

Beaufort West Municipality



2014/15

*Annual
Report*

ANNEXURE A
FINANCIAL STATEMENTS

Beaufort West

MUNICIPALITY



[These financial statements have been audited]

FINANCIAL STATEMENTS

30 JUNE 2015

BEAUFORT WEST LOCAL MUNICIPALITY

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BEAUFORT WEST LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

Mr. F. Sabbat

REGISTERED OFFICE

112 Donkin Street

BEAUFORT WEST

6970

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

Nedbank, Beaufort West

ATTORNEYS

Crawford Attorneys, Beaufort West

Van Niekerk 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)

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

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 | E.A.J. Beyers |
| 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 2015, which are set out on pages 1 to 134 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. Booyesen
Municipal Manager

31 August 2015

Date

BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

| | Notes | 2015 R (Actual) | 2014 R (Restated) |
|--|-------|-----------------------|-------------------------|
| NET ASSETS AND LIABILITIES | | | |
| Net Assets | | 435 119 174 | 351 758 096 |
| Capital Replacement Reserve | 2 | 10 491 152 | 4 849 606 |
| Housing Development Fund | 2 | 4 062 271 | 4 198 159 |
| Self Insurance Reserve | 2 | 1 196 864 | 1 118 685 |
| Accumulated Surplus | | 419 368 887 | 341 591 646 |
| Non-Current Liabilities | | 44 437 765 | 46 160 825 |
| Long-term Liabilities | 3 | 11 546 769 | 14 602 574 |
| Employee benefits | 4 | 27 689 312 | 25 882 098 |
| Non-Current Provisions | 5 | 5 201 683 | 5 676 153 |
| Current Liabilities | | 57 049 643 | 46 033 645 |
| Consumer Deposits | 6 | 1 227 349 | 1 138 815 |
| Current Employee benefits | 7 | 7 979 706 | 7 509 143 |
| Provisions - current portion | 8 | 4 399 815 | - |
| Payables From Exchange Transactions | 9 | 32 891 608 | 26 634 801 |
| Unspent Conditional Government Grants and Receipts | 10 | 4 709 333 | 7 135 563 |
| Unspent Public Contributions | 11 | 145 955 | 139 052 |
| Cash and Cash Equivalents | 23 | 1 932 245 | - |
| Current Portion of Long-term Liabilities | 3 | 3 763 632 | 3 476 271 |
| Total Net Assets and Liabilities | | 536 606 582 | 443 952 566 |
| ASSETS | | | |
| Non-Current Assets | | 469 733 950 | 394 523 569 |
| Property, Plant and Equipment | 13 | 452 172 824 | 375 041 608 |
| Investment Property | 14 | 8 381 248 | 8 647 603 |
| Intangible Assets | 15 | 316 106 | 268 770 |
| Capitalised Restoration Cost | 16 | 1 903 294 | 1 664 002 |
| Heritage Assets | 17 | 5 225 000 | 5 225 000 |
| Long-Term Receivables | 18 | 1 735 478 | 3 676 587 |
| Current Assets | | 66 872 632 | 49 428 997 |
| Inventory | 19 | 2 991 660 | 2 791 450 |
| Trade Receivables from exchange transactions | 20 | 25 389 148 | 19 352 591 |
| Other Receivables from non-exchange transactions | 21 | 15 370 233 | 10 735 419 |
| Unpaid Conditional Government Grants and Receipts | 10 | 1 614 319 | 670 378 |
| Operating Lease Asset | 22.1 | 14 196 | 10 008 |
| Taxes | 12 | 6 444 459 | 3 932 014 |
| Cash and Cash Equivalents | 23 | 15 048 617 | 11 937 136 |
| Total Assets | | 536 606 582 | 443 952 566 |

BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

| | Notes | 2015 (Actual) R | 2014 (Restated) R | Correction of error R | 2014 (Previously reported) R |
|---|-------|-----------------------|-------------------------|-----------------------------|------------------------------------|
| REVENUE | | | | | |
| Revenue from Non-exchange Transactions | | 237 283 204 | 163 499 160 | (3) | 163 499 163 |
| Taxation Revenue | | 24 583 024 | 22 792 230 | - | 22 792 230 |
| Property taxes | 24 | 24 583 024 | 22 792 230 | - | 22 792 230 |
| Transfer Revenue | | 166 731 201 | 99 629 979 | (3) | 99 629 982 |
| Government Grants and Subsidies - Capital | 25 | 37 652 483 | 21 348 285 | 1 | 21 348 284 |
| Government Grants and Subsidies - Operating | 25 | 76 782 411 | 77 918 756 | (4) | 77 918 760 |
| Contributed PPE | | 52 296 307 | 362 938 | - | 362 938 |
| Other Revenue | | 45 968 979 | 41 076 951 | - | 41 076 951 |
| Actuarial Gains | 4 | - | 203 285 | - | 203 285 |
| Fines | | 45 968 979 | 40 873 666 | - | 40 873 666 |
| Gain on disposal of PPE | | - | - | - | - |
| Revenue from Exchange Transactions | | 104 938 766 | 95 627 358 | 3 | 95 627 355 |
| Property Rates - penalties imposed and collection charges | | 473 809 | 399 873 | - | 399 873 |
| Service Charges | 26 | 88 399 264 | 85 099 374 | 1 | 85 099 373 |
| Rental of Facilities and Equipment | | 1 677 585 | 814 984 | - | 814 984 |
| Interest Earned - external investments | | 1 892 682 | 1 011 727 | - | 1 011 727 |
| Interest Earned - outstanding debtors | | 1 968 539 | 1 858 351 | - | 1 858 351 |
| Licences and Permits | | 538 676 | 545 598 | - | 545 598 |
| Agency Services | | 609 253 | 541 057 | - | 541 057 |
| Other Income | 27 | 9 378 958 | 5 356 394 | 2 | 5 356 392 |
| Total Revenue | | 342 221 970 | 259 126 518 | - | 259 126 518 |
| EXPENDITURE | | | | | |
| Employee related costs | 28 | 73 425 608 | 67 877 608 | (36 251) | 67 913 859 |
| Remuneration of Councillors | 29 | 4 355 922 | 3 893 736 | - | 3 893 736 |
| Debt Impairment | 30 | 40 121 041 | 27 217 301 | - | 27 217 301 |
| Collection Cost | | 444 454 | 652 890 | - | 652 890 |
| Depreciation and Amortisation | 31 | 15 044 193 | 14 024 906 | (5 177) | 14 030 083 |
| Impairments | 32 | 3 170 956 | 10 994 382 | - | 10 994 382 |
| Repairs and Maintenance | 33 | 18 143 202 | 17 408 268 | - | 17 408 268 |
| Actuarial losses | 4 | 216 003 | 1 882 459 | - | 1 882 459 |
| Finance Charges | 34 | 4 453 389 | 4 086 726 | - | 4 086 726 |
| Bulk Purchases | 35 | 43 358 262 | 39 066 285 | - | 39 066 285 |
| Contracted services | 36 | 7 999 251 | 11 539 821 | - | 11 539 821 |
| Grants and Subsidies Paid | 37 | 64 452 | 60 000 | - | 60 000 |
| Stock Adjustments | 35 | 6 556 224 | 7 323 581 | - | 7 323 581 |
| Other Operating Grant Expenditure | | 676 407 | - | - | - |
| Loss on disposal of PPE | | 841 434 | 230 285 | 62 286 | 167 999 |
| General Expenses | 38 | 39 990 111 | 48 032 826 | 36 251 | 47 996 575 |
| Total Expenditure | | 258 860 909 | 254 291 074 | 57 109 | 254 233 965 |
| Operating Surplus for the Year | | 83 361 061 | 4 835 444 | (57 109) | 4 892 553 |
| Loss on disposal of Property, Plant and Equipment/Investment Property | | - | - | - | - |
| Gain on disposal of Property, Plant & Equipment/Investment Property | | - | - | - | - |
| Fair Value Adjustments | 0 | - | - | - | - |
| NET SURPLUS FOR THE YEAR | | 83 361 061 | 4 835 444 | (57 109) | 4 892 553 |

BEAUFORT WEST LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

| | Self Insurance Reserve | Housing Development Fund | Capital Replacement Reserve | Accumulated Surplus/ (Deficit) | Total |
|---|---------------------------------------|---|--|---|--------------------|
| | R | R | R | R | R |
| Balance at 1 July 2013 | 1 035 337 | 4 170 185 | 4 546 564 | 331 487 805 | 341 239 891 |
| Correction of error - See Note 39.02 | - | - | - | 5 682 737 | 5 682 737 |
| Restated Balance at 1 July 2013 | 1 035 337 | 4 170 185 | 4 546 564 | 337 170 541 | 346 922 627 |
| Net Surplus/(Deficit) for the year | - | - | - | 4 892 553 | 4 892 553 |
| Correction of error - See Note 39.01 | - | - | - | (57 110) | (57 110) |
| Contribution to Insurance Reserve | 273 445 | - | - | (273 445) | - |
| Insurance claims processed | (190 097) | - | - | 190 097 | - |
| Transfer to CRR | - | - | 4 718 623 | (4 718 623) | - |
| Property, Plant and Equipment purchased | - | - | (4 415 581) | 4 415 581 | - |
| 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 | 341 591 646 | 351 758 096 |
| Restated Balance at 1 July 2014 | 1 118 685 | 4 198 159 | 4 849 606 | 341 591 646 | 351 758 096 |
| Net Surplus/(Deficit) for the year | - | - | - | 83 361 061 | 83 361 061 |
| Transfer to CRR | - | - | 7 699 667 | (7 699 667) | - |
| Property, Plant and Equipment purchased | - | - | (2 058 121) | 2 058 121 | - |
| Contribution to Insurance Reserve | 367 738 | - | - | (367 738) | - |
| Insurance claims processed | (289 559) | - | - | 289 559 | - |
| Transfer to Housing Development Fund | - | (135 888) | - | 135 888 | - |
| Rounding | - | - | - | 18 | 18 |
| Balance at 30 June 2015 | 1 196 864 | 4 062 271 | 10 491 152 | 419 368 887 | 435 119 174 |

BEAUFORT WEST LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

| | Notes | 2015 R | 2014 R |
|---|-----------|---------------------|---------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Ratepayers and other | | 115 850 810 | 119 381 830 |
| Government | | 118 123 555 | 103 330 957 |
| Interest | | 3 861 221 | 2 870 078 |
| Payments | | | |
| Suppliers and employees | | (191 033 368) | (195 820 048) |
| Finance charges | 34 | (4 453 389) | (4 086 726) |
| Transfers and Grants | | (64 452) | (60 000) |
| Net Cash from Operating Activities | 40 | 42 284 378 | 25 616 091 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Property, Plant and Equipment | | (40 355 974) | (30 263 543) |
| Proceeds on Disposal of Fixed Assets | | 222 377 | - |
| Purchase of Intangible Assets | | (144 224) | (24 809) |
| (Increase)/Decrease in Long-term Receivables | | 1 941 109 | (2 055 080) |
| Net Cash from Investing Activities | | (38 336 712) | (32 343 433) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| New loans raised | | 789 592 | 4 092 471 |
| New loans (repaid) | | (3 558 036) | (3 525 696) |
| Rounding | | 13 | 24 |
| Net Cash from Financing Activities | | (2 768 430) | 566 799 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 1 179 236 | (6 160 543) |
| Cash and Cash Equivalents at the beginning of the year | | 11 937 136 | 18 097 679 |
| Cash and Cash Equivalents at the end of the year | 41 | 13 116 372 | 11 937 136 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 1 179 236 | (6 160 543) |

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2015 R (Actual) | 2015 R (Final Budget) | 2015 R (Variance) | Explanations for material variances |
|--------------------------------------|---------------------------|-----------------------------|--------------------------|---|
| ASSETS | | | | |
| Current assets | | | | |
| Cash | 12 230 | 762 070 | (749 840) | |
| Call investment deposits | 15 036 387 | 2 847 676 | 12 188 711 | Additional grants received and CRR contributions |
| Consumer debtors | 25 389 148 | 32 252 587 | (6 863 439) | Increase in provision for bad debts |
| Other Receivables | 23 443 207 | 4 500 000 | 18 943 207 | Additional debtors due to implementing IGRAP1 for traffic fines |
| Inventory | 2 991 660 | 3 400 000 | (408 340) | Decrease in stock |
| Total current assets | <u>66 872 632</u> | <u>43 762 333</u> | <u>23 110 299</u> | |
| Non current assets | | | | |
| Long-term receivables | 1 735 478 | 3 676 587 | (1 941 109) | Decrease in debtor arrangements |
| Investment property | 8 381 248 | 8 336 455 | 44 793 | |
| Property, plant and equipment | 459 301 118 | 402 581 700 | 56 719 418 | Contributed assets (Youth Hub) |
| Intangible Assets | 316 106 | 150 116 | 165 990 | Less expenses than budgeted for |
| Other non-current assets | - | 2 970 644 | (2 970 644) | |
| Total non current assets | <u>469 733 950</u> | <u>417 715 502</u> | <u>52 018 448</u> | |
| TOTAL ASSETS | <u><u>536 606 582</u></u> | <u><u>461 477 835</u></u> | <u><u>75 128 747</u></u> | |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Bank overdraft | 1 932 245 | - | 1 932 245 | Cash flow problems and increase in payables |
| Borrowing | 3 763 632 | 3 476 271 | 287 361 | Finance Lease vehicles |
| Consumer deposits | 1 227 349 | 1 284 000 | (56 651) | |
| Trade and other payables | 37 746 896 | 20 315 510 | 17 431 386 | Increase in payables |
| Provisions and Employee Benefits | 12 379 521 | 10 533 847 | 1 845 674 | Difference due to changes to actuarial calculations |
| Total current liabilities | <u>57 049 643</u> | <u>35 609 628</u> | <u>21 440 015</u> | |
| Non current liabilities | | | | |
| Borrowing | 11 546 769 | 20 059 350 | (8 512 581) | Decrease in outstanding long-term liabilities |
| Provisions and Employee Benefits | 32 890 995 | 29 735 320 | 3 155 675 | Difference due to changes to actuarial calculations |
| Total non current liabilities | <u>44 437 765</u> | <u>49 794 670</u> | <u>(5 356 905)</u> | |
| TOTAL LIABILITIES | <u><u>101 487 407</u></u> | <u><u>85 404 298</u></u> | <u><u>16 083 109</u></u> | |
| NET ASSETS | <u><u>435 119 174</u></u> | <u><u>376 073 537</u></u> | <u><u>59 045 637</u></u> | |
| COMMUNITY WEALTH | | | | |
| Accumulated Surplus/(Deficit) | 419 368 887 | 365 467 085 | 53 901 802 | Contributed assets and land recognised for the first time |
| Reserves | 15 750 287 | 10 606 452 | 5 143 835 | Additional contribution to CRR |
| TOTAL COMMUNITY WEALTH/EQUITY | <u><u>435 119 174</u></u> | <u><u>376 073 537</u></u> | <u><u>59 045 637</u></u> | |

**BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015**

ADJUSTMENTS TO APPROVED BUDGET

| | 2015 R (Approved Budget) | 2015 R (Adjustments) | 2015 R (Final Budget) | Explanations for material adjustments |
|--------------------------------------|--------------------------------|----------------------------|-----------------------------|--|
| ASSETS | | | | |
| Current assets | | | | |
| Cash | 952 330 | (190 260) | 762 070 | Decrease in available cash |
| Call investment deposits | 4 782 529 | (1 934 853) | 2 847 676 | Decrease in available cash |
| Consumer debtors | 29 617 309 | 2 635 278 | 32 252 587 | Decrease in payment percentage |
| Other Receivables | 4 500 000 | - | 4 500 000 | |
| Inventory | 3 400 000 | - | 3 400 000 | |
| Total current assets | <u>43 252 168</u> | <u>510 165</u> | <u>43 762 333</u> | |
| Non current assets | | | | |
| Long-term receivables | 1 150 000 | 2 526 587 | 3 676 587 | Expected increase in arrangements with debtors |
| Investment property | 9 057 783 | (721 328) | 8 336 455 | |
| Property, plant and equipment | 399 241 723 | 3 339 977 | 402 581 700 | Hold on capital expenditure |
| Intangible Assets | 142 059 | 8 057 | 150 116 | New software to be purchased |
| Other non-current assets | - | 2 970 644 | 2 970 644 | |
| Total non current assets | <u>409 591 565</u> | <u>8 123 937</u> | <u>417 715 502</u> | |
| TOTAL ASSETS | <u><u>452 843 733</u></u> | <u><u>8 634 102</u></u> | <u><u>461 477 835</u></u> | |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Borrowing | 2 611 000 | 865 271 | 3 476 271 | New finance leases to be raised |
| Consumer deposits | 1 284 000 | - | 1 284 000 | |
| Trade and other payables | 26 674 998 | (6 359 488) | 20 315 510 | Cut back on expenditure |
| Provisions and Employee Benefits | 10 533 847 | - | 10 533 847 | Post employee benefits and landfill sites |
| Total current liabilities | <u>41 103 845</u> | <u>(5 494 217)</u> | <u>35 609 628</u> | |
| Non current liabilities | | | | |
| Borrowing | 17 319 513 | 2 739 837 | 20 059 350 | New finance leases to be raised |
| Provisions and Employee Benefits | 29 735 320 | - | 29 735 320 | |
| Total non current liabilities | <u>47 054 833</u> | <u>2 739 837</u> | <u>49 794 670</u> | |
| TOTAL LIABILITIES | <u><u>88 158 678</u></u> | <u><u>(2 754 380)</u></u> | <u><u>85 404 298</u></u> | |
| NET ASSETS | <u><u>364 685 055</u></u> | <u><u>11 388 482</u></u> | <u><u>376 073 537</u></u> | |
| COMMUNITY WEALTH | | | | |
| Accumulated Surplus/(Deficit) | 356 367 202 | 9 099 883 | 365 467 085 | Net of all reasons |
| Reserves | 8 317 853 | 2 288 599 | 10 606 452 | Additional contribution to CRR |
| TOTAL COMMUNITY WEALTH/EQUITY | <u><u>364 685 055</u></u> | <u><u>11 388 482</u></u> | <u><u>376 073 537</u></u> | |

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2015 R (Actual) | 2015 R (Final Budget) | 2015 R (Variance) | Explanations for material variances |
|---|-----------------------|-----------------------------|-------------------------|---|
| REVENUE BY SOURCE | | | | |
| Property rates | 24 583 024 | 24 363 900 | 219 124 | Due to implementation of interim valuation |
| Property rates - penalties & collection charges | 473 809 | 620 000 | (146 191) | Increase in payment percentage |
| Service charges | 88 399 264 | 96 565 694 | (8 166 430) | Less income received than anticipated |
| Rental of facilities and equipment | 1 677 585 | 854 226 | 823 359 | More rentals received than anticipated |
| Interest earned - external investments | 1 892 682 | 1 060 000 | 832 682 | More cash available to be invested |
| Interest earned - outstanding debtors | 1 968 539 | 1 796 000 | 172 539 | Decrease in apyment percentage |
| Fines | 45 968 979 | 39 959 650 | 6 009 329 | Due to implementation of IGRAP1 on traffic fines |
| Licences and permits | 538 676 | 648 150 | (109 474) | Less revenue received than anticipated |
| Agency services | 609 253 | 580 000 | 29 253 | Not material |
| Government Grants and Subsidies - Operating | 76 782 411 | 85 354 718 | (8 572 307) | Less grants received than anticipated |
| Other revenue | 61 675 265 | 3 363 571 | 58 311 694 | Contributed assets (Youth Hub) |
| Gains on disposal of PPE | - | - | - | Insurance claims received on damaged and lost assets |
| Total Operating Revenue | 304 569 487 | 255 165 909 | 49 403 578 | |
| EXPENDITURE BY TYPE | | | | |
| Employee related costs | 73 425 608 | 72 299 765 | 1 125 843 | Not material |
| Remuneration of councillors | 4 355 922 | 4 448 975 | (93 053) | Not material |
| Debt impairment | 40 121 041 | 26 840 000 | 13 281 041 | Due to implementation of IGRAP1 on traffic fines |
| Depreciation & asset impairment | 15 044 193 | 15 080 784 | (36 591) | Not material |
| Finance charges | 4 453 389 | 2 115 747 | 2 337 642 | Additional interest on non-current provisions and employee benefits |
| Bulk purchases | 49 914 486 | 51 524 000 | (1 609 514) | Decrease due to load shedding |
| Other materials | 18 143 202 | 21 506 732 | (3 363 530) | Less repairs due to cash flow |
| Contracted services | 7 999 251 | 8 135 132 | (135 881) | Not material |
| Grants and subsidies paid | 64 452 | 60 000 | 4 452 | Not material |
| Impairments | 3 170 956 | - | 3 170 956 | Impairment on landfill sites due to new information available |
| Other expenditure | 41 326 975 | 62 469 552 | (21 142 577) | Less expenditure due to cash flow |
| Loss on disposal of PPE | 841 434 | - | 841 434 | Assets sold below their carrying value |
| Total Operating Expenditure | 258 860 909 | 264 480 687 | (5 619 778) | |
| Operating Surplus/(Deficit) for the year | 45 708 578 | (9 314 778) | 55 023 356 | |
| Government Grants and Subsidies - Capital | 37 652 483 | 39 255 844 | (1 603 361) | Less capital grants received and expensed than anticipated |
| Net Surplus for the year | 83 361 061 | 29 941 066 | 53 419 995 | |

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

| | 2015 R (Approved Budget) | 2015 R (Adjustments) | 2015 R (Final Budget) | Reasons for material adjustments |
|---|--------------------------------|----------------------------|-----------------------------|---|
| REVENUE BY SOURCE | | | | |
| Property rates | 24 363 900 | - | 24 363 900 | |
| Property rates - penalties & collection charges | 620 000 | - | 620 000 | |
| Service charges | 97 492 438 | (926 744) | 96 565 694 | Decrease foreseen due to load shedding |
| Rental of facilities and equipment | 845 026 | 9 200 | 854 226 | Not material |
| Interest earned - external investments | 1 060 000 | - | 1 060 000 | |
| Interest earned - outstanding debtors | 1 716 000 | 80 000 | 1 796 000 | Not material |
| Fines | 16 119 650 | 23 840 000 | 39 959 650 | Due to implementation of IGRAP1 on traffic fines |
| Licences and permits | 648 050 | 100 | 648 150 | Not material |
| Agency services | 520 000 | 60 000 | 580 000 | Not material |
| Government Grants and Subsidies - Operating | 83 795 800 | 1 558 918 | 85 354 718 | Additional grants received |
| Other revenue | 4 943 921 | (1 580 350) | 3 363 571 | Expected decrease in other revenue |
| Total Operating Revenue | 232 124 785 | 23 041 124 | 255 165 909 | |
| EXPENDITURE BY TYPE | | | | |
| Employee related costs | 74 294 530 | (1 994 765) | 72 299 765 | Vacant positions not filled |
| Remuneration of councillors | 4 448 975 | - | 4 448 975 | |
| Debt impairment | 3 000 000 | 23 840 000 | 26 840 000 | Due to implementation of IGRAP1 on traffic fines |
| Depreciation & asset impairment | 15 080 784 | - | 15 080 784 | |
| Finance charges | 1 940 356 | 175 391 | 2 115 747 | New finance leases to be raised |
| Bulk purchases | 53 844 000 | (2 320 000) | 51 524 000 | Decrease expected due to load shedding |
| Other materials | 21 052 540 | 454 192 | 21 506 732 | Additional grants received |
| Contracted services | 7 907 040 | 228 092 | 8 135 132 | Additional grants received |
| Grants and subsidies paid | 60 000 | - | 60 000 | |
| Other expenditure | 64 016 000 | (1 546 448) | 62 469 552 | Expected decrease in other expenditure due to cut back on expenditure |
| Total Operating Expenditure | 245 644 225 | 18 836 462 | 264 480 687 | |
| Operating Surplus/(Deficit) for the year | (13 519 440) | 4 204 662 | (9 314 778) | |
| Government Grants and Subsidies - Capital | 23 038 200 | 16 217 644 | 39 255 844 | Additional grants received |
| Net Surplus for the year | 9 518 760 | 20 422 306 | 29 941 066 | |

BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2015 R (Actual) | 2015 R (Final Budget) | 2015 R (Variance) | Explanations for material variances |
|--|------------------------------|------------------------------------|--------------------------------|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Ratepayers and other | 115 850 810 | 137 495 616 | (21 644 806) | Decrease in services sold |
| Government - operating | 80 471 072 | 84 386 923 | (3 915 851) | Less grants received than anticipated |
| Government - capital | 37 652 483 | 34 159 382 | 3 493 101 | More grants received than anticipated |
| Interest | 3 861 221 | 2 856 000 | 1 005 221 | Increase in cash available for investments |
| Payments | | | | |
| Suppliers and Employees | (191 033 368) | (221 230 656) | 30 197 288 | Vacant posts not filled and cut back on expenditure |
| Finance charges | (4 453 389) | (2 115 747) | (2 337 642) | Additional interest on non-current provisions and employee benefits |
| Transfers and Grants | (64 452) | (60 000) | (4 452) | Not material |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 42 284 378 | 35 491 518 | 6 792 860 | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts | | | | |
| Proceeds on disposal of Assets | 222 377 | - | 222 377 | |
| Decrease/(increase) in non-current receivables | 1 941 109 | 471 507 | 1 469 602 | Increase in debtor arrangements |
| Decrease/(increase) in non-current debtors | - | - | - | |
| Payments | | | | |
| Capital assets | (40 500 198) | (43 899 344) | 3 399 146 | |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (38 336 712) | (43 427 837) | 5 091 125 | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts | | | | |
| Borrowing | 789 592 | 2 460 000 | (1 670 408) | Decrease in financial leases |
| Increase/(decrease) in consumer deposits | - | 84 000 | (84 000) | |
| Payments | | | | |
| Repayment of borrowing | (3 558 036) | (2 935 071) | (622 965) | More finance lease vehicles returned |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (2 768 443) | (391 071) | -2 377 372 | |
| NET INCREASE/(DECREASE) IN CASH HELD | 1 179 223 | (8 327 390) | 9 506 613 | Net of all reasons |
| Cash and Cash Equivalents at the beginning of the year | 11 937 136 | 11 937 136 | - | |
| Cash and Cash Equivalents at the end of the year | 13 116 372 | 3 609 746 | 9 506 626 | |

**BEAUFORT WEST LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**

ADJUSTMENTS TO APPROVED BUDGET

| | 2015 R (Approved Budget) | 2015 R (Adjustments) | 2015 R (Final Budget) | Reasons for material adjustments |
|--|--------------------------------|----------------------------|-----------------------------|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Ratepayers and other | 143 686 419 | (6 190 803) | 137 495 616 | Decrease in services sold |
| Government - operating | 83 795 800 | 591 123 | 84 386 923 | Additional grants received |
| Government - capital | 23 038 200 | 11 121 182 | 34 159 382 | Additional grants received |
| Interest | 1 060 000 | 1 796 000 | 2 856 000 | More cash available to invest |
| Payments | | | | |
| Suppliers and Employees | (219 294 729) | (1 935 927) | (221 230 656) | Additional grants received |
| Finance charges | (1 940 356) | (175 391) | (2 115 747) | Additional interest on non-current provisions and employee benefits |
| Transfers and Grants | (60 000) | - | (60 000) | |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | <u>30 285 334</u> | <u>5 206 184</u> | <u>35 491 518</u> | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts | | | | |
| Decrease/(increase) in non-current receivables | 471 507 | - | 471 507 | |
| Payments | | | | |
| Capital assets | (29 286 134) | (14 613 210) | (43 899 344) | Additional grants received |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | <u>(28 814 627)</u> | <u>(14 613 210)</u> | <u>(43 427 837)</u> | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts | | | | |
| Borrowing | 2 460 000 | - | 2 460 000 | |
| Increase/(decrease) in consumer deposits | 84 000 | - | 84 000 | |
| Payments | | | | |
| Repayment of borrowing | (2 935 071) | - | (2 935 071) | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | <u>(391 071)</u> | <u>-</u> | <u>(391 071)</u> | |
| NET INCREASE/(DECREASE) IN CASH HELD | 1 079 636 | (9 407 026) | (8 327 390) | Net of all reasons |
| Cash and Cash Equivalents at the beginning of the year | 4 655 223 | 7 281 913 | 11 937 136 | |
| Cash and Cash Equivalents at the end of the year | <u>5 734 859</u> | <u>(2 125 113)</u> | <u>3 609 746</u> | |

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BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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.

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 Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 2014 to 30 June 2015. 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.

Explanations for material differences between the final budget amounts and actual amounts are included 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:

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| Standard | Description | Effective Date |
|---|---|-----------------------|
| Directive 11 | <p>Changes in Measurement Bases following Initial Adoption of Standards of GRAP</p> <p>This Directive can be applied when a Municipality elects to change the measurement bases selected for certain assets on the initial adoption of Standards of GRAP.</p> <p>No significant impact is expected as the Municipality has no intention of changing its measurement bases.</p> | 1 April 2015 |
| 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 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> | Unknown |
| 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 |
| 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 |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | | |
|--|--|----------------------------|
| <p>GRAP 106 (Original – Nov 2010)</p> | <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 foreseeable future.</p> | <p>1 April 2015</p> |
| <p>GRAP 107 (Original – Nov 2010)</p> | <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> | <p>1 April 2015</p> |
| <p>GRAP 108 (Original – Sept 2013)</p> | <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>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p> | <p>Unknown</p> |
| <p>IGRAP 11</p> | <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> | <p>1 April 2015</p> |
| <p>IGRAP 12</p> | <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> | <p>1 April 2015</p> |
| <p>IGRAP17</p> | <p>Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset</p> <p>This Interpretation of the Standards provides guidance to the grantor where it has entered into a</p> | <p>Unknown</p> |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | | |
|--|--|--|
| | <p>service concession arrangement, but only controls 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 such transactions or events are expected in the foreseeable future.</p> | |
|--|--|--|

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

1.9. RESERVES

1.9.1 Capital Replacement Reserve (CRR)

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

1.9.2 Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress, as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only 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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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- Repair and replacement costs not fully covered by external insurance are financed from the insurance reserve. The repair and replacement cost is regarded as an expense and is reflected in the Statement of Financial Performance. An amount equal to the expense is transferred from the Insurance Reserve to the Accumulated Surplus via the Statement of Changes in Net Assets.
 - Amounts paid on behalf of employees in respect of medical costs for injuries sustained whilst on duty are regarded as expenses and are recorded in the Statement of Financial Performance when incurred. An amount equal to these expenses is transferred from the Insurance Reserve to the Accumulated Surplus account via the Statement of Changes in Net Assets.

1.10. LEASES

1.10.1 Municipality as Lessee

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

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

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

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

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

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met, an amount equal to the conditions met, are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as an 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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

-
- The cash which backs up the creditor is invested as an individual investment or part of the general investments of the Municipality until it is utilised.
 - Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.14. PROVISIONS

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

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

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

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

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

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

1.15.1 Post Retirement Medical Obligations

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

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, 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

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 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 accrues to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.15.5 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.15.6 Pension and retirement fund obligations

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

1.16. PROPERTY, PLANT AND EQUIPMENT

1.16.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring

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the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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

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 |

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| | | | |
|------------------------------------|--------|-----------------------|--------|
| Housing | 30 | Watercraft | 15 |
| | | Bins and containers | 5 |
| <u>Community</u> | | Specialised plant and | |
| Buildings | 10-105 | Equipment | 3-40 |
| Recreational Facilities | 15-105 | 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 | | |

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.

1.16.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2010.

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

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- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

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

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

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

Intangible assets are initially recognised at cost.

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

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gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2010.

1.18. INVESTMENT PROPERTY

1.18.1 Initial Recognition

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

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

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

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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> | Years |
|-----------------------------------|--------------|
| 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.

1.18.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010

1.19 HERITAGE ASSETS

1.19.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

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

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

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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.

1.19.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1 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.

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

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

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

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.

1.20.2 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.

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- (b) Internal sources of information
- Evidence is available of physical damage of an asset.
 - Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
 - A decision to halt the construction of the asset before it is complete or in a usable condition.
 - Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

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.

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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.

1.21. INVENTORIES

1.21.1 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.

1.21.2 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.

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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.

1.22. 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.

1.22.1 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.

1.22.2 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.

1.22.2.1 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

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and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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

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

1.22.2.2 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.

1.22.2.3 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.

1.22.2.4 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.

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

1.22.3 *De-recognition of Financial Instruments*

1.22.3.1 *Financial Assets*

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

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

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

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

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

1.22.3.2 *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.

1.22.4 *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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.23 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.23.1 Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.23.2 Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.23.3 De-recognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

- (i) de-recognise the receivable; and
- (ii) recognise separately any rights and obligations created or retained in the transfer.

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.

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

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

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

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;

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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

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

1.25. RELATED PARTIES

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).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

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

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

Management personnel include:

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

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

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 Remuneration of Public Office Bearers Act (Act. No. 20 of 1998), or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

Management judgement is required when recognising and measuring contingent liabilities.

1.30. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.30.1 Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.30.2 Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

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.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

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

1.30.4 Intangible Assets

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

1.30.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

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

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

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

1.30.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.30.7 Revenue Recognition

Accounting Policy 1.24.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.30.8 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.30.9 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.30.10 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.

1.30.11 Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days worth of unused electricity.

1.30.12 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.31. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of Value Added Tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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. TAXATION

1.34.1 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.

1.34.2 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 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.

1.34.3 Tax expenses

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R |
|--|-------------------|-------------------|
| 2 NET ASSET RESERVES | | |
| RESERVES | 15 750 287 | 10 166 450 |
| Capital Replacement Reserve | 10 491 152 | 4 849 606 |
| Housing Development Fund | 4 062 271 | 4 198 159 |
| Self Insurance Reserve | 1 196 864 | 1 118 685 |
| Total Net Asset Reserve and Liabilities | 15 750 287 | 10 166 450 |

The above balances are represented by cash of R219 642 for the current year and R218 612 (2014) and is invested together with the other investments of the municipality (See Note 42)

| | 2015 R | 2014 R |
|---|-------------------|-------------------|
| 3 LONG TERM LIABILITIES | | |
| Annuity Loans - At amortised cost | 12 028 075 | 13 544 430 |
| Capitalised Lease Liability - At amortised cost | 3 282 326 | 4 534 416 |
| | 15 310 401 | 18 078 846 |
| Less: Current Portion transferred to Current Liabilities | 3 763 632 | 3 476 271 |
| Annuity Loans - At amortised cost | 1 575 262 | 1 516 227 |
| Capitalised Lease Liability - At amortised cost | 2 188 370 | 1 960 044 |
| Total Long-term Liabilities - At amortised cost using the effective interest rate method | 11 546 769 | 14 602 574 |

Annuity loans at amortised cost is calculated at 8.6%-14.00% interest rate, with last maturity date of 31 July 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

Finance Lease loans at amortised cost is calculated at 8.50%-20.50% interest rate, with last maturity date of 30 April 2018. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

| | 2015 R | 2014 R |
|--|---------------------------------|-------------------|
| The obligations under annuity loans are scheduled below: | | |
| | Minimum annuity payments | |
| Amounts payable under annuity loans: | | |
| Payable within one year | 2 779 743 | 2 870 994 |
| Payable within two to five years | 7 479 172 | 8 963 878 |
| Payable after five years | 9 872 319 | 11 173 707 |
| | 20 131 235 | 23 008 579 |
| Less: Future finance obligations | (8 103 160) | (9 464 179) |
| Present value of annuity obligations | 12 028 075 | 13 544 400 |

The obligations under finance leases are scheduled below:

| | 2015 R | 2014 R |
|---|-------------------------------|------------------|
| | Minimum lease payments | |
| Amounts payable under finance leases: | | |
| Payable within one year | 2 382 345 | 2 269 318 |
| Payable within two to five years | 1 148 367 | 2 729 375 |
| Payable after five years | - | - |
| | 3 530 712 | 4 998 693 |
| Less: Future finance obligations | (248 386) | (464 279) |
| Present value of lease obligations | 3 282 326 | 4 534 414 |

Leases are secured by property, plant and equipment - Note 13

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3 LONG TERM LIABILITIES (CONTINUED)

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 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 Fleetside A/C P/U S/C | 8.50% | 0% | 3 Years | 2016/02/28 |
| Eqstra | CZ 8340 Isuzu KB250D Fleetside A/C P/U S/C | 8.50% | 0% | 3 Years | 2016/02/28 |
| Eqstra | CZ 8341 Isuzu KB250D Fleetside A/C P/U S/C | 8.50% | 0% | 3 Years | 2016/02/28 |
| Eqstra | CZ 8343 Isuzu KB250D Fleetside A/c P/u S/c | 8.50% | 0% | 3 Years | 2016/02/28 |
| Eqstra | CZ 8408 Isuzu KB250D Fleetside A/c P/u S/c | 8.50% | 0% | 3 Years | 2016/04/30 |
| Eqstra | CZ 8410 Isuzu KB250D Fleetside A/c P/u S/c | 8.50% | 0% | 3 Years | 2016/04/30 |
| Eqstra | CZ 8414 Isuzu KB250D Fleetside A/c P/u S/c | 8.50% | 0% | 3 Years | 2016/04/30 |
| Eqstra | CZ 8415 Isuzu KB250D Fleetside A/c P/u S/c | 8.50% | 0% | 3 Years | 2016/04/30 |
| Eqstra | CZ 8418 Isuzu KB250D Fleetside A/c P/u S/c | 8.50% | 0% | 3 Years | 2016/04/30 |
| Eqstra | CZ 8419 Isuzu KB250D Fleetside 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 |
| Eqstra | CZ 2078 Isuzu KB250D Fleetside A/c P/u S/c | 8.50% | 0% | 3 Years | 2016/09/30 |
| Eqstra | CZ 2477 Isuzu KB250D Fleetside A/c P/u S/c | 8.50% | 0% | 3 Years | 2016/09/30 |
| Eqstra | CZ 4155 Isuzu KB250D Fleetside A/c P/u S/c | 8.50% | 0% | 3 Years | 2016/09/30 |
| Eqstra | CZ 8684 Isuzu KB250D Fleetside A/c P/u S/c | 8.50% | 0% | 3 Years | 2016/09/30 |
| Eqstra | CZ 8685 Isuzu KB250D Fleetside A/c P/u S/c | 8.50% | 0% | 3 Years | 2016/09/30 |
| Eqstra | CZ 8686 Isuzu KB250D Fleetside A/c P/u S/c | 8.50% | 0% | 3 Years | 2016/09/30 |
| Eqstra | CZ 8687 Isuzu KB250D Fleetside A/c P/u S/c | 8.50% | 0% | 3 Years | 2016/09/30 |
| Eqstra | CZ 5753 Sedan Toyota Etios | 8.50% | 0% | 3 Years | 2016/09/30 |
| Eqstra | CZ 5136 Sedan Toyota Etios | 8.50% | 0% | 3 Years | 2016/09/30 |
| Eqstra | CZ 6192 Sedan Toyota Etios | 8.50% | 0% | 3 Years | 2016/09/30 |
| Eqstra | CZ 8563 Isuzu KB250D Fleetside 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 Etios | 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 |
| Wesbank | 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 |
| Eqstra | CZ 4033 Isuzu KB250D Leed Fleetside P/U S/C | 9.25% | 0% | 3 Years | 2017/09/30 |
| Fintech | Machine Franking Neopost IJ - 40 | 9.25% | 0% | 3 Years | 2017/06/30 |
| Nashua | Machine Photocopy Nashua MP 2501SPF | 9.25% | 0% | 3 Years | 2017/11/10 |
| Nashua | Machine Photocopy Nashua MPC6502SP | 9.25% | 0% | 3 Years | 2018/03/30 |
| Eqstra | CZ 7488 Isuzu KB 250D Leed Fleetside P/U S/C | 9.25% | 0% | 3 Years | 2018/04/30 |
| Eqstra | CZ 9327 Isuzu KB 250D Leed Fleetside P/U S/C | 9.25% | 0% | 3 Years | 2018/04/30 |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | | 2015 R | 2014 R |
|-----|--|-------------------|-------------------|
| 4 | EMPLOYEE BENEFITS | | |
| | | | |
| | Notes | | |
| | | | |
| | Post Retirement Benefits | 24 304 277 | 22 683 885 |
| | Long Service Awards | 3 361 279 | 3 167 820 |
| | Pension Murraysburg | 23 756 | 30 393 |
| | Total Non-current Employee Benefit Liabilities | 27 689 312 | 25 882 098 |
| | <u>Post Retirement Benefits</u> | | |
| | | | |
| | Balance 1 July | 23 541 177 | 19 978 516 |
| | Contribution for the year | (856 858) | (803 089) |
| | Expenditure for the year | 2 857 764 | 2 483 291 |
| | Actuarial Loss/(Gain) | (394 746) | 1 882 459 |
| | Total post retirement benefits 30 June | 25 147 337 | 23 541 177 |
| | Less: Transfer of Current Portion | (843 060) | (857 292) |
| | Balance 30 June | 24 304 277 | 22 683 885 |
| | <u>Long Service Awards</u> | | |
| | | | |
| | Balance 1 July | 3 568 981 | 3 478 317 |
| | Contribution for the year | (473 104) | (209 774) |
| | Expenditure for the year | 552 132 | 503 723 |
| | Actuarial Loss/(Gain) | 178 743 | (203 285) |
| | Total long service 30 June | 3 826 752 | 3 568 981 |
| | Less: Transfer of Current Portion | (465 473) | (401 161) |
| | Balance 30 June | 3 361 279 | 3 167 820 |
| | <u>Pension Murraysburg</u> | | |
| | | | |
| | Balance 1 July | 30 393 | 29 234 |
| | Expenditure for the year | (6 637) | 1 159 |
| | Balance 30 June | 23 756 | 30 393 |
| | <u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u> | | |
| | | | |
| | Balance 1 July | 27 140 551 | 23 486 067 |
| | Contribution for the year | (1 329 963) | (1 012 863) |
| | Expenditure for the year | 3 403 259 | 2 988 173 |
| | Actuarial Loss/(Gain) | (216 003) | 1 679 174 |
| | Total employee benefits 30 June | 28 997 845 | 27 140 551 |
| | Less: Transfer of Current Portion | (1 308 533) | (1 258 453) |
| | Balance 30 June | 27 689 312 | 25 882 098 |
| 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 | 56 | 57 |
| | In-service (employee) non-members | 299 | 301 |
| | Continuation members (e.g. Retirees, widows, orphans) | 25 | 26 |
| | Total Members | 380 | 384 |
| | The liability in respect of past service has been estimated to be as follows: | | |
| | | | |
| | In-service (employees) members | 10 307 427 | 8 824 030 |
| | In-service (employees) non-members | 2 809 035 | 2 666 600 |
| | Continuation (retirees and widows) members | 12 030 875 | 12 050 547 |
| | Total Liability | 25 147 337 | 23 541 177 |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4 EMPLOYEE BENEFITS (CONTINUED)

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

| | 2013 R | 2012 R | 2011 R |
|--|-------------------|-------------------|-------------------|
| In-service members | 7 815 266 | 8 183 241 | 7 277 383 |
| Continuation members | 1 997 976 | 2 080 071 | 10 306 593 |
| Continuation (retirees and widows) members | 10 165 274 | 11 261 395 | - |
| Total Liability | 19 978 516 | 21 524 707 | 17 583 976 |

| | 2015 Rm | 2014 Rm |
|--|------------|------------|
| Experience adjustments were calculated as follows: | | |
| Liabilities: (Gain) / loss | (0.104) | 1.004 |
| Assets: Gain / (loss) | - | - |

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

| | 2013 Rm | 2012 Rm | 2011 Rm |
|----------------------------|------------|------------|------------|
| Liabilities: (Gain) / loss | (3.061) | 1.678 | 1.785 |
| Assets: Gain / (loss) | - | - | - |

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 2015 is estimated at R25 147 337. The Current-service Cost for the year ending 30 June 2015 is estimated at R793 716. It is estimated to be R891 406 for the ensuing year.

Key actuarial assumptions used:

| | 2015 % | 2014 % |
|---------------------------------|-----------|-----------|
| i) Rate of interest | | |
| Discount rate | 8.89% | 8.93% |
| Health Care Cost Inflation Rate | 8.01% | 8.13% |
| Net Effective Discount Rate | 0.82% | 0.74% |

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.

| | 2015 R | 2014 R |
|--|-------------------|-------------------|
| The amounts recognised in the Statement of Financial Position are as follows: | | |
| Present value of fund obligations | 25 147 337 | 23 541 177 |
| Total Liability | 25 147 337 | 23 541 177 |

The fund is wholly unfunded.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| 4 | EMPLOYEE BENEFITS (CONTINUED) | 2015 R | 2014 R |
|---|---|-------------------|-------------------|
| | Reconciliation of present value of fund obligation: | | |
| | Present value of fund obligation at the beginning of the year | 23 541 177 | 19 978 516 |
| | Total expenses | 2 000 906 | 1 680 202 |
| | Current service cost | 793 176 | 783 017 |
| | Interest Cost | 2 064 588 | 1 700 274 |
| | Benefits Paid | (856 858) | (803 089) |
| | Actuarial (gains)/losses | (394 746) | 1 882 459 |
| | Present value of fund obligation at the end of the year | 25 147 337 | 23 541 177 |
| | Less: Transfer of Current Portion - Note 7 | (843 060) | (857 292) |
| | Balance 30 June | 24 304 277 | 22 683 885 |

Sensitivity Analysis on the Accrued Liability

| Assumption | Change | In-service members liability (R'000) | Continuation members liability (R'000) | Total liability (R'000) | % change |
|--|---------|--------------------------------------|--|-------------------------|----------|
| Central Assumptions | | 13.116 | 12.031 | 25.147 | |
| Health care inflation | 1% | 15.813 | 13.343 | 29.157 | 16% |
| Health care inflation | -1% | 10.978 | 10.911 | 21.890 | -13% |
| Discount Rate | 1% | 11.010 | 10.928 | 21.939 | -13% |
| Discount Rate | -1% | 15.818 | 13.345 | 29.163 | 16% |
| Post-retirement mortality | -1 year | 13.581 | 12.512 | 26.093 | 4% |
| Average retirement age | -1 year | 14.036 | 12.031 | 26.067 | 4% |
| Continuation of membership at retirement | -10% | 9.333 | 12.031 | 21.364 | -15% |

| Assumption | Change | Current-service Cost (R) | Interest Cost (R) | Total (R) | % change |
|--|---------|--------------------------|-------------------|-----------|----------|
| Central Assumption | | 793 200 | 2 064 600 | 2 857 800 | |
| Health care inflation | 1% | 996 500 | 2 398 800 | 3 395 300 | 19% |
| Health care inflation | -1% | 637 000 | 1 792 600 | 2 429 600 | -15% |
| Discount rate | 1% | 645 100 | 1 997 800 | 2 642 900 | -8% |
| Discount rate | -1% | 987 800 | 2 130 800 | 3 118 600 | 9% |
| Post-retirement mortality | -1 year | 820 700 | 2 144 800 | 2 965 500 | 4% |
| Average retirement age | -1 year | 855 100 | 2 136 000 | 2 991 100 | 5% |
| Continuation of membership at retirement | -10% | 494 500 | 1 751 900 | 2 246 400 | -21% |

| 4.2 | Long Service Bonuses | 2015 R | 2014 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 2015 is estimated at R3 826 752. The Current-service Cost for the year ending 30 June 2015 is estimated at R283 215. It is estimated to be R315 183 for the ensuing year.

Key actuarial assumptions used:

i) Rate of interest

| | 2015 % | 2014 % |
|--|-----------|-----------|
| Discount rate | 8.03% | 7.97% |
| General Salary Inflation (long-term) | 7.08% | 7.13% |
| Net Effective Discount Rate applied to salary-related Long Service Bonuses | 0.89% | 0.79% |

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 TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4 EMPLOYEE BENEFITS (CONTINUED)

| | 2015 R | 2014 R |
|--|------------------|------------------|
| The amounts recognised in the Statement of Financial Position are as follows: | | |
| Present value of fund obligations | 3 826 752 | 3 568 981 |
| Net liability/(asset) | 3 826 752 | 3 568 981 |

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

| | 2013 R | 2012 R | 2011 R |
|-----------------------------------|------------------|------------------|------------------|
| Present value of fund obligations | 3 478 317 | 3 246 547 | 2 902 880 |
| Total Liability | 3 478 317 | 3 246 547 | 2 902 880 |

Experience adjustments were calculated as follows:

| | 2015 R | 2014 R |
|----------------------------|-----------|-----------|
| Liabilities: (Gain) / loss | 133 705 | (124 179) |
| Assets: Gain / (loss) | - | - |

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

| | 2013 Rm | 2012 Rm | 2011 Rm |
|----------------------------|------------|------------|------------|
| Liabilities: (Gain) / loss | (110 128) | (5 747) | 496 177 |
| Assets: Gain / (loss) | - | - | - |

Reconciliation of present value of fund obligation:

| | | |
|---|------------------|------------------|
| Present value of fund obligation at the beginning of the year | 3 568 981 | 3 478 317 |
| Total expenses | 79 028 | 293 949 |
| Current service cost | 283 215 | 264 427 |
| Interest Cost | 268 917 | 239 296 |
| Benefits Paid | (473 104) | (209 774) |
| Actuarial (gains)/losses | 178 743 | (203 285) |
| Present value of fund obligation at the end of the year | 3 826 752 | 3 568 981 |
| Less: Transfer of Current Portion - Note 7 | (465 473) | (401 161) |
| Balance 30 June | 3 361 279 | 3 167 820 |

Sensitivity Analysis on the Unfunded Accrued Liability

| Assumption | Change | Liability (Rm) | % change |
|--------------------------|--------|-------------------|----------|
| Central assumptions | | 3.827 | |
| General salary inflation | 1% | 4.088 | 7% |
| General salary inflation | -1% | 3.591 | -6% |
| Discount Rate | 1% | 3.580 | -6% |
| Discount Rate | -1% | 4.105 | 7% |
| Average retirement age | -2 yrs | 3.284 | -14% |
| Average retirement age | 2 yrs | 4.445 | 16% |
| Withdrawal rates | -50% | 4.491 | 17% |

Sensitivity Analysis on Current-service and Interest Costs for year ending 30/06/2015

| Assumption | Change | Current-service | | | Total (R) | % change |
|---------------------------|-----------|-----------------|----------------------|---------|--------------|----------|
| | | Cost (R) | Interest Cost (R) | | | |
| Central Assumption | | 283 200 | 268 900 | 552 100 | | |
| General salary inflation | 1% | 308 700 | 288 400 | 597 100 | 8% | |
| General salary inflation | -1% | 260 700 | 251 400 | 512 100 | -7% | |
| Discount rate | 1% | 259 900 | 282 000 | 541 900 | -2% | |
| Discount rate | -1% | 310 100 | 253 400 | 563 500 | 2% | |
| Average retirement age | - 2 years | 249 300 | 231 000 | 480 300 | -13% | |
| Average retirement age | +2 years | 324 600 | 317 900 | 642 500 | 16% | |
| Withdrawal rates | -50% | 374 200 | 319 800 | 694 000 | 26% | |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | | | |
|-----|---|---|--------------------------------------|
| 4 | EMPLOYEE BENEFITS (CONTINUED) | 2015 | 2014 |
| | | R | R |
| 4.3 | Retirement funds | | |
| | <p>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.</p> <p>As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claims that the pensioner data is 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.</p> <p>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.</p> | | |
| | <u>CAPE RETIREMENT FUND</u> | | |
| | <p>The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 112.2% (30 June 2013 - 100.2%).</p> | | |
| | <u>CAPE JOINT PENSION FUND</u> | | |
| | <p>The contribution rate payable is 9% by members and 18% by Council. The latest available actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 106.2% (30 June 2013 - 99.7%).</p> | | |
| | b | | |
| | <u>SALA PENSION FUND</u> | | |
| | <p>The contribution rate payable is 8.60% by members and 20.78% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2013 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.</p> | | |
| | <u>SAMWU PROVIDENT FUND</u> | | |
| | <p>The contribution rate payable is 7.50% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2013 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.</p> | | |
| 5 | NON-CURRENT PROVISIONS | 2015 | 2014 |
| | | R | R |
| | Provision for Rehabilitation of Landfill-sites | 5 201 683 | 5 676 153 |
| | Total Non-current Provisions | 5 201 683 | 5 676 153 |
| | <p>The rehabilitation cost provision is for the rehabilitation of four landfill sites in the Beaufort West region. It is required from the municipality to execute an environmental management program to restore the landfill sites after its useful life. Provision has been made for this cost based on the estimated present value of future cash flows arising from the rehabilitation cost expected as at the estimated decommission dates listed below.</p> | | |
| | <u>Landfill Sites</u> | Notes | |
| | Balance 1 July | 5 676 153 | 5 337 039 |
| | Increase in Estimate | 3 627 969 | 87 835 |
| | Unwinding of discounted interest | 297 376 | 251 280 |
| | Total provision 30 June | 9 601 499 | 5 676 153 |
| | Less: Transfer of Current Portion to Provisions | (4 399 815) | - |
| | Balance 30 June | 5 201 683 | 5 676 153 |
| | <u>Location</u> | <u>Estimated decommission date</u> | <u>Cost of rehabilitation</u> |
| | | | 2015 |
| | | | R |
| | Beaufort West | 2020 | 3 637 409 |
| | Murraysburg | 2015 | 4 399 815 |
| | Nelspoort | 2036 | 827 870 |
| | Merweville | 2032 | 736 405 |
| | | | 9 601 499 |
| | | | 5 676 153 |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

5 NON-CURRENT PROVISIONS (CONTINUED)

Material Assumptions used

| | 2013 | 2014 | 2015 |
|--------------------------------|--------|--------|--------|
| Area of landfill site consumed | | | |
| Beaufort West | 61.34% | 63.22% | 14.49% |
| Murraysburg | 66.37% | 67.32% | 39.37% |
| Nelspoort | 44.33% | 45.74% | 3.03% |
| Merweville | 60.26% | 61.90% | 3.84% |
| | | 2015 | 2014 |
| Discount Rate used | | 5.24% | 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

| | 2015 R | 2014 R |
|--------------------------------|------------------|------------------|
| Water & Electricity | 1 227 349 | 1 138 815 |
| Total Consumer Deposits | 1 227 349 | 1 138 815 |

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

7 CURRENT EMPLOYEE BENEFITS

| | 2015 R | 2014 R |
|--|------------------|------------------|
| Current Portion of Post Retirement Benefits - Note 4 | 843 060 | 857 292 |
| Current Portion of Long-Service Provisions - Note 4 | 465 473 | 401 161 |
| Performance Bonuses | 560 850 | 481 518 |
| Bonuses | 1 886 650 | 1 753 146 |
| Staff Leave | 4 223 673 | 4 016 026 |
| Total Current Employee Benefits | 7 979 706 | 7 509 143 |

The movement in current employee benefits are reconciled as follows:

Provision for Performance Bonuses

| | 2015 R | 2014 R |
|---------------------------------|----------------|----------------|
| Balance at beginning of year | 481 518 | 519 411 |
| Contribution to current portion | 471 763 | 321 200 |
| Expenditure incurred | (392 431) | (359 093) |
| Balance at end of year | 560 850 | 481 518 |

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

Bonuses

| | 2015 R | 2014 R |
|---------------------------------|------------------|------------------|
| Balance at beginning of year | 1 753 146 | 1 536 643 |
| Contribution to current portion | 3 415 686 | 3 850 618 |
| Expenditure incurred | (3 282 182) | (3 634 115) |
| Balance at end of year | 1 886 650 | 1 753 146 |

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year-end represents a portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

Provision for Staff Leave

| | 2015 R | 2014 R |
|---------------------------------|------------------|------------------|
| Balance at beginning of year | 4 016 026 | 3 909 245 |
| Contribution to current portion | 622 106 | 540 012 |
| Expenditure incurred | (414 459) | (433 231) |
| Balance at end of year | 4 223 673 | 4 016 026 |

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 TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R |
|--|------------------|-----------|
| 8 PROVISIONS | | |
| Current Portion of Rehabilitation of Landfill-sites - Note 5 | 4 399 815 | - |
| Total Provisions | 4 399 815 | - |

| | 2015 R | 2014 R |
|--|-------------------|-------------------|
| 9 PAYABLES FROM EXCHANGE TRANSACTIONS | | |
| Trade Payables | 27 075 160 | 20 374 174 |
| Deposits: Other | 1 255 460 | 1 153 637 |
| Payments received in advance | 276 887 | 399 232 |
| Receivable accounts with credit balances | 2 500 017 | 2 503 674 |
| Pensionfund SALA | 1 784 084 | 2 204 084 |
| Total Trade Payables | 32 891 608 | 26 634 801 |

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.

| | 2015 R | 2014 R |
|--|------------------|------------------|
| 10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS | | |
| Unspent Grants | 4 709 333 | 7 135 563 |
| National and Provincial Government Grants | 4 709 333 | 7 135 563 |
| Less: Unpaid Grants | 1 614 319 | 670 378 |
| National and Provincial Government Grants | 1 614 319 | 670 378 |
| Total Conditional Grants and Receipts | 3 095 014 | 6 465 185 |

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 R112 708 were withheld.

10.01 Equitable share

| | | |
|----------------------------|--------------|--------------|
| Grants received | 38 990 000 | 35 567 000 |
| Conditions met - Operating | (38 990 000) | (35 567 000) |
| 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.

10.02 National Grants

| | | |
|--|--------------|-------------|
| Opening balance | 4 437 361 | (686 641) |
| Grants received | 36 868 000 | 18 790 000 |
| Interest on investment (Only if condition) | - | 22 551 |
| Nett Transfers | - | - |
| Conditions met - Own Income | (4 826 416) | (1 425 174) |
| Conditions met - Operating | (27 540 763) | (8 810 022) |
| Conditions met - Capital | (9 793 690) | (3 453 353) |
| Conditions still to be met | (855 507) | 4 437 361 |

National Grants received with conditions to be met.

10.03 Provincial Grants

| | | |
|--|--------------|--------------|
| Opening balance | 2 073 899 | 7 294 949 |
| Grants received | 24 935 085 | 28 164 751 |
| Interest on investment (Only if condition) | 226 238 | 223 722 |
| Conditions met - Own Income | (314 026) | (109 936) |
| Conditions met - Operating | (9 394 972) | (32 854 072) |
| Conditions met - Capital | (13 419 318) | (162 588) |
| Refund to Donor | (112 708) | (482 929) |
| Conditions still to be met | 3 994 199 | 2 073 898 |

Provincial Grants received with conditions to be met.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| 10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS (continued) | 2015 | 2014 |
|---|------------------|------------------|
| | R | R |
| 10.04 Municipal Infrastructure Grant | | |
| Opening balance | (165 576) | - |
| Grants received | 16 745 000 | 20 353 270 |
| Nett Transfers | - | (75 111) |
| Conditions met - Own Income | (2 034 320) | (2 480 878) |
| Conditions met - Operating | (271 205) | (230 514) |
| Conditions met - Capital | (14 439 475) | (17 732 344) |
| | <u>(165 576)</u> | <u>(165 576)</u> |
| Conditions still to be met | | |
| Municipal Infrastructure Grant received with conditions to be met. | | |
| 10.05 Local Economic Development | | |
| Opening balance | 32 944 | 31 341 |
| Grants received | - | - |
| Interest on investment (Only if condition) | 1 982 | 1 603 |
| | <u>34 926</u> | <u>32 944</u> |
| Conditions still to be met | | |
| Local Economic Development received with conditions to be met. | | |
| 10.06 ESKOM | | |
| Opening balance | | |
| Grants received | 225 695 | - |
| Conditions met - Operating | (225 695) | - |
| | <u>-</u> | <u>-</u> |
| Conditions still to be met | | |
| 10.07 Central Karoo District Municipality Funds | | |
| Opening balance | 86 554 | 222 087 |
| Grants received | 359 775 | 318 800 |
| Interest on investment (Only if condition) | 417 | 318 |
| Conditions met - Operating | (359 775) | (454 651) |
| | <u>86 971</u> | <u>86 554</u> |
| Conditions still to be met | | |
| Central Karoo District Municipality Funds received with conditions to be met. | | |
| 10.08 Public Contributions | | |
| Opening balance | 139 052 | - |
| Grants received | - | 137 136 |
| Interest on investment (Only if condition) | 6 903 | 4 418 |
| Conditions met - Operating | - | (2 502) |
| | <u>145 955</u> | <u>139 052</u> |
| Conditions still to be met | | |
| Public Contributions received with conditions to be met. | | |
| 10.09 Total Conditional Grants and Receipts | | |
| Opening balance | 6 604 236 | 6 861 736 |
| Grants received | 79 133 555 | 67 763 957 |
| Interest on investment (Only if condition) | 235 539 | 252 613 |
| Nett Transfers | - | (75 111) |
| Conditions met - Own Income | (7 174 761) | (4 015 989) |
| Conditions met - Operating | (37 792 410) | (42 351 760) |
| Conditions met - Capital | (37 652 483) | (21 348 285) |
| Refund to Donor | (112 708) | (482 929) |
| | <u>3 240 968</u> | <u>6 604 234</u> |
| Conditions still to be met | | |
| Total Conditional Grants and Receipts received with conditions to be met. | | |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11 UNSPENT PUBLIC CONTRIBUTIONS

| | | |
|------------------------------------|---------|---------|
| Unspent Public Contribution | 145 955 | 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.

12 TAXES

| | 2015 R | 2014 R |
|---|-------------------|-------------------|
| VAT | 2 372 612 | 162 628 |
| Provision for Debt Impairment of trade receivables from exchange transactions | 4 071 847 | 3 769 386 |
| | <u>6 444 459</u> | <u>3 932 014</u> |

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

BEAUFORT WEST MUNICIPALITY

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

13 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

| | Cost | | | | | Accumulated Depreciation | | | | | Carrying Value |
|---------------------------|----------------------|----------------|--------------------|----------------|----------------------|--------------------------------|----------------------|-----------------------------|------------------------------|----------------------|----------------|
| | Opening Balance R | Additions R | Transfers/WIP R | Disposals R | Closing Balance R | Accumulated Impairment R | Opening Balance R | Depreciation Charge R | Disposals/ Transfers R | Closing Balance R | R |
| 30 June 2015 | | | | | | | | | | | |
| Land and Buildings | 57 818 154 | 52 000 000 | - | (468 290) | 109 349 864 | 9 969 999 | 1 044 597 | 432 892 | (20 340) | 1 457 149 | 97 922 716 |
| Land | 43 445 230 | - | - | (228 950) | 43 216 280 | 8 698 520 | - | - | - | - | 34 517 760 |
| Buildings | 14 372 924 | 52 000 000 | - | (239 340) | 66 133 584 | 1 271 479 | 1 044 597 | 432 892 | (20 340) | 1 457 149 | 63 404 956 |
| Infrastructure | 353 516 220 | 37 439 234 | - | - | 390 955 454 | - | 53 948 772 | 10 785 907 | - | 64 734 679 | 326 220 775 |
| Stormwater Network | 40 417 967 | 350 848 | - | - | 40 768 815 | - | 8 343 368 | 1 540 779 | - | 9 884 146 | 30 884 669 |
| Road Network | 117 813 657 | 7 647 722 | - | - | 125 461 379 | - | 18 969 698 | 3 418 284 | - | 22 387 983 | 103 073 397 |
| Sanitation Network | 57 194 323 | 15 605 570 | - | - | 72 799 894 | - | 6 692 594 | 1 632 310 | - | 8 324 904 | 64 474 990 |
| Electricity Network | 75 544 598 | 11 827 295 | - | - | 87 371 893 | - | 7 084 672 | 1 951 896 | - | 9 036 568 | 78 335 325 |
| Water Network | 60 793 622 | 1 877 778 | - | - | 62 671 400 | - | 12 518 277 | 2 192 507 | - | 14 710 784 | 47 960 616 |
| Refuse Network | 1 752 053 | 130 020 | - | - | 1 882 073 | - | 340 164 | 50 131 | - | 390 295 | 1 491 778 |
| Community Assets | 16 668 182 | 335 586 | - | (508 000) | 16 495 768 | 557 801 | 1 746 085 | 440 652 | (40 386) | 2 146 350 | 13 791 617 |
| Taxi Rank | - | - | - | - | - | - | - | - | - | - | - |
| Museum | - | - | - | - | - | - | - | - | - | - | - |
| Cemeteries | 17 200 | - | - | - | 17 200 | - | 1 198 | 168 | - | 1 366 | 15 834 |
| Community centres | 9 704 783 | - | - | (508 000) | 9 196 783 | 349 709 | 1 130 915 | 280 515 | (40 386) | 1 371 043 | 7 476 031 |
| Recreation sites | 6 388 721 | 335 586 | - | - | 6 724 308 | 186 621 | 573 790 | 153 972 | - | 727 762 | 5 809 925 |
| Libraries | 557 477 | - | - | - | 557 477 | 21 470 | 40 182 | 5 997 | - | 46 179 | 489 827 |
| Lease Assets | 6 367 882 | 789 593 | - | (130 529) | 7 026 946 | - | 1 365 030 | 1 706 304 | (80 825) | 2 990 509 | 4 036 437 |
| Office Equipment (Lease) | 797 780 | 281 313 | - | - | 1 079 093 | - | 280 437 | 184 846 | - | 465 283 | 613 810 |
| Vehicles (Lease) | 5 570 102 | 508 280 | - | (130 529) | 5 947 853 | - | 1 084 593 | 1 521 458 | (80 825) | 2 525 226 | 3 422 627 |
| Other Assets | 16 990 983 | 2 087 868 | - | (157 500) | 18 921 351 | - | 7 687 529 | 1 091 497 | (58 956) | 8 720 071 | 10 201 280 |
| Computer hardware | 2 559 981 | 698 545 | - | (7 500) | 3 251 026 | - | 1 390 954 | 230 486 | (6 415) | 1 615 025 | 1 636 001 |
| Air conditioners | 597 745 | 36 326 | - | - | 634 071 | - | 361 859 | 37 781 | - | 399 640 | 234 431 |
| Chairs | 299 643 | 48 585 | - | - | 348 228 | - | 203 440 | 14 977 | - | 218 417 | 129 811 |
| Concrete Mixer | 11 938 | - | - | - | 11 938 | - | 9 342 | 325 | - | 9 667 | 2 271 |
| Desks & Tables | 328 523 | 75 178 | - | - | 403 701 | - | 215 571 | 15 759 | - | 231 330 | 172 370 |
| Compactors | 30 731 | - | - | - | 30 731 | - | 24 623 | 849 | - | 25 472 | 5 259 |
| Compressors | 218 751 | - | - | - | 218 751 | - | 54 901 | 10 146 | - | 65 047 | 153 704 |
| Tools | 1 064 031 | 35 620 | - | - | 1 099 651 | - | 421 422 | 90 687 | - | 512 109 | 587 542 |
| Electronic Equipment | 830 114 | 23 581 | - | - | 853 695 | - | 402 948 | 62 347 | - | 465 295 | 388 399 |
| Fire Brigade Equipment | 156 700 | - | - | - | 156 700 | - | 44 179 | 7 140 | - | 51 319 | 105 381 |
| Lawn Equipment | 300 590 | - | - | - | 300 590 | - | 196 568 | 13 450 | - | 210 018 | 90 572 |
| Trucks/LDV | 5 963 254 | 212 347 | - | (150 000) | 6 025 601 | - | 2 241 724 | 308 331 | (52 540) | 2 497 514 | 3 528 087 |
| Motor Vehicles | 433 061 | - | - | - | 433 061 | - | 191 195 | 29 825 | - | 221 021 | 212 041 |
| Office Equipment | 536 806 | 335 563 | - | - | 872 369 | - | 380 106 | 41 389 | - | 421 495 | 450 874 |
| Office Furniture | 894 291 | 79 450 | - | - | 973 741 | - | 486 634 | 54 898 | - | 541 532 | 432 210 |
| Trailers | 414 242 | 247 598 | - | - | 661 840 | - | 283 195 | 26 583 | - | 309 778 | 352 062 |
| Tracktors | 1 436 524 | - | - | - | 1 436 524 | - | 339 483 | 84 434 | - | 423 917 | 1 012 607 |
| Toolbox | 360 314 | - | - | - | 360 314 | - | 164 059 | 30 332 | - | 194 391 | 165 923 |
| Gym Equipment | 116 803 | 295 075 | - | - | 411 878 | - | 71 363 | 4 472 | - | 75 835 | 336 044 |
| Generators | 187 130 | - | - | - | 187 130 | - | 59 723 | 8 277 | - | 68 000 | 119 130 |
| Radio Equipment | 249 811 | - | - | - | 249 811 | - | 144 240 | 19 010 | - | 163 250 | 86 561 |
| | 451 361 421 | 92 652 281 | - | (1 264 319) | 542 749 382 | 10 527 800 | 65 792 014 | 14 457 253 | (200 508) | 80 048 759 | 452 172 824 |

BEAUFORT WEST MUNICIPALITY

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

13 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

| | Cost | | | | | Accumulated Depreciation | | | | | Carrying Value |
|---------------------------------------|----------------------|----------------|--------------------|----------------|----------------------|--------------------------------|----------------------|-----------------------------|------------------------------|----------------------|----------------|
| | Opening Balance R | Additions R | Transfers/WIP R | Disposals R | Closing Balance R | Accumulated Impairment R | Opening Balance R | Depreciation Charge R | Disposals/ Transfers R | Closing Balance R | R |
| 30 June 2014 | | | | | | | | | | | |
| Land and Buildings | 57 816 164 | 1 990 | - | - | 57 818 154 | 9 969 999 | 883 710 | 160 887 | - | 1 044 597 | 46 803 558 |
| Land | 43 445 230 | - | - | - | 43 445 230 | 8 698 520 | - | - | - | - | 34 746 710 |
| Balance previously reported | 39 915 780 | - | - | - | 39 915 780 | 8 698 520 | - | - | - | - | 31 217 260 |
| Correction of error. Refer note 39.03 | 3 529 450 | - | - | - | 3 529 450 | - | - | - | - | - | 3 529 450 |
| Buildings | 14 370 934 | 1 990 | - | - | 14 372 924 | 1 271 479 | 883 710 | 160 887 | - | 1 044 597 | 12 056 848 |
| Balance previously reported | 14 226 434 | 1 990 | - | - | 14 228 424 | 1 271 479 | 875 040 | 159 442 | - | 1 034 482 | 11 922 463 |
| Correction of error. Refer note 39.03 | 144 500 | - | - | - | 144 500 | - | 8 670 | 1 445 | - | 10 115 | 134 385 |
| Infrastructure | 328 451 398 | 12 501 130 | 12 563 692 | - | 353 516 220 | - | 43 614 659 | 10 334 113 | - | 53 948 772 | 299 567 448 |
| Stormwater Network | 38 638 238 | 1 738 359 | 41 370 | - | 40 417 967 | - | 6 837 612 | 1 505 756 | - | 8 343 368 | 32 074 599 |
| Road Network | 113 738 678 | 1 748 032 | 2 326 947 | - | 117 813 657 | - | 15 634 058 | 3 335 640 | - | 18 969 698 | 98 843 959 |
| Sanitation Network | 51 960 534 | 1 063 607 | 4 170 182 | - | 57 194 323 | - | 5 077 776 | 1 614 818 | - | 6 692 594 | 50 501 730 |
| Electricity Network | 66 193 411 | 5 967 303 | 3 383 884 | - | 75 544 598 | - | 5 362 722 | 1 721 950 | - | 7 084 672 | 68 459 926 |
| Water Network | 56 628 422 | 1 983 829 | 2 181 371 | - | 60 793 622 | - | 10 412 459 | 2 105 818 | - | 12 518 277 | 48 275 345 |
| Refuse Network | 1 292 115 | - | 459 938 | - | 1 752 053 | - | 290 033 | 50 131 | - | 340 164 | 1 411 889 |
| Community Assets | 16 023 613 | 644 569 | - | - | 16 668 182 | 557 801 | 1 319 492 | 426 593 | - | 1 746 085 | 14 364 296 |
| Taxi Rank | - | - | - | - | - | - | (0) | - | - | (0) | 0 |
| Balance previously reported | 252 000 | - | - | - | 252 000 | - | 15 101 | 2 468 | - | 17 569 | 234 431 |
| Correct Community asset disclosure | (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 centurms | 9 704 783 | - | - | - | 9 704 783 | 349 709 | 850 397 | 280 518 | - | 1 130 915 | 8 224 159 |
| Recreation sites | 5 744 152 | 644 569 | - | - | 6 388 721 | 186 621 | 433 880 | 139 910 | - | 573 790 | 5 628 310 |
| Libraries | 557 477 | - | - | - | 557 477 | 21 470 | 34 185 | 5 997 | - | 40 182 | 495 824 |
| Lease Assets | 4 457 040 | 4 093 249 | - | (2 182 407) | 6 367 882 | - | 2 000 952 | 1 546 485 | (2 182 407) | 1 365 030 | 5 002 852 |
| Office Equipment (Lease) | 628 150 | 247 737 | - | (78 107) | 797 780 | - | 250 490 | 108 054 | (78 107) | 280 437 | 517 343 |
| Vehicles (Lease) | 3 828 890 | 3 845 512 | - | (2 104 300) | 5 570 102 | - | 1 750 462 | 1 438 431 | (2 104 300) | 1 084 593 | 4 485 509 |
| Other Assets | 16 798 798 | 821 851 | - | (629 666) | 16 990 983 | - | 7 060 007 | 1 026 903 | (399 380) | 7 687 529 | 9 303 454 |
| Computer hardware | 2 362 542 | 197 439 | - | - | 2 559 981 | - | 1 226 561 | 167 394 | (3 001) | 1 390 954 | 1 169 027 |
| Air conditioners | 559 368 | 38 377 | - | - | 597 745 | - | 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 | 849 | - | 24 623 | 6 108 |
| Compressors | 218 751 | - | - | - | 218 751 | - | 44 755 | 10 146 | - | 54 901 | 163 850 |
| Tools | 798 059 | 265 972 | - | - | 1 064 031 | - | 365 486 | 55 936 | - | 421 422 | 642 609 |
| Electronic Equipment | 672 294 | 157 820 | - | - | 830 114 | - | 359 305 | 43 643 | - | 402 948 | 427 166 |
| Balance previously reported | 690 004 | 157 820 | - | - | 847 824 | - | 372 915 | 44 326 | - | 417 241 | 430 583 |
| Correction of error | (17 710) | - | - | - | (17 710) | - | (13 610) | (683) | - | (14 293) | (3 417) |
| Fire Brigade Equipment | 156 700 | - | - | - | 156 700 | - | 37 040 | 7 139 | - | 44 179 | 112 521 |
| Balance previously reported | 138 990 | - | - | - | 138 990 | - | 23 430 | 6 456 | - | 29 886 | 109 104 |
| Correction of error | 17 710 | - | - | - | 17 710 | - | 13 610 | 683 | - | 14 293 | 3 417 |
| Lawn Equipment | 290 475 | 10 115 | - | - | 300 590 | - | 183 973 | 12 595 | - | 196 568 | 104 022 |
| Trucks/LDV | 6 438 972 | - | - | (475 718) | 5 963 254 | - | 2 182 006 | 399 436 | (339 718) | 2 241 724 | 3 721 530 |
| Motor Vehicles | 532 836 | 13 154 | - | (112 929) | 433 061 | - | 171 239 | 42 599 | (22 642) | 191 195 | 241 866 |
| Balance previously reported | 532 836 | 13 154 | - | (44 776) | 501 214 | - | 171 239 | 46 752 | (16 776) | 201 215 | 299 999 |
| Correction of error. Refer note & | - | - | - | (68 153) | (68 153) | - | - | (4 153) | (5 866) | (10 020) | (58 133) |
| Office Equipment | 557 825 | - | - | (21 019) | 536 806 | - | 372 815 | 28 310 | (21 019) | 380 106 | 156 700 |
| Office Furniture | 836 276 | 58 015 | - | - | 894 291 | - | 439 302 | 47 332 | - | 486 634 | 407 657 |
| Trailers | 406 922 | 7 320 | - | - | 414 242 | - | 266 926 | 16 269 | - | 283 195 | 131 047 |
| Tracktors | 1 456 524 | - | - | (20 000) | 1 436 524 | - | 264 596 | 87 887 | (13 000) | 339 483 | 1 097 041 |
| 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 | 225 527 | 24 284 | - | - | 249 811 | - | 127 747 | 16 493 | - | 144 240 | 105 571 |
| | 423 547 013 | 18 062 789 | 12 563 692 | (2 812 073) | 451 361 421 | 10 527 800 | 54 878 820 | 13 494 981 | (2 581 787) | 65 792 014 | 375 041 608 |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | | | |
|-----------|--|-------------|-------------------|
| 13 | PROPERTY, PLANT AND EQUIPMENT (CONTINUED) | 2015 | 2014 |
| | | R | R |
| | Impairment of property plant and equipment | | |
| | Impairment charges on Property, plant and equipment recognised in statement of financial performance | | |
| | Land and Buildings | - | 9 969 999 |
| | Community Assets | - | 557 801 |
| | | <u>-</u> | <u>10 527 800</u> |

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.

| | | | |
|-----------|---|------------------|------------------|
| 14 | INVESTMENT PROPERTY | 2015 | 2014 |
| | | R | R |
| | Net Carrying amount at 1 July | 8 647 603 | 9 380 540 |
| | Cost | 11 222 424 | 11 222 424 |
| | Accumulated Depreciation | (2 108 239) | (1 841 884) |
| | Accumulated Impairment | (466 582) | - |
| | Impairment for the year | - | (466 582) |
| | Depreciation for the year | (266 355) | (266 355) |
| | Net Carrying amount at 30 June | 8 381 248 | 8 647 603 |
| | Cost | 11 222 424 | 11 222 424 |
| | Accumulated Depreciation | (2 374 594) | (2 108 239) |
| | Accumulated Impairment | (466 582) | (466 582) |
| | Revenue derived from the rental of investment property: | | |
| | Sanlam Building | 181 582 | 191 374 |
| | Operating expenditure incurred on properties generating revenue | <u>48 584</u> | <u>25 642</u> |

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The cost model in terms of GRAP 16 is being applied on Investment Property.

