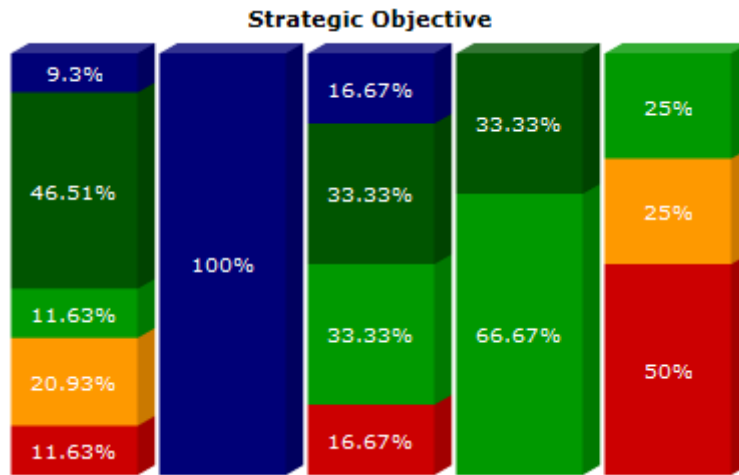
Category	Color	Explanation
KPI's Not Yet Measured	Grey	KPIs with no targets or actuals in the selected period.
KPI's Not Met	Red	0% >= Actual/Target < 75%
KPI's Almost Met	Orange	75% >= Actual/Target < 100%
KPI's Met	Light Green	Actual/Target = 100%
KPI's Well Met	Dark Green	100% > Actual/Target < 150%
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 2013/14:



	Beaufort West Municipality
■ KPI Not Met	8 (14%)
■ KPI Almost Met	10 (17.5%)
■ KPI Met	10 (17.5%)
■ KPI Well Met	23 (40.4%)
■ KPI Extremely Well Met	6 (10.5%)
Total:	57



	Strategic Objective				
	<i>Basic service delivery and infrastructure development</i>	<i>Economic development</i>	<i>Financial viability and management</i>	<i>Good governance and community participation</i>	<i>Institutional Development and Municipal Transformation</i>
■ KPI Not Met	5 (11.6%)	-	1 (16.7%)	-	2 (50%)
■ KPI Almost Met	9 (20.9%)	-	-	-	1 (25%)
■ KPI Met	5 (11.6%)	-	2 (33.3%)	2 (66.7%)	1 (25%)
■ KPI Well Met	20 (46.5%)	-	2 (33.3%)	1 (33.3%)	-
■ KPI Extremely Well Met	4 (9.3%)	1 (100%)	1 (16.7%)	-	-
Total:	43	1	6	3	4

Graph 1.: Overall performance per Strategic objective

3.2.2 Detail actual performance for 2013/14 key performance indicators per strategic objectives
a) Basic service delivery and infrastructure development

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2012/13	Target					Overall performance for 2013/14		
					Q1	Q2	Q3	Q4	Annual	Actual	R	Corrective actions
TL1	Limit the % electricity unaccounted for to 12%	% of electricity unaccounted for	All	11.10%	12%	12%	10%	10%	12%	11.48%		
TL2	Raise public awareness on green energy and energy saving	Number of initiatives per year	All	4	0	0	0	1	1	12		
TL3	Provide consideration/evaluation on building plans within 30 days for buildings less than 1000m ² and 60 days for buildings larger than 1000m ² after all information required is correctly submitted (Actual plans approved/by plans submitted)	% plans evaluated	All	90%	90%	90%	90%	90%	90%	84.91%		
TL5	Construct new roads Phase II in Beaufort West, Hillside II, Rustdene & Kwa Mandlenkosi	Number of meters of new roads constructed	All	3017	0	0	0	600	600	0		Contractor progressing slower than expected. Expect construction to be completed after year end. We will improve the monitoring over contractors
TL6	Report on the implementation of the Water Service Delivery Plan (Audit) to DWAF by end October 2013	Report submitted to DWAF	All	100%	0	0	0	1	1	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	95%	0	0	0	1	1	1		
TL8	Limit unaccounted water to less than 15% between source and sector meters	% of water unaccounted for between source and sector meters	All	25.03%	15%	15%	15%	15%	15%	6.22%		

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2012/13	Target					Overall performance for 2013/14		
					Q1	Q2	Q3	Q4	Annual	Actual	R	Corrective actions
TL9	Maintain water quality as per SANS 241 physical and micro parameters	% water quality level	All	98.75%	95%	95%	95%	95%	95%	100%		
TL10	Maintain quality of final waste water outflow	% quality level	All	98.34%	90%	90%	90%	90%	90%	100%		
TL12	Spent the maintenance budget for roads and stormwater assets	% of maintenance budget spent	All	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	90%	90%	81.10%		Target was not achieved due to vacancies and funding constraints
TL13	Spent the maintenance budget for sanitation assets	% of maintenance budget spent	All	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	90%	90%	115.16%		
TL14	Spent the maintenance budget for parks and recreation assets	% of maintenance budget spent	All	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	90%	90%	100.42%		
TL15	Spent the maintenance budget for water assets	% of maintenance budget spent	All	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	90%	90%	167.43%		
TL29	Spent the maintenance budget for electricity assets	% of maintenance budget spent	All	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	90%	90%	98.38%		
TL37	Install new flood lighting at Nelspoort West sport grounds	% of approved project budget spent	2	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	95%	95%	100%		
TL38	Install new flood lighting at Beaufort West sport grounds	% of approved project budget spent	2	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	95%	95%	92.97%		The project has been successfully completed. The underspending of the budget is as a result of a saving on the project
TL39	Install high mass lights at Rustdene	% of approved project budget spent	3; 5; 6	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	95%	95%	100%		

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2012/13	Target					Overall performance for 2013/14		
					Q1	Q2	Q3	Q4	Annual	Actual	R	Corrective actions
TL40	Replace dosing pumps	% of the approved project budget spent	All	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	100%	100%	100%		
TL42	Install new pre-paid meters	% of the approved project budget spent	All	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	100%	100%	0%		We installed 283 meters but the target was set as % of budget spent which makes it not measurable. We will improve the target setting in the future
TL43	Upgrade & extend the water supply in Murraysburg (MIG 1)	% of the approved project budget spent	1	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	95%	95%	99%		
TL44	Submit a report on the rehabilitation of the sanitation oxidation ponds in Nelspoort to MIG by 30 June	Report submitted to MIG by 30 June	2	New performance indicator for 2013/14. No comparatives available	0	0	0	1	1	1		
TL45	Complete the new pressure reduction of the water network except for central town	% of the approved project budget spent	All	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	95%	95%	100%		
TL46	Upgrade the water Supply in Murraysburg (MIG 2)	% of the approved project budget spent	1	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	95%	95%	99%		
TL47	Complete the new bulk water supply in Nelspoort	% of the approved project budget spent	2	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	95%	95%	71.58%		Target not achieved with only the snag-list (small outstanding issues as part of quality control) at year-end. The full payment and sign-off occurred just after year-end
TL48	Construct the external storm water pipeline in Rustdene (Buitekant St Ph4 Housing)	% of the approved project budget spent	3; 5; 6	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	95%	95%	100%		

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2012/13	Target					Overall performance for 2013/14		
					Q1	Q2	Q3	Q4	Annual	Actual	R	Corrective actions
TL49	Complete the civil part of the Construction of the external sewerage pipeline and pump station for Rustdene (Buitekant St Ph4 Housing)	% of the approved project budget spent	3; 5; 6	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	95%	95%	99%		
TL50	Upgrade & extend the water supply in Murraysburg (MIG 3)	% of the approved project budget spent	1	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	95%	95%	99%		
TL51	Install festive lights in Voëltjiepark	% of the approved project budget spent	All	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	95%	95%	91.75%		The project has been successfully completed. The underspending of the budget is as a result of a saving on the project
TL65	Develop an Integrated Human Settlement Plan by the end of June 2014 and submit to Council for approval	Plan completed	7	0	0	0	0	1	1	1		
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	0	0	0	2	2	0		1 x design was completed in the previous year and the EIA is still in progress. The EIA will be finalized in the new financial year
TL73	Erect Dumping Signs to prevent illegal dumping	Number of signs	All	New performance indicator for 2013/14. No comparatives available	0	0	0	5	5	0		The signs have been purchased but will only be erected during the new financial year
TL74	Purchase refuse bins for new housing development	Number of bins	3	New performance indicator for 2013/14. No comparatives available	0	0	500	0	500	640		
TL76	Service sites for Beaufort West (259) IRDP by the end of June	Number of service sites	4	New performance indicator for 2013/14. No comparatives available	0	0	0	259	259	240		Contractor had experienced significant cases of vandalism

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2012/13	Target					Overall performance for 2013/14			
					Q1	Q2	Q3	Q4	Annual	Actual	R	Corrective actions	
													which delayed the project. The remainder of 19 were completed after year-end
TL77	Rectify 16 houses in XhoXha by the end of September	Number of houses	4	New performance indicator for 2013/14. No comparatives available	0	0	0	16	16	3			Only 8 houses rectified in the financial year but 5 houses rectified after September and 8 houses rectified after year-end. We will improve the target setting in the future, but the project was delayed by community consultations and disputes
TL78	Complete top structures for Beaufort West Infill IRDP by the end of June	Number of top structures	4	New performance indicator for 2013/14. No comparatives available	0	0	0	274	274	470			
TL82	Provide free basic electricity to indigent households	Number of households receiving free basic electricity	All	New performance indicator for 2013/14. No comparatives available	0	0	0	5 385	5 385	5 682			
TL83	Provide free basic water to indigent households	Number of households receiving free basic water	All	New performance indicator for 2013/14. No comparatives available	0	0	0	6 293	6 293	6 053			The target is based on the number of registered indigent households and the actual based on the actual amount of households that qualified for indigent support
TL84	Provide free basic sanitation to indigent households	Number of households receiving free basic sanitation	All	New performance indicator for 2013/14. No comparatives available	0	0	0	2 661	2 661	3 138			
TL85	Provide free basic refuse removal to indigent households	Number of households receiving free basic refuse removal	All	New performance indicator for 2013/14. No comparatives available	0	0	0	957	957	1 322			
TL86	Number of formal residential	Number of residential	All	New performance	0	0	0	11 938	11 938	11 977			

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2012/13	Target					Overall performance for 2013/14			
					Q1	Q2	Q3	Q4	Annual	Actual	R	Corrective actions	
	properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network	properties which are billed for water or have pre-paid meters		indicator for 2013/14. No comparatives available									
TL87	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas)	Number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas)	All	New performance indicator for 2013/14. No comparatives available	0	0	0	10 890	10 890	11 319			
TL88	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets)	Number of residential properties which are billed for sewerage	All	New performance indicator for 2013/14. No comparatives available	0	0	0	11 938	11 938	11 542			The target includes sub economic households, but which cannot be billed until they are registered
TL89	Number of formal residential properties for which refuse is removed once per week	Number of residential properties which are billed for refuse removal	All	New performance indicator for 2013/14. No comparatives available	0	0	0	11 938	11 938	11 096			The target includes sub economic households, but which cannot be billed until they are registered

Table 48.: Basic service delivery and infrastructure development

b) Economic development

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2012/13	Target					Overall performance for 2013/14			
					Q1	Q2	Q3	Q4	Annual	Actual	R	Corrective actions	
TL4	Create temporary job opportunities in terms of EPWP projects	Number of temporary jobs opportunities created	All	2305	100	50	200	150	500	2 658			

Table 49.: Economic development

c) Financial viability and management

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2012/13	Target					Overall performance for 2013/14		
					Q1	Q2	Q3	Q4	Annual	Actual	R	Corrective actions
TL16	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)	Target achieved	All	21.04%	0	0	0	2	2	2		
TL17	Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services)	% achieved	All	56	0%	0%	0%	32%	32%	59%		
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	1.38	0	0	0	0.8	0.8	0.4		Increased and strict debt collection
TL19	Achieve a debtors payment percentage of 85%	Payment %	All	90.88	85%	85%	85%	85%	85%	94.71%		
TL20	Compile and submit the annual financial statements by 31 August to the Auditor General	Financial statements submitted by 31 August	All	100%	1	0	0	0	1	1		
TL81	The percentage of the municipal capital budget actually spent on capital projects identified in terms of the IDP (Actual amount spent on projects as identified for the year in the IDP/Total amount spent on capital projects)X100	% of the municipal budget spent (Actual amount spent on projects as identified for the year in the IDP/Total amount spent on capital projects)X100	All	New performance indicator for 2013/14. No comparatives available	0%	0%	0%	75%	75%	90%		

Table 50.: Financial viability and management

d) Good governance and community participation

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2012/13	Target					Overall performance for 2013/14		
					Q1	Q2	Q3	Q4	Annual	Actual	R	Corrective actions
TL26	Compile the Risk based audit plan and submit to Audit committee for approval by end September	Plan approved	All	100%	1	0	0	0	1	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	85%	0%	0%	0%	70%	70%	80%		
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	New performance indicator for 2013/14. No comparatives available	0	0	1	0	1	1		

Table 51.: Good governance and community participation
e) Institutional Development and Municipal Transformation

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2012/13	Target					Overall performance for 2013/14		
					Q1	Q2	Q3	Q4	Annual	Actual	R	Corrective actions
TL23	Develop skills of staff (Actual total training expenditure/total operational budget)	% of total operational budget spent on training	All	0.01%	0%	0%	0%	0.50%	0.50%	0.06%		As a result of financial constraints and vacancies in key positions training could not take place as expected. This will be closely monitored in 2014/15
TL71	Compile a policy register by the end of June	Register completed	All	New performance indicator for 2013/14. No comparatives available	0	0	0	1	1	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	New performance indicator for 2013/14. No comparatives available	25%	50%	75%	100%	100%	85.70%		Supply Chain Processes took longer than expected to complete the procurement of capital assets and equipment

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Actual performance of 2012/13	Target					Overall performance for 2013/14		
					Q1	Q2	Q3	Q4	Annual	Actual	R	Corrective actions
TL80	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	Number of people employed in the three highest levels of management	All	New performance indicator for 2013/14. No comparatives available	0	0	0	2	2	0		Key management positions that are vacant and that have not been filled as at 30 June. Negotiations are currently taking place and positions will be filled during 2014/15

Table 52.: Institutional Development and Municipal Transformation

3.2.3 Municipal Functions

a) Analysis of Functions

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function Yes / No
Constitution Schedule 4, Part B functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	Yes

Municipal Function	Municipal Function Yes / No
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	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

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 waste water 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.

Two projects were completed in the past financial year related to bulk water supply.

- Upgrading the bulk water supply of Murraysburg – The bulk water supply of Murraysburg has been upgraded by upgrading all of the borehole structures and supplying them with disinfection pumps installed at the boreholes.
- Upgrading of Nelspoort bulk water supply – The project was based on the civil works for the connection of an additional borehole to the existing water treatment plant. The pipe work has been completed and the electrical work will be done in the next financial year.

The water quality of Beaufort West, Nelspoort, Merweville and Murraysburg is of a good standard. The Blue Drop audit for 2013 has been done and the results will be published at a later stage.

Town	2012/2013	2013/2014
Beaufort West	No Blue Drop Assessments were done in 2012/13	Awaiting Results of the assessment
Nelspoort		
Merweville		

Table 54.: Blue drop scores

Water losses are reduced to the minimum from the source to sector meters. There is however a loss of approximately 52% from sector meters to billing. A water meter audit was done and it indicated clearly that the challenge is billing and not only water losses by leakages in the network.

b) Highlights: Water Services

Highlights	Description
Upgrade of Murraysburg bulk water supply	Supplying Murraysburg with disinfection units at each borehole

Table 55.: Water Services Highlights

a) Challenges: Water Services

Description	Actions to address
Reducing water losses from sector meter to consumer	An action plan has been drawn up and the pilot project will be done in Hillside 2

Table 56.: Water Services Challenges

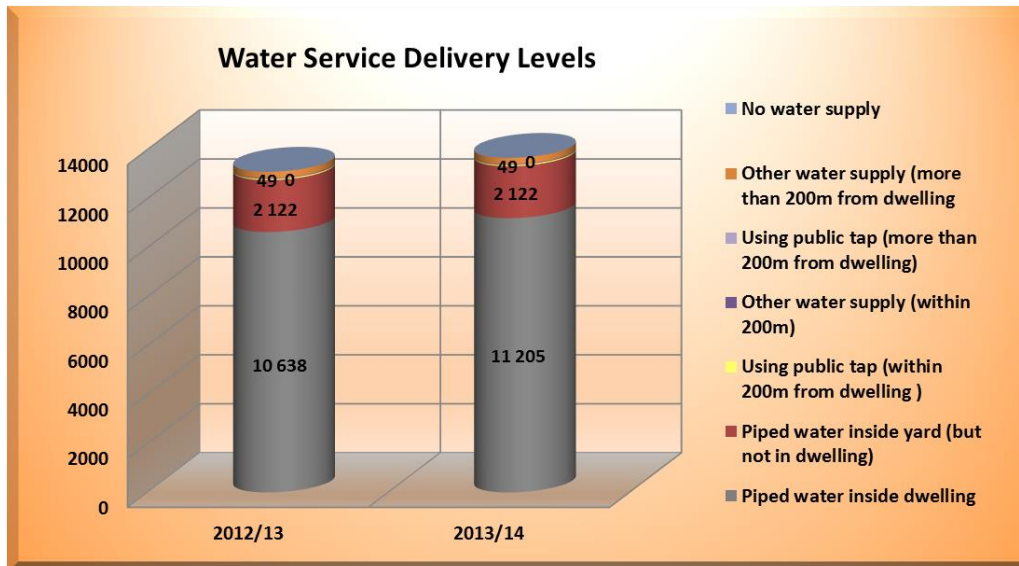
b) Total Use of water by sector

Total Use of Water by Sector (cubic meters)				
Year	Agriculture	Forestry	Industrial	Domestic
2012/13	0	0	70 568	2 472 313
2013/14	0	0	33 631	2 344 446

Table 57.: Total use of water by sector (cubic meters)
c) Water Service Delivery Levels

Households		
Description	2012/13	2013/14
	Actual	Actual
	No.	No.
<u>Water: (above min level)</u>		
Piped water inside dwelling	10 638	11 205
Piped water inside yard (but not in dwelling)	2 122	2 122
Using public tap (within 200m from dwelling)	49	49
Other water supply (within 200m)	31	31
<i>Minimum Service Level and Above sub-total</i>	12 840	13 407
<i>Minimum Service Level and Above Percentage</i>	98	98
<u>Water: (below min level)</u>		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	260	260
No water supply	0	0
<i>Below Minimum Service Level sub-total</i>	260	260
<i>Below Minimum Service Level Percentage</i>	2	2
Total number of households	13 090	13 667
<i>Include informal settlements</i>		

Table 58.: Water service delivery levels: Households



Graph 2.: Water Service Delivery levels

d) 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#
2012/13	10 638	98%	6 293
2013/14	11 205	98%	4 307

* 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 59.: Access to water

e) Employees: Water Services

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	5	12	12	0	0
4 - 6	5	9	8	1	11.11
7 - 9	0	1	1	0	0
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
Total	12	24	23	1	41.67

Employees and Posts numbers are as at 30 June.

Table 60.: Employees: Water Services

f) Capital expenditure: Water Services

R					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Infrastructure: Water Reticulation	4 976 000	3 287 00032	4 165 200	(878 200)	4 487 321
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)</i>					

Table 61.: Capital Expenditure 2013/14: Water Services
3.3.2 Waste water (sanitation) provision
a) Introduction to Sanitation Provision

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 the design capacity and the finale effluent is of a good quality.

A study has been conducted at the Nelspoort and Murraysburg Waste Water Treatment Plant. The reports indicated that urgent upgrades are necessary at both of the treatment facilities. Both of the projects have been registered on the MIG program to ensure funding for the projects.

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.

b) Highlights: Waste Water (Sanitation) Provision

Highlights	Description
Green Drop Results of 2013	Beaufort West – 93.73%
	Merweville – 88.70%
	Nelspoort – 89.08%

Table 62.: Waste Water (Sanitation) Provision Highlights
c) Challenges: Waste Water (Sanitation) Provision

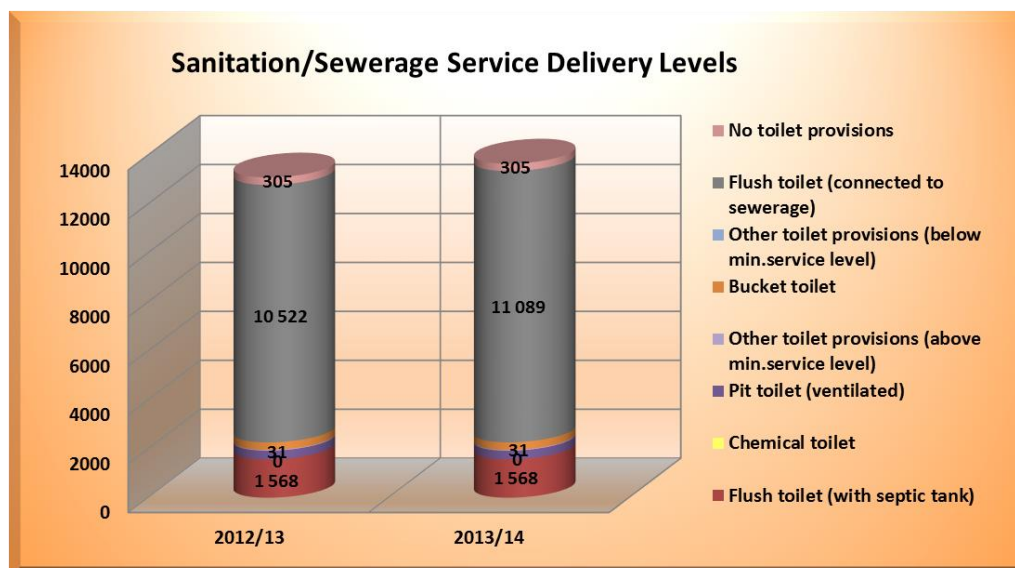
Description	Actions to address
A shortage of funding for upgrades of the Waste Water Treatment Plants and necessary maintenance	Capital funding and tariffs

Table 63.: Waste Water (Sanitation) Provision Challenges

b) Sanitation Service Delivery Levels

Households		
Description	2012/13	2013/14
	Outcome	Actual
	No.	No.
Sanitation/sewerage: (above minimum level)		
Flush toilet (connected to sewerage)	10 522	11 089
Flush toilet (with septic tank)	1 568	1 568
Chemical toilet	0	0
Pit toilet (ventilated)	355	355
Other toilet provisions (above min.service level)	31	31
<i>Minimum Service Level and Above sub-total</i>	12 476	13 043
<i>Minimum Service Level and Above Percentage</i>	95	96
Sanitation/sewerage: (below minimum level)		
Bucket toilet	309	309
Other toilet provisions (below min.service level)	0	0
No toilet provisions	305	305
<i>Below Minimum Service Level sub-total</i>	614	614
<i>Below Minimum Service Level Percentage</i>	5	4
Total households	13 090	13 657
<i>Including informal settlements</i>		

Table 64.: Sanitation service delivery levels



Graph 3.: Sanitation/Sewerage Service Delivery Levels

c) Employees: Sanitation Services

Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	10	14	11	3	21.42
4 - 6	5	10	8	2	20
7 - 9	0	1	0	1	100
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	15	25	19	6	24

Employees and Posts numbers are as at 30 June.

Table 65.: Employees Waste Water (Sanitation) Services

d) Capital Expenditure: Sanitation Services

R					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Infrastructure: Sanitation					
Sewerage Purification	5 823 000	6 402 000	5 233 789	1 168 211	5 600 550

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)

Table 66.: Capital Expenditure 2013/14: 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.

During 2013/14 the project for the electrification of 367 newly built houses were completed by the Electricity department for the amount of R4.2 million. Floodlights on the Beaufort West rugby field and Nelspoort soccer field were installed as well as 3 x 30 meter high mast lights in Beaufort West.

Electricity purchases for the 2013/14 financial year amounted to R43.32 million (Incl VAT) for 56 524 586 kWh. The electricity is sold to industrial/commercial and domestic customers. Approximately 35.3% of the electricity is sold to industrial/commercial customers, 45.8% to domestic customers, 2.6% for street lighting, 4.4% for own use and 0.44% electricity theft. Energy losses during the financial year amounted to 11.48%.

There is no backlogs in the provision of service connections. Application for connections are processed as they are received and the necessary connection fees collected. 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 upgrade, refurbishment and expansion of the electricity infrastructure has led to a situation that new developments can no longer be accommodated without major capital investment. It is, therefore, absolutely essential that the municipality direct more of the surplus generated by the sale of electricity to the capital requirements of the electrical department.

b) Highlights: Electricity

Highlights	Description
Electrification of 367 low cost houses	This units were electrified at a total cost of R4.2 million and it was a huge step forward in the effort to eradicate the housing backlog
Nelspoort soccer field lighting	4 X 20 meter scissor masts with 1 000 watt metal halide luminaires were installed and will improve the quality of life for the residents of Nelspoort as this is the only sports facility in the town
Beaufort West rugby field lighting	4 X 20 meter scissor masts with 1 000 watt metal halide luminaires were installed and will improve the quality of life for the residents of Beaufort West as this is the only sports facility catering for the game of rugby in the town
High mast lighting in Beaufort West	3 x 30 meter high mast lights were erected in the previously disadvantaged areas mainly for the safety of the residents
Testing of LED luminaires for high mast lighting	Beaufort West Municipality in conjunction with Provincial Government is in the process of testing the efficiency of LED luminaires for the 30 meter high mast lights. If the outcome of the tests proves positive, it will be a huge improvement in energy efficiency and the maintenance of these masts
EEDSM Project on municipal buildings	Through the funding from DOE, Beaufort West Municipality was able to change all of the lighting in municipal buildings to LED energy efficient lights. This will be a huge saving on the electricity for own use as well as a reduction in maintenance

Table 67.: Electricity Highlights

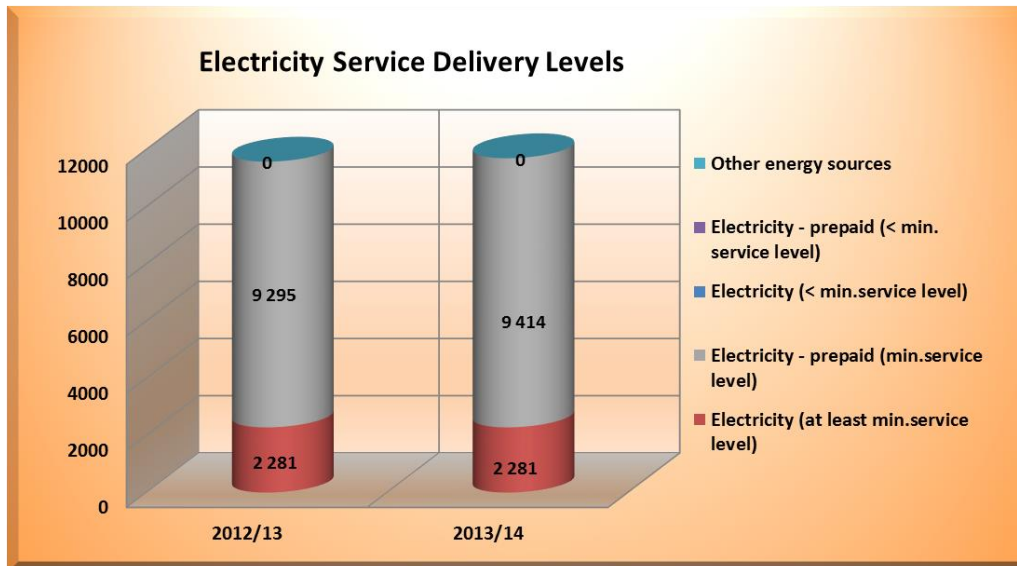
c) Challenges: Electricity

Description	Actions to address
High cost of electricity	To implement energy efficient products to reduce the energy consumption of electrical installations
Service delivery	To improve service delivery, we will have to appoint more qualified personnel and manage the maintenance of services and networks more closely
Funding	More funds must be made available for the maintenance of existing and ageing networks. NERSA benchmark must be followed
Discipline	The municipality must implement and drive the disciplinary processes and in doing that, discipline will improve without a doubt

Table 68.: Electricity Challenges
d) Electricity Service Delivery Levels

Households		
Description	2013/14	2013/14
	Actual	Actual
	No.	No.
<i>Energy: (above minimum level)</i>		
Electricity (at least min.service level)	2 281	2 281
Electricity - prepaid (min.service level)	9 295	9 414
<i>Minimum Service Level and Above sub-total</i>	11 576	11 695
<i>Minimum Service Level and Above Percentage</i>	100	100
<i>Energy: (below minimum level)</i>		
Electricity (<min.service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	0	0
<i>Below Minimum Service Level sub-total</i>	0	0
<i>Below Minimum Service Level Percentage</i>	0	0
Total number of households	11 576	11 695

Table 69.: Electricity service delivery levels



Graph 4.: Electricity service delivery levels

e) Employees: Electricity Services

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	5	10	9	1	10
4 - 6	5	8	5	3	37.5
7 - 9	6	7	6	1	14.29
10 - 12	5	6	5	1	16.67
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	21	31	25	6	19.35

Employees and Posts numbers are as at 30 June.

Table 70.: Employees: Electricity Services

f) Capital Expenditure: Electricity Services

Capital Projects	R				
	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Infrastructure: Electricity					
Transmission & Reticulation	1 405 000	10 914 000	5 913 658	5 000 342	5 599 018
Street Lighting	700 000	1 700 000	3 437 529	(1 737 529)	3 437 529

R					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)</i>					

Table 71.: Capital Expenditure 2013/14: Electricity Services
3.3.4 Waste management (Refuse collections, waste disposal, street cleaning and recycling)
a) Highlights: Waste Management

Highlights	Description
Municipal funds	10 temporary workers employed as general workers for streets cleaning and litter picking
EPWP funds	Received funds to run environmental projects (incl. recycling)
New landfill site in Murraysburg	Received funds from the Department of Public Works
Vehicles	Bought one refuse removal truck

Table 72.: Waste Management Highlights
b) Challenges: Waste Management

Description	Actions to address
Illegal dumping	Place illegal dumping sign boards on critical spots
	Distribution of pamphlets on education and awareness on illegal dumping to the community/areas
Lack of maintenance and management of landfill site	EPIP/PW on waste management (incl. landfill) and the target group for employment is the youth for 2014

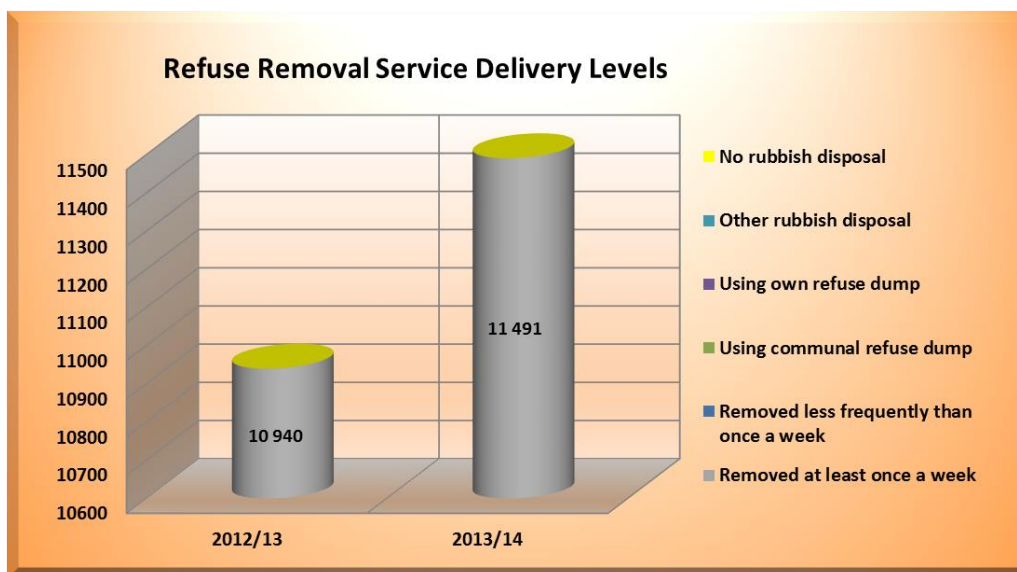
Table 73.: Waste Management Challenges
c) Solid Waste Service Delivery Levels

Description	Households	
	2012/13	2013/14
	Actual	Actual
	No.	No.
<i>Solid Waste Removal: (Minimum level)</i>		
Removed at least once a week	10 940	11 491
<i>Minimum Service Level and Above sub-total</i>	10 940	11 491
<i>Minimum Service Level and Above percentage</i>	100	100
<i>Solid Waste Removal: (Below minimum level)</i>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Description	Households	
	2012/13	2013/14
	Actual	Actual
	No.	No.
Other rubbish disposal	0	0
No rubbish disposal	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level percentage	0	0
Total number of households	10 940	11 491

Table 74.: Solid Waste Service Delivery Levels



Graph 5.: Refuse Removal Service Delivery Levels

d) Employees: Solid Waste Services

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	25	35	35	0	0
4 - 6	3	3	2	1	33.33
7 - 9	7	8	6	2	25
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

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	36	47	44	3	6.38

Employees and Posts numbers are as at 30 June.

Table 75.: Employees: Solid Waste Services

e) Capital Expenditure: Solid Waste Services

R					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Infrastructure: Other					
Waste Management	0	0	464 309	(464 309)	464 309

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)

Table 76.: Capital Expenditure 2013/14: Solid Waste Services

3.3.5 Employees: Basic services: Merweville, Murraysburg & Nelspoort

Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	20	21	21	0	0
4 - 6	12	12	10	2	16.67
7 - 9	3	3	3	0	0
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
Total	37	38	36	2	5.26

Employees and Posts numbers are as at 30 June.

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:

- ∞ Finance Linked Individual Subsidy Programme (FLISP) also known as Gap Subsidy Housing
- ∞ Integrated Residential Development Programme (IRDP) - Project linked 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:

- ∞ IRDP Subsidy housing >R3 500 per
- ∞ Gap housing R3 501 - R15 000 per month

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

Subsidy	3822 - units according to recent estimates of the housing demand data base
Gap	339 - potential applicants have registered on our data system

Table 78.: Housing needs

b) Prioritised IRDP Housing Sites

Site	Property	Units
Subsidy: Priority 1		
S8	Rem Farm 185	225
Total		225
Subsidy Priority 2		
S1	Rem Farm 185 (41.1ha)	1 232
S1	Erf 2848 (4.9ha)	147
S2	Rem Farm 185 (1.2ha)	36
Subsidy Priority 3		
S7	Rem Farm 185 (20.8ha)	624
Total		624
Subsidy Grand Total		2 264

Table 79.: Prioritised housing sites

c) GAP Housing Sites

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

Site	Property	Units
GAP Total		187

Table 80.: GAP housing sites

d) Highlights: Housing

Highlights	Description
99.9% occupation of Project S3 & S4	Top structures completed and handed over
76% Consolidation Housing Project completed	Top structures completed and handed over
100% Xhoxha Housing Project completed	Top structures rectified and handed over

Table 81.: Housing Highlights

e) Challenges: Housing

Description	Actions to address
Pre 1994 houses with structural defects	Source funding for pre 1994 rectification
Gap Housing Funding	Budget and source additional funding
Funds received late during the financial term	Comply to programme as indicated on the pipeline
Xhoxha Housing Project	Transfer of property
Consolidation Housing Project	Transfer of property and rectification
Xhoxha housing: Acceptance of the 40m ² houses	Review of the size of the IRDP house
Size of the IRDP plots too small	Review of the size of the plot
Shortage of staff	Approval of the proposed revised organogram

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
2012/13	10 940	10 878	99
2013/14	11 456	11 429	99

Table 83.: Households with access to basic housing

g) Housing Waiting List

The following table shows the decrease in the number of people on the housing waiting list. There are currently approximately 4 161 housing units on the waiting list.

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

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Financial year	Number of housing units on waiting list	% Housing waiting list increase/(decrease)
2013/14	4 161	(20.3)

Table 84.: Housing waiting list

h) Housing Allocation

A total amount of R20 286 960 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			
2012/13	31 100	30 317	96.8	160	573
2013/14	49 685	49 486	98	567	518

Table 85.: Houses built in 2013/14

i) Employees: Housing

Job Level	2012/13		2013/14		
	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
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
Total	4	5	4	1	20

Employees and Posts numbers are as at 30 June.

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 700 per month). All indigent households are receiving 6kl water

and 50Kwh electricity free each month. Furthermore, an indigent debtor also receives a subsidy on refuse removal and sewerage, depending on the household income.

All indigents have to renew their applications 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 700** 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:

b) Households: Free Basic Services

The tables below indicates the number of households that received free basic services in the 2012/13 and 2013/14 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	%
2012/13	13 384	5 435	41	6 293	47	2 661	20	957	7
2013/14	13 864	4 627	33	6 342	45	2 898	21	3 378	24

Table 87.: Free basic services to indigent households

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value	No. of HH	Unit per HH (kwh)	Value
			R'000			R'000			R'000
2012/13	4 699	50	2 665	289	50	176	50	50	45
2013/14	4 627	50	2 885	289	50	228	50	50	48

Table 88.: Free basic Water services to indigent households

Water						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	Unit per HH (kl)	Value	No. of HH	Unit per HH (kl)	Value
			R'000			R'000
2012/13	4 847	6	6 648	1 004	6	348
2013/14	5 293	6	6 315	1 004	6	380

Table 89.: Free basic Water services to indigent households

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No. of HH	R value per HH	Value	No. of HH	Unit per HH per month	Value
			R'000			R'000
2012/13	2 661	643.20	2 051	0	0	0
2013/14	2 898	698.30	2158	0	0	0

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Table 90.: Free basic Water services to indigent households

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
2012/13	2 957	1	638	0	0	0
2013/14	3 378	1	709	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 2013/14: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2012/13	2013/14			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Water	6 648	3 000	3 000	6 315	3 315
Waste Water (Sanitation)	2 051	2 256	2 300	2 158	(142)
Electricity	2 665	2 500	2 500	2 885	385
Waste Management (Solid Waste)	638	727	870	709	(161)
Total	12 002	8 483	8 670	12 067	3 397

Table 92.: Financial Performance 2013/14: 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 950m gravel roads were upgraded to paved roads in Beaufort West. The general maintenance of tarred and gravel roads were respectively neglected due to budget constraints and unreliable machinery. The grader was refurbished by Barlows to a standard whereby it can be operational to grade roads.

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

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

b) Highlights: Roads

Highlights	Description
Upgrading of Ebenezer Street	Upgrading of gravel roads to paved roads with associated stormwater

Table 93.: Roads Highlights
c) Challenges: Roads

Description	Actions to address
Reseal of roads	Availability of own funds
Maintenance of gravel roads	Replace unreliable machinery
Rebuilding of streets other than indigent areas	Availability of own funds
Lack of man power	Fill vacant positions/re-structure organogram

Table 94.: Roads Challenges
d) Gravel Roads Infrastructure: Kilometers

Gravel Roads Infrastructure: Kilometres				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to paved	Gravel roads graded/maintained
2012/13	56 544	0	2.196	56 544
2013/14	56 544	2 963	950	27 694

Table 95.: Gravel road infrastructure
e) Tarred Road Infrastructure: Kilometers

Tarred/Paved Road Infrastructure: Kilometres					
Year	Total tarred/paved roads	New paved roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar/paved roads maintained
2012/13	97 656	2 196	0	0	97 656
2013/14	99 852	950	0	0	99 852

Table 96.: Tarred road infrastructure
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		
2012/13 (Main roads)	0	0	0
2012/13 (Other roads)	0	0	2 752
2013/14 (Main roads)	0	0	33 312.62

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Financial year	New & Replacements	Resealed	Maintained
	R		
2013/14 (Other roads)	3 568 729.82	0	0

** The cost for maintenance include storm water*

Table 97.: Cost of construction/maintenance of roads and storm water

g) Employees: Roads and Stormwater

Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	20	36	22	14	38.89
4 - 6	4	8	6	2	25
7 - 9	8	9	6	3	33.33
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
Total	32	54	34	20	37.04

Employees and Posts numbers are as at 30 June.

Table 98.: Employees: Roads and Stormwater

h) Capital Expenditure: Roads and Stormwater

R					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Infrastructure – Road Transport					
Roads Pavements & Bridges	3 459 000	4 782 000	4 074 979	646 707	4 074 979
Stormwater	5 583 000	4 432 000	1 779 729	2 528 871	1 779 729

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

Table 99.: Capital Expenditure 2013/14: Roads and Stormwater

3.4.2 Waste water (Stormwater drainage)

During the financial year no major new infrastructure were constructed to prevent flooding of houses. Adhoc additions were completed, such as new stormwater catch pits to cope with severe problems. Stormwater structures were also built along new paved roads.