Cost at implementation of GRAP 16 was determined by valuation roll of 1 July 2009. Impairment was calculated based on valuation roll of 1 July 2013.

| | | | |
|-----------|---------------------------------------|----------------|----------------|
| 15 | INTANGIBLE ASSETS | | |
| | Computer System & Software | | |
| | Net Carrying amount at 1 July | 268 770 | 334 581 |
| | Cost | 1 074 013 | 1 049 204 |
| | Accumulated Amortisation | (805 243) | (714 623) |
| | Acquisitions | 144 224 | 24 809 |
| | Amortisation for the year | (96 889) | (90 620) |
| | Net Carrying amount at 30 June | 316 106 | 268 770 |
| | Cost | 1 218 238 | 1 074 013 |
| | Accumulated Amortisation | (902 132) | (805 243) |

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

| <u>Description</u> | <u>Remaining Amortisation</u> <u>Period</u> | <u>Carrying Value</u> | |
|--------------------|--|-------------------------|-------------------------|
| | | 2015 R | 2014 R |
| Sebata System | 3 | 159 150 | 238 943 |

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

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | | 2015 R | 2014 R |
|-----------|--|------------------|------------------|
| 16 | CAPITALISED RESTORATION COST | | |
| | Notes | | |
| | Net Carrying amount at 1 July | 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) |
| | Additions | 3 627 969 | 87 835 |
| | Depreciation for the year | (223 693) | (172 950) |
| | Impairment - Note 32 | (3 164 984) | 4 371 |
| | Net Carrying amount at 30 June | 1 903 294 | 1 664 002 |
| | Cost | 6 281 055 | 2 653 085 |
| | Accumulated Depreciation | (1 118 315) | (894 623) |
| | Accumulated Impairments | (3 259 445) | (94 461) |
| 17 | HERITAGE ASSETS | | |
| | Net Carrying amount at 1 July | 5 225 000 | 5 225 000 |
| | Balance Previously Reported | - | 2 970 644 |
| | Correction of error | - | 2 254 356 |
| | Net Carrying amount at 30 June | 5 225 000 | 5 225 000 |
| | The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in May 2010. All heritage assets were measured in terms of GRAP 103 during the year under review. | | |
| 18 | LONG-TERM RECEIVABLES | | |
| | Housing Loans | 461 643 | 510 743 |
| | Receivables with arrangements | 1 788 784 | 4 387 459 |
| | Less: Current portion transferred to Trade and other receivables from exchange transactions | (514 949) | (1 221 615) |
| | Total Long Term Receivables | 1 735 478 | 3 676 587 |
| | ARRANGEMENTS | | |
| | Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to Trade receivables where it will be included in the calculation of Provision for Impairment. | | |
| | HOUSING LOANS | | |
| | The outstanding amount relates to prior years and is still collectable. General public were entitled to housing loans which attract interest at 13,5% per annum and which are repayable over a maximum period of 30 years. These loans are repayable in the year 2026. | | |
| 19 | INVENTORY | | |
| | Consumable Stores - Stationery and materials - At cost | 2 924 399 | 2 734 031 |
| | Water – at cost | 67 261 | 57 419 |
| | Total Inventory | 2 991 660 | 2 791 450 |
| | Consumable stores materials written down due to losses as identified during the annual stores counts. | - | 413 |
| | Consumable stores materials surplusses identified during the annual stores counts. | 288 | 4 263 |

No inventory assets were pledged as security for liabilities.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| 20 | TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS | 2015 R | 2014 R |
|----|--|-------------------|-------------------|
| | Service Receivables | | |
| | Water | 4 791 898 | 4 032 531 |
| | Electricity | 6 650 869 | 6 703 596 |
| | Housing Rentals | 81 471 | 96 734 |
| | Refuse | 5 941 893 | 6 215 193 |
| | Sewerage | 8 867 758 | 8 915 638 |
| | Total Service Receivables | 26 333 889 | 25 963 692 |
| | Less: Provision for Debt Impairment | (17 281 223) | (17 395 674) |
| | Net Service Receivables | 9 052 666 | 8 568 018 |
| | Other Receivables | | |
| | Other Arrears | 32 627 129 | 24 082 471 |
| | Total Other Receivables | 32 627 129 | 24 082 471 |
| | Less: Provision for Debt Impairment | (16 290 647) | (13 297 898) |
| | Net Other Receivables | 16 336 482 | 10 784 573 |
| | Total Net Receivables from Exchange Transactions | 25 389 148 | 19 352 591 |
| | 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. | | |
| | Ageing of Receivables from Exchange Transactions | | |
| | (Electricity): Ageing | | |
| | Current (0 - 30 days) | 4 043 427 | 4 354 590 |
| | 31 - 60 Days | 283 783 | 384 762 |
| | 61 - 90 Days | 101 211 | 216 579 |
| | + 90 Days | 2 222 448 | 1 747 665 |
| | Total | 6 650 869 | 6 703 596 |
| | (Water): Ageing | | |
| | Current (0 - 30 days) | 1 132 324 | 925 824 |
| | 31 - 60 Days | 629 280 | 254 843 |
| | 61 - 90 Days | 211 438 | 285 400 |
| | + 90 Days | 2 818 856 | 2 566 464 |
| | Total | 4 791 898 | 4 032 531 |
| | (Refuse): Ageing | | |
| | Current (0 - 30 days) | 522 909 | 514 107 |
| | 31 - 60 Days | 225 127 | 248 405 |
| | 61 - 90 Days | 206 789 | 227 053 |
| | + 90 Days | 4 987 068 | 5 225 628 |
| | Total | 5 941 893 | 6 215 193 |
| | (Sewerage): Ageing | | |
| | Current (0 - 30 days) | 953 801 | 955 895 |
| | 31 - 60 Days | 328 919 | 365 817 |
| | 61 - 90 Days | 295 757 | 330 109 |
| | + 90 Days | 7 289 281 | 7 263 817 |
| | Total | 8 867 758 | 8 915 638 |
| | (Housing Rentals Debtors): Ageing | | |
| | Current (0 - 30 days) | 5 385 | 5 819 |
| | 31 - 60 Days | 1 869 | 2 615 |
| | 61 - 90 Days | 1 329 | 1 960 |
| | + 90 Days | 72 888 | 86 340 |
| | Total | 81 471 | 96 734 |
| | (Other Debtors): Ageing | | |
| | Current (0 - 30 days) | 12 173 865 | 1 093 898 |
| | 31 - 60 Days | 619 738 | 630 250 |
| | 61 - 90 Days | 1 279 890 | 326 270 |
| | + 90 Days | 18 553 636 | 22 032 053 |
| | Balance Previously Reported | - | 17 797 191 |
| | Correction of error Note 39.05 | - | 4 234 862 |
| | Total | 32 627 129 | 24 082 471 |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R | | |
|---|---|--|---|--------------------|
| 21 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS | | | | |
| Service Receivables | | | | |
| Taxes - Rates | 5 931 129 | 5 724 720 | | |
| Other Receivables | 72 092 733 | 33 811 695 | | |
| Total Service Receivables | 78 023 862 | 39 536 415 | | |
| Less: Provision for Debt Impairment | (62 653 629) | (28 800 995) | | |
| Total Net Receivables from Non-Exchange Transactions | 15 370 233 | 10 735 419 | | |
| Ageing of Receivables from Non-Exchange Transactions | | | | |
| (Rates): Ageing | | | | |
| Current (0 - 30 days) | 1 423 523 | 1 194 606 | | |
| 31 - 60 Days | 273 426 | 328 898 | | |
| 61 - 90 Days | 209 244 | 310 669 | | |
| + 90 Days | 4 024 936 | 3 890 547 | | |
| Total | 5 931 129 | 5 724 720 | | |
| (Other Receivables): Ageing | | | | |
| Current (0 - 30 days) | - | - | | |
| 31 - 60 Days | - | - | | |
| 61 - 90 Days | - | - | | |
| + 90 Days | 72 092 733 | 33 811 695 | | |
| Balance Previously Reported | - | 38 046 557 | | |
| Correction of error Note 39.06 | - | (4 234 862) | | |
| Total | 72 092 733 | 33 811 695 | | |
| Summary of Receivables by Customer Classification | | | | |
| | Residential, Industrial & Commercial R | Other Debtors R | National and Provincial Government R | Total R |
| 2015 | | | | |
| Total Receivables | 136 485 868 | - | 499 012 | 136 984 880 |
| Less: Provision for doubtful debts | (96 225 499) | - | - | (96 225 499) |
| Total Recoverable debtors by customer classification | 40 260 369 | - | 499 012 | 40 759 381 |
| Summary of Receivables by Customer Classification | | | | |
| | Residential, Industrial & Commercial R | Other Debtors R | National and Provincial Government R | Total R |
| 2014 | | | | |
| Total Receivables | 88 256 451 | - | 1 326 127 | 89 582 578 |
| Less: Provision for doubtful debts | (59 494 567) | - | - | (59 494 567) |
| Total Recoverable debtors by customer classification | 28 761 884 | - | 1 326 127 | 30 088 011 |
| Trade and other receivables impaired | | | | |
| 2015 | | | | |
| | | Exchange Transactions R | Non-Exchange Transactions R | Total R |
| Total | | (33 571 870) | (62 653 629) | (96 225 499) |
| 2014 | | | | |
| | | Exchange Transactions R | Non-Exchange Transactions R | Total R |
| Total | | (30 693 572) | (28 800 995) | (59 494 567) |

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.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Reconciliation of the Total Provision for Debt Impairment

| | 2015 R | 2014 R |
|---|-------------------|-------------------|
| Balance at beginning of the year | 59 494 567 | 32 917 840 |
| Contributions to provision | 40 121 041 | 27 217 301 |
| VAT Contributions to provision | 302 461 | 254 999 |
| Additional interest/corrections transferred to/from provision | 2 958 | 15 131 |
| Doubtful debts written off against provision | (3 695 528) | (910 704) |
| Balance at end of year | 96 225 499 | 59 494 567 |

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.

22 OPERATING LEASE ARRANGEMENTS

22.1 The Municipality as Lessor

Notes

| | | |
|--|---------------|---------------|
| Balance on 1 July | 10 008 | 11 821 |
| Operating Lease Asset for the current year | 4 188 | (1 813) |
| Balance on 30 June | 14 196 | 10 008 |

Beaufort West Municipality is leasing land to rate payers for periods of 24 to 119 months with various escalations per year.

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 | 492 660 | 243 900 |
| 1 to 5 Years | 763 871 | 326 317 |
| More than 5 Years | 156 594 | 158 386 |
| Total Operating Lease Arrangements | 1 413 125 | 728 603 |

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

23 CASH AND CASH EQUIVALENTS

Assets

| | | |
|---|-------------------|-------------------|
| Call Investments Deposits | 15 036 387 | 9 332 328 |
| Primary Bank Account | - | 2 592 738 |
| Cash Floats | 12 230 | 12 070 |
| Total Cash and Cash Equivalents - Assets | 15 048 617 | 11 937 136 |

| | |
|-------------|-------------|
| 2015 | 2014 |
| R | R |

Liabilities

| | | |
|--|--------------------|----------|
| Primary Bank Account | (1 932 245) | - |
| Total Cash and Cash Equivalents - Liabilities | (1 932 245) | - |

Call Investments Deposits to an amount of R4 651 273 are held to fund the Unspent Conditional Grants (2014: R7 135 564).

Bank overdraft of R5 000 000 exists at Nedbank and the Municipality has a facility of R 900 594 for Fleet Cards at Nedbank.

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | | | |
|----|--|-------------------------|-------------------------|
| 23 | CASH AND CASH EQUIVALENTS (CONTINUED) | 2015 R | 2014 R |
| | The municipality has the following bank account: | | |
| | <u>Current Account</u> | | |
| | <i>Beaufort West Nedbank - Account Number 10 7482 0318 (Primary Account):</i> | | |
| | Cash book balance at beginning of year | - | 1 273 546 |
| | Cash book balance at end of year | <u>(1 932 245)</u> | <u>-</u> |
| | Bank statement balance at beginning of year | 2 151 835 | 2 925 478 |
| | Bank statement balance at end of year | <u>3 505 326</u> | <u>2 151 835</u> |
| | <u>Call Investment Deposits</u> | | |
| | Call investment deposits consist out of the following accounts: | | |
| | Investec | 2 804 217 | 2 743 193 |
| | ABSA | 3 966 864 | 2 786 780 |
| | Standard Bank | 273 084 | 334 603 |
| | Nedbank | <u>7 992 228</u> | <u>3 467 757</u> |
| | | <u>15 036 392</u> | <u>9 332 333</u> |
| 24 | PROPERTY RATES | | |
| | <u>Actual</u> | | |
| | Rateable Land and Buildings | | |
| | Residential, Commercial Property, State | 27 215 031 | 25 229 135 |
| | | <u>27 215 031</u> | <u>25 229 135</u> |
| | Less: Rebates | (2 632 007) | (2 436 905) |
| | Total Assessment Rates | <u>24 583 024</u> | <u>22 792 230</u> |
| | <u>Valuations on 30 June 2015:</u> | | |
| | Residential | 1 146 872 730 | 1 081 471 237 |
| | Commercial | 269 361 000 | 253 591 100 |
| | Governments | 7 960 300 | 72 862 150 |
| | Schools | 46 821 100 | 43 501 100 |
| | PSI | 41 246 900 | 40 976 097 |
| | Non profitable | 83 022 150 | 80 774 570 |
| | Exemptions (Municipal) | 189 577 750 | 207 958 061 |
| | Agricultural | 1 715 323 060 | 1 686 056 802 |
| | Vacant Erven | - | 55 000 |
| | Building Clause | <u>10 345 928</u> | <u>9 429 728</u> |
| | Total Property Valuations | <u>3 510 530 918</u> | <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 TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| 25 | GOVERNMENT GRANTS AND SUBSIDIES | 2015 | 2014 |
|----|--|--------------------|-------------------|
| | | R | R |
| | Unconditional Grants | 38 990 000 | 35 567 000 |
| | Equitable Share - Refer to Note 25.1 | 38 990 000 | 35 567 000 |
| | Conditional Grants | 75 444 894 | 63 700 041 |
| | Municipal Infrastructure Grant | 14 439 475 | 17 732 343 |
| | Finance Management Grant | 1 460 327 | 1 549 058 |
| | Department of Water Affairs and Forestry | - | - |
| | Department of Mineral and Energy | 32 639 828 | 8 737 286 |
| | ACIP | 887 934 | - |
| | Municipal System Improvement Grant | 719 364 | 857 071 |
| | Public Transport Infrastructure Program (PTIP) | 81 150 | 13 482 |
| | Provincial Administration Western Cape (PAWC) | 21 733 260 | 32 701 524 |
| | Neighbourhood Development Programme (NDP) | 271 205 | 230 514 |
| | Donations and Public Contributions | - | 2 502 |
| | Subsidies | 696 316 | - |
| | Job Creation | 359 776 | 454 650 |
| | Expended Public Works Program National (EPWP) | 1 834 000 | 1 093 379 |
| | Regional Bulk Infrastructure Grant : Capital (RBIG) | 18 695 | 26 581 |
| | Community Development Workers | 303 564 | 301 651 |
| | Total Government Grants and Subsidies | 114 434 894 | 99 267 041 |
| | Government Grants and Subsidies - Capital | 37 652 483 | 21 348 285 |
| | Government Grants and Subsidies - Operating | 76 782 411 | 77 918 756 |
| | | 114 434 894 | 99 267 041 |
| | Revenue recognised per vote as required by Section 123 (c) of the MFMA | | |
| | Executive & Council | 22 026 089 | 22 192 164 |
| | Budget & Treasury | 5 972 432 | 4 646 728 |
| | Corporate Services | 205 022 | - |
| | Planning & Development | 398 101 | 290 514 |
| | Community & Social Services | 5 156 570 | 3 675 040 |
| | Housing | 3 195 587 | 28 790 936 |
| | Sport & Recreation | 1 837 626 | 844 212 |
| | Waste Management | 1 033 455 | 750 567 |
| | Waste Water Management | 13 916 313 | 6 388 541 |
| | Road Transport | 11 923 757 | 7 540 295 |
| | Water | 11 957 211 | 9 088 167 |
| | Electricity | 36 812 731 | 15 059 877 |
| | | 114 434 894 | 99 267 041 |

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

25.1 **Equitable share**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned

See Appendix D & note 10 for a reconciliation of all grants.

26 **SERVICE CHARGES**

| | | |
|---------------------------------|-------------------|-------------------|
| Electricity | 57 777 162 | 56 620 589 |
| Service Charges - Electricity | 61 204 206 | 59 505 650 |
| Less: Rebates | (3 427 044) | (2 885 061) |
| Water | 13 386 412 | 12 149 823 |
| Service Charges - Water | 21 421 823 | 19 048 372 |
| Less: Rebates | (8 035 411) | (6 898 549) |
| Refuse removal | 5 947 327 | 5 598 121 |
| Service Charges - Refuse | 6 850 762 | 6 307 318 |
| Less: Rebates | (903 435) | (709 197) |
| Sewerage and Sanitation Charges | 11 288 363 | 10 730 841 |
| Service Charges - Sewerage | 14 031 381 | 12 889 262 |
| Less: Rebates | (2 743 018) | (2 158 421) |
| Total Service Charges | 88 399 264 | 85 099 374 |

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 TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R |
|--|-------------------|-------------------|
| 27 OTHER REVENUE | | |
| Insurance excess revenue | 129 007 | 141 022 |
| VAT portion of Grants that the Municipality may recognized as own income | 7 077 277 | 3 848 605 |
| Selling of burial sites | 164 518 | 168 432 |
| Subsidies | - | 23 377 |
| Fees: swimming pool | 104 669 | 82 209 |
| Commission on insurances | 97 856 | 93 091 |
| Re-connections | 58 047 | 61 309 |
| Building plans | 96 735 | 95 591 |
| Sale of land | 62 324 | 199 338 |
| Reversal: Impairment | 5 971 | 4 371 |
| Other income represents sundry income such as administration income, sale of sand and photocopies. | | |
| | 1 582 554 | 639 049 |
| Total Other Income | 9 378 958 | 5 356 394 |
| 28 EMPLOYEE RELATED COSTS | | |
| Standby Allowances | 1 306 857 | 1 176 001 |
| Housing Subsidy | 270 703 | 246 105 |
| Bonus | 3 887 448 | 3 850 621 |
| Essential Users | 1 228 782 | 1 180 179 |
| Overtime | 3 195 939 | 3 268 436 |
| Long Service Awards | 6 000 | 12 000 |
| Salaries | 49 896 392 | 43 560 747 |
| Acting Allowance | 2 199 365 | 2 189 981 |
| Uniform Allowance | 58 960 | 57 120 |
| Leave Reserve Fund | 622 106 | 540 012 |
| Transport Allowance | 479 861 | 404 675 |
| Group Insurance | 57 439 | 54 618 |
| Medical Aid Contribution | 1 185 296 | 1 177 668 |
| Provident Fund SAMWU | 577 250 | 623 397 |
| Pension Fund Contribution | 6 919 728 | 6 003 064 |
| Occupational Health/Safety | 33 090 | 61 555 |
| Unemployment Fund | 509 551 | 415 452 |
| Long Service Bonus | 640 702 | 264 427 |
| Post Retirement Medical | 3 684 | 780 485 |
| MIG PMU | - | - |
| Expanded Public Works Programme | - | 1 340 068 |
| Housing | 346 455 | 670 997 |
| Total Employee Related Costs | 73 425 608 | 67 877 608 |
| KEY MANAGEMENT PERSONNEL | | |
| The Municipal Manager, Director Corporate Services and the CFO are appointed on 5-year fixed contracts and the Directors Electrical Services and Engineering Services are permanently employed. The Director Community Services is vacant and is filled by an acting employee. | | |
| REMUNERATION OF KEY MANAGEMENT PERSONNEL | | |
| Remuneration of the Municipal Manager: J Booysen | | |
| Annual Remuneration | 899 194 | 818 150 |
| Performance Bonuses | 132 000 | 109 409 |
| Car Allowance | 119 334 | 120 000 |
| Contributions, Medical and Pension Funds | 188 020 | 87 232 |
| Function Committee Allowance | - | 2 625 |
| Total | 1 338 548 | 1 137 416 |
| Remuneration of the Director Financial Services: F Sabbat (01/09/2014 - 30/06/2015) | | |
| Annual Remuneration | 683 333 | - |
| Car Allowance | 100 000 | - |
| Acting allowance | 9 917 | - |
| Total | 793 250 | - |
| Remuneration of the Director Electrical Services: RE van Staden | | |
| Annual Remuneration | 595 610 | 553 908 |
| Performance Bonuses | 80 731 | 75 562 |
| Car Allowance | 72 000 | 72 000 |
| Contributions, Medical and Pension Funds | 116 143 | 108 012 |
| Acting Allowance | 25 784 | 35 950 |
| Total | 890 268 | 845 432 |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| 28 | EMPLOYEE RELATED COSTS (CONTINUED) | 2015 R | 2014 R |
|----|---|----------------|------------------|
| | Remuneration of the Director Community Services: AC Makendlana (01/07/2014 - 31/08/2014) | | |
| | Annual Remuneration | 118 250 | 661 200 |
| | Performance Bonuses | - | 63 656 |
| | Car Allowance | 10 000 | 60 000 |
| | Contributions, Medical and Pension Funds | 23 059 | 128 928 |
| | Acting Allowance | 5 950 | 227 995 |
| | Telephone | 1 000 | 6 000 |
| | Total | 158 259 | 1 147 779 |
| | Remuneration of the Acting Director Community Services: RE Klink (01/09/2014 - 30/06/2015) | | |
| | Acting Allowance | 264 795 | - |
| | Total | 264 795 | - |
| | Remuneration of the Director Engineering Services: JCL Smit | | |
| | Annual Remuneration | 639 920 | 595 401 |
| | Performance Bonuses | 86 185 | 80 667 |
| | Car Allowance | 72 000 | 72 000 |
| | Contributions, Medical and Pension Funds | 124 784 | 116 103 |
| | Acting Allowance | 1 983 | 1 858 |
| | Total | 924 872 | 866 029 |
| | Remuneration of the Director Corporate Services: NE Mfundisi | | |
| | Annual Remuneration | - | 152 405 |
| | Performance Bonuses | - | 29 798 |
| | Car Allowance | - | 24 000 |
| | Contributions, Medical and Pension Funds | - | 52 981 |
| | Acting Allowance | - | 6 987 |
| | Leave pay-out | - | 22 861 |
| | Total | - | 289 032 |
| | Remuneration of the Director Corporate Services: AC Makendlana (01/09/2014 - 30/06/2015) | | |
| | Annual Remuneration | 613 668 | - |
| | Performance Bonuses | 93 514 | - |
| | Car Allowance | 50 000 | - |
| | Contributions, Medical and Pension Funds | 119 665 | - |
| | Acting Allowance | 45 620 | - |
| | Telephone | 5 000 | - |
| | Total | 927 468 | - |
| 29 | REMUNERATION OF COUNCILLORS | | |
| | Remuneration of Councillor: H.T. Prince | | |
| | Annual Remuneration | 406 379 | 382 012 |
| | Telephone Allowance | 20 868 | 20 868 |
| | Travelling | 167 239 | 158 670 |
| | Tools of trade | 3 600 | 3 600 |
| | Pension | 57 744 | 56 421 |
| | Medical | 41 432 | 37 850 |
| | Total | 697 262 | 659 421 |
| | Remuneration of Councillor: S.M. Motsoane | | |
| | Annual Remuneration | 353 243 | 332 519 |
| | Telephone Allowance | 20 868 | 20 868 |
| | Travelling | 134 552 | 126 936 |
| | Tools of trade | 3 600 | 3 600 |
| | Pension | 50 413 | 48 291 |
| | Total | 562 676 | 532 214 |
| | Remuneration of Councillor: G.P. Adolph | | |
| | Annual Remuneration | 378 429 | 357 009 |
| | Telephone Allowance | 20 868 | 20 868 |
| | Travelling | 71 788 | 119 003 |
| | Tools of trade | 3 600 | 3 600 |
| | Pension | 54 355 | - |
| | Total | 529 040 | 500 480 |
| | Remuneration of Councillor: J. Bostander | | |
| | Annual Remuneration | 132 466 | 124 696 |
| | Telephone Allowance | 20 868 | 20 868 |
| | Travelling | 50 457 | 47 601 |
| | Tools of trade | 3 600 | 3 600 |
| | Pension | 18 906 | 18 109 |
| | Total | 226 297 | 214 874 |
| | Remuneration of Councillor: M. Furmen | | |
| | Annual Remuneration | 201 829 | 190 405 |
| | Telephone Allowance | 20 868 | 20 868 |
| | Tools of trade | 3 600 | 3 600 |
| | Total | 226 297 | 214 873 |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| 29 | REMUNERATION OF COUNCILLORS (CONTINUED) | 2015 R | 2014 R |
|----|---|----------------|----------------|
| | Remuneration of Councillor: G. De Vos | | |
| | Annual Remuneration | 151 372 | 142 804 |
| | Telephone Allowance | 20 868 | 20 868 |
| | Travelling | 50 457 | 47 601 |
| | Tools of trade | 3 600 | 3 600 |
| | Total | 226 297 | 214 873 |
| | Remuneration of Councillor: P.A. Jacobs | | |
| | Annual Remuneration | - | 55 584 |
| | Telephone Allowance | - | 3 478 |
| | Travelling | - | 21 156 |
| | Tools of trade | - | 600 |
| | Pension | - | 7 884 |
| | Total | - | 88 702 |
| | Remuneration of Councillor: A.M. Slabbert | | |
| | Annual Remuneration | 151 372 | 142 804 |
| | Telephone Allowance | 20 868 | 20 868 |
| | Travelling | 50 457 | 47 601 |
| | Tools of trade | 3 600 | 3 600 |
| | Total | 226 297 | 214 873 |
| | Remuneration of Councillor: D.E. Welgemoed | | |
| | Annual Remuneration | 132 466 | 124 695 |
| | Telephone Allowance | 20 868 | 20 868 |
| | Travelling | 50 457 | 47 601 |
| | Tools of trade | 3 600 | 3 600 |
| | Pension | 18 906 | 18 109 |
| | Total | 226 297 | 214 873 |
| | Remuneration of Councillor: A.D. Willemse | | |
| | Annual Remuneration | 151 372 | 142 804 |
| | Telephone Allowance | 20 868 | 20 868 |
| | Travelling | 50 457 | 47 601 |
| | Tools of trade | 3 600 | 3 600 |
| | Total | 226 297 | 214 873 |
| | Remuneration of Councillor: G.T. Murray | | |
| | Annual Remuneration | 201 829 | 190 405 |
| | Telephone Allowance | 20 868 | 20 868 |
| | Tools of trade | 3 600 | 3 600 |
| | Total | 226 297 | 214 873 |
| | Remuneration of Councillor: R. vd Linde | | |
| | Annual Remuneration | 151 372 | 142 804 |
| | Telephone Allowance | 20 868 | 20 868 |
| | Travelling | 50 457 | 47 601 |
| | Tools of trade | 3 600 | 3 600 |
| | Total | 226 297 | 214 873 |
| | Remuneration of Councillor: L. Deyce | | |
| | Annual Remuneration | 176 622 | 166 260 |
| | Telephone Allowance | 20 868 | 20 868 |
| | Tools of trade | 3 600 | 3 600 |
| | Pension | 25 207 | 24 145 |
| | Total | 226 297 | 214 873 |
| | Remuneration of Councillor: E.A.J. Beyers | | |
| | Annual Remuneration | 446 407 | 138 468 |
| | Telephone Allowance | 20 868 | 17 390 |
| | Tools of trade | 3 600 | 3 000 |
| | Pension | 63 772 | 20 203 |
| | Total | 534 646 | 179 061 |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 | 2014 |
|--|-------------------|-------------------|
| | R | R |
| 29 REMUNERATION OF COUNCILLORS (CONTINUED) | | |
| <i>Total Remuneration of Councillors</i> | | |
| Annual Remuneration | 3 035 157 | 2 633 267 |
| Telephone Allowance | 271 283 | 271 284 |
| Travelling | 676 321 | 711 371 |
| Tools of trade | 46 800 | 46 800 |
| Pension | 289 302 | 193 163 |
| Medical | 41 432 | 37 850 |
| Total | 4 360 296 | 3 893 735 |
| <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. | | |
| 30 DEBT IMPAIRMENT | | |
| Trade Receivables from exchange transactions - Note 20 | 29 015 797 | 20 414 987 |
| Other Receivables from non-exchange transactions - Note 21 | 11 105 244 | 6 802 314 |
| Total Contribution to Impairment Provision | 40 121 041 | 27 217 301 |
| 31 DEPRECIATION AND AMORTISATION | | |
| Depreciation PPE | 14 457 253 | 13 494 981 |
| Depreciation Investment Properties | 266 355 | 266 355 |
| Depreciation Capitalised Restoration Cost | 223 693 | 172 950 |
| Amortisation | 96 889 | 90 620 |
| Total depreciation and amortisation expenditure | 15 044 189 | 14 024 906 |
| 32 IMPAIRMENTS | | |
| Property Plant & Equipment | - | 10 527 800 |
| Investment Properties | - | 466 582 |
| Capitalised Restoration Cost | 3 170 956 | - |
| Total Impairments | 3 170 956 | 10 994 382 |
| 33 REPAIRS AND MAINTENANCE | | |
| Repairs and maintenance expenditure per vote | | |
| Executive & Council | 2 471 | 3 631 |
| Budget & Treasury | 202 825 | 341 005 |
| Corporate Services | 1 175 765 | 1 022 096 |
| Planning & Development | 109 448 | 130 653 |
| Community & Social Services | 598 952 | 497 731 |
| Housing | 214 768 | 267 569 |
| Public Safety | 486 619 | 571 849 |
| Sport & Recreation | 1 368 216 | 1 678 024 |
| Waste Management | 1 964 100 | 2 092 404 |
| Waste Water Management | 553 699 | 454 553 |
| Road Transport | 3 091 529 | 3 245 667 |
| Water | 3 435 732 | 2 436 173 |
| Electricity | 4 939 078 | 4 666 913 |
| Total repairs and maintenance expenditure | 18 143 202 | 17 408 268 |
| 34 FINANCE CHARGES | | |
| Long-term Liabilities | 1 660 137 | 1 816 146 |
| Finance leases | 325 383 | 294 960 |
| Post Retirement Charges | 2 333 505 | 1 939 570 |
| Overdraft Facilities | 134 364 | 36 050 |
| Total finance charges | 4 453 389 | 4 086 726 |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R |
|---|-------------------|-------------------|
| 35 BULK PURCHASES | | |
| Electricity | 44 106 353 | 41 331 461 |
| Water | 5 808 133 | 5 058 405 |
| Total Bulk Purchases | 49 914 486 | 46 389 866 |
| Stock Adjustments | (6 556 224) | (7 323 581) |
| Total Bulk Purchases excluding Stock Adjustments | 43 358 262 | 39 066 285 |
| 36 CONTRACTED SERVICES | | |
| Accountancy Services | 349 937 | 1 256 837 |
| Finance Management Grant | 521 845 | 392 682 |
| IDP PAWK | 112 597 | 63 000 |
| SDBIP | 166 452 | 462 611 |
| Security Services | 3 051 405 | 2 195 348 |
| Speed Camera | 3 667 025 | 6 570 444 |
| Valuation cost | 129 990 | 598 899 |
| Total Contracted services | 7 999 251 | 11 539 821 |
| 37 GRANTS AND SUBSIDIES | | |
| Donations | 64 452 | 60 000 |
| Total Grants and Subsidies | 64 452 | 60 000 |
| 38 GENERAL EXPENSES | | |
| Advertisement Costs | 326 215 | 235 450 |
| Banking Charges | 326 537 | 593 170 |
| Bursaries | 166 131 | 363 773 |
| Community Development Workers | 303 565 | 306 859 |
| Organisations | 1 356 413 | 1 042 140 |
| Insurance | 1 182 970 | 1 010 157 |
| Asset Management Plan | 90 773 | 28 906 |
| Licences/ Agreements | 1 515 733 | 1 242 469 |
| Printing & Stationary | 816 517 | 842 767 |
| Subsistence & Travel | 1 171 067 | 1 185 207 |
| Audit fees | 2 244 837 | 1 811 077 |
| Telephone Costs | 1 438 154 | 1 429 982 |
| Training Costs | 475 684 | 139 987 |
| Water service development program | 113 539 | 110 484 |
| Ward Committee | 618 063 | 579 038 |
| Transfer existing housing | - | 3 876 |
| Vehicle Cost | 333 200 | 73 827 |
| Postage | 457 416 | 509 394 |
| Digging of graves | 200 694 | 211 671 |
| Job Creation | 443 432 | 520 154 |
| Legal expenses | 86 693 | 465 028 |
| Rental Fees | 1 126 164 | 223 569 |
| Deeds Registrations | 11 623 | 10 551 |
| Mayoral Golf Tournament | 48 247 | 50 278 |
| Public Functions | 57 589 | 57 242 |
| Publicity | 15 795 | 11 235 |
| Tracking Device | 80 425 | 197 481 |
| Deficit Rental Mun. Dwelling | 181 729 | 27 036 |
| Licences Vehicles | 185 531 | 134 256 |
| Consulting Fees | 274 987 | 702 655 |
| Memorial Services | - | 100 000 |
| Collection Charges | 56 949 | 235 932 |
| SCOA Implementation | 46 965 | 200 871 |
| Refuse Bins | - | 131 200 |
| Basic service delivery rebattes | 563 841 | 830 210 |
| Youth and gender | 15 670 | 15 172 |
| Literacy Program | 20 918 | 6 746 |
| Housing | 3 195 586 | 28 573 434 |
| Electricity network | 19 256 399 | 2 809 243 |
| MIG PMU | 69 051 | 36 251 |
| Other expenditure | 1 115 009 | 974 048 |
| General Expenses | 39 990 111 | 48 032 826 |

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 TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | Notes | 2014 R |
|---|-------------------|--------------------|
| 39 CORRECTION OF ERROR IN TERMS OF GRAP 3 | | |
| 39.01 Changes to Statement of Financial Performance | | |
| Balance previously reported | | 4 892 553 |
| Correction of error - depreciation written back on asset not disposed during 2013/14 | | 2 468 |
| Correction of error - asset no 3484 written-off during 2013/14 not disposed | | (62 287) |
| Correction of error - asset no 3484 written-off during 2013/14 not disposed depreciation written back | | 4 153 |
| Correction on calculation of depreciation as at 2013/2014 | | (1 445) |
| Total | | 4 835 443 |
| 39.02 Accumulated Surplus/(Deficit) | | |
| Balance previously reported | | 331 487 805 |
| Correction on calculation of accumulated depreciation as at 30 June 2013 | | (8 670) |
| Correction of error - Erf 7413 recognised as PPE as well as Investment Property | 39.03 | (146 600) |
| Correction of error - Erven not previously recognised in Fixed Asset Register | 39.03 | 125 500 |
| Correction of error - Erven previously wrongly recognised in Fixed Asset Register | 39.03 | (1 310 050) |
| Correction of error - Community Assets previously wrongly recognised in Fixed Asset Register | | (236 899) |
| Recognition of assets for the first time as at 30 June 2013 | 39.03 | 5 005 100 |
| Heritage assets valued | 39.04 | 2 254 356 |
| Total | | 337 170 541 |
| 39.03 Property, plant and equipment | | |
| Balance previously reported | | 371 670 337 |
| Correction on calculation of accumulated depreciation as at 30 June 2013 | 39.02 | (8 670) |
| Correction of error - Erf 7413 recognised as PPE as well as Investment Property | 39.02 | (146 600) |
| Correction of error - Erven not previously recognised in Fixed Asset Register | 39.02 | 125 500 |
| Correction of error - Erven previously wrongly recognised in Fixed Asset Register | 39.02 | (1 310 050) |
| Recognition of assets for the first time as at 30 June 2013 | 39.02 | 5 005 100 |
| Correction on calculation of depreciation as at 2013/2014 | 39.01 | (1 445) |
| Total | | 375 334 172 |
| 39.04 Heritage assets | | |
| Balance previously reported | | 2 970 644 |
| Heritage assets valued | 39.02 | 2 254 356 |
| Total | | 5 225 000 |
| 39.05 Trade Receivables from exchange transactions | | |
| Balance previously reported | | 15 117 729 |
| Correction of error of exchange transactions wrong disclosed as non-exchange in 2014. Note 20 | 39.06 | 4 234 862 |
| Total | | 19 352 591 |
| 39.06 Other receivables from non-exchange transactions | | |
| Balance previously reported | | 14 970 281 |
| Correction of error of exchange transactions wrong disclosed as non-exchange in 2014. Note 21 | 39.05 | (4 234 862) |
| Total | | 10 735 419 |
| 40 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS | | |
| Surplus for the year | 83 361 061 | 4 835 444 |
| Adjustments for: | | |
| Depreciation | 14 947 304 | 13 934 286 |
| Amortisation of Intangible Assets | 96 889 | 90 620 |
| (Gain)/Loss on disposal of property, plant and equipment | 841 434 | 230 285 |
| Contributed PPE | (52 296 307) | (362 938) |
| Impairments | 3 164 984 | 10 990 011 |
| Contribution from/to employee benefits - non-current | (1 329 963) | (1 012 863) |
| Contribution from/to employee benefits - non-current - expenditure incurred | 3 403 259 | 2 988 173 |
| Contribution from/to employee benefits - non-current - actuarial losses | (216 003) | 1 679 174 |
| Contribution from/to provisions - non-current | 3 925 345 | 339 114 |
| Contribution to employee benefits – current | 4 509 555 | 4 711 830 |
| Contribution to employee benefits – current - expenditure incurred | (4 089 072) | (4 426 439) |
| Contribution to provisions – Debt Impairment | 40 121 041 | 27 217 301 |
| Impairment written off | (3 695 528) | (910 704) |
| (Increase)/Decrease in Capitalised Restoration Cost | (3 627 969) | (87 835) |
| Additional debt Impairment transactions | 2 958 | 15 131 |
| Increase/(Decrease) in Unspent Conditional Government Grants and Receipts | (2 426 230) | (638 581) |
| Increase/(Decrease) in Unspent Conditional Public Contributions and Receipts | 6 903 | 139 052 |
| (Increase)/Decrease in Unpaid Conditional Government Grants and Receipts | (943 941) | 242 030 |
| Operating lease income accrued | (4 188) | 1 813 |
| Operating Surplus/(Deficit) before changes in working capital | 85 751 533 | 59 974 904 |
| Changes in working capital | (43 467 155) | (34 358 813) |
| Increase/(Decrease) in Trade and Other Payables | 6 256 807 | (810 313) |
| Increase/(Decrease) in Taxes | (2 209 984) | (211 777) |
| (Increase)/Decrease in Inventory | (200 210) | 374 453 |
| Increase/(Decrease) in Consumer Deposits | 88 534 | (21 011) |
| (Increase)/Decrease in Trade Receivables from exchange transactions | (8 914 855) | (3 099 137) |
| (Increase)/Decrease in Other Receivables from non-exchange transactions | (38 487 447) | (30 591 028) |
| Cash generated/(absorbed) by operations | 42 284 378 | 25 616 091 |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 R | 2014 R |
|---|-------------------|-------------------|
| 41 CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents included in the cash flow statement comprise the following: | | |
| Call Investments Deposits - Note 23 | 15 036 387 | 9 332 328 |
| Cash Floats - Note 23 | 12 230 | 12 070 |
| Bank - Note 23 | - | 2 592 738 |
| Bank overdraft - Note 23 | (1 932 245) | - |
| Total cash and cash equivalents | 13 116 372 | 11 937 136 |
| 42 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES | | |
| Cash and Cash Equivalents - Note 41 | 13 116 372 | 11 937 136 |
| Less: | 13 116 372 | 11 937 136 |
| Unspent Committed Conditional Grants - Note 10 | 4 709 333 | 7 135 563 |
| Unspent Public Contribution - Note 11 | 145 955 | 139 052 |
| Unpaid Committed Conditional Grants - Note 10 | (1 614 319) | (670 378) |
| Staff Leave - Note 7 | 4 223 673 | 4 016 026 |
| VAT - Note 12 | (6 444 459) | (3 932 014) |
| Cash Portion of Housing Development Fund - Note 2 | 219 642 | 218 612 |
| Net cash resources available for internal distribution | 11 876 547 | 5 030 275 |
| Allocated to: | | |
| Capital Replacement Reserve | 10 491 152 | 4 849 606 |
| Resources available for working capital requirements | 1 385 395 | 180 669 |
| 43 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION | | |
| Long-term Liabilities - Note 3 | 15 310 401 | 18 078 846 |
| Used to finance property, plant and equipment - at cost | (15 310 401) | (18 078 846) |
| | - | - |

Annuity loans at amortised cost is calculated at 8.6%-14.00% interest rate, with last maturity date of 31 July 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

| | 2015 R | 2014 R |
|--|-------------------|-------------------|
| 44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED | | |
| 44.1 Unauthorised expenditure | | |
| Reconciliation of unauthorised expenditure: | | |
| Opening balance | 47 144 485 | 38 748 627 |
| Unauthorised operating expenditure current year | 12 653 211 | 43 251 373 |
| Unauthorised capital expenditure current year | 15 834 742 | 3 893 112 |
| Approved by Council or written off | (47 144 485) | (38 748 627) |
| Unauthorised expenditure awaiting further action | 28 487 953 | 47 144 485 |

| Incident | Disciplinary steps/criminal proceedings |
|-----------------------------|---|
| Actual vs Budgeted spending | None |

| | 2015 R (Actual) | 2015 R (Budget) | 2015 R (Variance) | 2015 R (Unauthorised) |
|--|-----------------------|-----------------------|-------------------------|-----------------------------|
| Unauthorised expenditure current year - operating | | | | |
| Executive & Council | 14 699 784 | 15 249 635 | (549 851) | - |
| Budget & Treasury | 17 671 784 | 17 384 394 | 287 390 | 287 390 |
| Corporate Services | 15 106 547 | 14 221 469 | 885 078 | 885 078 |
| Planning & Development | 4 115 242 | 5 328 311 | (1 213 069) | - |
| Community & Social Services | 7 662 600 | 8 978 039 | (1 315 439) | - |
| Housing | 4 504 270 | 6 581 217 | (2 076 947) | - |
| Public Safety | 44 838 934 | 38 055 904 | 6 783 030 | 6 783 030 |
| Sport & Recreation | 6 243 899 | 6 549 937 | (306 038) | - |
| Waste Management | 16 231 199 | 12 301 598 | 3 929 601 | 3 929 601 |
| Waste Water Management | 8 215 969 | 7 447 857 | 768 112 | 768 112 |
| Road Transport | 19 043 338 | 21 043 140 | (1 999 802) | - |
| Water | 20 486 450 | 20 899 901 | (413 451) | - |
| Electricity | 80 040 893 | 90 107 547 | (10 066 654) | - |
| Other | - | 331 738 | (331 738) | - |
| | 258 860 909 | 264 480 687 | (5 619 778) | 12 653 211 |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| <u>Unauthorised expenditure current year - capital</u> | 2015 R (Actual) | 2015 R (Budget) | 2015 R (Variance) | 2015 R (Unauthorised) |
|--|-----------------------|-----------------------|-------------------------|-----------------------------|
| Executive & Council | 11 193 | 23 500 | (12 307) | - |
| Budget & Treasury | 194 575 | 98 800 | 95 775 | 95 775 |
| Corporate Services | 959 346 | 954 200 | 5 146 | 5 146 |
| Planning & Development | 26 173 | 66 148 | (39 975) | - |
| Community & Social Services | 520 406 | 12 609 033 | (12 088 627) | - |
| Housing | 4 529 | 18 000 | (13 471) | - |
| Public Safety | 166 272 | 91 890 | 74 382 | 74 382 |
| Sport & Recreation | 336 813 | 2 927 750 | (2 590 937) | - |
| Waste Management | 130 020 | 976 996 | (846 976) | - |
| Waste Water Management | 15 841 208 | 2 570 329 | 13 270 879 | 13 270 879 |
| Road Transport | 8 043 816 | 10 489 011 | (2 445 195) | - |
| Water | 1 539 495 | 2 735 895 | (1 196 400) | - |
| Electricity | 12 726 350 | 10 337 792 | 2 388 558 | 2 388 558 |
| | 40 500 198 | 43 899 344 | (3 399 146) | 15 834 742 |

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)

44.2 Fruitless and wasteful expenditure

| | 2015 R | 2014 R |
|--|----------------|-----------|
| Reconciliation of fruitless and wasteful expenditure: | | |
| Opening balance | - | - |
| Fruitless and wasteful expenditure current year | 159 670 | - |
| Written off by Council | - | - |
| Transfer to receivables for recovery - not written off | - | - |
| Fruitless and wasteful expenditure awaiting further action | 159 670 | - |

| Incident | Disciplinary steps/criminal proceedings | | |
|---|---|--------|---|
| During the year under review it was discovered that some cell phone accounts of former employees and councillors are still debited against the municipality's bank account | None | 79 800 | - |
| During the year under review it was discovered that debit orders were going off against the municipality's bank account for payments to Homechoice, Multichoice, Truworths, etc | None | 79 870 | - |

44.3 Irregular expenditure

| | 2015 R | 2014 R |
|--|-------------------|---------------|
| Reconciliation of irregular expenditure: | | |
| Opening balance | 35 000 | 16 264 |
| Irregular expenditure prior years | 15 321 593 | - |
| Irregular expenditure current year | 550 134 | 35 000 |
| Written off supported by Council | - | (16 264) |
| Transfer to receivables for recovery - not written off | - | - |
| Irregular expenditure awaiting further action | 15 906 727 | 35 000 |

| 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 |
| 2014 - Open tender request sent after event. R35 000 | None |
| 2015 - SCM procedures not followed current year. R550 134.06 | None |
| Irregular Expenditure incurred ito Contracting for Traffic Services: 2011/2012 Financial Year - R3 025 588.67 2012/2013 Financial Year - R5 725 559.70 2013/2014 Financial Year - R6 570 444.36 | None |

44.4 Material Losses

| | | |
|--|------------|------------|
| Electricity distribution losses | | |
| Units purchased (Kwh) | 55 426 999 | 56 524 586 |
| - Units lost during distribution (Kwh) | 4 566 252 | 6 488 858 |
| - Percentage lost during distribution | 8.24% | 11.48% |
| Water distribution losses | | |
| Kilolitres purified | 2 764 904 | 2 603 153 |
| - Kilolitres lost during distribution | 1 391 276 | 1 327 126 |
| - Percentage lost during distribution | 50.32% | 50.98% |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| 45 | ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT | 2015 | 2014 |
|------|---|---------------------|---------------------|
| | | R | R |
| 45.1 | <u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u> | | |
| | Opening balance | - | - |
| | Council subscriptions | 782 675 | 627 076 |
| | Amount paid - current year | (782 675) | (627 076) |
| | Balance unpaid (included in creditors) | - | - |
| 45.2 | <u>Audit fees - [MFMA 125 (1)(c)]</u> | | |
| | Opening balance | - | - |
| | Current year audit fee | 2 244 837 | 1 811 077 |
| | External Audit - Auditor-General | 2 244 837 | 1 811 077 |
| | Amount paid - current year | (2 244 837) | (1 811 077) |
| | Balance unpaid (included in creditors) | - | - |
| 45.3 | <u>VAT - [MFMA 125 (1)(c)]</u> | | |
| | VAT | (6 444 459) | (3 932 014) |
| | VAT is payable on the payments basis. Only once payment is received from debtors is VAT paid over to SARS. | | |
| 45.4 | <u>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</u> | | |
| | Opening balance | 565 172 | 536 345 |
| | Current year payroll deductions and Council Contributions | 8 499 151 | 7 430 456 |
| | Amount paid - current year | (8 287 541) | (7 401 629) |
| | Balance unpaid (included in creditors) | 776 782 | 565 172 |
| 45.5 | <u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u> | | |
| | Opening balance | - | - |
| | Current year payroll deductions and Council Contributions | 13 648 703 | 12 139 114 |
| | Amount paid - current year | (12 681 475) | (12 139 114) |
| | Balance unpaid (included in creditors) | 967 228 | - |
| 45.6 | <u>Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</u> | | |
| | The following Councillors had arrear accounts for more than 90 days at 30 June 2015 financial year: | | |
| | | 2015 | 2014 |
| | | R | R |
| | | Outstanding | Outstanding |
| | | more than 90 | more than 90 |
| | | days | days |
| | Councillor L. Deyse (510271/000768) | 3 | 3 |
| | Councillor M Furmen (023379/023380) | - | 884 |
| | Councillor R van der Linde (070128/020003) | - | 250 |
| | Total Councillor Arrear Consumer Accounts | 3 | 1 137 |
| 45.7 | <u>Quotations awarded - Supply Chain Management</u> | | |
| | Supply Chain Management Implementation Report for the year ended 30 June 2015 and Supply Chain Management Regulation 45 disclosure: | | |



MUNISIPALITEIT - MUNICIPALITY - U MASIPALA WASE

BEAUFORT-WES - BEAUFORT WEST - BHOBHOFOLO

DEPARTEMENT: FINANSIELE DIENSTE : DEPARTMENT: FINANCIAL SERVICES

Verwysing
Reference
Isalathiso

6/1/1/1

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Navrae
Enquiries
Imibuzo

S.A Pothberg

E-pos: treasury@beaufortwestmun.co.za
Kerkstraat 15 Church Street
Beaufort-Wes
Beaufort West
Bhobhfofolo
6970

Datum
Date
Umhla

2014.10.09

Memorandum to the Municipal Manager

SUPPLY CHAIN MANAGEMENT QUARTERLY IMPLEMENTATION REPORT: 1st QUARTER: 01 JULY – 30 SEPTEMBER 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 quarter, 01 July till 30 September 2014.

f

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 |
|---------------------------------|--------------------------|----------------------|--------------------------|--|
| Beaufort West Luxury Coaches | 16/07/2014 25/09/2014 | 15049937 15053971 | R 4 300.00 R 3 000.00 | ❖ 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. |
| Karoo Motors Werkswinkel | 25/08/2014 | 15050942 | R 127 000.56 | ❖ Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health Services |

| | | | | |
|---------------------------|------------|----------|------------|---|
| General Shine Catering | 24/07/2014 | 15050117 | R 4 000 | ❖ Husband, Mr Diedericks, is currently employed by Department of Community Services as a traffic officer. |
| Wilma's Catering Services | 09/09/2013 | 15051499 | R 7 810.00 | ❖ Brother currently employed as a Councilor at the Beaufort West Municipality. |
| Avril's Catering | 18/09/2014 | 15047073 | R 2 520.00 | ❖ Daughter, Me. M Johnson employed with the Department of Correctional Services. |
| PJ Sound & Vision | 04/08/2014 | | R 6 500.00 | ❖ Son, Mr. PJ Julies is employed as Vehicle Inspections & Traffic Officer at the Beaufort West Municipality |

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.

- ❖ **There are no minor breaches to be reported for period 01 July till 30 September 2014.**

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.

.....
DIRECTOR: FINANCIAL SERVICE

Addendum 1

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

| Bid # | Item | Bids Received | Bid Amount | Awarded to | Remarks |
|----------------|---|--|--|--|---|
| SCM 26/2014 | Upgrading Pieter street Main contractor | <ul style="list-style-type: none"> ❖ CAL Construction ❖ De Jagers Loodgieters ❖ A & R Enterprises ❖ Benver Civils ❖ Trucon ❖ UrhweboE-transand | <ul style="list-style-type: none"> ❖ R3 785 407.67 ❖ R3 210 383.93 ❖ R3 520 011.92 ❖ R4 322 516.63 ❖ R3 032 931.07 ❖ R5 819 295.68 | <ul style="list-style-type: none"> ❖ Trucon | |
| SCM 26/2014 | Nominated sub-contractor for the upgrading of Pieter street | <ul style="list-style-type: none"> ❖ WM workers ❖ Q&K Projects ❖ REA Civils General Construction ❖ Flashcor 146CC ❖ EL-Channun Trading ❖ C & M & JG's Projects | <ul style="list-style-type: none"> ❖ R261 707.29 ❖ R234 300.78 ❖ R403 670.00 ❖ R264 740.49 ❖ R2 671 871.50 ❖ R326 828.88 | <ul style="list-style-type: none"> ❖ WM Workers- R145 217.65 ❖ Q&K Projects- R122 806.22 | It was recommended that both bidders be appointed for project, to minimise the risk factor for the successful completion of tender. |
| SCM 28/2014 | Supply and delivery of tyres, tubes, wheel alignment and tyre repair services | <ul style="list-style-type: none"> ❖ Erasmus Tyre Services CC ❖ Trentyre ❖ Supa Quick | <ul style="list-style-type: none"> ❖ R146 002.00 ❖ R137 562.00 ❖ R137 928.00 | <ul style="list-style-type: none"> ❖ Trentyre | |
| SCM 02/2015 | Supply & Installation of mechanical & electrical borehole pumping equipment for Nelspoort | <ul style="list-style-type: none"> ❖ De Jagers Loodgieters ❖ Hydro-Tech systems ❖ Viking Pony Africa ❖ Xylen Water solutions | <ul style="list-style-type: none"> ❖ R1 254 369.93 ❖ R1 440 583.92 ❖ R1 352 174.41 ❖ R1 255 330.23 | <ul style="list-style-type: none"> ❖ De Jagers Loodgieters R1 265 393.84 | |

Addendum 2

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER | | | | | |
|--|---|--------------------------------------|--------------|--|---|
| APPLICABLE PARAGRAPH IN SCM POLICY | SUPPLIERS | AMOUNT | DATE | REASON FOR DEVIATION | |
| (a) | Emergency | Jirah Construction | R 34 458,00 | 22/07/2014 | Emergency cleaning of sewer pipes at Spornet & Peper ave-health risk for community |
| | | Beaufort Wes Lugreeling & verkoeling | R 2 644,80 | 18/07/2014 | Repair Merweville's Morque air conditioner in Merweville |
| (b) | Sole Supplier | Elster Kent Metering | R 379 904,62 | 10/07/2014 | Sole manufacturer & supplier of Elster meters & strainers |
| | | Karoo Fire | R 2 050,00 | 18/07/2014 | Only service provider locally to supply & service fire extinguishers |
| | | Juta & Company (Pty)Ltd | R 6 442,00 | 07/07/2014 | Updated legislation books |
| | | Maccaferi Southern Africa | R 4 903,00 | 28/07/2014 | Manufacturer of gabions |
| | | Beaufort Alarms | R 5 101,50 | 09/07/2014 | Only supplier locally that supply, install and monitor alarm systems |
| | | MC Ellis | R 54 000,00 | 30/07/2014 | Only supplier locally that can make locks and has the template to make the master locks |
| | | Integrity control systems | R 6 634,80 | 30/07/2014 | Sole manufacturer of security seals |
| (d) | Any exceptional case where it is impractical or impossible to follow the official procurement processes | Beaufort West Luxury coaches | R 4 300,00 | 07/07/2014 | Transport of soccer players & staff to Victoria West & back |
| | | Essops Multisave | R 3 317,50 | 18/07/2014 | Supplier willing to deliver on account- Coke for the Beaufort West Marathon |
| | | SM Consultants | R 12 750,00 | | Service provider for the distribution of traffic summonses |
| | | General Shine Catering | R 4 000,00 | 24/07/2014 | Catering for Mandela day function |
| | | Ultra Liquors | R 2 048,75 | 24/07/2014 | Refreshment for Mandela day function |
| (d(v)) | The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount | Marias Muller Yekiso | R 25 194,00 | 25/07/2014 | Get an opinion on Council members order rules, code of conduct for corruption policy. |
| | | Crawfords Attorneys | R 5 769,54 | | |
| | | | R 4 104,00 | 24/07/2014 | Local official law practitioner handling the transportations |
| | Ignite | R 18 650,00 | 01/07/2014 | Performance agreements & performance evaluations | |

| | | | | | |
|---------|--|---|-------------|------------|--|
| (d)(i) | Any contract relating to the publication of notices and advertisements by the municipality | Media 24 | R 8 214,38 | 09/07/2014 | Advertisements SCM 01/2015 (Training) & SCM 02/2015(Borehole pump) |
| | | | R 6 982,23 | | |
| (d)(ii) | any contract with an organ of state, a local authority or a public utility corporation or company | Department of Transport | R 32 311,00 | 23/07/2014 | Prodiba is a government preferred service provider |
| (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 Precision Motor Engineers | R 2 925,24 | 15/07/2014 | CZ 4118 - Recondition prop shaft |
| | | Barloworld | R 30 893,09 | 29/07/2014 | CZ 5291 , CZ 8782, CZ 7713 - 3 sets of blades required |
| | | Teleray | R 4 332,00 | 09/07/2014 | Installation and maintenance of tv towers in Murraysburg |
| | | SA Leak detection Distributors | R 2 850,00 | 21/07/2014 | Repair to Seba HLE90 Ground Mic |

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER | | | | | |
|--|---|----------------------------|--|---|---|
| APPLICABLE PARAGRAPH IN SCM POLICY | | SUPPLIERS | AMOUNT | DATE | REASON FOR DEVIATION |
| (b) | Sole Supplier | B&B sweiswerke | R 5 643,00 | 12/08/2014 | Sole local supplier that boreholes can drag and drop |
| | | Karoo Vleisboere Koop | R 5 956,89 | 12/08/2014 | Sole local supplier in Murraysburg that can supply stock |
| | | Penny Pinchers | R 2 883,34 | 15/08/2014 | Sole local supplier that can supply stock |
| | | PG Glass | R 3 839,52 | 27/08/2014 | Sole local supplier that can supply the glass and fit it. |
| | | Actebis | R 8 561,40 | 26/08/2014 | Sole supplier to remove hazards waste. |
| (d) | Any exceptional case where it is impractical or impossible to follow the official procurement processes | Youngs Halfway House | R 11 250,00 | 20/08/2014 | Secluded accommodation for golfers for Mayoral golf day |
| | | Fountains Hotel | R 2 820,00 | 18/08/2014 | Nearest accommodation to venue for Councilor G.De Vos |
| | | Sebata Municipal Solutions | R 559 939,84 | 25/07/2014 | License fees for Financial Management System service provider |
| | | | R 16 209,38 | 20/08/2014 | Assist the BMW with the compilation of the annual reports 14/15 financial year. |
| | | | R 27 324,38 | | |
| | | R 73 986,00 | | Compilation of performance and annual reports | |
| Alusani Skills & Training Network | R 6 838,86 | 26/08/2014 | Effective construction contract management & administration for Director Engineering Services to obtain credits for performance management | | |

| | | | | | |
|---------|--|-------------------------|-------------|------------|--|
| (d)(v) | The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount | Crawfords Attorneys | R 15 972,00 | 14/08/2014 | Local official law practitioner handling the transportations |
| (d)(i) | Any contract relating to the publication of notices and advertisements by the municipality | Media 24 | R 6 160,79 | 22/08/2014 | Advert SCM 05/2015 Tag surveillance system Murraysburg & Nelspoort Libraries |
| (d)(ii) | any contract with an organ of state, a local authority or a public utility corporation or company | Department of Transport | R 4 107,00 | 22/08/2014 | Prodiba is a government preferred service provider |
| (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. | Precision Engineers | R 9 135,96 | 13/08/2014 | CZ 3906 - Specialized service, sole local supplier |
| | | George Lawnmowers | R 9 067,56 | 13/08/2014 | Service and repair roller mower |
| | | Ian Dickie | R 4 142,80 | 13/08/2014 | Specialized service, sole local supplier |
| | | Precision Engineers | R 7 234,44 | 29/08/2014 | CZ 1422 - tractor accident damage, specialized services needed |
| | | | R 59 457,84 | 21/08/2014 | CZ 5945 - Watertruck - specialised services required, sole local supplier |

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER | | | | | |
|--|---|-----------------------------|--------------|------------|--|
| APPLICABLE PARAGRAPH IN SCM POLICY | | SUPPLIERS | AMOUNT | DATE | REASON FOR DEVIATION |
| (b) | Sole Supplier | Spectrum Communications | R 133 389,12 | 12/09/2014 | Sole supplier to repair telemetry system |
| (d) | Any exceptional case where it is impractical or impossible to follow the official procurement processes | SM Consultants | R 18 300,00 | 11/09/2014 | Service provider for the distribution of traffic summonses |
| | | Tango civil & plant hire CC | R 3 420,00 | 03/09/2014 | Only available supplier that could rent forklifter to municipality on a monthly basis for recycling needs. |
| | | Harvey World Travel Group | R 9 876,00 | 16/09/2014 | Flight tickets for Mr J Booysen and Mr T Prince for Presidential Local Summit |
| | | B & B Sweiswerke | R 5 942,00 | 03/09/2014 | Only supplier locally that can pull & drop borehole pumps |
| | | Trucon | R 13 680,00 | 04/09/2014 | Only available local supplier that have a bulldozer for hire |
| | | Penny Pinchers | R 25 544,51 | 10/09/2014 | Only available local provider in Beaufort West that has materials in stock |
| | R 2 395,37 | 10/09/2014 | | | |
| (d)(v) | The appointment of any person to | SB Naidu | R 4 174,68 | 16/09/2014 | Balju services in Beaufort west |

| | | | | | |
|---------|---|----------------------|-------------|------------|--|
| | provide professional advice or services is less than R200 000 or any greater amount | Ignite Advisory | R 27 521,03 | 10/09/2014 | Performance Management Service Provider |
| (d)(i) | Any contract relating to the publication of notices and advertisements by the municipality | Media 24 | R 6 160,79 | 23/09/2014 | Tender adverts SCM 08/2015 Upgrading of Fabriek 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. | George Lawnmowers | R 2 465,39 | 01/09/2014 | Repair pressure spray |
| | | Stationery Dot com | R 2 746,00 | 30/09/2014 | Only local service provider to refurbish UPS'e |
| | | George Lawnmowers | R 27 555,11 | 16/09/2014 | Repair of Prof Honda CYL Mower - fit parts, drain oil, back lap cylinder |
| | | R & S Communications | R 3 032,43 | 29/09/2014 | Repair of hand radios |

Ratified on:

Ratified by:

J.Booyesen

Municipal Manager

Signed:



MUNISIPALITEIT - MUNICIPALITY - U MASIPALA WASE

BEAUFORT-WES - BEAUFORT WEST - BHOBHOFOLO

DEPARTEMENT: FINANSIELE DIENSTE : DEPARTMENT: FINANCIAL SERVICES

Verwysing
Reference
Isalathiso

6/1/1/1

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Beaufort West
Bhobhfofo
6970

Datum
Date
Umhla

2015.01.09

Memorandum to the Municipal Manager

SUPPLY CHAIN MANAGEMENT QUARTERLY IMPLEMENTATION REPORT: 2nd QUARTER: 01 OCTOBER – 31 DECEMBER 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 quarter, 01 October till 31 December 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 |
|--------------------------|------------|----------|-------------|--|
| PJ Sound & Vision | 22/10/2014 | 141025 | R 7 500.00 | ❖ Sons, Mr. PJ Julies and Mr. J. Julies is employed as Vehicle Inspections & Traffic Officer and machine operator at electrical and traffic services at the Beaufort West Municipality |
| | 08/11/2014 | 15053019 | R 10 000.00 | |
| | 03/11/2014 | | R 7 500.00 | |
| Karoo Motors Werkswinkel | 31/10/2014 | 15052921 | R 73 416.00 | ❖ Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health Services |
| | 25/11/2014 | 15053451 | R 75 861.30 | |
| | 23/12/2014 | 15054605 | R 75 354.00 | |

| | | | | |
|--|--|--|--|--|
| Klicon Consultancy | | Competitive bid | R4 485 000.00 | ❖ Brothers, R Klink and S Jooste are currently employed at Beaufort West Municipality and Central Karoo District Municipality. |
| Karoo Drukkery | 05/11/2014 | 15053125 | R 8 270.00 | ❖ Wife, Mrs. S Munro is employed at the Department of Health. |
| B Chalmers | 03/11/2014 | 15053025 | R 2 700.00 | ❖ Spouse, Mr. M. Chalmers employed with the Department of Correctional Services as Corrections Officer. |
| Avril's Catering | 11/11/2014 | 15053227 | R 2 475.00 | ❖ Daughter, Me. M Johnson employed with the Department of Correctional Services. |
| Sonneblom Bloemiste | 03/11/2014 | 15053022 | R 3 800.00 | ❖ Son, Mr H Jack is currently employed at the Beaufort West Municipality on a contract basis. |
| B&B Sweiswerke | 06/10/2014 04/11/2014 28/11/2014 28/11/2014 12/12/2014 01/11/2014 02/12/2014 | 15052265 15053090 15053702 15053702 | R 6 539.00 R 5 942.00 R 3 545.00 R 2 437.00 R 3 950.00 R 3 300.00 R 199 321.00 | ❖ Son, Mr A.C Du Plessis is currently employed by Department of Education as a teacher. |
| Ingozi Construction & General Services | 26/08/2014 24/11/2014 | 15051297 15053714 | R 2 800.00 R 7 860.00 | ❖ Spouses, Mr. F Pieters and Mr. B Visser is currently employed at the Beaufort West Municipality. |
| Karoo Drukkery | 05/11/2014 | 15053125 | R 8 270.00 | ❖ Wife, Mrs. S Munro is employed at the Department of Health. |
| B Chalmers | 03/11/2014 | 15053025 | R 2 700.00 | ❖ Spouse, Mr. M. Chalmers employed with the Department of Correctional Services as Corrections 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.

❖ **There are no minor breaches to be reported for period 01 October till 31 December 2014.**

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.

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DIRECTOR: FINANCIAL SERVICE

Addendum 1

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

| Bid # | Item | Bids Received | Bid Amount | Awarded to | Remarks |
|-----------------|--|---|---|--|---|
| SCM 01/2015 | Request for proposals: Implementation, training & support for short skill construction & apprentices. | <ul style="list-style-type: none"> ❖ Africa skills fet college ❖ Tjeka ❖ Klicon consultancy ❖ Industries Education & training Institute ❖ Further education trade training | <ul style="list-style-type: none"> ❖ R4 000 000.00 ❖ R6 280 000.00 ❖ R4 485 000.00 ❖ R4 375 000.00 ❖ R1 470 000.00 | Klicon Consultancy | |
| SCM 04/2015 | Request for proposals: Raising of external Loans | <ul style="list-style-type: none"> ❖ Nedbank ❖ Standard Bank ❖ FNB Bwest ❖ Absa | <ul style="list-style-type: none"> ❖ R3 140 290.80 ❖ R4 092 639.28 ❖ R3 228 894.00 ❖ R3 855 128.26 | Nedbank | |
| SCM 05/2015 | Supply, delivery, installation and maintenance of tag surveillance system for Murraysburg en Nelspoort Libraries | <ul style="list-style-type: none"> ❖ Tag Tron Solutions ❖ CSX Customer Services | <ul style="list-style-type: none"> ❖ R194 459.66 ❖ R320 447.89 | Tag Tron Solution | |
| SCM 06/2015 | Transportation of gravel | <ul style="list-style-type: none"> ❖ Perfecto Builders ❖ KNK Construction ❖ I Kaptein | Unit prices per 2, 3 and 5m were requested. | KNK Konstruksie | |
| Tender 99-13/14 | Transversal agreement Mosselbaai Municipality: Makukhane Consulting Engineers for 3 years July 2014- June 2017 | <ul style="list-style-type: none"> ❖ Makukhane Consulting Engineers | Consultant will be used for different electrical projects | Makukhane Consulting Engineers | |
| SCM 34/2011 | Professional Services; Occupational Health And Safety | <ul style="list-style-type: none"> ❖ Integrated Safety and Health Systems | | | Contract was awarded to ISHS for 3 year period, contract has expired and contract has been extended on a month to month period. |
| SCM 08/2015 | Upgrading of Fabriek street | <ul style="list-style-type: none"> ❖ Tirhani Construction ❖ Funda Civils ❖ De Jagers | <ul style="list-style-type: none"> ❖ R2 165 644.32 ❖ R2 223 000.00 ❖ R2 323 143.30 | Tender will be cancelled to insufficient funding | |

| | | | | | |
|---------------|---|---|--|---|--|
| | | <ul style="list-style-type: none"> ❖ Trucon ❖ Kholwani ❖ Investments | <ul style="list-style-type: none"> ❖ R2 583 908.04 ❖ R1 790 793.85 | | |
| SCM 09/2015 | Supply and delivery of one new high velocity sewer jet | <ul style="list-style-type: none"> ❖ ITS Simply Clean ❖ Ian Dickie & Co ❖ Umsowethu Africa Trading ❖ Shorts Nissan ❖ Werner SA Pumps & Equipment | <ul style="list-style-type: none"> ❖ R339 720.00 ❖ R237 804.00 ❖ R265 004.40 ❖ R259 954.20 ❖ R268 627.32 | Werner SA Pumps & Equipment | |
| SCM 10/2015 | Maintenance, Repairs, Services & Auto Electrical Work of Vehicle Fleet as well as hydraulic and engineering repairs for a period of 3 years | <ul style="list-style-type: none"> ❖ Beaufort West Auto Electrical ❖ Faimel Auto Electrical & Spares ❖ 24/7 Tyre & Fitment ❖ B-wes Presisie Motor Ingenieurs ❖ Karoo Motors Werkwinkel | <ul style="list-style-type: none"> ❖ Bidders were requested to provide a tariff for the repairs and maintenance of fleet | | |
| SCM 11/2015 | Supply and delivery of assembled IT hardware | <ul style="list-style-type: none"> ❖ Procon It solutions ❖ First Technology ❖ Brilliant Computers ❖ Mantella | <ul style="list-style-type: none"> ❖ 1.R 522 065.00 ❖ 2.R537 065.00 ❖ R507 362.70 ❖ R511 180.00 ❖ R185 475.92 | <ul style="list-style-type: none"> ❖ Brilliant Computers ❖ First Technology ❖ Mantella | <ul style="list-style-type: none"> R363 591.00 R140 405.10 R89 578.50 |
| Tender 104/13 | Transversal agreement: Saldanah Bay Municipality: Supply and delivery of Electrical equipment and material for the period 01 April 2014 – 30 March 2017 | <ul style="list-style-type: none"> ❖ Aberdare Cables ❖ WCC Cables ❖ Electro Vroomen ❖ Electro Inductive Industries (pty) ltd ❖ Itron (pty) Ltd ❖ Zonart Distribution ❖ Siyaphambili Electrical & Industrial supplies CC ❖ Powerrec (Pty) LTd ❖ ABB (Pty) Ltd ❖ Patch Industrial (Pty) LTd | | | |

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|--|--|---|--|--|--|
| | | <ul style="list-style-type: none">❖ Supreme Electrial Supplies❖ Park Boulevard Trading 35 CC❖ Alsu Enterprises❖ Landis & Gyr | | | |
|--|--|---|--|--|--|

Addendum 2

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR OCTOBER | | | | | |
|---|--|--------------------------------|--|-------------|---|
| APPLICABLE PARAGRAPH IN SCM POLICY | | SUPPLIERS | AMOUNT | DATE | REASON FOR DEVIATION |
| (a) | Emergency | Karoo Lugreeling en Verkoeling | R 4 776,60 | 21/10/2014 | Merweville morgue's refrigerator was defective, supplier repaired it |
| (b) | Sole Supplier | Afrox | R 2 144,48 | 01/10/2014 | Sole manufacturer of oxygen & acetylene products |
| | | Landis & Gyr | R 26 334,00 | 16/10/2014 | Manufacturer of electricity meters |
| | | Spectrum Communications | R 138 439,30 | 01/10/2014 | Sole supplier to repair telemetry system |
| | | Karoo Fire | R 3 975,00 | 13/10/2014 | Service of fire extinguisher at Fire department |
| | | Elster Kent Metering | R 29 039,22 | 27/10/2014 | Sole supplier of Elster Kent meters to upgrade computer software |
| | | | R 271 716,28 | 23/10/2014 | Sole supplier of Elster Kent meters |
| © | Acquisition of special works of art or historial objects where spesifications are difficult to compile | Woodhead's | R 20 086,04 | 15/10/2014 | The municipality donated the money to Mr L Simelani from Arts & Craft to buy raw materials to make products |
| (d) | Any exceptional case where it is impractical or impossible to follow the official procurement processes | Red Canyon Spur | R 13 061,10 | 08/10/2014 | Women's day celebration at Spur was the only facility to accommodate such a large number of people |
| | | Saligna Spray Services | R 2 548,40 | 22/10/2014 | Sole supplier selling the gulf diazinon poison (Killer insect) |
| | | Best home & Electric | R 8 799,90 | 27/10/2014 | Supplier has given Municipality a donation/special discount prices for Mayoral Golf day |
| | | Ultra Liquors | R 3 300,85 | 24/10/2014 | Only available supplier registered that could supply on account |
| | | Booyens Funerals | R 2 584,00 | 28/10/2014 | Indigent funeral financial assistance to bury Lena Olifant, financial constraints in family |
| | | SM Consultants | R 17 850,00 | 15/10/2014 | Service provide for the distribution of traffic summonses. |
| | | | R 15 150,00 | 17/10/2014 | |
| | | The Engravers | R 5 985,00 | 15/10/2014 | Mayoral Golf day trophies, manufacture and engraving |
| | | PJ Sounds | R 7 500,00 | 22/10/2014 | Provide sound, stage & photography for mayoral golf day |
| | | Penny Pinchers | R 5 729,39 | 30/10/2014 | Only available local supplier of building materials |
| Trentyre | R 3 480,00 | 30/10/2014 | Only local supplier that can provide for Willard batteries for vehicles. | | |

| | | | | | |
|----------------------|---|---------------------------|--|------------|--|
| | | Arabella Hotel & Spa | R 3 000,00 | 27/10/2014 | Conference was held at this hotel and Provincial Treasury made arrangements for discounted rates |
| | | Alive to green | R 11 400,00 | 07/10/2014 | Sole supplier of the water resource handbook |
| (d)(v) | The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount | Crawfords Attorneys | R 15 742,50 | 09/10/2014 | Local official law practitioner handling the transportations |
| | | Ignite Advisory Services | R 20 729,48 | 09/10/2014 | Performance Management system service provider |
| (d)(i) | Any contract relating to the publication of notices and advertisements by the municipality | Media 24 | R 4 107,21 | 31/10/2014 | SCM 12/2015 - Upgrading of Murraysburg Streets |
| | | | R 4 107,21 | 31/10/2014 | SCM 13/2015 - Upgrading of Dliso & Matshaka Streets |
| (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. | High Pressure Systems | R 2 701,00 | 08/10/2014 | HPS is the supplier where the equipment was bought for service and repairs |
| | | Cape Mowers CC | R 2 603,36 | 14/10/2014 | Agent that can supply parts |
| | | George Lawnmowers | R 2 945,76 | 15/10/2014 | Agent that can supply parts. It is uneconomical to send the machine to other suppliers. |
| | | | R 2 401,64 | 30/10/2014 | |
| | | | R 4 213,82 | 30/10/2014 | |
| | | | R 6 400,39 | 30/10/2014 | |
| | | | R 2 062,55 | 30/10/2014 | |
| | | R 3 016,73 | 30/10/2014 | | |
| | | Auto motor traffic signal | R 4 870,00 | 22/10/2014 | Repair auto motor type esa 10 controller including a new CPU |
| Barloworld George | R 9 860,36 | 30/10/2014 | Barloworld is the nearest branch to Beaufort west and willing to come to Beaufort west | | |
| Workshop Electronics | R 5 673,80 | 20/10/2014 | Sole supplier that can repair and calibrate equipment | | |

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR NOVEMBER | | | | | |
|---|--|--------------------------|--|----------------------|---|
| APPLICABLE PARAGRAPH IN SCM POLICY | SUPPLIERS | AMOUNT | DATE | REASON FOR DEVIATION | |
| (b) | Sole Supplier | Actebis | R 2 696,10 | 20/11/2014 | Sole supplier for collection of hazardous waste |
| | | B & B sweiswerke | R 3 950,00 | 12/11/2014 | Sole local supplier that can make the stensels for the stop signs in Beaufort west |
| | | | R 3 300,00 | 01/11/2014 | Sole local supplier that can pull and lower borehole pump in Bulkraal |
| | | Essop Multisave | R 1 419,66 | 11/11/2014 | Sole service provider where the Municipality buys goods from |
| | | Karoo Fire | R 2 400,00 | 13/11/2014 | Sole supplier that can service fire extinguishers. |
| | | Elster Kent Metering | R 32 660,74 | 05/11/2014 | Sole manufacturer of Elster meters and strainers |
| | | Karoo Betonwerke | R 2 700,00 | 18/11/2014 | Sole manufacturer of concrete products in Beaufort West |
| | | Penny Pinchers | R 3 560,40 | 19/11/2014 | Sole available supplier that can provide the material locally |
| | | | R 2 881,01 | | |
| | | | R 11 394,47 | | |
| R 2 257,16 | | | | | |
| Dura-bump | R 39 085,00 | 28/11/2014 | Sole supplier of traffic calming speed humps | | |
| (d) | Any exceptional case where it is impractical or impossible to follow the official procurement processes | Forms Media Independent | R 3 840,00 | 13/11/2014 | The supplier has an existing template for the pre-printed paper currently used for TCS Software |
| | | SM Consultants | R 18 600,00 | 13/11/2014 | Service provider for the distribution of traffic summonses |
| | | PJ Sound | R 15 000,00 | 07/11/2014 | Provides stage and sound to the Ethiopian Church Conference for the 8-9 Nov 2014 |
| | | Trentyre | R 2 860,00 | 20/11/2014 | Trentyre is the sole supplier locally that can supply Willard batteries. |
| | | Tango Civil & Plant Hire | R 3 420,00 | 04/11/2014 | Recycling is using a fork lifter on a daily basis. The owner hires it out on a monthly basis |
| (d)(v) | The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount | V & V Consulting | R 123 970,56 | 06/11/2014 | Assessment of Pavement management system of the paved road network |
| | | Crawfords Attorneys | R 4 590,79 | 26/11/2014 | Local official law practitioner handling the transportations |
| | | SB Naidu | R 4 698,51 | 06/11/2014 | Balju services in Beaufort west |
| | | Ignite Advisory Services | R 77 277,75 | 13/11/2014 | Performance Management Service Provider |
| (d)(i) | Any contract relating to the publication of notices and advertisements by the municipality | Media 24 | R 7 392,96 | 03/11/2014 | Notice 114/2014-Advertisement for registration of suppliers. |
| | | Die Courier | R 78 767,45 | 28/11/2014 | Local newspaper circulating in Central Karoo District |
| (d)(v) | ad-hoc repairs to plant | George Lawnmowers | R 2 495,00 | 16/09/2014 | Torro Starter. Parts required. George Lawnmowers is the |

| | | | | | |
|----|--|---|------------|------------|--|
| i) | and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids. | | | | agent. |
| | | Beaufort West Precision Motor Engineers | R 9 257,94 | 13/11/2014 | Precision engineers is the sole supplier that can do a specialised service on the concrete mixer |
| | | Denver | R 2 227,20 | 13/11/2014 | CZ 15569 - Denver is the agent for tractor parts |
| | | Barloworld | R 4 549,20 | 13/11/2014 | CZ 5169 - Barloworld is the agent for TLB parts |
| | | Invuyani Safety | R 7 020,00 | 16/09/2014 | CZ 2295 - Pump is repaired, supplier that sold the pump system to the Municipality. |

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR DECEMBER | | | | | |
|---|--|--------------------------|--------------|------------|--|
| APPLICABLE PARAGRAPH IN SCM POLICY | | SUPPLIERS | AMOUNT | DATE | REASON FOR DEVIATION |
| (a) | Emergency | WCC Cables | R 29 982,00 | 09/12/2014 | Replace sewerage station's transformer |
| (b) | Sole Supplier | Flotron | R 67 102,97 | 01/12/2014 | New data loggers for PVR monitoring |
| (d) | Any exceptional case where it is impractical or impossible to follow the official procurement processes | Tango Civil & Plant Hire | R 3 420,00 | 15/12/2014 | Recycling is using a fork lifter on a daily basis. The owner hires it out on a monthly basis |
| | | Agrico George | R 11 653,18 | 30/12/2014 | Available supplier that could provide material for rugby sports field |
| | | Nyala Communications | R 3 499,00 | 31/12/2014 | The only service provider for internet services |
| (d)(v) | The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount | Ignite Advisory Services | R 18 918,02 | 19/12/2014 | Performance Management Service Provider |
| | | | R 34 200,00 | 08/12/2014 | |
| (d)(i) | Any contract relating to the publication of notices and advertisements by the municipality | Die Courier | R 5 825,40 | 31/12/2014 | Only local newspaper circulating in Central Karoo District |
| (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. | B& B Sweiswerke | R 199 321,00 | 02/12/2014 | CZ 4118 - Repair refuse truck from Community services |
| | | B-Wes Presisie | R 20 268,06 | 09/12/2014 | CZ 8149 - Engineering repairs on engine of refuse truck |
| | | CS Traffic | R 28 154,30 | 09/12/2014 | Repair traffic controllers at the N1 intersections |

Ratified on:

Ratified by:

J.Booyesen

Municipal Manager

Signed:



MUNISIPALITEIT - MUNICIPALITY - U MASIPALA WASE

BEAUFORT-WES - BEAUFORT WEST - BHOBHOFOLO

DEPARTEMENT: FINANSIELE DIENSTE : DEPARTMENT: FINANCIAL SERVICES

Verwysing
Reference
Isalathiso

6/1/1/1

Privaatsak/Private Bag 582
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Navrae
Enquiries
Imibuzo

S.A Pothberg

E-pos: treasury@beaufortwestmun.co.za
Kerkstraat 15 Church Street
Beaufort-Wes
Beaufort West
Bhobhoholo
6970

Datum
Date
Umhla

2015.04.09

Memorandum to the Municipal Manager

SUPPLY CHAIN MANAGEMENT QUARTERLY IMPLEMENTATION REPORT: 3rd QUARTER: 01 JANUARY – 31 MARCH 2015

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 and formal quotations that was Awarded By The Bid Adjudication Committee and Directors

Attached please find as Addendum 1 the report for the quarter, 01 January till 31 March 2015.

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 |
|---------------------------|---|----------------------------------|---|--|
| PJ Sound & Vision | 16/01/2015 | 15054854 | R 3 500.00 | ❖ Sons, Mr. PJ Julies and Mr. J. Julies is employed as Vehicle Inspections & Traffic Officer and machine operator at electrical and traffic services at the Beaufort West Municipality |
| Karoo Motors Werks winkel | 2//01/2015 29//02/2015 26/03/2015 | 15055063 15055984 15056458 | R 67 908.66 R70 149.90 R67 599.99 | ❖ Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health |

| | | | | Services |
|---------------------|--|----------------------|---|---|
| Karoo Drukkery | 12/01/2015 | 15054779 | R 13 332.00 | ❖ Wife, Mrs. S Munro is employed at the Department of Health. |
| Avril's Catering | 26/01/2015 03/02/2015 | 15055362 | R 6 075.00 R 7 075.00 | ❖ Daughter, Me. M Johnson employed with the Department of Correctional Services. |
| Sonneblom Bloemiste | 07/01/2015 05/02/2015 | 15054758 15055408 | R 8 500.00 R 2 500.00 | ❖ Son, Mr H Jack is currently employed at the Beaufort West Municipality on a contract basis. |
| Karoo Beton Werke | 09/02/2015 17/02/2015 05/02/2015 27/02/2015 | 15055985 | R3 690.00 R3 613.00 R2 700.00 R10 800.00 | ❖ Spouses, Mr A Swanepoel en Mrs E Klazen are employed with the Department of Correctional Services and Education |
| B&B Sweiswerke | 05/01/2015 28/01/2015 10/02/2015 20/02/2015 28/01/2015 | 15054686 15055050 | R 7 814.65 R 5 382.50 R 2 400.00 R 4 200.00 R 17 071.50 | ❖ Son, Mr A.C Du Plessis is currently employed by Department of Education as a teacher. |

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.

❖ **There are no minor breaches to be reported for period 01 January till 31 March 2015.**

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.

.....
DIRECTOR: FINANCIAL SERVICE

Addendum 1

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

| Bid # | Item | Bids Received | Bid Amount | Awarded to | Remarks |
|-------------|--|--|---|------------------------|------------------------|
| SCM 07/2015 | Supply, delivery, installation, maintenance of a photo-copier on a multi lease year contract | ❖ Nashua ❖ Pinnacle Systems ❖ Konica Minolta ❖ Ricoh | ❖ R 290 541.10 ❖ R 279 703.78 | ❖ Nashua | |
| SCM 12/2015 | Contract for the Upgrading of streets in Murraysburg | ❖ Trucon ❖ De Jager Loodgieters | ❖ R2 205 544.32 ❖ R2 137 231.53 | ❖ De Jager Loodgieters | |
| SCM 12/2015 | Nominated Sub-contractor for the Upgrading of streets in Murraysburg | ❖ Qukwana's Contractors ❖ Share-a-Deal 184 ❖ Q&K Projects ❖ MR B Civils ❖ JMG Solutions | ❖ R265 494.60 ❖ R351 135.95 ❖ R153 084.33 ❖ R340 546.50 ❖ R174 019.86 | ❖ Q&K Projects | |
| SCM 13/2015 | Contract for the Upgrading of Dliso & Matshaka Street | ❖ De Jagers Loodgieters ❖ Trucon ❖ ATN Group ❖ Benver Civils | ❖ R2 159 522.06 ❖ R2 127 252.26 ❖ R3 832 931.66 ❖ R1 836 755.80 | ❖ Benver civils | |
| SCM 13/2015 | Nominated Sub-contractor for the Upgrading of Dliso & Matshaka Street | ❖ Aletta v Staden Maintenance BK ❖ JMG Solution ❖ Q&K Projects ❖ Bhathu Pele ❖ Benedict 10BOA t/a Katlego Inv ❖ Nocawe Camagu t/a Rekaofola Co ❖ Elizar Onderneming ❖ Inyameko Trading 445 CC ❖ NE Ngqandela | ❖ R167 166.50 ❖ R172 166.90 ❖ R145 795.80 ❖ R245 994.40 ❖ R205 393.23 ❖ R221 720.31 ❖ R201 572.40 ❖ R164 308.20 ❖ R | ❖ Q&K Projects | |
| SCM 19/2015 | Contract for the Upgrading of | ❖ Qukwana's | ❖ R 188 944.06 | ❖ Qukwana's | Bid was advertised and |

| | | | | | |
|--|--|-------------------------------|----------------|----------------------------|--|
| | Voortrekker and Pastorie Intersection In Murraysburg | Contractors ❖ Share a Deal | ❖ R 210 492.45 | Contractors- R68 164.00 | only this two tenders were received on 09 January. Due to the fact that bids was found both non-responsive and more than budgeted amount for labour, it was resolved that work be done by Qukwana's Contractors and local labour in Murraysburg be used. |
|--|--|-------------------------------|----------------|----------------------------|--|

Addendum 2

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR JANUARY | | | | | |
|---|---|--------------------------|--|-------------|---|
| APPLICABLE PARAGRAPH IN SCM POLICY | | SUPPLIERS | AMOUNT | DATE | REASON FOR DEVIATION |
| (b) | Sole Supplier | Karoo Betonwerke | R 10 800,00 | 20/01/2015 | Manufacturer of concrete products locally |
| | | Dura-Bump | R 39 085,00 | 05/01/2015 | Install speedhumps in Danie Theron street and School street. |
| | | CQS | R 231 408,60 | 21/01/2015 | Sole provider and condition of grant funding |
| | | Sebata | R 129 606,60 | 15/01/2015 | Upgrade of revenue management systes- master name cellular and other details on Sebata FMS |
| | | Spectrum Communications | R 9 104,00 | 21/01/2015 | Repair of equipment- Telemetry system is developed and owned by Spectrum for the Municipality |
| (d) | Any exceptional case where it is impractical or impossible to follow the official procurement processes | Sonneblom Bloemiste | R 8 500,00 | 06/01/2015 | Décor for the function of the minister |
| | | PJ Sounds | R 3 500,00 | 13/01/2015 | Provides sound for a community meeting |
| | | Metler's Devine catering | R 30 000,00 | 08/01/2015 | Supply catering for the community meeting the 8th of January 2015 |
| | | Josticare | R 3 814,00 | 05/01/2015 | Pauper Burial for E Sauls |
| | | PG Glass | R 2 323,04 | 15/01/2015 | Only local supplier that can repair the windows |
| | | Penny Pinchers | R 3 275,98 | 05/01/2015 | Only local service provider that can supply the materials |
| | | | R 3 149,92 | 22/01/2015 | |
| | | | R 2 526,91 | 20/01/2015 | |
| | | | R 5 229,95 | 28/01/2015 | |
| | | | R 19 315,83 | 05/01/2015 | |
| | | SM Consultants | R 7 350,00 | 12/01/2015 | Service provider for the distribution of traffic summonses |
| Tango Civils and Plant Hire | R 3 420,00 | 05/01/2015 | Recycling is using a forklifter daily and Tango civils is hiring theirs out monthly. | | |
| (d)(v) | The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount | Crawfords Attorneys | R 7 500,00 | 19/01/2015 | Local official law practitioner handling the transportations and legal matters |
| (d)(i) | Any contract relating to the publication of notices and advertisements by the municipality | Die Courier | R 9 410,32 | 28/01/2015 | Local newspaper circulating in Central Karoo District |

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|---------|--|--------------------------------|-------------|------------|--|
| (d)(ii) | any contract with an organ of state, a local authority or a public utility corporation or company | Department of Transport | R 10 507,00 | 26/01/2015 | Prodiba is appointed by the department of transport for the issuing of driving licence cards |
| (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. | George Lawnmowers | R 9 056,55 | 16/01/2015 | Repair tri-cycle lawnmower |
| | | BW Precision Motor Eng | R 5 875,56 | 16/01/2015 | CZ 3906 - Specialised repairs to the refuse truck of community services |
| | | | R 2 097,60 | 22/01/2015 | CZ 15926 - Specialised repairs to the Nifty |
| | | Karoo lugreeling en verkoeling | R 2 450,00 | 06/01/2015 | Stripping, testing and repairs to airconditioner at the Asset clerk(W Petersen) office. |
| | | | R 3 950,00 | 12/01/2015 | Stripping, testing and repairs to airconditioner at the Mayors office. |
| | | Hilbert Radios | R 14 680,00 | 26/01/2015 | Repairs to the Kenwood repeater |
| | R 7 765,26 | 23/01/2015 | | | |

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR FEBRUARY | | | | | |
|---|---|----------------------|--|------------|---|
| APPLICABLE PARAGRAPH IN SCM POLICY | | SUPPLIERS | AMOUNT | DATE | REASON FOR DEVIATION |
| (a) | Emergency | Tricom | R 2 980,00 | 17/02/2015 | The irrigation pump's impeller packed up, brought one at Tricom for Rugby field |
| (b) | Sole Supplier | Karoo Vleisboere | R 2 126,21 | 02/02/2015 | Sole supplier in Murraysburg that can supply the stock |
| | | | R 2 803,12 | | |
| | | Vastrap | R 18 000,00 | 05/02/2015 | Sole contractor that can rent out the TLB machine in Murraysburg |
| | | Beaufort alarms | R 2 793,00 | 27/02/2015 | Sole Manufacturer of concrete products in Beaufort West |
| | | Karoo Betonwerke | R 3 613,00 | 17/02/2015 | |
| | | | R 3 690,00 | 09/02/2015 | Sole manufacturer of concrete products in Beaufort west |
| | | Penny Pinchers | R 4 601,84 | 02/02/2015 | Sole service provider that can supply the stock locally |
| | | | R 2 026,89 | 02/02/2015 | |
| | | | R 3 334,46 | 02/02/2015 | |
| | | | R 2 235,60 | 02/02/2015 | |
| | | R 2 621,48 | 02/02/2015 | | |
| | | Isak Goeieman | R 6 500,00 | 16/02/2015 | Only registered funeral service provider in Murraysburg for the pauper burials |
| | | Elster Kent Metering | R 47 423,77 | 20/02/2015 | Manufacturer of Kent prepaid meters and accessories |
| | | B&B Sweiswerke | R 4 200,00 | 16/02/2015 | Sole local supplier that can pull and lower borehole pump in Kuilspoot |
| | | | R 3 500,00 | 01/05/2015 | Sole local supplier that can pull and lower borehole pump in Hansrivier |
| Sebata Municipal Services | R 218 880,00 | 02/02/2015 | Implement the SCM module on the current financial system | | |
| Probou | R 5 825,00 | 03/02/2015 | Probou is the only supplier that quoted for an aquatek filter lid. | | |
| (d) | Any exceptional case where it is impractical or impossible to follow the official procurement processes | E&D Catering | R 3 000,00 | 02/02/2015 | Only available supplier for catering on saturday 24th January 2015 at the Sports pub |
| | | Sonneblom Bloemiste | R 2 500,00 | 02/02/2015 | Only available supplier to do the Décore on the Saturday 24th January 2015 at the Sportspub |
| | | Essop Multisave | R 2 379,70 | 02/02/2015 | They provide the snacks and cooldrinks on the 24th January 2015 at the Sportspub |
| | | SM Consultant | R 7 500,00 | 25/02/2015 | Service provide for the distribution of traffic summonses. |
| | | Lithotech | R 7 182,00 | 20/02/2015 | Specialised printing works, company has the templates for the |

| | | | | | |
|---------|---|----------------------------|--------------|------------|--|
| | | | | | printing of cheques |
| | | Nyala Communications | R 3 499,00 | 02/02/2015 | The only service provider for internet services |
| | | Mobicast | R 252 393,85 | 26/02/2015 | Mobicast is the only service provider that can deliver the stock |
| (d)(v) | The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount | Sebata | R 218 880,00 | 02/02/2015 | Implement the SCM module on the current financial system |
| | | Chris Swartz Eng | R 17 670,00 | 17/02/2015 | Upgrading of municipality's current wastewater risk abatement plans |
| | | Ignite Advisory Services | R 52 603,31 | 05/02/2015 | Service Provider for Performance Management System |
| (d)(i) | Any contract relating to the publication of notices and advertisements by the municipality | Media 24 | R 6 468,59 | 03/02/2015 | SCM 15/2015 Notice no 11/2015 Tender advert |
| | | Human Communications | R 22 102,80 | 02/02/2015 | Placement of advertisements on behalf of municipality-Advert for the Director of Community services |
| | | Die Courier | R 3 373,26 | 02/02/2015 | Only local newspaper circulating in Central District Karoo |
| (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. | Hilbert Radios | R 4 620,43 | 03/02/2015 | Radios sent for repairs |
| | | Distribution Power Economy | R 31 000,00 | 17/02/2015 | The service provider for the Municipality's load control plant and the yearly maintenance on the plant |
| | | Auto motor Traffic Signal | R 6 121,80 | 23/02/2015 | Repair of robot controller |
| | | George Lawnmowers | R 2 965,31 | 16/02/2015 | Lutian Plate Compactor - repair compactor unpractical to send machine around for quotations |
| | | Barloworld | R 5 461,06 | 11/02/2015 | CZ 7713 - Repair Grader - Agents of Cat Parts. Specialised works |
| | | | R 8 873,76 | 16/02/2015 | |
| | | Propshaft Engineering | R 8 195,00 | 18/02/2015 | CZ 4032 - This is an emergency vehicle that must re repaired. |

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR MARCH | | | | | |
|---|--|---------------------------|---------------|-------------|--|
| APPLICABLE PARAGRAPH IN SCM POLICY | | SUPPLIERS | AMOUNT | DATE | REASON FOR DEVIATION |
| (b) | Sole Supplier | Cape Mowers CC | R 93 480,00 | 02/03/2015 | Completely refurbished toro greenmaster for the golf course. |
| | | Dura Bump | R 76 940,00 | 23/03/2015 | Sole manufacturer of the traffic calming speedbumps in Renier, Morkel street and Mattheus Ave. |
| | | Vastrap Grondverskuiwing | R 5 492,97 | 13/03/2015 | Only available supplier in Murraysburg with equipment for grading the streets |
| | | Mindmuzik | R 6 762,15 | 03/03/2015 | Sole distributor of all the learners licence tests material in SA on behalf of HSRC |
| | | Gene Louw Traffic College | R 8 337,26 | 01/03/2015 | The only registered and accredited training centre in the Western Cape that provides traffic training |
| | | Karoo Fire | R 2 950,00 | 30/03/2015 | Sole supplier that can service fire extinguishers at engineering department |
| | | B&B Sweiswerke | R 2 800,00 | 19/03/2015 | Sole supplier that can pull and lower borehole pumps |
| (d) | Any exceptional case where it is impractical or impossible to follow the official procurement processes | C Fortuin | R 9 720,00 | 02/03/2015 | Available supplier for the hiring of scaffolding for construction work at Mandela Square and municipal buildings |
| | | Essop Multisave | R 3 257,45 | 17/03/2015 | The only supplier that will supply household items to the Municipality on account |
| | | Hotel Verde | R 3 128,00 | 19/03/2015 | Training was held at venue for construction regulations training for JCL Smit and C Wright. |
| | | KFC | R 3 884,97 | 11/03/2015 | Catering for 60 people for meeting with SEDA |
| | | Wiegies transport | R 2 900,00 | 11/03/2015 | Transport of learners from Nelspoort to Beaufort West and back for SEDA meeting |
| | | Lottering transport | R 2 800,00 | 19/03/2015 | Transport of learners from Murraysburg to Beaufort west and back for SEDA meeting |
| | | Skuzas Transport | R 2 200,00 | 11/03/2015 | Transport of learners from Murraysburg to Beaufort west and back for SEDA meeting |
| | | Nyala Communications | R 3 499,00 | 31/03/2015 | The only service provider for internet services |
| | | Harvey World Travel Group | R 3 645,00 | 21/01/2015 | Flight ticket for Mr F Sabbat |
| | | | R 9 507,00 | 17/02/2015 | Flight tickets for Mr D Hawker, Mr M Furmen and Mr T Prince to attend meeting at CETA head office. |
| R 6 912,78 | 19/02/2015 | | | | |
| (d(v)) | The appointment of any person to provide professional advice or services is less than R200 000 or any | SB Naidoo | R 7 382,07 | 06/03/2015 | Balju services in Beaufort west |
| | | Ignite Advisory Services | R 14 563,50 | 11/03/2015 | Service Provider for Performance Management System |
| | | SM Consultant | R 23 850,00 | 11/03/2015 | Service provide for the distribution of traffic summonses. |

| | greater amount | | | | | |
|----------------|---|-------------------|---|------------|--|---|
| (d)(i) | Any contract relating to the publication of notices and advertisements by the municipality | Media 24 | R 6 468,59 | 04/03/2015 | Adverts for the Tenders. Systems Act S21 states that any communications must be published in newspaper. SCM 23&24/2015 | |
| | | | R 6 468,59 | | | |
| | | | R 6 468,59 | | | |
| | | | R 6 468,59 | 26/03/2015 | | Adverts for SCM 27/2015 Financial dashboard tool and SCM 26/2015 Flatbed drop side diesel LDV |
| | | | R 6 468,59 | | | |
| Die Courier | R 44 017,30 | 27/03/2015 | Local newspaper circulating in Central Karoo District | | | |
| (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. | CP Nel | R 4 029,01 | 11/03/2015 | CZ 7325 - Repairs, nearest agents | |
| | | Barloworld | R 7 437,26 | 31/03/2015 | CZ 5169 - TLB Vehicle under guarantee, must be serviced by agent | |
| | | | R 6 258,03 | 31/03/2015 | CZ 7713 - Grader agents. Nearest supplier to do specialised work | |
| | | PG Glass | R 2 500,00 | 19/03/2015 | CZ 4032 - Replacement of windscreen of vehicle CZ 4032- Insurance claim, the excess value | |
| | | Jupiter Towing | R 2 300,00 | 19/03/2015 | CZ 2295 - Tow in bakkie and trailer 10 km outside Beaufort West after hours | |
| | | George Lawnmowers | R 2 051,89 | 30/03/2015 | Sprinkaan Yamaha lawnmower - Nearest agent to do repairs | |
| | | | R 2 525,33 | 30/03/2015 | Sprinkaan Robin lawnmower - Nearest agent to do repairs | |
| | | | R 5 703,59 | 30/03/2015 | Sprinkaan Yamaha lawnmower - Nearest agent to do repairs | |

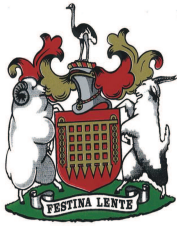
Ratified on:

Ratified by:

J.Booyesen

Municipal Manager

Signed:



**MUNISIPALITEIT - MUNICIPALITY - UMASIPALA-WASE
BEAUFORT-WES/BEAUFORT WEST/BHOBHOFOLO**

KANTOOR VAN DIE DIREKTEUR : FINANSIËLE DIENSTE

OFFICE OF THE DIRECTOR : FINANCIAL SERVICES

Rig asseblief alle korrespondensie aan die Munisipale Bestuurder/Kindly address all correspondence to the Municipal Manager/Yonke imbalelwano mayithunyelwe kuMlawuli kaMasipala

Verwysing
Reference 6/1/1/1
Isalathiso

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Tel. (023) 4148100

Navrae
Enquiries (mev.) S Pothberg
Imibuzo

e-pos / e-mail: treasury@beaufortwestmun.co.za

Kerkstraat 15 Church Street
BEAUFORT-WES
BEAUFORT WEST
BHOBHOFOLO
6970

Datum
Date 2015.07.13
Umhla

MEMORANDUM TO THE MUNICIPAL MANAGER

**SUPPLY CHAIN MANAGEMENT QUARTERLY IMPLEMENTATION REPORT: 4th QUARTER: 01
APRIL – 30 JUNE 2015**

1. EXECUTIVE SUMMARY

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.

2. AWARDS OF COMPETITIVE BIDS AND FORMAL QUOTATIONS IN TERMS OF SUB-DELEGATIONS

In terms of Section 5(3), an official or bid adjudication committee to which the power to make final awards has been sub-delegated must within five days of the end of each month submit to the accounting officer a written report containing particulars of each final award made by such official or committee during that month.

The Municipal Manager has sub-delegated the power to award Competitive Bids to the Bid Adjudication Committee and Formal Written Price Quotations to the Heads of Departments. The Awards made in terms of these sub-delegations are attached per **Annexure A**. Attached please find as Addendum 1 the awards that was made by Bid Adjudication Committee and Directors for quarter 01 April to 30 June 2015.

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”

Schedule of deviations approved by the Accounting Officer is Addendum 2.

- ❖ There are no minor breaches to be reported.

4. SUPPLY CHAIN MANAGEMENT COMPLIANCE ASSESSMENT

In terms of Section 5 (3) and 5 (4) of the Municipal Finance Management Act 53 of 2003, the Provincial Treasury must amongst others, fulfill its responsibilities in terms of this Act, assist the National Treasury in enforcing compliance with the measures established in terms of Section 216(1) of the Constitution and must monitor compliance with this Act by municipalities in the Province.

Provincial Treasury has visited Beaufort West municipality on 20 May to conduct an SCM compliance to assess whether or not the Municipality adheres to its supply chain management policy and other statutory requirements governing supply chain management when performing supply chain management functions.

The methodology adopted included but was not limited to the following:

- ❖ An evaluation against the supply chain management legislation, policy and procedure;
- ❖ Random sampling of source documents;
- ❖ Interviews with supply chain management practitioners and other role players and
- ❖ Observation, questionnaires, inspection analysis, verification, analytical review of source documents.

Attached find report from Provincial Treasury with recommendation as Addendum 3.

5. 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 Werks winkel | 30//04/2015 04/05/2015 | 15057198 15057237 15058432 | R24 960.30 R 66 219,18 R 39 55.22 | ❖ Spouse, Mrs. Anna-Marie van der Merwe is employed with the Department of Health Services |
| Ingozi | 01/04/2015 | 15056679 | R13 500.00 | ❖ Spouses, Mr. F Pieters |

| | | | | |
|---------------------------------|--|----------|--|--|
| Construction & General Services | 29/06/2015 | 15058434 | R 2 000.00 | and Mr. B Visser is currently employed at the Beaufort West Municipality. |
| B&B Sweiswerke | 30/04/2015 06/05/2015 09/06/2015 09/06/2015 15/06/2015 | 15057182 | R33 412.35 R 4 975.00 R 2 800.00 R 7 882.00 R 5 800.00 | ❖ Son, Mr A.C Du Plessis is currently employed by Department of Education as a teacher. |
| Karoo Drukkery | 04/05/2015 05/05/2015 | 15057231 | R 5 090.00 R 17 100.00 | ❖ Wife, Mrs. S Munro is employed at the Department of Health. |
| Karoo Beton Werke | 28/05/2015 | | R 7 800.00 | ❖ Spouses, Mr A Swanepoel en Mrs E Klazen are employed with the Department of Correctional Services and Education |
| Avril's Catering | 26/06/2015 | 15058297 | R 4 500.00 | ❖ Daughter, Me. M Johnson employed with the Department of Correctional Services. |
| Beaufort West Luxury Coaches | 16/06/2015 | | R 3 000.00 | ❖ 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. |

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.

.....
Mr. F Sabbat
DIRECTOR: FINANCIAL SERVICE

Addendum 1

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

| Bid # | Item | Bids Received | Bid Amount | Awarded to | Remarks |
|-------------|---|---|--|--|--|
| SCM 16/2015 | Supply and Delivery of Fencing Material | <ul style="list-style-type: none"> ❖ Flashcor 146 CC ❖ October Sky Plant Hire & Supplies ❖ Sharon Rose Trading CC | <ul style="list-style-type: none"> ❖ R 138 892,29 ❖ R 116 611,85 ❖ R 80 940,00 | <ul style="list-style-type: none"> ❖ Sharon Rose Trading CC | |
| SCM 21/2015 | Supply and delivery of Protective Clothing for 3 year period | <ul style="list-style-type: none"> ❖ Central Karoo Events ❖ Proudly Karoo ❖ Safe Pro ❖ CK Safety & Laundry ❖ TRF Sport ❖ Wise concepts & marketing Solutions ❖ Bluestone Designs ❖ Pienaar Bros | <ul style="list-style-type: none"> ❖ Bidders submitted unit prices per item | <ul style="list-style-type: none"> ❖ Central Karoo Events ❖ Proudly Karoo ❖ Safe Pro ❖ TRF Sport ❖ Wise concepts & marketing Solutions ❖ Bluestone Designs ❖ Pienaar Bros | Bids were awarded to bidder that scored the highest points for price and preference for items requested. |
| SCM 22/2015 | Supply and Delivery of waterworks material | <ul style="list-style-type: none"> ❖ Ikapa Reticulation and Flow CC ❖ October Sky Plant Hire & Supplies ❖ DPI Trading ❖ Civil Corp CC | <ul style="list-style-type: none"> ❖ R 278 114,40 ❖ R 236 800,80 ❖ R 232 218,00 ❖ R 250 686,00 | <ul style="list-style-type: none"> ❖ Ikapa Reticulation and Flow CC | Bids received from October Sky and DPI Trading were found non-responsive. |
| SCM 23/2015 | Supply And Delivery Of One New Diesel Driven Truck Fitted With A Hydraulic Crane And Tipper Load Body | <ul style="list-style-type: none"> ❖ Golden Dividend 536 ❖ Imperial Truck Centre ❖ Moipone Group of Companies ❖ AAD t/a Truck & Bus ❖ Shorts Nissan ❖ Phambili Services | <ul style="list-style-type: none"> ❖ R 1 076 616,00 ❖ R 1 197 000,00 ❖ R 1 203 067,00 ❖ R 1 598 513,98 ❖ R 1 000 210,00 ❖ R 1 074 820,50 ❖ R 1 304 969,40 | <ul style="list-style-type: none"> ❖ AAD t/a Truck & Bus | |
| SCM 24/2015 | Supply and Delivery of a 1 ton | <ul style="list-style-type: none"> ❖ Rico Trailers | <ul style="list-style-type: none"> ❖ R 29 526,00 | <ul style="list-style-type: none"> ❖ Savanah | Rico Trailers and |

| | | | | | | |
|-------------|---|--|--|---|---|---|
| | utility trailer | <ul style="list-style-type: none"> ❖ Challenger Trailers ❖ Savannah Trailers ❖ Integral Safety Products | <ul style="list-style-type: none"> ❖ R 37 039.85 ❖ R 41 488.00 ❖ R 42 704.40 | Trailers | Savannah requested upfront delivery, quotation from Savannah were accepted. | Trailer deposits before therefore from Trailers |
| SCM 26/2015 | Supply and delivery of a 1.3 ton flatbed drop side diesel LDV | <ul style="list-style-type: none"> ❖ Huyndai Graaff Reinet | <ul style="list-style-type: none"> ❖ R 242 076,00 | <ul style="list-style-type: none"> ❖ Huyndai Graaff Reinet | | |
| SCM 27/2015 | Supply and delivery of financial DASHBOARD tool for the Financial Department | <ul style="list-style-type: none"> ❖ Globetom Trading | <ul style="list-style-type: none"> ❖ R 278 816,64 | <ul style="list-style-type: none"> ❖ Globetom Trading | | |
| SCM 28/2015 | Supply and delivery of G5 Calcrete | <ul style="list-style-type: none"> ❖ Flashcor 146 CC | <ul style="list-style-type: none"> ❖ R 180 000.00 | <ul style="list-style-type: none"> ❖ Flashcor 146 CC | | |
| SCM 29/2015 | Upgrading of Kwa - Mandlenkosi Library - Carpentry | <ul style="list-style-type: none"> ❖ Mr Fix it ❖ Flashcor 146 CC | <ul style="list-style-type: none"> ❖ R 45 536,00 ❖ R 126 237,90 | <ul style="list-style-type: none"> ❖ Mr Fix it | | |
| SCM 29/2015 | Upgrading of Kwa - Mandlenkosi Library - Renovations | <ul style="list-style-type: none"> ❖ Brilliant Projects Maintenance ❖ Mr Fix It ❖ Flashcor 146 CC | <ul style="list-style-type: none"> ❖ R 220 192,10 ❖ R 230 000,00 ❖ R 208 403,40 | <ul style="list-style-type: none"> ❖ Flashcor 146 CC | | |
| SCM 30/2015 | Professional Services: Short Term Insurance Portfolio 01 July 2015 – 30 June 2018 | <ul style="list-style-type: none"> ❖ Lateral Unison ❖ Marsh ❖ AON ❖ Nico Swart Consultancy ❖ Westwood | <ul style="list-style-type: none"> ❖ R 2 624 427.00 ❖ R 2 433 975.00 ❖ R 2 055 950.00 ❖ R 1 703 712.00 ❖ R 2 771 459.26 | <ul style="list-style-type: none"> ❖ AON | | |

Addendum 2

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR APRIL | | | | | | |
|---|--|---------------------------|--|-----------------------------|---|--|
| APPLICABLE PARAGRAPH IN SCM POLICY | SUPPLIERS | AMOUNT | DATE | REASON FOR DEVIATION | | |
| (b) | Sole Supplier | Spectrum Communications | R 9 671,00 | 01/04/2015 | Telemetry system was created by spectrum and must be repaired by them | |
| | | Middleton Geomatics | R 4 788,00 | 01/04/2015 | Replace the pegs for Erf 8980 - beacon relocation | |
| | | Penny Pinchers | R 5 009,33 | 01/04/2015 | Materials needed urgently to do repairs on buildings. Sole local supplier that can supply the stock | |
| | | Elster Kent Kent Metering | R 267 124,66 | 01/04/2015 | The sole manufacturer of Elster meters and strainers | |
| | | | R 71 135,66 | 29/04/2015 | | |
| | | Actebis | R 2 827,20 | 07/04/2015 | Transport and dispose of hazardous waste | |
| | | PG Glass | R 6 650,00 | 01/04/2015 | Supplier made custom build sliding door for the VIP lounge at the Rustdene sports pub. | |
| Landis & Gyr | R 3 043,80 | 01/04/2015 | Manufacturer and supplier of electricity meters | | | |
| (d) | Any exceptional case where it is impractical or impossible to follow the official procurement processes | | | | | |
| (d)(v) | The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount | C Fortuin | R 2 640,00 | 07/04/2015 | Rent scaffolding for work to be done at Mandela Square and Municipal buildings | |
| | | S B Naidu | R 6 129,27 | 20/04/2015 | Balju services in Beaufort west | |
| | | | R 5 104,92 | 20/04/2015 | | |
| | | Ignite Advisory services | R 29 233,88 | 28/04/2015 | Service provider for Performance Management system | |
| SM Consultants | R 26 400,00 | 21/04/2015 | Service provider for the distribution of traffic summonses | | | |
| (d)(i) | Any contract relating to the publication of notices and advertisements by the municipality | Media 24 | R 6 468,59 | 22/04/2015 | Publication of advertisement SCM 23/2015 in Die Burger, newspaper circulating in Western Cape. | |
| (d)(ii) | Any contract with an organ of state, a local authority or a public utility corporation or company | Department of Transport | R 17 222,00 | 28/04/2015 | Prodiba is appointed by the department of transport for the issuing of driving license cards | |
| (d)(vi) | Ad-hoc repairs to plant and equipment where it is | The Workshop | R 3 910,00 | 01/04/2015 | Sole local supplier that can do mechanical repairs. The clutch was repaired | |

| | | | | |
|--|-------------------|-------------|------------|---|
| not possible to ascertain the nature or extent of the work required in order to call for bids. | Raakvat Verhuring | R 2 120,86 | 16/04/2015 | In the absent of the Municipality's Bomag, which was repaired, they rented one. |
| | Barlow world | R 17 411,66 | 29/04/2015 | Agent for CAT machinery-repairs for CZ 7713 |

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR MAY | | | | |
|--|-------------------------|--------------|--|---|
| APPLICABLE PARAGRAPH IN SCM POLICY | SUPPLIERS | AMOUNT | DATE | REASON FOR DEVIATION |
| (b) Sole Supplier | B & B Sweiswerke | R 4 975,00 | 06/05/2015 | Pull and drag borehole pump in Lemoenfontein north |
| | Raakvat Verhuring | R 2 850,00 | 28/05/2015 | Sole supplier that rent out the poker Vibrator in Beaufort west |
| | PG Glass | R 13 058,70 | 29/05/2015 | Sole local service provider that can supply and install aluminum glass sliding doors for library in Church street |
| | Penny Pinchers | R 106 769,81 | 29/05/2015 | Only local supplier that has material available for repair works |
| | | R 7 877,78 | 19/05/2015 | |
| | | R 4 323,91 | 26/05/2015 | |
| | | R 8 206,18 | 15/05/2015 | |
| Karoo Beton Werke | R 7 800,00 | 28/05/2015 | Manufacturer of concrete material locally | |
| Essop Multi save | R 7 155,02 | 19/05/2015 | The expenditure was for the ward committee public participation process in Merweville for ward 7 | |
| (d) Any exceptional case where it is impractical or impossible to follow the official procurement processes | Tango Plant & Hire | R 6 840,00 | 05/05/2015 | Recycling have to use a fork lifter on a daily basis, Tango Plant & Hire is the only company that could provide us this service |
| | New Fountain Ministries | R 5 500,00 | 08/05/2015 | The church was hired for indigent applications in Prince Valley. Must be renewed every year. |
| | New Fountain Ministries | R 2 000,00 | 27/05/2015 | The church was hired for the budget meeting including sound |
| (d)(v) The appointment of any person to provide professional advice or services is less than R200 000 or any greater amount | SM Consultants | R 18 450,00 | 27/05/2015 | Service provider for the distribution of traffic summonses |
| (d)(ii) Any contract with an organ of state, a local authority or a public utility corporation or company | Department of Transport | R 5 372,00 | 15/05/2015 | Prodiba is appointed by the department of transport for the issuing of driving license cards |
| (d)(vi) ad-hoc repairs to plant and equipment where it is not | Barloworld Equipment | R 17 411,66 | 04/05/2015 | CZ 7713 - Grader - Specialized works by Barloworld agents & transport included |

| | | | | |
|--|-------------------------------|--------------|------------|--|
| possible to ascertain the nature or extent of the work required in order to call for bids. | WCC Cables | R 210 480,00 | 27/05/2015 | Repair of switchgears and transformers |
| | George Lawnmowers | R 2 094,64 | 27/05/2015 | Repair of water pump - agent for parts |
| | Karoo Lugreeling & verkoeling | R 2 394,00 | 27/05/2015 | Service the air conditioners at the Mimosa en Town Libraries |

| DEVIATIONS APPROVED BY MUNICIPAL MANAGER FOR JUNE | | | | |
|--|------------------------------|--------------|------------------------------------|---|
| APPLICABLE PARAGRAPH IN SCM POLICY | SUPPLIERS | AMOUNT | DATE | REASON FOR DEVIATION |
| (b) Sole Supplier | CTE Water Tech | R 6 145,68 | 08/06/2015 | Calibrate engineering instruments on site with water & waste water engineering |
| | B &B Sweiswerke | R 2 800,00 | 09/06/2015 | Pull and lower of borehole pumps in Hansrivier 15 |
| | | R 7 882,00 | 09/06/2015 | Pull and lower of borehole pumps in Noord einde South |
| | Caddie | R 11 400,00 | 11/06/2015 | Upgrade of software program - Caddie conversion and maintenance fee |
| | Karoo Vleisboere Koperasie | R 3 634,57 | 17/06/2015 | Karoo Vleis boere is the sole supplier in Murraysburg that can supply the material |
| (d) Any exceptional case where it is impractical or impossible to follow the official procurement processes | Actebis 286 CC | R 2 696,10 | 30/06/2015 | Sole supplier for the removal of hazardous waste storage equipment on a quarterly basis |
| | Art work Welding | R 168 405,00 | 17/06/2015 | Upgrading of the Mimosa Library-palisade fencing |
| | B &B Sweiswerke | R 5 800,00 | 16/06/2015 | Only available supplier that could supply ref 245 weld mesh |
| | The Koup Butchery | R 4 724,10 | 22/06/2015 | Supply of meat for Ward function |
| | Essop | R 3 002,04 | 12/05/2015 | Essop is the only supplier that will supply the Municipality with material on credit. |
| | | R 3 269,58 | | |
| | Juta | R 7 005,00 | 26/06/2015 | We have a subscription with Juta, and they send the updated legislation to the municipality |
| | Beaufort West Luxury Coaches | R 3 000,00 | 16/06/2015 | Youth day function, the Municipality is responsible for the transport |
| | Tsogo Sun-Cape Sun | R 2 790,00 | 18/05/2015 | Accommodation for Mayor - Mr. T Prince |
| Ruth Avenue Guest House | R 5 600,00 | 20/05/2015 | Accommodation for Councilor Furmen | |
| (d(v)) The appointment of any person to provide professional advice or services is less than R200 000 or any greater | D Koopman | R 29 224,00 | 24/06/2015 | Drawing of plans and specifications |

| | amount | | | | |
|---------|---|-------------------------------------|-----------------------------|--------------------------|---|
| (d)(i) | Any contract relating to the publication of notices and advertisements by the municipality | Media 24 | R 21 130,72 | 08/06/2015 | Adverts for the Tenders. Systems Act S21 states that any communications must be published in newspaper. Notice 62,64&65/2015 |
| (d)(ii) | any contract with an organ of state, a local authority or a public utility corporation or company | Central Karoo District Municipality | R 47 110,19 | 30/06/2015 | Grading of gravel roads in Murraysburg and Merweville |
| (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. | The Workshop | R 2 034,00 | 17/06/2015 | The only workshop in Murraysburg that can do repairs on vehicles-CZ 16710 |
| | | George Lawnmowers | R 4 409,75 | 25/06/2015 | Agent for falcon blades for lawnmowers |
| | | Peninsula Water treatment | R 7 638,00 | 08/06/2015 | Strip and repairs to Gas regulator, flow tube assembly and Vacuum injector work done |
| | | WCC Cables | R 38 475,00 R 182 400,00 | 01/06/2015 01/06/2015 | Faulty switchgear and transformers were sent to WCC Cables on repairs on equipment, the equipment had to be disassemble and strip to ascertain the extent of the work |

Ratified by:

J.Booyesen

Municipal Manager

Signed:

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | 2015 | 2014 |
|---|------------------|------------------|
| | R | R |
| 45 | | |
| ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED) | | |
| 45.8 | | |
| <u>Other non-compliance</u> | | |
| MFMA Section 65(2)(b) | | |
| Adequate management, accounting and information system was not in place which accounted for creditors. | | |
| MFMA Section 65(2)(e) | | |
| The municipality had experienced cash flow problems during the year as a result of which creditors were not always paid within 30 days of date of statement or invoice as required. | | |
| MFMA Section 15 | | |
| Expenditure was not only incurred in terms of an approved budget and within the limits of the amounts approved for the different votes in an approved budget. | | |
| MFMA Section 165 | | |
| The municipality had shortcomings/deviations with regard to the internal audit function. | | |
| MFMA Section 166 | | |
| The municipality had shortcomings/deviations with regard to the audit committee. | | |
| MFMA Section 32(4) | | |
| Report pertaining to unauthorised, irregular, fruitless and wasteful expenditure have not been submitted to all relevant parties. | | |
| 46 | | |
| CAPITAL COMMITMENTS | | |
| Commitments in respect of capital expenditure: | | |
| Approved and contracted for: | 5 971 139 | 3 873 376 |
| Infrastructure | 5 971 139 | 3 873 376 |
| Total | 5 971 139 | 3 873 376 |
| This expenditure will be financed from: | | |
| Government Grants | 5 971 139 | 3 873 376 |
| | 5 971 139 | 3 873 376 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

47 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.

| | 2015 R | 2014 R |
|--|-----------|-----------|
| The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow: | | |
| 0.5% (2014 - 0.5%) Increase in interest rates | (11 031) | (30 769) |
| 0.5% (2014 - 0.5%) Decrease in interest rates | 11 031 | 30 769 |

(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 |
|--------------------|----------------------------------|------------------------------|-------------------|
| 2015 | | | |
| 1 month past due | 211 101 | 2 088 716 | 2 299 817 |
| 2 + month past due | - | 6 656 806 | 6 656 806 |
| Total | <u>211 101</u> | <u>8 745 522</u> | <u>8 956 623</u> |
| 2014 | | | |
| 1 month past due | 694 551 | 1 886 692 | 2 581 243 |
| 2 + month past due | - | 7 523 307 | 7 523 307 |
| Total | <u>694 551</u> | <u>9 409 999</u> | <u>10 104 551</u> |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

47 FINANCIAL RISK MANAGEMENT (CONTINUED)

All rates and services are payable within 30 days from invoice date. Refer to note 20 and 21 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:

| | 2015 % | 2015 R | 2014 % | 2014 R |
|---------------------------------|-----------|-----------|-----------|-----------|
| <u>Non-Exchange Receivables</u> | | | | |
| Rates | 0.00% | 211 101 | 0.00% | 694 551 |
| <u>Exchange Receivables</u> | | | | |
| Electricity | 7.28% | 636 261 | 0.00% | - |
| Water | 13.67% | 1 195 596 | 4.30% | 404 911 |
| Refuse | 3.53% | 309 053 | 16.33% | 1 536 907 |
| Sewerage | 2.56% | 223 658 | 21.11% | 1 986 266 |
| Housing Rentals | 0.08% | 7 364 | 0.28% | 26 103 |
| Other | 72.88% | 6 373 590 | 57.98% | 5 455 813 |
| | 100.00% | 8 745 522 | 100.00% | 9 409 999 |

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 20 & 21 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:

| | 2015 % | 2015 R | 2014 % | 2014 R |
|---------------------------------|-----------|------------|-----------|------------|
| <u>Non-Exchange Receivables</u> | | | | |
| Rates | 7.42% | 4 646 238 | 13.32% | 3 835 562 |
| Fines | 92.58% | 58 007 391 | 86.68% | 24 965 433 |
| | 100.00% | 62 653 629 | 100.00% | 28 800 995 |
| <u>Exchange Receivables</u> | | | | |
| Electricity | 2.36% | 791 471 | 14.63% | 4 491 409 |
| Water | 7.81% | 2 621 859 | 8.80% | 2 701 796 |
| Refuse | 16.78% | 5 634 751 | 13.57% | 4 164 179 |
| Sewerage | 24.31% | 8 161 924 | 19.46% | 5 973 477 |
| Housing Rentals | 0.21% | 71 217 | 0.21% | 64 812 |
| Other | 48.52% | 16 290 647 | 43.32% | 13 297 898 |
| | 100.00% | 33 571 870 | 100% | 30 693 572 |

Bad debts written off per debtor class:

| | | | | |
|---------------------------------|---------|-----------|---------|---------|
| <u>Non-Exchange Receivables</u> | | | | |
| Rates | 0.00% | - | 0.00% | - |
| <u>Exchange Receivables</u> | | | | |
| Services | 100.00% | 3 695 528 | 100.00% | 910 704 |
| Other | 0.00% | - | 0.00% | - |
| | 100.00% | 3 695 528 | 100.00% | 910 704 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

47 FINANCIAL RISK MANAGEMENT (CONTINUED)

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. 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 the Statement of Financial Position date for impairment.

Financial assets exposed to credit risk at year end are as follows:

| | 2015 R | 2014 R |
|---|-------------------|-------------------|
| Long term receivables | 1 735 478 | 3 676 587 |
| Trade receivables and other receivables | 40 759 381 | 30 088 011 |
| Cash and Cash Equivalents | 15 048 617 | 11 937 136 |
| Unpaid conditional grants and subsidies | 1 614 319 | 670 378 |
| | <u>59 157 796</u> | <u>46 372 112</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 |
|--|---------------------|--------------------------|---------------------------|
| 2015 | | | |
| Long Term liabilities | 5 162 088 | 8 627 539 | 9 872 319 |
| Capital repayments | 3 767 966 | 5 175 011 | 6 367 423 |
| Interest | 1 394 122 | 3 452 528 | 3 504 896 |
| Trade and Other Payables | 32 614 721 | - | - |
| Unspent conditional government grants and receipts | 3 095 014 | - | - |
| | <u>40 871 823</u> | <u>8 627 539</u> | <u>9 872 319</u> |
| 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 | 26 235 569 | - | - |
| Unspent conditional government grants and receipts | 6 465 185 | - | - |
| | <u>37 841 066</u> | <u>11 693 253</u> | <u>11 173 707</u> |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

| | | 2015 R | 2014 R |
|------|--|-------------------|-------------------|
| 48 | 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. | | |
| 48.1 | Financial Assets | | |
| | Classification | | |
| | Long-term Receivables | | |
| | Receivables with arrangements | 1 735 478 | 3 676 587 |
| | Consumer Debtors | | |
| | Trade receivables from exchange transactions | 9 052 666 | 8 568 018 |
| | Other receivables from exchange transactions | 16 336 482 | 10 784 573 |
| | Other receivables from non-exchange transactions | 15 370 233 | 10 735 419 |
| | Unpaid Conditional Grants and Receipts | | |
| | Other Spheres of Government | 1 614 319 | 670 378 |
| | Short-term Investment Deposits | | |
| | Call Deposits | 15 036 387 | 9 332 328 |
| | Bank Balances and Cash | | |
| | Bank Balances | - | 2 592 738 |
| | Cash Floats and Advances | 12 230 | 12 070 |
| | | 59 157 796 | 46 372 112 |
| | SUMMARY OF FINANCIAL ASSETS | | |
| | Financial instruments at amortised cost | 59 157 796 | 46 372 112 |
| 48.2 | Financial Liability | | |
| | Classification | | |
| | Long-term Liabilities | | |
| | Annuity Loans | 10 452 813 | 12 028 203 |
| | Capitalised Lease Liability | 1 093 956 | 2 574 372 |
| | Trade Payables | | |
| | Trade creditors | 32 614 721 | 26 235 569 |
| | Unspent Conditional Grants and Receipts | | |
| | Other Spheres of Government | 4 709 333 | 7 135 563 |
| | Public Contributions | 145 955 | 139 052 |
| | Bank Balances and Cash | | |
| | Bank Balances | 1 932 245 | - |
| | Current Portion of Long-term Liabilities | | |
| | Annuity Loans | 1 575 262 | 1 516 227 |
| | Capitalised Lease Liability | 2 188 370 | 1 960 044 |
| | | 54 712 655 | 51 589 030 |
| | SUMMARY OF FINANCIAL LIABILITY | | |
| | Financial instruments at amortised cost | 54 712 655 | 51 589 030 |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

49 EVENTS AFTER THE REPORTING DATE

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

50 IN-KIND DONATIONS AND ASSISTANCE

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

51 PRIVATE PUBLIC PARTNERSHIPS

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

52 CONTINGENT LIABILITY

The following guarantees also qualify as contingent liabilities:

| NAME / REG NO | GUARANTEE ISSUED TO | 2015 R | 2014 R |
|---------------|--|----------------|----------------|
| ABSA/227 | Eskom: Supply Electricity - Nelspoort | - | 41 000 |
| 1165040859 | Eskom | - | 34 500 |
| ABSA Bank | South African Post Office | - | 50 000 |
| ABSA/237 | Dept. of Mineral & Energy - Rehabilitation of Quarry | - | - |
| Nedbank | South African Post Office | 50 000 | - |
| Nedbank | Eskom | 34 700 | - |
| Nedbank | Eskom: Supply Electricity - Nelspoort | 41 000 | - |
| Total | | 125 700 | 125 500 |

Contingent liabilities - claims against the municipality

On 15 July 2012 a fire destroyed a private property within the Beaufort West municipal area. Although the owner of the property previously indicated that he was unhappy with the performance of the Fire Department of the municipality he gave no intent of claiming against the municipality. On 21 October 2015, however, the affected party's lawyers issued a letter to the municipality that the affected party have issued a summons for damages for alleged negligence on the part of the Fire Department of the municipality, an indication of the possible claim and legal fees was received from messrs Crawfords.

| | |
|------------------|----------|
| 1 036 927 | - |
| 1 036 927 | - |

53 CONTINGENT ASSETS

| BANK / FIRM | PURPOSE | REG NO | 2015 R | 2014 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/SWANSAs | Reclamation Plant | 261 | 260 068 | 260 068 |
| Lombard Insurance Group | Construction of detention dam in Hillside Phase 1 | 273 | - | 915 693 |
| Investec Private Bank/SA Tolling | Tend DID01/2008&Corp13/2008 | 264 | - | - |
| Nedbank obo Mabungwe Siviële Kontrakteurs: Guarantee No: 285/320654/05 | Notice No. 52 /2012 : Tender scm 35/2012 : Construction of pressure reducing system in BW. Phase W&E Service Erf no. 7401 (BW Mall) | 280 | - | - |
| ABSA Bank | | 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 Guaranteee | Upgrading of Ebenezer Avenue Beaufort West | 284 | - | 356 873 |
| Rand Merchant Bank | Bulk water supply for Nelspoort | 285 | - | 155 020 |
| Investec Bank o.b.o S.A Tolling: Guarantee DT 0186/2014 | Guarantee No: DT 0186/2014: 1. Remainder of portion B.of the farm Kuilspoor No. 161 + 2. Portion of portion of the farm 185 North of Beaufort West | 289 | 4 470 475 | - |
| Guardrisk nms. Benvir Civils + Plant Hire CC | Suretyship: No SUR 20150320/002: Contract No SCM 13/2015 : Contract for the upgrading of Dliso and Matshaka Streets | 290 | 183 676 | - |
| Fusion Guarantees o.b.o De Jager Plumbing Contractors (Pty) Ltd | Guarantee No: FUS 501638 JHB: Notice No. 109/2014 : SCM 12/2015 :Contract for the upgrading of streets in Murraysburg | 291 | 213 723 | - |
| Total | | | 6 430 633 | 3 082 755 |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

54 RELATED PARTIES

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

54.1 Related Party Transactions

| | Rates - Levied 1 July 2014 - 30 June 2015 | Service Charges - Levied 1 July 2014 - 30 June 2015 | Other - Levied 1 July 2014 - 30 June 2015 | Outstanding Balances 30 June 2015 |
|---|--|--|--|--|
| Year ended 30 June 2015 | | | | |
| Councillors | 27 295 | 135 849 | 3 565 | 6 306 |
| Councillor D Slabbert (010137/011832) | 4 840 | 15 315 | 1 | 1 468 |
| Councillor D Slabbert (028981/031495) | 3 086 | 2 855 | - | 499 |
| Councillor DE Welgemoed (012158/012159) | 7 013 | 29 877 | 12 | 3 137 |
| Councillor G de Vos (014633/014634) | 4 655 | 25 913 | - | - |
| Councillor G de Vos (014914/014634) | - | 8 510 | - | 610 |
| Councillor GP Adolph (021180/032194) | 668 | 1 832 | - | - |
| Councillor HT Prince(009892/010957) | - | 20 052 | - | - |
| Councillor HT Prince(010956/010957) | 3 692 | 17 246 | 550 | - |
| Councillor HT Prince(007782/010957) | - | - | - | - |
| Councillor L Deyce (510271/000768) | 889 | 1 148 | - | 168 |
| Councillor M Furmen (023379/023380) | 207 | 4 830 | - | 79 |
| Councillor R van der Linde (020002/020003) | 2 037 | 4 391 | - | - |
| Councillor R van der Linde (070128/020003) | - | - | 3 002 | - |
| Councillor SM Motsokane (022661/022662) | 209 | 3 882 | - | 346 |
| Municipal Manager and Section 57 Employees | 31 316 | 64 859 | - | 3 571 |
| Municipal Manager : J Booysen(020051/020052) | - | 1 128 | - | - |
| Municipal Manager : J Booysen(018115/018116) | 185 | - | - | - |
| Municipal Manager : J Booysen(010964/032381) | 2 373 | 21 551 | - | - |
| Municipal Manager : J Booysen(004922/032381) | 937 | 3 809 | - | - |
| Director : A Makendlana (012180/029959) | 7 632 | 1 778 | - | - |
| Director : R van Staden (011989/011990) | 9 085 | 5 940 | - | - |
| Director : JCL Smit (011486/011487) | 8 732 | 24 162 | - | 685 |
| Acting Director : R Klink (510285/000794) | 2 371 | 1 145 | - | - |
| Director : F Sabbat (011439/031423) | - | 3 770 | - | 2 886 |
| Director : F Sabbat (035027/031423) | - | 1 577 | - | - |

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.

54.2 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 18 to the Annual Financial Statements.

54.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

54.4 Other related party transactions

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

Councillor/Staff Member

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 2015 an amount of R216 056 was outstanding in respect of the lease payments. Further interests include the Central Karoo Soccer and Rustdene Sportpub with outstanding balances amounting to R837 829.

55 **FINANCIAL SUSTAINABILITY**

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

The current ratio increased to 1.17:1 from 1.07:1 in the prior year.

The municipality have budgeted for a surplus of R29 941 066 for the 2014/2015 financial year. The municipality is also budgeting for net surpluses of R4 464 720 and R3 369 287 for 2015/2016 and 2016/2017 respectively.

The average debtors' payment days increased to 427 days from 295 days.

A bank overdraft facility is utilised amounting to R 5 000 000.

The outstanding balances in respect of external loans amounts to R12 028 075 (2014 - R13 544 430)

Other Indicators

Possible outflow of resources due the contingent liability disclosed in note 52

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

56 **Disclosure of error in the annual report:** The municipality erroneously published the incorrect version of the 2013/14 annual financial statements as part of the annual report of 2013/14. The document was corrected and this note is merely disclosing the fact and impact thereof on the comparative numbers.