A new detention pond system was planned in Hillside to prevent flooding of houses. No construction could take place due to a lack of funding. Only the cleaning of the existing structures could take place.

Clearing of the Kuils- and Gamka River of vegetation took place on a regular basis.

a) Highlights: Waste Water (Stormwater Drainage)

Highlights	Description
Gamka – and Kuils River	Clearing from vegetation to prevent blockages and make the environment safe for the community

Table 100.: Waste Water (Storm water drainage) Highlights

b) Challenges: Waste Water (Storm water Drainage)

Description	Actions to address
Stormwater Master Plan	Stormwater Master Plan must be updated, existing plan is outdated
Old stormwater pipes	Upgrade stormwater system
Extension of existing stormwater system	Availability of own funds
Lack of man power	Fill vacant positions/re-structure organogram

Table 101.: Waste Water (Stormwater drainage) Challenges

c) Stormwater Infrastructure: Kilometers

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
2012/13	Master Plan outdated	1.08	1.445	17.1
2013/14	Master Plan outdated	2.04	0	17.1

Table 102.: Stormwater infrastructure

d) 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
2012/13	4 182	0	Part of roads
2013/14	Part of new road construction	0	Part of roads

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

An amount of R550 000 was made available to create jobs through pot hole repair and repairing water and sanitation repairs for indigent households. Material was purchased with savings from the operating and maintenance budget.

Personal appointed for these projects are as follows:

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Description	Female	Male	Youth
Data Capturer	1	0	1
Supervisors	1	1	1
Labourers	6	11	10

Table 104.: Additional job creation

3.4.3 Employees: Other Services

Employees: Fleet Management (Workshop)					
Job Level	2012/13	2013/14			
	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
Total	7	7	7	0	0

Employees and Posts numbers are as at 30 June.

Table 105.: Employees Fleet Management

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, was done by ASLA as the turnkey contractor. The aforementioned planning was done in conjunction with the officials of the municipality.

a) Highlights: Planning and Building Control

Highlights	Description
IRDP and GAP housing	Planning for plots

Table 106.: Planning Highlights

b) Additional Service Statistics: Planning and Building Control

Type of service	2012/13	2013/14
Building plans application processed	148	159

Type of service	2012/13	2013/14
Total surface (m2)	6 012.52	8 056.25
Approximate value (Rand)	74 758 777	29 500 688
Residential extensions	132	154
Land use applications processed	42	24
Rural applications	148	159

Table 107.: Additional Performance Town Planning and Building Control

c) Employees: Planning and Building Control

Job Level	2012/13	2013/14			
	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	2	1	33.33
7 - 9	1	3	2	1	33.33
10 - 12	3	3	3	0	0
13 - 15	0	2	1	1	50
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	8	12	9	3	25

Employees and Posts numbers are as at 30 June.

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.

The Beaufort West Municipality has 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 (which is vacant) 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.

3.6 COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.6.1 Libraries

a) Highlights: Libraries

Highlights	Description
Slims System	A Library Information Management System that SITA and a user-based selection team had settled on as the replacement for PALS
Care of elderly readers	Treatment of hands and nails to the elderly
Information session in collaboration with local clinics on breastfeeding	Information sessions to new mothers on breastfeeding
Information session: Career exhibitions: Some students have also received full scholarships	Assistance to scholars in completing application forms of universities and colleges. Some of them received bursaries
Spelling Bee	Program held with the local prisoners who form a part of our patrons
Poetry event with local correctional services	Program held with our patrons in prison
Math's competition	Held with the local primary school in Nelspoort
Mandela day festival	All libraries had different programs in the community. Some served some soup and others gave blankets to the poor

Table 109.: Libraries Highlights

a) Challenges: Libraries

Challenge	Description
Relay staff in Nelspoort Library	Staff shortage, only one staff member on duty
Merweville Library too small [not user friendly]	Currently all departments of local municipality under one roof
General training for professionalism in library	There is a need for training to staff members of all libraries
Slims training	One day training in SLIMS is not sufficient to staff members
Library Manager	Position of Manager Libraries is vacant due to lack of funding and functions of this vacancy are attended to by the Director: Corporate Services

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Challenge	Description
Senior Librarian in Church Street Library	Position of Senior Librarian in Church Street Library is for more than 12 months vacant due to the lack of funding and it is anticipated that the position will be filled early in the 2014/15 year

Table 110.: Libraries Challenges

b) Service statistics for Libraries

Type of service	2012/13	2013/14
Library members	17 474	12 079
Books circulated	203 855	181 390
Exhibitions held	±132	63
Internet users	±9 844	37 340
New library service points or Wheelie Wagons	1	0
Visits by school groups	±24	32
Primary and Secondary Book Education sessions	±12	18

Table 111.: Service statistics for Libraries

c) Employees: Libraries

Job Level	2012/13	2013/14			
	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	19	19	18	1	5.26
7 - 9	0	0	0	0	0
10 - 12	2	3	2	1	33.33
13 - 15	0	1	0	1	100
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	21	23	20	3	13.04

Employees and Posts numbers are as at 30 June.

Table 112.: Employees: Libraries

d) Capital Expenditure: Libraries

R					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Other Assets					
Computers - hardware/equipment	175 000	237 000	197 439	39 561	197 439
Furniture and other office equipment	317 000	379 000	501 549	(122 549)	501 549
General vehicles	57 000	51 000	3 865 986	(3 814 986)	3 865 986
Plant & equipment	1 669 000	433 000	322 260	110 740	322 260
Other Buildings	13 000	0	1 990	(1 990)	1 990
Other Land	350 000	350 000	0	0	0
Other	0	190 000	27 526	162 474	27 526

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

Table 113.: Capital Expenditure 2013/14: Libraries
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 of perimeter fencing as well as the tombstones	Fixing of the perimeter fence
Animals entering the cemeteries and damaging the graves and flowers	

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
Implementation of a central server for all traffic offences	All traffic offence notices issued by Beaufort West Municipality, as well as Provincial Traffic are captured on one local server for ease of payment and expediting enquiries
Female Grade A Examiner of License	Female Traffic Officer can now test applicants for all codes of driving licenses

Table 115.: Traffic Services Highlights

b) Challenges: Traffic Services and Law Enforcement

Challenges	Actions to overcome
Exposure to corruption	Appointment of additional supervisors
Lack of discipline	Expedite disciplinary measures
Lack of trust amongst staff	Workshops on change management and team building
Poor supervision	Span of control to be investigated
Appointment of staff with no work ethic	Improve vetting of applicants beforehand

Table 116.: Traffic Services Challenges

c) Additional Service statistics for Traffic Services and Law Enforcement

Details	2012/13	2013/14
Animals impounded	85	105
Motor vehicle licenses processed	11 637	11 135
Learner driver licenses processed	1 024	540
Driver licenses processed	502	691
Driver licenses issued	2 946	1 664
Fines issued for traffic offenses	1 350	836
R-value of fines collected	696 050	451 730
Roadblocks held	8	2
Complaints attended to by Traffic Officers	66	36
Awareness initiatives on public safety	0	0

Table 117.: Additional performance Service Statistics for Traffic Services

d) Employees: Traffic Services and Law Enforcement

Job Level	2012/13	2013/14			
	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	7	10	9	1	10
7 - 9	5	6	5	1	16.67
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
Total	19	24	20	4	16.67

Employees and Posts numbers are as at 30 June.

Table 118.: Employees: Traffic and Law Enforcement Services

3.7.2 Fire Services and Disaster Management

a) Service statistics for Fire Services and Disaster Management

Details	2012/13	2013/14
Operational call-outs	93	118
Reservists and volunteers trained	13	0
Awareness initiatives on fire safety	4	7

Table 119.: Fire Service Data

b) Employees: Fire Services and Disaster Management

Job Level	2012/13	2013/14			
	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	11	13	11	2	15.39
7 - 9	0	0	0	0	0
10 - 12	0	2	1	1	50
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	11	15	12	3	20

Employees and Posts numbers are as at 30 June.

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.

All sport and recreation areas are mowed and irrigated on a regular basis.

a) Highlights: Sport and Recreation

Highlights	Description
Upgrades at the Rustdene sport field	A new swimming pool was constructed at the Rustdene sport field from MIG funds and a bar was constructed for the VIP area

Table 121.: Sport and Recreation Highlights

b) Challenges: Sport and Recreation

Description	Actions to address
Vandalism of perimeter fencing and all electrical equipment on the outside of the buildings	Appoint security

Table 122.: Sport and Recreation Challenges
c) Service statistics for Sport and Recreation

Type of service	2012/13	2013/2014
Community parks		
Number of parks with play park equipment	8	8
Number of wards with community parks	7	7
Swimming pools		
Number of visitors per annum	26 497	12 807
R-value collected from entrance fees	R143 155	R76 844
Sport fields		
Number of wards with sport fields	7	7
R-value collected from utilization of sport fields	R156 773	R93 690
Sport halls		
Number of wards with sport halls	7	7
Number of sport associations utilizing sport halls	5	5
R-value collected from rental of sport halls	R49 573	R21 550

Table 123.: Additional performance information for Sport and Recreation
d) Employees: Sport and Recreation

Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	16	21	18	3	14.29
4 - 6	11	16	11	5	31.25
7 - 9	1	3	1	2	66.67
10 - 12	1	1	1	0	0
13 - 15	1	0	0	0	0

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	30	41	31	10	24.39

Employees and Posts numbers are as at 30 June.

Table 124.: Employees: Sport and Recreation

e) Capital Expenditure: Sport and Recreation

R					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Community					
Sports fields & Stadia	0	918 000	644 569	273 431	644 569

Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)

Table 125.: Capital Expenditure 2013/14: 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
Implementation of Compliance Assist	Implementation of a web based compliance monitoring system that will assist in future to remind employees of key deliverables in terms of the legislation monitored via the system
Distribution of Council resolutions	All Council resolutions where distributed within an average of 8 days

Table 126.: Corporate Services Highlights

b) Challenges: Corporate Services

Description	Actions to address
Resignation of Director: Corporate Services	Position were vacant since 1 November 2013 and a final decision regarding the appointment of a new director were only taken on 30 June 2014. The responsibilities of the Director: Corporate Services were carried out by the Senior Manager: Corporate Services

Table 127.: Corporate Services Challenges

c) Employees: Corporate Services

Employees: Administration					
Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	3	2	1	33.33
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
Total	8	9	8	1	11.11

Employees and Posts numbers are as at 30 June.

Table 128.: Employees: Administration

Employees: Councillor Support and Thusong Service Centres					
Job Level	2012/13	2013/14			
	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	1	1	50
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
Total	3	4	2	2	50

Employees and Posts numbers are as at 30 June.

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

Employees: Municipal Management (Directors, Administration, IDP, Internal Audit, etc.)					
Job Level	2012/13	2013/14			
	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	2	3	2	1	33.33
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20 +	4	6	4	2	33.33
Total	8	11	8	3	27.27

Employees and Posts numbers are as at 30 June.

Table 130.: *Employees: Municipal Management*

3.9.2 Financial Services

a) Highlights: Financial Services

Highlights	Description
Audit opinion	Achieved an unqualified audit opinion for the 2012/13 financial year

Table 131.: *Financial Services Highlights*

b) Challenges: Financial Services

Description	Actions to address
Filling of critical vacancies	CFO to be appointed in September 2014
Cash flow problems	Implement saving initiatives
Grant dependency	Increase own revenue
Capacity shortages	Employment of financial interns
Low revenue collection	Strict revenue collection

Table 132.: *Financial Services Challenges*

c) Debt Recovery statistics

Details of the types of account raised and recovered	2012/13			2013/14			2014/15		
	Billed In Year	Actual for accounts billed in year	Pro-portion of accounts value billed that were collected in the year	Billed in Year	Actual for accounts billed in year	Pro-portion of accounts value billed that were collected	To be billed in Year	Estimated turnout for accounts to be billed in year	Estimated Proportion of accounts to be billed that will be collected
	R'000		%	R'000		%	R'000		%
Property Rates	21 645	20 242	93	21 275	20 813	97	24 364	23 633	97
Electricity	60 677	60 475	99	40 623	40 065	99	41 950	41 830	99
Water	11 785	10 952	93	11 399	10 243	89	14 487	12 893	89
Sanitation	10 053	9 449	94	10 465	8 978	86	13 396	11 520	86
Refuse	5 126	3 894	76	5 350	3 824	71	6 649	5 718	86

Table 133.: Debt recovery

d) Employees: Financial Services

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	2	2	0	0
4 - 6	22	24	21	3	12.5
7 - 9	3	4	4	0	0
10 - 12	7	8	7	1	12.5
13 - 15	1	1	1	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	34	39	35	4	10.26

Employees and Posts numbers are as at 30 June.

Table 134.: Employees: Financial Services

3.9.3 Human Resource Services
a) Highlights: Human Resources

Highlights	Description
Staff appointment meetings	12 staff appointment meetings were held since 1 July 2013 to 30 June 2014 – Candidates interviewed for 92 vacancies

Table 135.: Human Resource Highlights

b) Challenges: Human Resources

Description	Actions to address
Policies to be reviewed and approval of draft policies	Director: Corporate Services to arrange workshops
Advertising of vacancies on receipt of requisitions	When notifying a Director of an employee exiting the service of the municipality a draft advertisement and job description must accompany the notice. On receipt of the signed staff requisition from the Director and the Municipal Manager, the vacancy can be advertised immediately
Appointment of advertised positions to be filled within 3 months	Applications received must be captured daily that shortlisting of candidates start within a month from the closing date, where after the process of competency tests and screening of shortlisted candidates can be completed before interviewing candidates
Compliance with health and safety legislation	ISHS (Pty) Ltd. was re-appointed to assist with health & safety issues. Re-appoint and train new safety reps
Regular LLF meetings	A schedule for monthly meetings until November 2014 was accepted at the meeting of the LLF held on 28 May 2014. HR notify members in advance by means of memoranda and e-mail notices to submit items for discussion prior to scheduled meetings
Injury on Duty (IOD)	Employees must be issued with the correct protective clothing/gear to do certain jobs to avoid IOD's and claim compensation after being paid by the municipality when not re-appointed. IOD's must be accompanied by an incident report which state that the health & safety rep/committee investigated the incident
Leave administration	The correct capturing of all leave forms is very crucial. Council must provide funds in the budget to appoint a dedicated clerk to do leave administration
Update/induction of employees regarding joining medical aid funds, pension/retirement fund benefits, absence of leave and other related issues	Regular meetings with employees in all the sections of the municipality including Merweville, Murraysburg and Nelspoort

Table 136.: Human Resource Challenges

c) Employees: Human Resource Services

Employees: Human Resource Services					
Job Level	2012/13	2013/14			
	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
Total	2	2	2	0	0

Employees: Human Resource Services					
Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
<i>Employees and Posts numbers are as at 30 June.</i>					

Table 137.: Employees: Human Resource services

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
Backup of data	99% of all data backed up successfully
IT queries/problems	97% of IT queries resolved within 2 working days
Network downtime at after-hour pay points	Downtime at after-hours pay points reduced to less than 1 hour per incident

Table 138.: ICT Service Highlights

c) Challenges: ICT Services

Description	Description
Aging computer equipment	Due to budgetary constraints the municipality were not able to replace all computers equipped with Windows XP before the decommissioning date of Windows XP by Microsoft
Overall network downtime	Due to lightning strikes and theft of network equipment, damage occurred to the network which resulted in overall network downtime of 5.28%

Table 139.: ICT Service Challenges

d) Capital Expenditure: ICT Services

Capital Expenditure 2013/14: ICT Services					
R					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget	Total Project Value
Other	0	0	24 809	(24 809)	24 809
<i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)</i>					

Table 140.: Capital Expenditure 2013/14: ICT Services

3.9.5 Procurement Services
a) Highlights: Procurement Services

Highlights	Description
Compliance assessment was done by Provincial Treasury to assist with gaps and development of SCM processes	Report was presented to Council and recommendations were made and implemented to improve service delivery.

Table 141.: Procurement Services Highlights
b) Challenges: Procurement Services

Description	Actions to address
SCM module aligned to financial management system - Sebata	Business plan submitted to Provincial Treasury for funding
Fully functional centralised SCM unit	Implementation report submitted to Council with recommendations

Table 142.: Procurement Services Challenges
c) Service Statistics for Procurement Services

Description	Total No	Monthly Average	Daily Average
Requests processed	27	2	0
Orders processed	3363	281	15
Requests cancelled or referred back	2	Dependant on demand	Dependant on demand
Extensions	2	Dependant on demand	Dependant on demand
Bids received (number of documents)	115	Dependant on demand	Dependant on demand
Bids awarded	20	Dependant on demand	Dependant on demand
Bids awarded ≤ R200 000	13	Dependant on demand	Dependant on demand
Appeals registered	0	0	0
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	Percentage of total deviations number	Value of deviations R	Percentage of total deviations value
Emergency	8	3	432 199.43	6
Sole Supplier	75	25	1 919 584.59	27
Acquisition of special works of art or historical objects where specifications are difficult to compile	0	0	0	0
Any other exceptional case where it is impossible or impractical	212	72	4 683 935.14	67

Type of deviation	Number of deviations	Percentage of total deviations number	Value of deviations R	Percentage of total deviations value
to follow the official procurement process				
Total	295	100	7 035 719.16	100

Table 144.: Statistics of deviations from the SCM Policy

3.9.6 Municipal buildings

a) Introduction to municipal buildings

Maintenance on municipal buildings is done on an adhoc basis due to financial constraints. The only planned renovation that could be completed is at the municipal stores as it was specifically budgeted for.

We are in the process of developing a maintenance plan for all municipal buildings. It is anticipated that it will be completed in the 2014/15 financial year.

b) Highlights: Municipal Buildings

Highlights	Description
Fixing of plumbing to save water	Indigent households

Table 145.: Municipal Buildings Highlights

c) Challenges: Municipal Buildings

Description	Actions to address
Maintenance of municipal buildings	Availability of own funds /Lack of man power
Maintenance of indigent households	Utilise savings of projects where available

Table 146.: Buildings Challenges

d) Low cost housing: New houses

Year	New	Rebuilt
2012/13	10	10
2013/14	551	16

Table 147.: New and rebuilt houses

e) Cost: Maintenance Municipal Buildings

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

Maintenance details	2012/13 R	2013/14 R
Municipal	3 010 516	3 696 517
Low cost housing	74 536	215 000

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Maintenance details	2012/13 R	2013/14 R
Total	3 085 052	3 911 517

Table 148.: Cost of maintenance of buildings

f) Employees: Building Maintenance

Employees: Building Maintenance					
Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	8	9	7	2	22.22
4 - 6	4	6	5	1	16.67
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
Total	14	17	14	3	17.65

Employees and Posts numbers are as at 30 June.

Table 149.: Employees Building Maintenance

3.9.7 Fleet Management

a) Introduction to Fleet Management

Managing and operating the municipal workshop and fleet is crucial for service delivery by the municipality.

The fleet consists out of:

- ∞ 21 lease vehicles
- ∞ 123 out of different types of manufactures such as trailers, compressors and earth moving machines

Most of the repair and maintenance are tendered out and different suppliers do have the contracts to deliver the services, the reason for that is for work guarantee and warranty purpose. The workshop manage the small plant and smaller day to day repairs. Parallel with the workshop is the managing of the welding work shop, who deliver various types of services to the community and repairs on buildings of the municipality.

b) Highlights: Fleet Management

Highlights	Description
Leasing of new vehicles	Full maintenance contract
Rebuilding of grader	Barlow World rebuilt the grader

Table 150.: Fleet Management: Highlights

c) Challenges: Fleet Management

Description	Actions to address
Maintenance of municipal vehicles	Availability of own funds
Availability of vehicles and equipment	Aging and outdated to be replaced
The managing of fleet in the outside towns	Mechanisms to be put in place to monitor the processes of maintenance and more visits per month
Misuse of fleet	Workers must be inducted/disciplinary processes to be implemented
Training	Drivers to be trained

Table 151.: Fleet Management Challenges

d) Cost: Fleet Management

Direct cost (material and service providers) to maintain the municipal fleet:

Financial Year	Rands
2012/13	738 004
2013/14	1 756 644

Table 152.: Cost of fleet

e) Cost of workshop

Financial Year	Rands
2012/13	1 377 255
2013/14	1 440 906

Table 153.: Cost of the workshop

3.10 COMPONENT L: SERVICE DELIVERY PRIORITIES FOR 2014/15

The main development and service delivery priorities for 2014/15 forms part of the municipality's top layer SDBIP for 2014/15 and are indicated in the table below:

3.10.1 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	Wards	Annual Target
TL11	Create temporary job opportunities in terms of EPWP projects	Number of temporary jobs opportunities created	All	500

Table 154.: Service delivery priority for 2014/15: 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

3.10.2 To embark on a turnaround strategy to address the administrative and financial challenges facing the municipality

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL4	Appoint people from the employment equity target groups in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people appointed in the three highest levels of management	All	0
TL46	0.5% of the municipality's operational budget spent on implementing its workplace skills plan (Actual amount spent on training/total operational budget)x100	(Actual amount spent on training/total operational budget)x100	All	0.50%

Table 155.: Service delivery priority for 2013/14: To embark on a turnaround strategy to address the administrative and financial challenges facing the municipality

3.10.3 To improve and maintain current basic service delivery and infrastructure development through the provision of basic services and specific infrastructural development projects

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL1	Transfer 64 housing units in XHOXHA to beneficiaries by the end of June	Number of housing units transferred by end June	4	64
TL2	Purchase land for future housing development by the end of June	Land purchased by end June	2; 7	1
TL3	Review of the housing selection policy and submit to Council by end June	Housing selection policy reviewed and submitted to Council	All	1
TL5	Limit the % electricity unaccounted for to less than 10%	% calculated as (kwh sold/kwh purchased)x100	All	10%
TL6	90% of the electricity maintenance budget spent ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100)	% of the budget spent	All	90%
TL7	95% of the approved project budget spent to install new flood lighting at Merweville sport grounds (Total expenditure on project/ Approved budget for the project)x100	% of the budget spent	7	95%
TL8	95% of the approved project budget spent to install new foundations high mast light (Total expenditure on project/ Approved budget for the project)x100	% of the budget spent	2	95%
TL9	95% of the approved project budget spent to install new high mast lights for the greater Beaufort West (Total expenditure on project/ Approved budget for the project)x100	% of the budget spent	2; 7	95%
TL10	95% of the approved project budget spent to install new flood lighting at Rustdene Sport grounds (Total expenditure on project/ Approved budget for the project)x100	% of the budget spent	3; 5; 6	95%
TL12	Construct new roads Phase II in Beaufort West, Hillside II, Rustdene & Kwa Mandlenkosi	Number of meters of new roads constructed	All	400

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL13	Limit unaccounted water to less than 15% between source and sector meters	% of water unaccounted for between source and sector meters	All	15%
TL14	Maintain water quality as per SANS 241 physical and micro parameters	% water quality level	All	95%
TL15	Maintain quality of final waste water outflow	% quality level	All	90%
TL16	90% of the roads and stormwater assets maintenance budget spent ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100)	% of budget spent	All	90%
TL17	90% of the sanitation assets maintenance budget spent ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100)	% of budget spent	All	90%
TL18	90% of the parks and recreation maintenance budget spent ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100)	% of budget spent	All	90%
TL19	90% of the water assets maintenance budget spent ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100)	% of budget spent	All	90%
TL20	95% of the approved project budget spent to implement Water Conservation/Water Demand Management Plan with the replacement of water meters	% of budget spent	All	95%
TL21	95% of the approved project budget spent to upgrade the sport facilities in Beaufort West by end June	% of budget spent	All	95%
TL22	95% of the approved project budget spent to rehabilitate Pieter street in Beaufort West by end June (Total expenditure on project/ Approved budget for the project)x100	% of budget spent	3	95%
TL23	95% of the approved project budget spent to rehabilitate Ebenezer avenue and Pieter street in Beaufort West by end June (Total expenditure on project/ Approved budget for the project)x100	% of budget spent	3	95%
TL24	95% of the approved project budget spent to install water pressure reducing valves in Beaufort West by end June (Total expenditure on project/ Approved budget for the project)x100	% of budget spent	All	95%
TL25	95% of the approved project budget spent to install the stormwater pipeline in Buitekant Street Beaufort West by end June (Total expenditure on project/ Approved budget for the project)x100	% of budget spent	3; 5; 6	95%

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL26	95% of the approved project budget spent to install the sewerage pipeline and pump station in Buitekant Street Beaufort West by end June (Total expenditure on project/ Approved budget for the project)x100	% of budget spent	3; 5; 6	95%
TL27	95% of the approved project budget spent to upgrade the water supply to Murraysburg by end June (Total expenditure on project/ Approved budget for the project)x100	% of budget spent	1	95%
TL28	95% of the approved project budget spent to upgrade the stormwater channel 2292 in Murraysburg South by end June (Total expenditure on project/ Approved budget for the project)x100	% of budget spent	1	95%
TL29	95% of the approved project budget spent to complete the new fencing of the stormwater channel Phase 1 in Murraysburg by end June (Total expenditure on project/ Approved budget for the project)x100	% of budget spent	1	95%
TL30	95% of the approved project budget spent to rehabilitate identified roads in Murraysburg by end June (Total expenditure on project/ Approved budget for the project)x100	% of budget spent	1	95%
TL31	95% of the approved project budget spent to rehabilitate roads and stormwater in Murraysburg by end June (Total expenditure on project/ Approved budget for the project)x100	% of budget spent	1	95%
TL32	95% of the approved project budget spent to construct the new bulk water Supply to Nelspoort by end June (Total expenditure on project/ Approved budget for the project)x100	% of budget spent	2	95%
TL33	95% of the approved project budget spent to upgrade the sanitation oxidation ponds in Nelspoort by end June (Total expenditure on project/ Approved budget for the project)x100	% of budget spent	2	95%
TL38	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network	Number of residential properties which are billed for water or have pre-paid meters	All	11 938
TL39	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas)	Number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas)	All	10 890
TL40	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets)	Number of residential properties which are billed for sewerage	All	11 938
TL41	Number of formal residential properties for which refuse is removed once per week	Number of residential properties which are billed for refuse removal	All	11 938

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL42	Provide free basic electricity to indigent households earning less than R2400 per month	Number of households receiving free basic electricity	All	5 385
TL43	Provide free basic water to indigent households earning less than R2400 per month	Number of households receiving free basic water	All	6 293
TL44	Provide free basic sanitation to indigent households earning less than R2400 per month	Number of households receiving free basic sanitation	All	2 661
TL45	Provide free basic refuse removal to indigent households earning less than R2400 per month	Number of households receiving free basic refuse removal	All	957
TL47	The percentage of the municipal capital budget spent (Actual amount spent on projects as identified for the year in the IDP/Total amount budgeted for capital projects)X100	(Actual amount spent on projects /Total amount budgeted for capital projects)X100	All	75%

Table 156.: Service delivery priority for 2014/15: To improve and maintain current basic service delivery and infrastructure development through the provision of basic services and specific infrastructural development projects

3.10.4 To improve the financial viability of the municipality

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL34	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) (%)	Ratio achieved	All	2
TL35	Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services)	% achieved	All	32%
TL36	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
TL37	Achieve a payment percentage of above 85% $\{((\text{Gross Debtors Closing Balance} + \text{Billed Revenue} - \text{Gross Debtors Opening Balance} - \text{Bad Debts Written Off}) \text{ divided by Billed Revenue}) \times 100\}$	Payment % achieved	All	85%

Table 157.: Service delivery priority for 2014/15: To improve the financial viability of the municipality

3.10.5 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	Wards	Annual Target
TL48	Compile the Risk based audit plan and submit to Audit committee for consideration by end September	Risk based audit plan submitted to Audit committee for consideration by end September	All	1

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

Ref	KPI	Unit of Measurement	Wards	Annual Target
TL49	Implement the approved RBAP for 2014/15 period ((Number of audits completed for the period/ audits planned for the period))	(Number of audits completed for the period/ audits planned for the period)x100	All	70%

Table 158.: *Service delivery priority for 2014/15: To promote good governance through ongoing communication between the council and citizens through community participation, effective information dissemination and communication and ward based consultation*

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
	2012/13	2013/14
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	3	0
The percentage of a municipality’s budget actually spent on implementing its workplace skills plan	0.01	0.06

Table 159.: National KPIs– Municipal Transformation and Organisational Development

4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Beaufort West Municipality currently employs **353** (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”

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
106	93	182	234	0	0	65	26

Table 160.: 2013/14 EE targets/Actual by racial classification

Males (Including disability)		Females (Including disability)	
Target June	Actual June	Target June	Actual June
189	252	163	101

Table 161.: 2013/14 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	1	0	2	0	0	0	0	4
Senior management	0	2	0	4	0	0	0	2	8
Professionally qualified and experienced specialists and mid- management	1	5	0	1	1	4	0	0	12
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	5	30	0	4	8	19	0	4	70
Semi-skilled and discretionary decision making	19	48	0	2	9	20	0	7	105
Unskilled and defined decision making	39	88	0		10	17	0		154
Total permanent	65	174	0	13	28	60	0	13	353
Non- permanent employees	6	14	0	2	1	19	0	1	43
Grand total	71	188	0	15	29	79	0	14	396

Table 162.: Occupational Categories

4.2.2 Vacancy Rate

The approved organogram for the municipality had **428** posts for the 2013/14 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. **75** Posts were vacant at the end of 2013/14, resulting in a vacancy rate of **17.52%**.

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)	6	3
Admin Officers (T4-T13)	202	45
General Workers (T3)	141	25
Total	353	75
Per Functional Level		
Functional area	Filled	Vacant
Municipal Manager	8	3

Per Post Level		
Post level	Filled	Vacant
Corporate Services	29	6
Financial Services	35	4
Community Services	80	11
Engineering Services	150	44
Electro-Technical Services	25	6
Murraysburg	26	1
Total	353	75

Table 163.: 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 **4.63%** in 2012/13 to **6.8%** in 2013/14.

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
2012/13	324	8	15	4.63%
2013/14	353	51	24	6.8%

Table 164.: Turnover Rate

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 number of injuries shows an **increase** for the 2013/14 financial year from **17** employees injured against **9** employees in the 2012/13 financial year.

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

Directorates	2012/13	2013/14
Municipal Manager	0	0
Corporate Services	0	0

Directorates	2012/13	2013/14
Financial Services	0	0
Community Services	3	7
Engineering Services	5	9
Electro-Technical Services	1	1
Total	9	17

Table 165.: 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 2013/14 financial year shows an **increase** when comparing it with the 2012/13 financial year.

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

Department	2012/13	2013/14
Municipal Manager	11	34
Corporate Services	320	340
Financial Services	392	756
Community Services	1 024	855
Engineering Services	1 327	1 403
Electro-Technical Services	43	16
Total	3 117	3 394

Table 166.: 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

Approved policies	
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 2014 together with employment policy – combine documents
Employment Equity	To be revised and approved 2015
Incapacity / Ill-Health	To be revised and approved 2014
Substance Abuse	To be revised and approved 2014
Smoking Policy	To be revised and approved 2014
Overtime	To be revised and approved 2014
Retirement Planning	To be revised and approved 2014
Unauthorized Absence	To be revised and approved 2014
Vetting	To be revised and approved 2014
Uniform Protective Clothing	To be revised and approved 2014

Table 167.: 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 (2013/14)	Number of Employees that received training (2013/14)
MM and S57	Female	0	0
	Male	1	1
Legislators, senior officials and managers	Female	5	4
	Male	15	9
Associate professionals and Technicians	Female	4	4
	Male	3	3
Professionals	Female	5	5

Management level	Gender	Number of employees identified for training at start of the year (2013/14)	Number of Employees that received training (2013/14)
	Male	10	10
Clerks	Female	14	13
	Male	6	15
Service and sales workers	Female	18	18
	Male	7	7
Craft and related trade workers	Female	3	3
	Male	4	4
Plant and machine operators and assemblers	Female	3	0
	Male	17	4
Elementary occupations	Female	61	61
	Male	55	55
Sub total	Female	118	108
	Male	118	108
Total		236	216

Table 168.: 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(2013/14)						
		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	2	2	0	0	2	2	0
Legislators, senior officials and managers	Female	2	2	0	0	2	2	0
	Male	11	11	0	0	11	11	0
Professionals	Female	5	5	0	0	5	5	0
	Male	10	10	0	0	10	10	0
Technicians and associate professionals	Female	0	0	0	0	0	0	0
	Male	4	4	0	0	4	4	0
Clerks	Female	14	14	0	0	14	14	0
	Male	6	6	0	0	6	6	0
Service and sales workers	Female	0	0	8	8	8	8	0
	Male	0	0	14	14	14	14	0

Occupational categories	Gender	Training provided within the reporting period(2013/14)						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% Variance
Craft and related trade workers	Female	3	3	0	0	3	3	0
	Male	4	4	0	0	4	4	0
Plant and machine operators and assemblers	Female	3	3	0	0	3	3	0
	Male	17	17	0	0	17	17	0
Elementary occupations	Female	61	61	0	0	61	61	0
	Male	55	55	0	0	55	55	0
Sub total	Female	86	86	8	8	94	94	0
	Male	96	96	14	14	110	110	0
Total		218	218	22	22	204	204	0

Table 169.: Skills Development

4.4.3 Skills Development - Budget allocation

The table below indicates that a total amount of **R330 040** were allocated to the workplace skills plan and that **42.4%** of the total amount was spent in the 2013/14 financial year:

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
	R			
2012/13	58 658 893	224 480	83 771	37.3
2013/14	67 216 728	330 040	139 986	42.4

Table 170.: 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 (exempted until 30 September 2015 in terms of Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

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

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting Officer	1	1	1	1
Chief financial officer	1	1	1	1
Senior managers	3	3	3	3
Any other financial officials	20	20	0	20
Supply Chain Management Officials				
Heads of supply chain management units	1	1	1	1
Supply chain management senior managers	0	0	0	0
Total	26	26	6	26

Table 171.: 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		
2012/13	66 271	197 767	33.5
2013/14	71 808	254 234	28.2

Table 172.: Personnel Expenditure

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

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

Financial year	2012/13	2013/14		
Description	Actual	Original Budget	Adjusted Budget	Actual
R'000				
<u>Councillors (Political Office Bearers plus Other)</u>				
Salary	2 695	2 857	2 857	2 634
Pension Contributions	208	227	227	193
Medical Aid Contributions	24	26	26	38
Motor vehicle allowance	771	840	840	711
Cell phone allowance	191	220	220	271
Housing allowance	0	0	0	0
Other benefits or allowances	47	0	0	47
In-kind benefits	0	0	0	0
Sub Total	3 936	4 170	4 170	3 894
% increase/ (decrease)	1.1	5.8	5.8	(6.7)
<u>Senior Managers of the Municipality</u>				
Pension Contributions	3 036	3 937	3 937	2 781
Pension Contributions	427	636	636	463
Medical Aid Contributions	46	78	78	31
Motor vehicle allowance	427	554	554	348
Cell phone allowance	0	46	46	0
Housing allowance	0	0	0	0
Performance Bonus	412	390	390	359
Other benefits or allowances	241	61	61	304
In-kind benefits	0	0	0	0
Sub Total	4 589	5 702	5 702	4 286
% increase/ (decrease)	(6.9)	29.2	29.2	(24.9)
<u>Other Municipal Staff</u>				
Basic Salaries and Wages	45 210	47 103	47 143	46 598
Pension Contributions	6 065	7 770	7 770	6 164
Medical Aid Contributions	1 074	1 221	1 221	1 147
Motor vehicle allowance	913	1 133	1 133	1 220
Cell phone allowance	0	0	0	0
Housing allowance	252	235	235	246
Overtime	3 093	2 672	2 672	3 268
Other benefits or allowances	1 139	1 341	1 341	4 985
Sub Total	57 746	61 475	61 515	63 628

Financial year	2012/13	2013/14		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
% increase/ (decrease)	7.4	6.4	6.5	3.4
Total Municipality	66 271	67 177	67 217	71 808
% increase/ (decrease)	5.98	1.36	0.34	6.83

Table 173.: Personnel Expenditure

CHAPTER 5

This chapter provides details regarding the financial performance of the municipality for the 2013/14 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 2013/14 financial year:

Financial Summary						
R'000						
Description	2012/13	2013/14			2013/14 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	22 253	24 352	23 435	23 192	-5.00	-1.05
Service charges	78 302	86 959	86 836	85 099	-2.18	-2.04
Investment revenue	979	1 060	1 060	1 012	-4.77	-4.77
Transfers recognised - operational	65 941	68 035	77 571	77 919	12.68	0.45
Other own revenue	23 051	17 198	20 784	50 193	65.74	58.59
Total Revenue (excluding capital transfers and contributions)	190 526	197 604	209 686	237 415	16.77	11.68
Employee costs	62 335	67 177	67 217	67 914	1.08	1.03
Remuneration of councilors	3 936	4 170	4 170	3 894	-7.08	-7.08
Depreciation & asset impairment	13 328	14 216	14 216	25 024	43.19	43.19
Finance charges	4 132	1 577	1 662	4 087	61.41	59.33
Materials and bulk purchases	47 786	65 618	69 190	56 475	-16.19	-22.52
Transfers and grants	40	0	0	60	100.00	100.00
Other expenditure	66 210	57 169	67 424	96 781	40.93	30.33
Total Expenditure	197 767	209 926	223 878	254 234	17.43	11.94
Surplus/(Deficit)	(7 240)	(12 323)	(14 192)	(16 819)	26.73	15.62
Transfers recognised - capital	51 170	24 012	29 566	21 348	-12.48	-38.49
Contributions recognised - capital & contributed assets	61	0	0	363	100.00	100.00

Financial Summary						
R'000						
Description	2012/13	2013/14		2013/14 %Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Surplus/(Deficit) after capital transfers & contributions	43 991	11 689	15 373	4 893	-138.92	-214.22
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	51 170	24 012	29 566	21 348	-12.48	-38.49
Public contributions & donations	61	0	0	363	100.00	100.00
Borrowing	2 358	0	0	4 092	100.00	100.00
Internally generated funds	615	1 010	5 010	4 852	79.19	-3.25
Total sources of capital funds	54 204	25 022	34 575	30 656	18.38	-12.79
Financial position						
Total current assets	48 639	32 748	37 867	49 429	33.75	23.39
Total non-current assets	381 292	399 435	398 928	388 898	-2.71	-2.58
Total current liabilities	46 344	31 245	35 661	46 034	32.13	22.53
Total non-current liabilities	42 335	44 283	45 968	46 161	4.07	0.42
Community wealth/Equity	341 240	356 655	355 166	346 132	-3.04	-2.61
Cash flows						
Net cash from (used) operating	63 295	25 737	20 358	25 616	-0.47	20.53
Net cash from (used) investing	(54 317)	(24 321)	(29 618)	(32 343)	24.80	8.43
Net cash from (used) financing	(1 423)	(4 182)	(4 182)	567	837.79	837.79
Cash/cash equivalents at the year end	7 555	(2 766)	(13 442)	(6 161)	55.11	-118.20
Cash backing/surplus reconciliation						
Cash and investments available	18 098	6 767	4 655	11 937	43.31	61.00
Application of cash and investments	(12 004)	(5 199)	696	(11 735)	55.70	105.93
Balance - surplus (shortfall)	6 094	1 568	5 351	202	-677.11	-2 551.92
Asset management						
Asset register summary (WDV)	379 670	398 202	397 307	385 221	-3.37	-3.14
Depreciation & asset impairment	13 328	14 216	14 216	25 024	43.19	43.19
Renewal of Existing Assets	0	0	0	0	0	0
Repairs and Maintenance	11 271	15 668	19 240	17 408	10.00	-10.52

Financial Summary						
R'000						
Description	2012/13	2013/14			2013/14 %Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Free services						
Cost of Free Basic Services provided	11 654	9 646	9 646	12 068	20.07	20.07
Revenue cost of free services provided	17 837	16 284	16 284	19 721	17.43	17.43
Households below minimum service level						
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>						

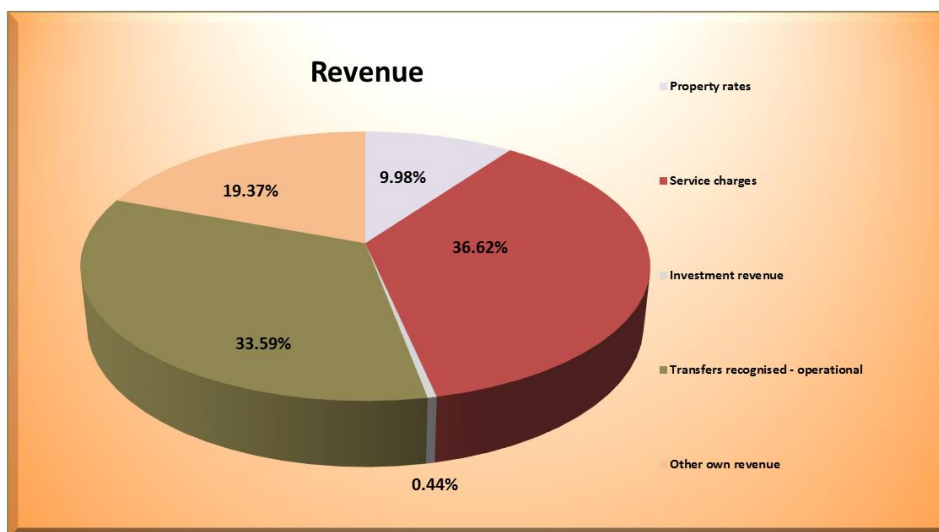
Table 174.: Financial Performance 2013/14