56.1 **Statement of Financial Position**

| | Notes | Difference | Correct Numbers re-Published | Incorrect Numbers Published |
|--|-------|--------------------|------------------------------|-----------------------------|
| | | | 2014 R (Actual) | 2014 R (Actual) |
| NET ASSETS AND LIABILITIES | | | | |
| Net Assets | | (2 824 476) | 346 132 469 | 348 956 945 |
| Capital Replacement Reserve | 2 | - | 4 849 606 | 4 849 606 |
| Employee Benefits Reserve | 2 | - | - | - |
| Government Grant Reserve | 2 | - | - | - |
| Housing Development Fund | 2 | - | 4 198 159 | 4 198 159 |
| Non-Current Provisions Reserve | 2 | - | - | - |
| Public Contributions Reserve | 2 | - | - | - |
| Revaluations Reserve | 2 | - | - | - |
| Social Contribution Reserve | 2 | - | - | - |
| Self Insurance Reserve | 2 | - | 1 118 685 | 1 118 685 |
| Capitalisation Reserve | 2 | - | - | - |
| Accumulated Surplus | | (2 824 476) | 335 966 019 | 338 790 495 |
| Non-Current Liabilities | | 69 682 | 46 160 825 | 46 091 143 |
| Long-term Liabilities | 3 | - | 14 602 574 | 14 602 574 |
| Employee benefits | 4 | 69 682 | 25 882 098 | 25 812 416 |
| Non-Current Provisions | 5 | - | 5 676 153 | 5 676 153 |
| Current Liabilities | | 1 496 273 | 46 033 645 | 44 537 372 |
| Consumer Deposits | 6 | - | 1 138 815 | 1 138 815 |
| Current Employee benefits | 7 | (222 337) | 7 509 143 | 7 731 480 |
| Provisions | 0 | - | - | - |
| Payables From Exchange Transactions | 8 | 5 486 021 | 26 634 801 | 21 148 780 |
| Unspent Conditional Government Grants and Receipts | 9 | (12 911) | 7 135 563 | 7 148 474 |
| Unspent Public Contributions | 10 | - | 139 052 | 139 052 |
| Taxes | 11 | - | - | - |
| Operating Lease Liability | 21.1 | - | - | - |
| Cash and Cash Equivalents | 22 | (3 754 500) | - | 3 754 500 |
| Current Portion of Long-term Liabilities | 3 | - | 3 476 271 | 3 476 271 |
| Total Net Assets and Liabilities | | (1 258 521) | 438 326 939 | 439 585 461 |
| ASSETS | | | | |
| Non-Current Assets | | (9 362 438) | 388 897 942 | 398 260 381 |
| Property, Plant and Equipment | 12 | (8 598 844) | 371 670 337 | 380 269 181 |
| Investment Property | 13 | (763 594) | 8 647 603 | 9 411 197 |
| Non-current Assets Held For Sale | 0 | - | - | - |
| Intangible Assets | 14 | - | 268 770 | 268 770 |
| Non-Current Investments | 0 | - | - | - |
| Capitalised Restoration Cost | 15 | - | 1 664 002 | 1 664 002 |
| Heritage Assets | 16 | - | 2 970 644 | 2 970 644 |
| Long-Term Receivables | 17 | - | 3 676 587 | 3 676 587 |
| Current Assets | | 8 103 917 | 49 428 997 | 41 325 080 |
| Inventory | 18 | - | 2 791 450 | 2 791 450 |
| Trade Receivables from exchange transactions | 19 | 2 169 283 | 15 117 729 | 12 948 446 |
| Other Receivables from non-exchange transactions | 20 | 3 469 480 | 14 970 281 | 11 500 801 |
| Unpaid Conditional Government Grants and Receipts | 9 | - | 670 378 | 670 378 |
| Operating Lease Asset | 21.2 | - | 10 008 | 10 008 |
| Taxes | 11 | (127 584) | 3 932 014 | 4 059 598 |
| Current Portion of Long-term Receivables | 17 | - | - | - |
| Cash and Cash Equivalents | 22 | 2 592 738 | 11 937 136 | 9 344 398 |
| Total Assets | | (1 258 521) | 438 326 939 | 439 585 461 |

BEAUFORT WEST MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

56.2 Statement of Financial Performance

| | | Difference | Correct Numbers re- Published | Incorrect Numbers Published |
|---|-------|--------------------|-------------------------------------|-----------------------------------|
| | Notes | | 2014 R (Actual) | 2014 R (Actual) |
| REVENUE | | | | |
| Revenue from Non-exchange Transactions | | 4 847 811 | 163 499 160 | 158 651 349 |
| Taxation Revenue | | - | 22 792 230 | 22 792 230 |
| Property taxes | 23 | - | 22 792 230 | 22 792 230 |
| Transfer Revenue | | (137 490) | 99 629 979 | 99 767 469 |
| Government Grants and Subsidies - Capital | 24 | - | 21 348 285 | 21 348 285 |
| Government Grants and Subsidies - Operating | 24 | (137 490) | 77 918 756 | 78 056 246 |
| Contributed PPE | | - | 362 938 | 362 938 |
| Transfer DMA From District | | - | - | - |
| Public Contributions and Donations | | - | - | - |
| Other Revenue | | 4 985 301 | 41 076 951 | 36 091 650 |
| Actuarial Gains | | - | 203 285 | 203 285 |
| Third Party Payments | | - | - | - |
| Fines | | 4 985 301 | 40 873 666 | 35 888 365 |
| Stock Adjustments | | - | - | - |
| Unamortised Discount - Interest | 24.2 | - | - | - |
| Gain on disposal of PPE | | - | - | - |
| Other | | - | - | - |
| Revenue from Exchange Transactions | | 210 564 | 95 627 358 | 95 416 794 |
| Property Rates - penalties imposed and collection charges | | - | 399 873 | 399 873 |
| Service Charges | 25 | - | 85 099 374 | 85 099 374 |
| Rental of Facilities and Equipment | | - | 814 984 | 814 984 |
| Interest Earned - external investments | | 213 | 1 011 727 | 1 011 514 |
| Interest Earned - outstanding debtors | | - | 1 858 351 | 1 858 351 |
| Licences and Permits | | - | 545 598 | 545 598 |
| Agency Services | | - | 541 057 | 541 057 |
| Other Income | 26 | 210 351 | 5 356 394 | 5 146 043 |
| Total Revenue | | 5 058 375 | 259 126 518 | 254 068 143 |
| EXPENDITURE | | | | |
| Employee related costs | 27 | 2 010 088 | 67 913 859 | 65 903 771 |
| Remuneration of Councillors | 28 | 29 053 | 3 893 736 | 3 864 683 |
| Debt Impairment | 29 | (208 747) | 27 217 301 | 27 426 048 |
| Collection Cost | | - | 652 890 | 652 890 |
| Depreciation and Amortisation | 30 | (108 495) | 14 030 083 | 14 138 578 |
| Impairments | 31 | 10 994 382 | 10 994 382 | - |
| Repairs and Maintenance | 32 | (297 380) | 17 408 268 | 17 705 648 |
| Unamortised Discount - Interest | 24.1 | - | - | - |
| Actuarial losses | 4 | 2 532 | 1 882 459 | 1 879 927 |
| Finance Charges | 33 | - | 4 086 726 | 4 086 726 |
| Bulk Purchases | 34 | (220 494) | 39 066 285 | 39 286 778 |
| Contracted services | | 2 774 029 | 11 539 821 | 8 765 792 |
| Grants and Subsidies Paid | 35 | - | 60 000 | 60 000 |
| Stock Adjustments | | 90 616 | 7 323 581 | 7 232 966 |
| Other Operating Grant Expenditure | 36 | (37 351 567) | - | 37 351 567 |
| Loss on disposal of PPE | | 146 155 | 167 999 | 21 844 |
| General Expenses | 37 | 32 190 076 | 47 996 575 | 15 806 499 |
| Total Expenditure | | 10 050 248 | 254 233 965 | 244 183 717 |
| NET SURPLUS FOR THE YEAR | | (4 991 873) | 4 892 553 | 9 884 426 |

APPENDIX A - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

| EXTERNAL LOANS | Rate | Institution | Loan Number | Term | Balance at 30 June 2014 | Correction of Error | Balance at 30 June 2014 Restated | Received during the period | Redeemed written off during the period | Balance at 30 June 2015 |
|------------------------------------|-------|-------------|---------------|------------|-------------------------|---------------------|----------------------------------|----------------------------|--|-------------------------|
| | | | | | R | R | R | R | R | R |
| ANNUITY LOANS | | | | | | | | | | |
| General | | | | | | | | | | |
| Sanlam Building RB21/10/03 IT 5.44 | 10.5% | DBSA | 101257/1 | 2019/12/31 | 876 492 | - | 876 492 | - | 125 188 | 751 304 |
| Tata Truck 2 Ton CZ 6388 | 8.6% | STANDARD | 73702013/0003 | 2016/08/31 | 76 340 | - | 76 340 | - | 33 474 | 42 866 |
| Case Tractor 2WD CZ 6311 | 8.6% | STANDARD | 73702013/0004 | 2016/08/31 | 83 314 | - | 83 314 | - | 36 532 | 46 782 |
| Upgr. Fencing & Alarm System | 9.7% | F N B | 2012/001 | 2017/06/01 | 87 839 | - | 87 839 | - | 26 537 | 61 302 |
| Caterpillar Digger/Loader CZ 5169 | 9.7% | F N B | 2012/002 | 2017/06/01 | 400 067 | - | 400 067 | - | 120 842 | 279 225 |
| Sod Cutter | 9.7% | F N B | 2012/003 | 2017/06/01 | 18 658 | - | 18 658 | - | 5 631 | 13 027 |
| Lawn Mower Tractor Attached | 9.7% | F N B | 2012/004 | 2017/06/01 | 17 635 | - | 17 635 | - | 5 323 | 12 312 |
| Lawn Mower Golf Course | 9.7% | F N B | 2012/005 | 2017/06/01 | 6 251 | - | 6 251 | - | 1 851 | 4 400 |
| Sewerage Farm Merweville | 6.8% | DBSA | 103464/2 | 2025/06/30 | 2 198 516 | - | 2 198 516 | - | 149 837 | 2 048 679 |
| Case Tractor CZ 7397 | 9.7% | F N B | 2012/006 | 2017/06/01 | 103 809 | - | 103 809 | - | 31 358 | 72 451 |
| Tata Truck 2 Ton Tipper CZ 5339 | 9.7% | F N B | 2012/007 | 2017/06/01 | 109 117 | - | 109 117 | - | 32 978 | 76 139 |
| Refuse Truck CZ 3484 | 10.9% | DBSA | 103465/3 | 2017/06/30 | 467 932 | - | 467 932 | - | 139 847 | 328 085 |
| Archimedes Sewerage Pump | 9.7% | F N B | 2012/008 | 2017/06/01 | 185 549 | - | 185 549 | - | 56 043 | 129 506 |
| Electricity | | | | | | | | | | |
| Load control syst RB12/5/98 IT.2 | 14.0% | DBSA | 10619 | 2019/03/31 | 1 295 277 | - | 1 295 277 | - | 194 215 | 1 101 062 |
| Dyna Cherry Picker CZ 4930 | 9.5% | ABSA | 80343235 | 2015/11/01 | 145 297 | - | 145 297 | - | 100 524 | 44 773 |
| Compressor CZ 4860 | 9.5% | ABSA | 80164276 | 2015/10/01 | 57 133 | - | 57 133 | - | 42 167 | 14 966 |
| Truck with crane CZ 2954 | 10.9% | DBSA | 103464/3 | 2017/06/30 | 366 731 | - | 366 731 | - | 109 612 | 257 119 |
| Toyota Hilux 2L CZ 10975 | 8.6% | STANDARD | 73702013/0001 | 2016/07/31 | 36 637 | - | 36 637 | - | 14 782 | 21 855 |
| 20MVA Transformer | 10.9% | DBSA | 103464/1 | 2029/07/31 | 4 195 675 | - | 4 195 675 | - | 112 736 | 4 082 939 |
| Water Works | | | | | | | | | | |
| Farm Hansviver | 10.9% | DBSA | 103464/1 | 2029/07/31 | 1 858 387 | - | 1 858 387 | - | 49 847 | 1 808 540 |
| Pressure Control System | 10.9% | DBSA | 103464/1 | 2029/07/31 | 596 966 | - | 596 966 | - | 16 080 | 580 886 |
| Trailer CZ 6253 | 8.6% | STANDARD | 72702013/0002 | 2016/07/31 | 12 687 | - | 12 687 | - | 5 807 | 6 880 |
| Telemetry System | 9.7% | F N B | 2012/009 | 2017/06/01 | 250 109 | - | 250 109 | - | 75 560 | 174 549 |
| Water Purification Fencing | 9.7% | F N B | 2012/010 | 2017/06/01 | 98 012 | - | 98 012 | - | 29 584 | 68 428 |
| Total Annuity Loans | | | | | 13 544 430 | - | 13 544 430 | - | 1 516 354 | 12 028 075 |

APPENDIX A - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

| EXTERNAL LOANS | Rate | Institution | Loan Number | Term | Balance at 30 June 2014 | Correction of Error | Balance at 30 June 2014 Restated | Received during the period | Redeemed written off during the period | Balance at 30 June 2015 |
|---|--------|-------------|--------------------------------|------------|-------------------------|---------------------|----------------------------------|----------------------------|--|-------------------------|
| | | | | | R | R | R | R | R | R |
| LEASE LIABILITY | | | | | | | | | | |
| CZ 16750 - Isuzu | 12.00% | | Dir: Engineering Services | 2011/08/31 | - | - | - | - | - | - |
| Nashua Ricoh MP6001 | 12.02% | | Dir: Corporate Services | 2012/11/30 | - | - | - | - | - | - |
| AR1206 Multifunction System | 11.97% | | Church Street Library | 2012/07/31 | - | - | - | - | - | - |
| CZ 1902 Toyota Corolla 1.4 Prof | 12.14% | | Dir: Traffic Services | 2012/06/30 | - | - | - | - | - | - |
| CZ 1863 Toyota Hilux 2.5 D-4D P/U S/C | 12.02% | | Street works & Storm Water | 2012/06/30 | - | - | - | - | - | - |
| CZ 1883 Toyota Corolla 1.4 Prof | 12.14% | | Dir: Traffic Services | 2012/06/30 | - | - | - | - | - | - |
| CZ 1873 Toyota Hilux 2.5 D-4D P/U S/C | 12.02% | | Water Reticulation | 2012/06/30 | - | - | - | - | - | - |
| CZ 1877 Toyota Hilux 2.5 D-4D P/U S/C | 12.02% | | Municipal Buildings | 2012/06/30 | - | - | - | - | - | - |
| CZ 1876 Toyota Hilux 2.5 D-4D P/U S/C | 12.02% | | Water Reticulation | 2012/06/30 | - | - | - | - | - | - |
| CZ 3359 Toyota Yaris T3 A/C | 11.94% | | Building Control | 2013/03/31 | - | - | - | - | - | - |
| CZ 3363 Toyota Hilux 2.5 D-4D P/U S/C | 12.01% | | Water Reticulation | 2013/03/31 | - | - | - | - | - | - |
| CZ 3368 Toyota Hilux 2.5 D-4D P/U S/C | 12.01% | | Reticulation: High Voltage | 2013/03/31 | - | - | - | - | - | - |
| CZ 3370 Toyota Yaris T3 A/C | 11.94% | | Dir: Financial Services | 2013/03/31 | - | - | - | - | - | - |
| CZ 3373 Toyota Hilux 2.5 D-4D P/U S/C | 12.01% | | Recreation Sites | 2013/03/31 | - | - | - | - | - | - |
| CZ 3439 Toyota Hilux 2.5 D-4D P/U S/C | 12.01% | | Reticulation: High Voltage | 2013/03/31 | - | - | - | - | - | - |
| CZ 3457 Toyota Hilux 2.5 D-4D P/U S/C | 12.01% | | Water Reticulation | 2013/03/31 | - | - | - | - | - | - |
| CZ 3465 Toyota Hilux 2.5 D-4D P/U S/C | 12.01% | | Water Reticulation | 2013/03/31 | - | - | - | - | - | - |
| CZ 2543 Toyota Hilux 2.5 D-4D P/U S/C | 11.99% | | Dir: Electricity Services | 2012/08/31 | - | - | - | - | - | - |
| CZ 2533 Toyota Corolla 1.3 Impact | 12.03% | | Dir: Traffic Services | 2012/08/31 | - | - | - | - | - | - |
| CZ 3947 HILUX 2.5 D-4D SRX 4X4 P/U S | 11.99% | | Water Purification | 2013/06/30 | - | - | - | - | - | - |
| CZ 6725 LDV TOYOTA | 9.00% | 1 | Dir: Traffic Services | 2014/10/13 | 12 268 | - | 12 268 | - | 12 268 | 0 |
| MP4001 | 9.00% | 1 | Dir: Engineers Services | 2014/09/30 | 6 151 | - | 6 151 | - | 6 151 | 0 |
| MPC5501 | 9.00% | 1 | Dir: Corporate Services | 2014/08/31 | 10 373 | - | 10 373 | - | 10 373 | (0) |
| AR1206 Multifunction System | 9.00% | | Dir: Traffic Services | 2013/03/31 | - | - | - | - | - | - |
| AR2060 Multifunction System | 9.00% | | Dir: Traffic Services | 2013/03/31 | - | - | - | - | - | - |
| AR1258 Multifunction System | 9.00% | | Housing Office | 2013/03/31 | - | - | - | - | - | - |
| CZ 8282 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 1 | Street works & Storm Water | 2016/02/28 | 82 143 | - | 82 143 | - | 47 888 | 34 255 |
| CZ 8340 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 3 | Water Reticulation | 2016/02/28 | 84 860 | - | 84 860 | - | 49 656 | 35 204 |
| CZ 8341 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 3 | Water Reticulation | 2016/02/28 | 82 142 | - | 82 142 | - | 47 887 | 34 254 |
| CZ 8343 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 1 | Municipal Buildings | 2016/02/28 | 82 141 | - | 82 141 | - | 47 887 | 34 254 |
| CZ 8408 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 2 | Reticulation High | 2016/04/30 | 90 547 | - | 90 547 | - | 47 643 | 42 904 |
| CZ 8410 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 1 | Recreation Sites | 2016/04/30 | 79 179 | - | 79 179 | - | 48 766 | 30 413 |
| CZ 8414 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 1 | Dir: Engineers Services | 2016/04/30 | 80 212 | - | 80 212 | - | 42 205 | 38 007 |
| CZ 8415 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 3 | Water Reticulation | 2016/04/30 | 90 550 | - | 90 550 | - | 47 644 | 42 905 |
| CZ 8418 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 3 | Water Reticulation | 2016/04/30 | 90 552 | - | 90 552 | - | 47 646 | 42 906 |
| CZ 8419 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 3 | Water Reticulation | 2016/04/30 | 95 287 | - | 95 287 | - | 47 644 | 47 643 |
| CZ 8421 TOYOTA YARIS ZEN3 ACS | 8.50% | 1 | Dir: Financial Services | 2016/04/30 | 63 273 | - | 63 273 | - | 33 293 | 29 981 |
| CZ 8422 TOYOTA YARIS ZEN3 ACS | 8.50% | 1 | Building Control | 2016/04/30 | 63 275 | - | 63 275 | - | 33 293 | 29 982 |
| Machine Photocopy Kyocera FS1128 | 9.00% | 1 | Thusong Centre | 2016/08/30 | 45 719 | - | 45 719 | - | 20 001 | 25 718 |
| Machine Photocopy Kyocera FS 6025 | 9.00% | 1 | Thusong Centre | 2016/07/30 | 59 068 | - | 59 068 | - | 26 979 | 32 089 |
| PABX TELEPHONE SYSTEM | 9.00% | 1 | Thusong Centre | 2016/03/30 | 27 335 | - | 27 335 | - | 14 099 | 13 237 |
| CCTV CAMERA'S | 20.50% | 1 | Dir: Financial Services | 2015/09/30 | 15 647 | - | 15 647 | - | 12 191 | 3 456 |
| CCTV CAMERA'S | 9.00% | 1 | Thusong Centre | 2014/07/30 | 2 623 | - | 2 623 | - | 2 623 | 0 |
| CZ 2078 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 1 | Street works & Storm Water | 2016/09/30 | 110 398 | - | 110 398 | - | 46 479 | 63 918 |
| CZ 2477 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 1 | Murraysburg Refuse Removal | 2016/09/30 | 110 398 | - | 110 398 | - | 46 479 | 63 918 |
| CZ 4155 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 1 | Murraysburg Water Reticulation | 2016/09/30 | 118 458 | - | 118 458 | - | 49 873 | 68 585 |
| CZ 8684 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 1 | Street works & Storm Water | 2016/09/30 | 118 458 | - | 118 458 | - | 49 873 | 68 585 |
| CZ 8685 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 3 | Water Reticulation | 2016/09/30 | 118 458 | - | 118 458 | - | 49 873 | 68 585 |
| CZ 8686 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 1 | Street works & Storm Water | 2016/09/30 | 118 458 | - | 118 458 | - | 49 873 | 68 585 |
| CZ 8687 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 1 | Recreation Sites | 2016/09/30 | 118 458 | - | 118 458 | - | 49 873 | 68 585 |
| CZ 5753 SEDAN TOYOTA ETIO'S | 8.50% | 1 | Dir: Traffic Services | 2016/09/30 | 87 944 | - | 87 944 | - | 37 026 | 50 918 |
| CZ 5136 SEDAN TOYOTA ETIO'S | 8.50% | 1 | Dir: Traffic Services | 2016/09/30 | 87 944 | - | 87 944 | - | 37 026 | 50 918 |
| CZ 6192 SEDAN TOYOTA ETIO'S | 8.50% | 1 | Dir: Traffic Services | 2016/09/30 | 87 944 | - | 87 944 | - | 37 026 | 50 918 |
| CZ 8563 ISUZU KB250D FLETSIDE A/C P/U S/C | 8.50% | 3 | Water Purification | 2016/06/30 | 90 315 | - | 90 315 | - | 41 366 | 48 949 |
| CZ 1096 ISUZU KB250D LEED FLETSIDE P/U S | 8.50% | 3 | Water Reticulation | 2016/11/30 | 129 276 | - | 129 276 | - | 50 306 | 78 970 |
| CZ 5366 ISUZU KB250D LEED FLETSIDE P/U S | 8.50% | 1 | Street works & Storm Water | 2016/10/30 | 122 426 | - | 122 426 | - | 49 522 | 72 904 |
| CZ 4898 ISUZU KB250D LEED FLETSIDE P/U S | 8.50% | 1 | Municipal Buildings | 2016/10/30 | 115 256 | - | 115 256 | - | 46 622 | 68 635 |

**APPENDIX A - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015**

| EXTERNAL LOANS | Rate | Institution | Loan Number | Term | Balance at | Correction of | Balance at | Received | Redeemed | Balance at |
|--|-------|-------------|-------------------------|------------|-------------------|---------------|-------------------|----------------|------------------|-------------------|
| | | | | | 30 June 2014 | Error | 30 June 2014 | during the | written off | 30 June 2015 |
| | | | | | R | R | R | R | R | R |
| CZ 4296 ISUZU KB250D LEED FLEETSIDE P/U S | 8.50% | 3 | Water Purification | 2016/10/30 | 104 316 | - | 104 316 | - | 42 196 | 62 120 |
| CZ 2295 ISUZU KB250D LEED FLEETSIDE P/U S | 8.50% | 1 | Fire Brigade | 2016/10/30 | 110 557 | - | 110 557 | - | 44 721 | 65 836 |
| CZ 1461 ISUZU KB250D LEED FLEETSIDE P/U S | 8.50% | 1 | Refuse Removal | 2016/10/30 | 125 244 | - | 125 244 | - | 50 662 | 74 582 |
| CZ 8728 SEDAN TOYOTA ETIO'S | 8.50% | 1 | Housing Office | 2016/10/30 | 81 221 | - | 81 221 | - | 32 854 | 48 367 |
| CZ 6743 ISUZU KB250D LEED FLEETSIDE P/U S | 8.50% | 3 | Water Purification | 2016/11/30 | 135 740 | - | 135 740 | - | 52 821 | 82 919 |
| CZ 3697 TRUCK NISSAN UD 90B F/C C/C | 8.50% | 1 | Refuse Removal | 2017/01/30 | 893 441 | - | 893 441 | - | 322 870 | 570 571 |
| MACHINE PHOTOCOPY RICOH MP2501spf | 8.50% | 1 | Dir: Financial Services | 2017/03/30 | 16 853 | - | 16 853 | - | 5 680 | 11 174 |
| MACHINE PHOTOCOPY RICOH MP2501spf | 8.50% | 1 | Dir: Financial Services | 2017/03/30 | 16 853 | - | 16 853 | - | 5 680 | 11 174 |
| MACHINE PHOTOCOPY RICOH MP2501spf | 8.50% | 1 | Kwa Mandlenkosi Office | 2017/03/30 | 16 853 | - | 16 853 | - | 5 680 | 11 174 |
| MACHINE PHOTOCOPY RICOH MP2501spf | 8.50% | 1 | Dir: Financial Services | 2017/03/30 | 16 853 | - | 16 853 | - | 5 680 | 11 174 |
| MACHINE PHOTOCOPY RICOH MP2501spf | 8.50% | 1 | Dir: Traffic Services | 2017/03/30 | 16 853 | - | 16 853 | - | 5 680 | 11 174 |
| MACHINE PHOTOCOPY RICOH MP2501spf | 8.50% | 1 | Dir: Traffic Services | 2017/03/30 | 16 853 | - | 16 853 | - | 5 680 | 11 174 |
| MACHINE PHOTOCOPY RICOH MP2501spf | 8.50% | 1 | Traffic Court | 2017/03/30 | 16 853 | - | 16 853 | - | 5 680 | 11 174 |
| MACHINE PHOTOCOPY RICOH MP2501spf | 8.50% | 1 | Housing Office | 2017/03/30 | 16 853 | - | 16 853 | - | 5 680 | 11 174 |
| MACHINE PHOTOCOPY RICOH MP2501spf | 8.50% | 1 | Fire Brigade | 2017/03/30 | 16 853 | - | 16 853 | - | 5 680 | 11 174 |
| MACHINE PHOTOCOPY KONICA MINOLTA | 8.50% | 1 | General Expenses | 2017/03/30 | 6 616 | - | 6 616 | - | 2 230 | 4 387 |
| MACHINE PHOTOCOPY KONICA MINOLTA | 8.50% | 1 | Dir: Community Services | 2017/03/30 | 46 267 | - | 46 267 | - | 15 592 | 30 675 |
| MACHINE PHOTOCOPY KONICA MINOLTA | 8.50% | 2 | Admin: Electrical | 2017/03/30 | 24 844 | - | 24 844 | - | 8 373 | 16 472 |
| CZ 9005 ISUZU KB250D LEED FLEETSIDE P/U S | 9.00% | 1 | Dir: Community Services | 2017/05/30 | 156 954 | - | 156 954 | - | 49 258 | 107 696 |
| CZ 4033 ISUZU KB 250D LEED FLEETSIDE P/U S/C | 9.25% | 1 | Dir: Traffic Services | 2017/09/30 | | | | 160 276 | 36 016 | 124 260 |
| MACHINE FRANKING NEOPOST IJ - 40 | 9.25% | 1 | Dir: Financial Services | 2017/06/30 | | | | 52 072 | 10 456 | 41 616 |
| MACHINE PHOTOCOPY NASHUA MP 2501SPF | 9.25% | 1 | Dir: Financial Services | 2017/11/10 | | | | 19 700 | 2 917 | 16 783 |
| MACHINE PHOTOCOPY NASHUA MPC6502SP | 9.25% | 1 | Dir: Corporate Services | 2018/03/30 | | | | 209 541 | 15 335 | 194 205 |
| CZ 7488 ISUZU KB 250D LEED FLEETSIDE P/U S/C | 9.25% | 2 | Reticulation Low | 2018/04/30 | | | | 174 002 | 8 457 | 165 545 |
| CZ 9327 ISUZU KB 250D LEED FLEETSIDE P/U S/C | 9.25% | 2 | Reticulation High | 2018/04/30 | | | | 174 002 | 8 457 | 165 545 |
| Total Lease Liabilities | | | | | 4 534 416 | - | 4 534 416 | 789 592 | 2 041 682 | 3 282 326 |
| TOTAL EXTERNAL LOANS | | | | | 18 078 846 | - | 18 078 846 | 789 592 | 3 558 036 | 15 310 401 |

APPENDIX B - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
MUNICIPAL VOTES CLASSIFICATION

| 2014 Actual Income R | 2014 Actual Expenditure R | 2014 Surplus/ (Deficit) R | | 2015 Actual Income R | 2015 Actual Expenditure R | 2015 Surplus/ (Deficit) R |
|-------------------------------|------------------------------------|------------------------------------|--|-------------------------------|------------------------------------|------------------------------------|
| 496 485 | (2 903 338) | (2 406 853) | Admin: Commun Serv | 1 111 581 | (2 806 467) | (1 694 886) |
| - | (18 238 597) | (18 238 597) | Admin: Corp Serv | 52 501 329 | (9 124 021) | 43 377 308 |
| 3 387 243 | (7 978 926) | (4 591 683) | Admin: Electrical | 23 232 571 | (23 792 664) | (560 093) |
| 230 514 | (3 425 724) | (3 195 210) | Admin: Engineering Serv | 273 845 | (3 278 655) | (3 004 810) |
| 6 133 111 | (9 555 554) | (3 422 443) | Admin: Fin Serv | 10 316 562 | (13 451 714) | (3 135 152) |
| 1 123 | (556 514) | (555 391) | Admin: Nelspoort | 4 544 | (629 813) | (625 269) |
| 40 800 155 | (37 154 410) | 3 645 745 | Admin: Traffic | 45 994 585 | (42 144 643) | 3 849 942 |
| 111 013 | (2 843 164) | (2 732 151) | Admin: Water | 114 968 | (2 763 412) | (2 648 444) |
| 95 227 | (784 219) | (688 992) | Building Control | 96 184 | (730 972) | (634 788) |
| 168 948 | (710 748) | (541 800) | Cemetries | 165 173 | (565 196) | (400 023) |
| - | (1 649 860) | (1 649 860) | Fire Brigade | - | (1 902 393) | (1 902 393) |
| 24 081 066 | (13 387 525) | 10 693 541 | General Expenses | 24 897 943 | (11 273 275) | 13 624 668 |
| 28 595 346 | (29 476 892) | (881 546) | Housing Office | 3 195 587 | (4 288 237) | (1 092 650) |
| 60 000 | (145 452) | (85 452) | IDP: Co-Ordinator | 124 256 | (191 675) | (67 419) |
| - | (1 318 194) | (1 318 194) | Information Technology | - | (1 616 730) | (1 616 730) |
| 7 953 | (56 967) | (49 014) | Irrigation Water | 7 995 | (56 307) | (48 312) |
| 4 370 | (115 380) | (111 010) | Kwa-Mand Comm Hall | 17 300 | (84 987) | (67 687) |
| - | (622 110) | (622 110) | Kwa-Mand Office | - | (608 157) | (608 157) |
| 1 276 937 | (1 286 263) | (9 326) | Library Church Street | 1 554 464 | (1 480 821) | 73 643 |
| 1 290 902 | (1 079 797) | 211 105 | Library Mimosa | 1 349 706 | (1 264 342) | 85 364 |
| 119 393 | (122 321) | (2 928) | Library Nelspoort | 266 690 | (167 027) | 99 663 |
| 23 377 | (33 313) | (9 936) | Main Road | 696 316 | (1 029 572) | (333 256) |
| 1 316 | (1 644 254) | (1 642 938) | Mechanical Workshop | - | (1 907 064) | (1 907 064) |
| 296 273 | (4 526 548) | (4 230 275) | Municipal Buildings | 360 587 | (4 763 179) | (4 402 592) |
| 164 290 | (1 892 231) | (1 727 941) | Municipal Manager | 328 196 | (2 196 624) | (1 868 428) |
| 21 272 839 | - | 21 272 839 | Municipal Rates | 22 957 370 | - | 22 957 370 |
| 2 198 | (23 327) | (21 129) | Pound | 1 374 | (15 455) | (14 081) |
| 420 | - | 420 | Private Work | 1 727 | - | 1 727 |
| 978 450 | (6 655 300) | (5 676 850) | Recreation Sites | 1 736 408 | (6 329 869) | (4 593 461) |
| 6 068 813 | (7 221 348) | (1 152 535) | Refuse Removal | 6 822 414 | (12 397 785) | (5 575 371) |
| 3 426 772 | (3 261 491) | 165 281 | Reticulation: H Volt | 6 394 327 | (3 245 735) | 3 148 592 |
| 59 694 224 | (46 353 608) | 13 340 616 | Reticulation: L Volt | 61 628 773 | (47 746 326) | 13 882 447 |
| 12 253 | (138 080) | (125 827) | Rustdene Comm Hall | 18 259 | (53 005) | (34 746) |
| - | (412 261) | (412 261) | Rustdene Office | - | (308 878) | (308 878) |
| 112 | - | 112 | S/E 1 Rustdene | (16 136) | - | (16 136) |
| 219 217 | (219 218) | (1) | S/E 4 Rustdene | 169 604 | (185 524) | (15 920) |
| 30 594 | (30 594) | - | S/E 8 Rustdene | 20 911 | (20 912) | (1) |
| 14 193 | (14 193) | - | S/E 9 Rustdene | 9 597 | (9 597) | - |
| 126 452 | (554 382) | (427 930) | Service Connections | 200 327 | (265 672) | (65 345) |
| 459 938 | (3 870 402) | (3 410 464) | Sewerage Farm | - | (4 137 504) | (4 137 504) |
| 16 632 114 | (1 893 074) | 14 739 040 | Sewerage System | 25 561 591 | (4 853 617) | 20 707 974 |
| - | (2 017 646) | (2 017 646) | Stores | 84 911 | (1 861 377) | (1 776 466) |
| - | (1 286 896) | (1 286 896) | Street Cleansing | - | (1 586 525) | (1 586 525) |
| 3 472 277 | (4 451 263) | (978 986) | Street Lightening | 780 606 | (4 775 589) | (3 994 983) |
| 7 328 893 | (13 005 041) | (5 676 148) | Street works & Storm Water | 11 248 876 | (13 394 171) | (2 145 295) |
| 45 147 | (350 027) | (304 880) | Swimming Pool Birds | 59 628 | (360 004) | (300 376) |
| 37 543 | (323 004) | (285 461) | Swimming Pool Nieuveld | 47 784 | (397 302) | (349 518) |
| - | (300 163) | (300 163) | Tourism | - | (334 748) | (334 748) |
| 14 464 | (11 301) | 3 163 | Town Commonage | 9 691 | (83 882) | (74 191) |
| - | (800 692) | (800 692) | Traffic Court | - | (838 495) | (838 495) |
| - | (70 556) | (70 556) | Traffic Lights | - | (55 701) | (55 701) |
| 63 995 | (168 571) | (104 576) | Vacuum Services | 39 450 | (187 352) | (147 902) |
| 575 394 | (360 551) | 214 843 | Vehicle Registration | 649 197 | (388 592) | 260 605 |
| 168 706 | (457 849) | (289 143) | Vehicle Testing Station | 160 215 | (386 476) | (226 261) |
| 26 581 | (10 069 126) | (10 042 545) | Water Purification | 18 695 | (11 984 742) | (11 966 047) |
| 19 655 374 | (5 923 511) | 13 731 863 | Water Reticulation | 24 025 434 | (6 943 570) | 17 081 864 |
| 211 789 | (583 707) | (371 918) | Internal Audit | 126 224 | (508 491) | (382 267) |
| 54 758 | (646 553) | (591 795) | Labour Relations | 488 545 | (640 915) | (152 370) |
| 2 390 875 | (1 077 722) | 1 313 153 | Murraysburg Administration | 2 898 458 | (1 203 035) | 1 695 423 |
| 3 220 189 | (3 804 831) | (584 642) | Murraysburg Electricity | 3 460 635 | (4 672 007) | (1 211 372) |
| 494 955 | (480 424) | 14 531 | Murraysburg Library | 709 602 | (592 583) | 117 019 |
| 1 519 391 | - | 1 519 391 | Murraysburg Municipal Rates | 1 625 654 | - | 1 625 654 |
| 199 643 | (273 001) | (73 358) | Murraysburg Recreation Site | 236 950 | (127 645) | 109 305 |
| - | - | - | Murraysburg Sewerage | 388 994 | - | 388 994 |
| 1 373 674 | (1 904 797) | (531 123) | Murraysburg Refuse Removal | 857 661 | (2 246 889) | (1 389 228) |
| 219 901 | (976 491) | (756 590) | Murraysburg Street Works & Storm Water | - | (2 296 652) | (2 296 652) |
| 5 365 | (77 761) | (72 396) | Murraysburg Swimming Pool | 2 667 | (59 715) | (57 048) |
| 1 469 838 | (1 234 443) | 235 395 | Murraysburg Water Works | 1 223 924 | (1 695 017) | (471 093) |
| 224 704 | (419 473) | (194 769) | Thusong Centre | 962 634 | (537 971) | 424 663 |
| 24 022 | (131 695) | (107 673) | Wheely Wagon Kwa Mandlenkosi | 195 069 | (156 792) | 38 277 |
| 45 409 | (286 826) | (241 417) | Murraysburg - Thusong Centre | 50 907 | (339 700) | (288 793) |
| 259 126 518 | (263 649 500) | (4 522 982) | Sub Total | 342 469 339 | (270 383 959) | 72 085 380 |
| - | 9 358 426 | 9 358 426 | Less Inter-Departmental Charges | - | 11 275 683 | 11 275 683 |
| 259 126 518 | (254 291 074) | 4 835 444 | Total | 342 469 339 | (259 108 276) | 83 361 063 |

APPENDIX C - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
GENERAL FINANCE STATISTIC CLASSIFICATIONS

| 2014 Actual Income R | 2014 Actual Expenditure R | 2014 Surplus/ (Deficit) R | | 2015 Actual Income R | 2015 Actual Expenditure R | 2015 Surplus/ (Deficit) R |
|-------------------------------|------------------------------------|------------------------------------|---------------------------------|-------------------------------|------------------------------------|------------------------------------|
| 24 511 903 | (16 810 179) | 7 701 724 | Executive & Council | 25 840 908 | (14 954 053) | 10 886 855 |
| 31 317 339 | (14 241 807) | 17 075 532 | Budget & Treasury | 37 887 499 | (18 062 974) | 19 824 525 |
| 310 737 | (24 094 640) | (23 783 903) | Corporate Services | 52 871 607 | (15 587 812) | 37 283 795 |
| 385 741 | (4 355 395) | (3 969 654) | Planning & Development | 494 285 | (4 201 302) | (3 707 017) |
| 4 160 576 | (7 697 672) | (3 537 096) | Community & Social Services | 6 402 759 | (8 104 541) | (1 701 782) |
| 28 859 462 | (29 740 897) | (881 435) | Housing | 3 379 563 | (4 504 270) | (1 124 707) |
| 40 800 155 | (39 604 962) | 1 195 193 | Public Safety | 45 994 585 | (44 885 531) | 1 109 054 |
| 1 266 148 | (7 679 093) | (6 412 945) | Sport & Recreation | 2 083 437 | (7 274 535) | (5 191 098) |
| 7 442 487 | (10 413 041) | (2 970 554) | Waste Management | 7 680 075 | (16 231 199) | (8 551 124) |
| 17 156 047 | (5 932 047) | 11 224 000 | Waste Water Management | 25 990 035 | (9 178 473) | 16 811 562 |
| 8 317 587 | (16 477 499) | (8 159 912) | Road Transport | 12 754 604 | (19 402 527) | (6 647 923) |
| 21 270 759 | (20 127 211) | 1 143 548 | Water | 25 391 016 | (23 443 048) | 1 947 968 |
| 73 327 577 | (66 475 057) | 6 852 520 | Electricity | 95 698 966 | (84 553 694) | 11 145 272 |
| | | | | | | - |
| 259 126 518 | (263 649 500) | (4 522 982) | Sub Total | 342 469 339 | (270 383 959) | 72 085 380 |
| - | 9 358 426 | 9 358 426 | Less Inter-Departmental Charges | - | 11 275 683 | 11 275 683 |
| 259 126 518 | (254 291 074) | 4 835 444 | Total | 342 469 339 | (259 108 276) | 83 361 063 |
| | | | | | | |

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 2014 | Correction of error | Restated balance 1 July 2014 | 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 2015 | Unspent 30 June 2015 (Creditor) | Unpaid 30 June 2015 (Debtor) |
|--|------------------------|------------------------|------------------------------------|----------------|----------------------------------|--|---------------------------------------|----------------------------------|--|--|--------------------|-----------------|-------------------------|---------------------------------------|------------------------------------|
| | R | R | R | R | R | R | R | R | R | R | R | R | R | R | R |
| UNSPENT/UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS | | | | | | | | | | | | | | | |
| NATIONAL | | | | | | | | | | | | | | | |
| Finance Management Restruc. | (266 767) | - | (266 767) | - | 1 600 000 | - | - | 139 674 | 1 420 367 | 39 960 | - | - | (266 767) | - | (266 767) |
| 132/22KV Substation & 20 MVA Transformer | 4 621 105 | - | 4 621 105 | 2 668 428 | - | - | - | 895 206 | - | 6 394 327 | - | - | - | - | - |
| Electrification of Central Karoo | - | - | - | - | 27 500 000 | - | - | 3 161 278 | 19 030 703 | 3 340 708 | - | 2 668 428 | (701 117) | - | (701 117) |
| MSIG 2014/2015 | 0 | - | 0 | - | 934 000 | - | - | 32 343 | 719 364 | - | - | - | 182 293 | 182 293 | - |
| Expanded Public Works Programme | (95 942) | - | (95 942) | - | 1 834 000 | - | - | - | 1 834 000 | - | - | - | (95 942) | - | (95 942) |
| Exploration Aquifers | 178 965 | - | 178 965 | - | - | - | - | 2 617 | - | 18 695 | - | - | 157 653 | 157 653 | - |
| Energy efficiency demand (EEDMS) | - | - | - | - | 4 000 000 | - | - | 483 231 | 3 648 395 | - | - | - | (131 626) | - | (131 626) |
| Install Pre-paid Water Meters | - | - | - | - | 1 000 000 | - | - | 112 066 | 887 934 | - | - | - | - | - | - |
| PROVINCIAL | | | | | | | | | | | | | | | |
| Community Development Workers (CDW's) | (84 034) | - | (84 034) | - | 192 367 | 1 | - | - | 303 564 | - | - | - | (195 230) | - | (195 230) |
| Consumer Housing Education Program | 100 579 | - | 100 579 | - | - | 5 060 | - | - | 14 600 | - | - | - | 91 039 | 91 039 | - |
| Project Provincial Funds | 30 895 | - | 30 895 | - | - | 1 539 | - | - | - | - | - | - | 32 434 | 32 434 | - |
| Project Preparation Grant Planning | 157 580 | - | 157 580 | - | - | 7 816 | - | - | - | - | - | - | 165 396 | 165 396 | - |
| Public Transport Infrastructure | 102 725 | - | 102 725 | - | - | - | - | - | - | 81 150 | - | - | 21 575 | 21 575 | - |
| Rezoning Scheme Regulations | 13 613 | - | 13 613 | - | - | 678 | - | - | - | - | - | - | 14 291 | 14 291 | - |
| Sanitation Master Plan | 10 294 | - | 10 294 | - | - | 513 | - | - | - | - | - | - | 10 807 | 10 807 | - |
| Tourisme Potential Nelspoort | 67 431 | - | 67 431 | - | - | 3 902 | - | - | - | - | - | - | 71 333 | 71 333 | - |
| Tourisme Tokens | 7 533 | - | 7 533 | - | - | 375 | - | - | - | - | - | - | 7 908 | 7 908 | - |
| Upgrading electricity network Nelspoort | 139 582 | - | 139 582 | - | - | 6 418 | - | - | - | - | - | - | 146 000 | 146 000 | - |
| Public Library Services | 372 632 | - | 372 632 | - | 4 451 000 | 78 524 | - | 67 741 | 3 585 363 | 471 631 | - | - | 777 421 | 777 421 | - |
| Water Masterplan | 12 919 | - | 12 919 | - | - | 641 | - | - | - | - | - | - | 13 560 | 13 560 | - |
| Soup Kitchens | 7 382 | - | 7 382 | - | - | 364 | - | - | - | - | - | - | 7 745 | 7 745 | - |
| IDP Review | - | - | - | - | 200 000 | 5 022 | - | 14 509 | 124 256 | - | - | - | 66 257 | 66 257 | - |
| Performance Management | - | - | - | - | 200 000 | 5 022 | - | - | 205 022 | - | - | - | - | - | - |
| Municipal Infrastructure Support Grant | - | - | - | - | 500 000 | 10 814 | - | - | - | - | - | - | 510 814 | 510 814 | - |
| Disaster Recovery Plan | - | - | - | - | 300 000 | 3 886 | - | - | - | - | - | - | 303 886 | 303 886 | - |
| Organisational Structure Review | - | - | - | - | 500 000 | - | - | - | - | - | - | - | 500 000 | 500 000 | - |
| Management Support Grant | 949 191 | - | 949 191 | - | 1 686 505 | 90 811 | - | 115 653 | 1 284 864 | 21 114 | 112 708 | - | 1 192 168 | 1 192 168 | - |
| 240 Irdp Dwellings Asia | 4 415 | - | 4 415 | - | 1 676 137 | 2 185 | - | - | 1 680 000 | - | - | - | 2 737 | 2 737 | - |
| Upgrading sport facilities Murraysburg | 357 | - | 357 | - | - | - | - | - | - | - | - | - | 357 | 357 | - |
| S3 & S4 Services | 13 010 | - | 13 010 | - | 12 845 423 | 1 132 | - | - | - | 12 845 423 | - | - | 14 142 | 14 142 | - |
| 55 Consolidation Scheme Kwa Mandlenkosi | 60 630 | - | 60 630 | - | - | 229 | - | 7 446 | 53 184 | - | - | - | 229 | 229 | - |
| Xhoxha dwellings | 107 165 | - | 107 165 | - | - | 1 306 | - | 11 193 | 79 948 | - | - | - | 17 330 | 17 330 | - |
| 274 IRDP Dwellings | - | - | - | - | 1 367 853 | - | - | - | 1 367 854 | - | - | - | (1) | - | (1) |
| Thusong Centre Murraysburg | - | - | - | - | 222 000 | - | - | - | - | - | - | - | 222 000 | 222 000 | - |
| Main Road Subsidy | - | - | - | - | 793 800 | - | - | 97 484 | 696 316 | - | - | - | - | - | - |
| MIG | | | | | | | | | | | | | | | |
| Bulk water supply | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| External Stormwater Nelspoort | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Upgrade Sport Stadium Kwa-Mandlenkosi | - | - | - | - | 2 359 612 | - | - | 20 750 | - | 254 276 | - | 2 084 586 | - | - | - |
| Sewerage Pump Station AREA 8 | - | - | - | 786 492 | - | - | - | 96 587 | - | 689 905 | - | - | - | - | - |
| PMU | - | - | - | - | 305 318 | - | - | 370 | 271 205 | 2 640 | - | 31 103 | - | - | - |
| Upgarde Gravel Roads | - | - | - | 914 775 | 2 401 391 | - | - | 375 473 | - | 2 484 506 | - | 456 186 | - | - | - |
| Streetlights Kwa-Mandlenkosi Road | - | - | - | 0 | 211 778 | - | - | 26 008 | - | 185 770 | - | - | - | - | - |
| Retention Dams | - | - | - | 64 651 | - | - | - | 7 940 | - | 56 712 | - | - | - | - | - |
| Upgrade S/Water Channel Murraysburg | - | - | - | - | 100 000 | - | - | - | - | - | - | 100 000 | - | - | - |

**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 2014 | Correction of error | Restated balance 1 July 2014 | 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 2015 | Unspent 30 June 2015 (Creditor) | Unpaid 30 June 2015 (Debtor) |
|---|------------------------|------------------------|------------------------------------|-------------------|----------------------------------|--|---------------------------------------|----------------------------------|--|--|--------------------|-------------------|-------------------------|---------------------------------------|------------------------------------|
| New Refuse Transfer Station | - | - | - | 99 858 | 106 000 | - | - | 18 203 | - | 130 020 | - | 57 635 | - | - | - |
| Rehabilitation Roads : Murraysburg | - | - | - | - | 661 535 | - | - | 19 844 | - | 141 741 | - | 499 951 | - | - | - |
| Upgrade/Extention of Water Supply Murraysburg | 1 | - | 1 | 0 | 54 540 | - | - | 6 698 | - | 47 842 | - | - | - | - | - |
| Investigation Aquifers | - | - | - | 364 810 | 59 548 | - | - | 44 801 | - | 320 009 | - | - | - | - | - |
| Pressure Reduction Water (PRV's) | - | - | - | - | 99 858 | - | - | - | - | - | - | 99 858 | - | - | - |
| High Mast Lights Greater Beaufort West | (62 825) | - | (62 825) | - | 661 209 | - | - | 78 412 | - | 560 089 | - | 22 708 | (62 825) | - | (62 825) |
| Nelspoort Bulk Water | (102 751) | - | (102 751) | 1 202 613 | 2 281 864 | - | - | 208 772 | - | 1 491 231 | - | 1 784 473 | (102 751) | - | (102 751) |
| External Sewerage Line Buitekant Street | - | - | - | 151 320 | 1 560 329 | - | - | 210 203 | - | 1 501 446 | - | - | - | - | - |
| Rehabilitate Oxidation Ponds : Nelspoort | - | - | - | 401 766 | 1 123 320 | - | - | 67 761 | - | 484 005 | - | 973 320 | - | - | - |
| Flood Lighting Rustdene Sport Field | - | - | - | 40 317 | 1 000 000 | - | - | 127 093 | - | 907 804 | - | 5 420 | - | - | - |
| Flood Lighting Merweville Sport Field | 0 | - | 0 | 64 652 | 500 000 | - | - | 61 404 | - | 438 597 | - | 64 651 | - | - | - |
| Upgrade Pieter Street | - | - | - | 3 112 227 | 406 442 | - | - | 384 359 | - | 2 745 419 | - | 388 891 | - | - | - |
| Upgrade Setlaars, Paarden Perl Streets Murraysburg | - | - | - | 499 951 | 1 540 663 | - | - | 146 710 | - | 1 047 929 | - | 845 974 | - | - | - |
| Upgrade Dliso & Matshaka Road Kwa-Mandlenkosi | - | - | - | 552 288 | 1 311 593 | - | - | 132 935 | - | 949 533 | - | 781 414 | - | - | - |
| ESKOM | | | | | | | | | | | | | | | |
| Electrification Central Karoo | - | - | - | - | 225 695 | - | - | - | 225 695 | - | - | - | - | - | - |
| LOCAL ECONOMIC DEVELOPMENT | | | | | | | | | | | | | | | |
| Arts & Crafts | 32 944 | - | 32 944 | - | - | 1 982 | - | - | - | - | - | - | 34 926 | 34 926 | - |
| ESKOM | | | | | | | | | | | | | | | |
| Electrification Central Karoo | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| LOTTERY | | | | | | | | | | | | | | | |
| Upgrading Rustdene Sport Grounds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| CKDM | | | | | | | | | | | | | | | |
| Website | 8 366 | - | 8 366 | - | - | 417 | - | - | - | - | - | - | 8 783 | 8 783 | - |
| Expanded Public Works Programme | (58 060) | - | (58 060) | - | 359 775 | - | - | - | 359 775 | - | - | - | (58 060) | - | (58 060) |
| Expanded Public Works Programme | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Multi Purpose Centre - Murraysburg | 136 249 | - | 136 249 | - | - | - | - | - | - | - | - | - | 136 249 | 136 249 | - |
| Total | 6 465 185 | - | 6 465 185 | 10 924 146 | 79 133 555 | 228 636 | - | 7 174 761 | 37 792 410 | 37 652 483 | 112 708 | 10 924 146 | 3 095 014 | 4 709 333 | (1 614 319) |
| UNSPENT/UNPAID CONDITIONAL PUBLIC CONTRIBUTION | | | | | | | | | | | | | | | |
| PRIVAAT | | | | | | | | | | | | | | | |
| Disaster Fund | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Electrification Central Karoo | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Beneficiaries Merweville Housing | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Merweville Library Alteration | 139 052 | - | 139 052 | - | - | 6 903 | - | - | - | - | - | - | 145 955 | 145 955 | - |
| Total | 139 052 | - | 139 052 | - | - | 6 903 | - | - | - | - | - | - | 145 955 | 145 955 | - |
| Total Receipts | 6 604 237 | - | 6 604 237 | 10 924 146 | 79 133 555 | 235 539 | - | 7 174 761 | 37 792 410 | 37 652 483 | 112 708 | 10 924 146 | 3 240 969 | 4 855 288 | (1 614 319) |

APPENDIX E (1) - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

| Description | 2014/15 | | | | | | | 2013/14 |
|--|-----------------|---|-----------------------------|-------------------|--|---|---|-----------------------------|
| | Original Budget | Budget Adjustments (i.t.o. MFMA s28) | Final adjustments budget | Actual Outcome | Variance of Actual Outcome against Adjustments Budget | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| R thousand | | | | | | | | |
| Revenue - Standard | | | | | | | | |
| Governance and administration | 72 468 | (12 094) | 60 374 | 116 600 | 56 226 | 193.1% | 160.9% | 56 140 |
| Executive and council | 39 089 | (12 590) | 26 499 | 25 841 | (658) | 97.5% | 66.1% | 24 512 |
| Budget and treasury office | 32 894 | (364) | 32 530 | 37 887 | 5 358 | 116.5% | 115.2% | 31 317 |
| Corporate services | 485 | 860 | 1 345 | 52 872 | 51 526 | 3929.6% | 10891.0% | 311 |
| Community and public safety | 30 912 | 35 756 | 66 668 | 57 860 | (8 808) | 86.8% | 187.2% | 75 086 |
| Community and social services | 6 087 | 347 | 6 433 | 6 403 | (30) | 99.5% | 105.2% | 4 161 |
| Sport and recreation | 3 226 | (254) | 2 972 | 2 083 | (889) | 70.1% | 64.6% | 1 266 |
| Public safety | 16 220 | 23 845 | 40 065 | 45 995 | 5 930 | 114.8% | 283.6% | 40 800 |
| Housing | 5 380 | 11 819 | 17 198 | 3 380 | (13 819) | 19.7% | 62.8% | 28 859 |
| Health | - | - | - | - | - | - | - | - |
| Economic and environmental services | 8 967 | 4 091 | 13 058 | 13 249 | 191 | 101.5% | 147.8% | 8 703 |
| Planning and development | 452 | 635 | 1 087 | 494 | (593) | 45.5% | 109.4% | 386 |
| Road transport | 8 515 | 3 456 | 11 971 | 12 755 | 784 | 106.5% | 149.8% | 8 318 |
| Environmental protection | - | - | - | - | - | - | - | - |
| Trading services | 142 816 | 11 506 | 154 322 | 131 528 | (22 794) | 85.2% | 92.1% | 115 810 |
| Electricity | 101 801 | 6 623 | 108 424 | 72 466 | (35 957) | 66.8% | 71.2% | 69 940 |
| Water | 18 471 | 3 763 | 22 233 | 25 391 | 3 158 | 114.2% | 137.5% | 21 271 |
| Waste water management | 16 279 | 3 | 16 282 | 25 990 | 9 708 | 159.6% | 159.7% | 17 156 |
| Waste management | 6 266 | 1 117 | 7 383 | 7 680 | 297 | 104.0% | 122.6% | 7 442 |
| Other | - | - | - | - | - | - | - | - |
| Total Revenue - Standard | 255 163 | 39 259 | 294 422 | 319 237 | 24 815 | 108.4% | 125.1% | 255 739 |
| Expenditure - Standard | | | | | | | | |
| Governance and administration | 43 257 | 3 598 | 46 855 | 47 725 | 870 | 101.9% | 110.3% | 54 530 |
| Executive and council | 14 980 | 269 | 15 250 | 14 947 | (302) | 98.0% | 99.8% | 16 802 |
| Budget and treasury office | 15 169 | 2 215 | 17 384 | 17 672 | 287 | 101.7% | 116.5% | 14 069 |
| Corporate services | 13 108 | 1 114 | 14 221 | 15 107 | 885 | 106.2% | 115.2% | 23 660 |
| Community and public safety | 37 042 | 23 124 | 60 165 | 63 250 | 3 085 | 105.1% | 170.8% | 83 680 |
| Community and social services | 9 231 | (253) | 8 978 | 7 663 | (1 315) | 85.3% | 83.0% | 7 291 |
| Sport and recreation | 6 827 | (277) | 6 550 | 6 244 | (306) | 95.3% | 91.5% | 7 099 |
| Public safety | 14 570 | 23 486 | 38 056 | 44 839 | 6 783 | 117.8% | 307.7% | 39 548 |
| Housing | 6 413 | 168 | 6 581 | 4 504 | (2 077) | 68.4% | 70.2% | 29 741 |
| Health | - | - | - | - | - | - | - | - |
| Economic and environmental services | 27 564 | (1 192) | 26 371 | 23 159 | (3 213) | 87.8% | 84.0% | 20 499 |
| Planning and development | 4 805 | 523 | 5 328 | 4 115 | (1 213) | 77.2% | 85.6% | 4 273 |
| Road transport | 22 758 | (1 715) | 21 043 | 19 043 | (2 000) | 90.5% | 83.7% | 16 227 |
| Environmental protection | - | - | - | - | - | - | - | - |
| Trading services | 137 781 | (6 692) | 131 089 | 101 742 | (29 347) | 77.6% | 73.8% | 92 194 |
| Electricity | 97 543 | (7 435) | 90 108 | 56 808 | (33 299) | 63.0% | 58.2% | 58 979 |
| Water | 22 752 | (1 852) | 20 900 | 20 486 | (413) | 98.0% | 90.0% | 17 759 |
| Waste water management | 6 341 | 1 107 | 7 448 | 8 216 | 768 | 110.3% | 129.6% | 5 045 |
| Waste management | 10 813 | 1 488 | 12 302 | 16 231 | 3 930 | 131.9% | 150.1% | 10 411 |
| Other | 332 | 0 | 332 | - | (332) | - | - | - |
| Total Expenditure - Standard | 245 643 | 18 837 | 264 481 | 235 876 | (28 605) | 89.2% | 96.0% | 250 904 |
| Surplus/(Deficit) for the year | 9 520 | 20 421 | 29 941 | 83 361 | 53 420 | 278.4% | 875.7% | 4 835 |

APPENDIX E (2) - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

| Description | 2014/15 | | | | | | | 2013/14 |
|---|-----------------|---|-----------------------------|-------------------|--|---|---|-----------------------------|
| | Original Budget | Budget Adjustments (i.t.o. MFMA s28) | Final adjustments budget | Actual Outcome | Variance of Actual Outcome against Adjustments Budget | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| R thousand | | | | | | | | |
| Revenue by Vote | | | | | | | | |
| Executive and Council | 39 089 | (12 590) | 26 499 | 25 841 | (658) | 97.5% | 66.1% | 24 512 |
| Budget and Treasury Office | 32 894 | (364) | 32 530 | 37 887 | 5 358 | 116.5% | 115.2% | 31 317 |
| Corporate Services | 485 | 860 | 1 345 | 52 872 | 51 526 | 3929.6% | 10891.0% | 311 |
| Community and Social Services | 6 087 | 347 | 6 433 | 6 403 | (30) | 99.5% | 105.2% | 4 161 |
| Sport and Recreation | 3 226 | (254) | 2 972 | 2 083 | (889) | 70.1% | 64.6% | 1 266 |
| Public Safety | 16 220 | 23 845 | 40 065 | 45 995 | 5 930 | 114.8% | 283.6% | 40 800 |
| Road Transport | 8 515 | 3 456 | 11 971 | 12 755 | 784 | 106.5% | 149.8% | 8 318 |
| Electricity | 101 801 | 6 623 | 108 424 | 72 466 | (35 957) | 66.8% | 71.2% | 69 940 |
| Water | 18 471 | 3 763 | 22 233 | 25 391 | 3 158 | 114.2% | 137.5% | 21 271 |
| Waste Water Management | 16 279 | 3 | 16 282 | 25 990 | 9 708 | 159.6% | 159.7% | 17 156 |
| Waste Management | 6 266 | 1 117 | 7 383 | 7 680 | 297 | 104.0% | 122.6% | 7 442 |
| Environmental Protection | - | - | - | - | - | - | - | - |
| Other | 5 832 | 12 454 | 18 285 | 3 874 | (14 411) | 21.2% | 66.4% | 29 245 |
| Example 14 - Vote14 | - | - | - | - | - | - | - | - |
| Example 15 - Vote15 | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | 255 163 | 39 259 | 294 422 | 319 237 | 24 815 | 108.4% | 125.1% | 255 739 |
| Expenditure by Vote to be appropriated | | | | | | | | |
| Executive and Council | 14 980 | 269 | 15 250 | 14 947 | (302) | 98.0% | 99.8% | 16 802 |
| Budget and Treasury Office | 15 169 | 2 215 | 17 384 | 17 672 | 287 | 101.7% | 116.5% | 14 069 |
| Corporate Services | 13 108 | 1 114 | 14 221 | 15 107 | 885 | 106.2% | 115.2% | 23 660 |
| Community and Social Services | 9 231 | (253) | 8 978 | 7 663 | (1 315) | 85.3% | 83.0% | 7 291 |
| Sport and Recreation | 6 827 | (277) | 6 550 | 6 244 | (306) | 95.3% | 91.5% | 7 099 |
| Public Safety | 14 570 | 23 486 | 38 056 | 44 839 | 6 783 | 117.8% | 307.7% | 39 548 |
| Road Transport | 22 758 | (1 715) | 21 043 | 19 043 | (2 000) | 90.5% | 83.7% | 16 227 |
| Electricity | 97 543 | (7 435) | 90 108 | 56 808 | (33 299) | 63.0% | 58.2% | 58 979 |
| Water | 22 752 | (1 852) | 20 900 | 20 486 | (413) | 98.0% | 90.0% | 17 759 |
| Waste Water Management | 6 341 | 1 107 | 7 448 | 8 216 | 768 | 110.3% | 129.6% | 5 045 |
| Waste Management | 10 813 | 1 488 | 12 302 | 16 231 | 3 930 | 131.9% | 150.1% | 10 411 |
| Environmental Protection | - | - | - | - | - | - | - | - |
| Other | 11 551 | 691 | 12 241 | 8 620 | (3 622) | 70.4% | 74.6% | 34 014 |
| Example 14 - Vote14 | - | - | - | - | - | - | - | - |
| Example 15 - Vote15 | - | - | - | - | - | - | - | - |
| Total Expenditure by Vote | 245 643 | 18 837 | 264 481 | 235 876 | (28 605) | 89.2% | 96.0% | 250 904 |
| Surplus/(Deficit) for the year | 9 520 | 20 421 | 29 941 | 83 361 | 53 420 | 278.4% | 875.7% | 4 835 |

APPENDIX E (3) - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE

| Description | 2014/15 | | | | | | | 2013/14 |
|--|-----------------|---|-----------------------------|-------------------|--|---|---|-----------------------------|
| | Original Budget | Budget Adjustments (i.t.o. MFMA s28) | Final adjustments budget | Actual Outcome | Variance of Actual Outcome against Adjustments Budget | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| R thousand | | | | | | | | |
| Revenue By Source | | | | | | | | |
| Property rates | 24 364 | – | 24 364 | 24 583 | 219 | 100.9% | 100.9% | 22 792 |
| Property rates - penalties & collection charges | 620 | – | 620 | 474 | (146) | 76.4% | 76.4% | 400 |
| Service charges | 97 492 | (927) | 96 566 | 88 399 | (8 166) | 91.5% | 90.7% | 85 099 |
| Rental of facilities and equipment | 845 | 9 | 854 | 1 678 | 823 | 196.4% | 198.5% | 815 |
| Interest earned - external investments | 1 060 | – | 1 060 | 1 893 | 833 | 178.6% | 178.6% | 1 012 |
| Interest earned - outstanding debtors | 1 716 | 80 | 1 796 | 1 969 | 173 | 109.6% | 114.7% | 1 858 |
| Dividends received | – | – | – | – | – | – | – | – |
| Fines | 16 120 | 23 840 | 39 960 | 45 969 | 6 009 | 115.0% | 285.2% | 40 874 |
| Licences and permits | 648 | 0 | 648 | 539 | (109) | 83.1% | 83.1% | 546 |
| Agency services | 520 | 60 | 580 | 609 | 29 | 105.0% | 117.2% | 541 |
| Transfers recognised - operational | 83 796 | 1 559 | 85 355 | 76 782 | (8 572) | 90.0% | 91.6% | 77 919 |
| Other revenue | 4 944 | (1 580) | 3 364 | 9 379 | 6 015 | 278.8% | 189.7% | 5 560 |
| Gains on disposal of PPE | – | – | – | – | – | 0.0% | 0.0% | – |
| Total Revenue (excluding capital transfers and contributions) | 232 125 | 23 041 | 255 166 | 252 273 | (2 893) | 1107.4% | 108.7% | 237 415 |
| Expenditure By Type | | | | | | | | |
| Employee related costs | 74 295 | (1 995) | 72 300 | 73 426 | 1 126 | 101.6% | 98.8% | 67 878 |
| Remuneration of councillors | 4 449 | – | 4 449 | 4 356 | (93) | 97.9% | 97.9% | 3 894 |
| Debt impairment | 3 000 | 23 840 | 26 840 | 40 121 | 13 281 | 149.5% | 1337.4% | 27 217 |
| Depreciation & asset impairment | 15 081 | – | 15 081 | 15 044 | (37) | 99.8% | 99.8% | 14 025 |
| Finance charges | 1 940 | 175 | 2 116 | 4 453 | 2 338 | 210.5% | 229.5% | 4 087 |
| Bulk purchases | 53 844 | (2 320) | 51 524 | 43 358 | (8 166) | 84.2% | 80.5% | 39 066 |
| Other materials | 21 053 | 454 | 21 507 | 18 143 | (3 364) | 84.4% | 86.2% | 17 408 |
| Contracted services | 7 907 | 228 | 8 135 | 7 999 | (136) | 98.3% | 101.2% | 11 540 |
| Transfers and grants | 60 | – | 60 | 64 | 4 | 107.4% | 107.4% | 60 |
| Other expenditure | 64 016 | (1 546) | 62 470 | 51 054 | (11 415) | 81.7% | 79.8% | 68 886 |
| Loss on disposal of PPE | – | – | – | 841 | 841 | #DIV/0! | #DIV/0! | 230 |
| Total Expenditure | 245 644 | 18 836 | 264 481 | 258 861 | (5 620) | 1404.1% | 105.4% | 254 291 |
| Surplus/(Deficit) | (13 519) | 4 205 | (9 315) | (6 588) | 2 727 | 70.7% | 48.7% | (16 876) |
| Transfers recognised - capital | 22 868 | 16 388 | 39 256 | 37 652 | (1 603) | 95.9% | 164.6% | 21 348 |
| Contributions recognised - capital | 170 | (170) | – | – | – | – | – | – |
| Contributed assets | – | – | – | 52 296 | 52 296 | 0.0% | 0.0% | 363 |
| Surplus/(Deficit) for the year | 9 519 | 20 422 | 29 941 | 83 361 | 53 420 | 278.4% | 875.8% | 4 835 |

APPENDIX E (4) - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

| Description | 2014/15 | | | | | | | 2013/14 |
|---|-----------------|--------------------------------------|--------------------------|----------------|---|-------------------------------------|--|--------------------------|
| | Original Budget | Budget Adjustments (i.t.o. MFMA s28) | Final adjustments budget | Actual Outcome | Variance of Actual Outcome against Adjustments Budget | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| R thousand | | | | | | | | |
| Capital expenditure - Vote | | | | | | | | |
| Single-year expenditure | | | | | | | | |
| Executive and Council | 31 | (8) | 24 | 11 | (12) | 47.6% | 36.1% | 16 |
| Budget and Treasury Office | 104 | (5) | 99 | 195 | 96 | 196.9% | 188.0% | 125 |
| Corporate Services | 857 | 98 | 954 | 53 122 | 52 167 | 5567.1% | 6202.2% | 328 |
| Community and Social Services | 490 | 12 119 | 12 609 | 522 | (12 087) | 4.1% | 106.4% | 480 |
| Sport and Recreation | 3 200 | (272) | 2 928 | 337 | (2 591) | 11.5% | 10.5% | 883 |
| Public Safety | 465 | (374) | 92 | 166 | 74 | 180.9% | 35.7% | 635 |
| Road Transport | 7 123 | 3 366 | 10 489 | 8 044 | (2 445) | 76.7% | 112.9% | 6 690 |
| Electricity | 4 860 | 5 478 | 10 338 | 12 726 | 2 389 | 123.1% | 261.9% | 9 514 |
| Water | 5 859 | (3 123) | 2 736 | 1 539 | (1 196) | 56.3% | 26.3% | 5 433 |
| Waste Water Management | 4 942 | (2 372) | 2 570 | 15 841 | 13 271 | 616.3% | 320.5% | 5 612 |
| Waste Management | 940 | 37 | 977 | 130 | (847) | 13.3% | 13.8% | 1 780 |
| Environmental Protection | - | - | - | - | - | - | - | - |
| Other | 415 | (331) | 84 | 19 | (65) | 22.9% | 4.7% | 2 |
| Example 14 - Vote14 | - | - | - | - | - | - | - | - |
| Example 15 - Vote15 | - | - | - | - | - | - | - | - |
| Capital single-year expenditure | 29 286 | 14 613 | 43 899 | 92 652 | 48 753 | 211% | 316% | 31 499 |
| Total Capital Expenditure - Vote | 29 286 | 14 613 | 43 899 | 92 652 | 48 753 | 211% | 316% | 31 499 |
| Capital Expenditure - Standard | | | | | | | | |
| Governance and administration | 991 | 86 | 1 077 | 53 327 | 52 251 | 4953.8% | 5381.2% | 470 |
| Executive and council | 31 | (8) | 24 | 11 | (12) | 47.6% | 36.1% | 16 |
| Budget and treasury office | 104 | (5) | 99 | 195 | 96 | 196.9% | 188.0% | 125 |
| Corporate services | 857 | 98 | 954 | 53 122 | 52 167 | 5567.1% | 6202.2% | 328 |
| Community and public safety | 4 174 | 11 473 | 15 647 | 1 029 | (14 617) | 6.6% | 24.7% | 1 998 |
| Community and social services | 490 | 12 119 | 12 609 | 522 | (12 087) | 4.1% | 106.4% | 480 |
| Sport and recreation | 3 200 | (272) | 2 928 | 337 | (2 591) | 11.5% | 10.5% | 883 |
| Public safety | 465 | (374) | 92 | 166 | 74 | 180.9% | 35.7% | 635 |
| Housing | 18 | - | 18 | 5 | (13) | 25.2% | 25.2% | - |
| Health | - | - | - | - | - | - | - | - |
| Economic and environmental services | 7 520 | 3 035 | 10 555 | 8 059 | (2 497) | 76.3% | 107.2% | 6 692 |
| Planning and development | 397 | (331) | 66 | 15 | (51) | 22.3% | 3.7% | 2 |
| Road transport | 7 123 | 3 366 | 10 489 | 8 044 | (2 445) | 76.7% | 112.9% | 6 690 |
| Environmental protection | - | - | - | - | - | - | - | - |
| Trading services | 16 601 | 20 | 16 621 | 30 237 | 13 616 | 181.9% | 182.1% | 22 339 |
| Electricity | 4 860 | 5 478 | 10 338 | 12 726 | 2 389 | 123.1% | 261.9% | 9 514 |
| Water | 5 859 | (3 123) | 2 736 | 1 539 | (1 196) | 56.3% | 26.3% | 5 433 |
| Waste water management | 4 942 | (2 372) | 2 570 | 15 841 | 13 271 | 616.3% | 320.5% | 5 612 |
| Waste management | 940 | 37 | 977 | 130 | (847) | 13.3% | 13.8% | 1 780 |
| Other | - | - | - | - | - | - | - | - |
| Total Capital Expenditure - Standard | 29 286 | 14 613 | 43 899 | 92 652 | 48 753 | 211% | 316% | 31 499 |
| Funded by: | | | | | | | | |
| National Government | 22 489 | 4 116 | 26 605 | 24 176 | (2 430) | 90.9% | 107.5% | 23 707 |
| Provincial Government | 379 | 12 272 | 12 651 | 13 419 | 769 | 106.1% | 3538.8% | 163 |
| District Municipality | - | - | - | - | - | - | - | - |
| Other transfers and grants | - | - | - | - | - | - | - | - |
| Transfers recognised - capital | 22 868 | 16 388 | 39 256 | 37 595 | (1 661) | 96% | 164% | 23 869 |
| Public contributions & donations | 170 | - | 170 | 52 296 | 52 126 | 30762.5% | 30762.5% | 363 |
| Borrowing | 2 460 | - | 2 460 | 790 | (1 670) | 32.1% | 32.1% | 4 093 |
| Internally generated funds | 3 788 | (1 774) | 2 014 | 1 972 | (42) | 97.9% | 52.0% | 3 173 |
| Total Capital Funding | 29 286 | 14 613 | 43 899 | 92 652 | 48 753 | 211% | 316% | 31 499 |

APPENDIX E (5) - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CASH FLOWS

| Description | 2014/15 | | | | | | | 2013/14 |
|--|-----------------|---|-----------------------------|-------------------|--|---|---|-----------------------------|
| | Original Budget | Budget Adjustments (i.t.o. MFMA s28) | Final adjustments budget | Actual Outcome | Variance of Actual Outcome against Adjustments Budget | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Restated Audited Outcome |
| R thousand | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | |
| Receipts | | | | | | | | |
| Ratepayers and other | 143 686 | (6 191) | 137 496 | 115 851 | (21 645) | 84.3% | 80.6% | 119 382 |
| Government - operating | 83 796 | 591 | 84 387 | 80 471 | (3 916) | 95.4% | 96.0% | 81 983 |
| Government - capital | 23 038 | 11 121 | 34 159 | 37 652 | 3 493 | 110.2% | 163.4% | 21 348 |
| Interest | 1 060 | 1 796 | 2 856 | 3 861 | 1 005 | 135.2% | 364.3% | 2 870 |
| Dividends | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | |
| Suppliers and employees | (219 295) | (1 936) | (221 231) | (191 033) | 30 197 | 86.4% | 87.1% | (195 820) |
| Finance charges | (1 940) | (175) | (2 116) | (4 453) | (2 338) | 210.5% | 229.5% | (4 087) |
| Transfers and Grants | (60) | - | (60) | (64) | (4) | 107.4% | 107.4% | (60) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 30 285 | 5 206 | 35 492 | 42 284 | 6 793 | 119.1% | 139.6% | 25 616 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | |
| Receipts | | | | | 13 586 | - | - | |
| Proceeds on disposal of PPE | - | - | - | 222 | | | | - |
| Decrease (Increase) in non-current debtors | - | - | - | - | | | | - |
| Decrease (increase) other non-current receivables | 472 | - | 472 | 1 941 | 1 470 | 411.7% | 411.7% | (2 055) |
| Decrease (increase) in non-current investments | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | |
| Capital assets | (29 286) | (14 613) | (43 899) | (40 500) | 3 399 | 92.3% | 138.3% | (30 288) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (28 815) | (14 613) | (43 428) | (38 337) | 5 091 | 88.3% | 133.0% | (32 343) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | |
| Receipts | | | | | | | | |
| Short term loans | - | - | - | - | - | - | - | - |
| Borrowing long term/refinancing | 2 460 | - | 2 460 | 790 | (1 670) | 32.1% | 32.1% | 4 092 |
| Increase (decrease) in consumer deposits | 84 | - | 84 | - | (84) | - | - | - |
| Payments | | | | | | | | |
| Repayment of borrowing | (2 935) | - | (2 935) | (3 558) | (623) | 121.2% | 121.2% | (3 526) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (391) | - | (391) | (2 768) | (2 377) | 707.9% | 707.9% | 567 |
| NET INCREASE/ (DECREASE) IN CASH HELD | 1 080 | (9 407) | (8 327) | 1 179 | 9 507 | -14.2% | 109.2% | (6 161) |
| Cash/cash equivalents at the year begin: | 4 655 | 7 282 | 11 937 | 11 937 | - | 100.0% | 256.4% | 18 098 |
| Cash/cash equivalents at the year end: | 5 735 | (2 125) | 3 610 | 13 116 | 7 129 | 363.4% | 228.7% | 11 937 |

ANNEXURE B
REPORT OF THE AUDITOR GENERAL

Report of the Auditor-General to the Western Cape Provincial Parliament and the council on 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 1 to 122, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, 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 South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (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 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 municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality'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 the Beaufort West Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with 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.