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	
2012/13	261 461	241 757	(19 704)	-8	201 050	197 767	3 283	2
2013/14	239 252	259 127	19 875	8	223 878	254 234	(30 356)	-14

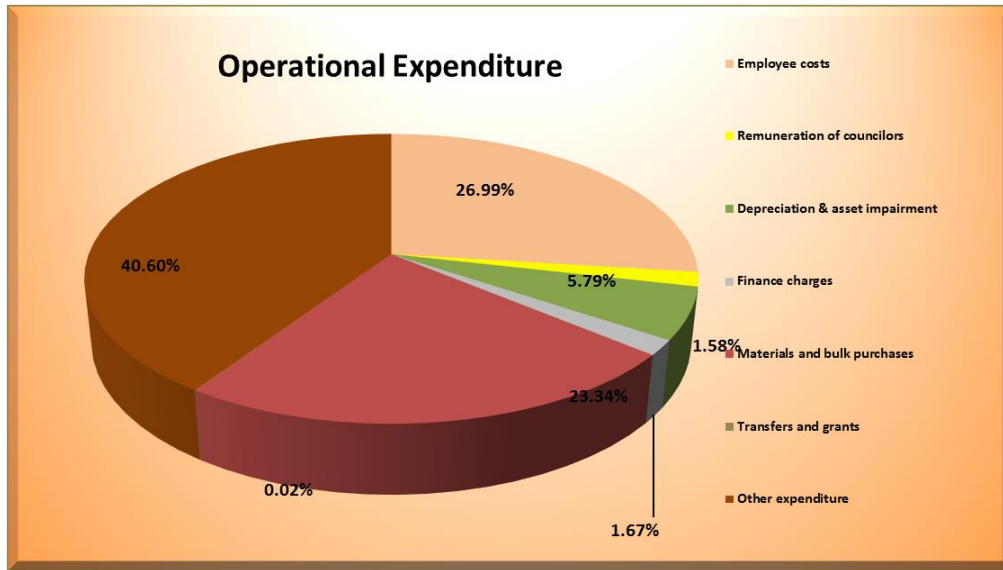
Table 175.: Performance against budgets

The following graph indicates the various types of revenue items in the municipal budget for 2013/14



Graph 6.: Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2013/14



Graph 7.: Operating expenditure

5.1.1 Revenue collection by Vote

The table below indicates the Revenue collection performance by Vote:

Vote Description	2012/13	2013/14			2012/13 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Vote 1 - Municipal Manager	517	517	0	300	491	100.00
Vote 2 - Director: Corporate Services	42 434	42 434	38 995	39 123	27 557	-41.51
Vote 3 - Director: Financial Services	26 024	26 024	28 574	30 546	31 334	8.81
Vote 4 - Director: Engineering Services	62 000	62 000	46 068	44 304	48 008	4.04
Vote 5 - Director: Community Services	36 126	36 070	42 217	48 862	78 409	46.16
Vote 6 - Director: Electrical Services	74 713	74 713	65 762	76 117	73 328	10.32
Total Revenue by Vote	241 814	241 757	221 616	239 252	259 127	14.48

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

Table 176.: Revenue by Vote

5.1.2 Revenue collection by Source

The table below indicates the revenue collection performance by source for the 2013/14 financial year:

Description	2012/13	2013/14			2013/14 % Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000					
Property rates	21 646	23 732	22 815	22 792	-4.12	-0.10
Property rates - penalties & collection charges	607	620	620	400	-55.05	-55.05
Service Charges - electricity revenue	51 718	58 579	58 339	56 621	-3.46	-3.03
Service Charges - water revenue	11 493	12 087	12 087	12 150	0.52	0.52
Service Charges - sanitation revenue	9 456	10 820	10 734	10 223	-5.83	-4.99
Service Charges - refuse revenue	5 635	5 473	5 637	6 105	10.35	7.67
Service Charges - other	0	0	0	0	0	0
Rentals of facilities and equipment	750	960	1 009	815	-17.78	-23.81
Interest earned - external investments	979	1 060	1 060	1 012	-4.77	-4.77
Interest earned - outstanding debtors	1 392	1 415	1 500	1 858	23.86	19.28
Dividends received	0	0	0	0	0	0
Fines	12 403	12 495	14 042	40 874	69.43	65.65
Licences and permits	657	638	638	546	-16.92	-16.90
Agency services	472	460	510	541	14.98	5.74
Transfers recognised - operational	65 941	68 035	77 571	77 919	12.68	0.45
Other revenue	7 377	1 229	3 084	5 560	77.89	44.53
Gains on disposal of PPE	0	1	1	0	0	0
Total Revenue (excluding capital transfers and contributions)	190 526	197 604	209 646	237 415	16.77	11.70

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

Table 177.: Revenue by Source

5.1.3 Operational Services Performance

The table below indicates the Operational services performance for the 2013/14 financial year:

Description	2012/13	2013/14			2013/14 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Operating Cost						
Governance and administration	40 886	38 107	41 819	54 629	30.24	23.45
Executive and council	13 954	12 456	13 622	16 602	24.97	17.95
Budget and treasury office	15 199	14 585	16 965	14 000	-4.18	-21.18
Corporate services	11 733	11 066	11 231	24 027	53.95	53.26
Community and public safety	43 301	50 869	56 791	84 723	39.96	32.97
Community and social services	6 686	7 615	7 952	7 698	1.07	-3.31
Sport and recreation	7 210	6 272	6 854	7 679	18.32	10.74
Public safety	13 373	14 418	14 340	39 605	63.60	63.79
Housing	16 033	22 564	27 643	29 741	24.13	7.05
Economic and environmental services	19 814	21 325	21 531	20 833	-2.36	-3.35
Planning and development	4 330	4 587	4 483	4 355	-5.33	-2.93
Road transport	15 483	16 737	17 048	16 477	-1.58	-3.46
Trading Services	93 535	99 324	103 425	93 750	-5.95	-10.32
Electricity	59 244	65 704	68 783	57 799	-13.68	-19.00
Water	21 572	19 284	19 450	19 798	2.60	1.76
Waste water management	4 719	5 323	5 245	5 740	7.26	8.62
Waste management	8 000	9 015	9 947	10 413	13.43	4.48
Other	231	301	314	300	-0.44	-4.48
Total Expenditure	197 767	209 926	223 878	254 234	17.43	11.94

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Table 178.: Operational Services Performance

5.2 Financial Performance per Municipal Function
5.2.1 Water Services

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	15 724	18 169	15 288	21 271	14.58
Expenditure:					
Employees	4 136	4 076	3 967	4 536	10.15
Repairs and Maintenance	2 015	2 085	2 150	2 436	14.40
Other	15 421	13 122	13 333	12 825	-2.32
Total Operational Expenditure	21 572	19 284	19 450	19 798	2.60
Net Operational (Service) Expenditure	(5 848)	(1 114)	(4 162)	1 473	175.65

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

Table 179.: Financial Performance: Water services

5.2.2 Waste Water (Sanitation)

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	17 144	17 038	17 571	17 156	0.69
Expenditure:					
Employees	2 417	3 110	3 032	3 233	3.80
Repairs and Maintenance	482	794	794	455	-74.68
Other	1 820	1 418	1 418	2 052	30.87
Total Operational Expenditure	4 719	5 323	5 245	5 740	7.26
Net Operational (Service) Expenditure	12 424	11 715	12 327	11 416	-2.62

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

Table 180.: Financial Performance: Waste Water (Sanitation) services

5.2.3 Electricity

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	74 713	65 762	76 117	73 328	10.32
Expenditure:					
Employees	5 451	6 102	5 891	6 212	1.78
Repairs and Maintenance	1 450	2 172	5 803	4 667	53.46
Other	52 343	57 430	57 089	46 920	-22.40
Total Operational Expenditure	59 244	65 704	68 783	57 799	-13.68
Net Operational (Service) Expenditure	15 470	59	7 334	15 528	99.62
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 181.: Financial Performance: Electricity
5.2.4 Waste Management

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	6 887	6 599	6 798	7 442	11.33
Expenditure:					
Employees	5 635	5 779	5 849	6 839	15.51
Repairs and Maintenance	1 269	1 095	1 895	2 092	47.69
Other	1 096	2 141	2 203	1 481	-44.56
Total Operational Expenditure	8 000	9 015	9 947	10 413	13.43
Net Operational (Service) Expenditure	(1 114)	(2 415)	(3 149)	(2 971)	18.69
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 182.: Financial Performance: Waste Management
5.2.5 Housing

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	15 294	21 633	26 678	28 859	25.04

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Expenditure:					
Employees	696	739	769	783	5.58
Repairs and Maintenance	88	80	80	268	70.06
Other	15 249	21 745	26 794	28 691	24.21
Total Operational Expenditure	16 033	22 564	27 643	29 741	24.13
Net Operational (Service) Expenditure	(739)	(931)	(966)	(881)	-5.64
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 183.: Financial Performance: Housing
5.2.6 Road Transport

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	28 434	10 275	9 753	8 318	-23.53
Expenditure:					
Employees	7 594	8 285	7 951	8 584	3.49
Repairs and Maintenance	2 767	3 298	3 498	3 246	-1.62
Other	5 123	5 154	5 599	4 648	-10.90
Total Operational Expenditure	15 483	16 737	17 048	16 477	-1.58
Net Operational (Service) Expenditure	12 951	(6 462)	(7 295)	(8 160)	20.81
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 184.: Financial Performance: Road Transport
5.2.7 Planning and Development

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	297	414	432	386	-7.33
Expenditure:					
Employees	3 249	3 544	3 371	3 371	-5.14
Repairs and Maintenance	138	157	188	131	-20.40

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Other	944	886	924	854	-3.77
Total Operational Expenditure	4 330	4 587	4 483	4 355	-5.33
Net Operational (Service) Expenditure	(4 033)	(4 173)	(4 051)	(3 970)	-5.13

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

Table 185.: Financial Performance: Planning and Development

5.2.8 Community & Social Services

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	4 053	4 384	4 534	4 161	-5.36
Expenditure:					
Employees	4 421	5 146	5 539	5 796	11.22
Repairs and Maintenance	364	339	492	498	31.83
Other	1 900	2 129	1 921	1 403	-51.73
Total Operational Expenditure	6 686	7 615	7 952	7 698	1.07
Net Operational (Service) Expenditure	(2 632)	(3 232)	(3 418)	(3 537)	8.64

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

Table 186.: Financial Performance: Community & Social Services

5.2.9 Public Safety

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	12 646	12 769	14 156	40 800	68.70
Expenditure:					
Employees	5 808	7 055	6 960	6 613	-6.68
Repairs and Maintenance	855	841	841	572	-47.09
Other	6 710	6 522	6 539	32 420	79.88
Total Operational Expenditure	13 373	14 418	14 340	39 605	63.60
Net Operational (Service) Expenditure	(727)	(1 649)	(184)	1 195	237.97

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

Table 187.: Financial Performance: Public Safety
5.2.10 Sport and Recreation

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	514	247	1 351	1 266	80.46
Expenditure:					
Employees	3 755	3 965	4 042	4 313	8.06
Repairs and Maintenance	1 151	1 351	1 671	1 678	19.48
Other	2 304	956	1 141	1 689	43.38
Total Operational Expenditure	7 210	6 272	6 854	7 679	18.32
Net Operational (Service) Expenditure	(6 696)	(6 025)	(5 504)	(6 413)	6.06

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

Table 188.: Financial Performance: Sport and Recreation
5.2.11 Executive and council

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	39 556	35 307	35 585	24 512	-44.04
Expenditure:					
Employees	3 407	4 560	4 508	3 556	-28.22
Repairs and Maintenance	0	13	13	4	-258.03
Other	10 778	8 185	9 415	13 342	38.65
Total Operational Expenditure	14 185	12 758	13 936	16 902	24.52
Net Operational (Service) Expenditure	25 371	22 549	21 649	7 610	-196.30

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

Table 189.: Financial Performance: Executive and Council

5.2.12 Budget and Treasury Office

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	25 998	28 553	30 524	31 317	8.83
Expenditure:					
Employees	10 041	9 702	9 973	8 166	-18.81
Repairs and Maintenance	103	408	408	341	-19.55
Other	655	4 475	6 585	5 493	18.53
Total Operational Expenditure	10 799	14 585	16 965	14 000	-4.18
Net Operational (Service) Expenditure	15 199	13 968	13 559	17 318	19.34
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 190.: Financial Performance: Budget and Treasury Office
5.2.11 Corporate Services

Description	2012/13	2013/14			
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	497	466	466	311	-49.82
Expenditure:					
Employees	5 203	5 991	6 001	5 911	-1.35
Repairs and Maintenance	588	2 816	2 948	1 022	-175.51
Other	5 979	2 258	2 283	17 094	86.79
Total Operational Expenditure	11 770	11 066	11 231	24 027	53.95
Net Operational (Service) Expenditure	(11 273)	(10 600)	(10 766)	(23 716)	55.31
<i>Variances are calculated by dividing the difference between the actual and original budget by the actual.</i>					

Table 191.: Financial Performance: Corporate Services
5.3 Grants
5.3.1 Grant Performance

The municipality had a total amount of **R78 million** for infrastructure and other projects available that was received in the form of grants from the National and Provincial Governments during the 2013/14 financial year. The performance in the spending of these grants is summarised as follows:

Description	2012/13	2013/14			2013/14 Variance	
	Actual (Audited Outcome)	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Operating Transfers and Grants						
National Government:	45 918	43 257	45 856	44 608	3.03	-2.80
Equitable share	32 765	35 567	35 567	35 567	0	0
Finance Management Grant	1 322	1 450	1 450	1 549	6.39	6.39
Meter, Audit Management & Maintenance Strategy	186	0	0	0	0	0
Electrification of Central Karoo	9 313	4 000	3 599	2 359	-69.55	-52.56
Expanded Public Works Programme	1 311	1 000	1 000	1 093	8.54	8.54
Municipal Systems Improvement Grant	800	890	890	857	-3.84	-3.84
MIG - Project Management Unit	222	350	350	231	-51.83	-51.83
Electricity Demand Side Grant	0	0	3 000	2 501	100.00	-19.94
132 Kv Substation	0	0	0	450	100.00	100.00
Provincial Government:	18 788	24 778	31 465	32 854	24.58	4.23
Housing	14 649	21 510	26 555	28 774	25.25	7.71
Consumer Housing Education Program	25	0	0	14	100.00	100.00
Main Road Subsidy	0	59	59	0	0	0
Nelspoort Project Base Subsidy	24	0	0	0	0	0
Refuse Recycling Project	404	0	0	0	0	0
Community Development Workers Operating Grant	379	0	217	302	100.00	28.13
Library Grant	2 869	3 209	3 334	3 035	-5.75	-9.87
Upgrading Nelspoort Civil Services	2	0	0	0	0	0
Thusong Centre Operating Grant	436	0	0	0	0	0
Tourism Potential Nelspoort	0	0	0	60	100.00	100.00
Upgrading Sport Facilities Murraysburg	0	0	0	200	100.00	100.00
Mandela Memorial Service	0	0	100	100	100.00	0
Compliance Module	0	0	0	57	100.00	100.00
Financial Management Support Grant	0	0	1 200	313	100.00	-
Other grant providers:	1 640	0	250	457	100.00	45.31

Description	2012/13	2013/14			2013/14 Variance	
	Actual (Audited Outcome)	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Operating Transfers and Grants						
Shared Services (CKDM)	172	0	0	55	100.00	100.00
Expanded Public Works Programme (CKDM)	504	0	250	400	100.00	37.48
Disater Fund	4	0	0	0	0	0
Beneficiries Merweville Housing	27	0	0	0	0	0
Beneficiries Nelspoort Housing	46	0	0	0	0	0
Capacity Building Programme	27	0	0	0	0	0
Watercrisis	52	0	0	0	0	0
Customer Care Services	345	0	0	0	0	0
Existing Houses Nelspoort	464	0	0	3	100.00	100.00
Total Operating Transfers and Grants	66 345	68 035	77 571	77 919	12.68	0.45

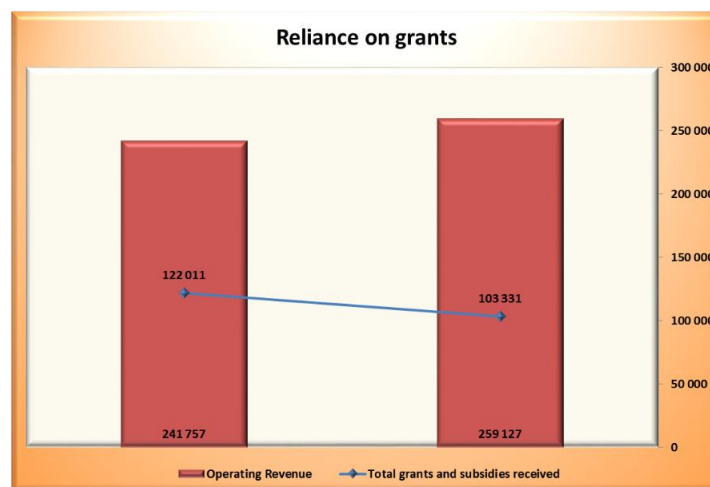
Variiances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Table 192.: Operating Grant Performance

5.3.2 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000		%
2012/13	122 011	241 757	50.47
2013/14	103 331	259 127	39.88

Table 193.: Reliance on grants



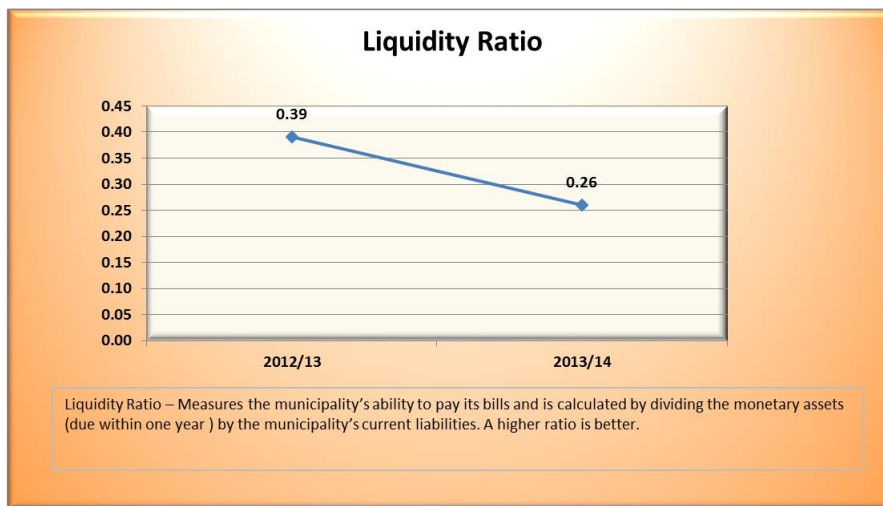
Graph 8.: Reliance on grants

5.4 Financial Ratios Based on Key Performance Indicators

5.4.1 Liquidity Ratio

Description	Basis of calculation	2012/13	2013/14
		Audited outcome	Audited outcome
Current Ratio	Current assets/current liabilities	1.05	1.07
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.79	0.70
Liquidity Ratio	Cash and equivalents/Trade creditors and short term borrowings	0.39	0.26

Table 194.: Liquidity Financial Ratio

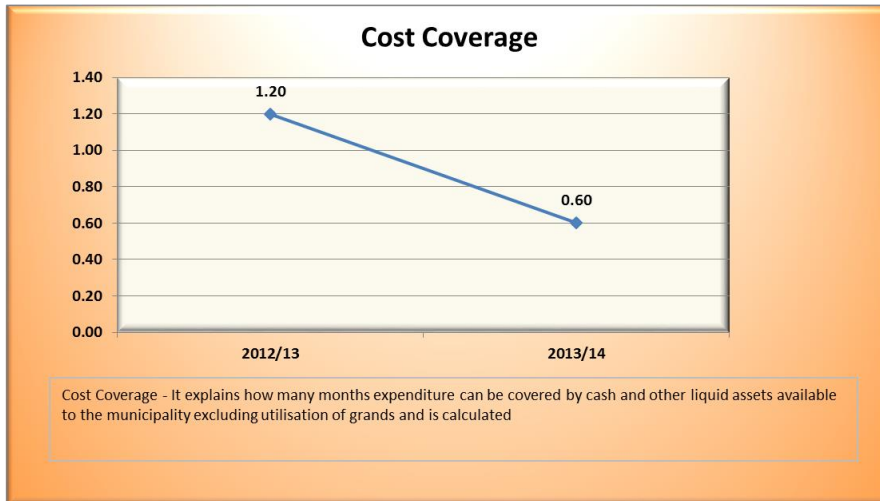


Graph 9.: Liquidity ratio

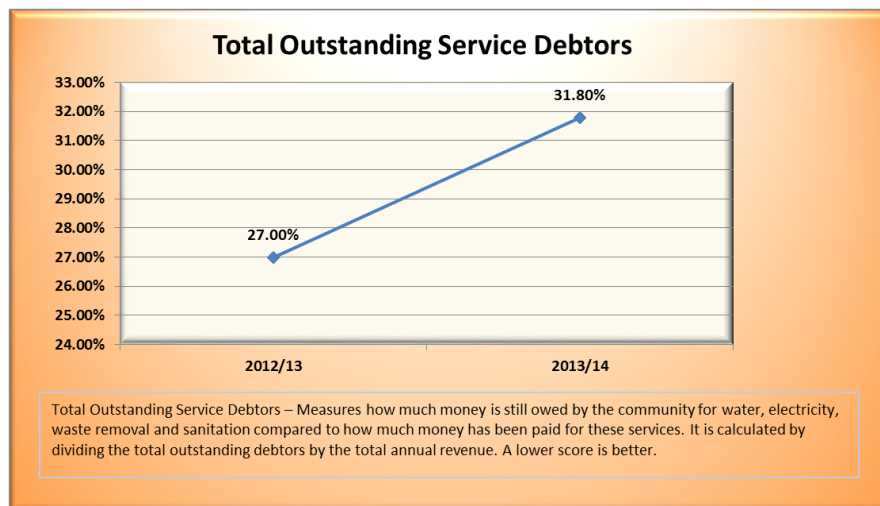
5.4.2 IDP Regulation Financial Viability Indicators

Description	Basis of calculation	2012/13	2013/14
		Audited outcome	Audited outcome
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.2	0.6
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	27.00%	31.80%
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	19.50	18.10

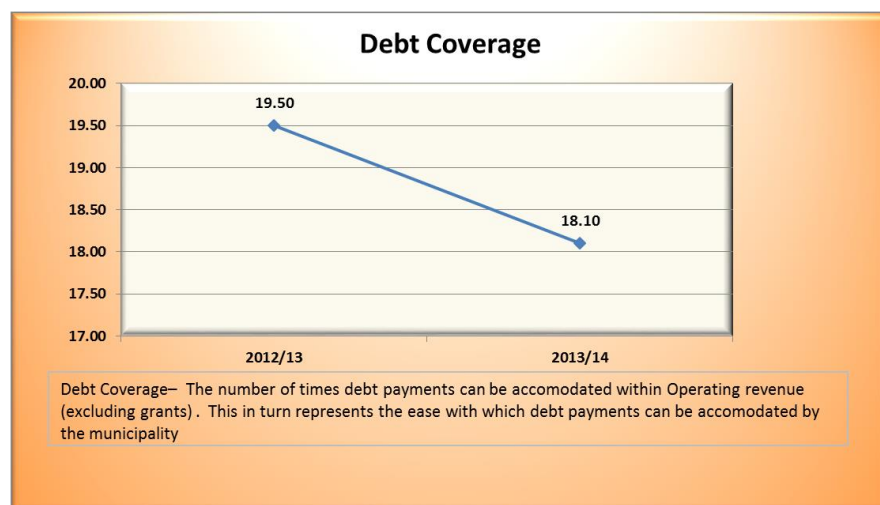
Table 195.: Financial Viability National KPAs



Graph 10.: Cost Coverage



Graph 11.: Outstanding Service Debtors to Revenue

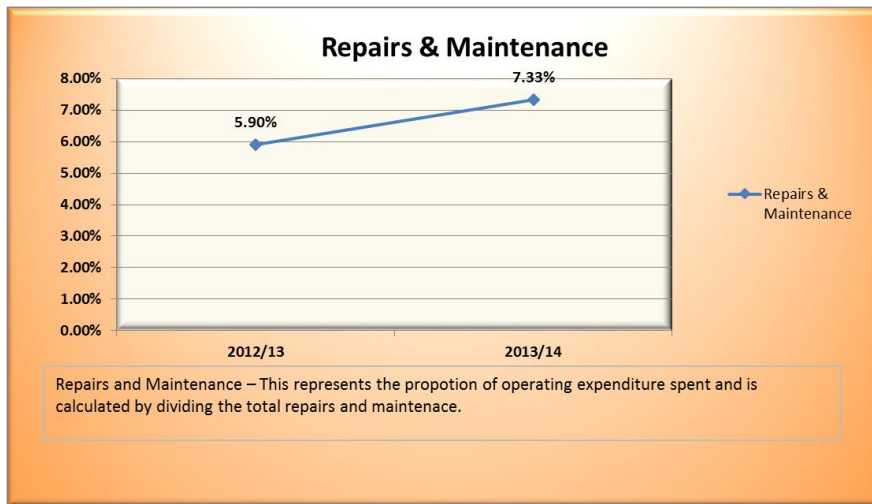


Graph 12.: Debt coverage

5.4.3 Repairs and maintenance

Description	Basis of calculation	2012/13	2013/14
		Audited outcome	Audited outcome
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.92%	7.33%

Table 196.: Repairs and maintenance

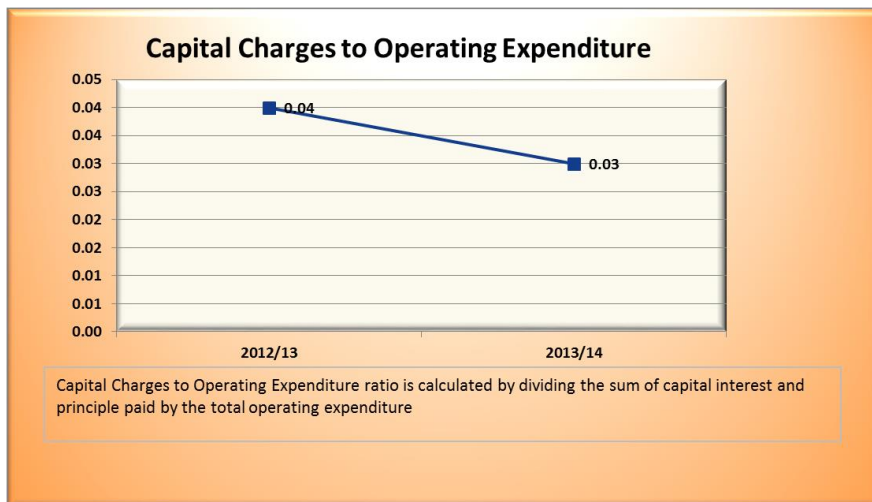


Graph 13.: Repairs and maintenance

5.4.4 Borrowing Management

Description	Basis of calculation	2012/13	2013/14
		Audited outcome	Audited outcome
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.04	0.03

Table 197.: Borrowing Management

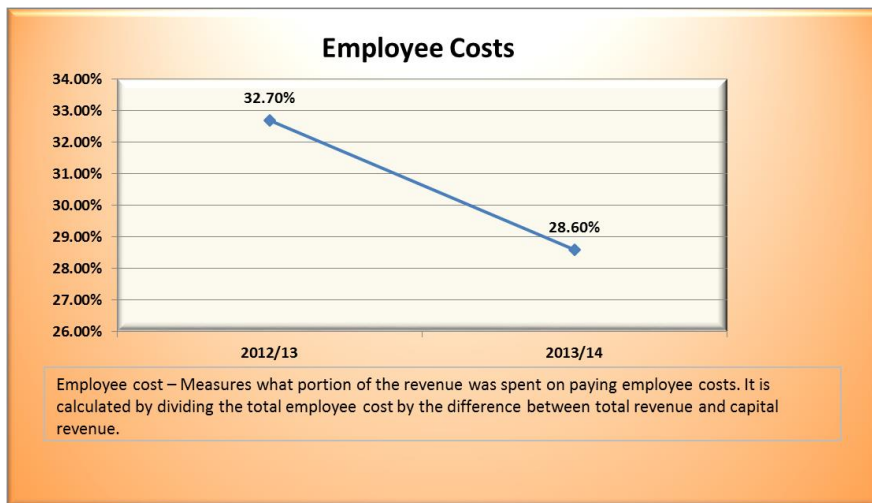


Graph 14.: Capital charges to Operating Expenditure

5.4.5 Employee costs

Description	Basis of calculation	2012/13	2013/14
		Audited outcome	Audited outcome
Employee costs	Employee costs/(Total Revenue - capital revenue)	32.70%	28.60%

Table 198.: Employee Costs



Graph 15.: 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.

5.5 Cash Flow

Cash Flow Outcomes				
R'000				
Description	2012/13	2013/14		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flow from operating activities				
Receipts				
Ratepayers and other	123 981	125 474	124 904	119 382
Government - operating	65 024	67 660	72 126	75 009
Government - capital	56 987	24 012	28 600	28 322
Interest	2 371	1 060	1 060	2 870

Cash Flow Outcomes				
R'000				
Description	2012/13	2013/14		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Dividends	0	0	0	0
Payments				
Suppliers and employees	(180 896)	(190 892)	(204 670)	(195 820)
Finance charges	(4 132)	(1 577)	(1 662)	(4 087)
Transfers and Grants	(40)	0	0	(60)
Net cash from/(used) operating activities	63 295	25 737	20 358	25 616
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	114	0	0	0
Decrease (Increase) in non-current debtors	0	0	0	0
Decrease (increase) other non-current receivables	(288)	701	701	(2 055)
Decrease (increase) in non-current investments	0	0	0	0
Payments				
Capital assets	(54 143)	(25 022)	(30 319)	(30 288)
Net cash from/(used) investing activities	(54 317)	(24 321)	(29 618)	(32 343)
Cash flows from financing activities				
Receipts				
Short term loans	0	0	0	0
Borrowing long term/refinancing	2 358	0	0	4 092
Increase (decrease) in consumer deposits	0	47	47	0
Payments				
Repayment of borrowing	(3 781)	(4 229)	(4 229)	(3 526)
Net cash from/(used) financing activities	(1 423)	(4 182)	(4 182)	567
Net increase/ (decrease) in cash held	7 555	(2 766)	(13 442)	(6 161)
Cash/cash equivalents at the year begin:	10 543	9 533	18 098	18 098
Cash/cash equivalents at the yearend:	18 098	6 767	4 655	11 937

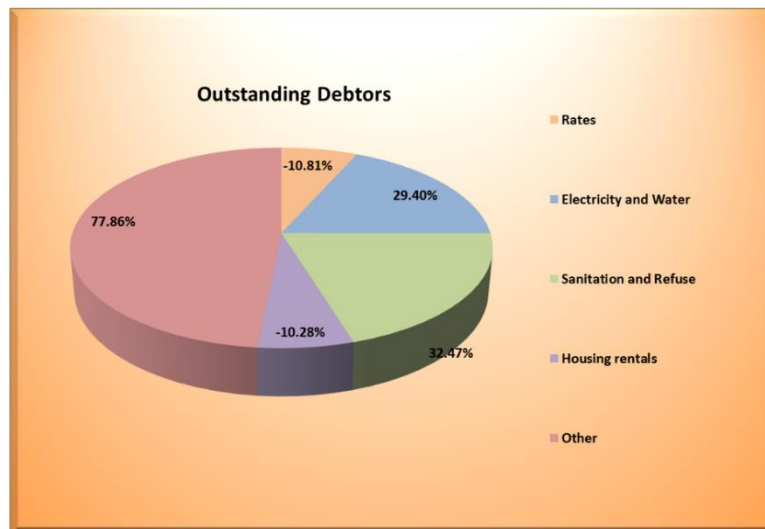
Table 199.: Cashflow
5.6 Gross Outstanding Debtors per Service

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000	R'000	R'000	R'000	R'000	R'000
2012/13	6 419	8 297	11 422	107	29 648	55 892
2013/14	5 725	10 736	15 131	97	57 894	89 583
Difference	-694	2 439	3 709	-11	28 247	33 690
% growth year on year	-11	29	32	-10	95	60

Note: Figures exclude provision for bad debt

Table 200.: Gross outstanding debtors per service

The following graph indicates the total outstanding debt per type of service for 2013/14



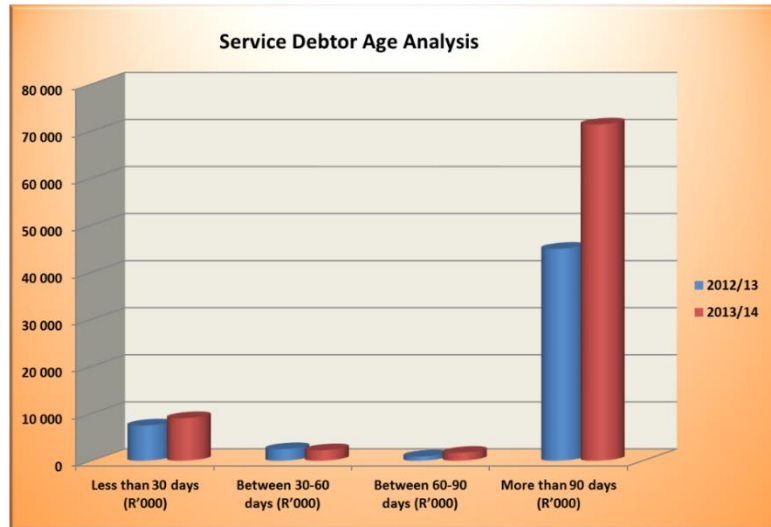
Graph 16.: Debt per type of service

5.7 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
2012/13	7 482	2 461	915	45 035	55 892
2013/14	9 045	2 216	1 698	76 624	89 583
Difference	1 563	-245	783	31 589	33 690
% growth year on year	21	-10	86	70	60

Note: Figures exclude provision for bad debt.

Table 201.: Service debtor age analysis



Graph 17.: Service debtors age analysis

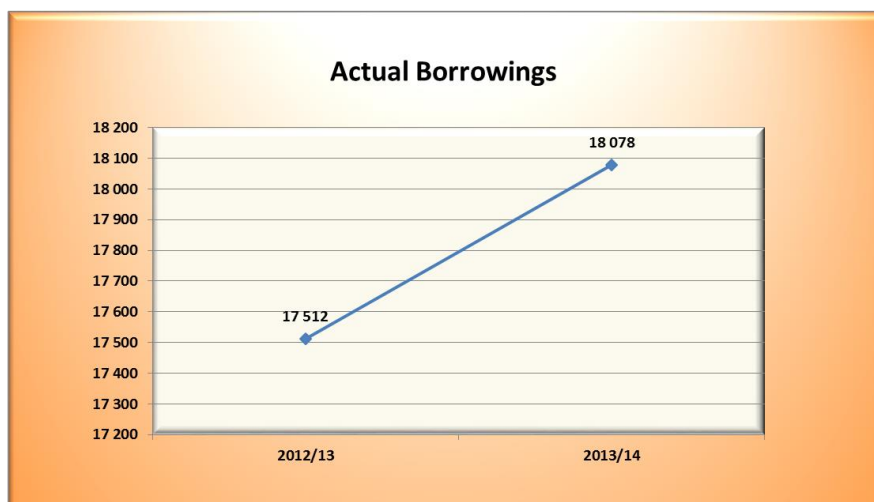
5.8 Borrowing and Investments

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

5.8.1 Actual Borrowings

Actual Borrowings R' 000		
Instrument	2012/13	2013/14
Long-Term Loans (annuity/reducing balance)	15 417	13 544
Financial Leases	2 095	4 534
Total	17 512	18 079

Table 202.: Actual Borrowings



Graph 18.: Actual borrowings

5.8.2 Municipal Investments

Actual Investments		
R'000		
Investment type	2012/13	2013/14
	Actual	Actual
Deposits – Bank	16 812	9 332
Total	16 812	9 332

Table 203.: Municipal Investments

CHAPTER 6

COMPONENT A: AUDITOR-GENERAL OPINION 2012/13

6.1 Auditor General Report 2012/13

Audit report Status: Unqualified with emphasis of matter

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 General as required by the MFMA.	The accounting officer will ensure that the Audit Committee include all issues raised in the Audit Report of the Auditor General to the council.
The accounting officer did not exercise oversight over financial reporting end 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.

CHAPTER 6: AUDITOR-GENERAL'S FINDINGS

Main issues raised under emphasis of matter	Corrective steps implemented/ To be implemented
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 204.: Auditor-General Report 2012/13

COMPONENT B: AUDITOR-GENERAL OPINION 2013/14

6.2 Auditor General Report 2013/14

Audit report Status: Unqualified with emphasis of matter

Main issues raised under emphasis of matter	Corrective steps implemented/ To be implemented
The municipality has materially under spent its capital budget to the amount of R7 841 844.	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.
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 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-General as required by the MFMA.	The Accounting Officer will ensure that the Audit Committee include all issues raised in the audit report of the Auditor-General to Council.
The Accounting Officer did not exercise oversight over financial reporting end 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.
The Audit Committee did not advise the Council on matters relating to the adequacy, relating and accuracy of financial reporting and information, as required by the MFMA.	The Accounting Officer will ensure that the Audit Committee do advise Council on matters relating to the adequacy and accuracy of financial reporting and information.
The audit committee did not advise the Council on matters relating to compliance with legislation, as required by the MFMA.	The Accounting Officer will ensure that the Audit Committee do advise Council on matters relating to compliance with legislation as required by the MFMA.
The financial statements submitted to audit contained numerous misstatements. 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.	In future senior staff members will be tasked to review the annual financial statements for completeness and accuracy prior to submission for audit.

Table 205.: Auditor-General Report 2013/14

LIST OF ABBREVIATIONS

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

SALGA	South African Local Government Organisation
SAMDI	South African Management Development Institute
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework

Beaufort West

MUNICIPALITY



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2014

BEAUFORT WEST LOCAL MUNICIPALITY

Index

General Information	1
Approval of the Financial Statements	2
Report of the Auditor General	
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes In Net Assets	5
Cash Flow Statement	6
Statement of comparison of budget and actual amounts - Statement of financial position	7 - 8
Statement of comparison of budget and actual amounts - Statement of financial performance	9 - 10
Statement of comparison of budget and actual amounts - Cash flow statement	11 - 12
Accounting Policies	13 - 46
Notes to the Financial Statements	47 - 120

APPENDICES - Unaudited

A	Schedule of External Loans	121 - 123
B	Segmental Statement of Financial Performance - Municipal Votes	124
C	Segmental Statement of Financial Performance - Municipal GFS	125
D	Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	126 - 127

BEAUFORT WEST LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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. J. Booysen

CHIEF FINANCIAL OFFICER

Vacant

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. Motsokane
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 2014, which are set out on pages 1 to 120 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.

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.