Revision of the previously issued financial statements

8. Note 56 to the financial statements indicates that the previously issued financial statements for the year ended 30 June 2014, on which I issued an auditor's report dated 28 November 2014, were incorrect and have been reissued.

Restatement of corresponding figures

9. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during 2014-15 in the financial statements of Beaufort West Municipality at, and for the year ended, 30 June 2014.

Material losses

10. As disclosed in note 44.4 to the financial statements, the municipality had material water losses of 50.32% or 1 391 276 kilolitres during the year under review.

Material impairments

11. As disclosed in note 21 to the financial statements, material losses to the amount of R40 million were provided for by the municipality as a result of the impairment of irrecoverable trade receivables.
12. As disclosed in note 32 to the financial statements, material losses to the amount of R3 million were incurred as a result of impairment of capitalised restoration costs.

Material under-spending of the budget

13. As disclosed in note 44 to the financial statements, the municipality has materially underspent its capital budget to the amount of R19 million.

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 123 to 134 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 requirements

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and 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 2015:
 - Basic service delivery and infrastructure development on pages 55 to 61
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*.
21. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
22. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objective: Basic service delivery and infrastructure development.

Additional matters

23. Although I identified 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 55 to 61 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, I did not identify 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:

Budgets

27. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

Annual financial statements

28. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, current liabilities and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and/or the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Audit committees

29. 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 MFMA.
30. 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 MFMA.

31. The audit committee did not advise the council on matters relating to compliance with legislation, as required by section 166(2)(a)(vii) of the MFMA.
32. 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 MFMA.
33. 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 MFMA.
34. 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).
35. The performance audit committee did not make recommendations to the council, as required by Municipal planning and performance management regulation 14(4)(a)(ii).

Internal audit

36. The internal audit unit did not advise the accounting officer or report to the audit committee on matters relating to compliance with the MFMA, the DoRA and other applicable legislation, as required by section 162(2)(b)(vii) of the MFMA.

Human resource management

37. An acting Director Community Services was appointed for a period of more than six months in contravention of section 56(1) of the Municipal Systems Act, 2000 (Act No 32 of 2000) (MSA).
38. 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 14(2)(a).
39. The competencies of all financial officials and supply chain management (SCM) officials were not assessed in a timely manner in order to identify and address gaps in competency levels as required by Municipal Regulations on Minimum Competency Levels 13.
40. The Director: Financial Services and Director: Corporate Services were appointed without having met the prescribed minimum competency levels as required by section 56(1)(b) of the MSA.

Asset management

41. Capital assets were permanently disposed without the approval of the council and the accounting officer as required by section 14(2)(a) of the MFMA.

Expenditure management

42. Reasonable steps were not taken to prevent unauthorised expenditure as required by section 62(1)(d) of the MFMA.

Consequences management

43. Unauthorised and irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.
44. Authorisation of unauthorised expenditure was not done through an adjustment budget, as required by section 32(2)(a)(i) of the MFMA.

Conditional grants and transfers

45. The municipality did not evaluate its performance in respect of the programmes funded by the Municipal Infrastructure Grant allocation, the Municipal Systems Improvement Grant allocation and the Local Government Financial Management Grant allocation, as required by section 12(5) of the DoRA.

Procurement and contract management

46. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM regulation 17(a) & (c).

Internal control

47. 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 internal control deficiencies that resulted in the findings on non-compliance with legislation included in the report.

Leadership

48. 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 prior to their submission for audit resulting in errors not being identified and corrected in the financial statement disclosures. Management did not identify and mitigate the risk of unauthorised expenditure as part of its budget and expenditure management. In respect to human resource management, an acting director community services was appointed for a period of more than six months. Management have not implemented sufficient documented policies and procedures to guide the operations of the municipality, resulting in numerous instances of non-compliance with the MSA, the MFMA and the SCM Regulations.

Financial and performance management

49. 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. Management failed to comply with the Municipal Regulations on Minimum Competency Levels. Management failed to review and effectively monitor the performance of consultants and the status of accounting functions that are contracted out. 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

50. There is no internal audit department at year-end. The work performed by the internal auditor for the year under review was 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), (b) and (c) of the Municipal Finance Management Act. Appropriate risk management activities were not adopted by the municipality to ensure that a regular risk assessment in respect of performance information and compliance with laws and regulations are conducted and that a risk strategy to address the risks is developed and monitored.

Other reports

Investigations

51. An independent consulting firm performed an investigation at the request of the acting municipal manager at the time, into the alleged irregular activities regarding the processing of traffic fines. The investigation was concluded in the prior year and the report was made available in the current year. Additional irregular expenditure was identified as a result and disclosed in the financial statements.

Auditor - General

Cape Town

30 November 2015



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

ANNEXURE C
AUDIT ACTION PLAN

BEAUFORT WEST MUNICIPALITY: MANAGEMENT AUDIT ACTION PLAN - 2014/2015 AUDIT FINDINGS

| Page No | COMAF | No of Findings | Finding | Root Course | Impact on Audit Report | Classification | Reported in previous years | Details of actions to be implemented to address deficiencies | Responsible Official | Completion Date | Progress |
|---------|-------|----------------|--|--|--------------------------------|---------------------------------------|----------------------------|--|----------------------|-----------------|----------|
| | | | MATTERS AFFECTING THE AUDITOR'S REPORT | MATTERS AFFECTING THE AUDITOR'S REPORT | | | | | | | |
| | | | Cash and Cash equivalents | Cash and Cash equivalents | | | | | | | |
| 1 | 1 | | Inaccurate disclosure of cash and cash equivalents | | Matters Affecting Audit Report | Misstatements in financial statements | No | Ensure that the disclosures and of corresponding figures are accurate in the financial statements. In future senior staff members will be tasked to review the AFS for completeness and accuracy prior to submission for audit. Resolved | CFO | N/A | 100% |
| | | 1 | | In respect of the current year figure, Unspent Conditional Grants and Receipts amounts to R4 651 273 in the financial statements. | Matters Affecting Audit Report | Misstatements in financial statements | No | Ensure that the disclosures and of corresponding figures are accurate in the financial statements. In future senior staff members will be tasked to review the AFS for completeness and accuracy prior to submission for audit. Resolved | CFO | N/A | 100% |
| | | 2 | | The amount disclosed as the comparative figure is that of the 2013/14 financial year. Unspent Conditional Grants and Receipts as per the prior year audited financial statements amounts to R7 135 563. | Matters Affecting Audit Report | Misstatements in financial statements | No | Ensure that the disclosures and of corresponding figures are accurate in the financial statements. In future senior staff members will be tasked to review the AFS for completeness and accuracy prior to submission for audit. Resolved | CFO | N/A | 100% |
| | | 3 | | As per inspection of the minutes of meetings held of the Executive Mayor Committee on 29 October 2014, it was confirmed that the following facilities be approved for the period. 1 July 2014 to 30 June 2015 for the Nedbank account: Overdraft – R5 000 000. Fleet Cards – R900 594 | Matters Affecting Audit Report | Misstatements in financial statements | No | Ensure that the disclosures and of corresponding figures are accurate in the financial statements. In future senior staff members will be tasked to review the AFS for completeness and accuracy prior to submission for audit. Resolved | CFO | N/A | 100% |
| | | 4 | | The financial statements are misleading as the ABSA bank account is indicated as the municipality's primary bank account. The engagement team inspected correspondence to Local Government on 28 May 2014 whereby the municipality communicated the change in the municipality's primary bank account to Nedbank, account number 10 7482 0318. | Matters Affecting Audit Report | Misstatements in financial statements | No | Ensure that the disclosures and of corresponding figures are accurate in the financial statements. In future senior staff members will be tasked to review the AFS for completeness and accuracy prior to submission for audit. Resolved | CFO | N/A | 100% |
| | | 5 | | As per inspection of the bank statements of ABSA and Nedbank, the engagement team confirmed that the balance as at 30 June 2015 amounts to R458 674.73 and R3 046 651.67 respectively, resulting in a total balance of R3 505 326.40 | Matters Affecting Audit Report | Misstatements in financial statements | No | Ensure that the disclosures and of corresponding figures are accurate in the financial statements. In future senior staff members will be tasked to review the AFS for completeness and accuracy prior to submission for audit. Resolved | CFO | N/A | 100% |
| 2 | 17 | | Invalid bank reconciling items | Invalid bank reconciling items | Matters Affecting Audit Report | Misstatements in financial statements | 1 | Review the bank reconciliation to ensure that all reconciling items on the bank reconciliation are valid and correctly accounted for. Resolved | CFO | N/A | 100% |
| | | | Provision for Landfill sites | Provision for Landfill sites | | | | | | | |
| 3 | 15 | | Provision for landfill sites of Murraysburg should be disclosed as a current provision in the financial statements | Provision for landfill sites of Murraysburg should be disclosed as a current provision in the financial statements | Matters Affecting Audit Report | Misstatements in financial statements | 1 | Ensure that the disclosure of the provision for landfill site complies with the disclosure requirements set out in paragraph 59 of GRAP 1. Resolved | CFO | N/A | 100% |
| 4 | 14 | | Provision for landfill sites understated in the financial statements | Provision for landfill sites understated in the financial statements | Matters Affecting Audit Report | Misstatements in financial statements | No | Ensure that the provision for landfill sites is appropriately valued. Resolved | CFO | N/A | 100% |
| | | | Accounts Payables | Accounts Payables | | | | | | | |
| 5 | 19 | | Misstatements identified in respect of retention fees | Misstatements identified in respect of retention fees | Matters Affecting Audit Report | Misstatements in financial statements | 1 | Ensure that the retention register is accurate and complete. • Ensure that debit balances in the retention register are appropriately classified as amounts receivable. Resolved | CFO | N/A | 100% |
| | | 1 | | The engagement team identified debit balances to the amount of R1 093 474 in the retention register which results in the understatement of retention fees in the financial statements to the amount of R1 093 474. | Matters Affecting Audit Report | Misstatements in financial statements | 1 | Ensure that the retention register is accurate and complete. • Ensure that debit balances in the retention register are appropriately classified as amounts receivable. Resolved | CFO | N/A | 100% |
| | | 2 | | The engagement team noted that the opening balance of retention fees as per the retention register does not agree with the opening balance of retention fees as per the audit trial balance of the prior year. | Matters Affecting Audit Report | Misstatements in financial statements | 1 | Ensure that the retention register is accurate and complete. • Ensure that debit balances in the retention register are appropriately classified as amounts receivable. Resolved | CFO | N/A | 100% |
| | | 3 | | The engagement team noted that the closing balance of retention fees as per the retention register does not agree with the closing balance of retention fees as per the trial balance. | Matters Affecting Audit Report | Misstatements in financial statements | 1 | Ensure that the retention register is accurate and complete. • Ensure that debit balances in the retention register are appropriately classified as amounts receivable. Resolved | CFO | N/A | 100% |
| 6 | 27 | | Existence of trade payables | Existence of trade payables | Matters Affecting Audit Report | Misstatements in financial statements | No | Ensure that all payments are substantiated by appropriate supporting documentation. Resolved | CFO | N/A | 100% |
| | | | Unauthorised Expenditure | Unauthorised Expenditure | | | | | | | |
| 7 | 36 | | Inaccurate disclosure of unauthorised expenditure | Inaccurate disclosure of unauthorised expenditure | Matters Affecting Audit Report | Misstatements in financial statements | 1 | Ensure that the disclosures of corresponding figures are accurate in the financial statements. In future senior staff members will be tasked to review the AFS for completeness and accuracy prior to submission for audit. Resolved | CFO | N/A | 100% |

| | | Property, plant and equipment | | Property, plant and equipment | | | | | | | |
|----|-----|-----------------------------------|--|--|--------------------------------|---------------------------------------|----|--|-----|-----|------|
| 8 | 32 | | Impairment of land | Impairment of land | Matters Affecting Audit Report | Misstatements in financial statements | 1 | The accounting policy with regards to impairment must be applied. Resolved | CFO | N/A | 100% |
| 9 | 34 | | Deemed cost | Deemed cost | Matters Affecting Audit Report | Misstatements in financial statements | No | Ensure that land and buildings relating to property, plant and equipment is appropriately valued in the financial statements. Resolved | CFO | N/A | 100% |
| 10 | 86 | | Disposals | Disposals | Matters Affecting Audit Report | Misstatements in financial statements | No | Implementing forms of internal control to monitor the accuracy of financial records maintained. Implement procedures to ensure that assets are appropriately classified and are only accounted for once in the asset register to ensure that accurate and reliable accounting records are maintained. Resolved | CFO | N/A | 100% |
| | 1 | | Account for the correction of error relating to disposals made in the previous financial period. | Account for the correction of error relating to disposals made in the previous financial period. | Matters Affecting Audit Report | Misstatements in financial statements | No | Ensure that the disposal of assets are recorded in the correct accounting period. Resolved | CFO | N/A | 100% |
| | 2 | | Implementing forms of internal control to monitor the accuracy of financial records maintained. | Implementing forms of internal control to monitor the accuracy of financial records maintained. | Matters Affecting Audit Report | Misstatements in financial statements | No | Implementing forms of internal control to monitor the accuracy of financial records maintained. Implement procedures to ensure that assets are appropriately classified and are only accounted for once in the asset register to ensure that accurate and reliable accounting records are maintained. Resolved | CFO | N/A | 100% |
| | 3 | | Implementing forms of internal control to ensure that all assets disposed of are indicated as disposed of in the asset register. | Implementing forms of internal control to ensure that all assets disposed of are indicated as disposed of in the asset register. | Matters Affecting Audit Report | Misstatements in financial statements | No | Ensure that all assets disposed are indicated as disposed in the asset register. Resolved | CFO | N/A | 100% |
| | 4 | | In respect of the disposal of assets relating to property, plant and equipment, it was identified that Erf 7413 is duplicated in the accounting records. | In respect of the disposal of assets relating to property, plant and equipment, it was identified that Erf 7413 is duplicated in the accounting records. | Matters Affecting Audit Report | Misstatements in financial statements | No | Implementing forms of internal control to monitor the accuracy of financial records maintained. Implement procedures to ensure that assets are appropriately classified and are only accounted for once in the asset register to ensure that accurate and reliable accounting records are maintained. Resolved | CFO | N/A | 100% |
| | 5 | | In respect of the disposal of assets relating to property, plant and equipment, it was identified that the asset could not be traced to the asset register. | In respect of the disposal of assets relating to property, plant and equipment, it was identified that the asset could not be traced to the asset register. | Matters Affecting Audit Report | Misstatements in financial statements | No | Implementing forms of internal control to monitor the accuracy of financial records maintained. Implement procedures to ensure that assets are appropriately classified and are only accounted for once in the asset register to ensure that accurate and reliable accounting records are maintained. Resolved | CFO | N/A | 100% |
| | | Commitments | | Commitments | | | | | | | |
| 11 | 100 | | Overstatement of commitments | Overstatement of commitments | Matters Affecting Audit Report | Misstatements in financial statements | No | Implement a commitment register to ensure that commitments are appropriately disclosed in the financial statements. Resolved | CFO | N/A | 75% |
| | | Value Added Tax | | Value Added Tax | | | | | | | |
| 12 | 35 | | Variances in Input and Output VAT | Variances in Input and Output VAT | Matters Affecting Audit Report | Misstatements in financial statements | No | Prepare reconciliations between the VAT input and VAT output accounted for during the year and the VAT 201 returns submitted to SARS on a monthly basis. Resolved | CFO | N/A | 75% |
| | | Provision for bad debt impairment | | Provision for bad debt impairment | | | | | | | |
| 13 | 50 | | Misstatements for provision for bad debt impairment – traffic fines | Misstatements for provision for bad debt impairment – traffic fines | Matters Affecting Audit Report | Misstatements in financial statements | No | Management must implement a system to take into account the appropriate factors when determining the provision for debt impairment amount and enforced to improve the collection of traffic fines. | CFO | N/A | 40% |
| 14 | 84 | | Provision for debt impairment | Provision for debt impairment | Matters Affecting Audit Report | Misstatements in financial statements | No | Management must implement a system to take into account the appropriate factors when determining the provision for debt impairment amount and enforced to improve the collection of traffic fines. | CFO | N/A | 40% |
| | 1 | | Re-calculate the provision for debt impairment by taking into account the full population of the debtors and taking into account all appropriate factors in the calculation. | Re-calculate the provision for debt impairment by taking into account the full population of the debtors and taking into account all appropriate factors in the calculation. | Matters Affecting Audit Report | Misstatements in financial statements | No | Management must implement a system to take into account the appropriate factors when determining the provision for debt impairment amount and enforced to improve the collection of traffic fines. | CFO | N/A | 40% |
| | 2 | | In respect of the provision for debt impairment, the figures that was used to calculate the provision for debt impairment differ from the figures as per the financial statements. | In respect of the provision for debt impairment, the figures that was used to calculate the provision for debt impairment differ from the figures as per the financial statements. | Matters Affecting Audit Report | Misstatements in financial statements | No | Management must implement a system to take into account the appropriate factors when determining the provision for debt impairment amount and enforced to improve the collection of traffic fines. | CFO | N/A | 40% |
| | 3 | | In respect of the provision for debt impairment, no evidence existed regarding the recoverability of certain debtors, yet the debtors were not provided for. | In respect of the provision for debt impairment, no evidence existed regarding the recoverability of certain debtors, yet the debtors were not provided for. | Matters Affecting Audit Report | Misstatements in financial statements | No | Management must implement a system to take into account the appropriate factors when determining the provision for debt impairment amount and enforced to improve the collection of traffic fines. | CFO | N/A | 40% |
| | | Revenue | | Revenue | | | | | | | |
| 15 | 49 | | Misstatements identified in traffic fine income | Misstatements identified in traffic fine income | Matters Affecting Audit Report | Misstatements in financial statements | No | Ensure that traffic fines are accurately accounted for in the financial statements. Resolved | CFO | N/A | 50% |
| 16 | 45 | | Fines amount to zero identified in fine revenue | Fines amount to zero identified in fine revenue | Matters Affecting Audit Report | Misstatements in financial statements | No | Ensure that traffic fines are accurately accounted for in the financial statements. Resolved | CFO | N/A | 100% |
| 17 | 46 | | Accuracy misstatements identified in Provincial fines revenue | Accuracy misstatements identified in Provincial fines revenue | Matters Affecting Audit Report | Misstatements in financial statements | No | Ensure that provincial fines are accurately accounted for in the financial statements. Resolved | CFO | N/A | 100% |
| 18 | 47 | | Accuracy misstatements identified in weighbridge fines revenue | Accuracy misstatements identified in weighbridge fines revenue | Matters Affecting Audit Report | Misstatements in financial statements | No | Ensure that weighbridge fines are accurately accounted for in the financial statements. Resolved | CFO | N/A | 100% |
| | | Financial Instruments | | Financial Instruments | | | | | | | |
| 19 | 51 | | Misstatements identified in financial instrument disclosure | Misstatements identified in financial instrument disclosure | Matters Affecting Audit Report | Misstatements in financial statements | 1 | Ensure that the disclosures of financial instruments are accurate in the financial statements. Resolved | CFO | N/A | 100% |
| | | Accumulated Surplus | | Accumulated Surplus | | | | | | | |
| 20 | 54 | | Statements of net assets does not agree with the Statement of Financial Position | Statements of net assets does not agree with the Statement of Financial Position | Matters Affecting Audit Report | Misstatements in financial statements | No | Ensure that the statement of net assets is accurate in the financial statements. Resolved | CFO | N/A | 100% |

| | | Employee related costs | | Employee related costs | | | | | | | |
|----|----|--|--|---|--------------------------------|--|----|--|------------------------------|-----|------|
| 21 | 71 | | No reconciliation performed between payroll system and financial statements | No reconciliation performed between payroll system and financial statements | Matters Affecting Audit Report | Misstatements in financial statements | No | Ensure that the reconciliations are being performed between the payroll system and the financial records. | CFO | N/A | 40% |
| | | Statement of Comparison of Budget and Actual Amounts | | Statement of Comparison of Budget and Actual Amounts | | | | | | | |
| 22 | 78 | | Misstatements identified in the Statement of Comparison of Budget and Actual amounts | Misstatements identified in the Statement of Comparison of Budget and Actual amounts | Matters Affecting Audit Report | Misstatements in financial statements | 2 | Ensure that figures disclosed in the statement of comparison of budget and actual amounts are accurate in the financial statements. Resolved | CFO | N/A | 100% |
| | | Pre-determined Objectives | | Pre-determined Objectives | | | | | | | |
| 23 | 80 | | KPI's not accurate, valid and complete | KPI's not accurate, valid and complete | Matters Affecting Audit Report | Misstatements in annual performance report | 1 | <ul style="list-style-type: none"> Implement controls over daily and monthly processing and reconciling of transactions Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information Review and monitor compliance with applicable laws and regulations | Director, Corporate Services | N/A | 20% |
| | | Supply Chain Management | | Supply Chain Management | | | | | | | |
| 24 | 82 | | Irregular expenditure identified | Irregular expenditure identified | Matters Affecting Audit Report | Misstatements in financial statements | No | <ul style="list-style-type: none"> Review and monitor compliance with applicable laws and regulations Management failed to comply with the SCM Regulations as well the Preferential Procurement Regulations. | CFO | N/A | 50% |
| | | Journals | | Journals | | | | | | | |
| 25 | 98 | | Misstatements identified in journals | Misstatements identified in journals | Matters Affecting Audit Report | Misstatements in financial statements | No | <ul style="list-style-type: none"> Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. | CFO | N/A | 100% |
| | | Internal Audit | | Internal Audit | | | | | | | |
| 26 | 56 | | Non-compliance with section 165 of the MFMA | Non-compliance with section 165 of the MFMA | Matters Affecting Audit Report | Non-compliance with legislation | No | <ul style="list-style-type: none"> Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively. The accounting officer did not ensure an adequately resourced and functioning internal audit unit. | MM | N/A | 100% |
| | | Audit Committee | | Audit Committee | | | | | | | |
| 27 | 57 | | Non-compliance with section 166 of the MFMA | Non-compliance with section 166 of the MFMA | Matters Affecting Audit Report | Non-compliance with legislation | No | <ul style="list-style-type: none"> Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations. The accounting officer to ensure that the audit committee is carrying out its duties as set out in section 166(2)(a) and (c) of the MFMA. | MM | N/A | 50% |
| | | Human Resources | | Human Resources | | | | | | | |
| 28 | 77 | | Failure to comply with the Municipal Regulations on Minimum Competency Levels | Failure to comply with the Municipal Regulations on Minimum Competency Levels | Matters Affecting Audit Report | Non-compliance with legislation | No | <ul style="list-style-type: none"> Review and monitor compliance with applicable laws and regulations Management to comply with the Municipal Regulations on Minimum Competency Levels | MM | N/A | 100% |
| 29 | 24 | | Human Resources – Appointment in an acting capacity | Human Resources – Appointment in an acting capacity | Matters Affecting Audit Report | Non-compliance with legislation | No | <ul style="list-style-type: none"> Review and monitor compliance with applicable laws and regulations The municipal manager/council did not ensure compliance with section 56 of the Municipal Systems Act No. 32 of 2000. | MM | N/A | 100% |
| 30 | 76 | | Appointment of section 57 directors | Appointment of section 57 directors | Matters Affecting Audit Report | Non-compliance with legislation | No | <ul style="list-style-type: none"> Review and monitor compliance with applicable laws and regulations Management failed to comply with sections 56(3), 57(1)(a) and 56(4A)(a) of the Municipal Systems Act as well as sections 12(4), 8(1)(b) and 11(1) of the Regulations on appointment and conditions of employment of senior managers. | MM | N/A | 100% |
| | | Revenue | | Revenue | | | | | | | |
| 31 | 92 | 1 | Non-compliance in respect of revenue | For the valuation roll of Murraysburg, it was noted that the valuation roll does not include the category in which the property falls as required by section 48(2)(b) of the Municipal Property Rates Act | Matters Affecting Audit Report | Non-compliance with legislation | No | <ul style="list-style-type: none"> Review and monitor compliance with applicable laws and regulations Policies and system developed by management must support the legislative requirements of section 48(2)(b) of the Municipal Property Rates as well as section 12(5) of the Division of Revenue Act. | CFO | N/A | 60% |
| | | 2 | | The municipality was unable to provide the engagement team with any evidence that they comply with section 12(5) of DoRA | Matters Affecting Audit Report | Non-compliance with legislation | No | <ul style="list-style-type: none"> Review and monitor compliance with applicable laws and regulations Policies and system developed by management must support the legislative requirements of section 48(2)(b) of the Municipal Property Rates as well as section 12(5) of the Division of Revenue Act. | CFO | N/A | 60% |

| OTHER IMPORTANT MATTERS | | | OTHER IMPORTANT MATTERS | | | OTHER IMPORTANT MATTERS | | | OTHER IMPORTANT MATTERS | | |
|-------------------------------|----|---|---|--|-------------------------|---------------------------------------|----|---|-------------------------------|-----|------|
| Property, plant and equipment | | | Property, plant and equipment | | | Property, plant and equipment | | | Property, plant and equipment | | |
| 32 | 31 | 1 | Depreciation incorrectly calculated | It was noted that the depreciation for certain assets was calculated using the incorrect commission date. This resulted in the understatement of depreciation to the amount of R93 550. | Other important matters | Misstatements in financial statements | 1 | Ensure that depreciation is calculated based from the date the assets are available for use. Resolved | CFO | N/A | 100% |
| 33 | 97 | 1 | Asset Inspection findings | The existence of property, plant and equipment, it was noted that 8 out of 177 (error rate of 5%) assets classified as "Other Assets" were not in working condition. This resulted in a projected misstatement of R 40 623 in the asset class | Other important matters | Misstatements in financial statements | No | Ensure that assets are appropriately classified, accurate, reliable and are only accounted for once in the asset register. Resolved | CFO | N/A | 100% |
| | | 2 | | The completeness of property, plant and equipment, it was noted that 5 out of 406 (error rate of 1%) assets classified as "Other Assets" were not in working condition. This resulted in a projected misstatement of R133 230 in the asset class | Other important matters | Misstatements in financial statements | No | Ensure that assets are appropriately classified, accurate, reliable and are only accounted for once in the asset register. Resolved | CFO | N/A | 100% |
| | | 3 | | The existence of property, plant and equipment, it was noted that 2 out of 39 (error rate 5%) assets classified as "Land" cannot be used due to its poor condition. This results in a projected misstatement of R6 582 in the asset category | Other important matters | Misstatements in financial statements | No | Ensure that assets are appropriately classified, accurate, reliable and are only accounted for once in the asset register. Resolved | CFO | N/A | 100% |
| | | 4 | | The existence of property, plant and equipment, it was noted that 16 out of 177 (error rate of 4%) classified as "Other Assets" could not be inspected to confirm its existence. This resulted in a projected misstatement of R244 047 in the asset class. It was also noted that 1 out of 164 (error rate of 1%) classified as "Infrastructure" could not be inspected to confirm its existence. This resulted in a projected misstatement of R42 662. Furthermore, it was noted that 1 out of 9 (error rate of 11%) classified as "Investment Property" could not be inspected to confirm its existence. This resulted in a projected misstatement of R194 149 | Other important matters | Misstatements in financial statements | No | Ensure that assets are appropriately classified, accurate, reliable and are only accounted for once in the asset register. Resolved | CFO | N/A | 100% |
| | | 5 | | The existence of property, plant and equipment, it was noted that the following asset is duplicated in the investment property register and the asset register. The descriptions in each register is unique. The asset register is therefore overstated by R231 964 | Other important matters | Misstatements in financial statements | No | Ensure that assets are appropriately classified, accurate, reliable and are only accounted for once in the asset register. Resolved | CFO | N/A | 100% |
| | | 6 | | The existence of property, plant and equipment, it was noted that the following asset was stolen and could not be inspected. The asset is however recorded on the asset register | Other important matters | Misstatements in financial statements | No | Ensure that assets are appropriately classified, accurate, reliable and are only accounted for once in the asset register. Resolved | CFO | N/A | 100% |
| | | 7 | | The completeness of property, plant and equipment, it was noted that the following asset was classified incorrectly under the incorrect asset type in the asset register under. The asset was classified as electronic equipment and not as fire brigade equipment | Other important matters | Misstatements in financial statements | No | Ensure that assets are appropriately classified, accurate, reliable and are only accounted for once in the asset register. Resolved | CFO | N/A | 100% |
| | | 8 | | In respect of the completeness of property, plant and equipment, it was noted that 3 out of 475 (error rate of 1%) could not be traced to the asset register. This results in a projected misstatement in the financial statements of R2 378 938 | Other important matters | Misstatements in financial statements | No | Ensure that assets are appropriately classified, accurate, reliable and are only accounted for once in the asset register. Resolved | CFO | N/A | 100% |
| 34 | 44 | | Incorrect water tariffs for November and December | Incorrect water tariffs were used during the months of November and December 2014. The water levels of the Gamka Dam decreased to below 30% and in this instance, the municipality is allowed to increase the water tariffs to motivate consumers to consume less water. The engagement team noted that instead of increasing the water tariffs, the tariffs were accidentally changed (and as a result decreased) to the 2013/2014 approved tariffs. The projected misstatement of this error amounts to R243 252 in the financial statements. | Other important matters | Misstatements in financial statements | No | Management must ensure that the correct tariffs were used. | CFO | N/A | 50% |
| 35 | 43 | 1 | Misstatements in rental income | Management was unable to provide the auditors with the rental agreement/supporting documentation between the Municipality and the lessee. This resulted in a projected misstatement of R379 141. | Other important matters | Misstatements in financial statements | No | Management must ensure that valid agreements exist for the rental of property between the municipality and the lessees. | CFO | N/A | 25% |
| | | 2 | | The contracts expired even before the start of the year under review and therefore there was no valid agreement between the municipality and the lessee for the year under review. | Other important matters | Misstatements in financial statements | No | Management must ensure that lease agreements that are in place and valid. | CFO | N/A | 25% |
| | | 3 | | A misstatement between the amount as per the general ledger and the audited results, resulting in a projected misstatement of R103 561. | Other important matters | Misstatements in financial statements | No | Management must ensure that rental agreements are prepared and properly signed by both parties to ensure that rental income is valid (occurrence) in the financial statements | CFO | N/A | 25% |
| 36 | 48 | 1 | Misstatements in rebates | The rebate amount as per the general ledger (PC06) was less than the approved rebate amount, resulting in a projected misstatement of R 53 634. | Other important matters | Misstatements in financial statements | No | Management must ensure that Rebates are accurately accounted for in the financial statements. Resolved | CFO | N/A | 100% |
| | | 2 | | The engagement team was unable to find the Fiche account of the debtors which may indicate that the indigent register is outdated. | Other important matters | Misstatements in financial statements | No | Management must ensure that Rebates are accurately accounted for in the financial statements. Resolved | CFO | N/A | 100% |
| 37 | 75 | 1 | Misstatements identified in service charges – water | It was noted that for the month of September, for account 14804/14805 the latest reading was 23 units less than the previous month. Due to the inconsistent meter readings, the projected misstatement in the financial statements amounts to R245 219 | Other important matters | Misstatements in financial statements | No | Management must ensure that internal controls in regards to meter readings are in place. Resolved | CFO | N/A | 100% |
| | | 2 | | Inconsistent meter readings as per route listings for account 01339/031098 | Other important matters | Misstatements in financial statements | No | Management must ensure that internal controls in regards to meter readings are in place. Resolved | CFO | N/A | 100% |
| Long - Term Liabilities | | | Long - Term Liabilities | | | Long - Term Liabilities | | | Long - Term Liabilities | | |
| 38 | 95 | | Misstatements identified in lease liabilities | The invoices in respect of June were only received during July 2015 but the payment made in July was included as a reduction to the liability for the year ending 30 June 2015. An amount of R251 227.99 was paid in July in respect of June 2015. Lease liabilities are therefore understated in the financial statements to the amount of R251 227.99 | Other important matters | Misstatements in financial statements | No | Management must ensure that long-term liabilities are appropriately valued in the financial statements. Resolved | CFO | N/A | 100% |

| | | Expenditure | | Expenditure | | | | | | | |
|----|----|---|---|--|-------------------------|---------------------------------------|----|--|-----|-----|------|
| 39 | 38 | | Expenditure recorded in the incorrect financial period | The expenditure was recorded in the incorrect period. This resulted in a projected misstatement of R169 496 by which the expenditure line item in the financial statements may be understated | Other important matters | Misstatements in financial statements | No | Management must ensure that expenditure is recorded in the correct financial year. Resolved | CFO | N/A | 100% |
| 40 | 39 | | Completeness of raw water purchases | It was noted that only 11 payments were processed for Water & Waste Water Engineering in account 4050/0600/000: Raw Water Purchase. The accounting treatment is not consistent with all other suppliers of raw water, resulting in an understatement of the raw water expense in the financial statements. The understatement may be material which could result in the users of the financial statements being misled | Other important matters | Misstatements in financial statements | No | Management must ensure that bulk purchases in respect of Water & Waste Water Engineering is complete in the financial statements. Resolved | CFO | N/A | 100% |
| 41 | 41 | | Incorrect classification of contracted services | Expenditure of a reimbursive nature (employees were repaid for expenditure incurred during training and conferences attended) were classified as contracted services. This resulted in a projected misstatement of R250 207 | Other important matters | Misstatements in financial statements | No | Management must ensure that expenditure which is of a reimbursive nature is appropriately classified as travel and subsistence in the financial statements. Resolved | CFO | N/A | 100% |
| 42 | 37 | | Incorrect treatment of value added tax | The amount recorded in the general ledger was inclusive of value-added tax resulting in a projected misstatement of R45 540. | Other important matters | Misstatements in financial statements | 1 | Management must ensure that expenses are recorded net of value added tax as per accounting policy. Resolved | CFO | N/A | 100% |
| | | Short - Term Employee Benefits | | Short - Term Employee Benefits | | | | | | | |
| 43 | 81 | | Misstatements identified in bonuses | An amount of R4 083 664 is disclosed in note 27 to the financial statements as part of the expense - this would suggest that this amount represent the contribution to the current portion, before the audit adjustment is taken into account. | Other important matters | Misstatements in financial statements | No | Management must ensure that the disclose of bonuses to the financial statements is accurate. Resolved | CFO | N/A | 100% |
| | | Trade Receivables | | Trade Receivables | | | | | | | |
| 44 | 85 | | Misclassification between Exchange and Non-Exchange transactions | Total Other Receivables as per note 19 of the financial statements (Trade Receivables from Exchange Transactions) was understated by R 67 286 and the disclosure of Other Receivables as per note 20 of the financial statements (Other Receivables from Non-Exchange Transactions) was overstated by R 67 286. | Other important matters | Misstatements in financial statements | No | Management must ensure that the amounts disclosed in the financial statements are accurate and classified correctly at year-end. Resolved | CFO | N/A | 100% |
| | | Bad Debts | | Bad Debts | | | | | | | |
| 45 | 90 | | Incorrect amount of bad debts written off disclosed | The amount written off in the financial statements amounted to R3 695 528. The council approved a write-off to the amount of R4 018 046. This results in an understatement of the bad debts written off amount of R 322 518 in the financial statements. | Other important matters | Misstatements in financial statements | No | Management must ensure that the amounts to write-offs as disclosed in the financial statements are accurate. Resolved | CFO | N/A | 100% |
| | | Long- Term Debtors | | Long- Term Debtors | | | | | | | |
| 46 | 55 | 1 | Misstatements identified in long-term debtors | The contract/agreement was not signed by the applicant or an official of Beaufort West Municipality | Other important matters | Misstatements in financial statements | No | Management must ensure that contracts are signed by the applicant or an official of the municipality. Resolved | CFO | N/A | 100% |
| | | 2 | | Management was unable to provide the engagement team with the contract/agreement, resulting in a projected misstatement of R88 423.00 | Other important matters | Misstatements in financial statements | No | Management must ensure that contracts are available for all arrangements. Resolved | CFO | N/A | 100% |
| | | 3 | | The engagement team noted that the amount per the cash-up summary did not agree with the amount deposited per deposit slip | Other important matters | Misstatements in financial statements | No | Management must ensure that the cash as per the cash-up summaries agrees to the total as per the deposit slip. Resolved | CFO | N/A | 100% |
| | | 4 | | The item could not be traced to the debtors arrangement excel spreadsheet, resulting in a projected misstatement of R96 953 | Other important matters | Misstatements in financial statements | No | Management must ensure that contracts are available for all arrangements. Resolved | CFO | N/A | 100% |
| | | Unspent Government Grants and Receipts | | Unspent Government Grants and Receipts | | | | | | | |
| 47 | 68 | | Misstatements identified in unspent/unpaid conditional government grants and receipts | Differences were noted between the balances disclosed in the financial statements and the balances recalculated by the engagement team | Other important matters | Misstatements in financial statements | No | Management must ensure that Unspent and Unpaid conditional government grants and receipts are appropriately valued in the financial statements. Resolved | CFO | N/A | 100% |
| | | Key Management Personnel | | Key Management Personnel | | | | | | | |
| 48 | 67 | 1 | Misstatements identified in disclosure of key management personnel | The descriptive note in the disclosure of key management personnel was not updated with the current year information | Other important matters | Misstatements in financial statements | 1 | Management must ensure that the disclosure of the remuneration of key personnel is accurate and complete in the financial statements. | CFO | N/A | 100% |
| | | 2 | | By inspection of the financial statements it was noted that no disclosure has been made of the remuneration of the Acting Director Community Services who was appointed from 1 September 2014 until 30 June 2015 | Other important matters | Misstatements in financial statements | 1 | Management must ensure that the disclosure of the remuneration of key personnel is accurate and complete in the financial statements. | CFO | N/A | 100% |
| | | 3 | | The total remuneration of the Director Financial Services (F Sabbat) was incorrectly calculated as R783 333 and not R739 250. The disclosure is therefore not mathematical accurate | Other important matters | Misstatements in financial statements | 1 | Management must ensure that the disclosure of the remuneration of key personnel is accurate and complete in the financial statements. | CFO | N/A | 100% |
| | | 4 | | No distinction has been made between the period AC Makendiana was appointed as the Director Community Services (until 31 August 2014) and Director Corporate Services (from 1 September 2014) | Other important matters | Misstatements in financial statements | 1 | Management must ensure that the disclosure of the remuneration of key personnel is accurate and complete in the financial statements. | CFO | N/A | 100% |
| | | Capital Restoration Costs | | Capital Restoration Costs | | | | | | | |
| 49 | 42 | | Incorrect disclosed amounts of capitalised restoration costs | Reconciliation between the opening and closing balances disclosed the incorrect amounts. This incorrect disclosures are due to the fact that an audit difference of R 634 400.76 was identified by the auditors in respect of the provision for landfill sites | Other important matters | Misstatements in financial statements | No | Management must ensure that information in respect of capitalised restoration costs are appropriate in the financial statements. Resolved | CFO | N/A | 100% |

| Other Disclosures | | | Other Disclosures | | | | | | | | |
|---|----|---|--|---|-------------------------|---------------------------------------|----|--|-----|-----|------|
| 50 | 36 | 1 | Inaccurate and incomplete other compulsory disclosures | Note 44.4 - PAYE, SDL and UIF. It was noted that the amounts disclosed under line items "Current year payroll deductions and council contributions" and "Amount paid - current year" does not agree with the engagement team's testing | Other important matters | Misstatements in financial statements | No | Management must ensure that the required disclosure in respect of section 125 of the MFMA is accurate and complete in the financial statements. Resolved | CFO | N/A | 100% |
| | | 2 | | The contributions to organised local government is disclosed in terms of section 125(1)(c) (note 44.1 to the financial statements) but the disclosure is required by section 125(1)(b) of the MFMA. | Other important matters | Misstatements in financial statements | No | Management must ensure that the required disclosure in respect of section 125 of the MFMA is accurate and complete in the financial statements. Resolved | CFO | N/A | 100% |
| | | 3 | | Items listed under no 1 and 2 in COMAF 17 relate to pension and medical aid deductions which were only paid on 6 July 2015. The R0.00 balance unpaid in respect of pension and medical aid deductions is therefore inaccurate in the financial statements | Other important matters | Misstatements in financial statements | No | Management must ensure that the required disclosure in respect of section 125 of the MFMA is accurate and complete in the financial statements. Resolved | CFO | N/A | 100% |
| Employee Benefits | | | Employee Benefits | | | | | | | | |
| 51 | 11 | | Inaccurate disclosure in the financial statements | Certain items were disclosed at values which differed from the actuarial reports. | Other important matters | Misstatements in financial statements | 1 | Management must ensure that the disclosure of employee benefits in the financial statements agrees to the actuarial reports. Resolved | CFO | N/A | 100% |
| 52 | 12 | 1 | Long Service awards | The schedule provided to the actuaries to calculate the long service awards did not agree to the June 2015 pay slips | Other important matters | Misstatements in financial statements | 1 | Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available. Management must ensure that accurate data is provided to actuaries to ensure the appropriate valuation of employee benefits at year-end. Resolved | CFO | N/A | 100% |
| | | 2 | | The employment dates on the schedule provided to the actuaries to calculate the long service awards, did not agree to the employee files | Other important matters | Misstatements in financial statements | 1 | Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available. Management must ensure that accurate data is provided to actuaries to ensure the appropriate valuation of employee benefits at year-end. Resolved | CFO | N/A | 100% |
| | | 3 | | The identification numbers on the schedule provided to the actuaries did not agree to the employee file | Other important matters | Misstatements in financial statements | 1 | Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available. Management must ensure that accurate data is provided to actuaries to ensure the appropriate valuation of employee benefits at year-end. Resolved | CFO | N/A | 100% |
| 53 | 13 | 1 | Post-retirement Benefits | The salaries on the schedule provided to the actuaries to calculate the long service awards did not agree to the June 2015 pay slips | Other important matters | Misstatements in financial statements | 2 | Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available. Management must ensure that accurate data is provided to actuaries to ensure the appropriate valuation of employee benefits at year-end. Resolved | CFO | N/A | 100% |
| | | 2 | | In respect of continuing members receiving post-retirement benefits, no valid supporting documentation could be obtained in order to inspect the accuracy of the data on which the actuaries based the valuation of the post retirement benefit obligation at 30 June 2015 | Other important matters | Misstatements in financial statements | 2 | Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available. Management must ensure that accurate data is provided to actuaries to ensure the appropriate valuation of employee benefits at year-end. Resolved | CFO | N/A | 100% |
| Value Added Tax | | | Value Added Tax | | | | | | | | |
| 54 | 93 | | VAT apportionment – Section 18 | The change in the percentage of taxable supplies decreased by 14.07% (from 92.96% to 78.89%) from the prior year. Due to the change in use of greater than 10%, the auditee is required to account for a change in use adjustment | Other important matters | Non-compliance with legislation | No | Management must ensure that VAT is accounted for in terms of the applicable legislation which resulted in the correct disclosure of VAT. Resolved | CFO | N/A | 100% |
| Employee related costs | | | Employee related costs | | | | | | | | |
| 55 | 6 | | Insufficient accrual raised for PAYE, UIF and SDL | An insufficient accrual was raised for the amounts payable for June 2015, which were due on 7 July 2015. The engagement team inspected note 44.4 to the financial statements and it was confirmed that the municipality complied with the disclosure requirement of section 125(1)(c) of the MFMA, however, the outstanding balance of R120 725 as at 30 June 2015, as disclosed, is inaccurate | Other important matters | Misstatements in financial statements | 1 | Ensure an accurate valuation of the outstanding amount owed to SARS in respect of PAYE, UIF and SDL at year-end. Resolved | CFO | N/A | 100% |
| 56 | 23 | | PAYE deducted incorrectly calculated | The engagement team noted differences between the PAYE as per payslip and PAYE recalculated by the engagement team, resulting in a projected misstatement of R711 296 | Other important matters | Misstatements in financial statements | 1 | Management must ensure that PAYE deductions are accurately calculated and reviewed by management on a monthly basis. Resolved | CFO | N/A | 100% |
| 57 | 25 | | Incorrect calculation of bonuses at year-end | The balance at year-end was overstated. On further investigation, it was noted that the expenditure incurred only included 50% of the actual performance bonuses paid out during the year under review. Furthermore, no adjustment was made in the current year regarding the overprovision of the provision in the prior year | Other important matters | Misstatements in financial statements | No | Ensure that the provision for performance bonuses is appropriately valued at year-end. Resolved | CFO | N/A | 100% |
| 58 | 96 | | Financial Statements Adjustments | The Financial Statements had corrections/adjustments/omissions to be made. | Other important matters | Misstatements in financial statements | 3 | Ensure that the disclosures of figures are accurate in the financial statements. Senior staff members must be tasked to review the AFS for completeness and accuracy prior to submission for audit. Resolved | CFO | N/A | 100% |
| Procurement and Supply Chain Management | | | Procurement and Supply Chain Management | | | | | | | | |
| 59 | 5 | | Disclosures required by section 124(1) of the MFMA | The information disclosed in respect of councillor's arrear account remained unchanged since the prior year | Other important matters | Misstatements in financial statements | 1 | Ensure that the disclosure requirement by section 124(1)(a) and (b) is accurate and complete in the financial statements. Resolved | CFO | N/A | 100% |
| 60 | 69 | | Incorrect treatment of VAT | In respect of other disclosure, particularly note 44.1 – Contributions to organised local government, it was noted that for 1 out of 3 expense transactions (error rate of 33%) in respect of the SALGA contributions, value-added tax was incorrectly accounted for as Input VAT was claimed from a non-VAT vendor | Other important matters | Misstatements in financial statements | No | Ensure that value-added tax are accurately accounted for in the financial records. Resolved | CFO | N/A | 100% |

| Supply Chain Management | | | Supply Chain Management | | | | | | | | |
|---------------------------|-----|---|--|---|-------------------------|---------------------------------------|----|---|------------------------------|-----|------|
| 61 | 28 | | Non-compliance with SCM regulation 18 | Transactions tested between R30 000 and R200 000, the request for quotations was not advertised for at least seven (7) days on the website and official notice board of the municipality | Other important matters | Non-compliance with legislation | 1 | Revise internal policies and procedures to ensure that the municipality complies with the requirements as set out in section 18 of the Supply Chain Management Regulations. | CFO | N/A | 50% |
| 62 | 29 | | Non-compliance with section 116(1) of the MFMA | The contract was not signed by the bidder, purchaser or both | Other important matters | Non-compliance with legislation | No | Ensure tenders awarded during the year under review are appropriately signed by the bidder, purchaser or both. | CFO | N/A | 50% |
| 63 | 30 | 1 | Non-compliance with SCM Regulation 36 | The deviations as reflected in the schedule below were not reported at the next council meeting and were not disclosed in the annual financial statements | Other important matters | Non-compliance with legislation | No | Ensure that there are policies and procedures that will enforce compliance with the disclosure requirements of section 36(2) of the Supply Chain Regulations. Resolved | CFO | N/A | 100% |
| | | 2 | | The deviations as reflected in the Supply Chain Management implementation report and the annual financial statements were disclosed at the incorrect amount | Other important matters | Non-compliance with legislation | No | Ensure that there are policies and procedures that will enforce compliance with the disclosure requirements of section 36(2) of the Supply Chain Regulations. Resolved | CFO | N/A | 100% |
| 64 | 70 | | Non-compliance with SCM Regulation 23 | The bid results were not published on the website of the municipality | Other important matters | Non-compliance with legislation | No | Revise internal policies and procedures to ensure that the municipality complies with section 23(c)(iii) of the Supply Chain Management Regulations. | CFO | N/A | 50% |
| Government Grants | | | Government Grants | | | | | | | | |
| 65 | 101 | 1 | Limitation of scope | As per request for information number 51 sent out on Monday, 19 October 2015, no supporting documentation were obtained from the municipality as at 17:00 on Friday, 23 October 2015, resulting in a limitation of scope and therefore no audit procedures could be performed in respect of these items | Other important matters | Misstatements in financial statements | No | Ensure that financial and non-financial data used are securely stored and kept on file. Management should provide the engagement team with the supporting documentation to avoid the financial statements being qualified. Resolved | CFO | N/A | 100% |
| | | 2 | | As per request for information number 53 sent out on Tuesday, 20 October 2015, no supporting documentation were provided by the municipality as at 17:00 on Friday, 23 October 2015, resulting in a limitation of scope and therefore no audit procedures performed could be provided | Other important matters | Misstatements in financial statements | No | Ensure that financial and non-financial data used are securely stored and kept on file. Management should provide the engagement team with the supporting documentation to avoid the financial statements being qualified. Resolved | CFO | N/A | 100% |
| | | 3 | | As per request for information number 54 sent out on Tuesday, 20 October 2015, no supporting documentation were provided by the municipality as at 17:00 on Friday, 23 October 2015, resulting in a limitation of scope and therefore no audit procedures performed | Other important matters | Misstatements in financial statements | No | Ensure that financial and non-financial data used are securely stored and kept on file. Management should provide the engagement team with the supporting documentation to avoid the financial statements being qualified. Resolved | CFO | N/A | 100% |
| Pre-determined Objectives | | | Pre-determined Objectives | | | | | | | | |
| 66 | 8 | | SDBIP: Submission to National and Provincial Treasury | The amended SDBIP was approved by the mayor on 25 February 2015; however no evidence could be provided to the engagement team that the amended SDBIP was submitted to the national and relevant provincial treasury in both printed and electronic form within 10 days after the council has approved the amended plan | Other important matters | Non-compliance with legislation | 1 | Management must ensure that they comply with sections 20(2)(b) & 27(2)(b) of the Local Government Municipal budget and reporting regulations (GN 393 of 2009) | CFO | N/A | 75% |
| 67 | 9 | | IDP: Submission of amended IDP to MEC for Local Government | The Integrated Development Plan (IDP) for the 2014/15 financial year was adopted/approved by the council on 30 May 2014, however no evidence could be provided to the engagement team to confirm that a copy of the amended IDP was sent to the MEC for Local Government in the province within 10 days after the adoption of the plan | Other important matters | Non-compliance with legislation | No | Management must ensure that they comply with section 32(1)(a) of the Municipal Systems Act, 2000 | CFO | N/A | 75% |
| 68 | 10 | | Adjustment budget not made public within 10 working days | Council approved the adjustment budget on 25 February 2015. The Adjustment Budget and the Amended SDBIP was made public on 13 March 2015 as per notice 25/2015 in the Courier newspaper and the municipal website. Based on above, it was noted that the approved adjustment budget and the amended SDBIP was made public within 12 working days and not within 10 working days after the approval thereof | Other important matters | Non-compliance with legislation | 3 | Management must ensure that they comply with section 26 of the Local Government Municipal Budget and reporting regulations (GN 393 of 2009) | CFO | N/A | 75% |
| 69 | 73 | | Measures taken to improve performance | The annual performance report it was noticed that 8 out of 8 KPIs (error rate of 100%) that did not achieve their target did not report measures to improve the performance in the annual performance report | Other important matters | Non-compliance with legislation | 2 | Management must ensure that measures are taken to improve performance and adhere to annual disclosures as required by section 46(1) of the Municipal Systems Act. | CFO | N/A | 75% |
| 70 | 76 | 1 | Performance contracts of section 57 Directors | The appointment of senior managers (Director: Corporate Services and Director: Financial Services), management was unable to provide the engagement team with application forms submitted by the above-mentioned candidates | Other important matters | Non-compliance with legislation | 1 | Consider reviewing the municipality's internal policies to ensure that they are in line with the legislative requirement to ensure compliance with sections 56(3), 57(1)(a) and 56(4A)(a) of the Municipal Systems Act as well as sections 12(4), 8(1)(b) and 11(1) of the Regulations on appointment and conditions of employment of senior managers | Director: Corporate Services | N/A | 75% |
| | | 2 | | The appointment testing of the Director: Corporate Services, it was noted that the selection panel for the appointment of the senior manager consisted of only two members (Municipal Manager and facilitator) and therefore did not meet the minimum requirement of at least 3 members as required by section 12(4) of the Regulations on appointment and conditions of employment of senior managers | Other important matters | Non-compliance with legislation | 1 | Consider reviewing the municipality's internal policies to ensure that they are in line with the legislative requirement to ensure compliance with sections 56(3), 57(1)(a) and 56(4A)(a) of the Municipal Systems Act as well as sections 12(4), 8(1)(b) and 11(1) of the Regulations on appointment and conditions of employment of senior managers | Director: Corporate Services | N/A | 75% |
| | | 3 | | In respect of the positions of the Director: Corporate Services and Director: Financial Services, management was unable to provide the engagement team with application forms and as a result, the engagement team was unable to confirm whether the municipality complied with section 8(1)(b) of the Regulations on appointment and conditions of employment of senior managers. | Other important matters | Non-compliance with legislation | 1 | Consider reviewing the municipality's internal policies to ensure that they are in line with the legislative requirement to ensure compliance with sections 56(3), 57(1)(a) and 56(4A)(a) of the Municipal Systems Act as well as sections 12(4), 8(1)(b) and 11(1) of the Regulations on appointment and conditions of employment of senior managers | Director: Corporate Services | N/A | 75% |
| | | 4 | | The position of Director: Corporate Services and Director: Financial Services, it was noted that the offer of employment stipulated that the respective candidates will start employment at the municipality on August 1 st , 2014. As per inspection of the employment contracts, the engagement team noted that date of employment was June 30 th , 2014. However, in note 27 to the financial statements, it is disclosed that the Director: Financial Services was appointed from September 1 st , 2014. | Other important matters | Non-compliance with legislation | 1 | Consider reviewing the municipality's internal policies to ensure that they are in line with the legislative requirement to ensure compliance with sections 56(3), 57(1)(a) and 56(4A)(a) of the Municipal Systems Act as well as sections 12(4), 8(1)(b) and 11(1) of the Regulations on appointment and conditions of employment of senior managers | Director: Corporate Services | N/A | 75% |
| | | 5 | | Appointment of senior managers (Director: Corporate Services and Director: Financial Services), it was noted that communications to the MEC, dated 23/07/2014, with regards to the appointment process and outcomes were made after the prescribed 14 day period as set out in section 56(4A)(a) of the Municipal Systems Act. | Other important matters | Non-compliance with legislation | 1 | Consider reviewing the municipality's internal policies to ensure that they are in line with the legislative requirement to ensure compliance with sections 56(3), 57(1)(a) and 56(4A)(a) of the Municipal Systems Act as well as sections 12(4), 8(1)(b) and 11(1) of the Regulations on appointment and conditions of employment of senior managers | Director: Corporate Services | N/A | 75% |

| | | | | | | | | | | | |
|---|----|--|--|---|---------------------------------|---------------------------------|--|--|-----|------|-----|
| 71 | 87 | Roads Infrastructure | The municipality does not have an approved policy in place for the planning, management and reporting of road infrastructure. The municipality does not have an approved road maintenance plan which clearly indicates the strategy to be followed for the financial year for routine / scheduled maintenance for their roads infrastructure | Other important matters | Non-compliance with legislation | No | Management must consider relocating internal policies to ensure that they are in line with the legislative requirement to ensure compliance to the relevant section in the Municipal Structures Act as detailed in the finding above. The municipality should have an approved road maintenance plan which clearly indicates the strategy to be followed for the financial year for routine / scheduled maintenance for their roads infrastructure | Director: Engineering Services | N/A | 50% | |
| 72 | 89 | Water and Sanitation | Backlogs reported in the annual performance report and the disclosure is inconsistent with discussions held with the Director: Engineering | Other important matters | Non-compliance with legislation | No | The municipality must ensure that the backlogs reported in the Annual Performance report are the correct backlogs and are relevant to the municipality. | MM | N/A | 50% | |
| Employee related costs | | | Employee related costs | | | | | | | | |
| 73 | 7 | Late payment of PAYE, UIF and SDL | The PAYE, UIF and SDL of July 2014, April 2014 and June 2015 were made after the 7 th of the next month | Other important matters | Non-compliance with legislation | 1 | Ensure that internal policies are in line with the legislative requirement to ensure compliance to section 6 of the Skills Development Act and section 2(1) of the Fourth Schedule of the South African Income Tax Act. Resolved | CFO | N/A | 100% | |
| 74 | 52 | Acting allowances – Acting less than 10 consecutive days | The employee was requested by the superior to act in a higher post for a period less than 10 consecutive working days | Other important matters | Non-compliance with legislation | No | Ensure that internal policies are in line with the legislative requirements to ensure compliance to paragraph 1.3.2 of the South African Local Government Bargaining Council Main Collective Agreement. | CFO | N/A | 100% | |
| Councillors Remuneration | | | Councillors Remuneration | | | | | | | | |
| 75 | 22 | Incomplete disclosure of remuneration of councillors | No statements were made in the financial statements by the accounting officer whether or not the salaries, allowances and benefits received by councillors are within the upper limits of the approved annual remuneration packages | Other important matters | Non-compliance with legislation | 1 | Ensure that the disclosure of remuneration of councillors is complete in the financial statements to comply with section 124(1)(a) of the MFMA. Resolved | CFO | N/A | 100% | |
| Unauthorized, wasteful and irregular expenditure | | | Unauthorized, wasteful and irregular expenditure | | | | | | | | |
| 76 | 18 | Non-compliance with section 32(4) of the MFMA | No reports were submitted to the mayor, the MEC for local government in the province and the Auditor-General with regard to unauthorised, irregular, fruitless and wasteful expenditure as required by section 32(4) of the MFMA | Other important matters | Non-compliance with legislation | 3 | Implement systems that support the legislative requirements in the reporting of unauthorised, irregular or fruitless and wasteful expenditure to various authorities to ensure compliance with section 32(4) of the MFMA | CFO | N/A | 25% | |
| 77 | 66 | 1 | Non-compliance with section 32 of the MFMA | Council did not investigate all instances of unauthorised, irregular and fruitless and wasteful expenditure to determine whether any person is liable for the expenditure. | Other important matters | Non-compliance with legislation | 1 | Implement systems that support the legislative requirements in the reporting of unauthorised, irregular or fruitless and wasteful expenditure to various authorities to ensure compliance with section 32(4) of the MFMA | CFO | N/A | 25% |
| | | 2 | | Council approved the unauthorised expenditure for the 2013/14 financial year. This was therefore not authorised through an adjustment budget. As confirmed in audit finding 1, no investigation has been performed and therefore the municipality did not comply with section 32(2)(a)(ii) of the MFMA. | Other important matters | Non-compliance with legislation | 1 | Implement systems that support the legislative requirements in the reporting of unauthorised, irregular or fruitless and wasteful expenditure to various authorities to ensure compliance with section 32(4) of the MFMA | CFO | N/A | 25% |
| | | 3 | | The Corporate Services and Social Development Committee on 11 November 2014 and noted the following extract from the minutes of meetings: No disclosure in respect of above has been made in the financial statements and therefore the engagement team is of the opinion that the fruitless and wasteful expenditure is incompletely disclosed in the financial statements | Other important matters | Non-compliance with legislation | 1 | Implement systems that support the legislative requirements in the reporting of unauthorised, irregular or fruitless and wasteful expenditure to various authorities to ensure compliance with section 32(4) of the MFMA | CFO | N/A | 25% |
| Human Resources | | | Human Resources | | | | | | | | |
| 78 | 62 | Excessive overtime worked | The employees worked more overtime than permitted by the Basic Conditions of Employment Act. It was also noted that there are no overtime exception reports generated and no subsequent follow up is performed on employees who have worked more than 40 hours of overtime in a month. | Other important matters | Non-compliance with legislation | 1 | Management must ensure compliance with section 10 of the Basic Conditions of Employment Act. Management must ensure that an overtime exception report is generated and reviewed to identify possible non-compliance with section 10 of the Basic Conditions of Employment Act. All exceptions noted should be appropriately followed-up. | CFO | N/A | 25% | |
| 79 | 53 | Performance Management for employees other than section 56 and section 57 managers | The engagement team was unable to perform the following procedures employees other than section 56 and section 57 managers: | Other important matters | Non-compliance with legislation | 1 | Management must consider implementing the requirements of COGTA/SALGA Guidelines for the Development of a PMS policy Framework in Municipalities as issued in August 2011 for employees other than municipal managers and managers directly accountable to municipal managers | CFO | N/A | 10% | |
| Annual Report and Financial Statements Compliance | | | Annual Report and Financial Statements Compliance | | | | | | | | |
| 80 | 58 | Non-compliance with section 129(3) of the MFMA | The engagement team inspected Notice No. 40/2015, published on 8 April 2015, whereby notice was given that the Local Council has approved on 31 March 2015 the Annual Report for Beaufort West Municipality in respect of the 2013/14 financial year and the applicable Oversight Report which are available for inspection. However, results of audit procedures performed confirmed that the oversight report was adopted by council on 20 March 2015. The oversight report was therefore not published within seven days after its adoption | Other important matters | Non-compliance with legislation | No | Management must ensure that they comply with section 129(3) of the Municipal Finance Management Act. | CFO | N/A | 75% | |
| Related Party Transactions | | | Related Party Transactions | | | | | | | | |
| 81 | 88 | Long outstanding related party debtors balance | The lease agreement has expired on 31 October 2011. A new lease agreement has not yet been agreed upon by both parties therefore as at 30 June 2015 the lease is not supported by a valid lease agreement. As at 30 June 2015 an amount of R 216,056 was outstanding in respect of the lease payments. This is in contravention of paragraph 3 and 17 of the lease agreement. This was not acting in the best interest of the municipality by the council by allowing the lease to continue after the lease agreement was not complied with | Other important matters | Non-compliance with legislation | 1 | The lease should be terminated and steps must be taken by the municipality to collect the outstanding balance or once the outstanding balance has been collected a new lease agreement must be obtained and strictly adhered to. | CFO | N/A | 25% | |
| Expenditure | | | Expenditure | | | | | | | | |
| 82 | 40 | Non-compliance with section 65(2)(e) of the MFMA | Creditors were paid more than 30 days after date of receipt of invoice | Other important matters | Non-compliance with legislation | 3 | Internal controls must be implemented to ensure that management complies with the requirements of section 65(2)(e) of the MFMA. Management must ensure that creditors are being paid within 30 days from the date of statement or invoice, as required by section 65(2)(e) of the MFMA | CFO | N/A | 75% | |

| Liability Management | | | Liability Management | | | | | | | | |
|-------------------------------|----|---|--|---|-------------------------|---------------------------------|----|--|------------------------------------|-----|------|
| 83 | 61 | 1 | Non-compliance in respect of liability management | The municipality does not have a creditors listing which set out what amount is payable to each supplier. | Other important matters | Non-compliance with legislation | No | Revise internal policies and procedures to ensure that they comply with sections 63(2)(a), and 46(2)(a) of the Municipal Finance Management Act. Monthly reconciliations must be implemented. | CFO | N/A | 25% |
| | | 2 | | The engagement team inspected the lease agreement and confirmed that it was signed by the Municipal Manager; however management was unable to provide the auditor with details as to what procurement process was followed for the incurrence of long-term debt | Other important matters | Non-compliance with legislation | No | Revise internal policies and procedures to ensure that they comply with sections 63(2)(a), and 46(2)(a) of the Municipal Finance Management Act | CFO | N/A | 25% |
| Information Technology | | | Information Technology | | | | | | | | |
| 84 | | | IT Governance | <ul style="list-style-type: none"> There is no documented IT Organisational in place. The role of the IT Manager was vacant and Information Security Officer role was not delegated. The IT Steering Committee does not meet on a quarterly basis. The last meeting was held on 13 April 2015. | Other important matters | Internal Control Deficiency | No | Management should finalise the consultation with the municipalities in the surrounding areas to ensure the role and responsibilities of the IT manager be assigned and IT risks and controls prioritised. | Senior Manager: Corporate Services | N/A | 50% |
| 85 | | | User Access Management | <ul style="list-style-type: none"> The access of "Elzette Jonker" whose employment was terminated on 30/11/2014, was only removed from Sebata on 05/02/2015. User access reviews for Sebata were not performed during the period under review. | Other important matters | Internal Control Deficiency | No | Management must ensure that consistent processes are implemented between HR and the system administrators to ensure users' access are removed in a timely manner. | Senior Manager: Corporate Services | N/A | 50% |
| 86 | | | Information technology security | <ul style="list-style-type: none"> The "Domadmin" account used for domain administration was dormant and the account had not been locked or disabled. Further, the password for this account was set to never expire. | Other important matters | Internal Control Deficiency | No | Password expiration must be enabled for the account in line with the municipality's IT Security Policy. | Senior Manager: Corporate Services | N/A | 75% |
| 87 | | | IT Service Continuity | <ul style="list-style-type: none"> Backups were not periodically tested for restorability. | Other important matters | Internal Control Deficiency | No | A backup restore test must be performed regularly to ensure that data can be recovered from backup media when required. The test procedure and results of these tests should be documented and retained on file for future reference. | Senior Manager: Corporate Services | N/A | 50% |
| ADMINISTRATIVE MATTERS | | | ADMINISTRATIVE MATTERS | | | | | | | | |
| Cash and Bank | | | Cash and Bank | | | | | | | | |
| 88 | 3 | 1 | Internal control deficiencies | Mr. D. Louw and Mr. LL de Wet who are still authorised to transact on behalf of the municipality are no longer employed by the municipality | Administrative matters | Internal Control Deficiency | No | Ensure that measures are in place to remove unauthorised signatories as signatories in respect of the ABSA bank account as it creates a risk that payments may be approved by individuals who do not have the appropriate financial delegation to do so. Resolved | CFO | N/A | 100% |
| | | 2 | | Bank reconciliations were performed more than one month after month-end | Administrative matters | Internal Control Deficiency | No | Ensure that measures confirming the application of internal control policies, with regard to the timely performing of bank reconciliations. | CFO | N/A | 50% |
| Employee related costs | | | Employee related costs | | | | | | | | |
| 89 | 4 | | Internal control deficiencies | Temporary worker, Mr. Granille Pienaar, who was employed by the municipality for the period of 1 June 2015 – 30 June 2015. The engagement team noted that the contract was signed and approved by Mr. ER Klink on 25 June 2015 – the terms and conditions of employments were therefore only approved when the duration of the contract was almost complete | Administrative matters | Internal Control Deficiency | No | Employee contracts for permanent and temporary employees must be reviewed and approved by the appropriate level of management before the commencement of the contract. | CFO | N/A | 40% |
| 90 | | | Limitation of scope | In respect of employee related cost, where applicable, the engagement team inspected the supporting documentation and/or authorization for employee deductions. The engagement team was unable to obtain supporting documentation or authorization for the deductions | Administrative matters | Internal Control Deficiency | No | Management must ensure that personnel files are kept up-to-date and complete. | CFO | N/A | 75% |
| 91 | 21 | | Vacancy rates | The overall vacancy rate increased from 18% to 19% in the current year | Administrative matters | Internal Control Deficiency | 1 | Ensure that control measures are implemented to monitoring the vacancy rates and ensure that steps are taken on a timely manner that vacant positions are filled within a reasonable period | CFO | N/A | 50% |
| 92 | 20 | 1 | No supporting documentation and/or employee authorisation for deductions | The engagement team was unable to obtain employment contracts or appointment letters for employees as per the table below. Appropriate approval of employment for the selected employees could therefore not be substantiated | Administrative matters | Internal Control Deficiency | 1 | Management must ensure that personnel files are kept up-to-date and complete. | CFO | N/A | 75% |
| | | 2 | | The engagement team was unable to obtain the latest remuneration package approvals for the employees as per the table below. Thus, authorization by the municipal manager for the appropriate post level and notch could not be substantiated | Administrative matters | Internal Control Deficiency | 1 | Management must ensure that personnel files are kept up-to-date and complete. | CFO | N/A | 75% |
| Property, plant and equipment | | | Property, plant and equipment | | | | | | | | |
| 93 | 33 | 1 | Internal control deviations in respect of PPE and Investment Property | There were 23 assets on the asset register that neither had asset numbers nor unique project references | Administrative matters | Internal Control Deficiency | 1 | Ensure that measures with regards to assigning unique asset numbers to each individual asset on the fixed asset register are in place. | CFO | N/A | 75% |
| | | 2 | | That reconciliations are not being performed between the asset register and the general ledger. This may lead to inconsistencies between the general ledger and the asset register. | Administrative matters | Internal Control Deficiency | 1 | Implement internal control measures regarding reconciliations to be performed between the general ledger accounts and the asset register to identify material misstatements in a timely manner. | CFO | N/A | 25% |
| | | 3 | | The investment property register did not include information and the respective amounts relating to impairment and accumulated impairment. The result thereof is that the investment property register is overstated by R466 582 | Administrative matters | Internal Control Deficiency | 1 | Management should consider implementing forms of internal control to monitor the accuracy of financial records maintained. Procedures to ensure that all information relating to investment property is appropriately included in the investment property register to ensure that accurate and reliable accounting records are maintained. | CFO | N/A | 50% |
| Pre-determined Objectives | | | Pre-determined Objectives | | | | | | | | |
| 94 | 59 | | Internal control deficiencies | Performed in respect of predetermined objectives it was noted that the controls for 28 out of 32 items tested (error rate of 87.50%) are not in place to ensure that the reports and data used to report on the actual performance in the annual performance report are valid, accurate and complete | Administrative matters | Internal Control Deficiency | 2 | Ensure that controls are performed to ensure the validity, accuracy and completeness of the reported figures in the annual performance report | CFO | N/A | 50% |
| 95 | 60 | 1 | KPI's and targets not specific, measurable and relevant | During audit procedures performed on predetermined objectives, it was noted that 1 out of 32 (error rate of 3.1%), indicators and targets were not specific and well defined | Administrative matters | Internal Control Deficiency | 2 | Management must ensure that when indicators and targets are developed, it meets the criteria set out in the National Treasury's Framework for managing programme performance information. | CFO | N/A | 50% |
| | | 2 | | During audit procedures performed on predetermined objectives, it was noted that 2 out of 32 (error rate of 6.3%), indicators and targets were not relevant | Administrative matters | Internal Control Deficiency | 2 | Management must review the KPI's and targets to ensure that it's specific, measurable and relevant. | CFO | N/A | 50% |
| | | 3 | | During audit procedures performed on predetermined objectives, it was noted that 1 out of 32 (error rate of 3.1%), indicators and targets were not relevant | Administrative matters | Internal Control Deficiency | 2 | Management must review the KPI's and targets to ensure that it's specific, measurable and relevant. | CFO | N/A | 50% |

| Inventory | | | Inventory | | | | | | | | |
|---------------------|----|-------------------------------|---|--|-----------------------------|-----------------------------|--|--|-----|-----|------|
| 96 | 63 | Internal control deficiencies | In accordance with the municipality system description in respect of inventory, it was confirmed that stock counts have to be performed on a quarterly basis. For the year under review the engagement team noted that only 3 stock counts were performed and there were deficiencies in respect to delivery notes. | Administrative matters | Internal Control Deficiency | 1 | Management must ensure that internal controls in inventories with regards to issue vouchers, stock counts and delivery notes are in place. | CFO | N/A | 75% | |
| Value Added Tax | | | Value Added Tax | | | | | | | | |
| 97 | 64 | Internal control deficiencies | The VAT 201 forms for all the months of the year under review were not reviewed and signed by a senior official. A monthly VAT reconciliation between the VAT 201 form and the trial balance was not performed for June 2015 | Administrative matters | Internal Control Deficiency | No | Management must ensure that internal controls with regards to the review and reconciliations of value-added tax are in place. | CFO | N/A | 75% | |
| Revenue | | | Revenue | | | | | | | | |
| 98 | 65 | 1 | Internal control deficiencies | The account number inspected was 035083/043103 and the date of the discontinuance was confirmed to be 8 May 2015. The Consbill system was inspected and the engagement team confirmed that the disconnection was successful; however, no evidence of approval for the disconnection could be obtained | Administrative matters | Internal Control Deficiency | No | Management must ensure that internal controls with regards to disconnection are in place. | CFO | N/A | 75% |
| | | | | There were deficiencies in respect of property transfers. | Administrative matters | Internal Control Deficiency | No | Management must ensure that internal controls with regards to property transfers are in place. | CFO | N/A | 75% |
| | | | | The property was not taxable in the prior year and therefore incorrectly included as such in the valuation reconciliation, the property was not exempt in the prior year and was therefore incorrectly included as such in the valuation reconciliation | Administrative matters | Internal Control Deficiency | No | Management must ensure that internal controls with regards to valuations are in place. | CFO | N/A | 75% |
| | | | | No reconciliation are being performed between the invoices received from CKTS and the traffic income per general ledger. Management only account for traffic fines at year-end by posting journals entries | Administrative matters | Internal Control Deficiency | No | Management must ensure that internal controls with regards to reconciliations of traffic fine income are in place. | CFO | N/A | 25% |
| Risk Assessment | | | Risk Assessment | | | | | | | | |
| 99 | 72 | Mitigating the risk | No determination was made on how to best manage or mitigate each of the risks identified and/or what specific actions should be taken to address the risk | Administrative matters | Internal Control Deficiency | No | Management must determine how to best manage or mitigate each of the risks identified and/or what specific actions should be taken to address the risk. | CFO | N/A | 50% | |
| Cash Receipts | | | Cash Receipts | | | | | | | | |
| 100 | 74 | 1 | Internal control deficiencies | The daily total of cash receipts as per the PD05 does not agree with the total of the cash receipts as per the deposit slip. Differences noted are due to credit card purchases which were incorrectly processed as cash by the cashier | Administrative matters | Internal Control Deficiency | No | Management must ensure that internal controls policies with regards to cash receipts are in place. | CFO | N/A | 75% |
| | | | | The receipts were not printed properly when the cash was received | Administrative matters | | | Management must ensure that internal controls policies with regards to cash receipts are in place. | | | 100% |
| Expenditure | | | Expenditure | | | | | | | | |
| 101 | 79 | 1 | Internal control deficiencies | There were instances of fleet expenses on the bank statements where no petrol slips existed for the payment as per bank statement. This implies that no supporting documentation exist for such expenditure. Furthermore, it was confirmed that the fleet expenses reconciliations, where the bank statement is reconciled to the petrol slips, was not reviewed by a manager. The bank statement was signed by the preparer of the reconciliation, but no signature or any other review evidence could be obtained in respect of the reconciliation | Administrative matters | Internal Control Deficiency | No | Management must ensure that internal controls policies with regards to fleet management are in place. | CFO | N/A | 50% |
| | | | | Duplicate payment vouchers for payments made to different suppliers | Administrative matters | Internal Control Deficiency | No | Management must ensure that internal controls with regards to duplicate payment vouchers are in place. | CFO | N/A | 50% |
| Indigent Debtors | | | Indigent Debtors | | | | | | | | |
| 102 | 83 | Internal control deficiencies | During audit procedures performed on indigent debtors, it was noted that for 3 out 30 items selected (error rate 10%), supporting documentation (application forms, identification documents, etc.) could not be provided to the audit team | Administrative matters | Internal Control Deficiency | No | Management must ensure that supporting documentation for indigent debtors are in place to evaluate whether controls implemented are functioning effectively. | CFO | N/A | 75% | |
| Performance Bonuses | | | Performance Bonuses | | | | | | | | |
| 103 | 91 | 1 | Misstatements identified in performance bonuses | Certain key performance indicators (KPI's) used in the performance review report could not be traced to the Annual Performance Report of 2013/2014. These KPI's are required to be aligned with the integrated development plan which is aligned with the annual report | Administrative matters | Internal Control Deficiency | No | <ul style="list-style-type: none"> Internal controls should be implemented to ensure that management complies with the requirements of sections 57(5) and (4B) of the MSA Management must ensure that KPI's are aligned with the integrated development plan and the annual report Management must ensure the accuracy of the performance review report used for performance appraisals | CFO | N/A | 50% |
| | | | | the performance review report used in the appraisal of the section 57 employees and the recalculation by the audit team. This results in the incorrect bonus percentage used in the calculation of the performance bonus | Administrative matters | Internal Control Deficiency | No | <ul style="list-style-type: none"> Internal controls should be implemented to ensure that management complies with the requirements of sections 57(5) and (4B) of the MSA Management must ensure that KPI's are aligned with the integrated development plan and the annual report Management must ensure the accuracy of the performance review report used for performance appraisals | CFO | N/A | 50% |
| Funds and Reserves | | | Funds and Reserves | | | | | | | | |
| 104 | | Insufficient cash available | During audit procedures performed in respect of Funds and Reserves, we noted that the available cash at year-end was not sufficient to back up the reserves and liabilities of the municipality. | Administrative matters | Internal Control Deficiency | 1 | Management should ensure that all cash backed reserves and liabilities are sufficiently backed up by available cash. | CFO | N/A | 75% | |

| Use of Consultants | | | Use of Consultants | | | | | | | | |
|--------------------|----|---|-------------------------------|--|------------------------|-----------------------------|---|--|-----|-----|-----|
| 105 | 99 | 1 | Internal control deficiencies | In respect of the use of consultants: A policy is not in place that defines the main purposes and objective for appointing consultants. A policy/strategy is not in place that includes measures to address over reliance on consultants. Management did not implement action plans to address weaknesses on the use and management of consultants which were reported by external audit in the prior year. Management does not review, at least on an annual basis, whether the objectives of the institution are better achieved through use of consultants or permanent staff. Management information that analyses the extent of the use of consultants, including information on consultants that are appointed to supplement or replace existing capacity to perform normal operational functions is not prepared. | Administrative matters | Internal Control Deficiency | 1 | The accounting officer must exercise oversight responsibility over compliance with laws and regulations and internal control. Policies and systems developed by management must support the legislative requirements of the MFMA and SCM regulations with regards to the appointment and use of consultants. | CFO | N/A | 75% |
| | | 2 | | In respect of Mubeko Africa: Inspected the service level agreement (SLA) and confirmed that the details regarding transfer of skills does not include details regarding employees to be trained, skills to be transferred or monitoring and evaluation arrangements. By inspection of the SLA it was confirmed that the SLA does not include measures to monitor the transfer of skills in the project. As per inspection of the SLA, it was confirmed that no employees were identified to be trained and are available to attend the training programme. There is no formal evidence of skills transfer. As per inspection of the SLA, it was confirmed that performance monitoring is not included as part of the contract | Administrative matters | Internal Control Deficiency | 1 | The accounting officer must exercise oversight responsibility over compliance with laws and regulations and internal control. Policies and systems developed by management must support the legislative requirements of the MFMA and SCM regulations with regards to the appointment and use of consultants. | CFO | N/A | 75% |
| | | 3 | | In respect of Ignite Advisory Services: The last formal needs assessment was performed in 2009. No formal needs assessment was undertaken by management subsequent to 2009 in respect of the appointment of Ignite. The SLA does not include detail about the skills to be transferred or the monitoring and evaluation arrangements. By inspection of the SLA it was confirmed that the SLA does not include measures to monitor the transfer of skills in the project. The SLA provides for the training of the Performance Management/Audit Committees - as per discussion with management, employees were trained to work on the performance management system for the completion of the SDBIP - firstly, the municipality does not have a performance manager. The audit committee did not receive any training and lastly, no formal evidence is available of skills transfer. The end date as per the SLA was 31 July 2009 – the agreement with Ignite Advisory Services is therefore outdated. As per inspection of the SLA, it was confirmed that performance monitoring is not included as part of the contract. As per discussions held with management, the performance of Ignite is monitored before payment is made; however, there is no formal evidence of performance monitoring. | Administrative matters | Internal Control Deficiency | 1 | The accounting officer must exercise oversight responsibility over compliance with laws and regulations and internal control. Policies and systems developed by management must support the legislative requirements of the MFMA and SCM regulations with regards to the appointment and use of consultants. | CFO | N/A | 75% |
| | | 4 | | In respect of Worley Parsons: Inspected the contract and noted that measures to monitor contract performance and delivery have not been defined and implemented. Inspected the contract and noted that measures to monitor contract performance and delivery have not been defined and implemented. Management was unable to supply the auditors with sufficient information as to confirm whether the work of the consultant was monitored by a staff member who is sufficiently senior to ensure that work is performed and the progress made is effective | Administrative matters | Internal Control Deficiency | 1 | The accounting officer must exercise oversight responsibility over compliance with laws and regulations and internal control. Policies and systems developed by management must support the legislative requirements of the MFMA and SCM regulations with regards to the appointment and use of consultants. | CFO | N/A | 75% |

Compiled by:

Compiled by:

Date

Signature

Approved by Municipal Manager:

Approved by Municipal Manager:

Date

Signature

Submitted and approved by Audit Committee

Submitted and approved by Audit Committee

Date

Signature - Chairperson of the Audit Committee

Submitted and approved by Mayoral Committee

Submitted and approved by Mayoral Committee

Date

Signature - Executive Mayor

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CHAPTER 1: EXECUTIVE SUMMARY

CHAPTER 1

COMPONENT A: MAYOR'S FOREWORD



I am pleased to present the Beaufort West Municipal 2015/2016 Annual Report covering period 1 July 2014 to 30 July 2015. This report tracks the Municipality's operational performance in the context of the priorities reflected in its approved 2014/2015 Integrated Development Plan and 2014/2015 Service Delivery and Budget Implementation Plan.