Mr. J. Booysse
Municipal Manager

31 August 2014

Date

BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Notes	2014 R (Actual)	2013 R (Restated)
NET ASSETS AND LIABILITIES			
Net Assets		348,956,945	339,072,493
Capital Replacement Reserve	2	4,849,606	4,546,564
Housing Development Fund	2	4,198,159	4,170,185
Self Insurance Reserve	2	1,118,685	1,035,337
Accumulated Surplus		338,790,495	329,320,407
Non-Current Liabilities		46,091,143	42,335,458
Long-term Liabilities	3	14,602,574	14,703,394
Employee benefits	4	25,812,416	22,295,025
Non-Current Provisions	5	5,676,153	5,337,039
Current Liabilities		44,537,372	46,344,105
Consumer Deposits	6	1,138,815	1,159,826
Current Employee benefits	7	7,731,480	7,156,341
Payables From Exchange Transactions	8	21,148,780	27,445,114
Unspent Conditional Government Grants and Receipts	9	7,148,474	7,774,144
Unspent Public Contributions	10	139,052	-
Cash and Cash Equivalents	22	3,754,500	-
Current Portion of Long-term Liabilities	3	3,476,271	2,808,681
Total Net Assets and Liabilities		439,585,461	427,752,057
ASSETS			
Non-Current Assets		398,260,381	379,064,270
Property, Plant and Equipment	12	380,269,181	362,702,323
Investment Property	13	9,411,197	9,690,469
Intangible Assets	14	268,770	334,581
Capitalised Restoration Cost	15	1,664,002	1,744,746
Heritage Assets	16	2,970,644	2,970,644
Long-Term Receivables	17	3,676,587	1,621,507
Current Assets		41,325,080	48,687,787
Inventory	18	2,791,450	3,165,903
Trade Receivables from exchange transactions	19	12,948,446	14,095,015
Other Receivables from non-exchange transactions	20	11,500,801	8,879,561
Unpaid Conditional Government Grants and Receipts	9	670,378	972,570
Operating Lease Asset	21.2	10,008	11,821
Taxes	11	4,059,598	3,465,238
Cash and Cash Equivalents	22	9,344,398	18,097,679
Total Assets		439,585,461	427,752,057

BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 (Actual) R	2013 (Restated) R	Correction of error R	2013 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		158,651,349	154,819,169	(1,100,565)	155,919,734
Taxation Revenue		22,792,230	21,645,527	-	21,645,527
Property taxes	23	22,792,230	21,645,527	-	21,645,527
Transfer Revenue		99,767,469	117,576,277	-	117,576,277
Government Grants and Subsidies - Capital	24	21,348,285	51,170,022	-	51,170,022
Government Grants and Subsidies - Operating	24	78,056,246	66,345,163	-	66,345,163
Contributed PPE		362,938	61,092	-	61,092
Transfer DMA From District		-	-	-	-
Other Revenue		36,091,650	15,597,365	(1,100,565)	16,697,930
Actuarial Gains		203,285	3,194,043	-	3,194,043
Fines		35,888,365	12,403,322	(1,100,565)	13,503,887
Revenue from Exchange Transactions		95,416,794	86,994,854	166,398	86,828,456
Property Rates - penalties imposed and collection charges		399,873	607,297	-	607,297
Service Charges	25	85,099,374	78,302,416	-	78,302,416
Rental of Facilities and Equipment		814,984	749,715	(822)	750,537
Interest Earned - external investments		1,011,514	978,977	-	978,977
Interest Earned - outstanding debtors		1,858,351	1,391,595	-	1,391,595
Licences and Permits		545,598	657,424	147,059	510,365
Agency Services		541,057	471,592	-	471,592
Other Income	26	5,146,043	3,835,838	20,161	3,815,677
Total Revenue		254,068,143	241,814,023	(934,167)	242,748,190
EXPENDITURE					
Employee related costs	27	65,903,771	60,608,770	-	60,608,770
Remuneration of Councillors	28	3,864,683	3,824,437	(278,143)	4,102,580
Debt Impairment	29	27,426,048	8,000,132	-	8,000,132
Collection Cost		652,890	677,580	-	677,580
Depreciation and Amortisation	30	14,138,578	13,352,891	67,569	13,285,322
Impairments	31	-	11,216	11,216	-
Repairs and Maintenance	32	17,705,648	11,241,566	-	11,241,566
Actuarial losses	4	1,879,927	3,106	-	3,106
Finance Charges	33	4,086,726	4,132,089	(65,355)	4,197,444
Bulk Purchases	34	39,286,778	36,515,007	(6,646,662)	43,161,669
Contracted services		8,765,792	7,695,664	-	7,695,664
Grants and Subsidies Paid	35	60,000	39,859	-	39,859
Stock Adjustments		7,232,966	6,646,662	6,646,662	-
Other Operating Grant Expenditure	36	37,351,567	29,358,204	-	29,358,204
Loss on disposal of PPE		21,844	85,728	-	85,728
General Expenses	37	15,806,499	15,610,034	278,143	15,331,891
Total Expenditure		244,183,717	197,802,945	13,430	197,789,515
NET SURPLUS FOR THE YEAR		9,884,426	44,011,078	(947,597)	44,958,675

BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

	Self Insurance Reserve	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R
Balance at 1 July 2012	765,283	4,138,843	1,885,759	288,044,335	294,834,222
Correction of error - See Note 38.04	-	-	-	227,153	227,153
Restated Balance at 1 July 2012	765,283	4,138,843	1,885,759	288,271,488	295,061,375
Net Surplus/(Deficit) for the year	-	-	-	44,958,675	44,958,675
Correction of error - See Note 38.01	-	-	-	(947,597)	(947,597)
Contribution to Insurance Reserve	464,705	-	-	(464,705)	-
Insurance claims processed	(194,651)	-	-	194,651	-
Transfer to CRR	-	-	3,245,801	(3,245,801)	-
Property, Plant and Equipment purchased	-	-	(584,996)	584,996	-
Transfer to Housing Development Fund	-	31,342	-	(31,342)	-
Rounding	-	-	-	42	42
Restated Balance at 1 July 2013	1,035,337	4,170,185	4,546,564	329,320,407	339,072,495
Net Surplus/(Deficit) for the year	-	-	-	9,884,426	9,884,426
Transfer to CRR	-	-	4,403,983	(4,403,983)	-
Property, Plant and Equipment purchased	-	-	(4,100,941)	4,100,941	-
Contribution to Insurance Reserve	273,445	-	-	(273,445)	-
Insurance claims processed	(190,097)	-	-	190,097	-
Transfer to Housing Development Fund	-	27,974	-	(27,974)	-
Rounding	-	-	-	26	26
Balance at 30 June 2014	1,118,685	4,198,159	4,849,606	338,790,495	348,956,947

BEAUFORT WEST LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 R	2013 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		119,337,093	156,746,334
Government		103,541,308	89,245,983
Interest		2,869,865	2,370,572
Payments			
Suppliers and employees		(201,774,732)	(180,895,591)
Finance charges	33	(4,086,726)	(4,132,089)
Transfers and Grants		(60,000)	(39,859)
Net Cash from Operating Activities		19,826,808	63,295,350
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(30,821,499)	(54,135,308)
Proceeds on Disposal of Fixed Assets		-	113,740
Purchase of Intangible Assets		(24,809)	(7,359)
(Increase)/Decrease in Long-term Receivables		(2,055,080)	(288,384)
Net Cash from Investing Activities		(32,901,389)	(54,317,311)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		4,092,471	2,357,891
New loans (repaid)		(3,525,696)	(3,781,193)
Rounding		25	26
Net Cash from Financing Activities		566,800	-1,423,276
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(12,507,781)	7,554,763
Cash and Cash Equivalents at the beginning of the year		18,097,679	10,542,916
Cash and Cash Equivalents at the end of the year	40	5,589,898	18,097,679
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(12,507,781)	7,554,763

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	12,070	12,330	(260)	
Call investment deposits	9,332,328	4,642,893	4,689,435	Additional grants received and CRR contributions
Primary bank account	-	-	-	
Consumer debtors	12,948,446	26,524,492	(13,576,046)	Included in other receivables
Other Receivables	16,240,785	3,477,893	12,762,902	Included in consumer debtors
Current portion of long-term receivables	-	-	-	
Inventory	2,791,450	3,209,850	(418,400)	Decrease in stock
Total current assets	41,325,080	37,867,448	3,457,632	
Non current assets				
Long-term receivables	3,676,587	1,621,507	2,055,080	Increase in debtor arrangements
Investments	9,411,197	9,368,931	42,266	
Property, plant and equipment	384,603,826	387,577,214	(2,773,388)	Unspent grants
Biological Assets	268,770	260,713	8,057	
Intangible Assets	-	-	-	
Heritage Assets	-	-	-	
Total non current assets	398,260,381	398,928,365	(667,984)	
TOTAL ASSETS	439,585,461	436,795,813	2,789,648	
LIABILITIES				
Current liabilities				
Bank overdraft	3,754,500	-	3,754,500	Cash flow problems and increase in payables
Borrowing	3,476,271	3,258,073	218,198	Finance Lease vehicles
Consumer deposits	1,138,815	1,200,000	(61,185)	
Trade and other payables	28,436,306	21,419,891	7,016,415	Cash flow problems and increase in payables
Provisions and Employee Benefits	7,731,480	9,783,084	(2,051,604)	Over budgeted
Total current liabilities	44,537,372	35,661,048	8,876,324	
Non current liabilities				
Borrowing	14,602,574	12,826,058	1,776,516	Finance Lease vehicles
Provisions and Employee Benefits	31,488,569	33,142,412	(1,653,843)	Provision for landfill sites calculation changed
Total non current liabilities	46,091,143	45,968,470	122,673	
TOTAL LIABILITIES	90,628,516	81,629,518	8,998,998	
NET ASSETS	348,956,945	355,166,295	(6,209,350)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	338,790,495	347,142,508	(8,352,013)	Net of all reasons
Reserves	10,166,450	8,023,787	2,142,663	Additional contribution to CRR
TOTAL COMMUNITY WEALTH/EQUITY	348,956,945	355,166,295	(6,209,350)	

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	13,170	(840)	12,330	
Call investment deposits	6,754,000	(2,111,107)	4,642,893	Additional spending on CRR
Consumer debtors	18,771,062	7,753,430	26,524,492	Decrease in payment percentage
Other Receivables	4,000,000	(522,117)	3,477,883	
Current portion of long-term receivables	-	-	-	
Inventory	3,209,850	-	3,209,850	
Total current assets	32,748,082	5,119,356	37,867,438	
Non current assets				
Long-term receivables	1,233,123	388,384	1,621,507	Increase in arrangements with debtors
Investments	-	-	-	
Investment property	9,368,931	-	9,368,931	
Property, plant and equipment	388,581,142	(903,828)	387,677,214	
Biological Assets	-	-	-	
Intangible Assets	252,267	8,446	260,713	
Heritage Assets	-	-	-	
Total non current assets	399,435,463	(507,098)	398,928,365	
TOTAL ASSETS	432,183,545	4,612,258	436,795,813	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	3,900,000	(641,927)	3,258,073	Finance Lease vehicles returned
Consumer deposits	1,200,000	-	1,200,000	
Trade and other payables	21,408,490	11,401	21,419,891	
Provisions and Employee Benefits	4,736,509	5,046,575	9,783,084	Post employee benefits and landfill sites
Total current liabilities	31,244,999	4,415,049	35,661,048	
Non current liabilities				
Borrowing	11,140,937	1,665,121	12,826,058	New finance lease vehicles
Provisions and Employee Benefits	33,142,412	-	33,142,412	
Total non current liabilities	44,283,349	1,665,121	45,968,470	
TOTAL LIABILITIES	75,528,348	6,101,170	81,629,518	
NET ASSETS	356,655,197	(1,488,902)	355,166,295	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	349,427,097	(2,284,569)	347,142,508	Net of all reasons
Reserves	7,228,100	795,687	8,023,787	Additional contribution to CRR
TOTAL COMMUNITY WEALTH/EQUITY	356,655,197	(1,488,902)	355,166,295	

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	22,792,230	22,815,000	(22,770)	
Property rates - penalties & collection charges	399,873	620,000	(220,127)	Over budgeted
Service charges	85,099,374	86,836,079	(1,736,705)	Over budgeted
Rental of facilities and equipment	814,984	1,009,014	(194,030)	Over budgeted
Interest earned - external investments	1,011,514	1,060,000	(48,486)	
Interest earned - outstanding debtors	1,858,351	1,500,000	358,351	Under budgeted
Dividends received	-	-	-	
Fines	35,888,365	14,042,000	21,846,365	Fines actual recorded according to IGRAP 1
Licences and permits	545,598	637,800	(92,202)	
Agency services	541,057	510,000	31,057	
Government Grants and Subsidies - Operating	78,066,246	77,571,040	485,206	Additional grant received
Other revenue	5,712,266	3,083,977	2,628,289	Additional grant received (VAT)
Gains on disposal of PPE	-	1,000	(1,000)	
Total Operating Revenue	232,719,858	209,685,910	23,033,948	
EXPENDITURE BY TYPE				
Employee related costs	65,903,771	67,216,728	(1,312,957)	Vacant posts
Remuneration of councillors	3,864,683	4,169,560	(304,877)	Deputy Mayor not appointed
Debt impairment	27,426,048	2,600,000	24,826,048	Fines provision contribution according to IGRAP 1
Depreciation & asset impairment	14,138,578	14,215,616	(77,038)	
Finance charges	4,085,726	1,662,194	2,424,532	Post Retirement Benefits and Landfill sites
Bulk purchases	46,519,744	49,950,000	(3,430,256)	Over budgeted
Other materials	17,705,648	19,239,955	(1,534,307)	Over budgeted
Contracted services	8,765,792	7,048,418	1,717,374	Security services
Grants and subsidies paid	60,000	-	60,000	Budgeted under other expenditure
Other expenditure	55,690,883	57,775,755	(2,084,872)	Over budgeted
Loss on disposal of PPE	21,844	-	21,844	
Total Operating Expenditure	244,183,717	223,678,226	20,505,491	
Operating Deficit for the year	(11,463,859)	(14,192,316)	2,728,457	
Government Grants and Subsidies - Capital	21,348,285	29,585,672	(8,237,387)	Underspending with Unspent Conditional Grants at yearend
Net Surplus for the year	9,884,426	15,373,356	(5,488,930)	

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Reasons for material adjustments
REVENUE BY SOURCE				
Property rates	23,732,030	(9,177,030)	22,815,000	Revenue from new valuation roll estimates not realised
Property rates - penalties & collection charges	620,000	-	620,000	
Service charges	86,888,664	(122,585)	86,886,079	
Rental of facilities and equipment	959,849	49,165	1,009,014	
Interest earned - external investments	1,060,000	-	1,060,000	
Interest earned - outstanding debtors	1,415,000	85,000	1,500,000	
Dividends received	-	-	-	
Fines	12,485,060	1,546,940	14,042,000	6 months actual supported increase in budget
Licences and permits	637,900	(100)	637,800	
Agency services	460,000	50,000	510,000	6 months actual supported increase in budget
Government Grants and Subsidies - Operating	68,035,000	9,536,040	77,571,040	Additional grants received
Other revenue	1,229,041	1,854,936	3,083,977	6 months actual supported increase in budget and additional grants received (VAT)
Gains on disposal of PPE	1,000	-	1,000	
Total Operating Revenue	197,603,544	12,082,366	209,685,910	
EXPENDITURE BY TYPE				
Employee related costs	67,177,066	39,662	67,216,728	
Remuneration of councillors	4,169,560	-	4,169,560	
Debt impairment	2,600,000	-	2,600,000	
Depreciation & asset impairment	14,215,616	-	14,215,616	
Finance charges	1,577,184	85,010	1,662,194	
Bulk purchases	49,950,000	-	49,950,000	
Other materials	15,667,579	3,572,376	19,239,955	Additional grant received
Contracted services	7,161,846	(113,428)	7,048,418	
Grants and subsidies paid	-	-	-	
Other expenditure	47,407,273	10,368,482	57,775,755	Additional grant received
Loss on disposal of PPE	-	-	-	
Total Operating Expenditure	209,926,124	13,952,102	223,878,226	
Operating Deficit for the year	(12,322,580)	(1,969,736)	(14,192,316)	
Government Grants and Subsidies - Capital	24,012,000	5,553,672	29,565,672	Additional grant received
Net Surplus for the year	11,689,420	3,683,936	15,373,356	

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Repayments and other	119,337,093	124,903,954	(5,566,861)	Fines actual recorded according to GRAP 1.
Government - operating	82,193,023	72,125,994	10,067,029	Additional grants received net of operating and capital
Government - capital	21,348,285	28,600,350	(7,252,065)	Additional grants received net of operating and capital
Interest	2,889,865	1,060,000	1,809,865	Interest on outstanding debtors
Dividends	-	-	-	
Payments				
Suppliers and Employees	(201,774,732)	(204,670,416)	2,895,684	Post retirement benefits and landfill sites
Finance charges	(4,086,726)	(1,662,194)	(2,424,532)	Budgeted under other expenditure
Transfers and Grants	(60,000)	-	(60,000)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	19,826,808	20,357,688	(530,880)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	701,061	(701,061)	Increase in debtor arrangements
Decrease/(increase) in non-current receivables	(2,055,080)	-	(2,055,080)	
Decrease/(increase) in non-current debtors	-	-	-	
Payments				
Capital assets	(30,846,308)	(30,319,410)	(526,898)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(32,901,389)	(29,618,349)	(3,283,040)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	4,092,471	-	4,092,471	Finance lease vehicles
Increase/(decrease) in consumer deposits	-	47,370	(47,370)	
Payments				
Repayment of borrowing	(3,525,696)	(4,229,166)	703,469	More finance lease vehicles returned
NET CASH FROM/(USED) FINANCING ACTIVITIES	566,775	(4,181,795)	4,748,570	
NET INCREASE/(DECREASE) IN CASH HELD	(12,607,806)	(13,442,466)	834,650	Net of all reasons
Cash and Cash Equivalents at the beginning of the year	18,097,679	18,097,679	-	
Cash and Cash Equivalents at the end of the year	5,589,898	4,655,213	934,675	

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014
ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	125,474,210	(570,256)	124,903,954	
Government - operating	67,660,000	4,465,994	72,125,994	Additional grants received
Government - capital	24,012,000	4,588,350	28,600,350	Additional grants received
Interest	1,060,000	-	1,060,000	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(190,882,034)	(13,778,382)	(204,670,416)	Cash flow problems and increase in payables
Finance charges	(1,577,184)	(85,010)	(1,662,194)	
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	25,736,992	(5,378,304)	20,357,688	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	701,061	-	701,061	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current debtors	-	-	-	
Payments				
Capital assets	(25,021,860)	(5,297,550)	(30,319,410)	Additional grants received
NET CASH FROM/(USED) INVESTING ACTIVITIES	(24,320,799)	(5,297,550)	(29,618,349)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	47,370	-	47,370	
Increase/(decrease) in consumer deposits	(4,229,165)	-	(4,229,165)	
Payments				
Repayment of borrowing	(4,181,795)	-	(4,181,795)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(2,765,602)	(10,676,854)	(13,442,456)	Net of all reasons
NET INCREASE/(DECREASE) IN CASH HELD	9,532,772	8,564,907	18,097,679	
Cash and Cash Equivalents at the beginning of the year	6,767,170	(2,111,947)	4,555,223	
Cash and Cash Equivalents at the end of the year				

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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:

Standard	Description	Effective Date
GRAP 5 (Revised Feb 2013)	Borrowing Costs	1 April 2014
GRAP 100 (Revised – Feb 2013)	Discontinued Operations (formerly known as Non-current assets held for Sale and Discontinued Operations)	1 April 2014

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.

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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

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

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. 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 Notes to the Financial Statements..

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Explanations for material differences between the final budget amounts and actual amounts are included in the Notes to the Financial Statements.

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

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:

Standard	Description	Effective Date
GRAP 6 (Revised – Nov 2010)	<p>Consolidated and Separate Financial Statements</p> <p>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.</p> <p>No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.</p>	Unknown
GRAP 8 (Revised – Nov 2010)	<p>Interest in Joint Ventures</p> <p>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>	Unknown
GRAP 18 (Original – Feb 2011)	<p>Segment Reporting</p> <p>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>	1 April 2015
GRAP 20 (Original – June 2011)	<p>Related Party Disclosure</p> <p>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</p>	Unknown

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	<p>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>	
GRAP 32 (Original – Aug 2013)	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
IGRAP 17	<p>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</p> <p>The objective of this Interpretation of the Standard is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No significant impact is expected as the Municipality does not have any Concession Arrangements at this stage.</p>	Unknown
GRAP 105 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Under Common Control</p> <p>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>	1 April 2015
GRAP 106 (Original – Nov 2010)	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>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>	1 April 2015

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	foreseeable future.	
GRAP 107 (Original – Nov 2010)	<p>Mergers</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>	1 April 2015
GRAP 108 (Original – Sept 2013)	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
IGRAP 11	<p>Consolidation - Special Purpose Entities (SPE)</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>	Unknown
IGRAP 12	<p>Jointly Controlled Entities non-monetary contributions</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>	Unknown

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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 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

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

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

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

1.10.2 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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

- 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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

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 –

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

"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, 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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

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:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
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
<u>Community</u>		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
<u>Finance lease assets</u>			
Office equipment	3-7		
Other assets	3-7		

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value 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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.19.2 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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.21.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

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

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

- (a) External sources of information
 - 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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

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

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 2014

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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

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 recognised 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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

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 2 to 3 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is regarded as not material and is not disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

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

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

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

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.25. RELATED PARTIES

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

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

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

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

Management personnel include:

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

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

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

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:

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

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. Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes. 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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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- 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. 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.

1.30.13 Pre-paid electricity estimation

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 2 to 3 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is regarded as not material and is not disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

1.34. BORROWING COSTS

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

1.35. TAXATION

1.35.1 *Current tax assets and liabilities*

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

1.35.2 *Deferred tax assets and liabilities*

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1.35.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
2 NET ASSET RESERVES		
RESERVES	10,166,450	9,752,086
Capital Replacement Reserve	4,849,606	4,546,564
Housing Development Fund	4,198,159	4,170,185
Self Insurance Reserve	1,118,685	1,035,337
Total Net Asset Reserve and Liabilities	10,166,450	9,752,086

The above balances are represented by cash of R218 612 for the current year and R197 487 (2013) and is invested together with the other investments of the municipality (See Note 22)

	2014 R	2013 R
3 LONG TERM LIABILITIES		
Annuity Loans - At amortised cost	13,544,430	15,417,378
Capitalised Lease Liability - At amortised cost	4,534,416	2,094,697
	18,078,846	17,512,075
Less: Current Portion transferred to Current Liabilities	3,476,271	2,808,681
Annuity Loans - At amortised cost	1,516,227	1,877,333
Capitalised Lease Liability - At amortised cost	1,960,044	931,348
Total Long-term Liabilities - At amortised cost using the effective interest rate method	14,602,574	14,703,394

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 31 Mei 2017. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured

	2014 R	2013 R
The obligations under annuity loans are scheduled below:		
		Minimum annuity payments
Amounts payable under annuity loans:		
Payable within one year	2,870,994	3,408,253
Payable within two to five years	8,963,878	10,048,582
Payable after five years	11,173,707	12,951,283
	23,008,579	26,408,117
Less: Future finance obligations	(9,464,179)	(10,990,755)
Present value of annuity obligations	13,544,400	15,417,362

The obligations under finance leases are scheduled below:

	2014 R	2013 R
		Minimum lease payments
Amounts payable under finance leases:		
Payable within one year	2,269,318	1,069,932
Payable within two to five years	2,729,375	1,254,478
Payable after five years	-	-
	4,998,693	2,324,410
Less: Future finance obligations	(464,279)	(229,718)
Present value of lease obligations	4,534,414	2,094,692

Leases are secured by property, plant and equipment - Note 12

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3

LONG TERM LIABILITIES (CONTINUE)

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
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
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 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
Eqstra	Cz 8282 Isuzu Kb250d Fletside A/c P/u S/c	8.50%	0%	3 Years	2016/02/28
Eqstra	Cz 8340 Isuzu Kb250d Fletside A/c P/u S/c	8.50%	0%	3 Years	2016/02/28
Eqstra	Cz 8341 Isuzu Kb250d Fletside A/c P/u S/c	8.50%	0%	3 Years	2016/02/28
Eqstra	Cz 8343 Isuzu Kb250d Fletside A/c P/u S/c	8.50%	0%	3 Years	2016/02/28
Eqstra	Cz 8408 Isuzu Kb250d Fletside A/c P/u S/c	8.50%	0%	3 Years	2016/04/30
Eqstra	Cz 8410 Isuzu Kb250d Fletside A/c P/u S/c	8.50%	0%	3 Years	2016/04/30
Eqstra	Cz 8414 Isuzu Kb250d Fletside A/c P/u S/c	8.50%	0%	3 Years	2016/04/30
Eqstra	Cz 8415 Isuzu Kb250d Fletside A/c P/u S/c	8.50%	0%	3 Years	2016/04/30
Eqstra	Cz 8418 Isuzu Kb250d Fletside A/c P/u S/c	8.50%	0%	3 Years	2016/04/30
Eqstra	Cz 8419 Isuzu Kb250d Fletside A/c P/u S/c	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
Eqstra	Cz 2078 Isuzu Kb250d Fletside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	Cz 2477 Isuzu Kb250d Fletside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	Cz 4155 Isuzu Kb250d Fletside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	Cz 8684 Isuzu Kb250d Fletside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	Cz 8685 Isuzu Kb250d Fletside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	Cz 8686 Isuzu Kb250d Fletside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	Cz 8687 Isuzu Kb250d Fletside A/c P/u S/c	8.50%	0%	3 Years	2016/09/30
Eqstra	Cz 5753 Sedan Toyota Etio's	8.50%	0%	3 Years	2016/09/30
Eqstra	Cz 5136 Sedan Toyota Etio's	8.50%	0%	3 Years	2016/09/30
Eqstra	Cz 6192 Sedan Toyota Etio's	8.50%	0%	3 Years	2016/09/30
Eqstra	Cz 8563 Isuzu Kb250d Fletside A/c P/u S/c	8.50%	0%	3 Years	2016/06/30
Eqstra	Cz 1096 Isuzu Kb250d Leed Fleetside P/u S	8.50%	0%	3 Years	2016/11/30
Eqstra	Cz 5366 Isuzu Kb250d Leed Fleetside P/u S	8.50%	0%	3 Years	2016/10/30
Eqstra	Cz 4898 Isuzu Kb250d Leed Fleetside P/u S	8.50%	0%	3 Years	2016/10/30
Eqstra	Cz 4296 Isuzu Kb250d Leed Fleetside P/u S	8.50%	0%	3 Years	2016/10/30
Eqstra	Cz 2295 Isuzu Kb250d Leed Fleetside P/u S	8.50%	0%	3 Years	2016/10/30
Eqstra	Cz 1461 Isuzu Kb250d Leed Fleetside P/u S	8.50%	0%	3 Years	2016/10/30
Eqstra	Cz 8728 Sedan Toyota Etio's	8.50%	0%	3 Years	2016/10/30
Eqstra	Cz 6743 Isuzu Kb250d Leed Fleetside P/u S	8.50%	0%	3 Years	2016/11/30
Wesbak	Cz 3697 Truck Nissan Ud 90b F/c C/c	8.50%	0%	3 Years	2017/01/30
Ricoh	machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Ricoh	machine Photocopy Ricoh Mp2501spf	8.50%	0%	3 Years	2017/03/30
Minolta	machine Photocopy Konica Minolta	8.50%	0%	3 Years	2017/03/30
Minolta	machine Photocopy Konica Minolta	8.50%	0%	3 Years	2017/03/30
Minolta	machine Photocopy Konica Minolta	8.50%	0%	3 Years	2017/03/30
Eqstra	Cz 9005 Isuzu Kb250d Leed Fleetside P/u S	9.00%	0%	3 Years	2017/05/30

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
4	EMPLOYEE BENEFITS		
	Post Retirement Benefits	22,614,203	19,242,724
	Long Service Awards	3,167,820	3,023,067
	Pension Murraysburg	30,393	29,234
	Total Non-current Employee Benefit Liabilities	25,812,416	22,295,025
	<u>Post Retirement Benefits</u>		
	Balance 1 July	19,978,516	21,524,707
	Contribution for the year	(800,557)	(826,186)
	Expenditure for the year	2,483,291	2,474,038
	Actuarial Loss/(Gain)	1,879,927	(3,194,043)
	Total post retirement benefits 30 June	23,541,177	19,978,516
	Less: Transfer of Current Portion	(926,974)	(735,792)
	Balance 30 June	22,614,203	19,242,724
	<u>Long Service Awards</u>		
	Balance 1 July	3,478,317	3,246,547
	Contribution for the year	(209,774)	(331,808)
	Expenditure for the year	503,723	560,472
	Actuarial Loss/(Gain)	(203,285)	3,106
	Total long service 30 June	3,568,981	3,478,317
	Less: Transfer of Current Portion	(401,161)	(455,250)
	Balance 30 June	3,167,820	3,023,067
	<u>Pension Murraysburg</u>		
	Balance 1 July	29,234	27,924
	Expenditure for the year	1,159	1,310
	Balance 30 June	30,393	29,234
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	23,486,067	24,799,178
	Contribution for the year	(1,010,331)	(1,157,994)
	Expenditure for the year	2,988,173	3,035,820
	Actuarial Loss/(Gain)	1,676,642	(3,190,937)
	Total employee benefits 30 June	27,140,551	23,486,067
	Less: Transfer of Current Portion	(1,328,135)	(1,191,042)
	Balance 30 June	25,812,416	22,295,025

4.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	57	64
In-service (employee) non-members	301	268
Continuation members (e.g. Retirees, widows, orphans)	26	23
Total Members	384	355

	2014 R	2013 R
The liability in respect of past service has been estimated to be as follows:		
In-service (employees) members	8,824,030	7,815,266
In-service (employees) non-members	2,666,600	1,997,976
Continuation (retirees and widows) members	12,050,547	10,165,274
Total Liability	23,541,177	19,978,516

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

4 EMPLOYEE BENEFITS (CONTINUE)	2014 R	2013 R
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
	2012 R	2011 R
	2012 R	2010 R
In-service members	8,183,241	4,234,313
Continuation members	2,080,071	8,826,987
Continuation (retirees and widows) members	11,261,395	
Total Liability	21,524,707	13,061,300

	2014 Rm	2013 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	1,004	(3,061)
Assets: Gain / (loss)	-	-

	2012 Rm	2011 Rm	2010 Rm
Experience adjustments were calculated as follows in respect of periods commencing prior to the comparative year:			
Liabilities: (Gain) / loss	1,678	1,785	-
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

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

LA Health;
Samwumed; and
Keyhealth.

The Municipality's Accrued Unfunded Liability at 30 June 2014 is estimated at R23 541 177. The Current-service Cost for the year ending 30 June 2014 is estimated at R783 017. It is estimated to be R793 176 for the ensuing year.

Key actuarial assumptions used:	2014 %	2013 %
i) Rate of interest		
Discount rate	8.93%	8.67%
Health Care Cost Inflation Rate	8.13%	7.60%
Net Effective Discount Rate	0.74%	1.00%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

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.

	2014 R	2013 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	23,541,177	19,978,516
Total Liability	23,541,177	19,978,516

The fund is wholly unfunded.

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

4	EMPLOYEE BENEFITS (CONTINUE)	2014	2013
		R	R
	Reconciliation of present value of fund obligation:		
	Present value of fund obligation at the beginning of the year	19,978,516	21,524,707
	Transfer from DMA (Murraysburg)	-	-
	Total expenses	1,682,734	1,647,852
	Current service cost	783,017	815,290
	Interest Cost	1,700,274	1,658,748
	Benefits Paid	(800,557)	(826,186)
	Actuarial (gains)/losses	1,879,927	(3,194,043)
	Present value of fund obligation at the end of the year	23,541,177	19,978,516
	Less: Transfer of Current Portion - Note 7	(926,974)	(735,792)
	Balance 30 June	22,614,203	19,242,724

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (R'000)	Continuation members liability (R'000)	Total liability (R'000)	% change
Central Assumptions	11,491	12,051	23,541	
Health care inflation 1%	13,879	13,405	27,284	16%
Health care inflation -1%	9,602	10,893	20,495	-13%
Discount Rate 1%	9,629	10,910	20,539	-13%
Discount Rate -1%	13,885	13,408	27,293	16%
Post-retirement mortality -1 year	11,900	12,539	24,439	4%
Average retirement age -1 year	12,290	12,051	24,341	3%
Withdrawal Rate -50%	7,989	12,051	20,039	-15%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		783,000	1,700,300	2,483,300	
Health care inflation 1%		974,600	1,979,100	2,953,700	19%
Health care inflation -1%		634,900	1,473,600	2,108,500	-15%
Post-retirement mortality -1 year		809,200	1,764,300	2,573,500	4%
Average retirement age -1 year		841,800	1,765,600	2,607,400	5%
Withdrawal Rate -50%		913,700	1,783,300	2,697,000	9%

4.2	Long Service Bonuses	2014	2013
		R	R

The Long Service Bonus plans are defined benefit plans. As at year end, 358 employees were eligible for Long Service Bonuses.

The Employer's Unfunded Accrued Liability at 30 June 2014 is estimated at R3 568 981. The Current-service Cost for the year ending 30 June 2014 is estimated at R264 427. It is estimated to be R283 215 for the ensuing year.

Key actuarial assumptions used:	2014	2013
	%	%
i) Rate of interest		
Discount rate	7.97%	7.35%
General Salary Inflation (long-term)	7.13%	6.80%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.79%	0.51%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

4 EMPLOYEE BENEFITS (CONTINUE)	2014 R	2013 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	3,568,981	3,478,317
Net liability/(asset)	3,568,981	3,478,317

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2012 R	2011 R	2010 R
Present value of fund obligations	3,246,547	2,902,880	1,740,386
Total Liability	3,246,547	2,902,880	1,740,386

Experience adjustments were calculated as follows:

	2014 R	2013 R
Liabilities: (Gain) / loss	(124,179)	(110,128)
Assets: Gain / (loss)	-	-

Experience adjustments were calculated as follows in respect of periods commencing prior to the comparative year:

	2012 Rm	2011 Rm	2010 Rm
Liabilities: (Gain) / loss	(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

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	3,478,317	3,246,547
Transfer from DMA (Murraysburg)	-	-
Total expenses	293,949	228,664
Current service cost	264,427	354,221
Interest Cost	239,296	206,251
Benefits Paid	(209,774)	(331,808)
Actuarial (gains)/losses	(203,285)	3,106
Present value of fund obligation at the end of the year	3,568,981	3,478,317
Less: Transfer of Current Portion - Note 7	(401,161)	(455,250)
Balance 30 June	3,167,820	3,023,067

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		3,569	
General salary inflation	1%	3,814	7%
General salary inflation	-1%	3,348	-6%
Discount Rate	1%	3,338	-6%
Discount Rate	-1%	3,830	7%
Average retirement age	-2 yrs	3,093	-13%
Average retirement age	2 yrs	4,184	17%
Withdrawal rates	-50%	4,207	18%

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.

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

4	EMPLOYEE BENEFITS (CONTINUE)	2014 R	2013 R	
4.3	Retirement funds			
	<u>CAPE RETIREMENT FUND</u>			
	The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 100.2% (30 June 2012 - 99.9%).			
	<u>CAPE JOINT PENSION FUND</u>			
	The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in an sound financial position with a funding level of 99.70% (30 June 2012 - 99.40%). 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 99.4% funding level.			
	<u>SALA PENSION FUND</u>			
	The contribution rate payable is 8.60% by members and 20.78% by Council. The last actuarial valuation performed for the year ended revealed that the fund is in an sound financial position with a funding level of 100% (30 June 2012 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.			
	<u>SAMWU PROVIDENT FUND</u>			
	The contribution rate payable is 7.50% by members and 18% by Council. The last actuarial valuation performed for the year ended revealed that the fund is in an sound financial position with a funding level of 100% (30 June 2012 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.			
5	NON-CURRENT PROVISIONS	2014 R	2013 R	
	Provision for Rehabilitation of Landfill-sites	5,676,153	5,337,039	
	Total Non-current Provisions	5,676,153	5,337,039	
	<u>Landfill Sites</u>	Notes		
	Balance 1 July	5,337,039	5,018,072	
	Balance previously reported		7,064,563	
	Correction of Error	38.05	(7,064,563)	
	Correction of Error	38.05	5,018,072	
	Increase in Estimate	87,835	91,848	
	Balance previously reported		-	
	Correction of Error	38.05	91,848	
	Unwinding of discounted interest	251,280	227,119	
	Balance previously reported		292,474	
	Correction of Error	38.05	(292,474)	
	Correction of Error	38.05	227,119	
	Total provision 30 June	5,676,153	5,337,039	
	Less: Transfer of Current Portion to Provisions	-	-	
	Balance 30 June	5,676,153	5,337,039	
	<u>Location</u>	<u>Estimated decommission date</u>	<u>Cost of rehabilitation</u>	
			<u>rehabilitation</u>	
			2014 R	
			2013 R	
	Beaufort West	2021	2,747,620	2,563,060
	Murraysburg	2024	1,168,235	1,108,220
	Nelspoort	2029	999,883	943,373
	Merweville	2021	760,416	722,387
			5,676,153	5,337,039
	Material Assumptions used			

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

5 NON-CURRENT PROVISIONS (CONTINUE)

Area of landfill site consumed	2012	2013	2014
Beaufort West	59.08%	61.17%	63.05%
Murraysburg	65.37%	66.37%	67.32%
Nelspoort	42.84%	44.33%	45.74%
Merweville	58.45%	60.24%	61.88%
		2014	2013
Discount Rate used		4.71%	4.71%

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

6 CONSUMER DEPOSITS

	2014 R	2013 R
Water & Electricity	1,138,815	1,159,826
Total Consumer Deposits	1,138,815	1,159,826

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7 CURRENT EMPLOYEE BENEFITS

	2014 R	2013 R
Current Portion of Post Retirement Benefits - Note 4	926,974	735,792
Current Portion of Long-Service Provisions - Note 4	401,161	455,250
Performance Bonuses	481,518	519,411
Bonuses	1,905,801	1,536,643
Staff Leave	4,016,026	3,909,245
Total Current Employee Benefits	7,731,480	7,156,341

The movement in current employee benefits are reconciled as follows:

Provision for Performance Bonuses

	2014	2013
Balance at beginning of year	519,411	486,961
Contribution to current portion	321,200	444,126
Expenditure incurred	(359,093)	(411,676)
Balance at end of year	481,518	519,411

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by an executive performance committee.

Bonuses

	2014	2013
Balance at beginning of year	1,536,643	1,726,842
Contribution to current portion	4,003,273	2,770,102
Expenditure incurred	(3,634,115)	(2,960,301)
Balance at end of year	1,905,801	1,536,643

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

	2014	2013
Balance at beginning of year	3,909,245	3,250,382
Contribution to current portion	540,012	1,100,689
Expenditure incurred	(433,231)	(441,826)
Balance at end of year	4,016,026	3,909,245

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.

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

8	PAYABLES FROM EXCHANGE TRANSACTIONS	2014 R	2013 R
	Trade Payables	14,888,153	20,843,901
	Deposits: Other	1,153,637	1,043,672
	Payments received in advance	399,232	668,313
	Receivable accounts with credit balances	2,503,674	2,370,144
	Pensionfund SALA	2,204,084	2,519,084
	Total Trade Payables	21,148,780	27,445,114

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.

9	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	2014 R	2013 R
	Unspent Grants	7,148,474	7,774,144
	National and Provincial Government Grants	7,148,474	7,774,144
	Less: Unpaid Grants	670,378	972,570
	National and Provincial Government Grants	670,378	972,570
	Total Conditional Grants and Receipts	6,478,096	6,801,574

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. Grants amounting to R482 929 were withheld.

9.01 Equitable share

Grants received	35,567,000	32,765,000
Conditions met - Operating	(35,567,000)	(32,765,000)
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.

9.02 National Grants

Opening balance	(686,641)	7,730,026
Grants received	18,790,000	34,377,674
Interest on investment (Only if condition)	22,551	8,911
Nett Transfers	-	(8,636,001)
Conditions met - Own Income	(1,425,174)	(2,338,860)
Conditions met - Operating	(8,810,022)	(12,931,041)
Conditions met - Capital	(3,453,353)	(18,897,351)
Conditions still to be met	4,437,361	(686,642)

National Grants received with conditions to be met.

9.03 Provincial Grants

Opening balance	7,234,787	4,857,015
Grants received	28,375,102	32,330,845
Interest on investment (Only if condition)	223,935	254,182
Conditions met - Own Income	(109,936)	(155,256)
Conditions met - Operating	(32,991,562)	(18,787,558)
Conditions met - Capital	(162,588)	(11,264,440)
Refund to Donor	(482,929)	-
Conditions still to be met	2,086,809	7,234,788

Provincial Grants received with conditions to be met.

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

9	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	2014 R	2013 R
9.04 Municipal Infrastructure Grant			
	Opening balance	-	131,034
	Grants received	20,353,270	21,437,001
	Nett Transfers	(75,111)	1
	Conditions met - Own Income	(2,480,878)	(337,821)
	Conditions met - Operating	(230,514)	(221,979)
	Conditions met - Capital	(17,732,344)	(21,008,234)
	Conditions still to be met	<u>(165,576)</u>	<u>2</u>
	Municipal Infrastructure Grant received with conditions to be met.		
9.05 Local Economic Development			
	Opening balance	31,341	29,862
	Interest on investment (Only if condition)	1,603	1,479
	Conditions still to be met	<u>32,944</u>	<u>31,341</u>
	Local Economic Development received with conditions to be met.		
9.06 Central Karoo District Municipality Funds			
	Opening balance	222,087	374,976
	Grants received	318,800	521,930
	Interest on investment (Only if condition)	318	294
	Conditions met - Operating	(454,651)	(675,113)
	Conditions still to be met	<u>86,554</u>	<u>222,087</u>
	Central Karoo District Municipality Funds received with conditions to be met.		
9.07 Public Contributions			
	Opening balance	-	376,304
	Grants received	137,136	578,533
	Interest on investment (Only if condition)	4,418	10,446
	Conditions met - Own Income	-	(813)
	Conditions met - Operating	(2,502)	(964,470)
	Conditions still to be met	<u>139,052</u>	<u>-</u>
	Public Contributions received with conditions to be met.		
9.08 Total Conditional Grants and Receipts			
	Opening balance	6,801,574	13,499,217
	Grants received	67,974,308	89,245,983
	Interest on investment (Only if condition)	252,826	275,312
	Nett Transfers	(75,111)	(8,636,000)
	Conditions met - Own Income	(4,015,989)	(2,832,750)
	Conditions met - Operating	(42,489,250)	(33,580,161)
	Conditions met - Capital	(21,348,285)	(51,170,025)
	Refund to Donor	(482,929)	-
	Conditions still to be met	<u>6,617,145</u>	<u>6,801,576</u>
	Total Conditional Grants and Receipts received with conditions to be met.		