This Annual Report presents to our communities our achievements and challenges during the review year, in the context of the Municipality's strategic objectives and in this the year of the implementations of our current five (5) year IDP (2011/2016).

I am proud of the fact that the Municipality continues to priorities the needs of the poor and the vulnerable. Though the Municipality is hampered by financial constraints. However we are committed to redress and to transformation of our previously disadvantaged and neglected areas.

The provision of basic services within Beaufort West remained relatively static. There has been improvement in refuse removal over this period.

Statistic has shown that Beaufort West Municipality outperforms the Western Cape average basic access to water, sanitation and housing, but lags in terms of refuse removal and energy.

Like all South African cities, towns, Beaufort West Municipality faces the tripartite challenges of unemployment, poverty and inequality. In this regard the institution continuous to prioritize job creation especially through EPWP projects.

In terms of poverty eradication the Municipality supports \pm 5000 services (water and sanitation, electricity, refuse removal).

A number of many institutional achievements are reflected below:-

- Upgrade of Peters Street
- Upgrade of Pastorie And Voortrekker Street intersection in Murraysburg
- Placing gabions in Protea Street
- Replacing existing Stormwater system in Hillside
- Service of 242 unites
- Upgrade of Mandlenkosi Wheely Wagon (library)

I am also pleased to report that our ward committees have been intact and functional and over the year. The Ward Committee systems is vital prerequisite for full public participation in the planning and decision making process of Local Government. The Ward Committee system represents democracy in action and we are heartened by this development. The Ward Committee members have been fully inducted and trained and understand their role fully.

Oversight in Council processes is key in ensuring that the institution in transparent and accountable and in strengthening the trust our communities in the institution as an effective service delivery arm of government. A



CHAPTER 1: EXECUTIVE SUMMARY

spectrum of committee structures exists to fulfil this oversight and monitoring function on behalf of Council such as the multiparty Municipal Public Accounts Committee which is not fully functional and the Audit Committee.

The accomplishments reflected in this Annual Report are results of the combined efforts of the political leadership, administrative management and all municipal officials, many of whom spend long hours and make many sacrifices to ensure that our residents and community services delivery needs are met.

Alderman Truman Prince

EXECUTIVE MAYOR



CHAPTER 1: EXECUTIVE SUMMARY

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW



The Municipality has for the past two (2) years develop its Annual Report in line with the new directives regarding the format and content of National Treasury. It is submitted in compliance with various pieces of legislations such as Section 46 of the Local Government Municipal Systems Act and Section 121 and 127 (2) of the Local Government Finance Management Act.

The Municipality is continuously striving to improve its administrative and governance standards, pursuing both national and provincial benchmarks for governance excellence.

Following a long period of functioning without a Chief Financial Officer and Director: Corporate Services I am pleased to report that the Municipality's administrative leadership has been stabilized through the appointment of the Chief Financial Officer and Director: Corporate Services.

The position of Director: Community Services still remains vacant and is in the recruitment and selection process.

Critical vacancies are continuously being filled. We also are grateful for the support we received from Provincial Departments and National Treasury. The Municipality will continue to take part in all the platforms created to ensure the functioning of the Municipality. Forums such as B2B, Municipal Managers Forums, IDP Managers Forum and Chief Financial Officers Forum are critical. Some of the challenges facing the institution include the following:-

- Limited water resources
- Lack of funding
- Growing indigent register

Beaufort West Municipality has shown some improvement over the years especially in terms of the economic growth and IDP per cap? Which indicates that the citizens benefits by economic growth. Despite the positive economic development there are a number of social and environmental challenges that confronting the Municipality to become sustainable from a development perspective.

Finally I would like to record my sincere appreciation for the support received from the political leadership in Council. Administratively, I would like to thank my Management Team and their staff for their hard work and efforts delivery progress reported in this Annual Report would not have been possible. Collectively, we remain committed to efficient services, delivery to the people and Communities of Beaufort West.

J Booyesen

MUNICIPAL MANAGER

1.2 MUNICIPAL OVERVIEW



CHAPTER 1: EXECUTIVE SUMMARY

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

The 2014/15 Annual Report reflects on the performance of the BWM for the period 1 July 2014 to 30 June 2015. 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 BWM 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 49 586 (88%) 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 6 183 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.



CHAPTER 1: EXECUTIVE SUMMARY

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 and 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 and 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 and 2011</i> | | | | | | | |

Table 3.: Population by Age



CHAPTER 1: EXECUTIVE SUMMARY

1.3.4 HOUSEHOLDS

The number of households within the municipal area increased from 13 603 households in the 2013/14 financial year to 14 102 households in the 2014/15 financial year. This indicates an increase of about 3.54% 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).

| Households | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|----------------------|---------|---------|---------|---------|
| Number of households | 12 084 | 13 384 | 13 603 | 14 102 |

Table 4.: Total Number of Households

1.3.5 DEMOGRAPHIC INFORMATION

a) Municipal Geographical Information

Towering mountains and rolling plains welcome you to the Beaufort West region. Beaufort West, the oldest and largest town in the Central Karoo, lies in an ancient area 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 and northern parts 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 16 330.10 square kilometer with the town situated 851 meters above sea level between the Gamka and Kuils Rivers. The town lies just south of a ridge of hills and north of the Nuweveld Mountains in the Central Karoo where rocks date back some 230 million years. Not only was the first reptile fossil discovered 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.



CHAPTER 1: EXECUTIVE SUMMARY

b) Wards

The municipality is structured into the following 7 wards:

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

Table 5.: Municipal Wards

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

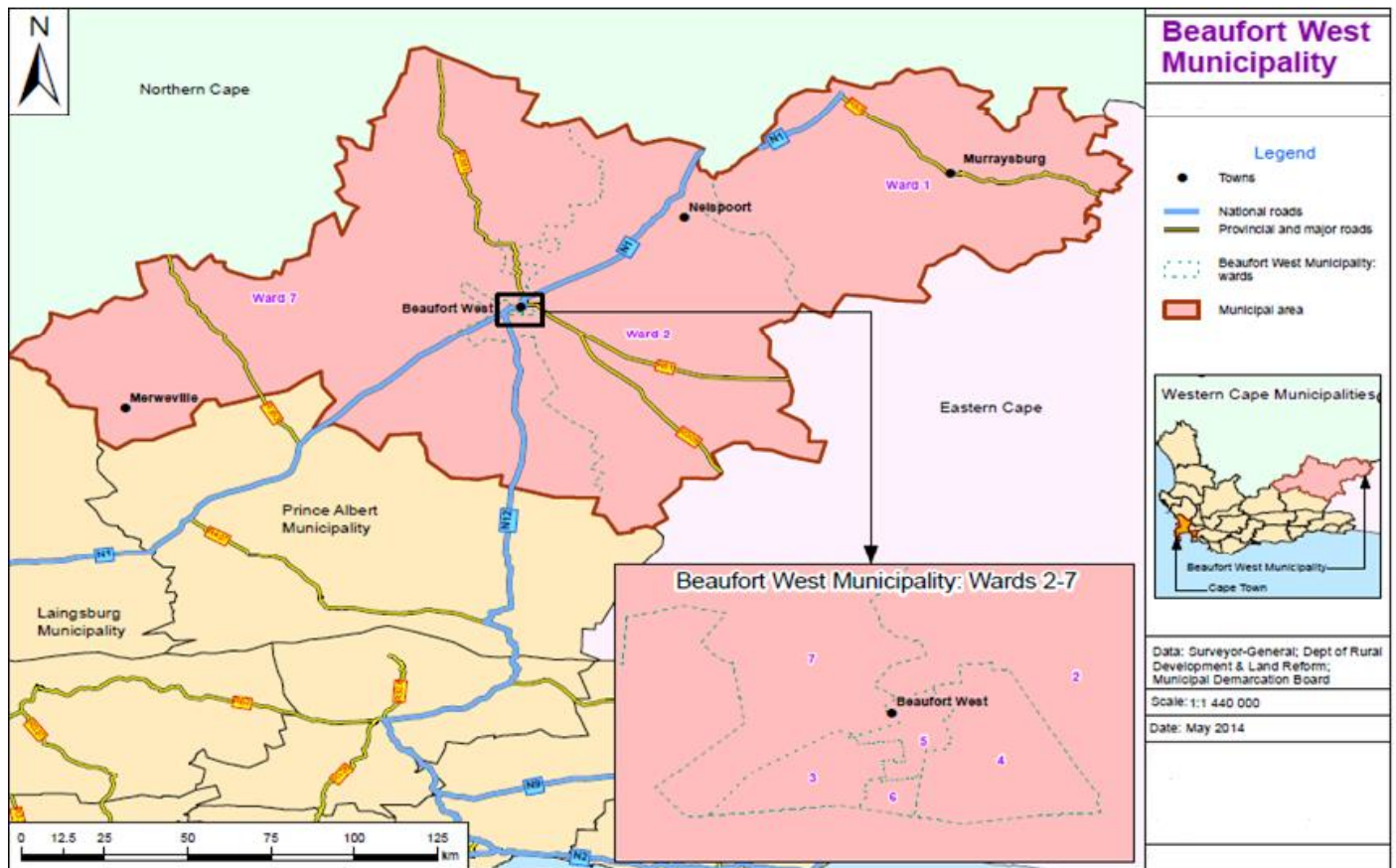


Figure 1.: Beaufort West Municipal Area and Wards



CHAPTER 1: EXECUTIVE SUMMARY

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

Murraysburg

Murraysburg, a typical old-world Great Karoo town that lies 160km north-east of Beaufort West, became Ward 1 with the new demarcation and as a result became a DMA of the BWM, after it was previously a DMA of the Central Karoo District Municipality. Murraysburg, located at the foot of the Sneeuberg Mountains in a scenic mix of mountains and plains, offers tranquility for environmentalists and eco-watchers. In the late 18th century a bloody and vicious war of revenge and retaliation raged for many years between the San and 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".

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 tuberculosis (TB) sufferers. Established in 1924 through the efforts of Dr Alfred Jasper Anderson and John Garlick, a philanthropist, the Nelspoort area was identified as an ideal location for "the first chest hospital on the African continent." By 1969, the first psychiatric patients were admitted. The disastrous socio-economic effects of tuberculosis had decreased by then and the disease could be treated with drugs at home. The old magic mountain method of healing with good food and fresh air was a thing of the past and thus Nelspoort devoted itself to psychiatric patients, maintaining only one TB ward. Today, both roles have declined.



CHAPTER 1: EXECUTIVE SUMMARY

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) |
| | 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 |
|--|---|
| Upgrading of Nelspoort treatment works. | New borehole was developed to ensure sustainable water supply |
| Implementation of Nelspoort bulk water. | New borehole developed to ensure sustainable water supply |
| Murraysburg water treatment works - disinfection of water. | Disinfection units installed at boreholes to ensure safe drinking water to the community |
| Murraysburg – upgrade of Perl street. | Existing gravel road was upgraded to a paved road with associated stormwater drainage |
| Mandlenkosi Dliso and Matshaka Street upgrade | Gravel road upgraded to a paved road |
| Sewerage pump station. | New sewerage pump station constructed to ensure sufficient sewerage services |
| Low cost housing at Mandela Square. | 235 units of 40 square meters houses built |
| Reticulation of 245 houses. | Electrical network installed for 245 houses |
| Flood lights: Merweville. | 4 x 20 scissor masts with 1000 watt metal halide luminaires were installed which will improve the quality of life for the residents of Merweville. This is their only sport facility in town. |
| Flood lights: Rustdene Sport fields. | 6 x 20 scissor masts LED luminaires were installed which will improve the quality of life for the residents of Rustdene |
| Greater Beaufort West: installation of high mast lights. | Installation of 1 x 30m masts in Strelitzia Avenue and in 10 th Avenue, Hillside. It will improve the quality of life for the residents in Hillside by improving safety. |

Table 7.: Basic Services Delivery Highlights



CHAPTER 1: EXECUTIVE SUMMARY

1.4.2 BASIC SERVICES DELIVERY CHALLENGES

| Service Area | Challenge | Actions to address |
|--------------------------|---|---|
| Water | Long term bulk water – municipality cannot provide co- funding. | Budget for co- funding |
| Waste Water (Sanitation) | Upgrading of Murraysburg waste water treatment. | Budget for co-funding |
| Electricity | High cost of electricity. | 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. National Energy Regulators South Africa (NERSA) benchmarks must be followed. |
| | Discipline | The municipality must implement and drive the disciplinary processes to ensure discipline is effectively maintained within the organisation |
| Waste management | Fleet – obsolete refuse collection trucks. | Allocation of budget for the purchase of the correct standard of fleet to manage landfill site properly |
| | Management of the landfill site - Illegal dumping. | Education programs for community |

Table 8.: Basic Services Delivery Challenges

1.4.3 PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES

| Description | 2013/14 | 2014/15 |
|---|---------|---------|
| Electricity service connections. | 100% | 100% |
| Water - available within 200m from dwelling. | 98% | 98% |
| Sanitation - Households with at least Ventilated Improved Pit (VIP) services. | 96% | 98% |
| Waste collection - kerbside collection once a week. | 100% | 100% |

Table 9.: Households with Minimum Level of Basic Services



CHAPTER 1: EXECUTIVE SUMMARY

1.5 FINANCIAL HEALTH OVERVIEW

1.5.1 FINANCIAL VIABILITY HIGHLIGHTS

| Highlight | Description |
|---|--|
| Achieved an average of 91.5% collection rate. | The municipality started the first quarter of the financial year with a very low collection rate but managed to achieve a 12 month moving average of 91.5% |

Table 10.: Financial Viability Highlights

1.5.2 FINANCIAL VIABILITY CHALLENGES

| Challenge | Action to address |
|--|---|
| The municipality recorded significant amounts of overdue debtors at year end. | Improve the credit control and debtors management in respect of overdue debtors and write off uncollectible debts |
| Low revenue collection. | Implement strict revenue collection procedures |
| Capacity shortages and the inability to attract skilled officials for specialised. | Processes will be implemented to attract suitably 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 and Indicator | 2013/14 | 2014/15 |
|---|---------|---------|
| Debt coverage ((Total operating revenue-operating grants received):debt service payments due within the year) | 31% | 33.30% |
| Service debtors to revenue – (Total outstanding service debtors: revenue received for services) | 31.8% | 38.3% |
| Cost coverage ((Available cash+ investments): Monthly fixed operating expenditure | 1:0.7 | 1:0.5 |

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 (transfer recognition) | 83 796 | 85 355 | 76 782 |
| Taxes, Levies and tariffs (property and services) | 122 476 | 121 549 | 113 456 |
| Other (investments and own) | 25 853 | 48 262 | 62 035 |
| Sub Total | 232 125 | 255 166 | 252 273 |
| Less Expenditure | 245 644 | 264 481 | 258 861 |
| Net surplus/(deficit) | (13 519) | (9 315) | (6 588) |



CHAPTER 1: EXECUTIVE SUMMARY

Table 13.: Financial Overview

1.5.5 TOTAL CAPITAL EXPENDITURE

| Detail | 2013/14 | 2014/15 |
|-------------------|-----------|------------|
| | R'000 | |
| Original Budget | 25 022 | 29 286 |
| Adjustment Budget | 34 575 | 43 899 |
| Actual | 30 651 | *92 797 |
| % Spent | 89 | 211 |

**Additional R 52 million received from the Department of Rural Development for the development of infrastructure*

Table 14.: Total Capital Expenditure

1.6 AUDITOR GENERAL REPORT

1.6.1 AUDITED OUTCOMES

| Year | 2011/12 | 2013/14 | 2014/15 |
|------------------|-------------|-------------|-------------|
| Opinion received | Unqualified | Unqualified | Unqualified |

Table 15.: Audit Outcomes



CHAPTER 2: GOOD GOVERNANCE

CHAPTER 2

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is 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.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

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 and Indicators | Municipal Achievement | Municipal Achievement |
|---|-----------------------|-----------------------|
| | 2013/2014 | 2014/15 |
| 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) | 89 | 211 |

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, Councillors 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 2014/15 financial year:

| Council Members | Capacity | Political Party | Ward representing or proportional | Number of meetings attended |
|-----------------|-----------------|-----------------|-----------------------------------|-----------------------------|
| HT Prince | Executive Mayor | ANC | Proportional | 7 |
| L Deyce | Councillor | ANC | Ward 1 | 6 |
| AM Slabbert | Councillor | DA | Ward 2 | 8 |
| G de Vos | Councillor | ANC | Ward 3 | 9 |



CHAPTER 2: GOOD GOVERNANCE

| Council Members | Capacity | Political Party | Ward representing or proportional | Number of meetings attended |
|------------------|------------------------|-----------------|-----------------------------------|-----------------------------|
| SM Motsoane | Speaker | ANC | Ward 4 | 9 |
| M Furmen | Councillor | ANC | Ward 5 | 8 |
| GP Adolph | Fulltime Councillor | ANC | Ward 6 | 8 |
| J Bostander | Councillor | ANC | Ward 7 | 7 |
| EJA Beyers | Deputy Executive Mayor | ICOSA | Proportional | 7 |
| GT Murray | Councillor | DA | Proportional | 7 |
| RA van der Linde | Councillor | DA | Proportional | 7 |
| DE Welgemoed | Councillor | DA | Proportional | 8 |
| AD Willemse | Councillor | DA | Proportional | 8 |

**Deputy Executive Mayor: Councillor EAJ Beyers appointed on 06 August 2015*

Table 17.: Council

The table below indicates the Council meetings attendance for the 2014/15 financial year:

| Meeting dates | Council Meetings Attendance | Apologies for non-attendance |
|-------------------|-----------------------------|------------------------------|
| 02 September 2014 | 10 | 3 |
| 23 September 2014 | 10 | 3 |
| 09 December 2014 | 12 | 1 |
| 27 January 2015 | 12 | 1 |
| 25 February 2015 | 10 | [2] 1 |
| 31 March 2015 | 12 | 1 |
| 29 May 2015 | 12 | 1 |
| 28 June 2015 | 11 | [1] 1 |

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.



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The name and portfolio of each member of the Mayoral Committee is listed in the table below for the period 01 July 2014 to 30 June 2015:

| Name of member | Capacity |
|----------------|------------------------|
| HT Prince | Executive Mayor |
| EAJ Beyers | Deputy Executive Mayor |
| 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 2014/15 financial year:

| Meeting date | Number of reports submitted to Council |
|-----------------|--|
| 18 August 2014 | 3 |
| 29 October 2014 | |
| 10 April 2014 | |

Table 20.: Executive Mayoral Committee Meetings

c) Portfolio Committees

The portfolio committees for the 2014/15 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 |
| HT Prince | G de Vos | 3 | 02 September 2014 10 November 2014 03 February 2014 |
| | M Furmen | | |
| | EAJ Beyers | | |
| | DE Welgemoed | | |
| | R van der Linde | | |
| Corporate Services and Social Development Committee | | | |
| SM Motsoane | GP Adolph | 3 | 08 October 2014 13 October 2014 11 November 2014 |
| | J Bostander | | |
| | EAJ Beyers | | |
| | AD Willemse | | |
| | AM Slabbert | | |
| Human Resource Development Committee | | | |
| M Furmen | M Furmen | 1 | 21 July 2014 |
| | GP Adolph | | |
| | AM Slabbert | | |
| | GT Murray | | |
| Municipal Services and Infrastructure Committee [Community Development Committee and Technical Services Committee) | | | |
| G de Vos | G de Vos | 1 | 12 November 2014 |
| | HT Prince | | |
| | SM Motsoane | | |



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| Financial Services and Development Committee | | | |
|--|---------------|--|---------------|
| Chairperson | Other members | Number of minutes submitted to Council | Meeting Dates |
| | DE Welgemoed | | |
| | 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 |
| J Booysen | Municipal Manager | Yes |
| Vacant since (1 September 2014) | Director: Community Services | No |
| F Sabbat | Director: Financial Services | Yes |
| AC Makendlana | Director: Corporate Services | Yes |
| JCL Smit | Director: Engineering Services | Yes |
| RE van Staden | Director: Electro Technical Services | Yes |

Table 22.: Administrative Governance Structure

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

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

a) Intergovernmental Structures

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

| Name of Structure | Members | Outcomes of Engagements/Topics Discussed |
|-----------------------------|---|---|
| Municipals Managers Forum | SALGA, neighbouring municipalities' Municipal Managers | District based initiatives |
| Premiers Coordinating Forum | Municipal Manager and the Executive Mayor | Responsive, effective and efficient Local Government System |
| SALGA Working Groups | All Councillors are participating in the different Salga working groups | Cooperative governance, consultation and coordination and participative decision-making |
| IDP Managers Forum | Acting IDP Manager | IDP process plans adopted, progress wrt , Joint planning initiatives as agreed by the municipality and sector departments |
| LED Managers Forum | Acting IDP manager | Department of Economic Development to assist in review of the LED strategy |



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| Name of Structure | Members | Outcomes of Engagements/Topics Discussed |
|--|--------------------------------------|---|
| SCM Forum | Manager Supply Chain Management | Enhanced municipal financial and administrative capability |
| IWM Forum | Waste: Superintended | Waste minimization and campaigns |
| IDP Indabas | Acting IDP Manager and all directors | Agree on joint priorities and commit resources to implement these priorities |
| Provincial Public Participation and Communication Forum (PPPCOM) | Personal Assistant to the Speaker | Ensure the coordinated and coherent implementation and establishment of the ward participatory process to encourage the involvement of communities and organisations in matters of local government |
| Provincial Skills Development Forum | Skills Development Facilitator | Ensure and improved training delivery system in the province |
| HR Practitioner's Forum | Manager Human Resource | Educational attainment, skills development, science and innovation and labor market / employment policies |

Table 23.: Intergovernmental Structures

b) Joint Projects and Functions with Sector Departments

All the functions of government are divided between the different spheres namely National, Provincial and Local. The municipality therefore share their area and community with other spheres of government and their various sector departments and has to work closely with national and provincial departments to ensure the effective implementation of various projects and functions. The table below provides detail of such projects and functions:

| Name of Project/ Function | Expected Outcome/s of the Project | Sector Department/s involved | Contribution of Sector Department |
|---------------------------|--|--|--|
| National War on Poverty | Reduce poverty in identified poorest wards in municipal area | National Department of Rural Development | Established steering committee with municipality and other provincial sector departments |

Table 24.: Joint Projects and Functions

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 and | 20 April 2015 21 April 2015 |



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| Nature and purpose of meeting | Date of events |
|-----------------------------------|---|
| Draft Integrated Development Plan | 22 April 2015 23 April 2015 29 April 2015 30 April 2015 05 May 2015 06 May 2015 07 May 2015 |

Table 25.: Public Meetings

2.5 WARD COMMITTEES

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

a) Ward 1: Murraysburg and Murraysburg Rural Areas

| Name of representative | Capacity representing | Dates of meetings held during the year |
|------------------------|------------------------------|--|
| L Deyce | Ward Councillor | 30 July 2014 06 August 2014 16 September 2014 22 October 2014 25 November 2014 10 December 2014 30 January 2015 25 February 2015 07 April 2015 04 May 2015 12 May 2015 |
| ME Sibhozo | Unemployment | |
| N Tshikolo | Welfare | |
| G Douglas | Religion | |
| M Saba | Women | |
| G Zahela | Senior Citizen | |
| F Tshikolo | Environmental Interest Group | |
| S Bans | Health | |
| D Booyen | Community Based Organization | |
| S Pieterse | Youth | |

Table 26.: 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 |
|------------------------|------------------------------|---|
| AM Slabbert | Ward Councillor | 22 July 2014 26 August 2014 15 September 2014 18 November 2014 02 December 2014 31 March 2015 20 April 2015 16 June 2015 |
| J Lodewyk | Community Safety | |
| T Horn | Health | |
| F Maxegwana | Sport | |
| J de Bruyn | Women | |
| M Breda | Religion | |
| T Plaatjies | Community Based Organisation | |
| S Solomons | Education | |
| J Jonas | Women | |
| E Booyen | Youth | |



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Table 27.: 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 |
|------------------------|--------------------------|---|
| G de Vos | Ward Councillor | 13 July 2014 24 August 2014 30 September 2014 20 November 2014 23 February 2015 18 March 2015 20 April 2015 17 June 2015 |
| P Williams | People with disabilities | |
| C Berg | Employment | |
| L Bosman | Welfare | |
| J Frieslaar | Community Safety | |
| L Simon | Labour (Workers) | |
| J Williams | Sport | |
| J Knecht | Religion | |
| C Snyman | Health | |
| E Williams | Environment | |
| A Johannes | Youth | |

Table 28.: 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 |
|------------------------|-----------------------|--|
| SM Motsoane | Ward Councillor | 21 July 2014 27 August 2014 16 September 2014 20 October 2014 19 November 2014 22 January 2015 24 March 2015 20 April 2015 21 May 2015 22 June 2015 |
| M Menziwa | Health | |
| N Ngqandela | Community Safety | |
| S Ntsulelo | Senior Citizen | |
| J Diedericks | Women | |
| S Ngqwala | Religion | |
| E Lawrence | Housing | |
| B Kedama | Business | |
| J Plaatjies | Education | |

Table 29.: Ward 4 Committee Meetings



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

| Name of representative | Capacity representing | Dates of meetings held during the year |
|------------------------|------------------------------|--|
| M Furmen | Ward Councillor | 29 July 2014 09 September 2014 17 October 2014 19 November 2014 11 December 2014 24 March 2015 23 April 2015 10 June 2015 |
| K Grant | Women | |
| G Metsing | Youth | |
| S Nguqu | Community Safety | |
| J Maloy | Senior Citizen | |
| K Siwa | Religion | |
| E Biesies | Health | |
| G Louw | Welfare | |
| H Dick | Community Based Organization | |
| S Phillips | Unemployment | |
| BS Vumazonke | People with Disabilities | |

Table 30.: Ward 5 Committee Meetings

f) Ward 6: Part of Rustdene, Prince Valley

| Name of representative | Capacity representing | Dates of meetings held during the year |
|------------------------|-----------------------|--|
| GP Adolph | Ward Councillor | 03 July 2014 31 July 2014 21 August 2014 23 September 2014 23 September 2014 30 October 2014 27 November 2014 13 December 2014 15 January 2015 24 February 2015 19 March 2015 27 May 2015 30 June 2015 |
| C Arendse | Health | |
| F Martin | Religion | |
| E Lottering | Welfare | |
| A Dassie | Government Services | |
| J Jacobs | Unemployment | |
| S Arries | Women | |
| G October | Sport | |

Table 31.: 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 |
|------------------------|-----------------------|--|
| J Bostander | Ward Councillor | 06 August 2014 12 September 2014 06 January 2015 18 January 2015 27 April 2015 |
| S Nkanyezi | Sport and Culture | |
| J Mdudumani | Business | |
| E Lottering | Sport | |
| A Minnie | Youth | |
| R van Wyk | Women | |
| K Links | Caring Hands | |
| H Willemse | Transport | |



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| Name of representative | Capacity representing | Dates of meetings held during the year |
|------------------------|-----------------------|--|
| M Damon | Safety and Security | |
| E Hough | Women and Safety | |
| E Roman | Women and Children | |

Table 32.: 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 Councillor with consultation and report-backs to the community.

Ward committees should be elected by the community they serve. A ward committee may not have more than 10 members and women should be well represented. The Ward Councillor serves on the ward committee and act as the chairperson. Although ward committees have no formal powers, they advise the ward Councillor who makes specific submissions directly to the administration. These committees play a very important role in the development and annual revision of the 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 | 12 | 12 | Yes |
| 2 | Yes | 10 | 10 | Yes |
| 3 | Yes | 10 | 10 | Yes |
| 4 | Yes | 11 | 11 | Yes |
| 5 | Yes | 9 | 9 | Yes |
| 6 | Yes | 13 | 13 | Yes |
| 7 | Yes | 5 | 5 | Yes |

Table 33.: Functioning of Ward Committees

2.7 REPRESENTATIVE FORUMS

2.7.1 LABOUR FORUM

The table below specifies the members of the Labour Forum for the 2014/15 financial year:

| Name of representative | Capacity | Meeting dates |
|------------------------|------------------------------------|----------------|
| Alderman HT Prince | Employer: Councillor | 20 August 2014 |
| J Bostander | Employer: Councillor | |
| G de Vos | Employer: Councillor | |
| GP Adolph | Employer: Councillor (Chairperson) | |
| GT Murray | Employer: Councillor | |
| J Booysen | Employer: Municipal Manager | |



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| Name of representative | Capacity | Meeting dates |
|------------------------|---|---------------|
| JCL Smit | Employer: Director Engineering Services | |
| H Maans | Labour: SAMWU Chairperson | |
| A Sopete | Labour: SAMWU (Deputy) | |
| TJ Jolingana | Labour: SAMWU | |
| SD Gouws | Labour: SAMWU | |
| I Jacobs | Labour: SAMWU | |
| G Daniels | Labour: SAMWU | |
| G Cedras | Labour: IMATU | |
| W van der Horst | Labour: IMATU | |

Table 34.: 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

To maintain an overall positive perception of the municipality and confidence in the municipality from the public and other stakeholders, well planned goals and objectives should be coordinated and achieved within the municipality. Section 62(1) of the Local Government: MFMA, 2003 (Act 56 of 2003) stipulates that the Accounting Officer must take all reasonable steps to ensure that the municipality has and maintains an effective, efficient and transparent system of financial and risk management and internal control as well as the effective, efficient and economical use of the resources of the municipality. BWM has instituted such a systematic and formalized process in order to identify, assess, manage and monitor risks which effectively ensures achievement of those planned goals and objectives. Thus, risk management is essentially a good governance measure instituted to ensure the municipality accomplish its vision, mission and strategic plans.

The municipality has an approved Risk Management Policy, Framework and Implementation Plan as approved by Council on 29 November 2012. The policy is reviewed annually by the Risk Committee and submitted to the Municipal Manager for approval.

The risk management function is facilitated internally by the internal audit division to ensure the following functions are performed:

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

a) Risk Assessment Process



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The risk assessment for the 2014/15 financial year was completed during June 2014 where risks were identified and categorized into the following groups:

- Operational risks
- Strategic risks

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

b) Top Strategic Risks

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

After the residual risks have been determined it will be categorized again according to high, medium and low risks, where management determined which of the residual risk required further actions to mitigate the residual risk to lessen the severity of the risk identified.

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

| Risk level | Risk | Directorate | Impact | Likelihood | Risk Rating |
|------------|---|-------------|--------|------------|-------------|
| High | Non-existent reserves to replace infrastructure/assets should uninsured damages occur | Strategic | 9 | 9 | 81 |
| High | Risk of financial sustainability for now and in the future Revenue base decreasing relative to increase in population. Lack of funding (Electro Technical, Community, IDP) Lack of resources/funding (Transport, warm bodies, forensic investigators, CAATS, Experts). | Strategic | 9 | 9 | 81 |
| High | Over-dependency on grant funds to sustain service delivery | Strategic | 9 | 9 | 81 |
| High | Failure to attract, appoint and retain skilled and competent workforce/critical vacancies not filled. Nepotism/favouritism (especially temporary staff). Ineffective appointment process due to meetings cancelled or moved continuously resulting in long disruptions in the process. Lack of resources to perform work (vacant posts not filled). Vacant posts (Engineers). Senior posts vacant (Engineers). Supply Chain Management unit. Lack of skilled resources resulting in incorrect specifications for procurement of inventory. Lack of human resources to perform all the necessary tasks (Community). Lack of resources - only one official to perform the work (MM). No dedicated official allocated for disaster management. Lack of a risk management officer. Lack of resources in the HR department to perform all functions effectively. | Strategic | 9 | 9 | 81 |
| High | Non-compliance / existence of approved disaster recovery plan and back-up testing procedures | Corporate | 9 | 9 | 81 |
| High | Vandalism/theft and sabotaging/arson. Road signs, Manhole covers, petrol/diesel, material. Cables stolen, resulting in water pumps not working; effects Delivery of electricity and water services. | Strategic | 9 | 9 | 81 |
| High | Inadequate store and inventory management resulting in stock not delivered at the stores. Store records not updates with good received notes (GRV) and possible theft etc. | Finance | 9 | 9 | 81 |



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| Risk level | Risk | Directorate | Impact | Likelihood | Risk Rating |
|------------|---|-------------|--------|------------|-------------|
| | Murraysburg office - has their own order book but does not communicate the invoice and the order timeously to the Stores Department resulting in non-payment of accounts and suppliers closing the accounts. Stores cannot supply departments with sufficient stock due to lack of communication and planning. Insufficient procedures to identify and monitor obsolete stock. Inappropriate inventory items in stores resulting in disrupted service delivery. | | | | |
| High | Political interference resulting in loss of income. Credit control. Supply Chain Management. Appointment process. Housing allocation. Disciplinary process. Political interference in the payment process resulting in cheques being made out in contradiction to policy (especially subsistence and travel). Political interference resulting in payments not in line with legislation and policies (SAMWU). Councillor interference in payment process - timing of payment. | Strategic | 9 | 9 | 81 |
| High | Ageing and overstretched infrastructure resulting in disrupted service delivery (Engineers, Fire). Equipment / infrastructure (Hillside network and older parts of town). Vehicle testing station equipment. | Strategic | 9 | 9 | 81 |
| High | No municipal accreditation to handle hazardous substances | Community | 10 | 8 | 80 |

Table 35.: Strategic Risks

c) Organisational Risk Assessment

The annual risk assessment, compared to the previous risk assessment, reflected the following change in the risk profile:

| 2013/2014 | | | 2014/2015 | | |
|-----------------|-------|---------------|-----------------|-------|----------------|
| Risk Categories | Risks | % of all risk | Risk Categories | Risks | % of all risks |
| High Rated | 19 | 11 | High Rated | 22 | 47 |
| Medium Rated | 111 | 66 | Medium Rated | 24 | 51 |
| Low Rated | 37 | 23 | Low Rated | 1 | 2 |
| Total | 167 | 100 | Total | 47 | 100 |

Table 36.: Risk Profile



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d) Risk Committee

The role of the Risk Committee is to provide timely and useful enterprise risk management report to the AC of the municipality. The report contains the current top risks of the municipality, which includes:

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

Further detail of the roles of the Risk Committee is included in the approved Risk Committee Charter.

Our Risk Committee consists of the following members:

| Name of Committee Member | Capacity | Meeting dates |
|--------------------------|------------------------|---|
| LW Hawker | Member | Risk Committee appointed in May 2015. All risk related items were tabled at AC meetings. Chairperson will be elected at the first Risk Committee meeting held in the 2015/16 financial year. |
| A Makendlana | Member | |
| J Booyesen | Member | |
| F Sabbat | Member | |
| L Smit | Member | |
| R van Staden | Member | |
| R Klink | Member | |
| Internal Auditor | Member (to be elected) | |
| Chief Risk Officer | Member (to be elected) | |

Table 37.: Members of the Risk Committee

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 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 | Yes (under review) | 29 November 2012 |

Table 38.: Strategies

2.10 AUDIT COMMITTEE

Section 166(2) of the MFMA states that an Audit Committee (AC) is an independent advisory body which must –

- advise the municipal Council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –
- internal financial control;
- risk management;
- performance management; and



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- effective governance.

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

- 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.

a) Members of the Audit Committee

| Name of representative | Capacity | Meeting dates |
|------------------------|-------------|-------------------|
| A Hooker | Chairperson | 28 August 2014 |
| KE McKay | Member | 22 September 2014 |
| T Solomon | Member | 27 November 2014 |
| LW Hawker | Member | 15 January 2015 |

Table 39.: Members of the Audit Committee

2.11 PERFORMANCE AUDIT COMMITTEE

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

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



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Section 166(5) of the MFMA, requires that the members of an AC 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 AC.

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

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

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

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

a) Functions of the Performance Audit Committee

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

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

b) Members of the Performance Audit Committee

| Name of representative | Capacity | Meeting dates |
|------------------------|-------------|-------------------------------------|
| A Hooker | Chairperson | 27 November 2014 15 January 2015 |
| KE McKay | Member | |
| T Solomon | Member | |
| LW Hawker | Member | |

Table 40.: Members of the Performance Audit Committee



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2.12 INTERNAL AUDITING

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

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

The Municipality has an in-house internal audit function.

a) Annual Audit Plan

The table below provides detail on audits completed:

| Description | | | Date completed |
|---|------------------------|---|--|
| Phase 1 | | | |
| Operational and Strategic Risk Assessment | | | 27 June 2014 |
| Phase 2 | | | |
| Compilation of Risk Based Audit Plan | | | 30 June 2014 |
| Phase 3 | | | |
| Type of Audit Engagement | Department | Detail | Date completed |
| Quarterly audit of Key Controls ending: 30 September 2014 31 December 2014 31 March 2015 30 June 2015 | All Directorates | Assessment of key controls to achieve clean administration | October 2014 January 2015 April 2015 |
| Audit of Predetermined Objectives: 30 September 2014 31 December 2014 31 March 2015 30 June 2015 | All Directorates | Quarterly Audit of Performance Information | October 2014 November 2014 May 2015 |
| Ad-hoc Investigation | Human Resources | Murraysburg Overtime and Standby | August 2014 |
| Internal Audit Report | Information Technology | Audit of Information Technology access controls | April 2015 |
| Review of Internal Audit policies | Internal Audit | Review of Internal Audit Manual Review of Internal Audit Charter Review of AC and PAC Charter | March 2015 |
| Compilation of strategy and plan | Anti-Corruption | Review of Anti-Corruption strategy and Implementation plan | February 2015 |

Table 41.: Internal Audit Coverage Plan



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2.13 BY-LAWS AND POLICIES

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

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

| By-Law developed/revised | Date adopted | Public Participation Conducted Prior to adoption of by-Law Yes/No |
|---|-------------------------------|--|
| Tariff Policy Rates Policy Cash and Investment Management Policy Credit Control and Debt Collection Policy Virement Policy Expenditure Management Policy Funding and Reserves Policy Budget Policy Borrowing Policy Supply Management Policy Asset Management Policy Subsistence and Travelling Risk Management Policy and Framework | Council meeting: 30 June 2015 | No |
| Access Control Policy Change Management Policy IT Communications Policy IT Governance Framework IT Policy IT Security Policy Server Security Policy | Council meeting: 30 June 2015 | No |
| Municipal Corporate Governance Information and Communication Technology Policy ICT User Access Management Policy ICT Security Controls Policy ICT Operating System Security Controls Policy ICT Disaster Recovery Policy ICT Service Level Agreement Management Policy (External Service Providers / Vendors ICT Service Level Agreement Management Policy (ICT and Municipality) ICT Data Backup and Recovery Policy | Council meeting: 30 June 2015 | No |
| Draft By-Law On Municipal Land Use Planning | 08 June 2015 | No |

Table 42.: By-Laws Developed and Reviewed

2.14 COMMUNICATION



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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 Strategy | Yes |
| Communication Policy | Yes |
| Functional complaint management systems | Yes |
| Customer satisfaction surveys | No |

Table 43.: Communication Activities

Additional communication channels utilised

| Channel | Yes/No | Number of People Reached |
|------------|--------|--------------------------|
| SMS system | Yes | 120 |

Table 44.: Additional Communication Channels



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2.15 WEBSITE

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

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the municipality's communication strategy.

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

| Description of information and/or document | Yes/No and/or Date Published |
|---|------------------------------|
| Municipal contact details (Section 14 of the Promotion of Access to Information Act) | |
| Full Council details | Yes |
| Contact details of the Municipal Manager | Yes |
| Contact details of the CFO | Yes |
| Physical address of the Municipality | Yes |
| Postal address of the Municipality | Yes |
| Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA) | |
| Draft Budget 2014/15 | Yes |
| Adjusted Budget 2014/15 | Yes |
| Asset Management Policy | Yes |
| Customer Care, Credit control and Debt collection Policy | Yes |
| Indigent Policy | Yes |
| Funds and Reserves Policy | Yes |
| Investment and Cash Management Policy | Yes |
| Rates Policy | Yes |
| Supply Chain Management Policy | Yes |
| Tariff Policy | Yes |
| Virement Policy | Yes |
| Petty Cash Policy | Yes |
| Travel and Subsistence Policy | Yes |
| Long Term Financial Policy | Yes |
| Borrowing Policy | Yes |
| SDBIP 2014/15 | Yes |
| Budget and Treasury Office Structure | Yes |
| Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA) | |
| Reviewed IDP for 2014/15 | Yes |
| IDP Process Plan for 2014/15 | Yes |
| Supply Chain Management (Sections 14(2), 33, 37 and 75(1)(e) and (f) and 120(6)(b) of the MFMA and Section 18(a) of the National SCM Regulation) | |



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| Description of information and/or document | Yes/No and/or Date Published |
|---|------------------------------|
| List of capital assets that have been disposed | Yes |
| Long Term borrowing contracts | Yes |
| SCM contracts above R 30 000 | Yes |
| Service delivery agreements | Yes |
| Public invitations for formal price quotations | Yes |
| Reports (Sections 52(d), 71, 72 and 75(1)(c) and 129(3) of the MFMA) | |
| Annual Report of 2013/14 | Yes |
| Oversight reports | Yes |
| Mid-year budget and performance assessment | Yes |
| Quarterly Reports | Yes |
| Monthly Budget Statement | Yes |
| Local Economic Development (Section 26(c) of the MSA) | |
| Local Economic Development Strategy | Yes |
| Economic Profile | Yes |
| LED Projects | Yes |
| Performance Management (Section 75(1)(d) of the MFMA) | |
| Performance Agreements for employees appointed as per S57 of MSA | Yes |
| Assurance Functions (Sections 62(1), 165 and 166 of the MFMA) | |
| Internal Audit Charter | Yes |
| AC Charter | Yes |
| Risk Management Policy | Yes |

Table 45.: Website Checklist

2.16 SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Policy of the BWM 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 R 200 000

a) Bid Committee Meetings

The following table details the number of bid committee meetings held for the 2014/15 financial year:

| Bid Specification Committee | Bid Evaluation Committee | Bid Adjudication Committee |
|-----------------------------|--------------------------|----------------------------|
| 16 | 20 | 17 |

Table 46.: Bid Committee Meetings



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The members of the bid committees are as follows:

| Bid Specifications Committee | Bid Evaluation Committee | Bid Adjudication Committee |
|------------------------------|--------------------------|----------------------------|
| C de Koker | C de Koker | C de Koker |
| M Lawrence | M Lawrence | M Lawrence |
| DS le Roux | DS le Roux | DS le Roux |
| AC Makendlana | AC Makendlana | AC Makendlana |
| ER Klink | F Sabbat | F Sabbat |
| F Sabbat | R Eland | ER Klink |
| SA Pothberg | SA Pothberg | SA Pothberg |
| JCL Smit | JCL Smit | JCL Smit |
| E v Staden | ER Klink | R Eland |
| PDV Strümpher | PDV Strümpher | PDV Strümpher |
| RE van Staden | RE van Staden | RE van Staden |
| EJJ van Staden | EJJ van Staden | EJJ van Staden |
| CB Wright | CB Wright | CB Wright |
| V Ruiters | V Ruiters | V Ruiters |
| RA Naidoo | RA Naidoo | RA Naidoo |
| HJ Meintjies | HJ Meintjies | HJ Meintjies |
| RW Summers | RW Summers | RW Summers |
| JB Abrahams | JB Abrahams | JB Abrahams |
| JI van Wyk | JI van Wyk | |
| R Eland | | |

Table 47.: Members of Bid Committees

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 01/2015 | 19 November 2014 | Request for proposals: Implement training, support for short skills construction | Klikon Consultancy | 4 485 000 |
| SCM 04/2015 | 13 October 2014 | Request for proposals: Raising of external loans | Nedbank | 3 140 290 |
| SCM 26/2014 | 15 August 2014 | Upgrading of Pieter Street: Main contractor | Trucon | 3 032 931 |
| SCM 12/2015 | 09 February 2015 | Contract for the upgrading of streets in Murraysburg | De Jager Loodgieter Kontrakteurs | 2 137 231 |
| SCM 30/2015 | 30 June 2015 | Professional services: Short term insurance portfolio July 2015 – June 2018 | AON | 2 055 951 |
| SCM 13/2015 | 02 March 2015 | Contract for the | Benver Civils | 1 836 755 |



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| Bid number | Date of award | Title of bid | Successful Bidder | Value of bid awarded R |
|-------------|-------------------|--|----------------------------------|------------------------|
| | | upgrading of Dliso and Matshaka Street | | |
| SCM 02/2015 | 19 September 2014 | Supply and installation of mechanical and electrical borehole pumping equipment for Nelspoort | De Jager Loodgieter Kontrakteurs | 1 265 393 |
| SCM 23/2015 | 24 June 2015 | Supply and delivery of crane truck | AAD truck and bus | 1 000 210 |
| SCM 25/2015 | 11 June 2015 | Request for proposals: appointment of consultant for the review, design, implementation of organizational structure of BWM | Agito Minds | 951 797 |
| SCM 11/2015 | 08 December 2014 | Supply and delivery of assembled IT hardware | Brilliant computers | 363 359 |

Table 48.: 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 2014/15 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 | 5 | 2.18 | 74 841 | 1.13 |
| Sole Supplier | 68 | 29.57 | 2 701 870 | 40.80 |
| Acquisition of special works of art or historical objects where specifications are difficult to compile | 1 | 0.42 | 20 086 | 0.30 |
| Any other exceptional case where it is impossible or impractical to follow the official procurement process | 156 | 67.83 | 3 825 721 | 57.77 |
| Total | 230 | 100 | 6 622 519 | 100 |

Table 49.: Summary of Deviations

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



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| Type of deviation | Number of deviations | % | Value of deviations R |
|---|----------------------|------------|--------------------------|
| Any contract relating to the publication of notices and advertisements by the Municipality | 15 | 15.15 | 273 033 |
| Any contract with an organ of state, a local authority or a public utility corporation or company | 6 | 6.06 | 112 629 |
| The appointment of any person to provide professional advice or services, where the value of such appointment is less than R 200 000 | 26 | 26.26 | 858 504 |
| 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 | 52 | 52.53 | 1 122 577 |
| Total | 99 | 100 | 2 366 743 |

Table 50.: Clause 36(1)(a)(v)- Deviations- Impractical and or Impossible

2.16.3 LOGISTICS MANAGEMENT

The system of logistics management must ensure:

- the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Each stock item at the municipal stores, 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.



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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 2015, the value of stock at the municipal stores amounted to **R 2 924 398** (**R 2 830 630** in 2013/14). For the 2014/15 financial year a total of **R 287** were accounted for as surpluses (**R 4 963** in 2013/14), no deficits (**R 1 113.55** in 2013/14) and no damaged stock items were reported.

The system of disposal management must ensure the following:

- immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise, as community value makes up for the lower market value
- movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- Firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- Immovable property is let at market related rates except when the public interest or plight of the poor demands otherwise;
- All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- Where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- In the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.
- We are complying with section 14 of the MFMA which deals with the disposal of capital assets.
- Assets must be disposed of in terms of Council's Asset Management Policy as well as
- the Immoveable Property Management Policy



CHAPTER 3

This chapter provides an overview of the key service achievements of the municipality that came to fruition during 2014/15 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 2014/15 compared to actual performance in 2013/14.

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 South Africa (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 MSA, 2000 requires municipalities to establish a performance management system. Further, the MSA and the 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.



CHAPTER 3: SERVICE DELIVERY 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 MSA, 2000 and an overall summary of performance on a functional level and municipal services

3.1.3 THE PERFORMANCE SYSTEM FOLLOWED FOR 2014/15

a) The IDP and the Budget

The IDP was reviewed for 2014/15 and Council approved the budget for 2014/15 on 30 May 2014 [item 2]. The IDP and performance management processes are integrated. The IDP fulfills the planning stage of performance management. Performance management in turn, fulfills the implementation management, monitoring and evaluation of the IDP.

The Service Delivery and Budget Implementation Plan (SDBIP) was prepared as described in the paragraphs below and the Top Layer SDBIP approved by the Executive Mayor on 20 June 2014

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.



CHAPTER 3: SERVICE DELIVERY PERFORMANCE

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.

3.1.4 PERFORMANCE MANAGEMENT

Performance management is prescribed by chapter of the MSA, 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 20 June 2014 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 29 October 2014 [item 2] and the second quarterly report on 27 January 2015. The section 72 report in terms of the MFMA, was submitted to Council on the 22 January 2015. The third quarter report was submitted to Council on the 29 May 2015.



CHAPTER 3: SERVICE DELIVERY PERFORMANCE

b) Individual Performance Management

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

The MSA, 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 2014/15 financial year were signed as follows:

| Performance Agreement | Date |
|--------------------------------------|--------------|
| Director: Corporate Services | 29 July 2014 |
| Director: Engineering Services | 28 July 2014 |
| Director: Financial Services | 01 July 2014 |
| Director: Electro Technical Services | 29 July 2014 |
| Municipal Manager | 29 July 2014 |

Table 51.: Performance Agreement: Signed Date

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The final evaluation of the 2013/14 financial year (1 January 2014 to 30 June 2014) took place on 20 October 2014. The final evaluation of the 2014/15 financial year (1 January 2015 to 30 June 2015) is scheduled to take place on 22 September 2015.

3.2 INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2014/15

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.



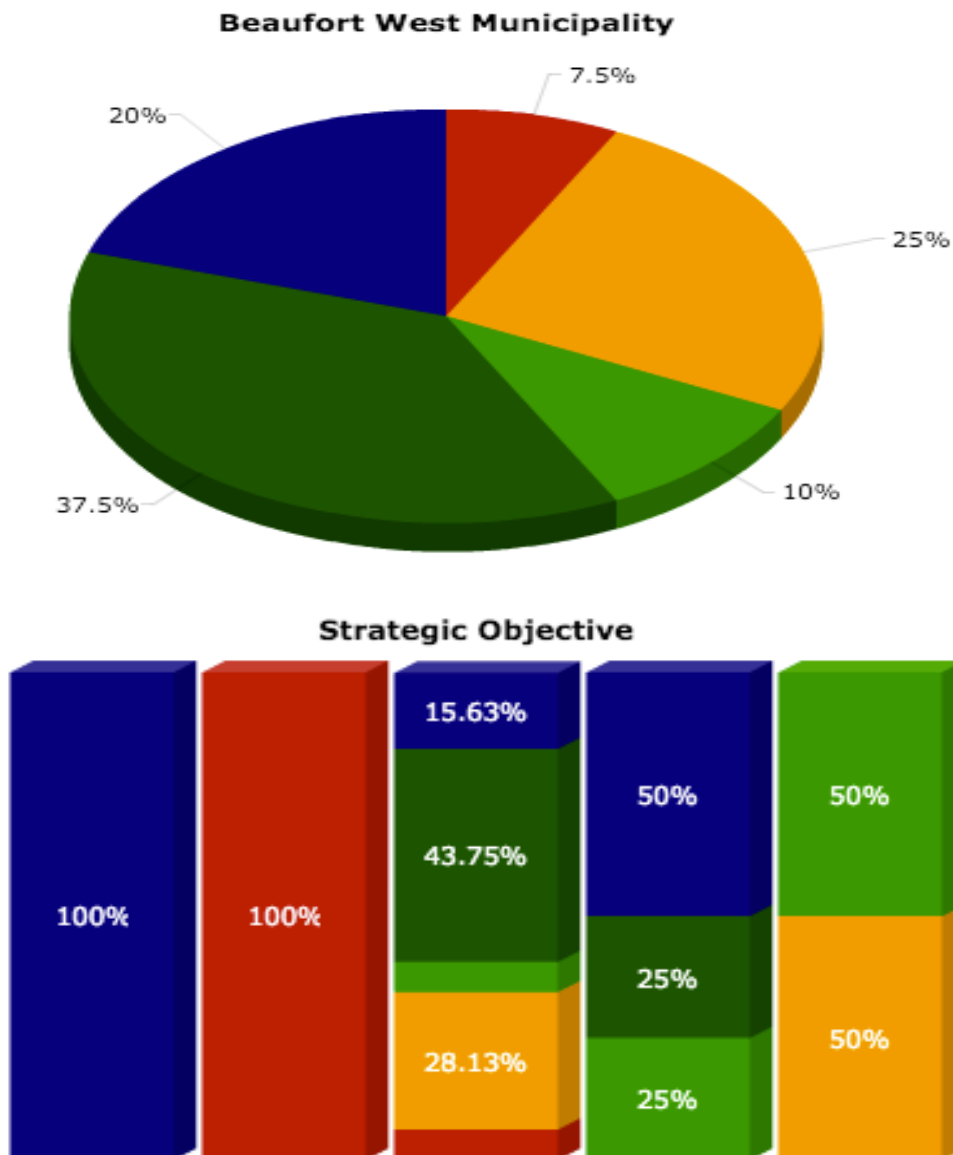
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The following table explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (kpi's) of the SDBIP is measured:

| Category | Color | Explanation |
|--------------------------|-------|---|
| KPI's Not Yet Measured | | KPIs with no targets or actuals in the selected period. |
| KPI's Not Met | | 0% \geq Actual/Target < 75% |
| KPI's Almost Met | | 75% \geq Actual/Target < 100% |
| KPI's Met | | Actual/Target = 100% |
| KPI's Well Met | | 100% > Actual/Target < 150% |
| KPI's Extremely Well Met | | Actual/Target \geq 150% |

Figure 2.: SDBIP Measurement Categories

The graph below displays the overall performance in terms of the **Top Layer SDBIP per Strategic objectives for 2014/15:**



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| | Beaufort West Municipality | Strategic Objective | | | | |
|------------------------|----------------------------|---|---|---|--|--|
| | | To develop a local economic development strategy that responds to food security, social infrastructure, health environment, education and skills development and the gender balances in society | To embark on a turnaround strategy to address the administrative and financial challenges facing the municipality | To improve and maintain current basic service delivery and infrastructure development through the provision of basic services and specific infrastructural development projects | To improve the financial viability of the municipality | To promote good governance through ongoing communication between the council and citizens through community participation, effective information dissemination and communication and ward based consultation |
| KPI Not Met | 3 (7.5%) | - | 1 (100%) | 2 (6.3%) | - | - |
| KPI Almost Met | 10 (25%) | - | - | 9 (28.1%) | - | 1 (50%) |
| KPI Met | 4 (10%) | - | - | 2 (6.3%) | 1 (25%) | 1 (50%) |
| KPI Well Met | 15 (37.5%) | - | - | 14 (43.8%) | 1 (25%) | - |
| KPI Extremely Well Met | 8 (20%) | 1 (100%) | - | 5 (15.6%) | 2 (50%) | - |
| Total: | 40 | 1 | 1 | 32 | 4 | 2 |

Graph 1.: Overall Performance per Strategic Objective

3.2.2 DETAIL ACTUAL PERFORMANCE FOR 2014/15 KEY PERFORMANCE INDICATORS PER STRATEGIC OBJECTIVES

a) Basic Service Delivery and Infrastructure Development

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2013/14 | Target | | | | | Overall performance for 2014/15 | | |
|-----|--|---|-------|-------------------------------|--------|-----|-----|-----|--------|---------------------------------|---|---|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Corrective actions |
| TL2 | Purchase land for future housing development by the end of June | Land purchased by end June | 2; 7 | 1 | 0 | 0 | 0 | 1 | 1 | 0 | R | No land has been purchased for future development . KPI should be included in the Acting Dir. KPI's |
| TL5 | Limit the % electricity unaccounted for to less than 10% {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated} x 100} | % calculated as {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated} x 100} | All | 11.48% | 12% | 12% | 12% | 12% | 12% | 8.4% | B | n/a |
| TL6 | 90% of the electricity maintenance budget spent ((Actual expenditure on maintenance divided by the total approved budget for | % of the budget spent | All | 98.38% | 0% | 0% | 0% | 90% | 90% | 67.91% | O | Target not achieved due to stringent financial constraints imposed by Council |



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| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2013/14 | Target | | | | | Overall performance for 2014/15 | | | |
|------|--|---|---------|---|--------|-----|-----|-----|--------|---------------------------------|----|---|--|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Corrective actions | |
| | maintenance)x100) | | | | | | | | | | | | |
| 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 | New performance indicator for 2014/15. No comparative available | 0% | 0% | 0% | 95% | 95% | 95% | G | n/a | |
| 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 | New performance indicator for 2014/15. No comparative available | 0% | 0% | 0% | 95% | 95% | 84.71% | O | The project has been successfully completed with a savings of 15.29% due to efficient planning and workmanship. | |
| TL10 | 95% of the approved project budget spent to install new flood lighting at Rustdene Sport grounds B and C (Total expenditure on project/ Approved budget for the project)x100 | % of the budget spent | 3; 5; 6 | New performance indicator for 2014/15. No comparative available | 0% | 0% | 0% | 95% | 95% | 95% | G | n/a | |
| TL12 | Construct new roads in Dliso avenue and Mshaka road | Number of meters of new roads constructed | All | New performance indicator for 2014/15. No comparative available | 0 | 0 | 0 | 400 | 400 | 447 | G2 | n/a | |
| TL13 | Limit unaccounted water to less than 15% between source and sector meters | % of water unaccounted for between source and sector meters | All | 6.22% | 15% | 15% | 15% | 15% | 15% | 4.21% | B | n/a | |
| TL14 | Maintain water quality as per SANS 241 physical and micro parameters | % water quality level | All | 100% | 95% | 95% | 95% | 95% | 95% | 94.83% | O | Ensure that calculations and evidence provided is in line with the requirements of the Auditor-General | |
| TL15 | Maintain quality of final waste | % quality level | All | 100% | 90% | 90% | 90% | 90% | 90% | 98% | G2 | n/a | |



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| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2013/14 | Target | | | | | Overall performance for 2014/15 | | | |
|------|--|---------------------|-------|---|--------|----|----|-----|--------|---------------------------------|----|---|--|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Corrective actions | |
| | water outflow | | | | | | | | | | | | |
| 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 | 81.10% | 0% | 0% | 0% | 90% | 90% | 104.17% | G2 | n/a | |
| 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 | 115.16% | 0% | 0% | 0% | 90% | 90% | 100.2% | G2 | n/a | |
| 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 | 100.42% | 0% | 0% | 0% | 90% | 90% | 91.37% | G2 | n/a | |
| 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 | 167.43% | 0% | 0% | 0% | 90% | 90% | 150.61% | B | n/a | |
| 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 | New performance indicator for 2014/15. No comparative available | 0% | 0% | 0% | 95% | 95% | 82.16% | O | Ensure that installation of meters and the relevant software is completed in line with the project requirements | |
| TL21 | 95% of the approved project budget spent to upgrade the sport facilities in Kwa | % of budget spent | All | New performance indicator for | 0% | 0% | 0% | 95% | 95% | 20.06% | R | The Sports Forum did not take the necessary steps and | |



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| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2013/14 | Target | | | | | Overall performance for 2014/15 | | | |
|------|--|---------------------|---------|---|--------|----|----|-----|--------|---------------------------------|--------|--------------------|--|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Corrective actions | |
| | Mandlenkosi by end June | | | 2014/15. No comparative available | | | | | | | | | actions to spend the allocated budget. We will ensure that proper planning and decision management takes place in future |
| 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 | New performance indicator for 2014/15. No comparative available | 0% | 0% | 0% | 95% | 95% | 98% | G 2 | | n/a |
| 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 | New performance indicator for 2014/15. No comparative available | 0% | 0% | 0% | 95% | 95% | 77.94% | O | | Issuing of variation orders in due time to prevent any future delays |
| 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 | New performance indicator for 2014/15. No comparative available | 0% | 0% | 0% | 95% | 95% | 87.72 | O | | Project was completed within time and a saving achieved. Ensure in future that planning of projects and funds allocated are as accurate as possible. |
| 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 | New performance indicator for 2014/15. No comparative available | 0% | 0% | 0% | 95% | 95% | 96.22% | G 2 | | n/a |
| TL27 | 95% of the approved project budget spent to upgrade the | % of budget spent | 1 | New performance indicator | 0% | 0% | 0% | 95% | 95% | 0% | R | | The budget was allocated during the |



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| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2013/14 | Target | | | | | Overall performance for 2014/15 | | | |
|------|---|---|-------|---|--------|----|----|--------|--------|---------------------------------|---|--------------------|--|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Corrective actions | |
| | water supply to Murraysburg by end June (Total expenditure on project/ Approved budget for the project)x100 | | | for 2014/15. No comparative available | | | | | | | | | 2013/14 financial year, whilst the actual expenditure was incurred during the 2014/15 financial year |
| TL30 | 95% of the approved project budget spent to rehabilitate Setlaars weg, Pearl and Paarden street by end June (Total expenditure on project/ Approved budget for the project)x100 | % of budget spent | 1 | New performance indicator for 2014/15. No comparative available | 0% | 0% | 0% | 95% | 95% | 93.81% | | O | Issuing of variations orders in due time to prevent any future delays |
| 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 | New performance indicator for 2014/15. No comparative available | 0% | 0% | 0% | 95% | 95% | 115.12% | | G 2 | n/a |
| 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 | 11 977 | 0 | 0 | 0 | 11 938 | 11 938 | 13 519 | | G 2 | n/a |
| 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 | 11 319 | 0 | 0 | 0 | 10 890 | 10 890 | 12 045 | | G 2 | n/a |
| TL40 | Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the | Number of residential properties which are billed for sewerage | All | 11 542 | 0 | 0 | 0 | 11 542 | 11 542 | 11 760 | | G 2 | n/a |



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| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2013/14 | Target | | | | | Overall performance for 2014/15 | | | |
|------|---|---|-------|-------------------------------|--------|----|----|--------|--------|---------------------------------|----|--|--|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Corrective actions | |
| | number of water closets (toilets) | | | | | | | | | | | | |
| 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 | 11 096 | 0 | 0 | 0 | 11 542 | 11 542 | 11 567 | G2 | n/a | |
| TL42 | Provide free basic electricity to indigent households earning less than R 2400 per month | Number of households receiving free basic electricity | All | 5 682 | 0 | 0 | 0 | 5 385 | 5 385 | 5 903 | G2 | n/a | |
| TL43 | Provide free basic water to indigent households earning less than R 2400 per month | Number of households receiving free basic water | All | 6 053 | 0 | 0 | 0 | 5 682 | 5 682 | 5 551 | O | The under performance is attributed to administrative errors and it will be addressed through data cleansing and strengthening of internal controls in this section. | |
| TL44 | Provide free basic sanitation to indigent households earning less than R 2400 per month | Number of households receiving free basic sanitation | All | 3 138 | 0 | 0 | 0 | 2 661 | 2 661 | 4 366 | B | n/a | |
| TL45 | Provide free basic refuse removal to indigent households earning less than R 2400 per month | Number of households receiving free basic refuse removal | All | 1 322 | 0 | 0 | 0 | 957 | 957 | 1 774 | B | n/a | |
| 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 | 71% | 0% | 0% | 0% | 75% | 75% | 89% | G2 | n/a | |

Table 52.: Basic Service Delivery and Infrastructure Development

b) Economic Development

| Ref | KPI | Unit of Measurement | Wards | Actual perfor- | Target | Overall performance for 2014/15 |
|-----|-----|---------------------|-------|----------------|--------|---------------------------------|
|-----|-----|---------------------|-------|----------------|--------|---------------------------------|



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| | | | | Performance of 2013/14 | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Corrective actions |
|------|--|--|-----|------------------------|-----|----|-----|-----|--------|--------|---|--------------------|
| TL11 | Create temporary job opportunities in terms of EPWP projects | Number of temporary jobs opportunities created | All | 2 658 | 100 | 50 | 200 | 150 | 500 | 1 253 | B | n/a |

Table 53.: Economic Development

c) Financial Viability and Management

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2013/14 | Target | | | | | Overall performance for 2014/15 | | |
|------|--|---------------------|-------|-------------------------------|--------|----|----|----|--------|---------------------------------|---|--------------------|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Corrective actions |
| TL34 | Financial viability measured in terms of the municipality's ability to meet its service debt obligations (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant | Ratio achieved | All | 2 | 2 | 0 | 0 | 0 | 2 | 18.1 | B | n/a |
| TL35 | Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services) | % achieved | All | 59% | 32% | 0% | 0% | 0% | 32% | 32% | G | n/a |
| TL36 | Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and | Ratio achieved | All | 0.4 | 0.2 | 0 | 0 | 0 | 0.2 | 0.6 | B | n/a |



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| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2013/14 | Target | | | | | Overall performance for 2014/15 | | |
|------|---|---------------------|-------|-------------------------------|--------|----|----|-----|--------|---------------------------------|--------|--------------------|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Corrective actions |
| | Loss on Disposal of Assets)) | | | | | | | | | | | |
| TL37 | Achieve an annual average payment percentage of not less than 85% (Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue x 100 | Payment % achieved | All | 94.71% | 0% | 0% | 0% | 85% | 85% | 91% | G 2 | n/a |

Table 54.: Financial Viability and Management

d) Good Governance and Community Participation

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2013/14 | Target | | | | | Overall performance for 2014/15 | | |
|------|---|---|-------|-------------------------------|--------|----|----|-----|--------|---------------------------------|---|---|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Corrective actions |
| 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 | 1 | 0 | 0 | 0 | 1 | 1 | G | n/a |
| 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 | 80% | 0% | 0% | 0% | 70% | 70% | 68% | O | The Internal Auditor left the service of the municipality on 30 April 2015 and therefore could not reach the 70% target that was set for the year. We are in the process of filling the position. |

Table 55.: Good Governance and Community Participation

e) Institutional Development and Municipal Transformation

| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2013/14 | Target | | | | | Overall performance for 2014/15 | | |
|-----|--|--|-------|-------------------------------|--------|----|----|----|--------|---------------------------------|-------|--------------------|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Corrective actions |
| TL4 | Appoint people from the employment equity target groups in the | Number of people appointed in the three highest levels | All | 0 | 0 | 0 | 0 | 0 | 0 | 0 | N / A | n/a |



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| Ref | KPI | Unit of Measurement | Wards | Actual performance of 2013/14 | Target | | | | | Overall performance for 2014/15 | | | |
|------|---|--|-------|-------------------------------|--------|----|----|-------|--------|---------------------------------|---|---|--|
| | | | | | Q1 | Q2 | Q3 | Q4 | Annual | Actual | R | Corrective actions | |
| | three highest levels of management in compliance with a municipality's approved employment equity plan | of management | | | | | | | | | | | |
| TL46 | 0.10% 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 | 0.06% | 0% | 0% | 0% | 0.10% | 0.10% | 0.06% | R | As a result of financial constraints training could not take place as expected. This will be closely monitored in 2015/16 | |

Table 56.: 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 | Yes |
| Building regulations | Yes |
| Child care facilities | Yes |
| Electricity and gas reticulation | Yes |
| Firefighting services | Yes |
| Local tourism | Yes |
| Municipal airports | No |
| Municipal planning | Yes |
| Municipal health services | No |
| Municipal public transport | Yes |
| Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law | No |
| Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto | No |
| Stormwater management systems in built-up areas | Yes |
| Trading regulations | Yes |
| Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems | Yes |
| Constitution Schedule 5, Part B functions: | |



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| Municipal Function | Municipal Function Yes / No |
|--|--------------------------------|
| Beaches and amusement facilities | Yes |
| Billboards and the display of advertisements in public places | Yes |
| Cemeteries, funeral parlours and crematoria | Yes |
| Cleansing | Yes |
| Control of public nuisances | Yes |
| Control of undertakings that sell liquor to the public | Yes |
| Facilities for the accommodation, care and burial of animals | Yes |
| Fencing and fences | Yes |
| Licensing of dogs | Yes |
| Licensing and control of undertakings that sell food to the public | No |
| Local amenities | Yes |
| Local sport facilities | Yes |
| Markets | No |
| Municipal abattoirs | No |
| 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 57.: 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

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 6.3 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.