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

10 UNSPENT PUBLIC CONTRIBUTIONS

Unspent Public Contribution

139,052

-

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.

11 TAXES

2014
R

2013
R

VAT

23,809

(49,149)

Provision for Debt Impairment of trade receivables from exchange transactions

4,035,789

3,514,387

4,059,598

3,465,238

VAT is payable on the payments basis. Only once payment is received from debtors is VAT paid over to SARS.

12 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

30 June 2014

	Opening Balance		Additions		Cost		Disposals/Impairments		Closing Balance		Opening Balance		Accumulated Depreciation		Carrying Value	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	50,656,889	1,990	-	-	50,656,879	952,071	172,030	-	1,124,101	49,534,778						
Land	35,144,955	-	-	-	35,144,955	-	-	-	1,124,101	35,144,955						
Buildings	15,511,934	1,990	-	-	15,513,924	952,071	172,030	-	1,124,101	14,389,823						
Infrastructure	328,451,398	13,082,861	12,539,917	-	354,074,176	43,614,659	10,242,845	-	53,857,304	300,216,872						
Stormwater Network	38,638,238	1,861,759	41,370	-	40,541,367	6,837,612	1,505,755	-	8,343,368	32,197,999						
Road Network	113,738,678	1,808,346	2,326,947	-	117,873,971	15,634,058	3,188,089	-	18,822,147	99,051,824						
Sanitation Network	51,990,534	1,139,503	4,461,047	-	57,591,084	5,077,776	1,614,818	-	6,692,594	50,898,491						
Electricity Network	66,193,411	5,867,303	3,069,244	-	75,229,958	3,362,722	1,776,033	-	7,140,755	68,089,203						
Water Network	56,628,422	2,305,950	2,181,371	-	61,115,743	10,412,459	2,105,818	-	12,516,277	48,599,466						
Refuse Network	1,292,115	-	459,938	-	1,752,053	290,033	50,131	-	340,164	1,411,889						
Community Assets	17,365,713	644,569	-	-	18,010,282	1,399,826	439,376	-	1,839,202	16,171,079						
Taxi Rank	252,000	-	-	-	252,000	15,101	2,468	-	17,569	234,431						
Museum	-	-	-	-	-	-	-	-	-	-						
Cemeteries	17,200	-	-	-	17,200	1,030	168	-	1,198	16,002						
Community centres	9,686,383	-	-	-	9,686,383	849,293	280,332	-	1,128,625	8,566,758						
Recreation sites	6,852,652	644,569	-	-	7,497,221	500,217	150,411	-	650,628	6,846,593						
Libraries	557,477	-	-	-	557,477	34,185	5,997	-	40,182	517,295						
Lease Assets	4,457,040	4,093,249	-	-	8,550,289	2,000,952	1,546,485	-	1,365,030	5,002,852						
Office Equipment (Lease)	628,150	247,737	-	-	875,887	250,490	108,054	-	280,437	517,343						
Vehicles (Lease)	3,828,890	3,845,512	-	-	7,674,402	1,750,462	1,438,431	-	1,084,593	4,465,509						
Other Assets	16,798,798	821,851	-	-	17,620,649	7,060,007	1,195,200	-	7,715,537	9,343,599						
Computer hardware	2,362,542	197,439	-	-	2,559,981	1,226,561	167,394	-	1,390,954	1,169,027						
Air conditioners	559,366	38,377	-	-	597,743	332,085	29,774	-	361,859	235,886						
Chairs	284,164	15,479	-	-	299,643	191,696	11,744	-	203,440	96,203						
Concrete Mixer	11,938	-	-	-	11,938	9,017	325	-	9,342	2,596						
Desks & Tables	322,173	6,350	-	-	328,523	202,738	12,833	-	215,571	112,952						
Compactors	30,731	-	-	-	30,731	23,774	949	-	24,823	6,108						
Compressors	218,751	-	-	-	218,751	44,755	10,146	-	54,901	163,850						
Tools	798,059	265,972	-	-	1,064,031	385,486	55,936	-	421,422	642,609						
Electronic Equipment	690,004	157,920	-	-	847,924	372,915	42,360	-	415,275	432,549						
Fire Brigade Equipment	138,990	-	-	-	138,990	23,430	6,456	-	28,886	109,104						
Lawn Equipment	290,475	10,115	-	-	300,590	183,973	12,595	-	196,568	104,022						
Trucks/LDV	6,438,972	-	-	-	6,438,972	5,933,254	532,175	-	2,288,106	3,705,068						
Motor Vehicles	552,836	13,154	-	-	565,990	372,815	70,432	-	201,215	299,999						
Office Equipment	557,825	-	-	-	557,825	171,239	(40,456)	-	380,106	156,700						
Office Furniture	636,276	58,015	-	-	694,291	439,302	45,415	-	484,717	409,574						
Trailers	406,922	7,320	-	-	414,242	266,926	99,495	-	283,195	131,047						
Tractors	1,456,524	-	-	-	1,456,524	264,866	99,495	-	344,882	1,091,632						
Toolbox	332,788	27,526	-	-	360,314	140,609	23,450	-	164,059	196,255						
Gym Equipment	116,803	-	-	-	116,803	66,891	4,472	-	71,363	45,440						
Generators	187,130	-	-	-	187,130	51,446	8,277	-	59,723	127,407						
Radio Equipment	225,627	24,284	-	-	249,911	127,747	16,493	-	144,240	105,671						
Total	417,729,838	18,644,520	12,539,917	(2,743,920)	446,170,355	55,027,515	19,596,736	(2,722,077)	66,901,174	380,269,181						

12 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

30 June 2013

	Opening Balance		Additions		Transfers/MIP		Disposals/Impairments		Closing Balance		Opening Balance		Accumulated Depreciation		Closing Balance		Carrying Value		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings																			
Land	50,855,039	-	-	-	-	(198,150)	-	-	777,115	50,656,889	777,115	-	174,956	-	952,071	49,704,818			
Buildings	35,343,105	-	-	-	-	(198,150)	-	-	777,115	35,144,955	777,115	-	174,956	-	952,071	35,144,955			
	15,511,934	-	-	-	-	-	-	-	-	15,511,934	-	-	-	-	-	14,559,863			
	276,574,688	51,876,710	-	-	-	-	-	-	33,245,926	324,451,398	33,245,926	-	10,368,733	-	43,614,659	284,836,739			
Infrastructure																			
Stormwater Network	84,914,816	3,723,422	-	-	-	-	-	-	5,348,275	38,638,238	12,399,788	-	1,489,937	-	6,837,612	31,800,626			
Road Network	82,286,508	31,472,170	-	-	-	-	-	-	11,738,678	113,796,978	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	3,424,368	-	1,593,408	-	5,077,776	46,882,789			
Electricity Network	53,371,181	12,822,230	-	-	-	-	-	-	66,193,411	3,596,855	3,596,855	-	1,755,867	-	5,382,722	60,830,689			
Water Network	53,699,743	2,828,679	-	-	-	-	-	-	56,628,422	8,241,697	8,241,697	-	2,170,762	-	10,412,459	46,215,963			
Refuse Network	918,223	373,892	-	-	-	-	-	-	234,944	1,292,115	234,944	-	55,089	-	290,033	1,002,082			
	20,315,890	209,823	-	-	-	-	-	-	17,365,713	1,095,408	17,365,713	-	493,774	(189,356)	1,399,826	15,965,886			
Community Assets																			
Taxi Rank	252,000	-	-	-	-	-	-	-	12,607	252,000	12,607	-	2,494	-	15,101	236,899			
Museum	3,160,000	-	-	-	-	-	-	-	156,086	3,160,000	156,086	-	31,270	(189,356)	-	-			
Camelaries	17,200	-	-	-	-	-	-	-	17,200	-	17,200	-	170	-	1,030	16,170			
Community centres	9,686,383	-	-	-	-	-	-	-	553,326	9,686,383	553,326	-	295,967	-	849,293	8,837,090			
Recreation sites	6,842,829	209,823	-	-	-	-	-	-	6,852,652	342,441	342,441	-	157,776	-	500,217	6,352,435			
Libraries	557,477	-	-	-	-	-	-	-	557,477	-	28,088	-	6,097	-	34,185	523,292			
	4,652,316	1,883,024	-	-	-	-	-	-	3,079,020	4,457,040	3,079,020	-	1,000,232	(2,078,300)	2,000,952	2,455,068			
Lease Assets																			
Office Equipment (Lease)	339,187	288,963	-	-	-	-	-	-	142,325	628,150	142,325	-	108,165	-	250,490	377,660			
Vehicles (Lease)	4,313,129	1,594,061	-	-	-	-	-	-	3,828,890	3,828,890	2,936,895	-	892,067	(2,078,300)	1,750,462	2,078,428			
	16,578,118	226,843	-	-	-	-	-	-	16,798,798	16,798,798	6,299,068	-	765,783	(4,844)	7,060,007	9,738,791			
Other Assets																			
Computer hardware	2,250,103	107,439	-	-	-	(5,000)	-	-	1,067,401	2,362,542	1,067,401	-	162,889	(3,729)	1,226,561	1,135,981			
Air conditioners	559,368	-	-	-	-	-	-	-	297,963	34,122	34,122	-	34,122	-	332,085	227,283			
Chairs	282,002	2,162	-	-	-	-	-	-	180,147	284,164	180,147	-	11,549	-	191,696	92,468			
Concrete Mixer	319,287	-	-	-	-	-	-	-	8,652	11,938	8,652	-	365	-	9,017	2,921			
Desks & Tables	30,731	2,886	-	-	-	-	-	-	188,784	322,173	188,784	-	13,954	-	202,738	119,435			
Compactors	218,751	-	-	-	-	-	-	-	22,803	30,731	22,803	-	971	-	23,774	6,957			
Compressors	764,167	33,892	-	-	-	-	-	-	33,912	218,751	33,912	-	10,843	-	44,755	173,996			
Tools	650,818	40,349	-	-	-	(1,163)	-	-	316,511	788,059	316,511	-	48,975	-	365,486	432,573			
Electronic Equipment	138,990	-	-	-	-	-	-	-	339,341	690,004	339,341	-	34,689	(1,115)	372,915	317,089			
Fire Brigade Equipment	290,475	-	-	-	-	-	-	-	16,506	138,990	16,506	-	8,824	-	23,430	115,560			
Lawn Equipment	6,438,972	-	-	-	-	-	-	-	171,325	290,475	171,325	-	12,846	-	183,973	106,502			
Trucks/LDV	532,836	-	-	-	-	-	-	-	1,990,981	6,438,972	1,990,981	-	201,025	-	2,192,006	4,286,966			
Motor Vehicles	547,396	10,429	-	-	-	-	-	-	154,065	532,836	154,065	-	17,174	-	171,239	361,597			
Office Equipment	818,990	17,286	-	-	-	-	-	-	345,646	557,825	345,646	-	27,169	-	372,815	185,010			
Office Furniture	406,922	-	-	-	-	-	-	-	392,517	836,276	392,517	-	46,785	-	439,302	396,974			
Trailers	1,466,524	-	-	-	-	-	-	-	248,955	406,922	248,955	-	18,671	-	266,926	139,956			
Trackers	332,788	-	-	-	-	-	-	-	202,383	1,466,524	202,383	-	62,213	-	264,596	1,191,928			
Toolbox	116,803	-	-	-	-	-	-	-	113,761	332,788	113,761	-	26,848	-	140,609	192,179			
Gym Equipment	187,130	-	-	-	-	-	-	-	61,905	116,803	61,905	-	8,886	-	66,891	49,912			
Generators	213,127	12,400	-	-	-	-	-	-	187,130	187,130	187,130	-	8,878	-	51,446	135,684			
Radio Equipment	368,976,051	54,196,400	-	-	-	(2,282,613)	-	-	113,642	225,527	113,642	-	14,105	-	127,747	97,780			
	368,976,051	54,196,400	-	-	-	(2,282,613)	-	-	44,496,537	417,729,838	44,496,537	-	12,803,478	(2,272,600)	55,027,515	362,702,323			

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

12	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	2014 R	2013 R
	Carrying value of assets retired from active use and held for disposal:		
	Cost	-	-
	Land and Buildings	-	-
	Accumulated depreciation	-	-
	Land and Buildings	-	-
	Carrying value	-	-
	Impairment of property plant and equipment		
	Impairment charges on Property, plant and equipment recognised in statement of financial performance		
	Lease Assets	-	-
	Other	-	-
		-	-

The effect of a change in accounting estimate will have on the current period and subsequent periods:

	2014 R	2015 R	2016 R
Effect on Property, plant and equipment	330,745	330,745	276,730

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.

13	INVESTMENT PROPERTY	2014 R	2013 R
	Net Carrying amount at 1 July	9,690,469	9,969,740
	Cost	11,609,924	11,609,924
	Accumulated Depreciation	(1,919,455)	(1,640,184)
	Depreciation for the year	(279,272)	(279,271)
	Net Carrying amount at 30 June	9,411,197	9,690,469
	Cost	11,609,924	11,609,924
	Accumulated Depreciation	(2,198,727)	(1,919,455)
	Revenue derived from the rental of investment property:		
	Sanlam Building	191,374	192,446
	Operating expenditure incurred on properties generating revenue	25,642	10,539

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 2014

14 INTANGIBLE ASSETS	2014 R	2013 R
Computer System & Software		
Net Carrying amount at 1 July	334,581	433,721
Cost	1,049,204	1,041,845
Accumulated Amortisation	(714,623)	(608,124)
Acquisitions	24,809	7,359
Amortisation for the year	(90,620)	(106,499)
Net Carrying amount at 30 June	268,770	334,581
Cost	1,074,013	1,049,204
Accumulated Amortisation	(805,243)	(714,623)

The following material intangible assets are included in the carrying value above

<u>Description</u>	<u>Remaining Amortisation Period</u>	Carrying Value	
		2014 R	2013 R
Sebata System	3	238,943	318,737

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

15 CAPITALISED RESTORATION COST	2014 R	2013 R
Net Carrying amount at 1 July	1,744,746	1,827,758
Cost	2,565,251	2,473,403
Balance previously reported		2,505,396
Correction of Error	38.06	(2,505,396)
Correction of Error	38.06	2,473,403
Accumulated Depreciation	(721,672)	(558,028)
Balance previously reported		(1,088,885)
Correction of Error	38.06	1,088,885
Correction of Error	38.06	(558,028)
Accumulated Impairments	(98,833)	(87,617)
Balance previously reported		(71,295)
Correction of Error	38.06	71,295
Correction of Error	38.06	(87,617)
Additions	87,835	91,848
Balance previously reported		-
Correction of Error	38.06	91,848
Depreciation for the year	(172,950)	(163,644)
Balance previously reported		(77,719)
Correction of Error	38.06	77,719
Correction of Error	38.06	(163,644)
Impairment - Note	4,371	(11,216)
Balance previously reported		(18,356)
Correction of Error	38.06	18,356
Correction of Error	38.06	(11,216)
Net Carrying amount at 30 June	1,664,002	1,744,746
Cost	2,653,085	2,565,251
Accumulated Depreciation	(894,623)	(721,672)
Accumulated Impairments	(94,461)	(98,833)

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
16 HERITAGE ASSETS		
Net Carrying amount at 1 July	2,970,644	-
Transfers from Property, Plant and equipment	-	2,970,644
Net Carrying amount at 30 June	2,970,644	2,970,644
<p>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.</p>		
17 LONG-TERM RECEIVABLES		
Housing Loans	510,743	554,859
Receivables with arrangements	4,387,459	3,400,933
Less: Current portion transferred to Trade and other receivables from exchange transactions	(1,221,615)	(2,334,285)
	3,676,587	1,621,507
Less: Provision for Debt Impairment	-	-
Total Long Term Receivables	3,676,587	1,621,507
<p>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.</p>		
<p>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.</p>		
18 INVENTORY		
Consumable Stores - Stationery and materials - At cost	2,734,031	3,101,494
Water - at cost	57,419	64,409
Total Inventory	2,791,450	3,165,903
Consumable stores materials written down due to losses as identified during the annual stores counts.	413	26,064
Consumable stores materials surplusses identified during the annual stores counts.	4,263	35,078
<p>No inventory assets were pledged as security for liabilities.</p>		
19 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Service Receivables		
Water	4,032,531	2,904,579
Electricity	6,703,596	5,392,199
Housing Rentals	96,734	107,275
Refuse	6,215,193	4,963,549
Sewerage	8,915,638	6,458,247
Total Service Receivables	25,963,692	19,825,849
Less: Provision for Debt impairment	(17,443,841)	(13,283,318)
Net Service Receivables	8,519,851	6,542,531
Other Receivables		
Other Arrears	19,847,609	22,886,315
Total Other Receivables	19,847,609	22,886,315
Less: Provision for Debt Impairment	(15,419,014)	(15,333,831)
Net Other Receivables	4,428,595	7,552,484
Total Net Receivables from Exchange Transactions	12,948,446	14,095,015
<p>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.</p>		

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

19	TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)	2014 R	2013 R
	Ageing of Receivables from Exchange Transactions		
	<u>(Electricity): Ageing</u>		
	Current (0 - 30 days)	4,354,590	3,625,373
	31 - 60 Days	384,762	161,078
	61 - 90 Days	216,579	47,729
	+ 90 Days	1,747,665	1,558,019
	Total	6,703,596	5,392,199
	<u>(Water): Ageing</u>		
	Current (0 - 30 days)	925,824	954,256
	31 - 60 Days	254,843	178,572
	61 - 90 Days	285,400	136,832
	+ 90 Days	2,566,464	1,634,919
	Total	4,032,531	2,904,579
	<u>(Refuse): Ageing</u>		
	Current (0 - 30 days)	514,107	458,552
	31 - 60 Days	248,405	185,925
	61 - 90 Days	227,053	171,262
	+ 90 Days	5,225,628	4,147,810
	Total	6,215,193	4,963,549
	<u>(Sewerage): Ageing</u>		
	Current (0 - 30 days)	955,895	835,803
	31 - 60 Days	365,817	271,585
	61 - 90 Days	330,109	245,584
	+ 90 Days	7,263,817	5,105,275
	Total	8,915,638	6,458,247
	<u>(Housing Rentals Debtors): Ageing</u>		
	Current (0 - 30 days)	5,819	5,864
	31 - 60 Days	2,615	1,393
	61 - 90 Days	1,960	1,393
	+ 90 Days	86,340	98,625
	Total	96,734	107,275
	<u>(Other Debtors): Ageing</u>		
	Current (0 - 30 days)	1,093,898	555,590
	31 - 60 Days	630,250	196,836
	61 - 90 Days	326,270	147,306
	+ 90 Days	17,797,191	21,986,583
	Total	19,847,609	22,886,315
20	OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2014 R	2013 R
	<u>Service Receivables</u>		
	Taxes - Rates	5,724,720	6,418,938
	Other Receivables	32,882,944	6,761,311
	Total Service Receivables	38,607,664	13,180,249
	Less: Provision for Debt Impairment	(27,106,862)	(4,300,688)
	Total Net Receivables from Non-Exchange Transactions	11,500,801	8,879,561
	Ageing of Receivables from Non-Exchange Transactions		
	<u>(Rates): Ageing</u>		
	Current (0 - 30 days)	1,194,606	1,046,177
	31 - 60 Days	328,898	1,465,551
	61 - 90 Days	310,669	164,699
	+ 90 Days	3,890,547	3,742,511
	Total	5,724,720	6,418,938

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

20	OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUE)	2014 R	2013 R
	<u>(Other Receivables): Ageing</u>		
	Current (0 - 30 days)	-	-
	31 - 60 Days	-	-
	61 - 90 Days	-	-
	+ 90 Days	32,882,944	6,761,311
	Total	32,882,944	6,761,311

<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
2014				
Total Receivables	83,092,838	-	1,326,127	84,418,965
Less: Provision for doubtful debts	(59,969,717)	-	-	(59,969,717)
Total Recoverable debtors by customer classification	23,123,121	-	1,326,127	24,449,248

<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
2013				
Total Receivables	55,339,378	-	553,035	55,892,413
Less: Provision for doubtful debts	(32,917,837)	-	-	(32,917,837)
Total Recoverable debtors by customer classification	22,421,541	-	553,035	22,974,576

Trade and other receivables impaired

2014	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	(32,862,855)	(27,106,862)	(59,969,717)
2013			
Total	(28,617,149)	(4,300,688)	(32,917,837)

Debts on rates 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

	2014 R	2013 R
Balance at beginning of the year	32,917,840	32,285,048
Contributions to provision	27,426,048	8,000,132
VAT Contributions to provision	521,402	83,450
Additional interest/corrections transferred to/from provision	-8,357,552	11,189
Doubtful debts written off against provision	7,461,979	(7,461,979)
Balance at end of year	59,969,717	32,917,840

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 2014

		2014 R	2013 R
21	OPERATING LEASE ARRANGEMENTS		
21.1	The Municipality as Lessee		
	Balance on 1 July	-	547
	Operating Lease Liability for the current year	-	(547)
	Balance on 30 June	<u>-</u>	<u>-</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	-	-
	Total Operating Lease Arrangements	<u>-</u>	<u>3,600</u>
21.2	The Municipality as Lessor		
	Notes		
	Balance on 1 July	11,821	11,535
	Operating Lease Asset for the current year	(1,813)	286
	Balance Previously Reported		1,108
	Correction of error	38.02	(822)
	Balance on 30 June	<u>10,008</u>	<u>11,821</u>
	Beaufort West Municipality is leasing land to rate payers for periods of 36 to 119 months with escalations of 10% per year.		
		2014 R	2013 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	243,900	285,020
	1 to 5 Years	326,317	199,460
	More than 5 Years	158,386	160,184
	Total Operating Lease Arrangements	<u>728,603</u>	<u>644,664</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		
22	CASH AND CASH EQUIVALENTS		
	Assets		
	Call Investments Deposits	9,332,328	16,811,803
	Primary Bank Account	-	1,273,546
	Cash Floats	12,070	12,330
	Total Cash and Cash Equivalents - Assets	<u>9,344,398</u>	<u>18,097,679</u>
	Liabilities		
	Primary Bank Account	(3,754,500)	-
	Total Cash and Cash Equivalents - Liabilities	<u>(3,754,500)</u>	<u>-</u>
	Call Investments Deposits to an amount of R7 287 528 are held to fund the Unspent Conditional Grants (2013: R7 774 144).		
	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 2014

22	CASH AND CASH EQUIVALENTS (CONTINUE)	2014	2013
		R	R
	The municipality has the following bank account:		
	<u>Current Account</u>		
	<i>Beaufort West ABSA - Account Number 40 5053 8936 (Primary Account):</i>		
	Cash book balance at beginning of year	1,273,546	(3,660,114)
	Cash book balance at end of year	<u>(3,754,500)</u>	<u>1,273,546</u>
	Bank statement balance at beginning of year	2,925,478	575,400
	Bank statement balance at end of year	<u>2,151,835</u>	<u>2,925,478</u>

Call Investment Deposits

Call investment deposits consist out of the following accounts:

Investec	2,743,193	6,374,013
ABSA	2,786,780	7,165,527
Standard Bank	334,603	1,739,356
Nedbank	3,467,757	1,532,927
	<u>9,332,333</u>	<u>16,811,823</u>

23 **PROPERTY RATES**

Actual

Rateable Land and Buildings	25,229,135	23,829,866
Residential, Commercial Property, State	<u>25,229,135</u>	<u>23,829,866</u>
Less: Rebates	<u>(2,436,905)</u>	<u>(2,184,339)</u>
Total Assessment Rates	<u>22,792,230</u>	<u>21,645,527</u>

Valuations on 1 July 2013:

	2014
	R
Residential	1,081,471,237
Commercial	253,591,100
Governments	72,862,150
Schools	43,501,100
PSI	40,976,097
Non profitable	80,774,570
Exemptions (Municipal)	207,958,061
Agricultural	1,686,056,802
Vacant Erven	55,000
Building Clause	9,429,728
Total Property Valuations	<u>3,476,675,845</u>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. 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 2014

24	GOVERNMENT GRANTS AND SUBSIDIES	2014 R	2013 R
	Unconditional Grants	35,567,000	32,765,000
	Equitable Share - Refer to Note 24.1	35,567,000	32,765,000
	Conditional Grants	63,837,531	84,750,185
	Municipal Infrastructure Grant	17,732,343	21,008,234
	Finance Management Grant	1,549,058	1,322,133
	Department of Water Affairs and Forestry	-	185,687
	Department of Mineral and Energy	8,737,286	21,195,621
	Municipal System Improvement Grant	857,071	800,000
	Public Transport Infrastructure Program (PTIP)	13,482	-
	Provincial Administration Western Cape (PAWC)	32,839,014	29,673,393
	Development Bank of South Africa	-	371,889
	Neighbourhood Development Programme (NDP)	230,514	221,979
	Donations and Public Contributions	2,502	588,667
	Disaster Fund	-	3,912
	Job Creation	454,650	511,973
	Expended Public Works Program National (EPWP)	1,093,379	1,473,752
	Neighbourhood Development Program Capital (NDP)	-	6,291,602
	Regional Bulk Infrastructure Grant : Capital (RBIG)	26,581	722,737
	Community Development Workers	301,651	378,606
	Total Government Grants and Subsidies	99,404,531	117,515,185
	Government Grants and Subsidies - Capital	21,348,285	51,170,025
	Government Grants and Subsidies - Operating	78,056,246	66,345,163
		99,404,531	117,515,188
	Revenue recognised per vote as required by Section 123 (c) of the MFMA		
	Executive & Council	22,192,164	34,204,774
	Budget & Treasury	4,646,728	1,604,358
	Planning & Development	290,514	232,044
	Community & Social Services	3,675,040	3,819,179
	Housing	28,790,936	15,239,051
	Sport & Recreation	844,212	209,823
	Waste Management	888,057	1,022,326
	Waste Water Management	6,388,541	7,279,641
	Road Transport	7,540,295	27,694,309
	Water	9,088,167	4,201,779
	Electricity	15,059,877	22,007,901
		99,404,531	117,515,188

The municipality does not expect any significant changes to the level of grants.

24.1 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 9 for a reconciliation of all grants.

25 SERVICE CHARGES

Electricity	56,620,589	51,717,984
Service Charges - Electricity	59,505,650	54,382,735
Less: Rebates	(2,885,061)	(2,664,751)
Water	12,149,823	11,493,073
Service Charges - Water	19,048,372	18,676,995
Less: Rebates	(6,898,549)	(7,183,922)
Refuse removal	5,598,121	5,205,292
Service Charges - Refuse	6,307,318	5,714,134
Less: Rebates	(709,197)	(508,842)
Sewerage and Sanitation Charges	10,730,841	9,886,067
Service Charges - Sewerage	12,889,262	11,718,247
Less: Rebates	(2,158,421)	(1,832,180)
Other Service Charges	-	-
Total Service Charges	85,099,374	78,302,416

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 2014

26	OTHER REVENUE	2014 R	2013 R
	Insurance excess revenue	141,022	174,390
	VAT portion of Grants that the Municipality may recognized as own income	3,848,605	2,676,617
	Selling of burial sites	168,432	167,439
	Subsidies	23,377	51,621
	Fees: swimming pool	82,209	143,155
	Commission on insurances	93,091	82,762
	Re-connections	61,309	57,870
	Building plans	95,591	67,516
	Sale of land	199,338	20,798
	Reversal: Impairment	4,371	-
	Other income represents sundry income such as administration income, sale of sand and photocopies.	428,698	393,670
	Total Other Income	5,146,043	3,835,838
27	EMPLOYEE RELATED COSTS		
	Standby Allowances	1,176,001	773,927
	Housing Subsidy	246,105	252,182
	Bonus	4,003,276	3,214,232
	Essential Users	1,163,148	867,612
	Overtime	3,268,436	2,319,076
	Long Service Awards	12,000	12,000
	Salaries	43,460,190	38,948,667
	Acting Allowance	2,189,981	1,144,989
	Uniform Allowance	57,120	43,227
	Leave Reserve Fund	540,012	1,100,925
	Transport Allowance	404,675	472,192
	Group Insurance	54,618	57,246
	Medical Aid Contribution	1,177,668	1,120,023
	Provident Fund SAMWU	623,397	630,923
	Pension Fund Contribution	6,003,064	8,019,042
	Occupational Health/Safety	61,555	101,591
	Unemployment Fund	415,081	361,405
	Long Service Bonus	264,427	354,221
	Post Retirement Medical	783,017	815,290
	Total Employee Related Costs	65,903,771	60,608,770
	KEY MANAGEMENT PERSONNEL		
	Director Community Services, Municipal Manager are appointed on a 5-year fixed contracts and the Director Finance and Director Corporate Services were vacant at 30 June 2014. There are no post-employment or termination benefits payable to them at the end of the contract period.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	<i>Remuneration of the Municipal Manager: J Booysen</i>		
	Annual Remuneration	818,150	773,369
	Performance Bonuses	-	102,221
	Car Allowance	120,000	119,850
	Contributions, Medical and Pension Funds	89,857	115,593
	Total	1,028,007	1,111,033
	<i>Remuneration of the Director Financial Services: D Louw (Till 31 August 2012)</i>		
	Annual Remuneration	-	91,582
	Performance Bonuses	-	59,474
	Car Allowance	-	17,771
	Contributions, Medical and Pension Funds	-	57,909
	Total	-	226,736
	<i>Remuneration of the Director Electrical Services: RE van Staden</i>		
	Annual Remuneration	553,908	568,099
	Performance Bonuses	-	70,597
	Car Allowance	72,000	72,000
	Contributions, Medical and Pension Funds	143,962	205,838
	Total	769,870	916,535
	<i>Remuneration of the Director Community Services: AC Makendiana</i>		
	Annual Remuneration	661,200	693,926
	Performance Bonuses	-	59,474
	Car Allowance	60,000	60,000
	Contributions, Medical and Pension Funds	362,923	59,382
	Total	1,084,123	872,781

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

27	EMPLOYEE RELATED COSTS (CONTINUE)	2014 R	2013 R
	<i>Remuneration of the Director Engineering Services: JCL Smit</i>		
	Annual Remuneration	595,401	559,473
	Performance Bonuses	-	75,367
	Car Allowance	72,000	72,000
	Contributions, Medical and Pension Funds	117,961	100,037
	Total	785,362	806,877
	<i>Remuneration of the Director Corporate Services: NE Mfundisi</i>		
	Annual Remuneration	152,405	436,755
	Performance Bonuses	-	44,544
	Car Allowance	24,000	71,892
	Contributions, Medical and Pension Funds	82,829	98,650
	Total	259,234	651,842
28	REMUNERATION OF COUNCILLORS		
	<i>Remuneration of Councillor: H.T. Prince</i>		
	Annual Remuneration	382,012	386,452
	Telephone Allowance	21,868	20,524
	Travelling	158,670	133,834
	Pension	56,421	55,604
	Medical	37,850	24,022
	Total	656,821	620,437
	<i>Remuneration of Councillor: S.M. Motsoane</i>		
	Annual Remuneration	332,519	312,997
	Telephone Allowance	21,868	20,624
	Travelling	126,936	119,983
	Pension	48,291	46,950
	Medical	-	-
	Total	529,614	500,554
	<i>Remuneration of Councillor: G.P. Adolph</i>		
	Annual Remuneration	357,009	337,451
	Telephone Allowance	21,802	20,624
	Travelling	119,003	112,484
	Pension	-	-
	Medical	-	-
	Total	497,814	470,559
	<i>Remuneration of Councillor: J. Bostander</i>		
	Annual Remuneration	124,696	108,032
	Telephone Allowance	22,403	13,204
	Travelling	47,601	44,994
	Pension	18,109	17,607
	Medical	-	-
	Total	212,809	183,836
	<i>Remuneration of Councillor: M. Furmen</i>		
	Annual Remuneration	190,405	179,974
	Telephone Allowance	22,403	13,204
	Travelling	-	-
	Pension	-	-
	Medical	-	-
	Total	212,808	193,178
	<i>Remuneration of Councillor: G. De Vos</i>		
	Annual Remuneration	142,804	134,980
	Telephone Allowance	22,403	13,204
	Travelling	47,601	44,994
	Pension	-	-
	Medical	-	-
	Total	212,808	193,178
	<i>Remuneration of Councillor: P.A. Jacobs</i>		
	Annual Remuneration	55,584	312,999
	Telephone Allowance	3,559	20,524
	Travelling	21,156	119,983
	Pension	7,884	46,953
	Medical	-	-
	Total	88,183	500,459

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

27	EMPLOYEE RELATED COSTS (CONTINUE)	2014 R	2013 R
	<i>Remuneration of Councillor: A.M. Slabbert</i>		
	Annual Remuneration	142,804	136,003
	Telephone Allowance	22,403	13,296
	Travelling	47,601	45,335
	Pension	-	-
	Medical	-	-
	Total	212,808	194,634
	<i>Remuneration of Councillor: D.E. Welgemoed</i>		
	Annual Remuneration	124,695	118,663
	Telephone Allowance	22,403	13,296
	Travelling	47,601	45,335
	Pension	18,109	17,340
	Medical	-	-
	Total	212,808	194,634
	<i>Remuneration of Councillor: A.D. Willems</i>		
	Annual Remuneration	142,804	136,003
	Telephone Allowance	22,403	13,296
	Travelling	47,601	45,335
	Pension	-	-
	Medical	-	-
	Total	212,808	194,634
	<i>Remuneration of Councillor: G.T. Murray</i>		
	Annual Remuneration	190,405	181,338
	Telephone Allowance	22,403	13,296
	Travelling	-	-
	Pension	-	-
	Medical	-	-
	Total	212,808	194,634
	<i>Remuneration of Councillor: R. vd Linde</i>		
	Annual Remuneration	142,804	136,003
	Telephone Allowance	22,403	13,296
	Travelling	47,601	45,335
	Pension	-	-
	Medical	-	-
	Total	212,808	194,634
	<i>Remuneration of Councillor: L. Deyce</i>		
	Annual Remuneration	166,260	152,389
	Telephone Allowance	22,403	13,204
	Travelling	-	23,475
	Pension	24,145	-
	Medical	-	-
	Total	212,808	189,067
	<i>Remuneration of Councillor: E.A.J. Beyers</i>		
	Annual Remuneration	153,828	-
	Telephone Allowance	2,949	-
	Travelling	-	-
	Pension	20,203	-
	Medical	-	-
	Total	176,980	-

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
27 EMPLOYEE RELATED COSTS (CONTINUE)		
<i>Total Remuneration of Councillors</i>		
Annual Remuneration	2,648,627	2,633,284
Telephone Allowance	273,672	201,592
Travelling	711,371	781,086
Pension	193,163	184,453
Medical	37,850	24,022
Total	3,864,683	3,824,437
Executive Mayor	382,012	389,863
Deputy Executive Mayor	52,562	315,728
Speaker	332,519	315,726
Mayoral Committee Members	357,009	340,009
Councillors	1,509,166	1,333,670
Councillors' pension contribution	193,163	207,928
Councillors' medical aid	61,481	49,944
Councillors' car allowance	711,371	770,972
Telephone Allowance	265,400	100,597
Total Councillors' Remuneration	3,864,683	3,824,437
<i>In-kind Benefits</i>		
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.		
29 DEBT IMPAIRMENT		
Trade Receivables from exchange transactions - Note 19	21,024,029	6,954,921
Trade Receivables from non-exchange transactions - Note 19	6,402,019	1,045,211
Total Contribution to Impairment Provision	27,426,048	8,000,132
30 Depreciation and Amortisation		
Depreciation PPE	13,595,736	12,803,478
Depreciation Investment Properties	279,272	279,271
Depreciation Capitalised Restoration Cost	172,950	163,644
Amortisation	90,620	106,499
Total depreciation and amortisation expenditure	14,138,579	13,352,892
31 IMPAIRMENTS		
Capitalised Restoration Cost	-	11,216
Total Impairments	-	11,216
32 REPAIRS AND MAINTENANCE		
Repairs and maintenance expenditure per vote		
Executive & Council	3,631	255
Budget & Treasury	341,005	103,196
Corporate Services	1,022,096	588,379
Planning & Development	130,653	137,989
Community & Social Services	497,731	364,494
Housing	267,569	88,492
Public Safety	571,849	855,009
Sport & Recreation	1,678,024	1,150,604
Waste Management	2,075,144	1,239,416
Waste Water Management	454,553	481,835
Road Transport	3,245,667	2,766,607
Water	2,436,173	2,015,066
Electricity	4,981,553	1,450,224
Total repairs and maintenance expenditure	17,705,648	11,241,566
33 FINANCE CHARGES		
Long-term Liabilities	1,785,723	1,899,271
Finance leases	325,383	294,960
Post Retirement Charges	1,939,570	1,864,999
Overdraft Facilities	36,050	72,859
Total finance charges	4,086,726	4,132,089

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
34 BULK PURCHASES		
Electricity	41,728,480	38,594,501
Water	4,791,264	4,567,168
Total Bulk Purchases	46,519,744	43,161,669
Stock Adjustments	(7,232,966)	(6,646,662)
Total Bulk Purchases excluding Stock Adjustments	39,286,778	36,515,007
35 GRANTS AND SUBSIDIES		
Donations	60,000	39,859
Total Grants and Subsidies	60,000	39,859
36 OPERATING GRANT EXPENDITURE		
Operating grant expenditure per vote		
Executive & Council	1,602,208	1,519,644
Budget & Treasury	2,112,130	1,870,403
Planning & Development	99,251	43,836
Community & Social Services	498,099	486,096
Housing	28,573,434	14,771,058
Waste Management	808,487	648,434
Road Transport	848,715	626,152
Water	-	79,972
Electricity	2,809,243	9,312,609
Total Operating grant expenditure	37,351,567	29,358,204
37 GENERAL EXPENSES		
Advertisement Costs	235,450	299,498
Banking Charges	593,170	546,572
Bursaries	363,773	238,065
Community Development Workers	306,859	378,606
Organisations	1,042,140	964,818
Insurance	1,010,157	755,912
Asset Management Plan	28,906	163,326
Licences/ Agreements	1,242,469	1,156,575
Printing & Stationary	842,767	700,690
Subsistence & Travel	1,185,207	796,937
Audit fees	1,811,077	1,642,595
Telephone Costs	1,429,882	1,485,381
Training Costs	139,987	83,771
Water service development program	110,484	245,520
Ward Committee	579,038	353,358
Transfer existing housing	3,876	366,421
Vehicle Cost	73,827	486,328
Postage	509,394	483,405
Digging of graves	211,671	195,350
Job Creation	520,154	466,688
Legal expenses	465,028	265,945
Rental Fees	223,569	208,735
Customer Care	-	491,337
Deeds Registrations	10,551	13,040
Mayoral Golf Tourmnt	50,278	83,417
Public Functions	57,242	69,357
Publicity	11,235	10,286
Tracking Device	197,481	346,076
Defecit Rental Mun. Dwelling	27,036	24,594
Licences Vehicles	134,256	116,565
Consulting Fees	702,655	434,988
Workmans Compensation	-	634,320
Memorial Services	100,000	-
Collection Charges	235,932	96,646
SCOA Implementation	200,871	-
Refuse Bins	131,200	160
Other expenditure	1,018,877	1,004,752
General Expenses	15,806,499	15,610,034

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 2014

		2013 R
38	CORRECTION OF ERROR IN TERMS OF GRAP 3	
	Notes	
38.01	Changes to Statement of Financial Performance	
	Balance previously reported	44,958,675
	Correction of "Tender Deposits" control account to income vote "Tender Documents" for 2012-2013	38.03 20,161
	Correction of "Traffic Fines" control account to income vote "Traffic Fines" for 2012-2013	38.03 (1,100,565)
	Correction of "ID Kaart" control account to income vote "Licences and Permits" for 2012-2013	38.03 147,059
	Correct category allocation of bulk purchases to stock adjustments	38.01 6,646,662
	Correct category allocation of stock adjustments from bulk purchases	38.01 (6,646,662)
	Correct category allocation of remuneration of councillors to general expenditure (telephone)	38.01 278,143
	Correct category allocation of general expenditure from remuneration of councillors (telephone)	38.01 (278,143)
	Operating leases not recorded during the 2012/13 financial year - corrected against "Rental income"	38.02 (822)
	Reverse calculation of additional provision/ finance charges during 2012/13	38.05 292,474
	Correction on calculation of provision increase against finance charges during 2012/13	38.05 (227,119)
	Reverse calculation of depreciation during 2012/13	38.06 77,719
	Reverse calculation of impairment during 2012/13	38.06 18,356
	Correction on calculation of depreciation during 2012/13	38.06 (163,644)
	Correction on calculation of impairment during 2012/13	38.06 (11,216)
	Total	44,011,078
38.02	Operating Lease Arrangements	
	Balance Previously Reported	12,643
	Operating leases not recorded during the 2012/13 financial year - corrected against "Rental income"	38.01 (822)
	Total	11,821
38.03	Payables From Exchange Transactions	
	Balance Previously Reported	24,209,887
	Correction of "Tender Deposits" control account to income vote "Tender Documents" for 2012-2013	38.01 & 8 (20,161)
	Correction of "Tender Deposits" control account to Accumulated Surplus for 2001-2012	38.04 & 8 (229,852)
	Correction of "ID Kaart" control account to income vote "Licences and Permits" for 2012-2013	38.01 & 8 (147,059)
	Correction of "Traffic Fines" control account to income vote "Traffic Fines" for 2012-2013	38.01 & 8 1,100,565
	Correction of "Traffic Fines" control account to Accumulated Surplus till 30 June 2013	38.04 & 8 2,679,410
	Correction of Payables from Exchange transactions to Accumulated Surplus for 2009-2010	38.04 & 8 (147,679)
	Total	27,445,111
38.04	Accumulated Surplus/(Deficit)	
	Balance previously reported	288,044,335
	Correction of "Tender Deposits" control account to Accumulated Surplus for 2001-2012	38.03 229,852
	Correction of Payables from Exchange transactions to Accumulated Surplus for 2009-2010	38.03 147,679
	Correction of "Traffic Fines" control account to Accumulated Surplus till 30 June 2013	38.03 (2,679,410)
	Reverse calculation of cost additions (Provision) as at 30 June 2012	38.05 7,064,563
	Correction on calculation of provision contribution against accumulated surplus as at 30 June 2012	38.05 (2,544,669)
	Reverse calculation of accumulated depreciation as at 30 June 2012	38.06 1,088,885
	Reverse calculation of accumulated impairment as at 30 June 2012	38.06 71,295
	Reverse calculation of cost additions as at 30 June 2012	38.06 (2,505,397)
	Correction on calculation of accumulated depreciation as at 30 June 2012	38.06 (558,028)
	Correction on calculation of accumulated impairment as at 30 June 2012	38.06 (87,617)
	Total	288,271,488
38.05	Non-Current Provisions	
	Balance previously reported	5,480,294
	Reclassification of Provision 2013 to Non-Current Provision 2013	1,876,743
	Reverse calculation of additional provision/ finance charges during 2012/13	38.01 (292,474)
	Reverse calculation of cost additions (Provision) as at 30 June 2012	38.04 (7,064,563)
	Correction on calculation of cost against provision as at 30 June 2012	38.06 2,473,403
	Correction on calculation of cost additions against provision during 2012/13	38.06 91,848
	Correction on calculation of provision contribution against accumulated surplus as at 30 June 2012	38.04 2,544,669
	Correction on calculation of provision increase against finance charges during 2012/13	38.01 227,119
	Total	5,337,039
38.06	Capitalised Restoration Cost	
	Balance previously reported	1,249,142
	Reverse calculation of accumulated depreciation as at 30 June 2012	38.04 1,088,885
	Reverse calculation of accumulated impairment as at 30 June 2012	38.04 71,295
	Reverse calculation of cost additions as at 30 June 2012	38.04 (2,505,397)
	Reverse calculation of depreciation during 2012/13	38.01 77,719
	Reverse calculation of impairment during 2012/13	38.01 18,356
	Correction on calculation of accumulated depreciation as at 30 June 2012	38.04 (558,028)
	Correction on calculation of depreciation during 2012/13	38.01 (163,644)
	Correction on calculation of accumulated impairment as at 30 June 2012	38.04 (87,617)
	Correction on calculation of impairment during 2012/13	38.01 (11,216)
	Correction on calculation of cost against provision as at 30 June 2012	38.05 2,473,403
	Correction on calculation of cost additions against provision during 2012/13	38.05 91,848

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Total

1,744,746

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	R	R
39 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus for the year	9,884,426	44,011,078
Adjustments for:		
Depreciation	14,047,958	13,246,392
Amortisation of Intangible Assets	90,620	106,499
(Gain)/Loss on disposal of property, plant and equipment	21,844	85,728
Contributed PPE	(362,938)	(61,092)
Impairments	(4,371)	11,216
Contribution from/to employee benefits - non-current	(1,010,331)	(1,157,994)
Contribution from/to employee benefits - non-current - expenditure incurred	2,988,173	3,035,820
Contribution from/to employee benefits - non-current - actuarial losses	1,676,642	(3,190,937)
Contribution from/to provisions - non-current	339,114	318,967
Contribution to employee benefits – current	4,864,485	4,314,917
Contribution to employee benefits – current - expenditure incurred	(4,426,439)	(3,813,803)
Contribution to provisions – Debt Impairment	27,426,048	8,000,132
Impairment written off	7,461,979	(7,461,979)
(Increase)/Decrease in Capitalised Restoration Cost	(87,835)	(91,848)
Additional debt Impairment transactions	(8,357,552)	11,189
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(625,670)	(5,445,813)
Increase/(Decrease) in Unspent Conditional Public Contributions and Receipts	139,052	(376,303)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	302,192	(875,526)
Operating lease income accrued	1,813	(286)
Operating lease expenses accrued	-	(547)
Operating Surplus/(Deficit) before changes in working capital	54,369,210	50,665,810
Changes in working capital	(34,542,402)	12,629,540
Increase/(Decrease) in Trade and Other Payables	(6,296,334)	3,014,892
Increase/(Decrease) in Taxes	(72,958)	2,037,031
(Increase)/Decrease in Inventory	374,453	(85,410)
Increase/(Decrease) in Consumer Deposits	(21,011)	100,147
(Increase)/Decrease in Trade Receivables from exchange transactions	(3,099,137)	(258,321)
(Increase)/Decrease in Other Receivables from non-exchange transactions	(25,427,415)	7,821,202
Cash generated/(absorbed) by operations	19,826,808	63,295,350
40 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 22	9,332,328	16,811,803
Cash Floats - Note 22	12,070	12,330
Bank - Note 22	-	1,273,546
Bank overdraft - Note 22	(3,754,500)	-
Total cash and cash equivalents	5,589,898	18,097,679
41 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 40	5,589,898	18,097,679
Less:	6,771,063	7,397,010
Unspent Committed Conditional Grants - Note 9	7,148,474	7,774,144
Unspent Public Contribution - Note 10	139,052	-
Unpaid Committed Conditional Grants - Note 9	(670,378)	(972,570)
Staff Leave - Note 7	4,016,026	3,909,245
VAT - Note 11	(4,059,598)	(3,465,238)
Cash Portion of Housing Development Fund - Note 2	197,487	151,429
Net cash resources available for internal distribution	(1,181,165)	10,700,669
Allocated to:		
Capital Replacement Reserve	4,849,606	4,546,564
Resources available for working capital requirements	(6,030,771)	6,154,105

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

42 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 3	18,078,846	17,512,075
Used to finance property, plant and equipment - at cost	(18,078,846)	(17,512,075)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

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

43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

2014 R 2013 R

43.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	-	15,898,544
Unauthorised operating expenditure current year	30,626,830	9,396,141
Unauthorised capital expenditure current year	4,215,233	13,453,942
Approved by Council or condoned	-	(38,748,627)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	34,842,063	-

Incident	Disciplinary steps/criminal proceedings
Actual vs Budgeted spending	None

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 R (Unauthorised)
Unauthorised expenditure current year - operating				
Executive & Council	16,769,412	13,936,025	2,833,387	2,833,387
Budget & Treasury	14,299,203	16,985,051	(2,685,848)	-
Corporate Services	12,704,222	11,231,303	1,472,919	1,472,919
Planning & Development	4,299,688	4,482,828	(183,140)	-
Health	-	-	-	-
Community & Social Services	7,319,642	7,952,416	(632,774)	-
Housing	29,740,897	27,643,467	2,097,430	2,097,430
Public Safety	37,854,451	14,340,355	23,514,096	23,514,096
Sport & Recreation	7,099,273	6,854,420	244,853	244,853
Environmental Protection	-	-	-	-
Waste Management	10,410,973	9,946,828	464,145	464,145
Waste Water Management	5,045,194	5,244,743	(199,549)	-
Road Transport	16,088,711	17,047,780	(959,069)	-
Water	18,443,635	19,449,823	(1,006,188)	-
Electricity	64,108,416	68,783,214	(4,674,798)	-
	244,183,717	223,878,253	20,305,464	30,626,830

Unauthorised expenditure current year - capital

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 R (Unauthorised)
Executive & Council	16,328	-	16,328	16,328
Budget & Treasury	125,437	59,060	66,377	66,377
Corporate Services	328,129	223,500	104,629	104,629
Planning & Development	2,101	-	2,101	2,101
Health	-	-	-	-
Community & Social Services	479,584	175,425	304,159	304,159
Housing	-	358,100	(358,100)	-
Public Safety	635,162	110,600	524,562	524,562
Sport & Recreation	883,176	1,088,174	(204,998)	-
Environmental Protection	-	-	-	-
Waste Management	1,780,136	660,000	1,120,136	1,120,136
Waste Water Management	5,611,709	6,477,310	(865,601)	-
Road Transport	6,689,731	9,298,135	(2,608,404)	-
Water	5,433,445	3,356,502	2,076,943	2,076,943
Electricity	9,199,500	12,768,406	(3,568,906)	-
	31,184,436	34,575,212	(3,390,776)	4,215,233

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

43.2 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

43.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	-	16,264
Irregular expenditure current year	-	-
Condonement supported by Council	-	(16,264)
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	-	-
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

43.4 Material Losses

Electricity distribution losses

Units purchased (Kwh)	56,524,586	56,991,818
- Units lost during distribution (Kwh)	6,488,858	6,519,179
- Percentage lost during distribution	11.48%	11.44%

Water distribution losses

Kilolitres purified	2,603,153	2,644,718
- Kilolitres lost during distribution	1,327,126	1,292,439
- Percentage lost during distribution	50.98%	48.87%

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

44	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2014 R	2013 R
44.1	<u>Contributions to organised local government - [MFMA 125 (1)(c)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	-	-
	Council subscriptions	627,076	454,552
	Amount paid - current year	(627,076)	(454,552)
	Balance unpaid (included in creditors)	-	-
44.2	<u>Audit fees - [MFMA 125 (1)(c)]</u>		
	Opening balance	-	-
	Current year audit fee	1,811,077	1,642,595
	External Audit - Auditor-General	1,811,077	1,642,595
	Amount paid - current year	(1,811,077)	(1,642,595)
	Balance unpaid (included in creditors)	-	-
44.3	<u>VAT - [MFMA 125 (1)(c)]</u>		
	VAT	(4,059,598)	(3,465,238)
	VAT is payable on the payments basis. Only once payment is received from debtors is VAT paid over to SARS.		
44.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</u>		
	Opening balance	536,345	-
	Current year payroll deductions and Council Contributions	7,430,456	6,559,328
	Amount paid - current year	(7,965,333)	(6,022,983)
	Balance unpaid (included in creditors)	1,468	536,345
44.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	12,139,114	11,294,805
	Amount paid - current year	(12,139,114)	(11,294,805)
	Balance unpaid (included in creditors)	-	-
44.6	<u>Councillor's arrear consumer accounts - [MFMA 125 (1)(c)]</u>		
	The following Councillors had arrear accounts for more than 90 days at 30 June 2014 financial year:		
		2014 R	2013 R
		Outstanding more than 90 days	Outstanding more than 90 days
	Councillor L. Deyse (510271/000768)	3	4,839
	Councillor G Adolph (021180/032194)	-	3,885
	Councillor M Furmen (023379/023380)	884	3,118
	Councillor R van der Linde (070128/020003)	250	473
	Total Councillor Arrear Consumer Accounts	1,137	12,315
44.7	<u>Quotations awarded - Supply Chain Management</u>		
	Supply Chain Management Implementation Report for the year ended 30 June 2014 and Supply Chain Management Regulation 45 disclosure:		

SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT: 1st QUARTER: 01 JULY – 30 SEPTEMBER 2013

In terms of paragraph 1.9 of Council's Supply Chain Management Policy, the Accounting Officer must submit a report on the implementation of the policy to the Executive Mayor, within 10 days after the end of each quarter.

1. Bids Awarded By The Bid Adjudication Committee

Attached please find as Addendum 1 the report for the period 01 July – 30 September 2013.

2. Awards to Close Family Members of Persons in the Service of the State

In terms of the Municipal Supply Chain Management Regulations, Paragraph 45, awards given to close family members of persons in the service of the state, above R2 000 should be disclosed in the notes to the Annual Financial Statements.

Business	Date	Invoice	Amount	Interest
Karoo Motors Werkswinkel	24/07/2013 27/08/2013	1504137 15041951	R 88 230.30 R 147 715.50	❖ Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health Services
Danielle Studiesentrum	08/08/2013	15041667	R62 690.28	❖ Brother Wayne Petersen is currently employed at the Beaufort west Municipality
Karoo Beton werke	28/08/2013	15042001	R5 830.00	❖ Spouses, Mr A Swanepoel en Mrs E Klazen are employed with the Department of Correctional Services and Education
Wilma's Catering Services	07/08/2013	15041662	R 3 430.00	❖ Brother currently employed as a Councilor at the Beaufort West Municipality.
PJ Plumbing	22/08/2013	15041811	R27 850.00	❖ Mother Mrs E Botha and sister Mrs B Saaiman are employed with the Department of Education.

3. Monthly Report on Deviations and Minor Breaches

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 –

- (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”

Attached please find a schedule of Deviations and Minor Breaches approved by the Accounting Officer as Addendum 2.

In terms of Section 21(a) of the Systems Act the report must also be advertised in the local media and placed on Council's notice boards and website.

ACTING DIRECTOR: FINANCIAL SERVICE

Addendum 1

BIDS AND FORMAL WRITTEN QUOTATIONS AWARDED BY BID ADJUDICATION COMMITTEE AND DIRECTORS

Bid #	Item	Bids Received	Bid Amount	Awarded to	Remarks
SCM 02/2014	Supply & delivery of assembled information technology hardware	<ul style="list-style-type: none"> ❖ Brilliant Computers ❖ Juvion Systems t/a ISM ❖ First Technology ❖ Mantella IT support Systems ❖ TG Elektries 	<ul style="list-style-type: none"> ❖ R 254 649.00 ❖ R 212 438.00 ❖ R 320 886.06 ❖ R 288 186.96 ❖ R 70 774.05 	<ul style="list-style-type: none"> ❖ Brilliant Computers ❖ First Technology ❖ Mantella ❖ TG Elektries 	Quotation was split between bidders for the most competitive prices.
SCM 03/2014	Maintenance of electrical installation as well as Maintenance of electrical wiring: buildings for a 3 year period	<ul style="list-style-type: none"> ❖ TG Elektries 	<ul style="list-style-type: none"> ❖ R 70 774.05 	<ul style="list-style-type: none"> ❖ TG Elektries 	
SCM 05/2014	Supply and delivery of 2 auto motor type ESA 10 4 phase controllers	<ul style="list-style-type: none"> ❖ CS Traffic Engineering & Consulting Services ❖ Automotor Traffic Signal Co 	<ul style="list-style-type: none"> ❖ R 54 378.00 ❖ R 52 982.64 	<ul style="list-style-type: none"> ❖ Automotor Traffic signal 	
SCM 14/2013	Supply and delivery of crushed stone products, G5 material and building sand	<ul style="list-style-type: none"> ❖ Bathopele traders ❖ Volmoed Quarries ❖ Van der Berg Vervoer ❖ Buffelsdrift Clay Mine ❖ Perfecto Builders ❖ Transand ❖ Duneco 	<ul style="list-style-type: none"> ❖ Different Prices 	<ul style="list-style-type: none"> ❖ Volmoed Quarries ❖ Perfecto Bouers 	
SCM 12/2013	Supply and delivery of Chlorine gas, Aluminium sulphate and water purification lime for 3 year period.	<ul style="list-style-type: none"> ❖ Tuschery CC ❖ Onduka Division of Improchem ❖ Protea Chemicals Cape ❖ Metsi Chem. Ikapa 	<ul style="list-style-type: none"> ❖ R53 477.85 ❖ R 76 950.00 ❖ R97 546.61 ❖ R 109 101.40 	<ul style="list-style-type: none"> Protea Chemicals Cape 	
SCM 16/2013	Supply and delivery of bitumen products	<ul style="list-style-type: none"> ❖ Bathopele traders ❖ Sandobel 165 ❖ Volmoed Quarries ❖ Buffelsdrift Clay Mine 	<ul style="list-style-type: none"> Different Prices 	<ul style="list-style-type: none"> Tosas Asphalt King 	

			<ul style="list-style-type: none"> ❖ Van der berg ❖ Vervoer ❖ Tosas ❖ Condoprops t/a Asphalt king 			
SCM 17/2013	Construction of a bar counter at the Rustdene Sports Pub	<ul style="list-style-type: none"> ❖ GHF 	Geldenhuys t/a Mr Fix it	<ul style="list-style-type: none"> ❖ R 49 424.00 	GHF Geldenhuys t/a Mr Fix it	
SCM 04/2014	Supply, Delivery and Installation of under counter pub fridges for the Rustdene Sports Pub	<ul style="list-style-type: none"> ❖ Air Fit Air Conditioning ❖ Buvhezi Trading 1013 	<ul style="list-style-type: none"> ❖ R 37 620.00 (Option 1) ❖ R 38 304.00 (Option 2) ❖ R 394 440.00 	Air Fit Air Conditioning		
SCM 05/2014	Supply and Delivery of Two Auto Motor Type ESA 10 Four Phase Controllers	<ul style="list-style-type: none"> ❖ Auto Motor Traffic Signal ❖ C.S Traffic Engineering & Consulting Services 	<ul style="list-style-type: none"> ❖ R 52 982.64 ❖ R 54 378.00 	Auto Motor Traffic Signal		
SCM 11/2013	Provision of Security services for period of 3 years.	<ul style="list-style-type: none"> ❖ Mavati ❖ Nationwide ❖ African Compass ❖ Mtabati ❖ CT City security ❖ Afri-guard ❖ Makoko ❖ Dee dee 	<ul style="list-style-type: none"> ❖ R 4 524 780.86 ❖ R 45 339.12 ❖ R 3 761 125.92 ❖ R 85 819.64 ❖ R 2 409 840.00 ❖ R 3 275 866.80 ❖ R 3 347 351.28 ❖ R 87 990.40 	Afri-guard		

Addendum 2

DEVIATIONS APPROVED BY MUNICIPAL MANAGER					
APPLICABLE PARAGRAPH IN SCM POLICY	SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION	
(b) SOLE SUPPLIER	Actebis 268 CC	R 2,040.60	3/7/2013	Sole supplier to handle hazardous waste.	
	Gene Louw Traffic College	R 10,921.90	25/07/2013	Only accredited training college in the Western Cape.	
	De Jager Kontrakteurs	R 4,240.80	15/07/2013	Only local supplier to quote for calcrete.	
	Karoo Vleisboere Kooperasie	R 2,454.29	23/07/2013	Sole supplier of products in Murraysburg	
	Elster Kent Metering	R 92,910.11	30/07/2013	Sole Manufacturer of elster meters and strainers	
	Spectrum Communications	R 2,372.34	31/07/2013	Repair telemetry system	
	Beaufort Alarms	R 3,458.76	31/07/2013	Repair Alarm Sanlam building	
	Sebata	R 509,036.22	9/7/2013	Service provider of financial management system	
	Total client service	R 9,091.50	3/7/2013	Provides software for traffic services	
	TMS Hasler	R 7,816.00	2/7/2013	Service provider for franking machine procured	
(d) Any exceptional case where it is impractical or impossible to follow the official procurement processes	Mini Moulders	R 2,699.50	8/7/2013	Beaufort West Marathon - already has emblem	
	Essop Multisave	R 3,237.50	23/07/2013	Beaufort West Marathon -supplier for cooldrinks	
	Flotron	R 6,498.00	24/07/2013	Renewal of mycity data services	
	Mycad	R 2,250.00	16/07/2013	Detail plans of bar counter at Rustdene Sports pub	
	Nedbank running club George	R 2,600.00	10/7/2013	Make use of the timing chip system at the Beaufort West Marathon	
	Media 24	R 5,763.06	17/07/2013	Adverts SCM 01/2014 Notice 69/13	
	Die Courier	R 6,669.00	9/7/2013	Only newspaper circulating in the central karoo	
	George Lawnmowers	R 5,010.30	1/7/2013	Parts only available at agent	
	Bwest Precision Engineers	R 17,752.08	12/7/2013	CZ 5726 - Repair engine	
		R 2,380.32	17/07/2013	CZ 17798 - Agent for Case tractor-Service engine	
(d)(i) Any contract relating to the publication of notices and advertisements by the municipality		R 12,939.00	17/07/2013	Lister Engine Mville - Service engine	
		R 5,323.80	17/07/2013	Recondition Compressor	
	Tata Worcester	R 5,235.40	17/07/2013	CZ 16710 - Service, parts available at agents.	
	Cape Mowers	R 2,692.32	17/07/2013	Agent - Pto shaft - Roughcutter.	
	24/7 Tyres & fitment	R 5,000.00	11/7/2013	CZ 7796 - Towing services from Murraysburg to Beaufort West	
	(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.				

DEVIATIONS APPROVED BY MUNICIPAL MANAGER					
APPLICABLE PARAGRAPH IN SCM POLICY	SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION	
(a) EMERGENCY	Brandkraal Boerdery	R 29,925.00	12/8/2013	Closed up landfill site-health risk for community-Warning letter issued by Department of Environment Affairs	
(b) SOLE SUPPLIER	Valsta's Transport	R 36,300.00	28/08/2013	Unblock sewerage lines-health risk to community	
	B&B Sweiswerke	R 2,250.00	26/08/2013	Sole supplier that can pull borehole pumps	
	Penny Pinchers	R 25,815.15	28/08/2013	Sole supplier of materials in town	
	Karoo Vleisboere Kooperasie	R 2,454.29	23/08/2013	Only supplier in Murraysburg that can provide goods	
	Teleray	R 9,690.00	26/08/2013	Only supplier that can service TV Tower in Murraysburg	
(d) Any exceptional case where it is impractical or impossible to follow the official procurement processes	TMS Hasler	R 6,400.00	21/08/2013	Service provider for a franking machine procured	
	Ignite Advisory Services	R 81,573.84	8/8/2013	Service provider of performance management software	
		R 12,431.70	6/8/2013		
	SM Consultants	R 21,300.00	14/08/2013	Service provider for the distribution of traffic summonses	
	E & D Catering	R 2,900.00	13/08/2013	Women's day function - deliver dessert & cutlery	
	Skuza Caterers	R 2,500.00	23/08/2013	Catering for Madiba day for 150 people in Murraysburg	
	Proudly Karoo	R 3,600.00	8/8/2013	Women's day function - supply gifts	
	Essops Multisave	R 2,497.71	8/8/2013	Supplied refreshments for women's day function	
	Nyala Communications	R 3,499.00	6/8/2013	The only service provider for internet services	
	Centracell	R 9,186.04	6/8/2013	Saving cost on telephone system	
Media 24	R 5,763.06	22/08/2013	SCM 06/2014 Notice no 85/2013: Office automation equipment		
(d)(i) Any contract relating to the publication of notices and advertisements by the municipality	Die Courier	R 17,955.01	2/8/2013	Only newspaper circulating in the central karoo	
		R 7,511.18	29/08/2013		
		R 5,174.41	29/08/2013		
		R 6,852.83	2/8/2013		
(d)(v) The appointment of any person to provide professional services where the value of such appointment is less than R200 000.	Daniela De Kock	R	7/8/2013	Functional capacity evaluations for 16 employees	
		15,340.00			
	Tamryn Olivier	R	2/8/2013		
	Dr Riel Hugo	R 18,062.40	29/08/2013	Assessment of MM position	

		Danielle Studiestrum	R 62,690.28	8/8/2013	Reconciliations of stores, creditors, asset register & c schedule
(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.	Ignite Advisory Services	R 78,660.00	22/08/2013	Compilation & implementation of a compliance register
		Jupiter Towing	R 10,668.00	6/8/2013	CZ 4032 - Tow in truck and repair
		24/7 Tyres & Fitment	R 5,760.00	6/8/2013	CZ 5291 CAT - Remove and refit diff of digger loader
		Dougie's Gearbox Centre	R 5,000.00	21/08/2013	Transport trailer from Murraysburg to Beaufort West
		George Lawnmowers	R 25,080.00	29/08/2013	Repair of diff of digger loader-CZ 5291
		Barloworld Equipment	R 2,779.70	6/8/2013	Repair grasscutter
		Bwest Precision Motor engineers	R 5,079.52	1/8/2013	CZ 5169 TLB - Parts only, available at agent
			R 9,331.95	21/08/2013	CZ 5169 - Vehicle is under guarantee & service vehicle
			R 31,794.00	8/8/2013	CZ 5401 - Overall engine - sole supplier in bwest
			R 3,874.86	8/8/2013	Tar cutter repair specialized works
			R 32,574.36	22/08/2013	CZ 10084 - sole supplier that can repair vehicle
			R 42,762.54	29/08/2013	CZ 17137 - Faulty engine, sole supplier that can fix engine
			R 39,878.34	29/08/2013	CZ 7775 - Repair engine, sole supplier that can fix engine
			R 2,989.00	12/8/2013	CZ 6815 - Repairs done, sole supplier
			R 2,520.00	12/8/2013	CZ 16710-Repairs on vehicle
			R 2,850.00	15/08/2013	Repairs to air conditioner at Kwa-Mandlenkosi office
			R 2,500.00	16/08/2013	Repairs to air conditioner at the Mayor's office
	R 2,500.00	22/08/2013	CZ 4118 - Repair the window		
	R 4,647.78	21/08/2013	Repair water works pump		
	R 4,480.20	21/08/2013			

DEVIATIONS APPROVED BY MUNICIPAL MANAGER				
APPLICABLE PARAGRAPH IN SCM POLICY	SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION
(a)	PG Glass	R 2,500.00	11/9/2013	Access payment for insurance claim for replacement of window
(b)	Penny Pinchers	R 8,268.99	5/9/2013	
		R 14,296.21	4/9/2013	Sole supplier of stock in Beaufort west
	Flotron	R 18,438.36	4/9/2013	Sole supplier to do repairs
	Elster Kent Metering	R 223,440.23	3/9/2013	Sole Manufacturer of elster meters & strainers
	Momar	R 13,327.97	16/09/2013	Sole manufacturer of chemicals used to clean electrical cables
(d)	De Jagers Loodgieters	R 2,600.25	20/09/2013	Sole supplier of stock to repair the swimming pool in Nelspoort
	Conchem saligna	R 2,039.41	18/09/2013	Sole supplier of insect killer to fumigate houses
	SM Consultants	R 43,350.00	9/9/2013	
		R 54,450.00	19/09/2013	Service provider for the distribution of traffic summonses
	Garden route Mosselbay	R 1,049.00	2/9/2013	MGRO meeting held at Garden route casino & Hotel
(d)(v)	Abraham Kiewitz Attorneys	R 34,200.00	16/09/2013	The council needed a legal opinion
	Ignite Advisory Services	R 35,060.70	9/9/2013	Drafting of annual performance report
(d)(vi)	JR Nieuwenhuizen	R 2,337.57	6/9/2013	Only service provider locally for balju services
	Victor se garage	R 6,733.05	9/9/2013	CZ 15569 - Sole supplier in Merweville that can do repairs
	24/7 Tyres & Fitment	R 10,000.00	9/9/2013	CBT 256 - Towing services on trailer from Murraysburg
		R 10,000.00	4/9/2013	CZ 7775 - Towing services on tractor from Beaufort west
	600 CT Manufacturing	R 2,980.87	6/9/2013	CZ 2954 - Outrigger lock assembly
	George Lawnmowers	R 5,554.08	6/9/2013	Repair generator Honda
	Denver	R 5,755.04	19/09/2013	Compactor - repair engine
		R 4,959.24	19/09/2013	Tricycle lawnmower - repairs
		R 17,649.58	16/09/2013	CZ 6542 - Repairs
	Tata Worcester	R 3,017.10	18/09/2013	CZ 16710 - Murraysburg- Clutch kit parts available at agents
Purple rose distributors	R 4,060.52	18/09/2013	Groot Bomag 90 - Service kits	
	R 8,491.85	18/09/2013	Klein bomag 65 - Service kits	

SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT: 2nd QUARTER: 01 OCTOBER – 31 DECEMBER 2013

In terms of paragraph 1.9 of Council's Supply Chain Management Policy, the Accounting Officer must submit a report on the implementation of the policy to the Executive Mayor, within 10 days after the end of each quarter.

1. Bids Awarded By The Bid Adjudication Committee

Attached please find as Addendum 1 the report for the period 01 October – 31 December 2013.

2. Awards to Close Family Members of Persons in the Service of the State

In terms of the Municipal Supply Chain Management Regulations, Paragraph 45, awards given to close family members of persons in the service of the state, above R2 000 should be disclosed in the notes to the Annual Financial Statements.

Business	Date	Invoice	Amount	Interest
Karoo Motors Werkswinkel	29/10/2013	15043274	R 13 1402.10	❖ Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health Services
	01/10/2013	15042776	R 10 9204.38	
	02/12/2013	15044198	R 69 260.70	
Van Niekerk Prokureurs	10/10/2013	15042935	R 2 789.51	❖ Husband Mr F Van Niekerk is currently employed at the Department of Education
Karoo Beton werke	29/10/2013	15043276	R6 130 .00	❖ Spouses, Mr A Swanepoel en Mrs E Klazen are employed with the Department of Correctional Services and Education
	01/10/2013	15042782	R10 688.00	
	02/12/2013	15044229	R 4 700.00	
Sonneblom Bloemiste	18/10/2013	15043041	R 3 000.00	❖ Son, Mr H Jack is currently employed at the Beaufort West Municipality on a contract basis.
	18/11/2013	15043788	R 3 500.00	
	17/12/2013	15044559	R 7 600.00	
PJ Sound & Vision	07/11/2013	15043680	R5750.00	❖ Son, Mr PJ Julies is employed as vehicle inspection and traffic officer at Beaufort West Municipality
Chalmers	18/11/2013	15043790	R 3 000.00	❖ Spouse, Mr. M. Chalmers employed with the Department of Correctional Services as Corrections Officer.
Karoo Drukkery	02/12/2013	15044199	R 3 345.90	❖ Wife, Mrs. S Munro is employed at the Department of Health.
Beaufort West	17/12/2013	15044560	R 37 400.00	❖ Son, Warren Johnson is

Luxury Coaches				employed at the Beaufort West Municipality.
General Shine Catering	17/12/2013	15044558	R 26 000.00	❖ Spouse, Mr. F Diedericks is employed by Department of Community Safety as a traffic officer.

3. Monthly Report on Deviations and Minor Breaches

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 –

- (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"

Attached please find a schedule of Deviations and Minor Breaches approved by the Accounting Officer as Addendum 2.

In terms of Section 21(a) of the Systems Act the report must also be advertised in the local media and placed on Council's notice boards and website.

ACTING DIRECTOR: FINANCIAL SERVICE

Addendum 1

BIDS AND FORMAL WRITTEN QUOTATIONS AWARDED BY BID ADJUDICATION COMMITTEE AND DIRECTORS

Bid #	Item	Bids Received	Bid Amount	Awarded to	Remarks
SCM 01/2014	Supply & installation of mechanical & electrical equipment for the upgrading of the boreholes supplying water to Murraysburg	<ul style="list-style-type: none"> ❖ Hydro-Tech systems ❖ De Jagers Loodgieters Kontrakteurs 	<ul style="list-style-type: none"> ❖ R2 776 618.09 ❖ R2 212 152.56 	<ul style="list-style-type: none"> ❖ De Jagers Loodgieters Kontrakteurs 	<ul style="list-style-type: none"> ❖ The tender amount be adjusted to ensure that its available budget of R1 246 155.00 incl VAT
SCM 06/2014	Supply, Delivery, Installation and financing of office automation equipment for 3 years.	<ul style="list-style-type: none"> ❖ Satinsky 171 t/a Ricoh Garden Route ❖ Zestirox ❖ Smart Office Service ❖ Page Automation ❖ Southern Cape ❖ Business Systems ❖ Seartec Trading ❖ Konica Minolta 	<ul style="list-style-type: none"> ❖ R225 422.80 ❖ R272 670.37 ❖ R309 196.96 ❖ R491 400.00 ❖ R795 386.05 ❖ Different Prices ❖ Different Prices 	<ul style="list-style-type: none"> ❖ Ricoh Garden Route ❖ Konica Minolta 	
SCM 07/2014	Supply and Delivery of Refuse Bins	<ul style="list-style-type: none"> ❖ Invusa Business Service ❖ Phambili 	<ul style="list-style-type: none"> ❖ R116 850.00 ❖ R135 471.90 	<ul style="list-style-type: none"> ❖ Invusa Business Service 	
SCM 10/2014	Supply, Delivery, Installation and Maintenance of tag surveillance system	<ul style="list-style-type: none"> ❖ Bell Oak Investment ❖ CSX Customer Service 	<ul style="list-style-type: none"> ❖ R103 922.10 ❖ R130 159.50 	<ul style="list-style-type: none"> ❖ Bell Oak Investment 	
Tender 60/2011	Transversal Agreement-Mosselbay Municipality-Appointment of Consulting Engineers for Various Projects	<ul style="list-style-type: none"> ❖ Makukhane Consulting Engineers 	<ul style="list-style-type: none"> ❖ R 1 200 000.00 	<ul style="list-style-type: none"> ❖ Makukhane Consulting Engineers 	
SCM 14/2014	Contract for the Upgrading of Ebenezer Street	<ul style="list-style-type: none"> ❖ Trucon ❖ De Jagers Loodgieters ❖ ATN Roadmarking & Civils 	<ul style="list-style-type: none"> ❖ R 3 568 729.99 ❖ R 3 801 091.46 ❖ R 4 158 442.34 	<ul style="list-style-type: none"> ❖ Trucon 	

Addendum 2

DEVIATIONS APPROVED BY MUNICIPAL MANAGER OCTOBER				
APPLICABLE PARAGRAPH IN SCIM POLICY	SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION
(a) EMERGENCY	Workshop Electronics	R 76,470.80	25/10/2013	Repair brake roller testing machine at the Vehicle testing station
(b) SOLE SUPPLIER	E Esterhuizen	R 21,090.00	1/10/2013	Only available supplier for the transportation of grader
	National Computer College	R 51,984.00	11/10/2013	Only available supplier that has a grader for hire
		R 5,700.00	21/10/2013	
		R 2,600.00	21/10/2013	Only local supplier in town that can offer the courses
	Karoo Fire	R 2,670.00	15/10/2013	Only locally service provider to service fire extinguishers
	Beaufort Alarms	R 5,181.30	2/10/2013	Install alarm system at Hoenderplaas - Vaalkoppies
	Jirah Construction	R 5,300.00	1/10/2013	Camera survey of pipes
	Karoo vleisboere Kooperasie	R 2,441.32	1/10/2013	
	Wurth	R 7,215.60	25/10/2013	Sole supplier in Murraysburg to supply stock
	Afrox	R 3,057.01	28/10/2013	Manufacturer of Wurth products. Sole manufacturer of the oxygen and acetylene products
(d) Any exceptional case where it is impractical or impossible to follow the official procurement processes	Karoo Betonwerke	R 2,130.00	3/10/2013	
		R 3,150.00	3/10/2013	
		R 6,130.00	3/10/2013	Sole local manufacturer of concrete products in Beaufort West
		R 3,900.00	3/10/2013	Repair air conditioners at the Municipal offices in Merweville
	B-wes Lugreeling & verkoeling	R 2,280.00	3/10/2013	Repair air conditioners at the Municipal offices in Merweville
		R 3,576.75	28/10/2013	Test and repair air conditioner at Payroll unit.
	Piet chops slaghuis	R 3,690.00	10/10/2013	Catering for youth in local government development
				Decorate pub for Youth in local government development
	Sonneblom Bloemiste FG Uniforms	R 3,000.00	10/10/2013	Only supplier with available stock on hand
		R 27,120.26	4/10/2013	Available supplier for transportation of people to Oudtshoorn
Charlmers Transport Hue-Tone	R 3,740.00	7/10/2013	Only two service providers that could provide quotes for bar codes	
	R 2,673.20	22/10/2013		
Youngs Halfway House	R 10,200.00	23/10/2013	Mayoral Golf day - bookings for golfers	

		TMS Hasler				
		Total Client Service	R 6,400.00	11/10/2013	Service provider for a franking machine procured	
		Media 24	R 9,091.50	2/10/2013	Provides software for traffic services	
(d)(i)	Any contract relating to the publication of notices and advertisements by the municipality		R 5,763.06	26/10/2013	SCM 14/2014 Notice no 104/2013 Advert Ebenezer Street	
			R 5,763.06	26/10/2013	SCM 12/2014 Notice no 103/2013 Advert High mast lights	
			R 7,664.58	29/10/2013	SCM 13/2014 Notice no 106/2013 Bulk water supply Nelspoort	
		Die Courier	R 5,763.06	30/10/2013	SCM 08/2014 Notice no 107/2013 Housing projects	
			R 6,444.43	29/10/2013		
			R 21,113.10	02/10/201	Only newspaper circulating in the Central Karoo	
(d)(v)	The appointment of any person to provide professional services where the value of such appointment is less than R200 000.	Chris Swartz Engineering	R 19,950.00	21/10/2013	Prepare Beaufort West Municipality for the blue drop assessment	
		Lombard en Kriek	R 39,308.06	17/10/2013	SALA – pension fund payments	
		Crawfords Attorneys	R 32,490.00	22/10/2013	Legal opinion - councilors remuneration	
			R 17,559.42	15/10/2013	SALA - pension fund payments	
		Mega Roller Shutter Doors	R 11,925.00	8/10/2013	Repair roller doors at the Murraysburg Stores	
(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.	Beaufort West Toyota	R 2,161.91	15/10/2013	CZ 10707 - Agent to service Avanza	
		Beaufort West Lugreeling & verkoeling	R 2,280.00	3/10/2013	Repair air conditioners at the Municipal offices in Merweville	
		All Access	R 3,576.75	28/10/2013	Test and repair air conditioner at Payroll unit.	
		Beaufort West Precision Motor Engineers	R 16,368.99	15/10/2013	Collect nifty 120T & transport to Cape Town for repairs	
			R 9,970.44	25/10/2013	CZ 4574 - Repairs & service & fit new parts of tractor	
			R 2,523.96	25/10/2013	Bomag roller - Remove & fit new broken bolts & timing belt	
			R 2,040.60	25/10/2013	Bomag roller - Remove & replace diesel pump & injector	

DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR NOVEMBER					
APPLICABLE PARAGRAPH IN SCM POLICY	SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION	
(b)	SOLE SUPPLIER				
		Elster Kent Metering	R 53,352.68	8/11/2013	Sole manufacturer of Elster meters and strainers
		CTS Beaufort -West	R 3,420.00	13/11/2013	Loading & unloading of concrete slabs at the pump stations
		Integrity control systems	R 6,549.30	11/11/2013	Manufacturer of the security seals
			R 36,138.00		
		Landis + Gyr	R 42,978.00	11/11/2013	Manufacturer of the electricity meters
			R 7,991.40	8/11/2013	Handle hazardous waste & have a permit to expose of it.
		Actebis 268 CC	R 2,166.00	8/11/2013	
		E Esterhuizen	R 2,600.00	5/11/2013	Only local supplier that can supply red base course
					Only service provider locally to supply & service fire extinguishers
		Karoo Fire	R 2,472.00	15/11/2013	Only local supplier that can supply calcrete
		De Jager Loodgieters	R 2,000.00	13/11/2013	Only local supplier in Murraysburg
		Karoo Vleisboere Koop	R 5,054.05	1/11/2013	Sole supplier in Murraysburg
		Pressure Sealers	R 4,400.00	7/11/2013	Preventative maintenance service & check settings
	(d)		PJ Sounds	R 5,750.00	7/11/2013
		Best Home & Electric	R 11,697.78	11/11/2013	Mayoral golf day, presents for award ceremony
		Ultra Liquors	R 2,533.85	15/11/2013	Youth in local government function
					Only locally service provider to provide the needed goods
		Nuweveld Chemist	R 3,217.30	25/11/2013	Safety inspection and load testing equipment locally
		Hoistec Engineering	R 17,498.64	25/11/2013	
		Pentocostal Unity Mission Church	R 7,500.00	13/11/2013	Indigent applications must be renewed every 6 months
		New Fountain Ministries	R 5,500.00	13/11/2013	
			R 41,850.00	20/11/2013	Service provider for the distribution of traffic summonses
		SM Consultants	R 46,050.00	20/11/2013	
		TMS Hasler	R 6,400.00	25/11/2013	Service provider for franking machine procured
		Nyala Communications	R 3,499.00	5/11/2013	The only service provider for internet services
		Total Client Service	R 9,091.50	4/11/2013	Provides software for traffic services
		Juta & Co	R 3,041.00	5/11/2013	Updated legislation books

(d)(i)	Any contract relating to the publication of notices and advertisements by the municipality	Media 24	R 6,845.47	23/11/2013	No nr 110/2013, Registration of Suppliers
(d)(ii)	any contract with an organ of state, a local authority or a public utility corporation or company	Department of Transport	R 53,760.00	1/11/2013	Prodiba is a government preferred service provider
(d)(v)	The appointment of any person to provide professional services where the value of such appointment is less than R200 000.	Crawfords Attorneys	R 112,446.15	29/11/2013	Local official law practitioner handling the transportations
(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.	Transtech	R 32,448.00	4/11/2013	CZ 5234 - Sort out problems with hydraulic system
			R 3,735.21	4/11/2013	Parts for lawnmower repairs
		George Lawnmowers	R 3,224.55	4/11/2013	Repairs on tricycle lawnmower
		Flo specialized product solutions	R 8,322.00	5/11/2013	Faulty VEGA 76 power analyzer send for testing & repairs
		Cape Mowers CC	R 2,713.43	26/11/2013	Torro Ruffcutter - Agent-Supply bearings
		Barloworld Equipment	R 6,643.75	4/11/2013	CZ 7713 - Supply new water pump
		R 2,643.07	26/11/2013		
		R 10,903.88	26/11/2013		CZ 5169 - TLB Service and repair faults

DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR DECEMBER					
APPLICABLE PARAGRAPH IN SCM POLICY	SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION	
(a)	Emergency	R 2,190.75	13/12/2013	Supply and repair of valves	
(b)	Sole Supplier	R 2,850.00	13/12/2013	Only local land surveyor supplier	
		R 20,477.00		Installation of new alarm system at SAFA buildings	
	Beaufort Alarms	R 4,230.54	2/12/2013	Replacement of alarm system in Murraysburg	
(d)	BKB	R 3,140.70	02/12/2013	Only BKB locally can supply us on account for Ammonium Sulphate and 2.3.2 fertilizer	
	October Sky	R 5,476.22	02/12/2013	The only firm that replied to request for quotation for full beehive suite	
	Ultra Liquors	R 2,719.80	06/12/2013	Purchase of refreshments for year function on 06 December 2013	
	KFC	R 3,059.00	19/12/2013	The only locally supplier that is willing to provide on short notice.	
		R 2,224.80			
	Penny Pinchers	R 12,382.60	30/12/2013	The only locally supplier that provide the necessary material	
	Forms Media Independent	R 7,860.30	2/12/2013	Specialized printing works for traffic summonses used with TCS software	
	Avbob	R 2,480.00	2/12/2013	Financial assistance with pauper burial of disadvantage family	
	City Lodge Hotel	R 2,565.40	3/12/2013	Nearest accommodation available to venue	
	Beaufort West Luxury Coaches	R 37,400.00	11/12/2013	The only available supplier who could provide service on required time for memorial service of Nelson Mandela	
	Total Client Service	R 9,091.50	27/12/2013	Provides software for traffic services	
	Centracell	6186.83	10/12/2013	Saving cost on telephone system	
	Sonneblom Bloemiste	R 7,600.00	12/12/2013	The only available supplier who could provide service on required time for memorial service of Nelson Mandela	
		R 28,575.15	11/12/2013	The only supplier, who was willing to assist the Municipality with goods on credit.	
	Essop Multisave	R 4,036.42	11/11/2013	Goods for Mayoral golf day 9/11/2013. The supplier provide goods on credit	
(d)(i)	Die Courier	R 27,826.85	30/12/2013	Only newspaper circulating in the Central Karoo	
	Any contract relating to the publication of notices and advertisements by the municipality				

(d)(v)	The appointment of any person to provide professional services where the value of such appointment is less than R200 000	Danielle Studie Sentrum S:B Naidoo Crawfords Attorneys	R 25,450.64 R 14,953.60 R 11,083.50	4/12/2013 11/12/2013 9/12/2013	Professional services for the reconciliations of creditors and stores Only service provider locally for baju services Local official law practitioner handling the transportations
(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.	TFM Transtech The Workshop All Access	R 6,602.67 R 2,500.00 R 2,500.00 R 28,991.98	10/12/2013 27/12/2013 10/12/2013	CZ 3484 Repairs -Nissan Compactor- Community service, the supplier is the agent Repair of vehicle CZ16710 Repair clutch CZ 7775 CZ 4930-Cherry Picker-Specialized repair works

SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT: 3rd QUARTER: 01 JANUARY – 31 MARCH 2014

In terms of paragraph 1.9 of Council's Supply Chain Management Policy, the Accounting Officer must submit a report on the implementation of the policy to the Executive Mayor, within 10 days after the end of each quarter.