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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.

The water quality of Beaufort West, Nelspoort, Merweville and Murraysburg is of a good standard.

Water losses are reduced to the minimum from the source to sector meters. There is 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 |
|---|-----------------------------|
| Mechanical electrical contract in Nelspoort | Completion of borehole |
| Chlorination units in Murraysburg | Disinfecting drinking water |
| Development of borehole in Beaufort West | Develop skietbaan borehole |

Table 58.: Water Services Highlights

c) Challenges: Water Services

| Description | Actions to address |
|--|---------------------------------|
| Water losses in the region | Change the billing system |
| Enlarging the bulk water supply for the area | RBIG funding request Co-funding |

Table 59.: Water Services Challenges

d) Total Use of Water by Sector

| Total Use of Water by Sector (cubic meters) | | | | |
|---|-------------|----------|------------|-----------|
| Year | Agriculture | Forestry | Industrial | Domestic |
| 2013/14 | 0 | 0 | 33 631 | 2 344 446 |
| 2014/15 | 0 | 0 | 42 139 | 2 517 862 |

Table 60.: Total Use of Water by Sector (Cubic Meters)

e) Water Service Delivery Levels

| Households | | |
|---|---------------|---------------|
| Description | 2013/14 | 2014/15 |
| | Actual | Actual |
| | No. | No. |
| <u>Water: (above min level)</u> | | |
| Piped water inside dwelling | 11 205 | 11 714 |
| Piped water inside yard (but not in dwelling) | 2 122 | 2 122 |
| Using public tap (within 200m from dwelling) | 49 | 49 |
| Other water supply (within 200m) | 31 | 31 |
| Minimum Service Level and Above sub-total | 13 407 | 13 916 |
| Minimum Service Level and Above Percentage | 98 | 98 |
| <u>Water: (below min level)</u> | | |

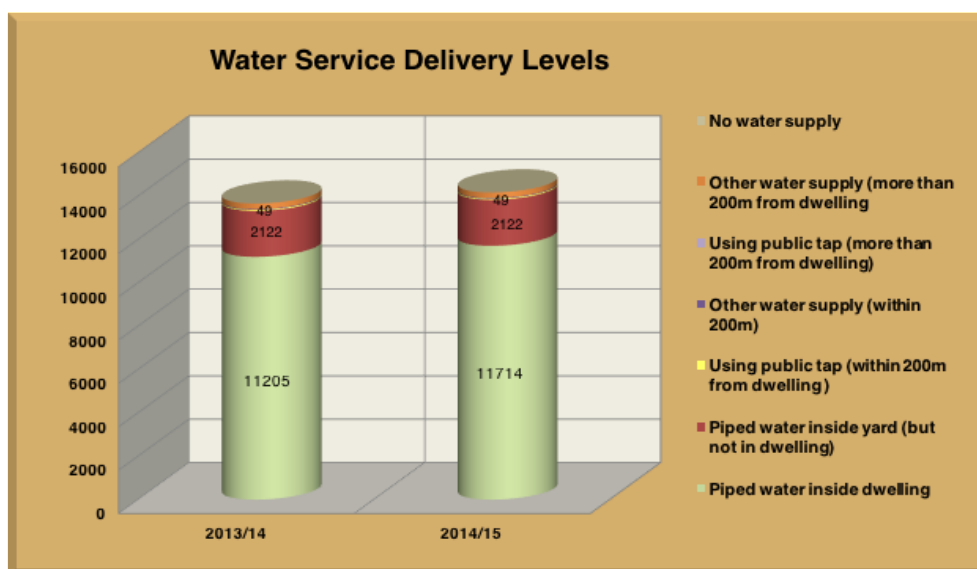


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| Households | | |
|---|---------------|---------------|
| Description | 2013/14 | 2014/15 |
| | Actual | Actual |
| | No. | No. |
| Using public tap (more than 200m from dwelling) | 0 | 0 |
| Other water supply (more than 200m from dwelling) | 260 | 260 |
| No water supply | 0 | 0 |
| Below Minimum Service Level sub-total | 260 | 260 |
| Below Minimum Service Level Percentage | 2 | 2 |
| Total number of households | 13 667 | 14 176 |

Include informal settlements

Table 61.: Water Service Delivery Levels: Households



Graph 2.: Water Service Delivery Levels

f) Access to Water

| Financial year | Number of households with access to water points* | Proportion of households with access to piped water | Number of households receiving 6 kl free# |
|----------------|---|---|---|
| 2013/14 | 11 205 | 98% | 4 307 |
| 2014/15 | 13 916 | 98% | 6 144 |

* 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 62.: Access to Water

g) Employees: Water Services

| Job Level | 2013/14 | 2014/15 | | | |
|-----------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| | | | | | |



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| Job Level | 2013/14 | 2014/15 | | | |
|--------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 12 | 12 | 12 | 0 | 0 |
| 4 - 6 | 8 | 9 | 7 | 2 | 22.22 |
| 7 - 9 | 1 | 1 | 1 | 0 | 0 |
| 10 - 12 | 2 | 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 | 23 | 23 | 21 | 2 | 8.69 |

Employees and Posts numbers are as at 30 June

Table 63.: Employees: Water Services



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h) Capital Expenditure: Water Services

| R'000 | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | 2014/15 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Infrastructure: Water Reticulation | 5 719 | 2 644 | 1 878 | 3 841 | 1 878 |
| <i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)</i> | | | | | |

Table 64.: Capital Expenditure 2014/15: Water Services

3.3.2 WASTE WATER (SANITATION) PROVISION

a) Introduction to Waste Water (Sanitation) Provision

BWM 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.

Upgrading of the Nelspoort Waste Water Treatment Works will be done in the 2015/2016 financial year.

An investigation was done at Beaufort West Waste Water Treatment Works to determine if the biological filter can be repaired as one of the segments is busy sagging.

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 2014 | Beaufort West – 93.73% |
| | Merweville – 88.70% |
| | Nelspoort – 89.08% |
| New pumpstation Kwa-mandlenkosi | Construction of new pumpstation |

Table 65.: Waste Water (Sanitation) Provision Highlights



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c) Challenges: Waste Water (Sanitation) Provision

| Description | Actions to address |
|--------------------------------------|---|
| Funding for upgrading at Murraysburg | Register with MIG – limited funding available |

Table 66.: Waste Water (Sanitation) Provision Challenges

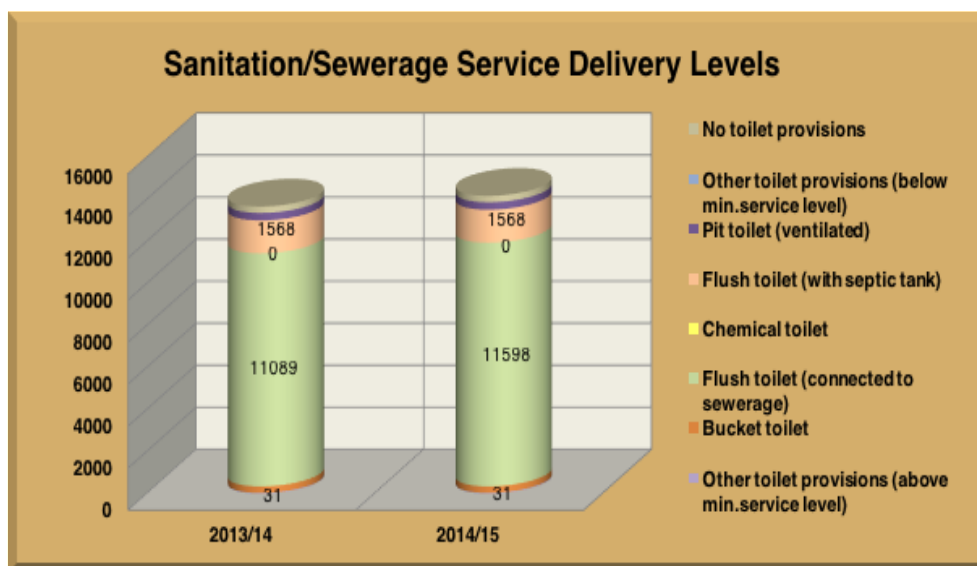
d) Waste Water (Sanitation) Service Delivery Levels

| Households | | |
|--|---------------|---------------|
| Description | 2013/14 | 2014/15 |
| | Actual | Actual |
| | No. | No. |
| <i>Sanitation/sewerage: (above minimum level)</i> | | |
| Flush toilet (connected to sewerage) | 11 089 | 11 598 |
| 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> | 13 043 | 13 552 |
| <i>Minimum Service Level and Above Percentage</i> | 96 | 96 |
| <i>Sanitation/sewerage: (below minimum level)</i> | | |
| 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> | 4 | 4 |
| Total households | 13 657 | 14 166 |
| <i>Including informal settlements</i> | | |

Table 67.: Sanitation Service Delivery Levels



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Graph 3.: Sanitation/Sewerage Service Delivery Levels

e) Employees: Waste Water (Sanitation) Services

| Job Level | 2013/14 | | 2014/15 | | |
|--------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 11 | 14 | 12 | 2 | 14.28 |
| 4 - 6 | 8 | 10 | 7 | 3 | 30 |
| 7 - 9 | 0 | 1 | 0 | 1 | 100 |
| 10 - 12 | 0 | 1 | 1 | 0 | 0 |
| 13 - 15 | 0 | 1 | 0 | 1 | 100 |
| 16 - 18 | 0 | 0 | 0 | 0 | 0 |
| 19 - 20 | 0 | 0 | 0 | 0 | 0 |
| Total | 19 | 27 | 20 | 7 | 25.92 |

Employees and Posts numbers are as at 30 June.

Table 68.: Employees Waste Water (Sanitation) Services

f) Capital Expenditure: Waste Water (Sanitation) Services

| Capital Projects | R'000 | | | | |
|------------------------------------|---------|-------------------|--------------------|----------------------|---------------------|
| | 2014/15 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from budget | Total Project Value |
| Investigation on biological filter | 700 | 700 | 395 | 305 | 395 |
| Kwa-mandlenkosi pumpstation | 1 560 | 1 560 | 1 560 | 0 | 1 560 |

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

Table 69.: Capital Expenditure 2014/15: 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.

The distribution of electricity in Beaufort West started in 1919 when the railway supplied the municipality with electricity. The cost was 4,5 pennies per unit. During 1924, the municipality started building their own power station. On 1 November 1925 the power station was officially opened and ever since, electricity has grown to be a huge industry, supplying energy to businesses and the community. The department is licensed by the National Electricity Regulator (NER) to supply electricity within its approved area of supply. The department is responsible for the distribution and supply of electricity for Beaufort West, Nelspoort, Merweville and surrounding rural areas. Eskom is responsible for the distribution of electricity in Merweville and partially in Murraysburg.

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

Distribution network was installed to the value of R 2 572 300.00 for the 2014/15 projects: Electrification of 245 newly built houses. Floodlights on B and C soccer field and Merweville soccer field were installed, as well as 2 x 30 meter high mast lights in Beaufort West.

Electricity purchases for the 2014/15 financial year amounted to R 44.56 million (Incl. VAT) for 55 526 994 kWh. The electricity is sold to industrial/commercial and domestic customers. Approximately 35.3% of the electricity is sold to industrial/commercial customers, 47.6% to domestic customers, 2.7% for street lighting, 5.04% for own use and 0.14% electricity theft. Energy losses during the financial year amounted to 8.4%.

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

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.



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b) Highlights: Electricity

| Highlights | Description |
|---|--|
| Electrification of 245 low cost houses | The distribution network was installed at the cost of R 2 572 299.68 and it was a huge effort to eradicate the housing backlog |
| Merweville sport field lighting | 4 X 20 meter scissor masts with 1000 watt metal halide luminaires were installed which will improve the quality of life for the residents of Merweville as this is the only sport facility that caters for soccer in the town |
| Rustdene B and C sport field lighting | 6 X 20 meter scissor masts with 1000 watt metal halide luminaires were installed and will improve the quality of life for the residents of Rustdene as this is the only sport facility that caters for soccer in the town |
| High mast lighting: Greater Beaufort West | 2 X 30 meter high mast lights were erected in the previously disadvantaged areas mainly for the safety of residents |
| High mast lighting: Merweville | 2 X 30 meter high mast lights were erected in the previously disadvantaged areas mainly for the safety of residents |
| Energy efficiency demand side management | Load control upgraded; Replacement of 111 old technology street lamps with new technology light emitting diodes (LED) lamps; Replacement of old technology traffic lights with new technology LED traffic lights; Replacement of 120 old technology high mast lights with new technology LED high masts |
| 40 Mega Volt Amp (MVA) transformer | Installation of 40 MVA Transformer at Katjieskop Substation |

Table 70.: Electricity Highlights

c) Challenges: Electricity

| Description | Actions to address |
|--------------------------|--|
| High cost of electricity | Busy implementing energy efficiency products |
| 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 71.: Electricity Challenges

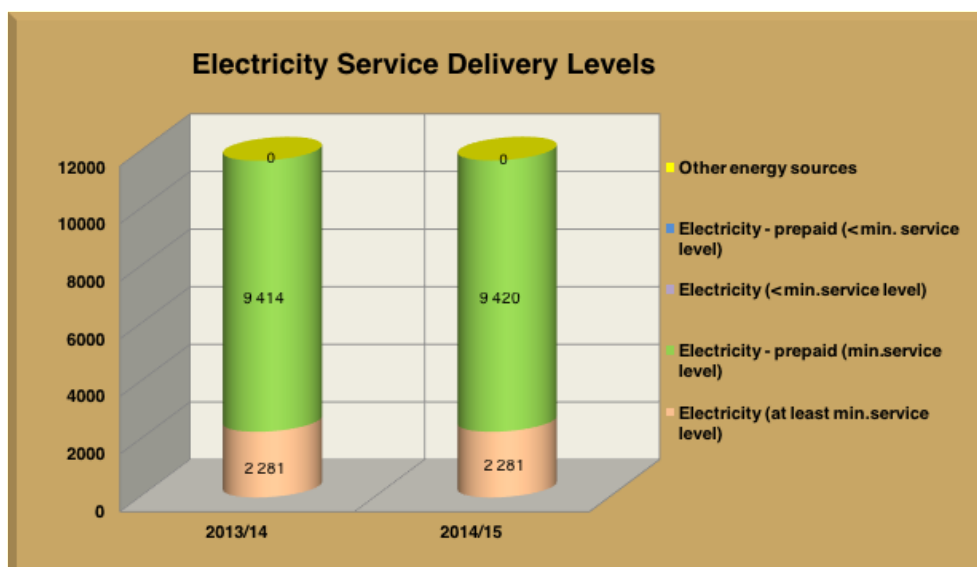


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d) Electricity Service Delivery Levels

| Households | | |
|--|---------------|---------------|
| Description | 2013/14 | 2014/15 |
| | 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) | 9 414 | 9 420 |
| <i>Minimum Service Level and Above sub-total</i> | 11 695 | 11 701 |
| <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 | 11 695 | 11 701 |

Table 72.: Electricity Service Delivery Levels



Graph 4.: Electricity Service Delivery Levels



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e) Employees: Electricity Services

| Job Level | 2013/14 | | 2014/15 | | |
|--------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 9 | 10 | 9 | 1 | 10 |
| 4 - 6 | 5 | 8 | 5 | 3 | 37.50 |
| 7 - 9 | 6 | 7 | 5 | 2 | 28.57 |
| 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 | 25 | 31 | 24 | 7 | 22.58 |

Employees and Posts numbers are as at 30 June.

Table 73.: Employees: Electricity Services

f) Capital Expenditure: Electricity Services

| R'000 | | | | | |
|-------------------------------|---------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | 2014/15 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Transmission and Reticulation | 2 789 | 9 152 | 9 735 | 6 946 | 9 735 |
| Street Lighting | 1 712 | 873 | 746 | (967) | 746 |

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

Table 74.: Capital Expenditure 2014/15: Electricity Services

3.3.4 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

Service and Service delivery

Our department provides a weekly door to door waste removal services to households and bi-weekly services to businesses. Domestic and garden waste is removed on daily basis and is placed either in the 85 litre refuse bins and / or refuse bags. Medical waste generated from hospitals, clinics, and general practitioners is collected by a private company. A private company is responsible for spillage removal along the N1 National road transversing the Beaufort West area. Builders rubbles removed by community themselves and municipality removes only when it is dumped. General workers are responsible for litter picking and street sweeping and streets bins along the pavements are emptied on daily basis our trucks.



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Landfill Site Disposal Sites

There are four waste management facilities within Beaufort West municipal area, which are; Vaalkoppies, Merweville, Nelspoort and Murraysburg landfill sites and also one recycling facility which needs improvement. All landfill sites are operational but only one is permitted.

Waste Minimisation

The BWM has a waste minimisation strategy since 2002 in partnership with Southern Cape Recycling and is made possible by the contributions of the Department of Environmental Affairs. The initiative targeted the high income residential areas. Blue bags were supplied to all households to collect only cardboard boxes, cans, paper and newspapers. The recyclables are collected once a week and taken to the reclamation depot where it is sorted, baled and transported to Cape Town or Outshoorn.

Waste Awareness and Education

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

a) Highlights: Waste Management

| Highlights | Description |
|----------------------------------|--|
| Street cleansing | From the budget of 2014/15 financial year, we bought and installed 20 street swing bins |
| Waste facilities | Through the Youth Job in Waste Program, our department received a mobile toilet, a site office and a weigh pad which was placed in Vaalkoppies. Two landfill assistants are responsible for the weigh pad to capture waste data. The other landfill sites use the waste calculator form to capture waste quantities and submit an online report (electronically) on a monthly basis to the DEADP. Six general workers from the Youth Job in Waste program are deployed in Vaalkoppies whom have the responsibility of cleaning and the picking up of litter in and around Vaalkoppies. |
| Waste minimization | The blue bag system has been expanded to middle income residential area (Essopville) within Beaufort West area |
| Education and Awareness | Through the Youth Job in Waste program, our department received four educators whom currently conduct surveys to all businesses on waste management |
| Job opportunities | About thirty participants were employed by our department in the 2014/15 financial year to assist in cleaning and the picking up of litter at the Vaalkoppies landfill site and surrounding areas |
| Trainings and designations | The superintendent attended trainings in the 2014-15 financial year, and was designated as the Air Quality Officer and Waste Management Officer |
| Integrated Waste Management Plan | Drafted by DEADP in 2014 and approved in 2015 |

Table 75.: Waste Management Highlights



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b) Challenges: Waste Management

| Description | Actions to address |
|---|---|
| Illegal dumping | Budget allocation to buy sufficient illegal dumping sign boards. Conduct education and awareness programs in all residential areas and to businesses within the Beaufort West district. Promote the reduction, re-use and recycling of waste concept to residential areas, schools, businesses, health facilities and institutions. |
| High costs/expenditure on the maintenance and repairs of old and outdated vehicles/trucks | Budget allocation to buy new trucks |
| Staff shortage | Budget allocation to review the current municipal organogram |
| Trainings | Budget allocation for current and newly appointed staff to be trained for T8 – T3 levels |
| Directives issued by DEADP in Vaalkoppies and abattoir waste landfill site | Budget allocated for the 2015/16 financial year. Submitted short term action plan to DEADP to address the problems. |
| Air Quality Management Plan | Planning on drafting the Air Quality Management Plan in the new financial year, depending on the availability of funds |

Table 76.: Waste Management Challenges

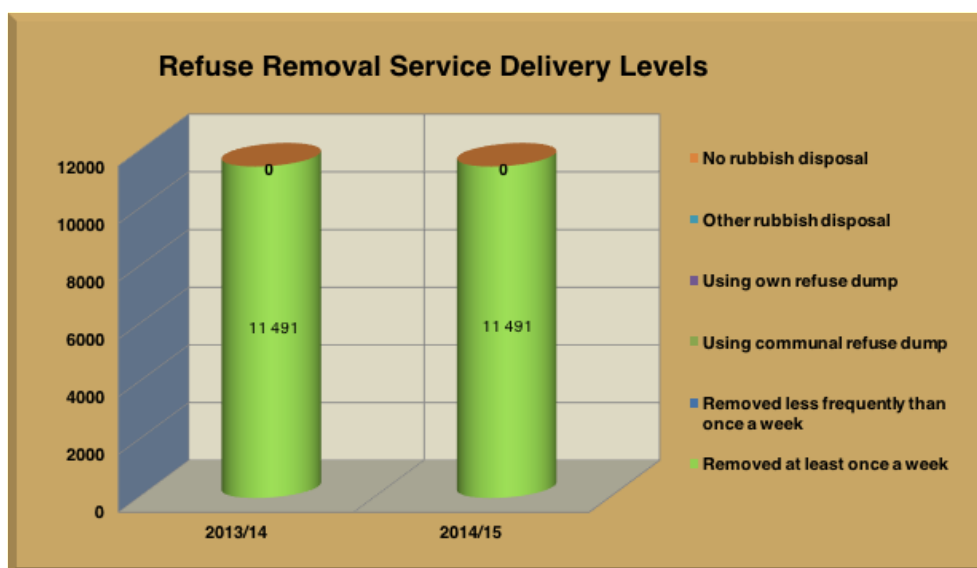
c) Waste Management Service Delivery Levels

| Description | Households | |
|--|---------------|---------------|
| | 2013/14 | 2014/15 |
| | Actual | Actual |
| | No. | No. |
| <u>Solid Waste Removal: (Minimum level)</u> | | |
| Removed at least once a week | 11 491 | 11 491 |
| Minimum Service Level and Above sub-total | 11 491 | 11 491 |
| Minimum Service Level and Above percentage | 100 | 100 |
| <u>Solid Waste Removal: (Below minimum level)</u> | | |
| Removed less frequently than once a week | 0 | 0 |
| Using communal refuse dump | 0 | 0 |
| Using own refuse dump | 0 | 0 |
| Other rubbish disposal | 0 | 0 |
| No rubbish disposal | 0 | 0 |
| Below Minimum Service Level sub-total | 0 | 0 |
| Below Minimum Service Level percentage | 0 | 0 |
| Total number of households | 11 491 | 11 491 |

Table 77.: Solid Waste Service Delivery Levels



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Graph 5.: Refuse Removal Service Delivery Levels

d) Employees: Waste Management Services

| Job Level | 2013/14 | | 2014/15 | | |
|--------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 35 | 34 | 32 | 2 | 5.88 |
| 4 - 6 | 2 | 4 | 3 | 1 | 25 |
| 7 - 9 | 6 | 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 |
| Total | 44 | 47 | 42 | 5 | 10.64 |

Employees and Posts numbers are as at 30 June.

Table 78.: Employees: Solid Waste Services

e) Capital Expenditure: Waste Management Services

| Capital Projects | R'000 | | | | |
|------------------|---------|-------------------|--------------------|-------------------------------|---------------------|
| | 2014/15 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Other - Refuse | 0 | 137 | 130 | 130 | 130 |

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

Table 79.: Capital Expenditure 2014/15: Solid Waste Services



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3.3.5 EMPLOYEES: BASIC SERVICES: MERWEVILLE, MURRAYSBURG AND NELSPOORT

| Job Level | 2013/14 | | 2014/15 | | |
|--------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 21 | 23 | 22 | 1 | 4.35 |
| 4 - 6 | 10 | 13 | 11 | 2 | 15.38 |
| 7 - 9 | 3 | 3 | 3 | 0 | 0 |
| 10 - 12 | 2 | 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 | 36 | 41 | 37 | 4 | 9.76 |

Employees and Posts numbers are as at 30 June

Table 80.: Employees: Basic services: Merweville, Murraysburg and 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 >R 3 500 per month.
- Gap housing R 3 501 – R 15 000 per month

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

| | |
|----------------|--|
| Subsidy | 4 841 - units according to recent estimates of the housing demand data base (Includes towns Beaufort West, Murraysburg, Merweville and Nelspoort) |
| Gap | 641 - potential applicants have registered on our data system |

Table 81.: Housing Needs



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b) Prioritised IRDP Housing Sites

| Site | Property | Units |
|----------------------------|-----------------------------|-----------------------------|
| Subsidy: Priority 1 | | |
| S8 | IRDP Project Linked Subsidy | 234 |
| Total | | 234 |
| Subsidy Priority 2 | | |
| S1 | Transnet | Not available at this stage |
| Subsidy Priority 3 | | |
| S2 | Commonage | 850 |
| Total | | 850 |
| Subsidy Grand Total | | 1 084 |

Table 82.: Prioritised Housing Sites

c) GAP Housing Sites

| Site | Property | Units |
|------------------------|------------------|-----------|
| GAP: Priority 1 | | |
| G2 | Erf 2851 – P.O.S | 67 |
| GAP Total | | 67 |

Table 83.: GAP Housing Sites

d) Highlights: Housing

| Highlights | Description |
|--------------------|--|
| Servicing of units | 242 houses were serviced in the financial year |

Table 84.: Housing Highlights

e) Challenges: Housing

| Description | Actions to address |
|---|---|
| Waiting list for housing | Obtain verification of waiting list to reflect the actual beneficiaries |
| Annual funding allocation for housing | The municipality finds it difficult to make enough funds available for the housing function. Applications to be submitted to National Treasury for assistance with regards to the housing function, especially in the case of small revenue municipalities. |
| Housing policy with regard to beneficiaries who are 40 years younger are excluded with regards to housing | National government to review the policy, municipality to engage with SALGA in this regard in the new financial year |
| Position of manager not filled due to financial constraints | Ensure that budget will be allocated in the new financial year for the appointment of a manager in the position |

Table 85.: Housing Challenges



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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 |
| 2013/14 | 11 456 | 11 429 | 99 |
| 2014/15 | 11 963 | 11 938 | 99 |

Table 86.: 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) |
|----------------|--|---|
| 2013/14 | 4 161 | (20.30) |
| 2014/15 | 4 841 | 14.04 |

Table 87.: Housing Waiting List

h) Housing Allocation

A total amount of R 20 286 960 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 served |
|----------------|------------|--------------|---------|---------------------------|---------------------------|
| | R'000 | R'000 | | | |
| 2013/14 | 49 685 | 49 486 | 98 | 567 | 518 |
| 2014/15 | 27 123 | 12 845 | 47.36 | 235 | 242 |

Table 88.: Houses Built in 2014/15

i) Employees: Housing

| Job Level | 2013/14 | | 2014/15 | | |
|--------------|-----------|----------|-----------|-------------------------------------|--------------------------------------|
| | 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 | 0 | 0 | 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 | 4 | 3 | 1 | 25 |

Employees and Posts numbers are as at 30 June

Table 89.: Employees: Housing



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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 R 2 860 per month). All indigent households receives 6kl water and 50Kwh electricity free each month. Furthermore, an indigent debtor also receives a subsidy on refuse removal and sewerage, depending on the household income.

All indigents have to renew their applications bi-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 **R 2 860** per month will receive the free basic services as prescribed by the national policy.

b) Households: Free Basic Services

The tables below indicates the number of households that received free basic services in the 2013/14 and 2014/15 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 | % |
| 2013/14 | 13 864 | 4 627 | 33 | 6 342 | 45 | 2 898 | 21 | 3 378 | 24 |
| 2014/15 | 13 864 | 5507 | 40 | 5 682 | 41 | 3 653 | 26 | 1424 | 10 |

Table 90.: Free Basic Services to Indigent Households

| Financial year | Electricity | | | | | | | | |
|----------------|---------------------|-------------------|-------------|-------------------------|-------------------|-------------|---------------------------|-------------------|-------------|
| | Indigent Households | | | Non-indigent households | | | Households in Eskom areas | | |
| | No. of HH | Unit per HH (kwh) | Value R'000 | No. of HH | Unit per HH (kwh) | Value R'000 | No. of HH | Unit per HH (kwh) | Value R'000 |
| 2013/14 | 4 627 | 50 | 2 885 | 289 | 50 | 228 | 50 | 50 | 48 |
| 2014/15 | 5 507 | 50 | 3 427 | 289 | 50 | 228 | 50 | 50 | 48 |

Table 91.: Free Basic Water Services to Indigent Households

| Financial year | Water | | | | | |
|----------------|---------------------|------------------|-------------|-------------------------|------------------|-------------|
| | Indigent Households | | | Non-indigent households | | |
| | No. of HH | Unit per HH (kl) | Value R'000 | No. of HH | Unit per HH (kl) | Value R'000 |
| 2013/14 | 5 293 | 6 | 6 315 | 1 004 | 6 | 380 |
| 2014/15 | 5 682 | 6 | 7 460 | 1 004 | 6 | 405 |

Table 92.: Free Basic Water Services to Indigent Households



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| 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 |
| 2013/14 | 2 898 | 698.30 | 2 158 | 0 | 0 | 0 |
| 2014/15 | 3 653 | 686.00 | 2 506 | 0 | 0 | 0 |

Table 93.: 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 |
| 2013/14 | 3 378 | 1 | 709 | 0 | 0 | 0 |
| 2014/15 | 1 424 | 1 | 760 | 0 | 0 | 0 |

Table 94.: Free Basic Refuse Removal Services to Indigent Households per Type of Service

c) Financial Performance: Free Basic Services

| Financial Performance 2014/15: Cost to Municipality of Free Basic Services Delivered | | | | | |
|--|---------------|--------------|-------------------|---------------|--------------------|
| Services Delivered | 2013/14 | 2014/15 | | | |
| | Actual | Budget | Adjustment Budget | Actual | Variance to Budget |
| | R'000 | | | | |
| Water | 6 899 | 3 424 | 3 424 | 8 036 | 104% |
| Waste Water (Sanitation) | 2 158 | 2 295 | 2 295 | 2 743 | 102% |
| Electricity | 2 88 | 2 792 | 2 792 | 3 427 | 116% |
| Waste Management (Solid Waste) | 709 | 744 | 744 | 903 | 101% |
| Total | 12 651 | 9 255 | 9 255 | 15 109 | 106% |

Table 95.: Financial Performance 2014/15: Cost to Municipality of Free Basic Services Delivered



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3.4 COMPONENT B: ROAD TRANSPORT

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

3.4.1 ROADS

a) Introduction to Roads

The municipality does pothole repair, while contractors undertake the construction of new paved roads. 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.

Although 600m 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. Barlows refurbished the grader to a standard whereby it can be operational to grade roads.

b) Highlights: Roads

| Highlights | Description |
|--|---|
| Upgrading of Pieter Street | Upgrading of gravel road to paved road with the associated stormwater of these roads |
| Upgrading of Pastorie and Voortrekker Street intersection in Murraysburg | Upgrading of defected intersection where basecourse and tarred surface was replaced with chemically treated subbase, also 80mm paving blocks placed |

Table 96.: Roads Highlights

c) Challenges: Roads

| Description | Actions to address |
|--|---|
| Reseal of roads | Application for additional funds in the new financial year to ensure that resealing of roads takes place |
| Maintenance of gravel roads | Replacing unreliable machinery that does not work effectively and buying additional equipment, i.e. a 3 ton sit on roller |
| Critical positions in the section not filled which lead to important decision making not taking place with regards to the roads function | Ensuring that there will be funds available for the vacant position. Once funds are secured, we will advertise the vacant positions to be filled during the 2015/16 financial year. |

Table 97.: 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 |
| 2013/14 | 56 544 | 2 963 | 950 | 27 694 |
| 2014/15 | 58 507 | 0 | 600 | 57 907 |

Table 98.: Gravel Road Infrastructure



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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 |
| 2013/14 | 99 852 | 950 | 0 | 0 | 99 852 |
| 2014/15 | 104.6 | 1 511 | 0 | 0 | 104.6 |

Table 99.: 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 and Replacements | Resealed | Maintained |
|-----------------------|----------------------|----------|------------|
| | R'000 | | |
| 2013/14 (Main roads) | 0 | 0 | 33 |
| 2013/14 (Other roads) | 3 569 | 0 | 0 |
| 2014/15 (Main roads) | 321 | 826 | 120 |
| 2014/15 (Other roads) | 0 | 0 | 0 |

The cost for maintenance include stormwater

Table 100.: Cost of Construction/Maintenance of Roads and Stormwater

g) Employees: Roads and Stormwater

| Job Level | 2013/14 | | 2014/15 | | |
|--------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 22 | 36 | 20 | 16 | 44.44 |
| 4 - 6 | 6 | 8 | 7 | 1 | 12.50 |
| 7 - 9 | 6 | 9 | 6 | 3 | 33.33 |
| 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 | 34 | 55 | 34 | 21 | 38.18 |

Employees and Posts numbers are as at 30 June

Table 101.: Employees: Roads and Stormwater



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h) Capital Expenditure: Roads and Stormwater

| R'000 | | | | | |
|------------------------------|---------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | 2014/15 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Roads, Pavements and Bridges | 5 430 | 9 428 | 7 678 | (2 248) | 7 678 |
| Stormwater | 637 | 65 | 351 | 286 | 351 |

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

Table 102.: Capital Expenditure 2014/15: Roads and Stormwater

3.4.2 WASTE WATER (STORMWATER DRAINAGE)

a) Highlights: Waste Water (Stormwater Drainage)

| Highlights | Description |
|----------------------------------|--|
| Gabions - Protea Street | Placing gabions on riverbank to prevent flooding in Erven |
| Stormwater Channel Protea Street | Replacing existing stormwater pipe systems with an open channel and increased diameter pipe system |

Table 103.: Waste Water (Stormwater Drainage) Highlights

b) Challenges: Waste Water (Stormwater Drainage)

| Description | Actions to address |
|--|---|
| Insufficient Personnel | Budget for the filling of vacant position(s) |
| No stormwater master plan | Update and approve the outdated plan |
| Existing stormwater system in Hillside is not sufficient | Replacing or upgrading the stormwater system, given sufficient budget is obtained |

Table 104.: 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 |
| 2013/14 | Master Plan outdated | 2.04 | 0 | 17.10 |
| 2014/15 | Master Plan outdated | 0.88 | 0 | 3.50 |

Table 105.: Stormwater Infrastructure



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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 |
| 2013/14 | Part of new road construction | 0 | Part of roads |
| 2014/15 | Part of new road construction and roads and stormwater maintenance budget | 0 | Part of roads |

Table 106.: Cost of Construction/Maintenance of Stormwater Systems

An amount of R 249 955 was made available to create jobs through stormwater maintenance. Material was purchased with savings from the operating and maintenance budget.

Personal appointed for these projects are as follows:

| Description | Female | Male | Youth |
|---------------|--------|------|-------|
| Data Capturer | 1 | 0 | 1 |
| Supervisors | 1 | 1 | 1 |
| Labourers | 7 | 6 | 5 |

Table 107.: Additional Job Creation

3.4.3 EMPLOYEES: OTHER SERVICES

| Employees: Fleet Management (Workshop) | | | | | |
|--|-----------|----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2013/14 | 2014/15 | | | |
| | 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 108.: Employees Fleet Management



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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 |
|------------------------------|---|
| The implementation of SPLUMA | Land use change which is the local Council's responsibility |

Table 109.: Planning Highlights

b) Additional Service Statistics: Planning and Building Control

| Type of service | 2013/14 | 2014/15 |
|--------------------------------------|------------|------------|
| Building plans application processed | 159 | 155 |
| Total surface (m2) | 8 056.25 | 11 563.37 |
| Approximate value (Rand) | 29 500 688 | 34 690 098 |
| Residential extensions | 154 | 136 |
| Land use applications processed | 24 | 42 |
| Rural applications | 159 | 234 |

Table 110.: Additional Performance Town Planning and Building Control

c) Employees: Planning (Administration: Engineering Services included) and Building Control

| Job Level | 2013/14 | | 2014/15 | | |
|--------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| | 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 | 2 | 3 | 2 | 1 | 33.33 |
| 7 - 9 | 2 | 3 | 2 | 1 | 33.33 |
| 10 - 12 | 3 | 3 | 3 | 0 | 0 |
| 13 - 15 | 1 | 0 | 0 | 0 | 0 |
| 16 - 18 | 0 | 0 | 0 | 0 | 0 |
| 19 - 20 | 0 | 0 | 0 | 0 | 0 |
| Total | 9 | 10 | 8 | 2 | 20 |

Employees and Posts numbers are as at 30 June.

Table 111.: Employees: Planning



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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 BWM 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 BWM 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 |
|--|--|
| Appointment of additional staff at libraries. | Mimosa, Church Street and Merweville received extra staff members |
| Spelling bee activities | Mimosa had a spelling bee session with the inmates at the locally situated correctional facility |
| Poetry Event | Mimosa library hosted a poetry event during the past year |
| SLIMS System | A library information management system that SITA and a user based team had settled on as the replacement for PALS |
| People counters at libraries. | All libraries in the BWM installed people counters to have a record system in place to track the amount of people that visit the libraries for statistical reasons |
| Care for the elderly. | Visits to the elderly where library materials were circulated. Also the elderly were treated to manicure treatments of their hands |
| Library Week | The program for the week focused on the disabled and the program was scheduled for children with disabilities |
| Visitation by the Minister of Sport and Culture at Church Street Library | The minister visited all the cultural institutions of Beaufort West |
| Information sessions and career exhibitions | The Beaufort West librarian staff assisted scholars and college |



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| Highlights | Description |
|---|--|
| | students in terms of library orientation |
| Mandela Day | Some of the libraries provided shoes for the those scholars in need at some of the primary schools in the area. Other official, in conjunction with other groups in the community, spent the day to improve the lives of people in the town at different venues. |
| Upgrade of Wheely Wagon | The municipal officials from the libraries upgraded the Wheely Wagon in Kwa Mandlekosi |
| 16 Days of Activism- No violence against children and women | Exhibitions held and a strategic session held with the local police station for an information session |
| Maintenaince of library buildings | Painting of the interior of Mimosa library in Murrusburg |

Table 112.: Libraries Highlights

b) Challenges: Libraries

| Challenge | Description |
|---|---|
| Library Manager | Vacany of Library Manager position |
| Merweville's library is too small to fulfill in the community's information needs | Currently all departments of our municipality is under one roof |
| Lack of continous training for professionalism in libraries | There is a need for training in the various libraries |
| Library vehicle | There is a need for a library vehicle to do extension work, as well as other library related projects and administrative duties |
| Lack of projects held with schools | Projects cannot take place during contact time and/or during school hours due to school homework and responsibilities |

Table 113.: Libraries Challenges

c) Service Statistics for Libraries

| Type of service | 2013/14 | 2014/15 |
|--|---------|---------|
| Library members | 12 079 | 10 662 |
| Books circulated | 181 390 | 137 511 |
| Exhibitions held | 63 | 144 |
| Internet users | 37 340 | 41 580 |
| New library service points or wheelie wagons | 0 | 1 |
| Visits by school groups | 32 | 72 |

Table 114.: Service Statistics for Libraries



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d) Employees: Libraries

| Job Level | 2013/14 | 2014/15 | | | |
|--------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| | 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 | 18 | 19 | 17 | 2 | 10.52 |
| 7 - 9 | 0 | 0 | 0 | 0 | 0 |
| 10 - 12 | 2 | 3 | 3 | 0 | 0 |
| 13 - 15 | 0 | 1 | 0 | 1 | 100 |
| 16 - 18 | 0 | 0 | 0 | 0 | 0 |
| 19 - 20 | 0 | 0 | 0 | 0 | 0 |
| Total | 20 | 23 | 20 | 3 | 13.04 |

Employees and Posts numbers are as at 30 June

Table 115.: Employees: Libraries

e) Capital Expenditure: Libraries

| R'000 | | | | | |
|------------------|---------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | 2014/15 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Libraries | 379 | 897 | 472 | 93 | 472 |

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

Table 116.: Capital Expenditure 2014/15: 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 and addressing the community |
| Animals entering the cemeteries and damaging the graves and flowers | |

Table 117.: Cemeteries Challenges



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3.7 COMPONENT E: 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 |
|---------------------|--|
| Collection of fines | The amount of fines issued and the collection of fines has dramatically increased over the past financial year |

Table 118.: 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 119.: Traffic Services Challenges

c) Additional Service Statistics for Traffic Services and Law Enforcement

| Details | 2013/14 | 2014/15 |
|--|---------|-----------|
| Motor vehicle licenses processed | 11 135 | 11 067 |
| Learner driver licenses processed | 540 | 487 |
| Driver licenses processed | 691 | 567 |
| Driver licenses issued | 1 664 | 1 553 |
| Fines issued for traffic offenses | 836 | 52 419 |
| R-value of fines collected | 451 730 | 6 512 667 |
| Roadblocks held | 2 | 12 |
| Complaints attended to by Traffic Officers | 36 | 26 |
| Awareness initiatives on public safety | 0 | 0 |

Table 120.: Additional Performance Service Statistics for Traffic Services

d) Employees: Traffic Services and Law Enforcement

| Job Level | 2013/14 | | 2014/15 | | |
|-----------|-----------|-------|-----------|----------------------------------|-----------------------------------|
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 1 | 2 | 1 | 1 | 50 |
| 4 - 6 | 9 | 10 | 9 | 1 | 10 |
| 7 - 9 | 5 | 6 | 4 | 2 | 33.33 |
| 10 - 12 | 4 | 5 | 5 | 0 | 0 |
| 13 - 15 | 1 | 1 | 1 | 0 | 0 |



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| Job Level | 2013/14 | | 2014/15 | | |
|--------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| | 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 | 20 | 24 | 20 | 4 | 16.67 |

Employees and Posts numbers are as at 30 June

Table 121.: Employees: Traffic and Law Enforcement Services

3.7.2 FIRE SERVICES AND DISASTER MANAGEMENT

a) Service Statistics for Fire Services and Disaster Management

| Details | 2013/14 | 2014/15 |
|--------------------------------------|---------|---------|
| Operational call-outs | 118 | 176 |
| Reservists and volunteers trained | 0 | 0 |
| Awareness initiatives on fire safety | 7 | 1 |

Table 122.: Fire Service Data

b) Employees: Fire Services and Disaster Management

| Job Level | 2013/14 | | 2014/15 | | |
|--------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 1 | 1 | 0 | 0 |
| 4 - 6 | 11 | 12 | 11 | 1 | 8.33 |
| 7 - 9 | 0 | 0 | 0 | 0 | 0 |
| 10 - 12 | 1 | 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 | 12 | 15 | 13 | 2 | 13.33 |

Employees and Posts numbers are as at 30 June.

Table 123.: Employees: Fire Services and Disaster Management



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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 the Municipal Infrastructure Grant funds are available for this purpose.

The Municipal Infrastructure Grant (MIG) allocation for 2014/2015 was earmarked for the upgrading of Kwa-mandlenkosi sports ground.

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

a) Challenges: Sport and Recreation

| Description | Actions to address |
|----------------------------|--|
| Vandalism at sport grounds | Address the community and possibly appoint security guards |

Table 124.: Sport and Recreation Challenges

b) Service Statistics for Sport and Recreation

| Type of service | 2013/2014 | 2014/2015 |
|--|-----------|-----------|
| 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 | 12 807 | 0 |
| R-value collected from entrance fees | 76 844 | 0 |
| Sport fields | | |
| Number of wards with sport fields | 7 | 7 |
| R-value collected from utilization of sport fields | 93 690 | 123 066 |
| 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 | 21 550 | 11 143 |

Table 125.: Additional Performance Information for Sport and Recreation



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c) Employees: Sport and Recreation

| Job Level | 2013/14 | 2014/15 | | | |
|--------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 18 | 21 | 14 | 7 | 33.33 |
| 4 - 6 | 11 | 16 | 14 | 2 | 12.50 |
| 7 - 9 | 1 | 3 | 1 | 2 | 66.67 |
| 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 | 31 | 41 | 30 | 11 | 26.83 |

Employees and Posts numbers are as at 30 June

Table 126.: Employees: Sport and Recreation

d) Capital Expenditure: Sport and Recreation

| R'000 | | | | | |
|---|---------|-------------------|--------------------|----------------------|---------------------|
| Capital Projects | 2014/15 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from budget | Total Project Value |
| Upgrading of Kwa-Mandlenkosi sport ground | 3 200 | 2 928 | 337 | 2 863 | 337 |

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

Table 127.: Capital Expenditure 2014/15: 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, Councillor Support, Thusong Service Centers, Municipal Management, IDP, and Internal Audit.

a) Highlights: Corporate Services

| Highlights | Description |
|--|-------------------------------|
| Appointment of director corporate services | Appointment made 30 June 2014 |

Table 128.: Corporate Services Highlights



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b) Challenges: Corporate Services

| Description | Actions to address |
|---|---|
| Postponement of Council and standing committee meetings | Speaker must ensure that we adhere to the scheduled program |
| Agendas not distributed on time | Administration must be advised in time to convene meetings in order to compile agenda |

Table 129.: Corporate Services Challenges

c) Employees: Corporate Services

| Employees: Administration | | | | | |
|---------------------------|-----------|----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2013/14 | | 2014/15 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 2 | 2 | 2 | 0 | 0 |
| 4 - 6 | 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 | 8 | 8 | 0 | 0 |

Employees and Posts numbers are as at 30 June

Table 130.: Employees: Administration

| Employees: Councillor Support and Thusong Service Centres | | | | | |
|---|-----------|----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2013/14 | | 2014/15 | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 0 | 1 | 1 | 0 | 0 |
| 4 - 6 | 1 | 1 | 1 | 0 | 0 |
| 7 - 9 | 1 | 2 | 2 | 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 | 2 | 6 | 5 | 1 | 16.67 |

Employees and Posts numbers are as at 30 June

Table 131.: Employees: Councillor Support and Thusong Service Centres



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| Employees: Municipal Management (Directors, Administration, IDP, Internal Audit, etc.) | | | | | |
|--|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2013/14 | | 2014/15 | | |
| | 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 | 0 | 0 | 0 | 0 |
| 10 - 12 | 2 | 5 | 3 | 2 | 40 |
| 13 - 15 | 1 | 1 | 0 | 1 | 100 |
| 16 - 18 | 0 | 0 | 0 | 0 | 0 |
| 19 – 20+ | 4 | 6 | 5 | 1 | 16.67 |
| Total | 8 | 12 | 8 | 4 | 33.33 |

Employees and Posts numbers are as at 30 June

Table 132.: Employees: Municipal Management

3.9.2 FINANCIAL SERVICES

a) Highlights: Financial Services

| Highlights | Description |
|---|---|
| Achieved an average of 91.5% collection rate. | The municipality started the first quarter of the financial year with a very low collection rate but managed to achieve a 12 month moving average of 91.5%. |

Table 133.: Financial Services Highlights

b) Challenges: Financial Services

| Description | Actions to address |
|--|---|
| The municipality recorded significant amounts of overdue debtors at year end | Improve the credit control and debtors management in respect of overdue debtors and write off uncollectible debts |

Table 134.: Financial Services Challenges

c) Debt Recovery statistics

| Details of the types of account raised and recovered | 2013/14 | | | 2014/15 | | | 2015/16 | | |
|--|----------------|------------------------------------|--|----------------|------------------------------------|--|----------------------|---|--|
| | 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 | 21 275 | 20 813 | 97 | 21 714 | 19 259 | 89 | 23 234 | 21 956 | 94.5 |
| Electricity | 40 623 | 40 065 | 99 | 41 480 | 41 480 | 100 | 46 540 | 43 980 | 94.5 |
| Water | 11 399 | 10 243 | 89 | 11 209 | 10 194 | 91 | 11 993 | 11 333 | 94.5 |
| Sanitation | 10 465 | 8 978 | 86 | 11 530 | 8 424 | 73 | 12 337 | 11 658 | 94.5 |



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| Details of the types of account raised and recovered | 2013/14 | | | 2014/15 | | | 2015/16 | | |
|--|----------------|------------------------------------|--|----------------|------------------------------------|--|----------------------|---|--|
| | 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 | | % |
| Refuse | 5 350 | 3 824 | 71 | 4 892 | 3 178 | 65 | 5 234 | 4 946 | 94.5 |

Table 135.: Debt Recovery

d) Employees: Financial Services

| Job Level | 2013/14 | | 2014/15 | | |
|--------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| | 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 | 21 | 30 | 27 | 3 | 10 |
| 7 - 9 | 4 | 4 | 4 | 0 | 0 |
| 10 - 12 | 7 | 8 | 7 | 1 | 12.50 |
| 13 - 15 | 1 | 1 | 1 | 0 | 0 |
| 16 - 18 | 0 | 0 | 0 | 0 | 0 |
| 19 - 20 | 0 | 0 | 0 | 0 | 0 |
| Total | 35 | 45 | 40 | 5 | 11.11 |

Employees and Posts numbers are as at 30 June

Table 136.: Employees: Financial Services

3.9.3 HUMAN RESOURCE SERVICES

a) Highlights: Human Resources

| Highlights | Description |
|--|---|
| 19 Staff Appointment meetings were held since 1 July 2014 until 30 June 2015 | 13 employees appointed in higher T-grade posts. 19 first time appointments. 6 contract appointments made - financial interns and personal assistants. |
| Appointment of Director: Corporate Services and Director: Financial Services | Successful appointment of both directors on 30 June 2015 to start service September 2015 |

Table 137.: Human Resource Highlights

b) Challenges: Human Resources

| Description | Actions to address |
|---|---|
| Policies to be reviewed and address draft policies | Director: Corporate Services and HR Manager to arrange workshops to discuss HR Policies document received from SALGA. |
| Advertising of vacancies on receipt of requisitions are still a challenge though a copy of a draft advertisement is attached to | Vacancies can only be advertised when the director, municipal manager and both unions signed the staff requisition. Chairs of |



CHAPTER 3: SERVICE DELIVERY PERFORMANCE

| Description | Actions to address |
|---|---|
| the notification to the director to be amended or accepted of an employee exiting the service of the municipality. | unions not always available to sign within a specific time period. |
| Have 4 Health and Safety Committee Meetings per annum. Since 2013 most of the departmental health and safety committees became dis-functional due to trained employees exiting the service of the municipality and remaining employees not really interested. | ISHS (Pty) Ltd. was re-appointed to assist with health and safety issues. The process of re-appointment and training of new safety reps is currently on track since the appointment of the Director: Corporate Services from September 2014. |
| It is still a challenge to have Regular LLF meetings or at least one every two months | HR notify members in advance by means of memoranda and e-mail notices to submit items for discussion prior to scheduled meetings. Problem arises when meetings are postponed until further notice. |
| Injury on Duty (IOD). HR experienced that it is mostly temporary employees who reported IOD's. Bruises and cuts to fingers/hands, back injuries, bee stings and thorns, inhaling of gasses. | 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 stated that the health and safety rep/committee investigate 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. |
| Updating/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 138.: Human Resource Challenges

c) Employees: Human Resource Services

| Employees: Human Resource Services | | | | | |
|------------------------------------|-----------|----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2013/14 | | 2014/15 | | |
| | 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 | 0 | 1 | 100 |
| 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 | 1 | 1 | 50 |

Employees and Posts numbers are as at 30 June

Table 139.: Employees: Human Resource services



CHAPTER 3: SERVICE DELIVERY PERFORMANCE

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 |
|-------------------------------------|---|
| ICT Governance | The Council approved the following ICT related policies that was developed according to ICT Municipal Governance Framework adopted by the National Department of Co-operative governance: |
| | Municipal Corporate Governance of Information and Communication Technology Policy |
| | ICT User Access Management Policy |
| | ICT Security Controls Policy |
| | ICT Operating System Security Controls Policy |
| | ICT Disaster Recovery Policy |
| | ICT Service Level Agreement Management Policy (External Service Providers / Vendors) |
| | ICT Service Level Agreement Management Policy (ICT and Municipality) |
| ICT Data Backup and Recovery Policy | |
| Upgrade of Equipment | BWM succeeded to fund the purchase of new equipment to replace / upgrade the majority of its old Desktops and Laptops from XP to Windows 8 |
| Capacity | Due to the increased workload on ICT Governance together with the normal day to day technical support the Municipality succeeded to obtain additional capacity and support from its current service provider without incurring additional expenditure |

Table 140.: ICT Service Highlights

c) Challenges: ICT Services

| Description | Description |
|---|--|
| Compatibility | Compatibility issues between the SEBATA Financial Management System and Windows 8 operating system were experienced due to the fact that the developers of the Financial Management System did not amend their software to be fully compatible with Windows 8 |
| Decommissioning of XP operating systems | The majority of BWM's PC's were still equipped with XP operating systems. Due to Microsoft's announcement that they will no longer support XP operating system the Municipality had to upgrade all the PC's equipped with XP to Windows 8. This caused a financial challenge as well as operational challenges to ensure a smooth transition with minimal disruption to the end-users. |

Table 141.: ICT Service Challenges



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d) Capital Expenditure: ICT Services

| Capital Expenditure 2014/15: ICT Services | | | | | |
|---|---------|-------------------|--------------------|----------------------|---------------------|
| R'000 | | | | | |
| Capital Projects | 2014/15 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from budget | Total Project Value |
| Computers: Hardware/Equipment | 650 | 751 | 602 | 48 | 602 |
| <i>Total project value represents the estimated cost of the project on approval by Council (including past and future expenditure as appropriate)</i> | | | | | |

Table 142.: Capital Expenditure 2014/15: ICT Services

3.9.5 PROCUREMENT SERVICES

a) Highlights: Procurement Services

| Highlights | Description |
|---|--|
| A comprehensive compliance assessment was done by Western Cape Provincial Treasury to assist and improve our audit outcomes | Many of the recommendations were included in the quarterly reports to Council and others have already been implemented |
| Western Cape Supplier Database | Beaufort West, together with the other municipalities in the district have subscribed to the Western Cape Supplier Database with the goal of moving towards an integrated, centralized supplier database that is managed by Provincial Treasury. The envisaged date for implementation is 01 September 2015. |
| Implementation of an integrated online procurement system to create more efficiency in the system | We received R 300 000 from Provincial Treasury for the implementation of this project and we are currently in process of implementing the system |

Table 143.: Procurement Services Highlights

b) Challenges: Procurement Services

| Description | Actions to address |
|---|--|
| Capacity constraints limit the effective and efficient performance and management of the function | Management is in the process of reviewing the Municipality's organisational structure and motivations will be tabled for consideration as part of that process |
| The current decentralised nature of the supply chain management unit creates challenges and results in a lack of controls | The goal is to centralise the procurement function within the Municipality |

Table 144.: Procurement Services Challenges

c) Service Statistics for Procurement Services

| Description | Total No | Monthly Average | Daily Average |
|-------------------------------------|----------|-----------------|---------------|
| Requests processed | 35 | 3 | 1 |
| Orders processed | 2 985 | 240 | 12 |
| Requests cancelled or referred back | 2 | 0 | 0 |
| Extensions | 1 | 0 | 0 |
| Bids received (number of documents) | 97 | 8.09 | 0.27 |
| Bids awarded | 32 | 2.67 | 0.09 |



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| Description | Total No | Monthly Average | Daily Average |
|--------------------------|----------|-----------------|---------------|
| Bids awarded ≤ R 200 000 | 22 | 1.84 | 0.07 |
| Appeals registered | 0 | 0 | 0 |
| Successful Appeals | 0 | 0 | 0 |

Table 145.: 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 | 5 | 2.18 | 74 841 | 1.13 |
| Sole Supplier | 68 | 29.57 | 2 701 870 | 40.80 |
| Acquisition of special works of art or historical objects where specifications are difficult to compile | 1 | 0.42 | 20 086 | 0.30 |
| Any other exceptional case where it is impossible or impractical to follow the official procurement process | 156 | 67.83 | 3 825 721 | 57.77 |
| Total | 230 | 100 | 6 622 519 | 100 |

Table 146.: 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.

There was a Saving Water: Indigent Household team under the EPWP project which was established in accordance with EPWP standards to create job opportunities. This project involved the fixing of leaks at indigent households thus saving water.

b) Highlights: Municipal Buildings

| Highlights | Description |
|--|--|
| Establishment of Saving Water: Indigent Household team | The team was established in accordance with EPWP standards to create job opportunities |

Table 147.: Municipal Buildings Highlights

c) Challenges: Municipal Buildings

| Description | Actions to address |
|------------------------------------|--|
| Indigent Households | No staff to attend to their complaints. Appointment of a team to service the households |
| Maintenance of Municipal Buildings | Obtain funding to address the shortage of staff. Draft and get a maintenance plan approved and draw up a implementation plan |



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| Description | Actions to address |
|-------------|--------------------|
| | thereof. |

Table 148.: Buildings Challenges

d) Low cost housing: New houses

| Year | New | Rebuilt |
|---------|-----|---------|
| 2013/14 | 551 | 16 |
| 2014/15 | 0 | 0 |

Table 149.: 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 | 2013/14 R | 2014/15 R |
|---------------------|------------------|------------------|
| Municipal | 3 696 517 | 4 586 859 |
| Low cost housing | 215 000 | 0 |
| Total | 3 911 517 | 4 586 859 |

Table 150.: Cost of Maintenance of Buildings

f) Employees: Building Maintenance

| Employees: Building Maintenance | | | | | |
|---------------------------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2013/14 | 2014/15 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 - 3 | 7 | 9 | 7 | 2 | 22.22 |
| 4 - 6 | 5 | 6 | 6 | 0 | 0 |
| 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 | 15 | 2 | 11.76 |

Employees and Posts numbers are as at 30 June

Table 151.: Employees Building Maintenance



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3.9.7 FLEET MANAGEMENT

a) Introduction to Fleet Management

The goal:

Strive to provide a safe, reliable and cost effective fleet to different departments in such a manner that the service to the community can be delivered in a timely manner. The fleet consist out of 80 vehicles, including: cars, light duty vehicles, trucks, tractors, earth moving vehicle, compressors and different small plants such as mobile and ordinary grass cutters, water pumps, jolly jumpers, vibrators and power generators.

Objective:

To achieve the aim of our municipality's fleet management plan, key objectives for fleet services have been set as follow:

- To maintain fleet costs effective and in a timely manner.
- To put internal control methods in place to prevent fraud and fruitless expenditures.
- To implementing policies formulate by Council to delivered a efficient services to the community.
- 4To share values, norms and expectations.
- To provide a safe and reliable fleet by keeping fleet in a roadworthy condition.
- Ensuring vehicles are replaced by implementing replacement policies.
- Building a team effort, trust, co – operation and evaluate performance.
- Keep thorough record of statistics of vehicle history, logs, Petrol usage, vehicle issued and availability.
- Set up reports that is transparent and accessible to responsible people.

The functions of the fleet management section are as follow.

- Vehicle maintenance and repairs.
- Driver management.
- Vehicle financing.
- Fuel management.
- Monthly, quarterly and annually reports.
- Licencing and road worthiness of fleet vehicles.

b) Highlights: Fleet Management

| Highlights | Description |
|----------------------|---------------------------------------|
| Availalbity of fleet | 80% of the fleet constantly available |

Table 152.: Fleet Management: Highlights



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c) Challenges: Fleet Management

| Description | Actions to address |
|------------------------|--|
| Wear and tear | Ageing vehicles |
| Purchasing of vehicles | High costs with regards to leasing of vehicles versus the purchase thereof. Limited budget to purchase new vehicles. High Vehicle reimbursement costs. |

Table 153.: Fleet Management Challenges

3.10 COMPONENT L: SERVICE DELIVERY PRIORITIES FOR 2015/16

The main development and service delivery priorities for 2015/16 forms part of the municipality's top layer SDBIP for 2015/16 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 |
|------|--|--|-------|---------------|
| TL10 | Create temporary job opportunities in terms of EPWP projects by 30 June 2016 | Number of temporary jobs opportunities created by 30 June 2016 | 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 |
|------|---|--|-------|---------------|
| TL11 | 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 |
| TL12 | 0.10% of the municipality's personnel budget spent on implementing its workplace skills plan by 30 June 2016 ((Actual amount spent on training/total personnel budget)x100) | % of the municipality's personnel budget spent on implementing its workplace skills plan by 30 June 2016 | All | 0.10% |
| TL35 | Develop a policy on the appointment of temporary staff and submit to Council by 30 June 2016 | Policy on the appointment of temporary staff developed and submitted to Council by 30 June 2016 | All | 1 |

Table 155.: Service Delivery Priority for 2014/15: To Embark on a Turnaround Strategy to address the Administrative and Financial Challenges facing the Municipality

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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 | Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network at 30 June 2016 | Number of residential properties which are billed for water or have pre paid meters as at 30 June 2016 | All | 13 069 |
| TL2 | Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) by 30 June 2016 | Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2016 | All | 11 958 |
| TL3 | 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) as at 30 June 2016 | Number of residential properties which are billed for sewerage as at 30 June 2016 | All | 13 402 |
| TL4 | Number of formal residential properties for which refuse is removed once per week at 30 June 2016 | Number of residential properties which are billed for refuse removal as at 30 June 2016 | All | 10 857 |
| TL5 | Provide free basic water to indigent households in terms of the approved indigent policy as at 30 June 2016 | Number of households receiving free basic water as at 30 June 2016 | All | 6 139 |
| TL6 | Provide free basic electricity to indigent households in terms of the approved indigent policy as at 30 June 2016 | Number of households receiving free basic electricity as at 30 June 2016 | All | 4 317 |
| TL7 | Provide free basic sanitation to indigent households in terms of the approved indigent policy as at 30 June 2016 | Number of households receiving free basic sanitation as at 30 June 2016 | All | 4 327 |
| TL8 | Provide free basic refuse removal to indigent households in terms of the approved indigent policy as at 30 June 2016 | Number of households receiving free basic refuse removal as at 30 June 2016 | All | 929 |
| TL9 | The percentage of the municipal capital budget spent by 30 June 2016 ((Actual amount spent /Total amount budgeted for capital projects)X100) | % of capital budget spent by 30 June 2016 | All | 75% |
| TL17 | Limit unaccounted water to less than 15% between source and sector meters | % of water unaccounted for between source and sector meters | All | 15% |
| TL18 | Maintain 95% water quality quarterly as per SANS 241 physical and micro parameters | % water quality level | All | 95% |
| TL19 | Maintain 90% quality quarterly of final waste water outflow | % quality level | All | 90% |
| TL20 | 90% of the roads and stormwater assets maintenance budget spent by 30 June 2016 ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100) | % of budget spent by 30 June 2016 | All | 90% |



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| Ref | KPI | Unit of Measurement | Wards | Annual Target |
|------|--|---|-------|---------------|
| TL21 | 90% of the sanitation assets maintenance budget spent by 30 June 2016 ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100) | % of budget spent by 30 June 2016 | All | 90% |
| TL22 | 90% of the parks and recreation maintenance budget spent by 30 June 2016 ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100) | % of budget spent by 30 June 2016 | All | 90% |
| TL23 | 90% of the water assets maintenance budget spent by 30 June 2016 ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100) | % of budget spent by 30 June 2016 | All | 90% |
| TL24 | Construct new roads in Dliso avenue and Mshaka road by 30 June 2016 | Project completed by 30 June 2016 | All | 1 |
| TL25 | Rehabilitate Setlaars weg, Pearl and Paarden street by 30 June 2016 | Project completed by 30 June 2016 | 1 | 1 |
| TL26 | 95% of the approved project budget spent to upgrade the sport facilities in Kwa Mandlenkosi by 30 June 2016 ((Actual expenditure divided by the total approved project budget)x100) | % of budget spent by 30 June 2016 | All | 95% |
| TL27 | Complete phase 1 of the Nelspoort Waste Water Treatment Works by 30 June 2016 (MIG: Nelspoort WWTW - Second phase) | Project completed by 30 June 2016 | 2 | 1 |
| TL28 | Complete the waste water pump station in area S8 by 30 June 2016 | Project completed by 30 June 2016 | 6 | 1 |
| TL29 | Upgrade the Sports ground of Merweville by 30 June 2016 | Project completed by 30 June 2016 | 7 | 1 |
| TL30 | Install water pressure reducing valves for central Beaufort West by 30 June 2016 | Project completed by 30 June 2016 | 2; 4 | 1 |
| TL31 | Completed 234 Top structures for the housing project by 30 June 2016 | Number of top structures completed | 6 | 1 |
| TL32 | Purchase land for future housing development by 30 June 2016 | Land purchased by 30 June 2016 | 2; 7 | 1 |
| TL33 | Install a weighbridge at the Vaalkoppies Landfill site by 30 June 2016 | Project completed by 30 June 2016 | All | 1 |
| TL34 | Purchase a Waste Compactor for the Vaalkoppies Landfill Site by 30 June 2016 | Waste Compactor purchased by 30 June 2016 | All | 1 |
| TL36 | Limit the % electricity unaccounted for quarterly to less than 12% {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated} x 100} | % electricity unaccounted for | All | 12% |
| TL37 | 90% of the electricity maintenance budget spent by 30 June 2016 ((Actual expenditure on maintenance divided by the total approved budget for maintenance)x100) | % of the electricity maintenance budget spent | All | 90% |



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| Ref | KPI | Unit of Measurement | Wards | Annual Target |
|------|--|-----------------------------------|-------|---------------|
| TL38 | 95% of Energy Efficiency Demand Side Management (EEDSM) budget spent by 30 June 2016 (Total expenditure on project/ Approved budget for the project)x100 | % of budget spent by 30 June 2016 | All | 95% |

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 |
|------|--|--|-------|---------------|
| TL13 | Financial viability measured in terms of the municipality's ability to meet it's service debt obligations (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant) | Ratio achieved | All | 2 |
| TL14 | Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services) | % outstanding service debtors to revenue | All | 32% |
| TL15 | Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / (Monthly Fixed Operational Expenditure excluding, Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) | Ratio achieved | All | 0.2 |
| TL16 | Achieve an annual average payment percentage of not less than 90% by 30 June 2016 (Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off)/Billed Revenue x 100 | Payment % achieved by 30 June 2016 | All | 85% |

Table 157.: Service Delivery Priority for 2014/15: To Improve the Financial Viability of the Municipality



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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 |
|------|--|---|-------|---------------|
| TL39 | Compile the Risk based audit plan and submit to Audit Committee for consideration by 30 September 2015 | Risk based audit plan submitted to Audit Committee for consideration by 30 September 2015 | All | 1 |
| TL40 | 70% of the RBAP for 2015/16 implemented by end June 2016 [(Number of audits and tasks completed for the period/ Number of audits and tasks identified in the RBAP)x100] | (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: ORGANISATIONAL DEVELOPMENT PERFORMANCE

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 and Indicators | Municipal Achievement | Municipal Achievement |
|---|-----------------------|-----------------------|
| | 2013/14 | 2014/15 |
| 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. | 0 | 2 |
| The percentage of a municipality's budget actually spent on implementing its workplace skills plan. | 0.06 | 0.06 |

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

4.2 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The BWM currently employs **352** (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of the Municipality's objectives. The primary objective of Human Resource Management is to render an innovative human resources 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 | 92 | 181 | 236 | 0 | 0 | 65 | 24 |

Table 160.: 2014/15 EE Targets/Actual by Racial Classification

| Males (Including disability) | | Females (Including disability) | |
|------------------------------|-------------|--------------------------------|-------------|
| Target June | Actual June | Target June | Actual June |
| 188 | 246 | 164 | 106 |

Table 161.: 2014/15 EE Targets/Actual by Gender Classification

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

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 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Senior management | 1 | 1 | 0 | 2 | 0 | 0 | 0 | 0 | 4 |
| Professionally qualified and experienced specialists and mid- management | 0 | 3 | 0 | 3 | 1 | 1 | 0 | 2 | 10 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents | 7 | 30 | 0 | 3 | 3 | 5 | 0 | 2 | 50 |
| Semi-skilled and discretionary decision making | 20 | 60 | 0 | 4 | 16 | 44 | 0 | 8 | 152 |
| Unskilled and defined decision making | 33 | 78 | 0 | 0 | 11 | 13 | 0 | 0 | 135 |
| Total permanent | 61 | 173 | 0 | 12 | 31 | 63 | 0 | 12 | 352 |
| Non- permanent employees | 4 | 9 | 0 | 2 | 2 | 14 | 0 | 1 | 32 |
| Grand total | 65 | 182 | 0 | 14 | 33 | 77 | 0 | 13 | 384 |

Table 162.: Occupational Categories

4.2.2 VACANCY RATE

The approved organogram for the municipality had 437 posts for the 2014/15 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 85 Posts were vacant at the end of 2014/15, resulting in a vacancy rate of 19.45%.

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

| Per Post Level | | |
|------------------------------|------------|-----------|
| Post level | Filled | Vacant |
| MM and MSA section 57 and 56 | 5 | 1 |
| Middle management (T14-T19) | 5 | 5 |
| Admin Officers (T4-T13) | 210 | 45 |
| General Workers (T3) | 132 | 34 |
| Total | 352 | 85 |
| Per Functional Level | | |
| Functional area | Filled | Vacant |
| Municipal Manager | 8 | 4 |
| Corporate Services | 29 | 5 |
| Financial Services | 40 | 5 |
| Community Services | 78 | 13 |
| Engineering Services | 149 | 47 |
| Electro-Technical Services | 23 | 8 |
| Murraysburg | 25 | 3 |
| Total | 352 | 85 |

Table 163.: Vacancy Rate per Post and Functional Level



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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 6.79% in 2013/14 to 5.68% in 2014/15.

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 |
|----------------|---|------------------|---------------------------------|----------------|
| 2013/14 | 353 | 51 | 24 | 6.79% |
| 2014/15 | 352 | 19 | 20 | 5.68% |

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 has stayed the same for the 2014/15 financial year.

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

| Directorates | 2013/14 | 2014/15 |
|-----------------------------|-----------|-----------|
| Municipal Manager | 0 | 1 |
| Corporate Services | 0 | 1 |
| Financial Services | 0 | 1 |
| Community Services | 7 | 5 |
| Engineering Services | 9 | 9 |
| Electro -Technical Services | 1 | 0 |
| Total | 17 | 17 |

Table 165.: Injuries



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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 2014/15 financial year shows a decrease when comparing it with the 2013/14 financial year.

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

| Department | 2013/14 | 2014/15 |
|----------------------------|--------------|--------------|
| Municipal Manager | 34 | 10 |
| Corporate Services | 340 | 340 |
| Financial Services | 756 | 392 |
| Community Services | 855 | 1 136 |
| Engineering Services | 1 403 | 1 345 |
| Electro-Technical Services | 16 | 58 |
| Total | 3 394 | 3 281 |

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 and still needs to be approved:

| Approved policies | |
|--|--|
| Name of policy | Date approved/ revised |
| Employment Policy | 2003 |
| Internal Conditions of Service | 2003 |
| Sexual harassment | 2007 |
| Subsistence and Travelling | 2007 |
| Training and Development | 2007 |
| Language | 2007 |
| Support Staff | 2007 |
| Cell Phone | 2007 |
| Induction Training and Staff Orientation | 2007 |
| Internal control: Salaries and grants | 2007 |
| Study | 2007 |
| IT | 2007 |
| HIV/AIDS | 2007 |
| Induction programme | 2008 |
| Draft policies | |
| Name of policy | Action to address and approve |
| Recruitment and Selection | To be workshopped together with the policy document received |

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| Approved policies | |
|-----------------------------|---|
| Employment Equity | from Salga in the 2015/16 financial year. |
| Incapacity / Ill-Health | |
| Substance Abuse | |
| Smoking Policy | |
| Overtime | |
| Retirement Planning | |
| Unauthorized Absence | |
| Vetting | |
| Uniform Protective Clothing | |

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 (2014/15) |
|--|---------------|--|--|
| MM and S57 | Female | 0 | 0 |
| | Male | 1 | 4 |
| Legislators, senior officials and managers | Female | 4 | 1 |
| | Male | 9 | 7 |
| Associate professionals and Technicians | Female | 4 | 0 |
| | Male | 3 | 3 |
| Professionals | Female | 5 | 1 |
| | Male | 10 | 1 |
| Clerks | Female | 13 | 8 |
| | Male | 15 | 4 |
| Service and sales workers | Female | 18 | 0 |
| | Male | 7 | 0 |
| Craft and related trade workers | Female | 3 | 3 |
| | Male | 4 | 0 |
| Plant and machine operators and assemblers | Female | 0 | 0 |
| | Male | 4 | 12 |
| Elementary occupations | Female | 61 | 12 |
| | Male | 55 | 14 |
| Sub total | Female | 108 | 10 |

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| Management level | Gender | Number of employees identified for training at start of the year (2013/14) | Number of Employees that received training (2014/15) |
|------------------|--------|--|--|
| | Male | 108 | 33 |
| Total | | 216 | 113 |

Table 168.: Skills Matrix

4.4.2 SKILLS DEVELOPMENT – TRAINING PROVIDED

The Skills Development Act (1998) and the MSA, (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(2014/15) | | | | | | |
|--|--------|--|--------|---|--------|--------|--------|------------|
| | | Learnerships | | Skills programmes and other short courses | | Total | | |
| | | Actual | Target | Actual | Target | Actual | Target | % Variance |
| MM and S57 | Female | 0 | 0 | 1 | 1 | 1 | 1 | 0 |
| | Male | 0 | 0 | 3 | 3 | 3 | 3 | 0 |
| Legislators, senior officials and managers | Female | 0 | 0 | 1 | 2 | 1 | 1 | 0 |
| | Male | 0 | 0 | 4 | 11 | 4 | 11 | 36.36 |
| Professionals | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 1 | 5 | 1 | 5 | 20 |
| Technicians and associate professionals | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 2 | 2 | 2 | 2 | 0 |
| Clerks | Female | 0 | 0 | 12 | 12 | 12 | 12 | 0 |
| | Male | 0 | 0 | 5 | 5 | 5 | 5 | 0 |
| Service and sales workers | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Craft and related trade workers | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 3 | 10 | 3 | 10 | 30 |
| Plant and machine operators and assemblers | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Male | 12 | 12 | 0 | 0 | 12 | 12 | 0 |
| Elementary occupations | Female | 0 | 0 | 0 | 0 | 12 | 100 | 12 |
| | Male | 12 | 100 | 0 | 0 | 12 | 100 | 12 |
| Sub total | Female | 0 | 0 | 14 | 15 | 26 | 114 | 22.81 |
| | Male | 12 | 112 | 18 | 36 | 32 | 48 | 66.67 |
| Total | | 12 | 112 | 32 | 51 | 58 | 163 | 35.58 |

Table 169.: Skills Development

4.4.3 SKILLS DEVELOPMENT - BUDGET ALLOCATION

The table below indicates that no budget was allocated to the workplace skills plan

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| Year | Total personnel budget | Total Allocated | Total Spend | % Spent |
|---------|------------------------|-----------------|-------------|---------|
| | R'000 | | | |
| 2013/14 | 67 217 | 330 | 140 | 42.42 |
| 2014/15 | 76 749 | 279 | 136 | 48.89 |

Table 170.: Budget Allocated and Spent for Skills Development

It is important to note that the BWM has not received any grants from LGSETA with regards to the workplace skills plan for the past two financial years.

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 MFMA. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 in terms of Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations."

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

| Description | Total number of officials employed by municipality (Regulation 14(4)(a) and (c)) | Competency assessments completed (Regulation 14(4)(b) and (d)) | Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f)) | Total number of officials that meet prescribed competency levels (Regulation 14(4)(e)) |
|--|--|--|--|--|
| Financial Officials | | | | |
| Accounting Officer | 1 | 1 | 1 | 1 |
| Chief Financial Officer | 1 | 1 | 1 | 1 |
| Senior Managers | 2 | 2 | 0 | 2 |
| Any other financial officials | 13 | 13 | 0 | 13 |
| Supply Chain Management Officials | | | | |
| Heads of Supply Chain Management Units | 1 | 1 | 0 | 1 |
| Supply Chain Management Senior Managers | 0 | 0 | 0 | 0 |
| Total | 18 | 18 | 2 | 18 |

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

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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 | | |
| 2013/14 | 71 771 | 254 291 | 28.22 |
| 2014/15 | 77 782 | 258 861 | 30.05 |

Table 172.: Personnel Expenditure

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

| Financial year | 2013/14 | | 2014/15 | |
|--|--------------|-----------------|-----------------|---------------|
| | Actual | Original Budget | Adjusted Budget | Actual |
| Description | R'000 | | | |
| Councillors (Political Office Bearers plus Other) | | | | |
| Salary | 2 634 | 3 147 | 3 147 | 3 031 |
| Pension Contributions | 193 | 181 | 181 | 289 |
| Medical Aid Contributions | 38 | 42 | 42 | 41 |
| Motor vehicle allowance | 711 | 739 | 739 | 676 |
| Cell phone allowance | 271 | 340 | 340 | 271 |
| Housing allowance | 0 | 0 | 0 | 0 |
| Other benefits or allowances | 47 | 0 | 0 | 0 |
| In-kind benefits | 0 | 0 | 0 | 0 |
| Sub Total | 3 894 | 4 449 | 4 449 | 4 309 |
| % increase/ (decrease) | - | 14.42 | 0 | (3.15) |
| Senior Managers of the Municipality | | | | |
| Pension Contributions | 2 781 | 5 438 | 3 669 | 3 645 |
| Pension Contributions | 463 | 632 | 541 | 546 |
| Medical Aid Contributions | 31 | 27 | 26 | 26 |
| Motor vehicle allowance | 348 | 324 | 424 | 423 |
| Cell phone allowance | 0 | 0 | 0 | 0 |
| Housing allowance | 0 | 0 | 0 | 0 |
| Performance Bonus | 359 | 380 | 380 | 392 |
| Other benefits or allowances | 304 | 0 | 0 | 0 |
| In-kind benefits | 0 | 0 | 0 | 0 |
| Sub Total | 4 286 | 6 800 | 5 041 | 5 033 |



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| Financial year | 2013/14 | 2014/15 | | |
|-------------------------------|---------------|-----------------|-----------------|---------------|
| Description | Actual | Original Budget | Adjusted Budget | Actual |
| R'000 | | | | |
| % increase/ (decrease) | - | 58.66 | (25.87) | (0.16) |
| Other Municipal Staff | | | | |
| Basic Salaries and Wages | 46 598 | 51 217 | 50 966 | 49 055 |
| Pension Contributions | 6 164 | 8 360 | 8 111 | 7 461 |
| Medical Aid Contributions | 1 147 | 1 244 | 1 253 | 1 159 |
| Motor vehicle allowance | 1 220 | 1 726 | 1 510 | 1 285 |
| Cell phone allowance | 0 | 0 | 0 | 0 |
| Housing allowance | 246 | 268 | 285 | 271 |
| Overtime | 3 268 | 2 011 | 2 381 | 3 196 |
| Other benefits or allowances | 4 985 | 2 668 | 2 754 | 3 055 |
| Sub Total | 63 628 | 67 495 | 67 259 | 65 482 |
| % increase/ (decrease) | - | 6.08 | (0.35) | (2.64) |
| Total Municipality | 71 808 | 78 744 | 76 749 | 74 824 |
| % increase/ (decrease) | 6.83 | 9.7 | 6.8% | |

Table 173.: Councillor and Staff Benefits



CHAPTER 5: FINANCIAL PERFORMANCE

CHAPTER 5

This chapter provides details regarding the financial performance of the municipality for the 2014/15 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 2014/15 financial year:

| Financial Summary | | | | | | |
|--|-----------------|-----------------|-----------------|----------------|-------------------|--------------------|
| R'000 | | | | | | |
| Description | 2013/14 | 2014/15 | | | 2014/15 %Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Financial Performance | | | | | | |
| Property rates | 23 192 | 24 984 | 24 984 | 25 057 | 0.29 | 0.29 |
| Service charges | 85 099 | 97 492 | 96 566 | 88 399 | (9.33) | (8.46) |
| Investment revenue | 1 012 | 1 060 | 1 060 | 1 893 | 78.55 | 78.55 |
| Transfers recognised - operational | 77 919 | 83 796 | 85 355 | 76 782 | (8.37) | (10.04) |
| Other own revenue | 50 193 | 24 793 | 47 202 | 60 142 | 142.58 | 27.42 |
| Total Revenue (excluding capital transfers and contributions) | 237 415 | 232 125 | 255 166 | 252 273 | 8.68 | (1.13) |
| Employee costs | 67 878 | 74 295 | 72 300 | 73 426 | (1.71) | 1.56 |
| Remuneration of Councillors | 3 894 | 4 449 | 4 449 | 4 356 | (2.09) | (2.09) |
| Depreciation and asset impairment | 25 019 | 15 081 | 15 081 | 18 215 | 20.78 | 20.78 |
| Finance charges | 4 087 | 1 940 | 2 116 | 4 453 | 129.51 | 110.49 |
| Materials and bulk purchases | 56 475 | 74 897 | 73 031 | 61 501 | (17.88) | (15.79) |
| Transfers and grants | 60 | 60 | 60 | 64 | 7.42 | 7.42 |
| Other expenditure | 96 879 | 74 923 | 97 445 | 96 845 | 29.26 | (0.62) |
| Total Expenditure | 254 291 | 245 644 | 264 481 | 258 861 | 5.38 | (2.12) |
| Surplus/(Deficit) | (16 876) | (13 519) | (9 315) | (6 588) | (51.27) | (29.28) |
| Transfers recognised - capital | 21 348 | 22 868 | 39 256 | 37 652 | 64.65 | (4.08) |
| Contributions recognised - capital and contributed assets | 363 | 170 | 0 | 52 296 | 30 662.53 | 0 |

CHAPTER 5: FINANCIAL PERFORMANCE

| Financial Summary | | | | | | |
|--|----------------|-----------------|-----------------|---------------|-------------------|--------------------|
| R'000 | | | | | | |
| Description | 2013/14 | 2014/15 | | | 2014/15 %Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Surplus/(Deficit) after capital transfers and contributions | 4 835 | 9 519 | 29 941 | 83 361 | 775.76 | 178.42 |
| <u>Capital expenditure and funds sources</u> | | | | | | |
| Capital expenditure | | | | | | |
| Transfers recognised - capital | 21 348 | 22 868 | 39 256 | 37 652 | 64.65 | (4.08) |
| Public contributions and donations | 363 | 170 | 170 | 52 296 | 30 662.53 | 30 662.53 |
| Borrowing | 4 092 | 2 460 | 2 460 | 790 | (67.90) | (67.90) |
| Internally generated funds | 4 848 | 3 788 | 2 014 | 2 058 | (45.67) | 2.22 |
| Total sources of capital funds | 30 651 | 29 286 | 43 899 | 92 797 | 216.86 | 111.38 |
| <u>Financial position</u> | | | | | | |
| Total current assets | 49 429 | 43 252 | 43 762 | 66 873 | 54.61 | 52.81 |
| Total non-current assets | 394 524 | 409 592 | 417 716 | 469 734 | 14.68 | 12.54 |
| Total current liabilities | 46 034 | 41 104 | 35 610 | 57 050 | 38.79 | 60.21 |
| Total non-current liabilities | 46 161 | 47 055 | 49 795 | 44 438 | (5.56) | (10.76) |
| Community wealth/Equity | 351 758 | 364 685 | 376 074 | 435 119 | 19.31 | 15.70 |
| <u>Cash flows</u> | | | | | | |
| Net cash from (used) operating | 25 616 | 30 285 | 35 492 | 42 284 | 39.62 | 19.14 |
| Net cash from (used) investing | (32 343) | (28 815) | (43 428) | (38 337) | 33.05 | (11.72) |
| Net cash from (used) financing | 567 | (391) | (391) | (2 768) | 607.91 | 607.91 |
| Cash/cash equivalents at the year end | (6 161) | 1 080 | (8 327) | 1 179 | (9.23) | (114.16) |
| <u>Cash backing/surplus reconciliation</u> | | | | | | |
| Cash and investments available | 11 937 | 5 735 | 3 610 | 13 116 | 128.71 | 2.63 |
| Application of cash and investments | (11 756) | (4 610) | (2 019) | (11 731) | 154.45 | 4.81 |
| Balance - surplus (shortfall) | 181 | 1 125 | 1 591 | 1 385 | 23.19 | (0.13) |
| <u>Asset management</u> | | | | | | |
| Asset register summary (WDV) | 390 847 | 407 292 | 414 039 | 467 998 | 14.90 | 13.03 |



CHAPTER 5: FINANCIAL PERFORMANCE

| Financial Summary | | | | | | |
|---|---------|-----------------|-----------------|--------|-------------------|--------------------|
| R'000 | | | | | | |
| Description | 2013/14 | 2014/15 | | | 2014/15 %Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Depreciation and asset impairment | 25 019 | 15 081 | 15 081 | 18 215 | 20.78 | 20.78 |
| Renewal of Existing Assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Repairs and Maintenance | 17 408 | 21 053 | 21 053 | 18 143 | (13.82) | (13.82) |
| Free services | | | | | | |
| Cost of Free Basic Services provided | 12 068 | 9 255 | 9 255 | 15 109 | 63.26 | 63.26 |
| Revenue cost of free services provided | 19 721 | 17 378 | 17 378 | 16 102 | (7.34) | (7.34) |
| Households below minimum service level | | | | | | |
| Water: | 260 | 187 | 187 | 260 | 28.08 | 28.08 |
| Sanitation/sewerage: | 614 | 0 | 0 | 614 | 100 | 100 |
| 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 2014/15

The table below shows a summary of performance against budgets:

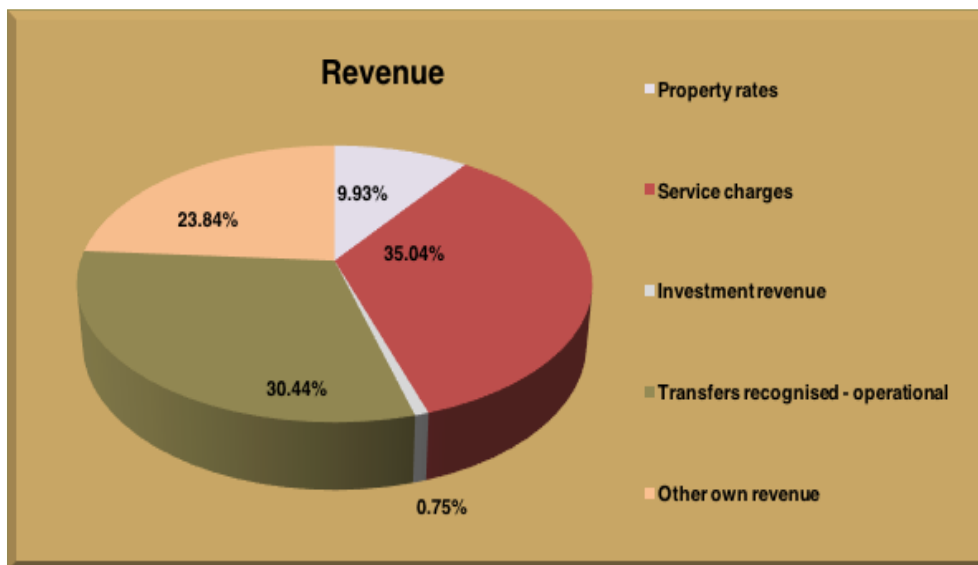
| Financial Year | Revenue | | | | Operating expenditure | | | |
|----------------|---------|---------|--------|-------|-----------------------|---------|---------|--------|
| | Budget | Actual | Diff. | % | Budget | Actual | Diff. | % |
| | R'000 | R'000 | R'000 | | R'000 | R'000 | R'000 | |
| 2013/14 | 239 252 | 259 127 | 19 875 | 8.31 | 223 878 | 254 291 | 30 413 | 13.58 |
| 2014/15 | 294 422 | 342 222 | 47 800 | 16.24 | 264 481 | 258 861 | (5 620) | (2.12) |

Table 175.: Performance Against Budgets



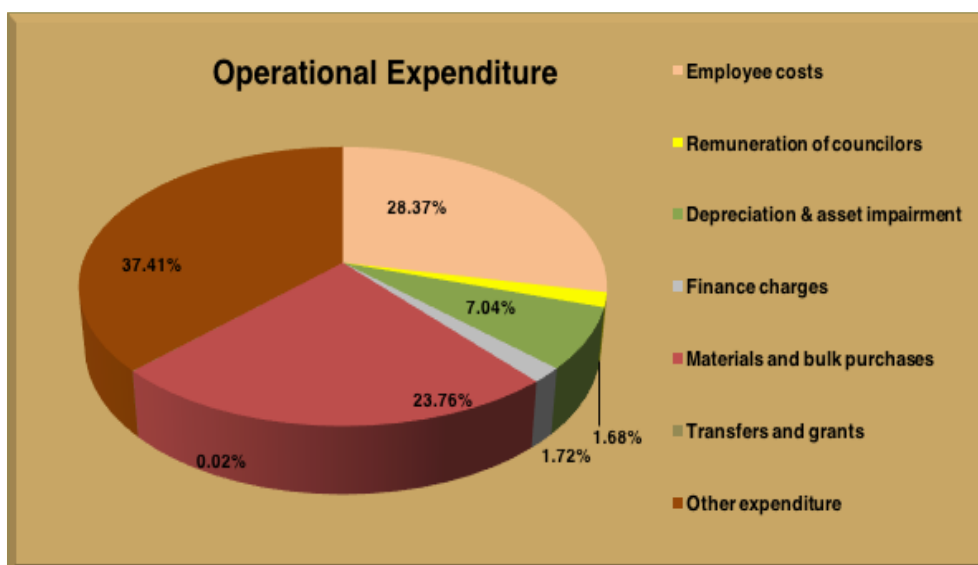
CHAPTER 5: FINANCIAL PERFORMANCE

The following graph indicates the various types of revenue items in the municipal budget for 2014/15



Graph 6.: Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2014/15



Graph 7.: Operating Expenditure



CHAPTER 5: FINANCIAL PERFORMANCE

5.1.1 REVENUE COLLECTION BY VOTE

The table below indicates the Revenue collection performance by Vote:

| Vote Description | 2013/14 | 2014/15 | | | 2014/15 % Variance | |
|---|----------------|-----------------|-----------------|----------------|--------------------|-----------------|
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjusted Budget |
| | R'000 | | | | | |
| Vote 1 - Municipal Manager | 491 | 0 | 900 | 1 067 | 0.00 | 18.58 |
| Vote 2 - Director: Corporate Services | 27 557 | 44 063 | 32 009 | 82 241 | 86.64 | 156.93 |
| Vote 3 - Director: Financial Services | 31 334 | 32 916 | 32 552 | 37 923 | 15.21 | 16.50 |
| Vote 4 - Director: Engineering Services | 48 008 | 46 812 | 54 155 | 66 276 | 41.58 | 22.38 |
| Vote 5 - Director: Community Services | 78 409 | 29 571 | 66 381 | 59 016 | 99.58 | (11.10) |
| Vote 6 - Director: Electrical Services | 73 328 | 101 801 | 108 424 | 95 699 | (5.99) | (11.74) |
| Total Revenue by Vote | 259 127 | 255 163 | 294 422 | 342 222 | 34.12 | 16.24 |
| <i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual</i> | | | | | | |

Table 176.: Revenue by Vote

5.1.2 REVENUE COLLECTION BY SOURCE

The table below indicates the revenue collection performance by source for the 2014/15 financial year:

| Description | 2013/14 | 2014/15 | | | 2014/15 % Variance | |
|---|---------|-----------------|-----------------|--------|--------------------|-----------------|
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjusted Budget |
| | R'000 | | | | | |
| Property rates | 22 792 | 24 364 | 24 364 | 24 583 | 0.90 | 0.90 |
| Property rates - penalties and collection charges | 400 | 620 | 620 | 474 | (23.58) | (23.58) |
| Service Charges - electricity revenue | 56 621 | 67 167 | 67 058 | 57 777 | (13.98) | (13.84) |
| Service Charges - water revenue | 12 150 | 12 695 | 12 394 | 13 386 | 5.44 | 8.01 |
| Service Charges - sanitation revenue | 10 731 | 11 670 | 11 294 | 11 288 | (2.94) | 0.30 |
| Service Charges - refuse revenue | 5 598 | 5 960 | 5 821 | 5 947 | (0.87) | 1.49 |
| Service Charges - other | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Rentals of facilities and equipment | 815 | 845 | 854 | 1 678 | 98.52 | 96.39 |
| Interest earned - external | 1 012 | 1 060 | 1 060 | 1 893 | 78.55 | 78.55 |

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| Description | 2013/14 | 2014/15 | | | 2014/15 % Variance | |
|--|----------------|-----------------|-----------------|----------------|--------------------|-----------------|
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjusted Budget |
| | R'000 | | | | | |
| investments | | | | | | |
| Interest earned - outstanding debtors | 1 858 | 1 716 | 1 796 | 1 969 | 14.72 | 9.61 |
| Dividends received | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Fines | 40 874 | 16 120 | 39 960 | 45 969 | 185.17 | 15.04 |
| Licences and permits | 546 | 648 | 648 | 537 | (16.88) | (16.89) |
| Agency services | 541 | 520 | 580 | 609 | 17.16 | 5.04 |
| Transfers recognised - operational | 77 919 | 83 796 | 85 355 | 76 782 | (8.37) | (10.04) |
| Other revenue | 5 356 | 4 944 | 3 364 | 9 379 | 89.71 | 178.84 |
| Gains on disposal of PPE | 0 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total Revenue (excluding capital transfers and contributions) | 237 213 | 232 125 | 255 168 | 252 271 | 8.68 | (1.13) |

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 2014/15 financial year:

| Description | 2013/14 | 2014/15 | | | 2014/15 Variance | |
|--------------------------------------|--------------------------|-----------------|-----------------|---------------|------------------|--------------------|
| | Actual (Audited Outcome) | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| | R'000 | | | | | % |
| Operating Cost | | | | | | |
| Governance and administration | 54 530 | 43 258 | 46 855 | 47 479 | 9.75 | 1.33 |
| Executive and Council | 16 802 | 14 980 | 15 250 | 14 700 | (1.87) | (3.61) |
| Budget and treasury office | 14 069 | 15 169 | 17 384 | 17 672 | 16.50 | 1.65 |
| Corporate services | 23 660 | 13 109 | 14 221 | 15 107 | 15.24 | 6.22 |
| Community and public safety | 83 680 | 37 042 | 60 165 | 63 250 | 70.75 | 5.13 |
| Community and social services | 7 291 | 9 231 | 8 978 | 7 663 | (16.99) | (14.65) |
| Sport and recreation | 7 099 | 6 827 | 6 550 | 6 244 | (8.54) | (4.67) |
| Public safety | 39 548 | 14 570 | 38 056 | 44 839 | 207.75 | 17.82 |
| Housing | 29 741 | 6 413 | 6 581 | 4 504 | (29.77) | (31.56) |

CHAPTER 5: FINANCIAL PERFORMANCE

| Description | 2013/14 | 2014/15 | | | 2014/15 Variance | |
|--|--------------------------|-----------------|-----------------|----------------|------------------|--------------------|
| | Actual (Audited Outcome) | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| | R'000 | | | | % | |
| Economic and environmental services | 20 499 | 27 564 | 26 371 | 23 158 | (15.98) | (12.18) |
| Planning and development | 4 273 | 4 805 | 5 328 | 4 115 | (14.36) | (22.77) |
| Road transport | 16 227 | 22 758 | 21 043 | 19 043 | (16.32) | (9.50) |
| Trading Services | 95 581 | 137 449 | 130 757 | 124 974 | (9.08) | (4.42) |
| Electricity | 62 366 | 97 543 | 90 108 | 80 041 | (17.94) | (11.17) |
| Water | 17 759 | 22 752 | 20 900 | 20 486 | (9.96) | (1.98) |
| Waste water management | 5 045 | 6 341 | 7 448 | 8 216 | 29.57 | 10.31 |
| Waste management | 10 411 | 10 813 | 12 302 | 16 231 | 50.11 | 31.94 |
| Other | 0 | 332 | 332 | 0 | (100.00) | (100.00) |
| Total Expenditure | 254 291 | 245 644 | 264 481 | 258 861 | 5.11 | (2.17) |

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 | 2013/14 | 2014/15 | | | |
|--------------------------------------|---------------|-----------------|-----------------|---------------|----------------------|
| | Actual | Original Budget | Adjusted Budget | Actual | % Variance to Budget |
| | R'000 | | | | |
| Total Operational Revenue | 21 271 | 18 471 | 22 233 | 25 391 | 14.20 |
| Expenditure: | | | | | |
| Employees | 4 536 | 4 568 | 4 811 | 5 406 | 12.36 |
| Repairs and Maintenance | 2 436 | 716 | 716 | 3 436 | 380.03 |
| Other | 12 825 | 17 468 | 15 373 | 13 859 | (9.85) |
| Total Operational Expenditure | 19 798 | 22 752 | 20 900 | 22 701 | 8.62 |
| Net Operational (Service) | 1 473 | (4 281) | 1 333 | 2 690 | 101.76 |

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

Table 179.: Financial Performance: Water Services



CHAPTER 5: FINANCIAL PERFORMANCE

5.2.2 WASTE WATER (SANITATION)

| Description | 2013/14 | 2014/15 | | | |
|--------------------------------------|---------------|-----------------|-----------------|---------------|----------------------|
| | Actual | Original Budget | Adjusted Budget | Actual | % Variance to Budget |
| | R'000 | | | | |
| Total Operational Revenue | 17 156 | 16 279 | 16 282 | 25 990 | 59.62 |
| Expenditure: | | | | | |
| Employees | 3 233 | 3 338 | 3 338 | 3 453 | 3.44 |
| Repairs and Maintenance | 455 | 407 | 407 | 554 | 36.11 |
| Other | 2 052 | 2 596 | 3 703 | 4 909 | 32.59 |
| Total Operational Expenditure | 5 740 | 6 341 | 7 448 | 8 916 | 19.71 |
| Net Operational (Service) | 11 416 | 9 938 | 8 834 | 17 074 | 93.27 |

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 | 2013/14 | 2014/15 | | | |
|--------------------------------------|---------------|-----------------|-----------------|---------------|----------------------|
| | Actual | Original Budget | Adjusted Budget | Actual | % Variance to Budget |
| | R'000 | | | | |
| Total Operational Revenue | 73 328 | 101 801 | 108 424 | 95 699 | (11.74) |
| Expenditure: | | | | | |
| Employees | 6 212 | 7 025 | 6 703 | 6 463 | (3.58) |
| Repairs and Maintenance | 4 667 | 5 106 | 5 121 | 4 939 | (3.55) |
| Other | 46 920 | 85 413 | 78 284 | 63 092 | (19.41) |
| Total Operational Expenditure | 57 799 | 97 543 | 90 108 | 74 493 | (17.33) |
| Net Operational (Service) | 15 528 | 4 258 | 18 316 | 21 206 | 15.77 |

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

Table 181.: Financial Performance: Electricity

5.2.4 WASTE MANAGEMENT

| Description | 2013/14 | 2014/15 | | | |
|----------------------------------|--------------|-----------------|-----------------|--------------|----------------------|
| | Actual | Original Budget | Adjusted Budget | Actual | % Variance to Budget |
| | R'000 | | | | |
| Total Operational Revenue | 7 442 | 6 266 | 7 383 | 7 680 | 7.47 |
| Expenditure: | | | | | |
| Employees | 6 839 | 6 319 | 6 835 | 7 188 | 6.80 |
| Repairs and Maintenance | 2 092 | 1 202 | 2 302 | 1 964 | (63.44) |
| Other | 1 481 | 3 292 | 3 165 | 7 079 | 71.28 |

CHAPTER 5: FINANCIAL PERFORMANCE

| Description | 2013/14 | 2014/15 | | | |
|--------------------------------------|----------------|-----------------|-----------------|----------------|----------------------|
| | Actual | Original Budget | Adjusted Budget | Actual | % Variance to Budget |
| | R'000 | | | | |
| Total Operational Expenditure | 10 413 | 10 813 | 12 302 | 16 231 | 34.53 |
| Net Operational (Service) | (2 971) | (4 547) | (4 919) | (8 551) | 73.84 |

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

Table 182.: Financial Performance: Waste Management

5.2.5 HOUSING

| Description | 2013/14 | 2014/15 | | | |
|--------------------------------------|---------------|-----------------|-----------------|----------------|----------------------|
| | Actual | Original Budget | Adjusted Budget | Actual | % Variance to Budget |
| | R'000 | | | | |
| Total Operational Revenue | 28 859 | 5 380 | 17 198 | 3 380 | (80.35) |
| Expenditure: | | | | | |
| Employees | 783 | 850 | 850 | 757 | (10.93) |
| Repairs and Maintenance | 268 | 49 | 49 | 215 | 339.83 |
| Other | 28 691 | 5 515 | 5 682 | 3 532 | (37.84) |
| Total Operational Expenditure | 29 741 | 6 413 | 6 581 | 4 504 | (31.56) |
| Net Operational (Service) | (881) | (1 034) | 10 617 | (1 125) | (110.59) |

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

Table 183.: Financial Performance: Housing

5.2.6 ROAD TRANSPORT

| Description | 2013/14 | 2014/15 | | | |
|--------------------------------------|----------------|-----------------|-----------------|----------------|----------------------|
| | Actual | Original Budget | Adjusted Budget | Actual | % Variance to Budget |
| | R'000 | | | | |
| Total Operational Revenue | 8 318 | 8 515 | 6 433 | 12 755 | 6.55 |
| Expenditure: | | | | | |
| Employees | 8 584 | 9 124 | 5 780 | 8 896 | 2.27 |
| Repairs and Maintenance | 3 246 | 1 751 | 580 | 3 092 | 76.53 |
| Other | 4 648 | 11 883 | 2 618 | 7 415 | (30.01) |
| Total Operational Expenditure | 16 477 | 22 758 | 21 043 | 19 403 | (7.80) |
| Net Operational (Service) | (8 160) | (14 243) | (9 072) | (6 648) | (26.72) |

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

Table 184.: Financial Performance: Road Transport



CHAPTER 5: FINANCIAL PERFORMANCE

5.2.7 PLANNING AND DEVELOPMENT

| Description | 2013/14 | 2014/15 | | | |
|--------------------------------------|----------------|-----------------|-----------------|----------------|----------------------|
| | Actual | Original Budget | Adjusted Budget | Actual | % Variance to Budget |
| | R'000 | | | | |
| Total Operational Revenue | 386 | 452 | 1 087 | 494 | (54.53) |
| Expenditure: | | | | | |
| Employees | 3 371 | 3 611 | 3 434 | 3 179 | (7.42) |
| Repairs and Maintenance | 131 | 66 | 66 | 109 | 65.45 |
| Other | 854 | 1 128 | 1 828 | 913 | (50.08) |
| Total Operational Expenditure | 4 355 | 4 805 | 5 328 | 4 201 | (21.15) |
| Net Operational (Service) | (3 970) | (4 353) | (4 241) | (3 707) | (12.60) |

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 AND SOCIAL SERVICES

| Description | 2013/14 | 2014/15 | | | |
|--------------------------------------|----------------|-----------------|-----------------|----------------|----------------------|
| | Actual | Original Budget | Adjusted Budget | Actual | % Variance to Budget |
| | R'000 | | | | |
| Total Operational Revenue | 4 161 | 6 087 | 6 670 | 6 403 | (4.00) |
| Expenditure: | | | | | |
| Employees | 5 796 | 886 | 769 | 6 128 | 696.55 |
| Repairs and Maintenance | 498 | 245 | 245 | 599 | 144.37 |
| Other | 1 403 | 8 101 | 8 200 | 1 378 | (83.20) |
| Total Operational Expenditure | 7 698 | 9 231 | 9 214 | 8 105 | (12.05) |
| Net Operational (Service) | (3 537) | (3 145) | (2 545) | (1 702) | (33.13) |

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

Table 186.: Financial Performance: Community and Social Services

5.2.9 PUBLIC SAFETY

| Description | 2013/14 | 2014/15 | | | |
|----------------------------------|---------------|-----------------|-----------------|---------------|----------------------|
| | Actual | Original Budget | Adjusted Budget | Actual | % Variance to Budget |
| | R'000 | | | | |
| Total Operational Revenue | 40 800 | 16 220 | 40 065 | 45 995 | 14.80 |
| Expenditure: | | | | | |
| Employees | 6 613 | 7 372 | 6 983 | 6 821 | (2.32) |
| Repairs and Maintenance | 572 | 296 | 296 | 487 | 64.39 |
| Other | 32 420 | 6 902 | 30 777 | 37 578 | 22.10 |

CHAPTER 5: FINANCIAL PERFORMANCE

| Description | 2013/14 | 2014/15 | | | |
|--------------------------------------|---------------|-----------------|-----------------|---------------|----------------------|
| | Actual | Original Budget | Adjusted Budget | Actual | % Variance to Budget |
| | R'000 | | | | |
| Total Operational Expenditure | 39 605 | 14 570 | 38 056 | 44 886 | 17.95 |
| Net Operational (Service) | 1 195 | 1 650 | 2 009 | 1 109 | (44.80) |

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 | 2013/14 | 2014/15 | | | |
|--------------------------------------|----------------|-----------------|-----------------|----------------|----------------------|
| | Actual | Original Budget | Adjusted Budget | Actual | % Variance to Budget |
| | R'000 | | | | |
| Total Operational Revenue | 1 266 | 3 226 | 2 972 | 2 083 | (29.90) |
| Expenditure: | | | | | |
| Employees | 4 313 | 4 527 | 4 250 | 4 035 | (5.06) |
| Repairs and Maintenance | 1 678 | 777 | 777 | 1 368 | 76.14 |
| Other | 1 689 | 1 523 | 1 523 | 1 871 | 22.87 |
| Total Operational Expenditure | 7 679 | 6 827 | 6 550 | 7 275 | 11.06 |
| Net Operational (Service) | (6 413) | (3 600) | (3 578) | (5 191) | 45.09 |

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 | 2013/14 | 2014/15 | | | |
|--------------------------------------|---------------|-----------------|-----------------|---------------|----------------------|
| | Actual | Original Budget | Adjusted Budget | Actual | % Variance to Budget |
| | R'000 | | | | |
| Total Operational Revenue | 24 512 | 39 089 | 26 499 | 25 841 | (2.48) |
| Expenditure: | | | | | |
| Employees | 3 556 | 4 051 | 3 644 | 3 697 | 1.44 |
| Repairs and Maintenance | 4 | 0 | 0 | 2 | 0.00 |
| Other | 13 404 | 10 929 | 11 606 | 11 255 | (3.02) |
| Total Operational Expenditure | 16 964 | 14 980 | 15 250 | 14 954 | (1.94) |
| Net Operational (Service) | 7 548 | 24 108 | 11 249 | 10 887 | (3.22) |

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 | 2013/14 | 2014/15 |
|-------------|---------|---------|
|-------------|---------|---------|



CHAPTER 5: FINANCIAL PERFORMANCE

| | Actual | Original Budget | Adjusted Budget | Actual | % Variance to Budget |
|--------------------------------------|---------------|-----------------|-----------------|---------------|----------------------|
| | R'000 | | | | |
| Total Operational Revenue | 31 317 | 32 894 | 32 530 | 37 887 | 16.47 |
| Expenditure: | | | | | |
| Employees | 8 166 | 10 522 | 9 868 | 10 055 | 1.89 |
| Repairs and Maintenance | 341 | 130 | 140 | 203 | 45.24 |
| Other | 5 493 | 4 518 | 7 377 | 7 595 | 2.96 |
| Total Operational Expenditure | 14 000 | 15 169 | 17 384 | 17 852 | 2.69 |
| Net Operational (Service) | 17 318 | 17 724 | 15 145 | 20 035 | 32.28 |

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

Table 190.: Financial Performance: Budget and Treasury Office

5.2.13 CORPORATE SERVICES

| Description | 2013/14 | 2014/15 | | | |
|--------------------------------------|-----------------|-----------------|-----------------|---------------|----------------------|
| | Actual | Original Budget | Adjusted Budget | Actual | % Variance to Budget |
| | R'000 | | | | |
| Total Operational Revenue | 311 | 485 | 1 345 | 52 624 | 3 811.25 |
| Expenditure: | | | | | |
| Employees | 5 911 | 6 688 | 7 002 | 7 348 | 4.94 |
| Repairs and Maintenance | 1 022 | 1 259 | 1 326 | 1 176 | (11.34) |
| Other | 17 088 | 5 162 | 5 893 | 6 817 | 15.67 |
| Total Operational Expenditure | 24 022 | 13 109 | 14 221 | 15 340 | 7.87 |
| Net Operational (Service) | (23 711) | (12 623) | (12 876) | 37 284 | (389.56) |

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

Table 191.: Financial Performance: Corporate Services



CHAPTER 5: FINANCIAL PERFORMANCE

5.3 GRANTS

5.3.1 GRANT PERFORMANCE

The municipality had a total amount of **R 76 782 000** for infrastructure and other projects available that was received in the form of grants from the National and Provincial Governments during the 2014/15 financial year. The performance in the spending of these grants is summarised as follows:

| Description | 2013/14 | 2014/15 | | | 2014/15 Variance | |
|---|--------------------------|---------------|--------------------|---------------|------------------|--------------------|
| | Actual (Audited Outcome) | Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| | R'000 | | | | % | |
| Operating Transfers and Grants | | | | | | |
| National Government: | 44 608 | 73 259 | 80 773 | 66 802 | (8.81) | (17.30) |
| Equitable share | 35 567 | 38 990 | 44 066 | 38 990 | 0.00 | (11.52) |
| Finance Management Grant | 1 549 | 1 600 | 1 650 | 1 420 | (11.23) | (13.92) |
| Electrification of Central Karoo | 2 359 | 25 541 | 30 090 | 19 031 | (25.49) | (36.75) |
| Expanded Public Works Programme | 1 093 | 1 834 | 0 | 1 834 | 0.00 | 0.00 |
| Municipal Systems Improvement Grant | 857 | 934 | 967 | 719 | (22.98) | (25.61) |
| MIG - Project Management Unit | 231 | 360 | 0 | 271 | (24.67) | 0.00 |
| Electricity Demand Side Grant | 2 501 | 4 000 | 4 000 | 3 648 | (8.79) | (8.79) |
| 132 Kv Substation | 450 | 0 | 0 | 0 | 0.00 | 0.00 |
| Accelerated Community Water Supply-DWAF | 0 | 0 | 0 | 888 | 0.00 | 0.00 |
| Provincial Government: | 32 854 | 10 537 | 9 873 | 9 395 | (10.84) | (4.84) |
| Housing | 28 774 | 5 257 | 5 092 | 3 196 | (39.21) | (37.24) |
| Consumer Housing Education Program | 14 | 0 | 0 | 0 | 0.00 | 0.00 |
| Main Road Subsidy | 0 | 794 | 0 | 696 | (12.30) | 0.00 |
| Community Development Workers Operating Grant | 302 | 192 | 202 | 304 | 58.11 | 50.28 |
| Library Grant | 3 035 | 4 072 | 4 346 | 3 585 | (11.95) | (17.50) |
| Thusong Centre Operating Grant | 0 | 222 | 233 | 0 | (100) | (100) |
| Tourism Potential Nelspoort | 60 | 0 | 0 | 0 | 0.00 | 0.00 |
| Upgrading Sport Facilities Murraysburg | 200 | 0 | 0 | 0 | 0.00 | 0.00 |
| Mandela Memorial Service | 100 | 0 | 0 | 0 | 0.00 | 0.00 |
| Local Government | 0 | 0 | 0 | 329 | 0.00 | 0.00 |
| Compliance Module | 57 | 0 | 0 | 0 | 0.00 | 0.00 |
| Financial Management Support | 313 | 0 | 0 | 1 285 | 0.00 | 0.00 |

CHAPTER 5: FINANCIAL PERFORMANCE

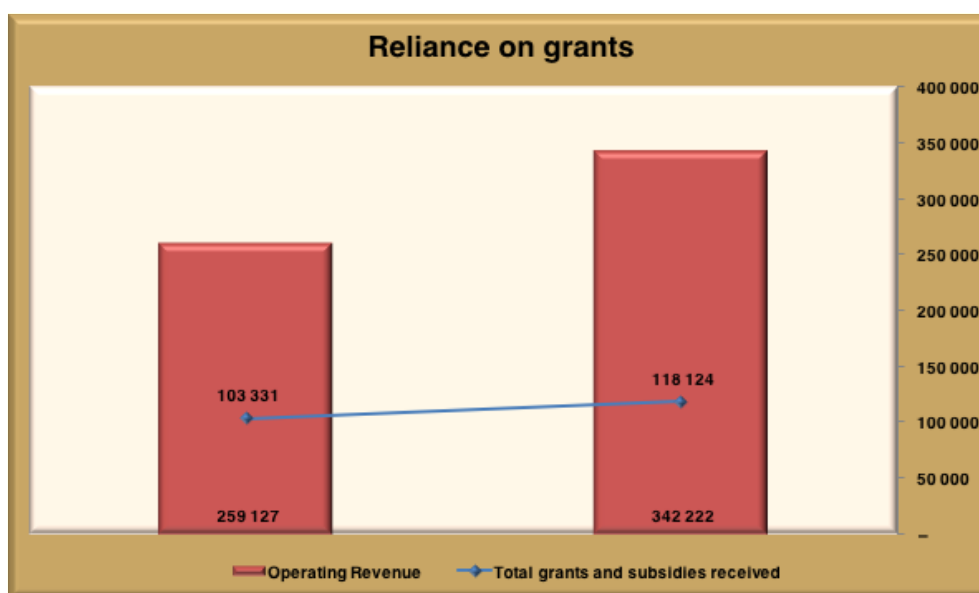
| Description | 2013/14 | 2014/15 | | | 2014/15 Variance | |
|---|--------------------------|---------------|--------------------|---------------|------------------|--------------------|
| | Actual (Audited Outcome) | Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget |
| | R'000 | | | | % | |
| Operating Transfers and Grants | | | | | | |
| Grant | | | | | | |
| District Municipality: | 455 | 0 | 0 | 360 | 0.00 | 0.00 |
| Shared Services (CKDM) | 55 | 0 | 0 | 0 | 0.00 | 0.00 |
| Expanded Public Works Programme (CKDM) | 400 | 0 | 0 | 360 | 0.00 | 0.00 |
| Other grant providers: | 3 | 0 | 0 | 226 | 0.00 | 0.00 |
| Eskom | 0 | 0 | 0 | 226 | 0.00 | 0.00 |
| Existing Houses Nelspoort | 3 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total Operating Transfers and Grants | 77 919 | 83 796 | 90 646 | 76 782 | (8.37) | (15.29) |

Table 192.: Operating Grant Performance

5.3.2 LEVEL OF RELIANCE ON GRANTS AND SUBSIDIES

| Financial year | Total grants and subsidies received | Total Operating Revenue | Percentage |
|----------------|-------------------------------------|-------------------------|--------------|
| | R'000 | | % |
| 2013/14 | 103 331 | 259 127 | 39.88 |
| 2014/15 | 118 124 | 342 222 | 34.52 |

Table 193.: Reliance on Grants



Graph 8.: Reliance on Grants

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

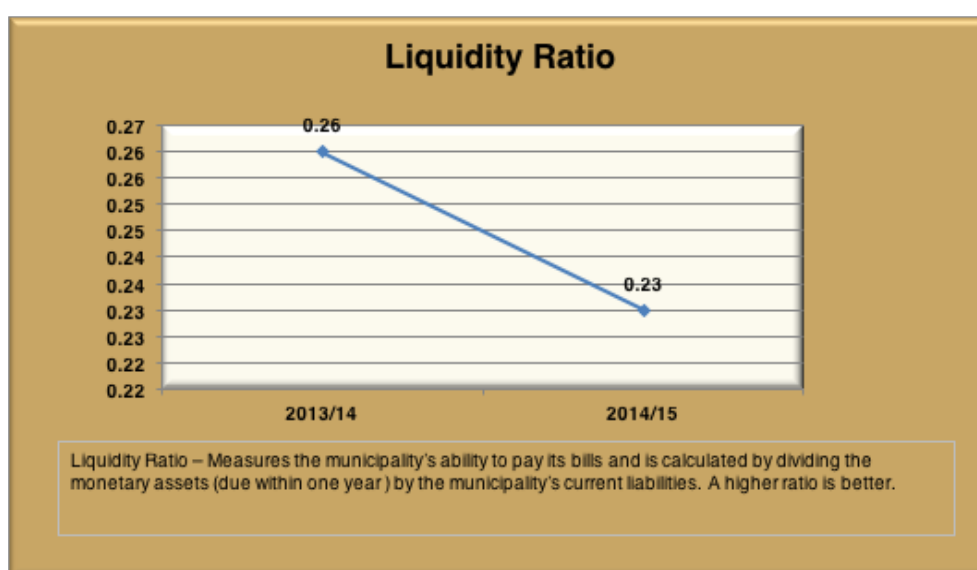


CHAPTER 5: FINANCIAL PERFORMANCE

5.4.1 LIQUIDITY RATIO

| Description | Basis of calculation | 2013/14 | 2014/15 |
|---|--|-----------------|-----------------|
| | | Audited outcome | Audited outcome |
| Current Ratio | Current assets/current liabilities | 1.07 | 1.17 |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 0.24 | (0.79) |
| Liquidity Ratio | Cash and equivalents/Trade creditors and short term borrowings | 0.26 | 0.23 |

Table 194.: Liquidity Financial Ratio



Graph 9.: Liquidity Ratio

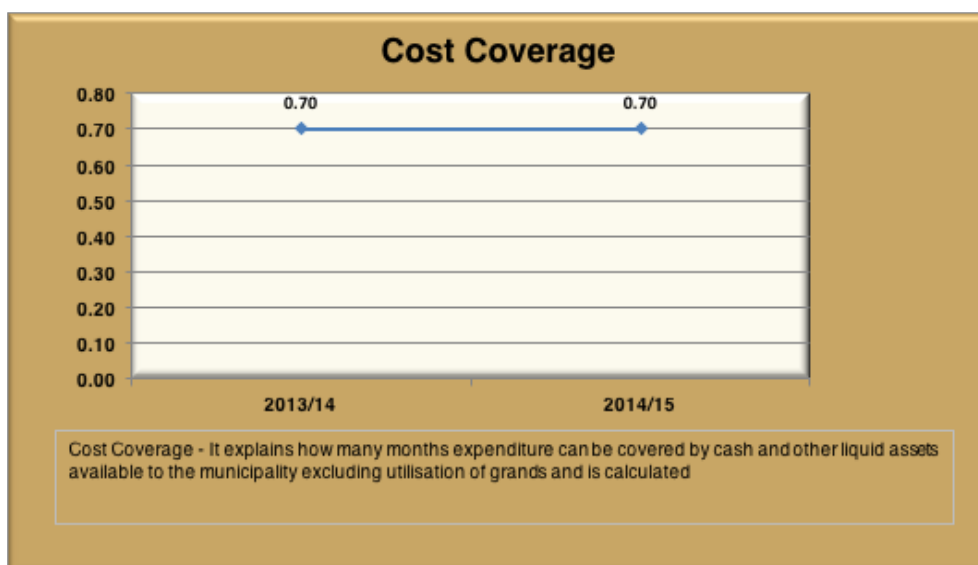
5.4.2 IDP REGULATION FINANCIAL VIABILITY INDICATORS

| Description | Basis of calculation | 2013/14 | 2014/15 |
|--|---|-----------------|-----------------|
| | | Audited outcome | Audited outcome |
| Cost Coverage | (Available cash + Investments)/monthly fixed operational expenditure | 0.70 times | 0.70 times |
| Total Outstanding Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 31.8% | 24.2% |
| Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | 31 times | 24 times |

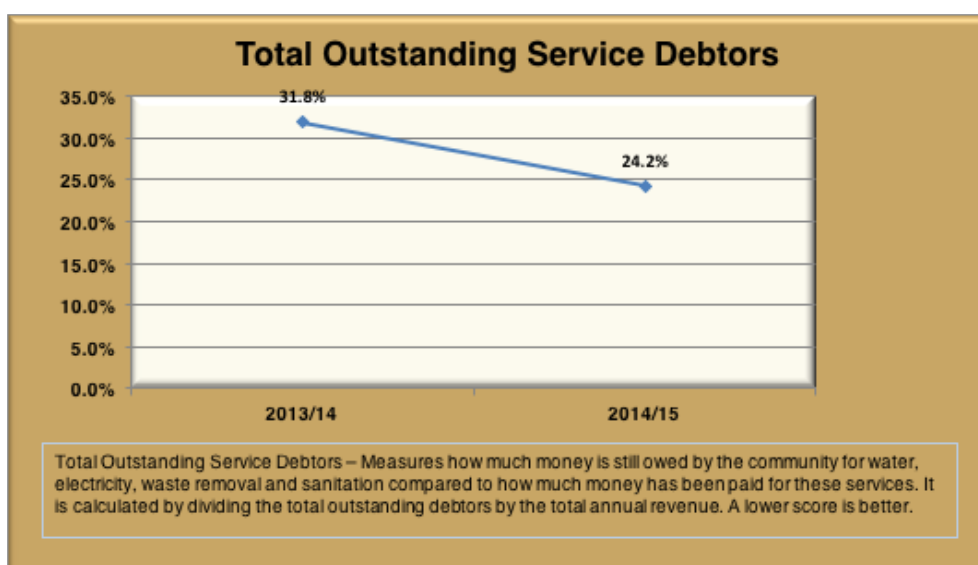
Table 195.: Financial Viability National KPAs



CHAPTER 5: FINANCIAL PERFORMANCE



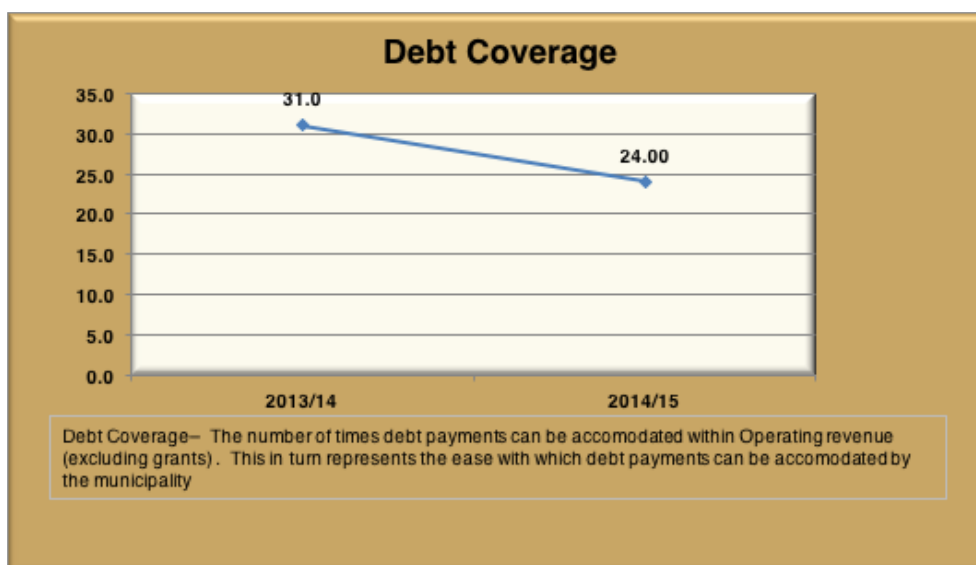
Graph 10.: Cost Coverage



Graph 11.: Outstanding Service Debtors to Revenue



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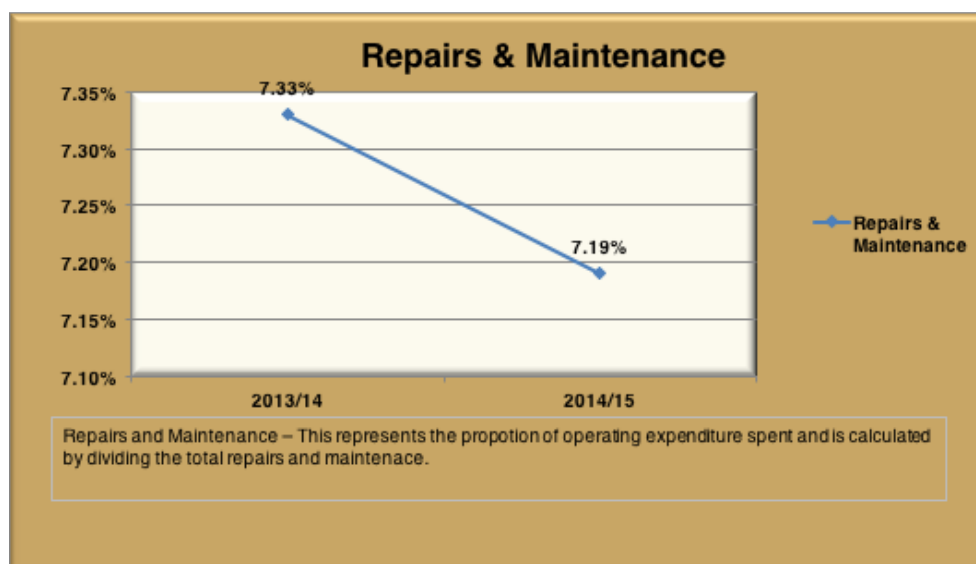


Graph 12.: Debt Coverage

5.4.3 REPAIRS AND MAINTENANCE

| Description | Basis of calculation | 2013/14 | 2014/15 |
|-------------------------|---|-----------------|-----------------|
| | | Audited outcome | Audited outcome |
| Repairs and Maintenance | RandM/(Total Revenue excluding capital revenue) | 7.33% | 7.19% |

Table 196.: Repairs and Maintenance



Graph 13.: Repairs and Maintenance

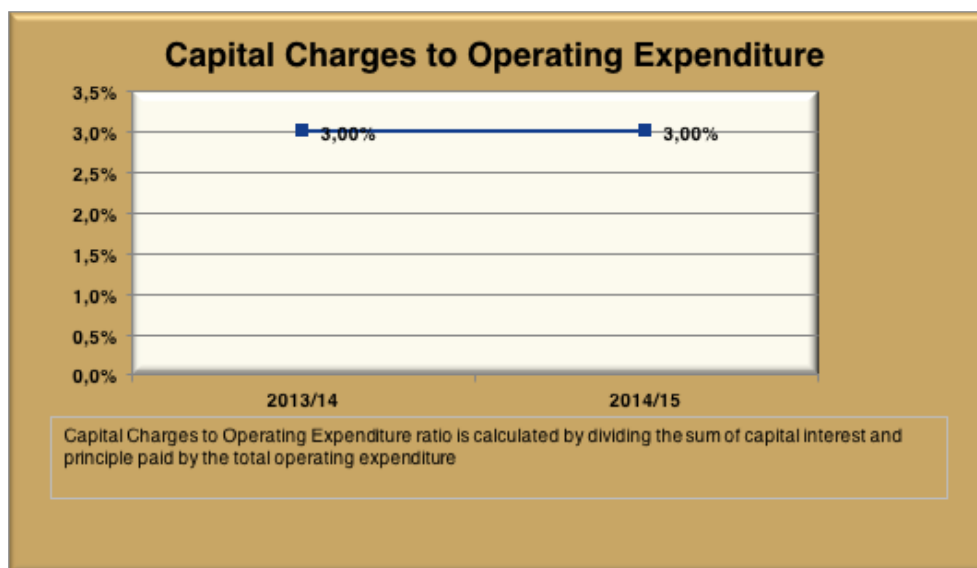


CHAPTER 5: FINANCIAL PERFORMANCE

5.4.4 BORROWING MANAGEMENT

| Description | Basis of calculation | 2013/14 | 2014/15 |
|--|--|-----------------|-----------------|
| | | Audited outcome | Audited outcome |
| Capital Charges to Operating Expenditure | Interest and Principal Paid /Operating Expenditure | 3.00% | 3.00% |

Table 197.: Borrowing Management



Graph 14.: Capital Charges to Operating Expenditure

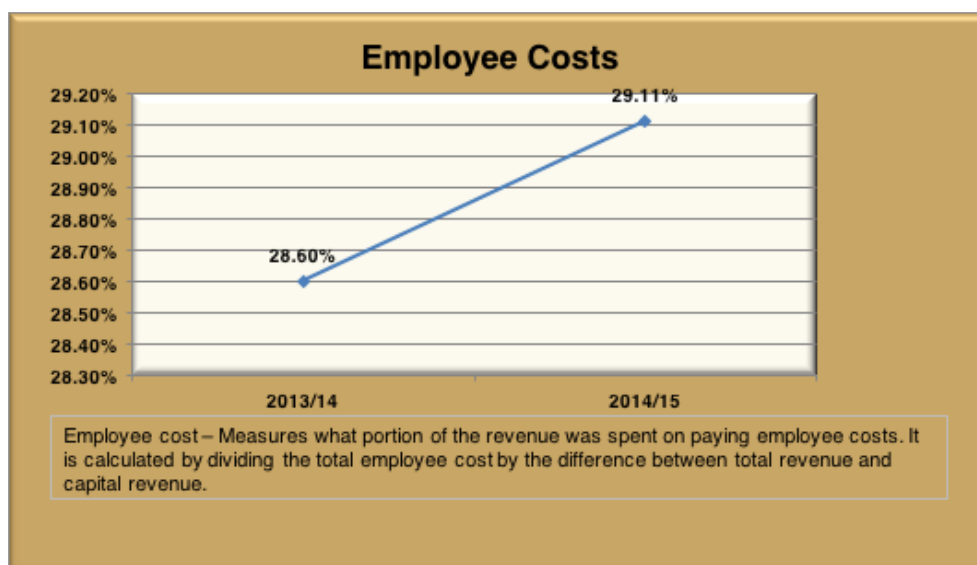
5.4.5 EMPLOYEE COSTS

| Description | Basis of calculation | 2013/14 | 2014/15 |
|----------------|--|-----------------|-----------------|
| | | Audited outcome | Audited outcome |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 28.60% | 29.11% |

Table 198.: Employee Costs



CHAPTER 5: FINANCIAL PERFORMANCE



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 | 2013/14 | 2014/15 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| Cash flow from operating activities | | | | |
| Receipts | | | | |
| Ratepayers and other | 119 382 | 143 686 | 137 496 | 115 851 |
| Government - operating | 75 009 | 83 796 | 84 387 | 80 471 |
| Government - capital | 28 322 | 23 038 | 34 159 | 37 652 |
| Interest | 2 870 | 1 060 | 2 856 | 3 861 |
| Dividends | 0 | 0 | 0 | 0 |
| Payments | | | | |
| Suppliers and employees | (195 820) | (219 295) | (221 231) | (191 033) |
| Finance charges | (4 087) | (1 940) | (2 116) | (4 453) |
| Transfers and Grants | (60) | (60) | (60) | (64) |
| Net cash from/(used) operating activities | 25 616 | 30 285 | 35 492 | 42 284 |
| Cash flows from investing activities | | | | |



CHAPTER 5: FINANCIAL PERFORMANCE

| Cash Flow Outcomes | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| R'000 | | | | |
| Description | 2013/14 | 2014/15 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| Receipts | | | | |
| Proceeds on disposal of PPE | 0 | 0 | 0 | 222 |
| Decrease (increase) other non-current receivables | (2 055) | 472 | 472 | 1 941 |
| Payments | | | | |
| Capital assets | (30 288) | (29 286) | (43 899) | (40 500) |
| Net cash from/(used) investing activities | (32 343) | (28 815) | (43 428) | (38 337) |
| Cash flows from financing activities | | | | |
| Receipts | | | | |
| Short term loans | 0 | 0 | 0 | 0 |
| Borrowing long term/refinancing | 4 092 | 2 460 | 2 460 | 790 |
| Increase (decrease) in consumer deposits | 0 | 84 | 84 | 0 |
| Payments | | | | |
| Repayment of borrowing | (3 526) | (2 935) | (2 935) | (3 558) |
| Net cash from/(used) financing activities | 567 | (391) | (391) | (2 768) |
| Net increase/ (decrease) in cash held | (6 161) | 1 080 | (8 327) | 1 179 |
| Cash/cash equivalents at the year begin: | 18 098 | 4 655 | 11 937 | 11 937 |
| Cash/cash equivalents at the yearend: | 11 937 | 5 735 | 3 610 | 13 116 |

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 |
| 2013/14 | 5 725 | 10 736 | 15 131 | 97 | 57 894 | 89 583 |
| 2014/15 | 5 931 | 11 443 | 14 810 | 81 | 104 720 | 136 985 |
| Difference | 206 | 707 | (321) | (15) | 46 826 | 47 402 |
| % growth year on year | 3.60 | 7.00 | (2.00) | 16.00 | 81.00 | 52.90 |

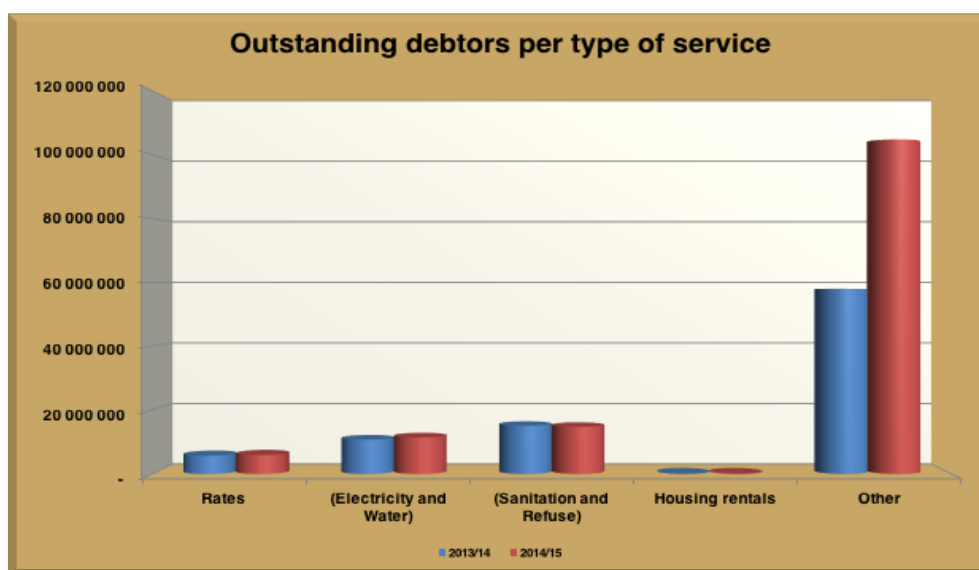
Note: Figures exclude provision for bad debt

Table 200.: Gross Outstanding Debtors per Service



CHAPTER 5: FINANCIAL PERFORMANCE

The following graph indicates the total outstanding debt per type of service for 2014/15



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 |
| 2013/14 | 9 045 | 2 216 | 1 698 | 76 624 | 89 583 |
| 2014/15 | 20 255 | 2 362 | 2 306 | 112 062 | 136 985 |
| Difference | 11 210 | 147 | 608 | 35 438 | 47 402 |
| % growth year on year | 123.94 | 6.61 | 35.78 | 46.25 | 52.91 |

Note: Figures exclude provision for bad debt.

Table 201.: Service Debtor Age Analysis



CHAPTER 5: FINANCIAL PERFORMANCE

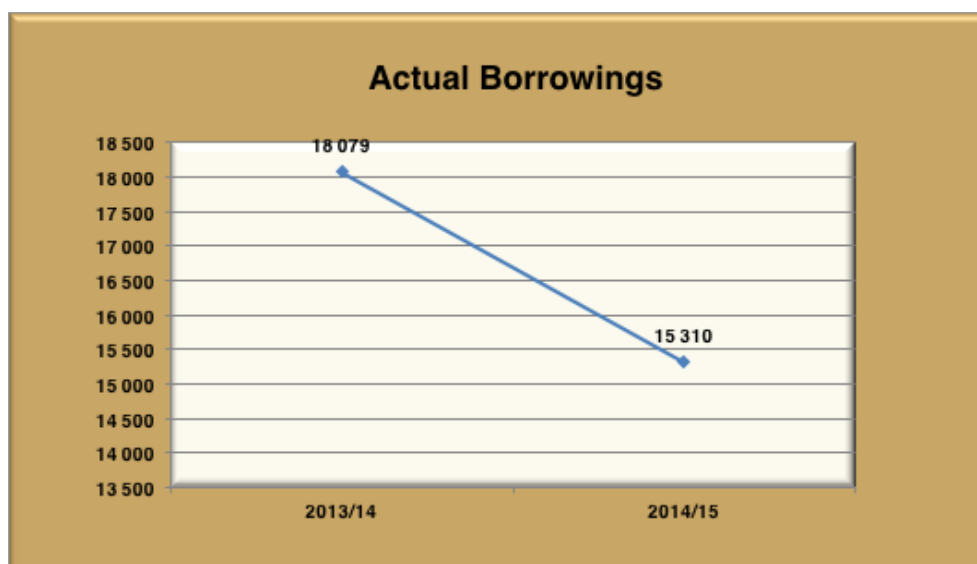
5.8 BORROWING AND INVESTMENTS

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 | 2013/14 | 2014/15 |
| Long-Term Loans (annuity/reducing balance) | 13 544 | 12 028 |
| Financial Leases | 4 534 | 3 282 |
| Total | 18 079 | 15 310 |

Table 202.: Actual Borrowings



Graph 17.: Actual Borrowings

5.8.2 MUNICIPAL INVESTMENTS

| Actual Investments R'000 | | |
|-----------------------------|-------------------|-------------------|
| Investment type | 2013/14 Actual | 2014/15 Actual |
| Deposits – Bank | 9 332 | 15 036 |
| Total | 9 332 | 15 036 |

Table 203.: Municipal Investments



CHAPTER 6: AUDITOR GENERAL

CHAPTER 6

COMPONENT A: AUDITOR-GENERAL OPINION 2013/14

6.1 AUDITOR GENERAL REPORT 2013/14

6.1.1 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 R 7 841 844. | 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 PAC 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 AC will be required to submit at least two reports on the review of the performance management system to Council. |
| The AC 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 AC report to Council on a quarterly basis. |
| The AC 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 AC 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 AC 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 AC do advise Council on matters relating to the adequacy and accuracy of financial reporting and information. |
| The AC did not advise the Council on matters relating to compliance with legislation, as required by the MFMA. | The Accounting Officer will ensure that the AC 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 204.: Auditor-General Report 2013/14



CHAPTER 6: AUDITOR GENERAL

COMPONENT B: AUDITOR-GENERAL OPINION 2014/15

6.2 AUDITOR GENERAL REPORT 2014/15

6.2.1 AUDIT REPORT STATUS: UNQUALIFIED WITH EMPHASIS OF MATTER

| Main issues raised under emphasis of matter | Corrective steps implemented / to be implemented |
|--|---|
| <p>Disclosure of error in the annual report: Revision of the previously issued financial statements.</p> <p>The financial statements indicates that the previously issued financial statements for the year ended 30 June 2014, on which I issued an auditor's report dated 28 November 2014, were incorrect and have been reissued.</p> | <p>The municipality erroneously published the incorrect version of the 2013/14 annual financial statements as part of the annual report of 2013/14. The document was corrected and this note is merely disclosing the fact and impact thereof on the comparative numbers.</p> |
| <p>The corresponding figures for 30 June 2014 have been restated as a result of errors discovered during 2014-15 in the financial statements of Beaufort West Municipality at, and for the year ended, 30 June 2014.</p> | <p>Ensure that the disclosure of corresponding figures are accurate in the financial statements.</p> |
| <p>The municipality suffered material water losses of 50.32% or 1 391 276 kiloliters during the year under review.</p> | <p>Management must implement a system to minimize material water losses.</p> |
| <p>Debt impairment to the amount of R40 million were provided for by the municipality as a result of the impairment of irrecoverable trade receivables.</p> | <p>Management will implement a system to take into account the appropriate factors when determining the provision for debt impairment amount and enforced to improve the collection of traffic fines.</p> |
| <p>The municipality has materially underspent its capital budget to the amount of R19 million.</p> | <p>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.</p> |
| <p>Material losses to the amount of R3 million were incurred as a result of impairment of capitalized restoration costs.</p> | <p>Management will implement a system to minimize impairment of capitalized restoration costs.</p> |

Table 205.: Auditor General Report 2014/15

The table above reflects only the main issues raised during the audit performed by the Auditor General. For the detailed audit findings and action plans, please refer to Annexure C of this report.

6.2.2 AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS 2014/15

The report of the Auditor General is attached as Annexure B to this report.



ABBREVIATIONS

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 |



ABBREVIATIONS

| | |
|--------------|---|
| SAMDI | South African Management Development Institute |
| SCM | Supply Chain Management |
| SDBIP | Service Delivery and Budget Implementation Plan |
| SDF | Spatial Development Framework12/1 |