1. Bids Awarded By The Bid Adjudication Committee

Attached please find as Addendum 1 the report for the period 01 January – 31 March 2014.

2. Awards to Close Family Members of Persons in the Service of the State

In terms of the Municipal Supply Chain Management Regulations, Paragraph 45, awards given to close family members of persons in the service of the state, above R2 000 should be disclosed in the notes to the Annual Financial Statements.

Business	Date	Invoice	Amount	Interest
Karoo Motors Werkswinkel	29/01/2014 31/03/2014	15045648 15047342	R 71 497.38 R 95 362.14	❖ Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health Services
Karoo Beton werke	30/01/2014 26/02/2014	15045644	R 4 140.00 R 6 156.00	❖ Spouses, Mr A Swanepoel en Mrs E Klazen are employed with the Department of Correctional Services and Education
Van Niekerk Prokureurs	03/03/2014	15046606	R 3 088.87	❖ Husband Mr F Van Niekerk is currently employed at the Department of Education
PJ Sound & Vision	26/03/2014	15047122	R 50 000.00	❖ Son, Mr PJ Julies is employed as vehicle inspection and traffic officer at Beaufort West Municipality.
B Chalmers	20/03/2014	15046936	R 46 500.00	❖ Spouse, Mr. M. Chalmers employed with the Department of Correctional Services as Corrections Officer.
Karoo Drukkery	31/03/2014	15047344	R 2 491.40	❖ Wife, Mrs. S Munro is employed at the Department of Health.
Beaufort West Luxury Coaches	26/03/2014	15047109	R 50 940.00	❖ Son, Warren Johnson is employed at the Beaufort West Municipality. Daughter in law, B Johnson is employed as a traffic officer at Department of Community

Wilma's Catering Services	26/03/2014	15047103	R 35 000.00	Safety. ❖ Brother currently employed as a Councilor at the Beaufort West Municipality.
Avril's Catering	25/03/2014	15047073	R 2 400.00	❖ Daughter, Me. M Johnson employed with the Department of Correctional Services.
Sonneblom Bloemiste	20/03/2014	15046934	R 9 000.00	❖ Son, Mr H Jack is currently employed at the Beaufort West Municipality on a contract basis.

1. Prohibitions on awards to persons in the service of the state

In terms of the Municipal Supply Chain Management Regulations, Paragraph 44, the supply chain management policy of a municipality must, irrespective of procurement process followed, state that the municipality may not make any award to a person:

- (a) Who is in the service of the state

With the searches conducted via Trans Union to check whether supplier registered suppliers on Council's Preferred Suppliers Database is not in the service of the state, it was brought to our attention that one of non-executive directors is in the service of the state. We request that Council condone this expenditure of Afrox.

Following please find the particulars of awards to persons that are in the service of the state:

Afrox	10/02/14		R 5 8474.00	Dr KDK Mokhele is an independent non-executive Director of Afrox. Board member, is currently employed at the National Department of Science and Technology.
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3. Monthly Report on Deviations and Minor Breaches

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 –

- (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"

Attached please find a schedule of Deviations and Minor Breaches approved by the Accounting Officer as Addendum 2.

In terms of Section 21(a) of the Systems Act the report must also be advertised in the local media and placed on Council's notice boards and website.

ACTING DIRECTOR: FINANCIAL SERVICE

Addendum 1

BIDS AND FORMAL WRITTEN QUOTATIONS AWARDED BY BID ADJUDICATION COMMITTEE AND DIRECTORS

Bid #	Item	Bids Received	Bid Amount	Awarded to	Remarks
SCM 12/2014	Supply, delivery and Installation of 30m high masts & 20m scissor masts complete with floodlighting for Beaufort West Municipality.	<ul style="list-style-type: none"> ❖ EMC Electrical Reticulation ❖ Sisindisiwe Electrical JV ❖ Lethando Eng JV Ingomso ❖ MDL Electrical ❖ Maritz Electrical ❖ Kontrei Elektries ❖ Adenco Construction 	<ul style="list-style-type: none"> ❖ R2 826 402.50 ❖ R2 834 450.18 ❖ R2 739 914.89 ❖ R2 147 112.60 ❖ R2 439 460.12 ❖ R2 448 743.35 ❖ R2 257 529.28 	<ul style="list-style-type: none"> ❖ Adenco Construction 	
SCM 14/2014	Nominated Sub-contractors Upgrading of Ebenezer Avenue	<ul style="list-style-type: none"> ❖ Rwicila Construction ❖ ELizar Ondernemings ❖ Cheslyn Transport ❖ Inyameko Trading 445 ❖ Komsaam General Construction ❖ JMG Solutions ❖ WM Workers ❖ CXM & JGS Projects ❖ Masipilisane Civils ❖ JD Konstruksie Bwes ❖ Michelle & Idene ❖ Sincede General Workers Construct ❖ Share-a-deal 184 	<ul style="list-style-type: none"> ❖ 283 420.00 	<ul style="list-style-type: none"> ❖ Inyameko Trading 445 	
SCM 11/2014	Request for proposals: Provision of comprehensive Banking services	<ul style="list-style-type: none"> ❖ Standard Bank ❖ Absa Bank ❖ First National Bank ❖ Ned bank 	<ul style="list-style-type: none"> ❖ 693 811.80 ❖ 565450.56 ❖ 708 899.40 ❖ 504 885.60 	<ul style="list-style-type: none"> ❖ Nedbank 	
SCM 13/2014	Construction of the bulk water supply Nelspoort	<ul style="list-style-type: none"> ❖ De Jager Loodgieter ❖ Move it Civils 	<ul style="list-style-type: none"> ❖ 1 550 204.83 ❖ 1 835 267.25 	<ul style="list-style-type: none"> ❖ De Jager Loodgieter 	

CKDM 14-2013/14	Transversal Agreement: Tender: CKDM 14-2013/14 Skills Development And Securing Of Funds	<ul style="list-style-type: none"> ❖ A2 Loodgieter ❖ Siyahlongana ❖ Funda Civils CC ❖ C.A.L Construction ❖ ATN Roadmarking & Civils ❖ Africa Creek Investment (Pty) Ltd 	<ul style="list-style-type: none"> ❖ 1 838 376.05 ❖ 2 351 428.82 ❖ 3 041523.70 ❖ 3 492 304.70 ❖ 4 286 655.10 ❖ The service provider is responsible for the securing funds 	Contractors	
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Addendum 2

APPLICABLE PARAGRAPH IN SCM POLICY		DEVIATIONS APPROVED BY MUNICIPAL MANAGER			
		SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION
(a)	Emergency	Art-Work welding	R 4,000.00	30/01/2014	Fire services new office was broken into by removing security gate.
(b)	Sole Supplier	Elster Kent Metering	R 10,545.00	30/01/2014	Sole manufacturer of Elster metering and strainers
		Karoo Beton werke	R 4,140.00	30/01/2014	Only local manufacturer of concrete products.
(d)	Any exceptional case where it is impractical or impossible to follow the official procurement processes	Booyens Funerals	R 4,254.00	27/01/2014	Financial constraints of family, request assistance.
		TMS Hasler	R 6,400.00	07/01/2014	Service provider for franking machine procured
		Bell Oak Investments	R 44,095.20	09/01/2014	Procure tag labels for tag surveillance system from successful bidder
		SM Consultants	R 25,800.00	13/01/2014	Service provider for the distribution of traffic summonses
			R 20,250.00	29/01/2014	Nov & Dec 13
(d)(i)	Any contract relating to the publication of notices and advertisements by the municipality	Nyala Communications	R 3,499.00	31/01/2014	The only service provider for internet services
		B&B Sweiswerke	R 2,800.00	14/01/2014	Pull and release of borehole pump on Chicken farm
		BKB	R 5,088.60	20/01/2014	Only Local supplier of ammonium sulphate and growth salt.
		Asla	R 6,137.20	31/01/2014	Repair damaged house erf 9747, damaged by vehicle
		Karoo Fire	R 5,400.00	15/01/2014	Only service provider locally to supply & service fire extinguishers
			R 3,750.00	29/01/2014	Repair alarm system at Rustdene office where burglary took place.
		Beaufort Alarms	R 4,326.30	03/01/2014	Only available supplier with specific tiles for the VIP lounge.
		CTM	R 4,428.35	17/01/2014	Printing of vehicle logbooks books for workshop
		Die Courier	R 2,104.38	30/12/2013	Performance Management Service Provider
		Ignite Advisory Services	R 17,460.81	09/01/2014	
(d)(v)	The appointment of any person to provide professional services where the value of such appointment is less than R200 000	Die Courier	R 3,351.60	30/01/2014	
(d)(v)	The appointment of any person to provide professional services where the value of such appointment is less than R200 000	Danielle Studie Sentrum	R 25,450.64	21/01/2014	Only newspaper circulating in the Central Karoo
		Marais Muller Yekiso Attorneys	R 49 413.30	29/01/2014	Professional services for the reconciliations of creditors and stores
		Crawford's Attorneys	R 13,110.00	27/01/2014	Legal advice w.r.t Afri-forum Local official law practitioner handling the transportations

		R 5,848.20	09/01/2014	Legal advice on performance contract of Municipal Manager
(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.	R 2,268.60	29/01/2014	CZ 3484 - Sole supplier in Town that van repair vehicle
	All Access	R 3,432.83	29/01/2014	CZ 4930 - Repairs to cherry picker

DEVIATIONS APPROVED BY MUNICIPAL MANAGER				
APPLICABLE PARAGRAPH IN SCM POLICY	SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION
(b)	Sole Supplier	R 5,529.00	10/2/2014	Sole manufacturer of Elster meters and strainers
		R 17,099.65	21/02/2014	Sole supplier of goods in Murraysburg
		R 2,280.00	17/02/2014	Sole local supplier of calcrete
		R 6,156.00	26/02/2014	Sole local supplier of piramides.
		R 8,877.18	20/02/2014	Sole locally supplier that can supply stock
		R 8,229.30	19/02/2014	Sole local supplier of ammonium sulphate and growth salt
		R 3,145.00	7/2/2014	Pull and drop borehole at Small Hansrivier
(d)	Any exceptional case where it is impractical or impossible to follow the official procurement processes	R 24,168.00	4/2/2014	Specialized printing works for municipal accounts
		R 2,000.00	6/2/2014	Families request financial assistance from Municipality
		R 4,980.00	20/02/2014	Visibility t-shirt with branding for swimming pool officials
		R 8,205.67	26/02/2014	Installation of pre-paid meters in Murraysburg
		R 98,564.40	1/2/2014	Contracted i.t.o a service level agreement to provide IT support.
(d)(i)	Any contract relating to the publication of notices and advertisements by the municipality	R 4,100.00	4/2/2014	Preventative maintenance service and check settings
		R 6,160.79	19/02/2014	
(d)(vi)	ad-hoc repairs to plant and	R 7,112.25	3/2/2014	Advertisement in Die Burger for Notice no.17/2014 Tri-cycle lawnmower, do repairs

equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids.	Bwes precision motor eng	R 11,868.00	11/2/2014	Hyundai- overall engine and specialized services
	Wurth	R 47,225.30	26/02/2014	Sole supplier and importer of these products

DEVIATIONS APPROVED BY MUNICIPAL MANAGER				
APPLICABLE PARAGRAPH IN SCM POLICY	SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION
(a) Emergency	WCC Cables	R 182,379.36	17/03/2014	The overhead power lines was stolen and urgent repairs were necessary
(b) Sole Supplier	Bafana Bafana Elektries	R 97,384.52	31/03/2014	Restrung of lines to pumps
	Penny Pinchers	R 12,412.77	3/3/2014	Sole local supplier that can supply stock otherwise transportations costs would have been paid if supplied outside Beaufort west
(d) Any exceptional case where it is impractical or impossible to follow the official procurement processes	Drager	R 12,451.08	31/03/2014	Sole supplier of drager alcohol tester equipment in the Western Cape
	Hazard Bonaka	R 18,462.10	31/03/2014	Only supplier with stock to provide quotation for Sirens and emergency lights
	B&B Sweiswerke	R 2,920.00	19/03/2014	Pull down bore hole at Hansrivier
	E Esterhuizen	R 10,260.00	3/3/2014	Only available contractor with grader to repair access road to Katjieskop Substation for the minister of Energy
	Beaufort Alarms	R 3,021.00	18/03/2014	Sole service provider locally to monitor the existing alarm system
	Bwest Luxury Coaches	R 50,940.00	12/3/2014	Transport people from district for minister's substation launch at Katjieskop
	Waltons	R 9,066.60	31/03/2014	Transportation of 310 beneficiaries from their wards to Thusong Centre
	Q's Projects	R 11,700.00	10/3/2014	Only supplier that responded to request for quotation
	Conchem saligna	R 2,039.41	13/03/2014	Catering on short notice for training at Weighbridge
	ASLA	R 6,996.40	5/3/2014	Only service provider that supply the poison
Henchem	R 24,794.20	26/03/2014	The house is a ASLA construction house and must be repaired	
Youngs Halfway House	R 15,000.00	25/03/2014	Request to provide Orbit outpace super & orbit 200gr	
Centracell	R 5,677.55	31/03/2014	Only service provide that provided a quotation Saving cost on telephone system	
Ignite Advisory	R 60,348.18	7/3/2014	Performance Management Service Provider	

	Services				
	Die Courier	R 3,505.50	3/3/2014	Cheapest supplier of funeral books	
	SM Consultants	R 16,350.00	18/03/2014	Service provider for the distribution of traffic summonses	
	Nyala Communications	R 3,499.00	31/03/2014	The only service provider for internet services	
	Danielle Studiensentrum	R 76,551.14	3/3/2014	Reconcile the creditors and stores, it was not practical to obtain other quotations due to time constraints.	
	Crawfords Attorneys	R 4,560.00	5/3/2014	Local official law practitioner handling the transportations	
	S.B Naidoo	R 4,738.98	5/3/2014	Only service provider locally for bajju services	
	Die Courier	R 27,826.85	31/03/2014		
	B&B Swaiswerke	R 24,300.00	6/3/2014	Only newspaper circulating in the Central Karoo	
	Tricom Africa	R 2,206.00	12/3/2014	CZ 4118 - Replacement of wear bars on refuse truck	
	Sprinter Zone	R 5,802.60	18/03/2014	Sole supplier to supply spare parts for spihaus pump	
	Hilbert	R 19,546.00	25/03/2014	CZ 10707- Tow in from Beaufort to Parow, attend to clutch	
				Test and repair repeaters and antennae of hand radios	
(d)(v)	The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount				
(d)(i)	Any contract relating to the publication of notices and advertisements by the municipality				
(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.				

SUPPLY CHAIN MANAGEMENT QUARTERLY IMPLEMENTATION REPORT: 01 APRIL – 30 JUNE 2014

In terms of paragraph 1.9 of Council's Supply Chain Management Policy, the Accounting Officer must submit a report on the implementation of the policy to the Executive Mayor, within 10 days after the end of each quarter.

Council has resolved that the Implementation Report must be submitted monthly in order to ensure effective oversight as prescribed in the policy.

1. Bids Awarded By The Bid Adjudication Committee

Attached please find as Addendum 1 the report for the quarter of 01 April to 30 June 2014.

2. Awards to Close Family Members of Persons in the Service of the State

In terms of the Municipal Supply Chain Management Regulations, Paragraph 45, awards given to close family members of persons in the service of the state, above R2 000 should be disclosed in the notes to the Annual Financial Statements.

Business	Date	Invoice	Amount	Interest
Wilma's Catering Services	09/04/2014	15047629	R 4 000.00	❖ Brother currently employed as a Councilor at the Beaufort West Municipality.
PJ Sound & Vision	17/04/2014 03/04/2014	15047554 15047805	R 3 700.00 R 10 000.00	❖ Son, Mr PJ Julies is employed as vehicle inspection and traffic officer at Beaufort West Municipality.
Van Niekerk Prokureurs	01/04/2014 16/05/2014	15047440 15048541	R 3 074.67 R 2 404.91	❖ Husband Mr F Van Niekerk is currently employed at the Department of Education
Beaufort West Luxury Coaches	08/04/2014 17/04/2014 15/05/2014	15047804 15048522	R 17 340.00 R 6 297.00 R 3 950.00	❖ Son, Warren Johnson is employed at the Beaufort West Municipality. Daughter in law, B Johnson is employed as a traffic officer at Department of Community Safety.
L July	08/04/2014	15047577	R 2 500.00	❖ Spouse, P July, is currently employed by the Beaufort West Municipality in Nelspoort.
Karoo Beton werke	03/04/2014	15047508	R 15 100.00	❖ Spouses, Mr A Swanepoel en Mrs E Klazen are employed with the Department of Correctional Services and Education
Karoo Motors Werkswinkel	30/04/2014 29/05/2014 27/06/2014	15048173 15048855 15049526	R 88 294.10 R 53 072.70 R 111 125,92	❖ Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health

				Services
Karoo Drukkery	19/06/2014	15049195	R 9 429,75	❖ Wife, Mrs. S Munro is employed at the Department of Health.
Sonneblom Bloemiste	26/05/2014	15048723	R 2 500.00	❖ Son, Mr H Jack is currently employed at the Beaufort West Municipality on a contract basis.
General Shine Catering	06/05/2014	15048360	R 30 000	❖ Husband, Mr Diedericks, is currently employed by Department of Community Services as a traffic officer.

3. Monthly Report on Deviations and Minor Breaches

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 –

- (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"

Attached please find a schedule of Deviations approved by the Accounting Officer as Addendum 1. There are no minor breaches to be reported.

In terms of Section 21(a) of the Systems Act the report must also be advertised in the local media and placed on Council's notice boards and website.

ACTING DIRECTOR: FINANCIAL SERVICE

Addendum 1

BIDS AND FORMAL WRITTEN QUOTATIONS AWARDED BY BID ADJUDICATION COMMITTEE AND DIRECTORS

Bid #	Item	Bids Received	Bid Amount	Awarded to	Remarks
SCM 18/2014	Supply and delivery of one new pad mounted standard type 'B' mini substation 400 kva 1100/400 volt	<ul style="list-style-type: none"> ❖ Electro Inductive Industries ❖ Jocastro ❖ Actom ❖ VE reticulation ❖ Powerrec ❖ Free state transformers ❖ Voltex ❖ WCC Cables 	<ul style="list-style-type: none"> ❖ R 317843.04 ❖ R 353 810.40 ❖ R 347 136.84 ❖ R 380 000.00 ❖ R 369 721.38 ❖ R 362 200.80 ❖ R 384 400.00 ❖ R 347 859.60 	❖ WCC Cables	None
SCM 19/2014	Digging of graves Beaufort west Municipality	<ul style="list-style-type: none"> ❖ WM Workers ❖ JMG Solutions ❖ Q & K projects ❖ Verrooy Construction ❖ Rwicila Construction ❖ Francios Construction 	Unit prices	❖ Q & K projects	None
SCM 20/2014	Supply and delivery of a hydraulic spiking gun - Electrical	<ul style="list-style-type: none"> ❖ Chantmerc Investments cc ❖ Sicame SA ❖ Flo Specialized Product Solutions 	<ul style="list-style-type: none"> ❖ R 76 950.00 ❖ R 67 300.23 ❖ R 58 500.00 	❖ Flo Specialized Product Solutions	None
SCM 21/2014	Supply, delivery and installation of 2 36000 btu mid wall split air conditioners at mimosa hall	<ul style="list-style-type: none"> ❖ B-wes Lugreeling & Verkoeling ❖ Shore Imports 	<ul style="list-style-type: none"> ❖ R 43 749.64 ❖ R 63 206.99 	❖ B-wes Lugreeling & Verkoeling	None
SCM 22/2014	Supply, delivery of IT hardware and software	<ul style="list-style-type: none"> ❖ Brilliant computers ❖ Juvinon t/a ISM ❖ Procon ❖ Fisotho ❖ Mantella ❖ First Techno ❖ Datategra ❖ Dooling IT 	<ul style="list-style-type: none"> ❖ R 74 078.00 ❖ R 64 715.00 ❖ R 53 460.30 ❖ R 95 800.00 ❖ R 68165.99 ❖ R 74 960.70 ❖ R 75 707.06 ❖ R 89 194.00 	❖ Mantella	None
SCM 25/2014	Construction of a 11kv Overhead power line shooting range bore hole pump in Beaufort West	<ul style="list-style-type: none"> ❖ MDL Electrical ❖ Adenco 	<ul style="list-style-type: none"> ❖ R 328 369.93 ❖ R 418 069.04 	❖ MDL Electrical	None

Addendum 2

DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR APRIL					
APPLICABLE PARAGRAPH IN SCM POLICY	SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION	
(b)	Sole Supplier				
	BKB	R 2,366.60	16/04/2014	Sole supplier that can provide on account Lusern Bale and Corn	
	PG Glass	R 6,262.29	14/04/2014	Sole supplier that could supply and install windows at 22 houses	
	Actebis 256 CC	R 4,970.40	22/04/2014	Sole supplier to remove hazardous waste.	
	B & B Sweiswerke	R 3,710.00	23/04/2014	Sole supplier that can pull borehole pumps	
	Karoo Fire	R 2,300.00	22/04/2014	Only service provider locally to supply & service fire extinguishers	
	Karoo Vleisboere	R 32,031.37	22/04/2014	Sole supplier in Murraysburg that can supply the stock	
	Beaufort Alarms	R 4,577.00	29/04/2014	Sole supplier, repair alarm system in Beaufort West	
	Elster Kent Metering	R 792,014.79	2/4/2014	Sole manufacturer of Elster meters and strainers	
	Karoo Betonwerke	R 15,100.00	8/4/2014	Sole local manufacturer of concrete products	
	Spectrum Communications	R 23,590.00	3/4/2014	Sole supplier of Telemetry System	
	Vastrap			Sole supplier in Murraysburg that have a TLB machine	
	Grondverskuiwings	R 3,000.00	2/4/2014		
	PJ Sounds	R 10,000.00	22/04/2014	Only available local supplier that could provide stage & sound on short notice.	
(d)	Any exceptional case where it is impractical or impossible to follow the official procurement processes				
	Art work welding	R 2,770.00	25/04/2014	Supply and install steel grit in Danie Theron street	
	ED Catering	R 3,000.00	17/04/2014	Signing of IEC code of conduct, supply refreshments	
	Kivido's Transport	R 3,800.00	23/04/2014	Transport of passengers from Murraysburg to Beaufort west	
	TMS Hasler	R 6,400.00	4/4/2014	Service provider for franking machine procured	
	NOSA	R 21,219.99	22/04/2014	Only supplier in Western Province that specializes in the training	
	Mr G Brooks	R 2,500.00	14/04/2014	Mr Brooks is the only supplier that can dismantle tents.	
	Penny Pinchers	R 108,552.42	14/04/2014	Sole local supplier that can supply stock, other suppliers outside Beaufort West charge extra for transport.	
	Ignite Advisory Services	R 62,098.37	4/4/2014	Performance Management Service Provider	

(d)(v)	The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount	Abrahams Kiewiets Attorneys	R 74,545.00	22/04/2014	CCMA Case of S Moses, legal opinion
		Danielle studiesentrum	R 25,450.64	23/04/2014	Consultant - reconciliation of stores & creditors
		S.B Naidoo	R 3,370.98	7/4/2014	Only service provider locally for ballu services
		Ignite	R 68,400.00	11/4/2014	IDP 2014/2015 cycle, urgent submission to Local Gov, review
(d)(i)	Any contract relating to the publication of notices and advertisements by the municipality	Crawfords Attorneys	R 53,317.80	11/4/2014	Local official law practitioner handling the transportations
		Die Courier Media 24	R 3,927.07 R 5,750.07	3/4/2014 7/4/2014	Only newspaper circulating in the Central Karoo Advertisement in Die Burger for Notice no.31/2014
(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.	Hoistec Engineering	R 9,684.30 R 6,161.70 R 14,563.50	22/04/2014 22/04/2014 22/04/2014	Sole supplier of Safety inspection and load testing of beams at pump stations. Need safety certificates, safe supplier on database.
		George Lawnmowers	R 18,733.56 R 2,190.43	22/04/2014 22/04/2014	Supplier that are the nearest to Beaufort West to repair lawnmowers and chainsaws
		Hilbert Radios	R 22,282.44	7/4/2014	Repair repeaters and antennas
		B-wes rugleering & Verkoeling	R 4,161.85	22/04/2014	Inspect and repair air conditioner in Nelspoort

DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR MAY				
APPLICABLE PARAGRAPH IN SCM POLICY	SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION
(b)	Sole Supplier	R 74 102,00	19/05/2014	Sole manufacturer & supplier of Elster Meters & Strainers
		R 9 185,49	13/05/2014	Sole supplier that can supply and install windows at 219 houses
		R 4 100,00	26/05/2014	Preventative maintenance service & check settings
(d)	Any exceptional case where it is impractical or impossible to follow the official procurement processes	R 7 652,00	30/05/2014	Sole local supplier that can provide Willard Batteries
		R 2 345,00	12/05/2014	Supply refreshments for Minister of Rural Development function
		R 8 680,90	12/05/2014	
		R 4 867,20	16/05/2014	Only supplier that can supply goods on account
		R 15 370,00	15/05/2014	Fencing steam station
		R 9 535,00	16/05/2014	Fencing Brummer substation
		R 15 410,00	16/05/2014	Fencing Wimpy mini substation
		R 3 950,00	02/05/2014	Transport people from Nelspoort to Beaufort West and back for meeting
		R 17 340,00	16/04/2014	Transport people from Merweville, Nelspoort and Murraysburg to Beaufort West and back for meeting
		R 8 180,00	22/05/2014	Flight ticket for Mayor-Inauguration of President
(d)(v)	The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount	R 2 500,00	14/05/2014	Supply flowers and décor the Minister of Rural development
		R 4 206,33	14/05/2014	Only supplier locally that can supply goods. It is not practical to use other suppliers out of town as their delivery cost is high.
		R 3 392,92	14/05/2014	
		R 3 439,79	14/05/2014	
		R 14 700,00	20/05/2014	Service provider for the distribution of traffic summonses
R 19 800,00	02/05/2014			
(d)(f)	Any contract relating to the publication of notices and advertisements by the municipality	R 13 159,31	09/05/2014	Performance Management Service Provider
		R 2 500,00	24/04/2014	Consulting fee for drawings for pub furniture
		R 6 160,79	27/05/2014	Newspaper circulating in Western Cape-Advert - SCM 26-2014 upgrading of Pieter Street.

(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.	Southern Cape Compressed Air Services	R 8 406,36	15/05/2014	Agent-Service of air compressor
		George Lawnmowers	R 3 032,40	21/05/2014	Torro Greencutter at Golf course - Strip and repair
			R 5 419,10	21/05/2014	Striker kudu Briggs - Strip and repair
			R 3 025,50	30/05/2014	Robin HP Washer - Stihl - Strip and repairs
			R 2 591,78	29/05/2014	Tricycle Lawnmower - Strip and repairs
		Precision Motor Engineers	R 19 620,54	29/05/2014	Mobile Weider - Specialized service by Engineers.
		Karoo Lugreeling & Verkoeling	R 2 350,00	22/05/2014	Ascertain the problem of air conditioner and repair at traffic offices

DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR JUNE

APPLICABLE PARAGRAPH IN SCM POLICY	SUPPLIERS	AMOUNT	DATE	REASON FOR DEVIATION
(b)	Sole Supplier			
	Trentyre	R 10 326,00	24/06/2014	Sole supplier locally that can provide Willard Batteries
	Middleton Geomatics	R 10 032,00	02/06/2014	Relocation of beacons Erf 5298 & 13 Nelspoort
	Automotor Traffic signal Lithotech	R 4 380,00	11/06/2014	Manufacturer of traffic controller and repairs
	B&B Sweiswerke	R 10 200,00	14/06/2014	Sole supplier for the printing of cheques of Nedbank
	Karoo Vleisboere Koop	R 3 500,00	19/06/2014	Pull down boreholes at Kullispoort
		R 9 696,71	25/06/2014	Sole supplier in Murraysburg that can supply the stock
	Skuzza Transport	R 2 112,00	23/06/2014	Only Taxi operating in Murraysburg that can transport passengers. He transported ward committee members to Beaufort West and back to Murraysburg
(d)	SM Consultants	R 12 750,00	27/06/2014	Service provider for the distribution of traffic summonses
	Pentecostal Church	R 6 800,00	03/06/2014	
	New Fountain Ministries	R 5 500,00	03/06/2014	Indigent applications was renewed.
	WCC Cables	R 10 830,00	13/06/2014	Install extra bulk meter in the minibus, SCM 18/2014 Tender
	Ubertech	R 2 371,20	19/06/2014	Appointed i.t.o a service level agreement to provide IT support
	Benjamin Bus Services	R 2 400,00	05/06/2014	Transport community members for Minister function
	Harvey World Travel Group	R 5 167,60	12/06/2014	Flight ticket for Director Engineering services IMESA conference
	Nyala Communications	R 3 499,00	30/06/2014	The only service provider for internet services
	City Security Services	R 6 837,00	05/06/2014	Security services rendered at Murraysburg Centre
(d)(v)	ODS Consulting CC	R 62 978,16	27/06/2014	Facilitating selecting process and reporting for Director Corporate and Financial Services
	S.B Naidoo	R 3 095,67	06/06/2014	Only service provider locally for balju services
	Abrahams Kiewiets Attorneys	R 33 174,00	30/06/2014	Legal fees for contract with Central Karoo Traffic Systems
(d)(i)	Die Courier	R 17 695,66	19/06/2014	Only newspaper circulating in the Central Karoo
(d)(vi)	Ewes Precision Engineers	R 2 374,62	09/06/2014	CZ 6416 - Sole local supplier of specialised repair work
		R 7 068,00	13/06/2014	CZ 7713 - Sole supplier of specialised repair work

	or extent of the work required in order to call for bids.	Short's Nissan	R	3 441,69	12/06/2014	CZ 3697 - Agent - first 5000km service
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BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

44	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)	2014 R	2013 R												
44.8	<p><u>Other non-compliance</u></p> <p>MFMA Section 65(2)(b) Adequate management, accounting and information system was not in place which accounted for creditors.</p> <p>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.</p> <p>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.</p> <p>MFMA Section 165 The municipality had shortcomings/deviations with regard to the internal audit function.</p> <p>MFMA Section 166 The municipality had shortcomings/deviations with regard to the audit committee.</p> <p>MFMA Section 32(4) Report pertaining to unauthorised, irregular, fruitless and wasteful expenditure have not been submitted to all relevant parties.</p>														
45	<p>CAPITAL COMMITMENTS</p> <p>Commitments in respect of capital expenditure:</p> <p>Approved and contracted for:</p> <p style="padding-left: 20px;">Infrastructure</p> <p>Total</p> <p> This expenditure will be financed from:</p> <p style="padding-left: 20px;">Government Grants</p>	<table border="0"> <tr> <td style="padding-right: 20px;">4,796,968</td> <td style="padding-right: 20px;">6,234,976</td> </tr> <tr> <td style="border: 1px solid black; padding: 2px;">4,796,968</td> <td style="border: 1px solid black; padding: 2px;">6,234,976</td> </tr> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px;">4,796,968</td> <td style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px;">6,234,976</td> </tr> </table>	4,796,968	6,234,976	4,796,968	6,234,976	4,796,968	6,234,976	<table border="0"> <tr> <td style="padding-right: 20px;">6,234,976</td> <td style="padding-right: 20px;">6,234,976</td> </tr> <tr> <td style="border: 1px solid black; padding: 2px;">6,234,976</td> <td style="border: 1px solid black; padding: 2px;">6,234,976</td> </tr> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px;">6,234,976</td> <td style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px;">6,234,976</td> </tr> </table>	6,234,976	6,234,976	6,234,976	6,234,976	6,234,976	6,234,976
4,796,968	6,234,976														
4,796,968	6,234,976														
4,796,968	6,234,976														
6,234,976	6,234,976														
6,234,976	6,234,976														
6,234,976	6,234,976														

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

46 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.

	2014 R	2013 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	(24,960)	(2,866)
0.5% (2012 - 0.5%) Decrease in interest rates	24,960	2,866

(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
2014			
1 month past due	694,551	1,886,692	2,581,243
2 + month past due	-	5,402,192	5,402,192
Total	<u>694,551</u>	<u>7,288,884</u>	<u>7,983,435</u>
2013			
1 month past due	1,072,073	995,389	2,067,462
2 + month past due	-	8,510,135	8,510,135
Total	<u>1,072,073</u>	<u>9,505,524</u>	<u>10,577,597</u>

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

46 FINANCIAL RISK MANAGEMENT (CONTINUE)

All rates and services are payable within 30 days from invoice date. Refer to note 19 and 20 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:

	2014 %	2014 R	2013 %	2013 R
<u>Non-Exchange Receivables</u>				
Rates	0.00%	694,551	0.00%	1,072,073
<u>Exchange Receivables</u>				
Electricity	0.00%	-	0.00%	-
Water	5.56%	404,911	0.04%	4,255
Refuse	21.09%	1,536,907	12.41%	1,179,419
Sewerage	27.25%	1,986,266	13.63%	1,295,419
Housing Rentals	0.36%	26,103	0.31%	29,537
Other	45.75%	3,334,697	73.61%	6,996,894
	100.00%	7,288,884	100.00%	9,505,524

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 19 & 20 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:

	2014 %	2014 R	2013 %	2013 R
<u>Non-Exchange Receivables</u>				
Rates	14.15%	3,835,562	100.00%	4,300,688
Fines	85.85%	23,271,300	0.00%	-
	100.00%	27,106,862	100.00%	4,300,688
<u>Exchange Receivables</u>				
Electricity	13.81%	4,539,577	12.62%	3,612,773
Water	8.22%	2,701,796	6.80%	1,946,068
Refuse	12.67%	4,164,179	11.62%	3,325,578
Sewerage	18.18%	5,973,477	15.12%	4,327,025
Housing Rentals	0.20%	64,812	0.25%	71,874
Other	46.92%	15,419,014	53.58%	15,333,831
	100.00%	32,862,855	100%	28,617,149

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%	7,461,979
Other	0.00%	-	0.00%	-
	100.00%	(7,461,979)	100.00%	7,461,979

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

46

FINANCIAL RISK MANAGEMENT (CONTINUE)

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:	2014 R	2013 R
Long term receivables	3,676,587	1,621,507
Trade receivables and other receivables	24,449,248	22,974,576
Cash and Cash Equivalents	9,344,398	18,097,679
Unpaid conditional grants and subsidies	670,378	972,570
	<u>38,140,611</u>	<u>43,666,332</u>

(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
2014			
Long Term liabilities	5,140,312	11,693,253	11,173,707
Capital repayments	3,476,271	7,623,652	6,978,891
Interest	1,664,041	4,069,601	4,194,816
Trade and Other Payables	16,041,790	-	-
Unspent conditional government grants and receipts	6,478,096	-	-
	<u>27,660,198</u>	<u>11,693,253</u>	<u>11,173,707</u>
2013			
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	21,887,573	-	-
Unspent conditional government grants and receipts	6,801,574	-	-
	<u>33,167,332</u>	<u>11,303,059</u>	<u>12,951,299</u>

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
47	FINANCIAL INSTRUMENTS		
	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.		
47.1	Financial Assets		
	<u>Classification</u>		
	Long-term Receivables		
	Receivables with arrangements	4,387,459	3,400,933
	Consumer Debtors		
	Trade receivables from exchange transactions	25,963,692	19,825,849
	Other receivables from exchange transactions	19,847,609	22,886,315
	Unpaid Conditional Grants and Receipts		
	Other Spheres of Government	670,378	972,570
	Short-term Investment Deposits		
	Call Deposits	9,332,328	16,811,803
	Bank Balances and Cash		
	Bank Balances	-	1,273,546
	Cash Floats and Advances	12,070	12,330
		60,213,536	65,183,346
	SUMMARY OF FINANCIAL ASSETS		
	Financial instruments at amortised cost	60,213,536	65,183,346
47.2	Financial Liability		
	<u>Classification</u>		
	Long-term Liabilities		
	Annuity Loans	12,028,203	13,540,045
	Capitalised Lease Liability	2,574,372	1,163,349
	Trade Payables		
	Trade creditors	14,888,153	20,843,901
	Unspent Conditional Grants and Receipts		
	Other Spheres of Government	7,148,474	7,774,144
	Public Contributions	139,052	-
	Bank Balances and Cash		
	Bank Balances	3,754,500	-
	Current Portion of Long-term Liabilities		
	Annuity Loans	1,516,227	1,877,333
	Capitalised Lease Liability	1,960,044	931,348
		44,009,025	46,130,120
	SUMMARY OF FINANCIAL LIABILITY		
	Financial instruments at amortised cost	44,009,025	46,130,120

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

48 EVENTS AFTER THE REPORTING DATE

The municipality did not have any event after the reporting date.

49 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

50 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

51 CONTINGENT LIABILITY

The following guarantees also qualify as contingent liabilities:

NAME / REG NO	GUARANTEE ISSUED TO	2014 R	2013 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	50,000
Total		125,500	125,500

52 CONTINGENT ASSETS

BANK / FIRM	PURPOSE	REG NO	2014 R	2013 R
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	Construction of detention dam in Hillside Phase 1	273	915,693	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
Rand Merchant Bank	Upgrading boreholes for water supply Murraysburg	283	92,410	-
Fusion Guarantee	Upgrading of Ebenezer Avenue Beaufort West	284	356,873	-
Rand Merchant Bank	Bulk water supply for Nelspoort	285	155,020	-
Total			3,082,755	2,478,452

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

53 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

53.1 Related Party Transactions

	Rates - Levied 1 July 2013 - 30 June 2014	Service Charges - Levied 1 July 2013 - 30 June 2014	Other - Levied 1 July 2013 - 30 June 2014	Outstanding Balances 30 June 2014
Year ended 30 June 2014				
Councillors	22,971	149,593	3,013	1,571
Councillor D Slabbert (010137/011832)	4,524	14,622	1	-
Councillor D Slabbert (028981/031495)	323	2,683	-	-
Councillor DE Welgemoed (012158/012159)	6,573	36,595	11	-
Councillor G de Vos (014633/014634)	4,350	23,804	-	-
Councillor G de Vos (014914/014634)	-	7,704	-	-
Councillor GP Adolph (021180/032194)	625	2,011	-	-
Councillor HT Prince(009892/010957)	-	16,405	-	-
Councillor HT Prince(010956/010957)	3,446	22,996	-	-
Councillor HT Prince(007782/010957)	-	4,977	-	-
Councillor L Deyce (510271/000768)	837	1,074	-	437
Councillor M Furmen (023379/023380)	194	7,179	-	884
Councillor R van der Linde (020002/020003)	1,905	4,470	-	-
Councillor R van der Linde (070128/020003)	-	-	3,000	250
Councillor SM Moisoane (022661/022662)	195	3,952	-	-
Councillor PA Jacobs (024348/024349) Resigned 31/08/2013	-	1,122	-	-
Municipal Manager and Section 57 Employees	26,604	57,708	-	1,445
Municipal Manager : J Booysen(020051/020052)	-	1,054	-	-
Municipal Manager : J Booysen(010964/032381)	2,218	18,488	-	-
Municipal Manager : J Booysen(004922/032381)	876	2,298	-	-
Director : A Makendiana (012180/029959)	7,042	1,660	-	-
Director : R van Staden (011989/011990)	8,485	5,420	-	-
Director : JCL Smit (011486/011487)	7,982	28,224	-	524
Director : NE Mfundisi (036117/040042) Resigned 31/10/14	-	564	-	921

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.

53.2 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 17 to the Annual Financial Statements.

53.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 27 to the Annual Financial Statements.

53.4 Other related party transactions

The following purchases were made during the year where Councillors or Management have an interest:

Councillor/Staff Member

Entity

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 Football Association is built belongs to the municipality and is leased to the Football Association at an annual amount of R36,000. At 30 June 2014 an amount of R180 036 was outstanding in respect of the lease payments.

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

54 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 0.93:1 from 1.05:1 in the prior year.

The municipality have budgeted for a surplus of R15 373 356 for the 2013/2014 financial year. The municipality is also budgeting for negative cash flows during 2014/2015 and 2015/2016 amounting to R11 625 498 and R3 320 247 respectively.

The average debtors' payment days decreased to 278 days from 199 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 R13 544 430 (2013 - R15 417 375)

Other Indicators

Possible outflow of resources due the contingent liability disclosed in note 51

APPENDIX A - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

EXTERNAL LOANS	Rate	Institution	Loan Number	Term	Balance at 30 June 2013		Correction of Error		Balance at 30 June 2013 Restated		Received during the period		Redeemed written off during the period		Balance at 30 June 2014	
					R	R	R	R	R	R	R	R	R	R		
ANNUITY LOANS																
General	10.5%	DBSA	10125774	2019/12/31	989 516	-	-	-	989 516	-	-	-	113 024	-	876 492	
Tata Truck 2 Ton CZ 6388	8.6%	STANDARD	737020130003	2016/06/31	107 056	-	-	-	107 056	-	-	-	30 716	-	76 340	
Tractor CZ 17798	10.9%	DBSA	10346594	2014/06/30	35 210	-	-	-	35 210	-	-	-	35 210	-	-	
Case Tractor 2WD CZ 6311	8.6%	STANDARD	737020130004	2016/06/31	116 635	-	-	-	116 635	-	-	-	33 521	-	83 114	
Ungr. Fencing & Alarm System	9.7%	FNB	2012/001	2017/06/01	111 521	-	-	-	111 521	-	-	-	23 662	-	87 859	
Caterpillar Digger/Loader CZ 5169	9.7%	FNB	2012/002	2017/06/01	508 033	-	-	-	508 033	-	-	-	107 965	-	400 067	
Sod Cutter	9.7%	FNB	2012/003	2017/06/01	23 666	-	-	-	23 666	-	-	-	4 988	-	18 678	
Lawn Mower Tractor Attached	9.7%	FNB	2012/004	2017/06/01	22 358	-	-	-	22 358	-	-	-	4 723	-	17 635	
Sewerage Farm Menxeville	9.7%	FNB	10346472	2017/06/01	8 181	-	-	-	8 181	-	-	-	1 930	-	6 251	
Case Tractor CZ 7397	6.8%	DBSA	2012/005	2025/06/30	2 338 702	-	-	-	2 338 702	-	-	-	140 166	-	2 198 536	
Tata Truck 2 Ton Tipper CZ 5339	9.7%	FNB	2012/006	2017/06/01	131 800	-	-	-	131 800	-	-	-	27 991	-	103 809	
Refuse Truck CZ 3484	9.7%	FNB	2012/007	2017/06/01	138 556	-	-	-	138 556	-	-	-	28 439	-	109 117	
Archimedes Sewerage Pump	10.9%	DBSA	10346573	2017/06/30	593 718	-	-	-	593 718	-	-	-	125 785	-	467 932	
Electricity	9.7%	FNB	2012/008	2017/06/01	235 602	-	-	-	235 602	-	-	-	50 053	-	185 549	
Electr. Housing scheme AA10/12/14	12.0%	DBSA	9055	2013/09/30	488 314	-	-	-	488 314	-	-	-	468 314	-	-	
Load control syst RB12/5/88 IT.2	14.0%	DBSA	10619	2016/03/31	1 464 760	-	-	-	1 464 760	-	-	-	169 503	-	1 295 257	
Dyna Cherry Picker CZ 4930	9.5%	ABS	80343235	2015/11/01	236 745	-	-	-	236 745	-	-	-	61 448	-	175 297	
Compressor CZ 4860	9.5%	ABS	80164275	2015/10/01	95 493	-	-	-	95 493	-	-	-	38 360	-	57 133	
Truck with crane CZ 2954	10.9%	DBSA	10346473	2017/06/30	465 323	-	-	-	465 323	-	-	-	96 392	-	366 931	
Toyota Hilux 2L CZ 10975	8.6%	STANDARD	737020130001	2016/07/31	52 022	-	-	-	52 022	-	-	-	15 365	-	36 657	
Water Works	10.9%	DBSA	10346471	2029/07/31	4 296 979	-	-	-	4 296 979	-	-	-	101 304	-	4 195 675	
Farm Henshiler	10.9%	DBSA	10346471	2029/07/31	1 903 179	-	-	-	1 903 179	-	-	-	44 792	-	1 858 387	
Pressure Control System	10.9%	DBSA	10346471	2029/07/31	611 415	-	-	-	611 415	-	-	-	14 449	-	596 966	
Isuzu L D V CZ 5929	10.0%	ABS	79864507	2013/07/01	2 311	-	-	-	2 311	-	-	-	2 311	-	-	
Trailer CZ 6263	8.6%	STANDARD	727020130002	2016/07/31	18 016	-	-	-	18 016	-	-	-	5 329	-	12 687	
Telemetry System	9.7%	FNB	2012/009	2017/06/01	317 605	-	-	-	317 605	-	-	-	67 496	-	250 109	
Water Purification Fencing	9.7%	FNB	2012/010	2017/06/01	124 452	-	-	-	124 452	-	-	-	28 440	-	96 012	
Total Annuity Loans					15 417 378				15 417 378				1 872 947		13 544 430	

**APPENDIX A - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014**

EXTERNAL LOANS	Rate	Institution	Loan Number	Term	Balance at 30 June 2013	Correction of Error	Balance at 30 June 2013 Restated	Received during the period	Redeemed written off during the period	Balance at 30 June 2014
					R	R	R	R	R	R
LEASE LIABILITY										
CZ 4548 Toyota Corolla 1.3 Impact	11.98%		Housing Office	2013/09/30	10,205	-	10,205	-	10,205	12,268
CZ 4557 Toyota Corolla 1.3 Impact	11.98%		Dir. Traffic Services	2013/09/30	10,205	-	10,205	-	10,205	6,151
CZ 4560 Toyota Corolla 1.3 Impact	12.01%		Dir. Community Services	2013/09/30	12,066	-	12,066	-	12,066	10,373
CZ 4561 Toyota Corolla 1.3 Impact	12.01%		Dir. Traffic Services	2013/09/30	12,437	-	12,437	-	12,437	84,960
CZ 4554 Toyota Corolla 1.3 Impact	12.01%		Dir. Traffic Services	2013/09/30	12,437	-	12,437	-	12,437	82,142
CZ 4741 Toyota Hilux 2.5 D-4D P/U S/C	12.09%		Street works & Storm Water	2013/09/30	13,740	-	13,740	-	13,740	82,141
CZ 4584 Toyota Hilux 2.5 D-4D P/U S/C	12.09%		Recreation Sites	2013/09/30	13,740	-	13,740	-	13,740	90,547
CZ 4587 Toyota Hilux 2.5 D-4D P/U S/C	12.09%		Recreation Sites	2013/09/30	13,740	-	13,740	-	13,740	79,179
CZ 4577 Toyota Hilux 2.5 D-4D P/U S/C	12.04%		Dir. Community Services	2013/09/30	13,957	-	13,957	-	13,957	80,212
CZ 4754 Toyota Hilux 2.5 D-4D P/U S/C	11.99%		Street works & Storm Water	2013/09/30	14,426	-	14,426	-	13,957	90,550
CZ 4746 Toyota Hilux 2.5 D-4D P/U S/C	11.99%		Water Purification	2013/09/30	14,426	-	14,426	-	13,957	95,297
CZ 4536 Toyota Hilux 2.5 D-4D P/U S/C	12.13%		Dir. Traffic Services	2013/10/31	18,952	-	18,952	-	14,426	43,776
CZ 4738 Toyota Hilux 2.5 D-4D P/U S/C	12.06%		Dir. Traffic Services	2013/11/30	18,682	-	18,952	-	18,952	43,774
CZ 4730 Toyota Hilux 2.5 D-4D P/U S/C	12.06%		Municipal Buildings	2013/11/30	18,682	-	18,682	-	18,682	63,273
CZ 6725 LDV TOYOTA	9.00%		Water Purification	2013/11/30	58,680	-	18,682	-	46,412	45,719
MP4001	9.00%		Dir. Traffic Services	2014/10/13	58,680	-	58,680	-	46,412	27,335
MP65501	9.00%		Dir. Engineers Services	2014/09/30	29,420	-	29,420	-	23,269	15,647
CZ 8282 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Dir. Corporate Services	2014/09/30	69,459	-	69,459	-	59,086	2,623
CZ 8340 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Dir. Engineers Services	2014/09/30	126,142	-	126,142	-	59,086	110,598
CZ 8341 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Street works & Storm Water	2016/02/28	130,484	-	126,142	-	32,365	118,596
CZ 8343 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Water Reticulation	2016/02/28	126,140	-	130,484	-	32,365	118,596
CZ 8408 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Water Reticulation	2016/02/28	126,140	-	126,140	-	34,728	118,458
CZ 8410 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Municipal Buildings	2016/02/28	126,139	-	126,139	-	34,728	118,458
CZ 8411 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Recreation Sites	2016/04/30	134,321	-	134,321	-	34,728	118,458
CZ 8412 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Recreation Sites	2016/04/30	123,985	-	123,985	-	34,728	118,458
CZ 8413 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Dir. Engineers Services	2016/04/30	118,969	-	118,969	-	25,783	87,944
CZ 8414 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Water Reticulation	2016/04/30	134,325	-	134,325	-	25,783	87,944
CZ 8415 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Water Reticulation	2016/04/30	134,328	-	134,328	-	25,783	87,944
CZ 8416 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Water Reticulation	2016/04/30	139,051	-	139,051	-	25,783	87,944
CZ 8417 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Water Reticulation	2016/04/30	93,862	-	93,862	-	25,783	87,944
CZ 8421 TOYOTA YARIS ZEN3 ACS	8.50%		Dir. Financial Services	2016/04/30	83,864	-	83,864	-	25,783	87,944
CZ 8422 TOYOTA YARIS ZEN3 ACS	8.50%		Building Control	2016/04/30	83,864	-	83,864	-	25,783	87,944
Machine Photocopy Kyocera FS1128	9.00%		Thusing Centre	2016/08/30	64,005	-	64,005	-	18,286	59,068
Machine Photocopy Kyocera FS 6025	9.00%		Thusing Centre	2016/07/30	83,733	-	83,733	-	18,286	59,068
PABX TELEPHONE SYSTEM	9.00%		Thusing Centre	2016/03/30	38,238	-	38,238	-	10,903	27,335
CCTV CAMERA S	20.50%		Dir. Financial Services	2015/09/30	25,598	-	25,598	-	9,949	15,647
CCTV CAMERA S	9.00%		Thusing Centre	2014/07/30	32,271	-	32,271	-	29,648	2,623
CZ 2078 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Street works & Storm Water	2016/09/30	-	-	-	142,763	32,365	110,598
CZ 2477 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Murrayburg Refuse Removal	2016/09/30	-	-	-	142,763	32,365	110,598
CZ 4155 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Murrayburg Water Reticulation	2016/09/30	-	-	-	153,186	34,728	118,458
CZ 8684 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Street works & Storm Water	2016/09/30	-	-	-	153,186	34,728	118,458
CZ 8685 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Water Reticulation	2016/09/30	-	-	-	153,186	34,728	118,458
CZ 8686 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Water Reticulation	2016/09/30	-	-	-	153,186	34,728	118,458
CZ 8687 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Recreation Sites	2016/09/30	-	-	-	153,186	34,728	118,458
CZ 5753 SEDAN TOYOTA ETIO'S	8.50%		Dir. Traffic Services	2016/09/30	-	-	-	113,727	25,783	87,944
CZ 6192 SEDAN TOYOTA ETIO'S	8.50%		Dir. Traffic Services	2016/09/30	-	-	-	113,727	25,783	87,944
CZ 8563 ISUZU KB2500 FLEETSIDE A/C P/U S/C	8.50%		Water Purification	2016/06/30	-	-	-	125,276	34,961	90,315
CZ 5386 ISUZU KB2500 LEED FLEETSIDE P/U S	8.50%		Water Reticulation	2016/11/30	-	-	-	156,712	27,436	129,276
CZ 4296 ISUZU KB2500 LEED FLEETSIDE P/U S	8.50%		Municipal Buildings	2016/10/30	-	-	-	153,186	28,959	122,426
CZ 2295 ISUZU KB2500 LEED FLEETSIDE P/U S	8.50%		Water Purification	2016/10/30	-	-	-	144,215	26,209	115,256
CZ 1461 ISUZU KB2500 LEED FLEETSIDE P/U S	8.50%		Municipal Buildings	2016/10/30	-	-	-	130,525	26,209	104,316
CZ 8728 SEDAN TOYOTA ETIO S	8.50%		Fire Brigade	2016/10/30	-	-	-	138,335	27,777	110,557
CZ 6743 ISUZU KB2500 LEED FLEETSIDE P/U S	8.50%		Refuse Removal	2016/10/30	-	-	-	156,712	31,468	125,244
CZ 3697 TRUCK NISSAN UD 908 F/C C/C	8.50%		Housing Office	2016/10/30	-	-	-	101,628	20,407	81,221
MACHINE PHOTOCOPIY RICOH MP2501spf	8.50%		Water Purification	2017/01/30	-	-	-	164,549	28,808	135,740
			Refuse Removal	2017/01/30	-	-	-	1,020,108	1,346	893,441
			Dir. Financial Services	2017/03/30	-	-	-	18,200	-	18,653

APPENDIX A - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

EXTERNAL LOANS	Rate	Institution	Loan Number	Term	Balance at 30 June 2013		Correction of Error	Balance at 30 June 2013 Restated		Received during the period		Redeemed written off during the period		Balance at 30 June 2014	
					R	R		R	R	R	R	R	R		
MACHINE PHOTOCOPY RICOH MP2501 spf	8.50%			2017/03/30	-	-	-	-	-	18,200	1,346	1,346	16,853		
MACHINE PHOTOCOPY RICOH MP2501 spf	8.50%		Dir. Financial Services Kwa Mandlenkosi Office	2017/03/30	-	-	-	-	-	18,200	1,346	1,346	16,853		
MACHINE PHOTOCOPY RICOH MP2501 spf	8.50%		Dir. Financial Services	2017/03/30	-	-	-	-	-	18,200	1,346	1,346	16,853		
MACHINE PHOTOCOPY RICOH MP2501 spf	8.50%		Dir. Traffic Services	2017/03/30	-	-	-	-	-	18,200	1,346	1,346	16,853		
MACHINE PHOTOCOPY RICOH MP2501 spf	8.50%		Dir. Traffic Services	2017/03/30	-	-	-	-	-	18,200	1,346	1,346	16,853		
MACHINE PHOTOCOPY RICOH MP2501 spf	8.50%		Traffic Court	2017/03/30	-	-	-	-	-	18,200	1,346	1,346	16,853		
MACHINE PHOTOCOPY RICOH MP2501 spf	8.50%		Housing Office	2017/03/30	-	-	-	-	-	18,200	1,346	1,346	16,853		
MACHINE PHOTOCOPY RICOH MP2501 spf	8.50%		Fire Brigade	2017/03/30	-	-	-	-	-	18,200	1,346	1,346	16,853		
MACHINE PHOTOCOPY RICOH MP2501 spf	8.50%		General Expenses	2017/03/30	-	-	-	-	-	48,563	529	529	6,816		
MACHINE PHOTOCOPY KONICA MINOLTA	8.50%		Dir. Community Services	2017/03/30	-	-	-	-	-	26,628	1,985	1,985	46,267		
MACHINE PHOTOCOPY KONICA MINOLTA	8.50%		Admin. Electrical	2017/03/30	-	-	-	-	-	160,853	3,909	3,909	24,844		
CZ 9005 ISUZU KB250D LEED FLEETSIDE P/U S	9.00%		Dir. Community Services	2017/03/30	-	-	-	-	-	-	-	-	156,954		
Total Lease Liabilities					2,084,697			2,094,697		4,092,471		1,652,749		4,534,416	
TOTAL EXTERNAL LOANS					17,512,075			17,512,075		4,092,471		3,525,696		18,078,845	

APPENDIX B - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
MUNICIPAL VOTES CLASSIFICATION

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
483,132	(2,288,037)	(1,804,905)	Admin: Commun Serv	496,485	(2,928,561)	(2,432,076)
15,771	(6,875,189)	(6,859,418)	Admin: Corp Serv	-	(7,285,211)	(7,285,211)
9,612,871	(17,408,169)	(7,795,298)	Admin: Electrical	3,387,243	(8,955,549)	(5,568,306)
232,044	(3,376,064)	(3,144,020)	Admin: Engineering Serv	230,514	(3,452,783)	(3,222,269)
4,230,987	(11,077,257)	(6,846,270)	Admin: Fin Serv	6,133,111	(9,708,209)	(3,575,098)
1,111	(252,670)	(251,559)	Admin: Nelspoort	1,123	(578,015)	(576,892)
12,646,085	(11,214,782)	1,431,303	Admin: Traffic	35,814,854	(35,460,677)	354,177
214,529	(6,017,663)	(5,803,134)	Admin: Water	111,013	(3,794,604)	(3,683,591)
65,059	(639,001)	(573,942)	Building Control	95,227	(784,219)	(688,992)
188,348	(431,487)	(263,139)	Cemetries	168,948	(710,748)	(541,800)
-	(1,429,852)	(1,429,852)	Fire Brigade	-	(1,649,860)	(1,649,860)
39,039,203	(10,971,855)	28,067,348	General Expenses	24,080,853	(13,354,958)	10,725,895
15,254,782	(15,983,182)	(728,400)	Housing Office	28,595,346	(29,476,892)	(881,546)
-	(315,162)	(315,162)	IDP: Co-Ordinator	60,000	(145,452)	(85,452)
5,500	(1,222,868)	(1,217,368)	Information Technology	-	(1,318,194)	(1,318,194)
8,194	(63,461)	(55,267)	Irrigation Water	7,953	(56,967)	(49,014)
10,588	(113,336)	(102,748)	Kwa-Mand Comm Hall	4,370	(115,380)	(111,010)
-	(666,141)	(666,141)	Kwa-Mand Office	-	(622,110)	(622,110)
1,392,275	(1,382,145)	10,130	Library Church Street	1,276,937	(1,289,372)	(12,435)
1,001,498	(1,030,523)	(29,025)	Library Mimosa	1,290,902	(1,079,797)	211,105
154,410	(97,945)	56,465	Library Nelspoort	119,393	(122,321)	(2,928)
51,621	(83,090)	(31,469)	Main Road	23,377	(33,313)	(9,936)
1,447	(1,556,227)	(1,554,780)	Mechanical Workshop	1,316	(1,644,254)	(1,642,938)
455,543	(3,612,399)	(3,156,856)	Municipal Buildings	296,273	(4,524,582)	(4,228,309)
345,322	(2,111,354)	(1,766,032)	Municipal Manager	164,290	(1,892,231)	(1,727,941)
19,795,572	-	19,795,572	Municipal Rates	21,272,839	-	21,272,839
2,683	(18,848)	(16,165)	Pound	2,198	(23,327)	(21,129)
420	-	420	Private Work	420	-	420
366,834	(6,583,345)	(6,216,511)	Recreation Sites	978,450	(6,655,300)	(5,676,850)
5,701,463	(5,431,905)	269,558	Refuse Removal	5,895,952	(7,221,348)	(1,225,396)
11,883,012	(2,587,053)	9,295,959	Reticulation: H Volt	3,426,772	(3,574,215)	(147,443)
49,108,731	(40,273,768)	8,834,963	Reticulation: L Volt	59,694,224	(46,409,690)	13,284,534
15,228	(111,458)	(96,230)	Rustdene Comm Hall	12,253	(138,080)	(125,827)
-	(334,480)	(334,480)	Rustdene Office	-	(412,261)	(412,261)
(10,179)	-	(10,179)	S/E 1 Rustdene	112	-	112
4,469	(4,474)	(5)	S/E 4 Rustdene	219,217	(219,218)	(1)
30,692	(30,691)	1	S/E 8 Rustdene	30,594	(30,594)	-
14,312	(14,312)	-	S/E 9 Rustdene	14,193	(14,193)	-
208,501	(451,616)	(243,115)	Service Connections	126,452	(554,382)	(427,930)
-	(3,233,669)	(3,233,669)	Sewerage Farm	459,938	(3,870,402)	(3,410,464)
17,068,263	(1,506,241)	15,562,022	Sewerage System	16,632,114	(1,893,074)	14,739,040
-	(1,681,351)	(1,681,351)	Stores	-	(2,073,762)	(2,073,762)
-	(1,175,188)	(1,175,188)	Street Cleansing	-	(1,286,896)	(1,286,896)
832,027	(4,122,504)	(3,290,477)	Street Lightening	3,472,277	(4,451,263)	(978,986)
27,699,500	(12,523,808)	15,175,692	Street works & Storm Water	7,328,893	(12,866,926)	(5,538,033)
77,115	(289,615)	(212,500)	Swimming Pool Birds	45,147	(350,027)	(304,880)
66,768	(265,898)	(199,130)	Swimming Pool Nieuveld	37,543	(323,004)	(285,461)
-	(230,759)	(230,759)	Tourism	-	(300,163)	(300,163)
20,295	(59,302)	(39,007)	Town Commonage	14,464	(11,301)	3,163
-	(728,168)	(728,168)	Traffic Court	-	(800,692)	(800,692)
-	(40,867)	(40,867)	Traffic Lights	-	(70,556)	(70,556)
75,318	(153,620)	(78,302)	Vacuum Services	63,995	(168,571)	(104,576)
507,507	(348,254)	159,253	Vehicle Registration	575,394	(360,551)	214,843
174,065	(355,644)	(181,579)	Vehicle Testing Station	168,706	(457,849)	(289,143)
1,162,745	(9,121,512)	(7,958,767)	Water Purification	26,581	(9,801,985)	(9,775,404)
14,117,735	(5,591,044)	8,526,691	Water Reticulation	19,655,374	(5,923,511)	13,731,863
-	(383,441)	(383,441)	Internal Audit	211,789	(583,707)	(371,918)
171,504	(468,122)	(296,618)	Labour Relations	54,758	(646,553)	(591,795)
120,297	(1,355,857)	(1,235,560)	Murraysburg Administration	2,390,875	(1,077,722)	1,313,153
3,067,757	(3,519,602)	(451,845)	Murraysburg Electricity	3,220,189	(4,201,850)	(981,661)
372,332	(373,094)	(762)	Murraysburg Library	494,955	(480,424)	14,531
1,849,955	-	1,849,955	Murraysburg Municipal Rates	1,519,391	-	1,519,391
-	(28,854)	(28,854)	Murraysburg Recreation Site	199,643	(273,001)	(73,358)
-	-	-	Murraysburg Sewerage	-	-	-
1,241,976	(1,393,352)	(151,376)	Murraysburg Refuse Removal	1,373,674	(1,904,797)	(531,123)
-	(618,863)	(618,863)	Murraysburg Street Works & Storm Water	219,901	(976,491)	(756,590)
3,388	(42,525)	(39,137)	Murraysburg Swimming Pool	5,365	(77,761)	(72,396)
220,466	(1,081,883)	(861,417)	Murraysburg Water Works	1,469,838	(1,234,443)	235,395
225,163	(555,962)	(330,799)	Thusong Centre	224,704	(419,473)	(194,769)
9,789	(61,817)	(52,028)	Wheely Wagon Kwa Mandlenkosi	24,022	(131,695)	(107,673)
218,000	(220,900)	(2,900)	Murraysburg - Thusong Centre	45,409	(286,826)	(241,417)
241,814,023	(207,593,325)	34,220,698	Sub Total	254,068,143	(253,542,143)	526,000
-	9,790,378	9,790,378	Less Inter-Departmental Charges	-	9,358,426	9,358,426
241,814,023	(197,802,947)	44,011,076	Total	254,068,143	(244,183,717)	9,884,426

APPENDIX C - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
39,556,029	(14,165,531)	25,390,498	Executive & Council	24,511,690	(16,777,612)	7,734,078
25,997,922	(15,367,756)	10,630,166	Budget & Treasury	31,317,339	(14,472,079)	16,845,260
497,109	(11,769,758)	(11,272,649)	Corporate Services	310,737	(13,139,288)	(12,828,551)
297,103	(4,330,227)	(4,033,124)	Planning & Development	385,741	(4,382,454)	(3,996,713)
4,053,446	(6,685,562)	(2,632,106)	Community & Social Services	4,160,576	(7,726,004)	(3,565,428)
15,294,076	(16,032,659)	(738,583)	Housing	28,859,462	(29,740,897)	(881,435)
12,646,085	(13,372,602)	(726,517)	Public Safety	35,814,854	(37,911,229)	(2,096,375)
514,105	(7,210,237)	(6,696,132)	Sport & Recreation	1,266,148	(7,679,093)	(6,412,945)
6,943,439	(8,000,445)	(1,057,006)	Waste Management	7,369,626	(10,413,041)	(3,043,415)
17,143,581	(4,893,530)	12,250,051	Waste Water Management	17,156,047	(5,932,047)	11,224,000
28,434,140	(15,485,886)	12,948,254	Road Transport	8,317,587	(16,339,384)	(8,021,797)
15,723,669	(21,875,563)	(6,151,894)	Water	21,270,759	(20,811,510)	459,249
74,713,319	(68,403,579)	6,309,740	Electricity	73,327,577	(68,217,505)	5,110,072
241,814,023	(207,593,325)	34,220,698	Sub Total	254,068,143	(253,542,143)	526,000
-	9,790,378	9,790,378	Less Inter-Departmental Charges	-	9,358,426	9,358,426
241,814,023	(197,802,947)	44,011,076	Total	254,068,143	(244,183,717)	9,884,426

**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	Transfer	Contributions	Interest on	Interest	VAT	Operating	Capital	Refund	Transfer	Balance
	1 July 2013	In	during the year	investments (Only if a condition)	Transferred to Revenue	Transferred to Revenue	Expenditure during the year Transferred to Revenue	Expenditure during the year Transferred to Revenue	to Donor	out	30 June 2014
	R	R	R	R	R	R	R	R	R	R	R
NATIONAL											
Finance Management Restruc.	(85,075)	-	1,450,000	-	-	72,634	1,548,058	-	-	-	(266,767)
132/22KV Substation & 20 MVA Transformer	(788,457)	1,060,638	8,000,000	-	-	479,748	-	3,426,772	-	553,013	4,621,105
Electrification of Central Karoo	-	553,013	4,000,000	-	-	326,675	2,359,243	-	-	1,080,638	-
MSG 2011/2012	-	-	890,000	-	-	32,929	857,071	-	-	-	-
Expanded Public Works Programme	(14,377)	-	1,000,000	11,813	-	-	1,093,378	-	-	-	(95,942)
Exploration Aquifers	209,288	-	-	10,738	10,798	3,721	2,501,271	26,581	-	-	178,965
Energy efficiency demand (EEDMS)	-	-	3,000,000	-	150,000	348,729	450,000	-	-	-	-
Opening launch 132 Kv Substation	-	-	450,000	-	-	-	-	-	-	-	-
PROVINCIAL											
Community Development Workers (CDW's)	8,820	-	207,800	988	-	-	301,652	-	-	-	(84,034)
Consumer Housing Education Program	110,629	-	-	4,255	-	-	14,304	-	-	-	100,560
Project Provincial Funds	28,719	-	-	1,176	-	-	-	-	-	-	30,895
Project Preparation Grant Planning	147,832	-	-	9,747	-	-	-	-	-	-	157,579
Public Transport Infrastructure	115,628	-	-	2,467	-	1,889	-	13,482	-	-	102,724
Refuse Recycling Project	(60,182)	-	210,351	213	-	-	137,490	-	-	-	12,911
Rezoning Scheme Regulations	13,086	-	-	518	-	-	-	-	-	-	13,613
Sanitation Master Plan	9,902	-	-	382	-	-	-	-	-	-	10,284
Tourism Potential Nelspoort	130,662	-	-	5,169	-	8,400	60,000	-	-	-	67,431
Tourism Tokens	7,246	-	-	287	-	-	-	-	-	-	7,533
Upgrading electricity network Nelspoort	134,709	-	-	4,874	-	-	-	-	-	-	139,583
Public Library Services	116,425	-	3,393,000	46,896	-	-	3,034,583	149,105	-	-	372,633
Water Masterplan	12,427	-	-	493	-	-	-	-	-	-	12,920
Soup Kitchens	6,648	-	-	734	-	-	-	-	-	-	7,382
Management Support Grant	483,908	-	800,000	27,574	-	48,631	312,661	-	482,929	-	849,191
Provision Of Services Nelspoort (23)	817,919	-	-	41,921	6,646	11,871	358,395	-	-	-	4,415
240 Irp Dwellings Asia	4,923,009	-	2,712,243	62,742	-	31,500	7,662,080	-	-	-	357
Upgrading sport facilities Murraysburg	200,000	-	-	-	-	-	199,643	-	-	-	13,010
S3 & S4 Services	12,437	-	561,888	573	-	-	518,920	-	-	-	60,630
55 Consolidation Scheme Kwa Mandlenkosi	11,408	-	1,196,239	6,252	-	-	1,098,255	-	-	-	107,165
Xhoxha dwellings	2,523	-	19,136,480	6,666	-	-	19,136,480	-	-	-	-
274 IRDP Dwellings	-	-	100,000	-	-	-	100,000	-	-	-	-
Mandela Memorial Service	-	-	57,100	-	-	-	57,100	-	-	-	-
Compliance module	-	-	-	-	-	-	-	-	-	-	-

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 2013	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	Refund to Donor	Transfer out	Balance 30 June 2014
MIG											
PMU - Project Management Unit	-	155,021	314,781	-	-	-	230,514	2,326,947	-	84,267	-
Improve surface of gravel roads	-	-	3,147,992	-	-	325,773	-	9,031	-	650,293	-
Retension Dams	-	-	451,950	-	-	1,264	-	1,264	-	441,555	-
Rustdene Sport Stadium	-	100,000	718,173	-	-	88,605	-	644,569	-	84,989	-
New Refuse Transfer Station	-	-	65,452	-	-	5,792	-	41,370	-	18,290	-
Rehabilitation Roads: Murraysburg	-	-	250,687	-	-	30,786	-	219,901	-	-	-
Upgrading Water Supply: Murraysburg	-	328,980	854,488	-	-	106,406	-	723,233	-	351,830	-
Upgrade/extension Of Water Sup: Murraysburg	-	196,809	709,708	-	-	67,748	-	520,728	-	318,041	-
Reserve Reduction Water (pry)	-	100,000	256,440	-	-	42,258	-	301,844	-	12,337	-
High mast lights Greater Beaufort West	-	2,190,768	700,000	-	-	337,674	-	2,413,383	-	202,336	(62,825)
Main water pipeline Rustdene	-	-	110,803	-	-	-	-	-	-	110,803	(102,751)
Nelspoort Bulk water	-	612,423	653,811	-	-	166,121	-	1,200,864	-	1,257,540	-
External sewerage line Butekant street	-	-	5,555,533	-	-	527,811	-	3,770,182	-	575,000	-
External stormwater next to Butekant street	-	222,594	4,999,282	-	-	570,670	-	4,076,206	-	-	-
Rehab. Oxidation Ponds: Murraysburg	-	-	114,000	-	-	-	-	100,000	-	-	-
Rehab. Oxidation Ponds: Nelspoort	-	-	450,270	-	-	50,391	-	369,938	-	39,940	-
Flood Lighting B/West Rugby field	-	100,269	500,000	-	-	89,685	-	497,831	-	32,743	-
Flood Lighting Nelspoort Sport field	-	134,810	500,000	-	-	73,683	-	526,316	-	34,811	-
LOCAL ECONOMIC DEVELOPMENT											
Arts & Crafts	31,341	-	-	1,603	-	-	-	-	-	-	32,944
CKDM	8,047	-	-	318	-	-	-	-	-	-	8,365
Website	54,758	-	-	-	-	-	54,758	-	-	-	(58,059)
Shared Services	39,531	-	318,800	-	-	-	369,892	-	-	16,498	-
Expanded Public Works Programme	(16,486)	16,498	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme	136,249	-	-	-	-	-	-	-	-	-	136,249
Multi Purpose Centre - Murraysburg	-	-	-	-	-	-	-	-	-	-	-
Total	6,801,574	5,789,824	67,837,172	248,408	167,384	3,848,604	42,486,748	21,348,285	482,929	5,864,934	6,478,096
UNSPENT/UNPAID CONDITIONAL PUBLIC CONTRIBUTION											
PRIVAAT	-	-	-	-	-	-	-	-	-	-	-
Existing Houses Nelspoort	-	-	2,502	-	-	-	2,502	-	-	-	139,052
Menyville Library Alteration	-	-	134,634	4,418	-	-	-	-	-	-	-
Total	-	-	137,136	4,418	-	-	2,502	-	-	-	139,052
Total Receipts	6,801,574	5,789,824	67,974,308	252,826	167,384	3,848,604	42,489,250	21,348,285	482,929	5,864,934	6,617,148

**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 the Beaufort West Municipality set out on pages 3 to 121 which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as 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 these 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 of 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 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 2014 and its financial performance and cash flows 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 38 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of errors discovered during 2013-14 in the financial statements of Beaufort West Municipality at, and for the year ended, 30 June 2013.

Material losses

9. As disclosed in note 43.4 to the financial statements, the municipality suffered material water losses of 50.98% or 1 327 126 kilolitres during the year under review.
10. As disclosed in note 44.4 to the financial statements, the municipality suffered material electricity losses of 11.48% or 6488 858 Kwh during the year under review.

Material impairments

11. As disclosed in note 20 to the financial statements, material losses to the amount of R27 217 301 were provided for by the municipality as a result of the impairment of irrecoverable trade receivables.
12. As disclosed in note 31 to the financial statements, material losses to the amount of R10 994 382 were incurred as a result of impairment of land.

Material under-spending of the budget

13. As disclosed in note 43 to the financial statements, the municipality has materially unspent its capital budget to the amount of R 7 841 844. As a consequence, the municipality was unable to achieve all of its objectives of basic service delivery in the following service delivery areas:
 - Housing
 - Sport & Recreation
 - Waste Water Management
 - Road Transport
 - Electrical services.

Additional matters

14. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Unaudited supplementary schedules

15. The supplementary information set out on pages 122 to 128 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.

Unaudited disclosure notes

16. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS¹

17. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for the selected objective presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

18. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objective presented in the annual performance report of the municipality for the year ended 30 June 2014:
Basic service delivery and infrastructure development on pages 17 to 22
19. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
20. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPi).
21. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
22. I did not raise any material findings on the usefulness and reliability of the reported performance information for basic service delivery and infrastructure development.

Additional matters

23. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected objective, I draw attention to the following matters:

Achievement of planned targets

24. Refer to the annual performance report on pages 17 to 25 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for Basic service delivery and infrastructure development. As management subsequently corrected the misstatements we did not raise any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

26. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Financial statements, performance and annual reports

27. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the Municipal Finance Management Act. Material misstatements of non-current assets, current assets, current liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently.

Audit committees

28. 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, performance evaluation, adequacy, reliability and accuracy of financial reporting and compliance with legislation as required by section 166(2)(a) of the Municipal Finance Management Act.
29. The audit committee did not advise the council on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the Municipal Finance Management Act.
30. 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 Municipal Finance Management Act.
31. The audit committee did not respond to the council on the issues raised in the audit reports of the Auditor-General, as required by section 166(2)(c) of the Municipal Finance Management Act.
32. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with legislation, as required by section 166(2)(b) of the Municipal Finance Management Act.
33. 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 regulation 14(4)(a)(iii).

Human resource management

34. An acting Chief Financial Officer and acting Director Corporate Services was appointed for a period of more than six months in contravention of section 56(1) of the Municipal Systems Act.
35. The municipality did not submit a report on compliance with prescribed competency levels to the National Treasury and relevant provincial treasury as required by the Regulations on Minimum Competency Levels Reg14(2)(a).

Internal control

36. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant control deficiencies that resulted in the material adjustments made to the financial statements and annual performance report and the findings on non-compliance with legislation included in the report.

Leadership

37. The accounting officer did not exercise adequate oversight 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. In respect to human resource management, an acting chief financial officer and acting director corporate services was appointed for a period of more than six 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 Municipal Systems Act, 2000 (Act No. 32 of 2000), the MFMA and the Municipal Planning and Performance Management Regulations.

Financial and performance management

38. The financial statements submitted to audit contained numerous misstatements. 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 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. The internal audit department is understaffed and the work of the internal auditor is not reviewed by a senior manager. 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 is conducted and that a risk strategy to address the risks is developed and monitored.

OTHER REPORTS

Investigations

40. The internal audit department conducted an investigation regarding the appointment of CKTS (Central Karoo Traffic Services). The engagement team awaits the final report from the internal auditors.

Auditor - General

Cape Town

28 November 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence