



*Central Karoo
District Municipality*

Annual Report
2013/14



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CHAPTER 1

COMPONENT A: MAYOR'S FOREWORD

The Central Karoo District Municipality key commitments to move the Central Karoo and South Africa forward.



OBJECTS OF LOCAL GOVERNMENT

- To provide democratic and accountable government for local communities
- To ensure the provision of services to communities in a suitable manner
- To promote social and economic development
- To promote a safe and healthy environment, and
- To encourage the involvement of communities and community organizations in the matters of local government

ECONOMY AND JOBS

Institutionalise long-term planning, integration and coordination capacity within the state to drive consolidated industrialization and infrastructure development programmes for inclusive growth and job creation. Mobilize and leverage the active participation of all sectors in these bold initiatives. The private sector must actively contribute to inclusive growth, investment, social development and economic transformation. Accelerate roll-out of our massive economic and social infrastructure programme especially in energy, public transport, ICT and water supply to unlock economic opportunities, create jobs and improve the quality of life of our people. Address the needs of the youth for empowerment, education and job creation through a multi-pronged approach that creates job placements and internship schemes and sets aside 60% of employment and empowerment and training incentive schemes.

RURAL DEVELOPMENT, LAND REFORM AND FOOD SECURITY

Implement rural development focusing on meeting basic needs, land reform and rural enterprise development, supported by localized markets, credit facilities and economic infrastructure. Increase investment in agricultural infrastructure in support of small-holder farmer development, prioritizing former homeland communal areas. Strengthen support for cooperatives in marketing and supply activities to enable small scale producers to enter formal value chains and take advantage of economic scale. This will include targeting public institutions as primary buyers of agricultural goods and support for small scale producers access to municipal markets. Expand the food for all programme as part of the national integrated foodstuff directly to poor communities. Accelerate the settlement of remaining land claims submitted before the cut-off date.

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EDUCATION AND TRAINING

Improve and expand education and training by making compulsory, eradicating adult illiteracy, and further improving the quality of basic education up to the senior grade. The EFT college sector will be expanded, with greater support for the needs of students, and compulsory community service for all graduates will be introduced.

E.Z. NJADU

Executive Mayor

Draft

Executive Summary

COMPONENT B: EXECUTIVE SUMMARY

1.1 Municipal Manager's Overview



As the Accounting Officer of the Central Karoo District Municipality it is my distinguished honor, in conjunction with the honorable Executive Mayor Edward Z. Njadu to hold the 13/14 annual report of the institution before you. The Annual Report was 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.

This report seeks to reflect on the performance of the Municipality in relation to its legislative and social obligations towards its constituency. Those include providing basic services to the communities which we serve in a sustainable and efficient manner as well as creating opportunities from which they can better their own lives and circumstances.

The IDP process is the mechanism used to streamline the goals and objectives of the Municipality using the available resources through programs and projects towards enhancing and improving lives and ensuring that the Municipality delivers on its constitutional and other obligations. An exhaustive consultation and participation process was undertaken with communities and various other stakeholders to ensure that the IDP and the related Budget and SDBIP are in line with what the needs, and the key areas of the performance of the institution are.

Key areas of focus of our municipality include; Basic Service Delivery, Institutional Development and Transformation, Local Economic Development, Financial Viability and Management, Good governance and Public Participation and the Environment.

It is with great pride that I can mention that tremendous strides were taken towards all these mentioned key performance areas within our municipality over this financial year, yet many challenges and opportunities are still facing us. The performance of the Municipality is based on the alignment of Key Performance Indicators with the IDP objectives, National KPA's and Municipal KPA's. We managed to accomplish the following performance results on behalf of Council during 2013/14:

- ◆ KPI's Extremely well met – 23,5 %
- ◆ KPI's well met – 11,7 %
- ◆ KPI's met – 55,8 %
- ◆ KPI's almost met – 2,9 %
- ◆ KPI's not met – 5,8 %

Other performance highlights include:

- ◆ Stabilizing Council's financial cash flow position and manage to create an efficient action plan to address the capacity constraints in the BTO office – implementation in progress.
- ◆ The establishment of a functional Risk Management Unit.

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- ◆ The finalization of the entrance road to Merweville should be before the 1st quarter of 2015.
- ◆ We initiated an extensive Skills Development program for the region and have commitments from LGSETA to the amount of R16m.

I would in closing like to mention that none of this would have been possible without a dedicated and hard-working council and staff component in the various departments, that competently supported and assisted the Municipality in achieving these and other milestones and achievements. It should however not be forgotten that all these efforts are to ensure that we deliver on the promise of providing a quality of life for all the inhabitants of our region.

S. JOOSTE

ACTING MUNICIPAL MANAGER

Executive Summary

1.2 Municipal Overview

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

The 2013/14 Annual Report reflects on the performance of the Central Karoo District Municipality for the period 1 July 2013 to 30 June 2014. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

1.2.1 Vision and Mission

The Central Karoo District Municipality committed itself to the vision and mission of:

Vision:

“Working Together In Development and Growth”

Mission:

“Central Karoo place a high priority upon ensuring that future growth improves the quality of life in the region. It is the desire to be financial sustainable, maintain the rural character and create healthy communities by facilitating economic growth, improving infrastructure and the green energy opportunities, providing and supporting alternative modes of delivery (shared services), improve marketing, branding and communication with all stakeholders, provide excellent disaster and risk management services, and maintaining housing choices for a range of income levels.”

1.3 Municipal Functions, Population and Environmental Overview

1.3.1 Population

a) Population

The Central Karoo District Municipality has a total population of **71 011** according to the Census 2011. The following table shows the overall population as well as the total number of households within the specific municipality in the Central Karoo District Areas:

Municipality	Number of Households	Total population
Beaufort West	10 535	49 586
Laingsburg	1 221	8 289
Prince Albert	2 195	13 136
Total	14 001	71 011

Table 1.: Overview of the population within the district area

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b) Key Economic Activities

Agriculture forms the backbone of the Central Karoo economy and accounts for the largest labour force of the population to date. The Municipality is dependent upon the following 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 2.: Key Economic activities

1.3.2 Socio Economic Information

a) Population by Race Category

Population - Racial	2011
African	9 045
Coloured	54 076
White	7 197
Indian	300
Other	394
Total	71 011

Table 3.: Demographic information of the municipal area – Race categories

1.3.3 Demographic Information

a) Municipal Geographical Information

The Central Karoo District Municipality is one of the five district municipalities in the Western Cape Province. It covers a total area of 38 853 km² and with a total population of **71 011** it has a population density of about 1.83, hence the smallest population in the province, making it the largest district in the Western Cape. Invariably this means that the distance between settlements within the district is vast.

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The Central Karoo forms part of the Great Karoo and is classified as a unique arid zone. The Karoo plateau is the largest of its kind outside Asia, rich in fossils and houses the largest variety of succulents in the world. A number of mountain ranges borders the district, namely the Swartberg (near Prince Albert) Nieuveld Mountains (near Beaufort West).

The Central Karoo District Municipality's head office is situated in Beaufort West, which is about 500 km North West of Cape Town and about 1200 km South West of Johannesburg along the N1 road. The district borders the Eastern Cape and the Northern Cape Provinces.

The district houses the following local municipalities:

Beaufort West Municipality: Includes the towns of Beaufort West, Merweville, Nelspoort and Murraysburg. The largest town in the district, Beaufort West, serves as the administrative centre of the district. The municipal area has a total population of approximately 49 586 residents, most of who are urbanised. Beaufort West is strategically situated approximately 415 km northwest from Cape Town along the N1 route, which connects Cape Town with cities like Bloemfontein and Johannesburg. It has all the characteristics of a modern town, including a magistrate's court, internet café's, hotels, B&B's, medical facilities, restaurants and all the other amenities and services usually found in larger towns.

Laingsburg Municipality: Includes the historic settlement of Matjiesfontein. It is the smallest municipality (i.t.o. population) in the Central Karoo District and indeed in the whole South Africa. The municipal area has a total population of approximately 8 289 residents. Laingsburg is situated halfway between Cape Town and Beaufort West on the N1 National. Passing transport is one of the most important markets for Laingsburg. Laingsburg is characterized by rural agriculture, consisting mainly of sheep farming, but also known for the production of soft fruits, especially in the southern part of the municipal area. The potential for the latter is, however, adversely affected by poor roads and long distances to major centra.

Prince Albert Municipality: Prince Albert is situated 400 km north of Cape Town and 170 km South West of Beaufort West. The municipality has a total population of approximately 13 136 residents and borders Beaufort West Local Municipality to the North and North West. Laingsburg is to the South West and the Eden District to the South. Prince Albert Municipal area covers a total of 8,800km², a vast part of this being in the rural areas where vast hectares are under agricultural production, mainly fruit and sheep farming. District roads radiate out of Prince Albert connecting it to its satellite towns of Prince Albert Road on the N1 (45 km to the North West), Klaarstroom on the R329 (55 km to the East) and Leeu – Gamka on the N1 (85 km to the North). In recent years Prince Albert has seen the biggest economic growth in the region due to the demand in high-income property being bought by especially Europeans. It is known as a little town with Victorian and Karoo style architecture, art & décor shops, side walk coffee shops, the breathtakingly beautiful Swartberg valley and Meiringspoort and the annual olive festival which attracts hundreds of tourists each year.

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Below is a map that indicates the location of the Municipality:

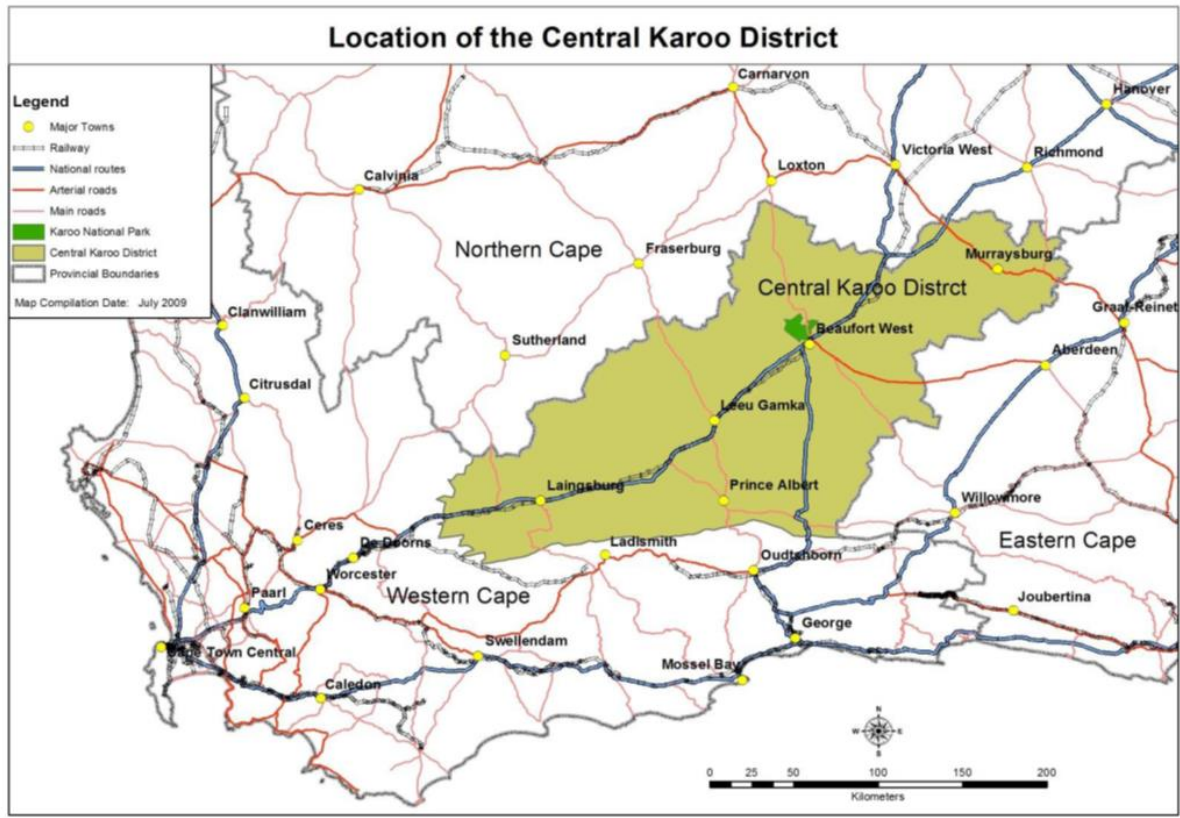


Figure 1.: Western Cape Area map

1.4 Financial Health Overview

1.4.1 National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)

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

KPA & Indicator	2012/13	2013/14
Cost coverage ((Available cash+ investments): Monthly fixed operating expenditure	0.50	0.96

Table 4.: National KPI's for financial viability and management

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1.4.2 Financial Overview

Details	2012/13	Original budget	Adjustment Budget	Actual
		2013/14		
	R'000			
Income				
Grants	47 355	50 959	23 234	21 128
Taxes, Levies and tariffs	0	0	0	0
Other	4 358	2 381	34 662	38 973
Sub Total	51 693	53 340	57 896	60 101
Less Expenditure	(51 949)	(50 648)	(56 889)	(57 296)
Net surplus/(deficit)	(256)	2 692	1 007	2 805

Table 5.: Financial Overview

1.4.3 Operating Ratios

Detail	2012/13	Actual	% Variance
		2014/14	
Employee Cost	8 880	7 940	(14%)
Repairs & Maintenance	698	539	(23%)
Finance Charges & Depreciation	1 649	1 044	(37%)

Table 6.: Operating ratios

Note: Repairs & Maintenance on basic services are not applicable as the municipality as a District Municipality is from the 2013/14 financial year no longer responsible for the delivery of basic services in the previous district management areas.

1.4.4 Total Capital Expenditure

Detail	2012/13	2013/14
	R'000	
Original Budget	0	330
Adjustment Budget	211	330
Actual	54	280

1.5 Organisational Development Overview

1.5.1 Municipal Transformation and Organisational Development Highlights

Highlight	Description
Health & wellness day	A Financial Wellness Day was held on 30 June 2014 which was well attended
Bursaries to external students	44 Bursaries was made available to external students during January 2014

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Highlight	Description
In-service training	12 Students of different tertiary institutions received in-service training during this financial year

Table 7.: Municipal Transformation and Organisational Development Highlights

1.5.2 Municipal Transformation and Organisational Development Challenges

Challenge	Action to address
Appointments to be made in accordance with relevant legislation	Adopt new Appointment Policy
Vacancies must be filled quicker.	Assistance of Council needed to improve on the scheduling of interview meetings. The HR Development Committee are currently convening this meetings.

Table 8.: Municipal Transformation and Organisational Development Challenges

1.6 Municipal Challenges

The following general challenges are experienced by the municipality:

Challenges	Actions to address
Personnel shortages - The World Health Organization (WHO) norm for the amount of EHP's to the total of residents are 1: 10 000. Currently there is a deficit of three (3) EHP's in the Central Karoo Region for the delivery of a more effective municipal health service.	Was brought to the attention of Council and SALGA
Lack of financial recourses for the rendering of a more effective municipal health service	Was brought to the attention of Council and SALGA
Rendering of additional services with limited staff.	Was brought to the attention of Council and SALGA
Underserviced rural communities in the Region (Farms)	-
The lack of proper water quality and waste management at the so called Transnet communities	Was brought to the attention of Council, Transnet and Category B-Municipalities
Lack of base-line info (especially for the rural areas -farms)	-
Ineffective management of certain functions by Category B-Municipalities which directly affects municipal health service delivery	Was brought to the attention of Council
The non-appointed of Air Quality Officers by Category B-Municipalities which hampers communication and accountability for effective air quality management within the region	Was brought to the attention of Council and the Department Environmental Affairs
The availability of suitably skilled human resources for air quality management	Was brought to the attention of Council and the Department Environmental Affairs
Lack of co-operation between Category B- and C-Municipalities	Was brought to the attention of Council
Pollution of water sources with hydrocarbons as a result of leaks from underground fuel tanks	Was brought to the attention of Council, the Department Environmental Affairs, Department Water Affairs and Category B-Municipalities

Table 9.: Municipal Challenges

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CHAPTER 2

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

2.1 National Key Performance Indicators - Good Governance and Public Participation

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

Indicators	2012/13	2013/14
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	100	100

Table 10.: National KPIs - Good Governance and Public Participation Performance

2.2 Performance Highlights - Good Governance and Public Participation

Highlight	Description
Functional IDP Representative forum	Sectoral representative structure where district municipality consults with external stakeholders
Established Audit Committee	Committee with community representatives that sits to monitor and evaluate council on Performance (IDP) and Financial matters
Anti-Corruption Policy	Set of policy guidelines that seek to ensure a corruption free environment and good governance

Table 11.: Good Governance and Public Participation Performance Highlights

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2.3 Challenges - Good Governance and Public Participation

Challenge	Actions to address
Improved stakeholder participation	<ul style="list-style-type: none"> ◆ Capacity building training workshops for stakeholders ◆ Closer stakeholder relationships to improve trust
Poor financial resources	<ul style="list-style-type: none"> ◆ Efficient allocation of existing budget/funds ◆ Better financial allocations from other spheres
Human capital shortages	<ul style="list-style-type: none"> ◆ Appointment of additional skilled personnel and effectively deploying of current staff
Implementation of Anti-Corruption Policy	<ul style="list-style-type: none"> ◆ Close monitoring and implementation of policy ◆ Lack of political will

Table 12.: Good Governance and Public Participation Challenges

2.4 Governance Structure

2.4.1 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 consists of 13 members, which is representative of all the local municipalities in the district (Beaufort West Municipality - 5, Laingsburg Municipality - 1, Prince Albert Municipality – 1 and Proportional List - 6). 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:

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

Council Members	Capacity	Political Party	Ward representing or proportional	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
Mr EZ Njadu	Executive Mayor	ANC	Proportional	100	n/a
Mrs E Maans	Deputy Mayor	ANC	Proportional	100	n/a
Mr J Bostander	Speaker	ANC	Beaufort West	100	n/a
Mr MS Hangana	Part Time Councillor	ANC	Proportional	83	100

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Council Members	Capacity	Political Party	Ward representing or proportional	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
Mr M Furmen	Part Time Councillor	ANC	Beaufort West	100	n/a
Mr G de Vos	Part Time Councillor	ANC	Beaufort West	83	100
Mr AD Willemse	Part Time Councillor	DA	Proportional	83	100
Mrs AM Slabbert	Part Time Councillor	DA	Ward	100	n/a
Mrs S Nortjé	Part Time Councillor	DA	Proportional	83	100
Mr S Botes	Part Time Councillor	DA	Proportional	100	n/a
Mr J Mocke	Part Time Councillor	DA	Proportional	83	100
Mr B van As	Part Time Councillor	DA	Laingsburg	83	100
Mr IJ Windvogel	Full Time Councillor	KGP	Prince Albert	100	n/a

Table 13.: Council Meetings

Below is a table which indicates the council meeting attendance for the 2013/14 financial year:

Meeting dates	Council Meeting Attendance	Apologies for non-attendance
20 September 2013	13	n/a
19 December 2013	12	1
28 January 2014	13	n/a
31 January 2014	10	3
27 March 2014	10	3

Table 14.: Council meetings

b) Executive Mayoral Committee

The Executive Mayor of the municipality, Councillor EZ Njadu, 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, as well as the powers assigned by legislation. Although accountable for the

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strategic direction and performance of the municipality, the Executive Mayor operates in concert with the Mayoral Committee.

The name and portfolio of each Member of the Mayoral Committee is listed in the table below for the period 1 July 2013 to 30 June 2014:

Name of member	Meeting Dates
Mr EZ Njadu: Executive Mayor	04 July 2013 10 July 2013
Mrs E Maans: Deputy Mayor	26 September 2013 25 November 2013 14 January 2014
Mr IJ Windvogel: Full Time Councillor	21 February 2014 19 March 2014 30 June 2014

Table 15.: Executive Mayoral Committee

c) Portfolio Committees

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

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

Financial Services and Corporate Portfolio Committee

Name of member	Meeting dates
EZ Njadu (Chairperson)	22 October 2013 19 June 2014
IJ Windvogel	
M Furmen	
D Willemse	
S Nortje	

Table 16.: Financial Services & Development Portfolio Committees

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Training Portfolio Committee

Name of member	Meeting dates
I J Windvogel (Chairperson)	12 March 2014
J Bostander	
S Botes	

Table 17.: Economic & Social Development Portfolio Committee

Municipal Services and Infrastructure Portfolio Committee

Name of member	Meeting dates
G de Vos	13 September 2013 18 March 2014
IJ Windvogel	
E Maans	
S Botes	
B van As	

Table 18.: Municipal Services and Infrastructure Portfolio Committee

Human Resource Development Portfolio Committee

Name of member	Meeting dates
MS Hanganana (Chairperson)	16 July 2013
	08 August 2013
IJ Windvogel	10 September 2013
J Bostander	17 September 2013
	18 September 2013
S Botes	19 September 2013
	03 June 2014
D Willemse	10 June 2014

Table 19.: Human Resource Development Portfolio Committee

2.4.2 Administrative Governance Structure

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

Name of Official	Department	Performance agreement signed
		(Yes/No)
Mr S Jooste	Municipal Manager	Yes

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Name of Official	Department	Performance agreement signed
		(Yes/No)
Mr NW Nortjé	Director Corporate Services	Yes
Mr JH Theron	Director Technical Services	Yes

Table 20.: Administrative Governance Structure

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.5 Intergovernmental Relations

2.5.1 Provincial Intergovernmental Structures

The municipality actively takes part in the following provincial forums:

- ◆ Provincial IDP Manager's Forum
- ◆ IDP Indaba 1 & 2
- ◆ Provincial IDP Working Group
- ◆ Provincial Public Participation and Communication Forum

2.5.2 District Intergovernmental Structures

The municipality actively takes part in the following district forums:

- ◆ Bi-monthly District IDP Manager's Forum
- ◆ District Public Participation and Communication Forum
- ◆ District EPWP Forum
- ◆ Adhoc Communication Forum
- ◆ District Coordinating Forum

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

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- ◆ Preparation of the municipal budget.

2.6 Representative Forums

The tables below specify the members of the representative forums for the 2013/14 financial year:

a) Labour Forum

Name of representative	Capacity	Meeting dates
Mr IJ Windvogel	Chairperson	07 August 2013
Mr J Bostander	Member	10 September 2013
Mr J Mocke	Member	12 March 2013
Mrs S Nortje	Member	24 March 2014
Mrs. E Maans	Member	15 April 2014
		17 June 2014

Table 21.: Labour Forum

b) District Coordinating Forum

Name of representative/ Organisation presenting	Capacity	Meeting dates
EZ Njadu	Chairperson	
W Theron	Laingsburg Municipality	
G Lottering	Prince Albert Municipality	
T Prince	Beaufort West Municipality	
S Jooste	Municipal Manager – CKDM Beaufort West	19 September 2013
H Metler	Prince Albert Municipality	27 June 2014
J Booysen	Beaufort West Municipality	
P Williams	Laingsburg Municipality	
S Vuba	SALGA	
M Hendricks	GCIS	
N Witbooi	Department: Local Government	

Table 22.: District Coordinating 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.

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2.7 Risk Management

In line with Municipal Finance Management Act, Section 62(1)(c)(i), and the best practice report on the corporate Government requirements, internal audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process as well as the identification of corrective actions and suggested enhancements to the controls and process.

It is acknowledged that the Risk Management Committee did not have sufficient meetings to discuss possible risks. The Risk Management Committee has not reported to the Audit Committee on risk management due to serious capacity constraints.

The top 4 risks are:

1. Political interference in the appointment process.
2. Appointment and retention of skills and competent employees/insufficient workforce.
3. Political interference in the SCM process.
4. Risk of financial sustainability for now and in the future

2.8 Anti-Corruption and Anti-Fraud

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a 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	Yes	March 2009 / 27 May 2013
Fraud prevention strategy	Yes	March 2009 / 27 May 2013

Table 23.: Strategies

2.9 Audit Committee and Performance Audit Committee

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

Advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

- ◆ internal financial control;
- ◆ risk management;

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- ◆ performance management; and
- ◆ Effective governance.

a) Functions of the Audit Committee

The Council decided that the Audit Committee will also act as the Performance Committee.

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

- ◆ To advise 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 DoRA and other applicable legislation.
- ◆ Respond to the Council on any issues raised by the Auditor-General in the audit report.
- ◆ Carry out such investigations into the financial affairs of the municipality as Council may request.
- ◆ To review the quarterly reports submitted by internal audit.
- ◆ To evaluate audit reports pertaining to financial, administrative and technical systems.
- ◆ To evaluate the compliance to existing policies and relevant legislation.
- ◆ To review the performance management system and make recommendations in this regard to Council.
- ◆ To assess whether the performance indicators are sufficient.
- ◆ To determine possible reasons for discrepancies between performance and targets.
- ◆ To identify major risks to which Council is exposed and determine the extent to which risks have been minimized.
- ◆ To review the annual report of the municipality.
- ◆ Investigating cases of fraud, misbehaviour and conflict of interest involving employees.
- ◆ 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.
- ◆ Review audit results and action plans implemented by management.
- ◆ Provide support to the Internal Audit function.
- ◆ Ensure that no restrictions or limitations are placed on the Internal Audit section.

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b) Members of the Audit Committee

Name of representative	Meeting dates
Mr A. Hooker [Acting]	29 October 2013
Mr T. Hawker	31 March 2014
Mrs A. Mathee	11 June 2014

Table 24.: Members of the Audit Committee

2.10 Internal Auditing

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

The internal audit unit of a municipality must –

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

The municipality experienced a number of challenges with regard to internal auditing and could due to capacity constraints not comply with all the legal requirements. As a corrective measure a service provider was appointed to assist with this function in the 2012/13 financial year.

Audits completed

The table below provides detail on audits completed:

Description	No of Hours	Date completed		
Phase 1				
Revisiting current risk profile and priorities	12	June 2014		
Phase 2				
Compiling Risk Based Audit Plan	8	October 2013		
Review of Internal Audit Charter & Audit Committee Charter	8	July 2013		
Phase 3				
Audit Engagement	Departmental System	Detail	No of Hours	Date completed
PMS Q1 & Q2	PMS system	Detailed objectives as per approved internal audit plan	100	March 2014
Laws & Regulations	Compliance	Detailed objectives as per approved internal audit plan	128	March 2014
Conditional Grants	Compliance	Detailed objectives as per approved internal audit plan	40	June 2014

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Description			No of Hours	Date completed
PMS Q3 & Q4	PMS system	Detailed objectives as per approved internal audit plan	100	June 2014 (Q4 to be performed after year-end)
Total Hours			396	

Table 25.: Audits completed

2.11 Auditor General

Central Karoo District Municipality is audited by the Auditor-General of South 'n in terms of section 188 of the Constitution and section 4 of the Public Audit Act and section 126 of the MFMA. The audit report for the financial year under review is in Annexure B of this report.

2.12 By-Laws and Policies

Section 11 of the MSA gives a Council the executive and legislative authority to 'n and implement by-laws and policies. No By-Laws were developed or revised during the year.

No By-laws were developed, but below is a list of all the policies developed and reviewed during the financial year:

Policies developed/ revised	Date adopted	Public Participation Conducted Prior to adoption of policy Yes/No
Municipal Health Tariffs	27 March 2014	No
Air Quality Management Plan	Was submitted to the relevant Portfolio Committee meeting, held on 19 th of June 2014 (proposed for adoption by Council)	No

Table 26.: Policies develop

2.13 Communication

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

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

Communication activities	Yes/No
Communication forum	Yes
Communication strategy	Yes, in process of revision
Customer satisfaction surveys	No

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Communication activities	Yes/No
Functional complaint management systems	No
Newsletters distributed monthly	No
Radio	Yes

Table 27.: Communication Activities

2.14 Website

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

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

Documents published on the Municipal website	Yes/No Date Published
Current annual and adjustments budgets and all budget-related documents, including SDBIP	Yes
Tariff policy	Yes
Credit control policy	Yes
SCM policy	Yes
Annual Financial Statements for 2012/13	Yes
All supply chain management contracts above the prescribed value for 2013/14	Yes

Table 28.: Website Checklist

Chapter 3: Service Delivery Performance

CHAPTER 3

3.1 OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

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

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

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

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

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted 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.

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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 Organisation 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 on-going 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 Strategic objectives and performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipal Systems Act, 2000.

3.1.3 The performance system followed for the financial year 2013/14

a) Adoption of a Performance Management Framework

Performance management is prescribed by chapter of the Municipal Systems Act, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7 (1) of the aforementioned regulation states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players." This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance. The municipality adopted a performance management framework that was approved by Council on 29 May 2009.

b) The IDP and the budget

The revised IDP and the budget for 2013/14 was approved by Council on 31 May 2013. The IDP process and the performance management process are integrated. The IDP fulfils the planning stage of performance management. Performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

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c) 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 'n on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and budget.

The MFMA Circular No.13 prescribes that:

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

The SDBIP were prepared as described in the paragraphs below and approved by the Executive Mayor on 18 June 2013.

i) The municipal scorecard (Top Layer SDBIP)

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

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

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- Ward information for expenditure and service delivery
- Detailed capital project plan broken down by ward over three years

Top Layer KPI's were aligned with the IDP and was prepared based on the following:

- ◆ Key performance indicators (KPI's) for the programmes / activities identified to address the strategic objectives as documented in the IDP.
- ◆ KPI's that need to be reported to key municipal stakeholders.
- ◆ KPI's to address the required National Agenda Outcomes, priorities and minimum reporting requirements.

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

3.1.4 Amendment of the Top Layer SDBIP

The Top Layer SDBIP was revised and approved by the Council on **28 January 2014**. The following were considered in the development of the amended Top Layer SDBIP:

- ◆ Areas to be addressed and root causes of the Auditor-General management letter, as well as the risks identified during the 2012/13 audit
- ◆ Alignment with the IDP, National KPA's, Municipal KPA's and IDP objectives
- ◆ Alignment with the Adjustments Budget
- ◆ Oversight Committee Report on the Annual Report of 2012/13
- ◆ The risks identified by the Internal Auditor during the municipal risk analysis

3.1.5 Actual Performance

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

- ◆ The actual result in terms of the target set.
- ◆ A performance comment.
- ◆ Actions to improve the performance against the target set, if the target was not achieved.
- ◆ It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.

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3.1.6 Individual Performance Management

a) Municipal Manager and Managers directly accountable to the Municipal Manager

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance based agreements with the all s57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements for the 2013/14 financial year were signed during July 2013 as prescribed.

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The final evaluation of the 2012/13 financial year (1 January 2013 to 30 June 2013) took place on 8 November 2013 and the mid-year performance of 2013/14 (1 July 2013 to 31 December 2013) took place on 11 February 2014.

b) Other municipal personnel

The municipality aims to implement individual performance management to lower level staff in annual phases.

This chapter provides an overview of the key service achievements of the municipality that came to fruition during 2013/14 in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP.

3.1.7 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 achievement of the 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)

Chapter 3: Service Delivery Performance

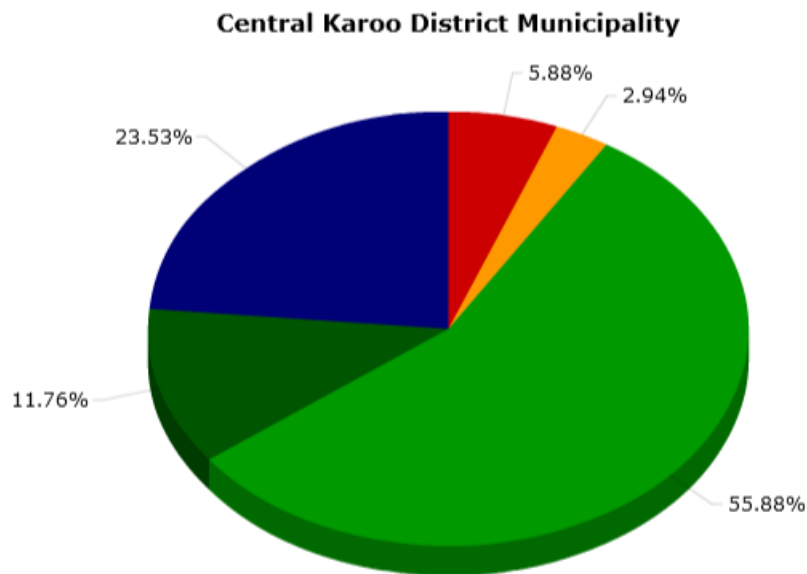
In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the Strategic objectives.

The following figure 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:

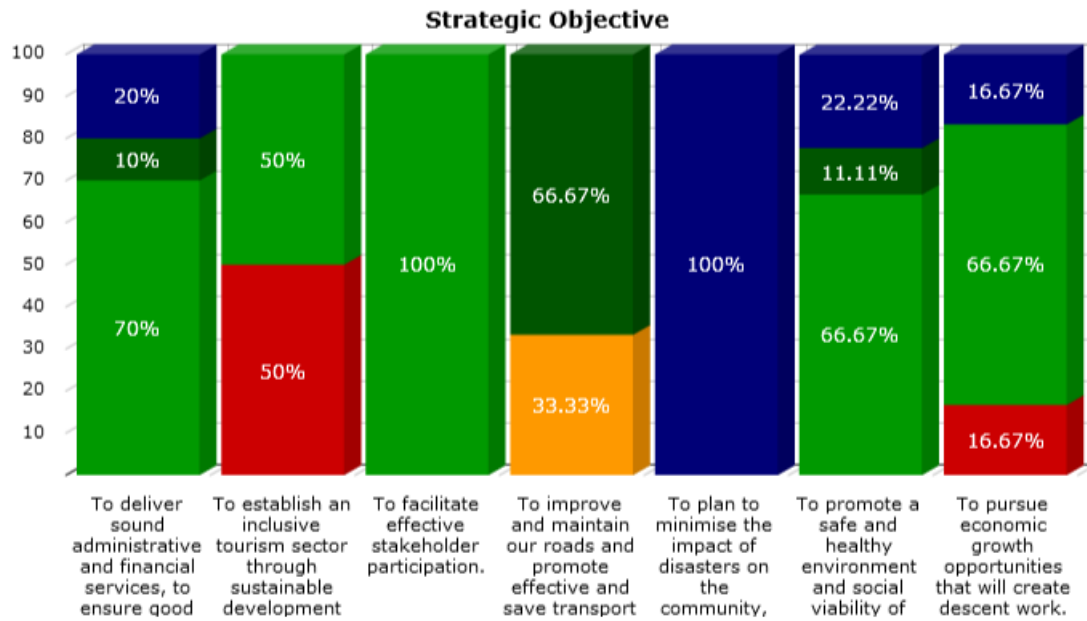
Category	Color	Explanation
KPI Not Yet Measured		KPI's with no targets or actuals in the selected period
KPI Not Met		0% > = Actual/Target < 75%
KPI Almost Met		75% > = Actual/Target < 100%
KPI Met		Actual/Target = 100%
KPI Well Met		100% > Actual/Target < 150%
KPI Extremely Well Met		Actual/Target >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

Figure 2.: SDBIP Measurement Categories

The graph below displays the overall performance per Strategic Objective for 2013/14:



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	Central Karoo District Municipality	Strategic Objective						
		<i>To deliver sound administrative and financial services, to ensure good governance and viability</i>	<i>To establish an inclusive tourism sector through sustainable development and marketing which is public sector led, private sector driven and community based</i>	<i>To facilitate effective stakeholder participation.</i>	<i>To improve and maintain our roads and promote effective and save transport for all</i>	<i>To plan to minimise the impact of disasters on the community, visitors, infrastructure and environment</i>	<i>To promote a safe and healthy environment and social viability of residents through the delivery of a responsible environmental health service.</i>	<i>To pursue economic growth opportunities that will create descent work.</i>
KPI Not Met	2 (5.9%)	-	1 (50%)	-	-	-	-	1 (16.7%)
KPI Almost Met	1 (2.9%)	-	-	-	1 (33.3%)	-	-	-
KPI Met	19 (55.9%)	7 (70%)	1 (50%)	1 (100%)	-	-	6 (66.7%)	4 (66.7%)
KPI Well Met	4 (11.8%)	1 (10%)	-	-	2 (66.7%)	-	1 (11.1%)	-
KPI Extremely Well Met	8 (23.5%)	2 (20%)	-	-	-	3 (100%)	2 (22.2%)	1 (16.7%)
Total:	34	10	2	1	3	3	9	6

Graph 1.: Overall performance per Strategic Objective

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a) To improve and maintain our roads and promote effective and save transport for all

Ref	KPI	Unit of Measurement	Actual performance 2012/13	Performance of 2013/14					Actual	Corrective measures for targets not achieved	
				Targets							
				Q1	Q2	Q3	Q4	Annual			
TL30	100% of roads capital conditional grant spent (Actual expenditure divided by approved allocation received)	% spent of approved grant allocation	98.10%	15%	35%	50%	100%	100%	103.30%	G 2	n/a
TL31	Maintenance of provincial roads measured by the number of kilometers graded (routine maintenance)	Number of Kilometers of roads graded	11 078	0	0	0	8,400	8,400	10,255.80	G 2	n/a
TL32	100% of roads operational conditional grant spent (Actual expenditure divided by approved allocation received)	% spent of approved grant allocation	101.50%	15%	35%	50%	100%	100%	96.80%	O	Total budget of capital and maintenance to be considered together. 100% expenditure not realistic in construction and maintenance. 96.8% is a good figure.

Table 29.: Top Layer SDBIP – To improve and maintain our roads and promote effective and save transport for all

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b) To deliver sound administrative and financial services, to ensure good governance and viability

Ref	KPI	Unit of Measurement	Actual performance 2012/13	Performance of 2013/14							Corrective measures for targets not achieved
				Targets					Actual		
				Q1	Q2	Q3	Q4	Annual			
TL1	Revise the Risk based audit plan and submit to Council by 30 June	Plan submitted to Council	100%	0	0	0	1	1	1	G	n/a
TL2	Implement the RBAP (Audits completed for the year/audits planned for the year according to the RBAP)	% implemented	60%	0%	0%	0%	70%	70%	100%	G 2	n/a
TL3	Submit quarterly performance reports to the Top layer SDBIP to the Council	Number of performance reports submitted to Council	4	1	1	1	1	4	4	G	n/a
TL5	Host a staff wellness day by 30 June	Staff Wellness day hosted	1	0	0	0	1	1	1	G	n/a
TL6	Review the Employment Equity plan and submit to Council by 30 June	Plan reviewed and submitted to Council	90%	0	0	0	1	1	1	G	n/a
TL7	Develop skills of staff (Actual total training expenditure/total operational budget)	% of total operational budget spent on training	1%	0%	0%	0%	0.30%	0.30%	0.50%	B	n/a
TL8	Review the Workplace Skills Plan and submit to the LGSETA by 30 June	Plan submitted to the LGSETA	100%	0	0	0	1	1	1	G	n/a

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Ref	KPI	Unit of Measurement	Actual performance 2012/13	Performance of 2013/14							Actual	Corrective measures for targets not achieved
				Targets								
				Q1	Q2	Q3	Q4	Annual				
TL9	Submit the financial statements by 31 August to the Auditor General	Financial Statements submitted	100%	1	0	0	0	1	1	G	n/a	
TL10	Maintain an unqualified audit opinion	Unqualified audit opinion received	100%	0	1	0	0	1	1	G	n/a	
TL22	The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved equity plan	Number of people from employment equity target groups employed in the three highest levels of management	New performance indicator for 2013/14. No comparatives available	0	0	0	1	1	10	B	n/a	

Table 30.: *Top Layer SDBIP – To deliver sound administrative and financial services, to ensure good governance and viability*

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c) To plan to minimise the impact of disasters on the community, visitors, infrastructure and environment

Ref	KPI	Unit of Measurement	Actual performance 2012/13	Performance of 2013/14							Actual	Corrective measures for targets not achieved
				Targets					Annual			
				Q1	Q2	Q3	Q4					
TL11	Raise public awareness in terms of possible disasters with identified initiatives within available budget	Number of initiatives	11	0	1	0	1	2	9	B	n/a	
TL12	Provide training for emergency personnel and volunteers	Number of training sessions held	3	0	1	1	1	3	8	B	n/a	
TL14	Coordinate the functioning of the disaster management forum	Number of meetings held	3	0	1	0	1	2	4	B	n/a	

Table 31.: *Top Layer SDBIP – To plan to minimise the impact of disasters on the community, visitors, infrastructure and environment*

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- d) To promote a safe and healthy environment and social viability of residents through the delivery of a responsible environmental health service

Ref	KPI	Unit of Measurement	Actual performance 2012/13	Performance of 2013/14							Actual	Corrective measures for targets not achieved
				Targets					Annual			
				Q1	Q2	Q3	Q4	Annual				
TL23	Take quarterly bacteriological and chemical water samples as per the Water Quality Monitoring Project on behalf of the Department of Water Affairs according to the programme	Number of water samples taken	67	15	15	15	15	60	285	B	n/a	
TL24	Submit bi-annual Water Quality Monitoring Progress Reports to the Department of Water Affairs	Number of reports submitted	1	0	1	0	1	2	2	G	n/a	
TL25	Hold Health and Hygiene training and education through awareness campaigns and local media	Number of H&H Training / Education awareness sessions held	83	3	3	3	3	12	17	G 2	n/a	
TL26	Submit Environmental Health project proposal to the relevant provincial/national department(s) by 31 March	Number of project proposals submitted to relevant Prov. / Nat. Department(s)	New performance indicator for 2013/14. No comparatives available	0	0	1	0	1	2	B	n/a	
TL27	Submit quarterly Environmental Health Reports to Council's relevant Portfolio Committee	Number of EH Reports submitted	12	1	1	1	1	4	4	G	n/a	

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Ref	KPI	Unit of Measurement	Actual performance 2012/13	Performance of 2013/14							
				Targets					Actual	Corrective measures for targets not achieved	
				Q1	Q2	Q3	Q4	Annual			
TL28	Review the Integrated Air Quality Management Plan for the District and submit to council by 31 March	Plan reviewed	1	0	0	1	0	1	1	G	n/a
TL29	Draft an Environmental Health information/news letter to Category B-Municipalities by the 31 January	Number of EHS info/newsletters drafted	1	0	0	1	0	1	1	G	n/a
TL34	Review the Environmental Health Tariff Structure and submit to council by 28 February	Tariff Structure revised and submitted to council	New performance indicator for 2013/14. No comparatives available	0	0	1	0	1	1	G	n/a
TL35	Register all Environmental Health Practitioners at the Health Professional Council (HPCSA) by the end of April	Number of EHP's registered at HPCSA	5	0	0	0	4	4	4	G	n/a

Table 32.: *Top Layer SDBIP – To promote a safe and healthy environment and social viability of residents through the delivery of a responsible environmental health service*

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To pursue economic growth opportunities that will create descent work

Ref	KPI	Unit of Measurement	Actual performance 2012/13	Performance of 2013/14							Corrective measures for targets not achieved
				Targets					Actual		
				Q1	Q2	Q3	Q4	Annual			
TL4	Revise the LED strategy and submit to Council by 30 June	Revised LED strategy submitted to Council	New performance indicator for 2013/14. No comparatives available	0	0	0	1	1	1	G	n/a
TL17	Submit at least two business plans from EDA for projects to Council for approval	Number of business plans submitted to Council	2	0	1	0	1	2	2	G	n/a
TL18	Obtain reports and minutes of meetings from EDA on at least two negotiations with potential investors and submit to Council	Number of reports and minutes of meetings obtained and submitted to Council	1	0	1	0	1	2	1	R	Progress could only be made with Thembaletu - Refer to agreement with Thembaletu
TL19	Submit proposals to possible funders for projects/initiatives for the youth, disabled, elderly and gender	Number of proposals submitted	3	0	1	0	1	2	2	G	n/a
TL20	Provide bursaries to prospective candidates	Number of bursaries provided	87	0	0	0	30	30	30	G	n/a
TL33	Create temporary job opportunities in terms of identified road projects	Number of job opportunities created	319	0	0	0	15	15	93	B	n/a

Table 33.: Top Layer SDBIP – To pursue economic growth opportunities that will create descent work

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e) To facilitate effective stakeholder participation

Ref	KPI	Unit of Measurement	Actual performance 2012/13	Performance of 2013/14							Corrective measures for targets not achieved
				Targets					Actual		
				Q1	Q2	Q3	Q4	Annual			
TL21	Facilitate the meeting of the District Intergovernmental Forum (Technical)	Number of meetings held	2	0	1	0	1	2	2	G	n/a

Table 34.: Top Layer SDBIP – To facilitate effective stakeholder participation

f) To establish an inclusive tourism sector through sustainable development and marketing which is public sector led, private sector driven and community based

Ref	KPI	Unit of Measurement	Actual performance 2012/13	Performance of 2013/14							Corrective measures for targets not achieved
				Targets					Actual		
				Q1	Q2	Q3	Q4	Annual			
TL15	Host the annual district and provincial "welcome" campaign by 31 December	Campaign hosted	100%	0	0	0	1	1	1	G	n/a
TL16	Register tourism learnerships	Number of learnerships registered	162	0	0	0	10	10	0	R	Dependent on external funding for this purpose and no funds were could be secured or learnerships in Tourism this year. Currently busy to negotiate for funds to again start with a new learnership program in Tourism.

Table 35.: Top Layer SDBIP – To establish an inclusive tourism sector through sustainable development and marketing which is public sector led, private sector driven and community based

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3.1.8 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
Firefighting services	No designated fire service (Lies with B-municipalities) only coordinating, training and standardization of all fire services.
Local tourism	Yes
Municipal planning	Yes
Municipal health services	Yes
Constitution Schedule 5, Part B functions:	
Licensing and control of undertakings that sell food to the public	Yes

Table 36.: Functional Areas

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3.2 COMPONENT A: ROAD TRANSPORT



3.2.1 Road Maintenance and Construction

The maintenance of rural proclaimed roads is a Provincial function and CKDM performs the function for the Province on allocated roads on an agency basis regulated by a financial and service delivery agreement between the municipality and the infrastructure branch of the Provincial Department of Transport. The financial period for roads is therefore different from council's and coincides with the financial period of the Province namely from 1 April 2013 to end March 2014. Service delivery targets fall within the same period and are also set and recorded in the Provincial system.

Maintenance of roads in the region is done by road teams stationed in the four municipal areas of the region namely Beaufort-West, Murraysburg, Prince Albert and Laingsburg. Road construction is undertaken by one construction team for the whole region. They are supported by a mechanical workshop, stores and costing office located in Beaufort-West. Yearly and monthly planning schedules are captured in a monthly technical report together with actual progress. Regular road inspections, meetings and investigations are part of the process and technical support is continuously available. Well maintained and available road plant is essential for the service as well as accurate costing results for budget control.

A gravel road maintenance system is maintained by the road infrastructure branch with regular inputs from Central Karoo District Municipality office and used for setting priorities on a yearly basis. Socio-economic factors are taken into account when scoring priority points as well as tourism, sensitive products, traffic counts, etc. Additional maintenance is done through EPWP contracts when funding is available.

A reseal management program is executed by the Province for all surfaced roads in the Western Cape and reseal projects are completed as C-contracts and managed by the Province, whilst normal maintenance is done by Central Karoo District Municipality.

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3.2.2 Provincial Roads allocated for maintenance and construction

The tables below provide details of provincial roads maintained and constructed during 2013/14.

Roads	Surfaced	Un-surfaced	Total	Maintained 2012/2013	Maintained 2013/2014
	Km				
Trunk Road	14.46	68.33	82.79	82.79	82.79
Main Road	50.11	630.87	680.98	680.98	680.98
Divisional Road	13.79	1 711.43	1 725.22	1 725.22	1 725.22
Minor Road	0	3 970.33	3 970.33	1 000.00	1 581.18
Total	78.36	6 380.96	6 459.32	3 488.99	4 070.17

Table 37.: Provincial Roads allocated for maintenance

Roads	Re-gravel 2012/2013	Re-gravel 2013/2014	Upgrade 2012/2013	Upgrade 2013/2014	Graded 2012/2013	Graded 2013/2014
	Km					
Trunk Road	0	0	0		508	502.42
Main Road	0	0	0	Will be included in 14/15 figure	3 616	3 205.17
Divisional Road	0	0	0		6 416	4 967.07
Minor Road	0	0	0		977	1 581.18
Total	0	0	0		11 517	10 255.8

Table 38.: Provincial Roads allocated for construction

3.2.3 Employees: Road Transport

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Temporary	59	37	37	0	0
0 – 3	53	62	58	4	6
4 – 6	8	8	8	0	0
7 – 9	25	27	25	2 (Team Leader & Operator)	7
10 - 12	7	9	9	0	0
13 - 15	1	1	1	0	0
Total	153	144	138	6	4

Table 39.: Employees: Roads

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3.2.4 Capital Expenditure: Road Transport

R'000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Upgrading of Main Road 582 from gravel road to Class 4 surfaced road.	15 260	17 760	18 351	3 091	41 900

Table 40.: Capital Expenditure 2013/14: Roads

3.3 COMPONENT B: LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

3.3.1 LED

3.3.1.1 Highlights: LED

The following performance highlights with regard to the implementation of the LED strategy are:

Highlights	Description
PACA	Review of the PACA as guiding document to establish an LED strategy.
IDP\LED forums	A regional platform where developmental practitioners discuss issues of Local economic development and inputs given in regard to the LED strategy.
Capacity building	Capacitation of LED practitioners so as to ensure maximum input and make use of best practice models.

Table 41.: LED Highlights

3.3.1.2 Challenges: LED

Challenges with regard to the implementation of the LED strategy are:

Description	Actions to address
Establishment of business chamber	Engage with the business community to assist in the establishment of a business chamber
Lack of designated people in local municipalities to deal with LED activities.	Convince local municipalities to appoint LED practitioners that will take up that responsibility as priority not as add on.
Funding	To submit a joint funding proposal as a district to address strategic issue.

Table 42.: LED Challenges

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3.3.1.3 LED Priorities and Action Plans

The LED Strategy is a sector plan that forms part of the IDP process. The purpose of the district LED strategy is to support pro-poor economic growth and job creation through an integrated approach. Several areas are mentioned in this regard, incorporating new business creation, improving infra-structure, attracting inward investment, strengthening the LED capacity, encouraging local procurement, and improving skills and knowledge.

The table below provides an indication of the LED initiatives that are prioritised:

Initiative	What is being proposed
Investment promotion and facilitation: fracking and renewable energy	Making Central Karoo competitive advantage and opportunities visible. Investment facilitation. Like WESGRO
Reduce water constraint to growth in fracking and agriculture – Gariep dam pipeline	Gain commitment from national government, regional stakeholders and water authorities to proceed with feasibility study.
Reduce stock losses through smart shepherding	Secure public sector support for shepherding guild (HRD) in Prince Albert and mobilise organised agriculture to partner with initiative.
Pomegranate initiative in Murraysburg.	Support access to development funding to expand.
Establish “the Biggest painting in the world” as Beaufort West anchor attraction.	Secure public sector support and coordinate cooperation.
Branding and marketing	Take the lead in Karoo branding: <ul style="list-style-type: none"> ◆ Support LMs to access funding for destination marketing. ◆ Attract more talent.
Expanded work place (=Karoo) skills programme	Similar to municipal WSP, but a Karoo wide skills development plan, linked to big investments such as SKA, mines, and so forth.
Skills development short courses	Link short course training opportunities to local service providers to do training in Karoo.
Enterprise development support via Skype.	Reduce know-how barriers to SME growth. Promote: <ul style="list-style-type: none"> ◆ development of service by DEDAT ◆ use of service in Karoo
Youth and woman entrepreneurship training scheme	Systematic / annual entrepreneurship development training in key Karoo towns.
Systematic and sustained economic development leadership development programme	Make a council decision that all councillors and all heads of departments in the Karoo municipalities must be trained in economic development leadership.
Capacitate the EDA	Add local Beaufort West representation on the board. Appoint a competent CEO + managers in key portfolios. Provide immediate temporary programme management capacity to ensure immediate implementation of initiatives.

Table 43.: LED initiatives

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3.3.1.4 Employees: LED

Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 – 6	0	1	1	0	0
Total	0	1	1	0	0

Table 44.: Employees: LED

3.3.2 TOURISM

Our primary purpose is to actively introduce the potential of the region within its frontier, through the Province, the country as a whole as well as in foreign countries where possible.

It is important to coordinate the marketing actions of the local government, the private sector and the other institutions within the area and to utilize the tourism potential optimally.

Parallel with this, is continues expansion of new tourism experiences and the enhancement of current activities and destinations

3.3.2.1 Activities: Tourism

The table below indicates various municipal activities with regard to the Tourism function:

Function	Description of activities during 2013/14
Tourism Marketing	<ul style="list-style-type: none"> ◆ Showcasing and Exhibiting at the Tourism Indaba- Durban: May 2014 ◆ Host the annual District and Provincial Welcome Campaign: December 2013 ◆ Secure R35 000 funding through WESGROW for the Newton Laingsburg Karoo Marathon
Tourism Development	<p style="text-align: center;"><u>Skills Development:</u></p> <ul style="list-style-type: none"> ◆ Secure 100 placement opportunities for unemployed youth in Central Karoo through the Tourism Ambassador Program for Implementation in October 2014 (Stipend: R2 200; duration: 1 year)
Stakeholder Support	<ul style="list-style-type: none"> ◆ Facilitate stakeholder support and alignment between local municipalities, local Tourism Organisations, Western Cape Provincial Government and the national Department of Tourism

Table 45.: Tourism Activities

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3.4 COMPONENT C: MUNICIPAL HEALTH

3.4.1 Introduction

The National Health Act, 2003 (Act 61 of 2003) defines Municipal Health Services as Environmental Health.

“Environmental Health” means a condition of optimal wholesomeness of the environment in which man exists and interacts with through the lowest possible presence therein or total absence of any stimuli detrimental to human health.

The Section: Municipal Health is responsible for the identification, evaluation, control and prevention of those factors that can be detrimental to people’s health and well-being.

Services are rendered by four (4) Environmental Health Practitioners (EHP’s) in ten (10) communities in the Central Karoo Region, namely Murraysburg, Beaufort West, Nelspoort, Merweville, Prince Albert, Leeu-Gamka, Klaarstroom, Prince Albert Road, Laingsburg and Matjiesfontein, as well as in the rural areas of the Murraysburg, Beaufort West, Prince Albert and Laingsburg districts.

3.4.2 Activities: Municipal Health

The table below indicates various municipal activities with regard to the Municipal Health function:

Function	Description of activities during 2013/14
Water Quality Monitoring	<ul style="list-style-type: none">◆ Monitor the safety and adequate supply of drinking water;◆ Take steps to have any problems regarding water safety rectified;◆ Monitor quality of water resources intended for other essential uses, e.g. recreational waters.
Waste Management	<ul style="list-style-type: none">◆ Monitoring and evaluation of the safe collection, handling and disposal of solid and liquid waste.
Food Control	<ul style="list-style-type: none">◆ The implementation of all regulations regarding food safety. Monitor all food safety aspects, including hygiene conditions at food handling premises;◆ Investigate food poisoning outbreaks;◆ Health education regarding food safety.
Health Surveillance of Premises	<ul style="list-style-type: none">◆ Render non-specialist environmental impact/risk/hazard assessments and occupational hygiene risk assessments;◆ Render municipal health services in the formal and informal sector;◆ Render municipal health services at care centres;◆ Render services regarding the control of nuisances as well as the keeping of animals;◆ Monitor municipal health aspects of accommodation and its immediate environment in particular the public health aspects of residential, public and institutional buildings;◆ Monitor municipal health legislation enforcement;◆ Render municipal health planning, zoning, license application services; and,◆ Scrutinize building plans from a health point of view.
Surveillance and Prevention of Communicable Diseases, excluding immunisations	<ul style="list-style-type: none">◆ Play an active role in the outbreak response management team of the district;◆ Render services in respect of outbreak investigations, tracing of contacts and surveillance of communicable diseases.

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Function	Description of activities during 2013/14
Vector Control	<ul style="list-style-type: none"> ◆ Monitor the presence of vectors (arthropods, molluscs, rodents and other alternative hosts of disease) and enforce appropriate legislation; ◆ Render other vector control services.
Environmental Pollution Control	<ul style="list-style-type: none"> ◆ Render disaster management services in respect of municipal health; ◆ Render pollution control services: inspection and monitoring; ◆ Monitor intensive animals feeding systems regarding environmental pollution and nuisances.
Chemical Safety	<ul style="list-style-type: none"> ◆ Render a non-specialist impact/risk/hazard assessment and environmental evaluation service with regard to the handling of chemicals; ◆ Investigate agricultural and stock remedies poisonings.
Disposal of the Dead	<ul style="list-style-type: none"> ◆ Monitor all environmental health aspects regarding the disposal of the dead (including exhumation, reburial and funeral parlours).
Health & Hygiene Training and Education	<ul style="list-style-type: none"> ◆ Provide Health & Hygiene training & education through awareness campaigns, road shows and the local media
Other	<ul style="list-style-type: none"> ◆ Ensure the optimum utilization of resources; ◆ Draft SOP's to achieve the objectives for municipal health; ◆ Submit MH Reports to Council's relevant Portfolio Committee; ◆ Submit Sinjani Reports to the Provincial and National Departments of Health; ◆ Personnel Skills Audits; ◆ Manage continuous Professional Development of EHP's in order to meet the set targets wrt. CPD Points required by the HPCSA; ◆ Conduct performance evaluations of EHP's in terms of set targets; ◆ Register all EHP's with HPCSA; ◆ Revise the Municipal Health Tariff Structure for certain services rendered within the region; ◆ Revise the Air Quality Management Plan for the CKDM; ◆ Revise / draft the SDBIP for the Section Municipal Health; ◆ Provide budget inputs w.r.t. municipal health service delivery;

Table 46.: Municipal Health Activities

3.4.3 Matters Addressed: Municipal Health

The table below reflects some of the matters addressed by the Environmental Health Practitioners (EHP's) within the Central Karoo District Municipal Area.

Items	Number	Action
Bacteriological & chemical water sampling on behalf of the Beaufort West Municipality (As per agreement)	232 Samples	<ul style="list-style-type: none"> ◆ Water samples obo. the Beaufort West Municipality were taken on a monthly basis in Beaufort West, Merweville, Nelspoort and Murraysburg; ◆ A total of 228 samples for bacteriological analysis and 4 samples for chemical analysis were taken during the reporting period; ◆ 214 (92%) of the samples taken did comply with the SANS 241 Standards for Water Quality; ◆ All sample results were send to the mentioned Water Service Authority.

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Items	Number	Action
Bacteriological & Chemical water sampling in urban communities in the Region (excluding samples obo. The Beaufort West municipality)	28 Samples	<ul style="list-style-type: none"> ◆ Water sampling was done on a quarterly basis; ◆ A total of 26 samples for bacteriological analysis and 2 samples for chemical analysis were taken during the reporting period; ◆ 15 (54%) of the samples taken did comply with the SANS 241 Standard for Water Quality; ◆ All sample results were sent to the various Water Service Authorities.
Bacteriological sampling of sewerage effluent at sewerage works in urban communities in the Region	62 Samples	<ul style="list-style-type: none"> ◆ Sewerage effluent sampling was done on a quarterly basis, except for Beaufort West, Nelspoort, Merweville and Murraysburg where sampling was done on a monthly basis. ◆ A total of 62 samples were taken for bacteriological analysis during the reporting period; ◆ 58 (94%) of the samples taken did comply with the health standards for sewerage; ◆ All sample results were sent to the various WSA's.
Capturing of water & sewerage sampling data on a MHS Database	100%	<ul style="list-style-type: none"> ◆ All water en sewerage results received from the National Health Laboratory were captured on a database for the Section Municipal Health.
Monitoring of Solid Waste Disposal sites in urban communities in the Region	113 Inspections	<ul style="list-style-type: none"> ◆ The monitoring of Solid Waste sites was done on a monthly basis; ◆ A total of 113 inspections were conducted at sites in the Region; ◆ Evaluation Reports were sent on a quarterly basis to all Category B-Municipalities within the region; ◆ A report on the status of Solid Waste Sites in the Central Karoo Region was also sent to the Provincial Department of Health.
Monitoring of Liquid Waste Disposal sites in urban communities in the Region	113 Inspections	<ul style="list-style-type: none"> ◆ The monitoring of Liquid Waste sites was done on a monthly basis; ◆ A total of 113 inspections were conducted at sites in the Region.
Monitoring of Formal & Informal Food Premises and enforcement of R962 of 2012	1 939 Inspections 106 CoA's issued	<ul style="list-style-type: none"> ◆ There are a total of 663 formal and informal food premises in the Central Karoo Region; ◆ A total of 1 939 inspections were conducted at food premises during the reporting period; ◆ A total of 106 Certificates of Acceptability were issued to new food premises which comply to the Regulations with regards to the General Hygiene requirements for Food premises and the Transport of Food (R 962 of 2012)
Bacteriological & chemical sampling of foodstuffs ito FCD Act & Regulations	39 Samples	<ul style="list-style-type: none"> ◆ A total of 40 food samples for bacteriological analysis, as well as 24 food samples for chemical analysis were taken during the reporting period; ◆ 33 (83%) of the bacteriological samples and 16 (67%) of the chemical samples taken did comply with the set standards ito. the Foodstuffs, Cosmetics and Disinfectants Act. (Act. 54 of 1972)
Monitoring of milking shed	15 Inspections	<ul style="list-style-type: none"> ◆ A total of 15 inspections were conducted during this reporting period.
Bacteriological sampling of raw milk & milk products	12 Samples	<ul style="list-style-type: none"> ◆ A total of 12 samples for bacteriological analysis were taken during this period; ◆ 10 (83%) of the samples taken did comply to the set standards ito. the Regulations with regards to Milk and Dairy Products (R1555 of 1997)
Monitoring of Public Institutions (none-food)	205 Inspections	<ul style="list-style-type: none"> ◆ A total of 205 inspections were conducted during this reporting period;

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Items	Number	Action
	5 Health Certificates issued	<ul style="list-style-type: none"> ◆ 5 Health Certificates were issued to relevant legislation.
Monitoring of Informal Settlements	19 Inspections	<ul style="list-style-type: none"> ◆ The monitoring of Informal settlements was done on a quarterly basis; ◆ A total of 19 inspections were conducted at informal settlements in the Region.
Scrutinize & evaluate building plans from a health point of view	4 Plans	<ul style="list-style-type: none"> ◆ A total of 4 Building plans were scrutinized and evaluated from a health point of view during the reporting period; ◆ Comments in this regard were sent to all relevant role players.
Monitoring of Environmental Pollution Control	3 Reports	<ul style="list-style-type: none"> ◆ 3 Reports were drafted regarding pollution control and sent to the Section Pollution Control of the Department of Environmental Affairs.
Identification, investigation & monitoring of notifiable medical conditions or any communicable disease	14 Notifications / Investigations 1 Report on "hotspots"	<ul style="list-style-type: none"> ◆ 14 Notifiable medical conditions were reported during this period; ◆ All notifications received were investigated and reports, where necessary, submitted to the Provincial Health Department; ◆ 1 Report was compiled regarding "municipal health hotspots" and sent to the Provincial Department of Health.
Investigation & monitoring of incidences of pesticide poisoning	0 Incidences	<ul style="list-style-type: none"> ◆ There were no incidents of pesticide poisonings reported during this period.
Monitoring of conditions promoting the habits and breeding habits of vectors	1 Investigation	<ul style="list-style-type: none"> ◆ 1 case was reported and investigated during this period;
Monitoring & supervision of exhumations and re-interments	1 Exhumation	<ul style="list-style-type: none"> ◆ 1 Application for an exhumation was received and monitored during the reporting period.
Health and Hygiene promotion	16 Actions	<ul style="list-style-type: none"> ◆ A total of 16 actions with regards to health and hygiene promotion were undertaken during the reporting period.
Project Proposals	5 Proposals	<ul style="list-style-type: none"> ◆ A total of 5 project proposals were compiled during the reporting period; ◆ Project proposals were handed over to municipal manager and other relevant role-players in order to obtain funding.
Water Quality Monitoring Project	250 Samples 2 Progress Reports	<ul style="list-style-type: none"> ◆ Monitoring programme on behalf of the Department of Water Affairs for the micro-biological and chemical sampling of water resources and sewerage in the Central Karoo Region; ◆ A total of 250 samples were taken during the reporting period; ◆ A total of 2 Project Progress Reports were compiled and sent to the Department of Water Affairs
EHS Report to National Department of Health (Sinjani System)	36 Reports	<ul style="list-style-type: none"> ◆ A total of 36 Reports were submitted to the National Department of Health; ◆ Reports were submitted on a Sinjani System of the relevant Department.
EHS related complaints followed up	100%	<ul style="list-style-type: none"> ◆ A total of 6 complaints were received and investigated during the reported period.
EHP Performance Evaluation	4 Performance Evaluations	<ul style="list-style-type: none"> ◆ Performance evaluations were executed on a quarterly basis against the set targets in order to manage and improve services as well as to create a performance culture within the Section.

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Items	Number	Action
Newsletter in order to promote Municipal Health Services	1 Newsletter	♦ 1 Newsletter regarding municipal health in the Central Karoo District was compiled and sent to all Category B-Municipalities within the region. <i>(The purpose of this Information Letter is to promote the objectives of the Section in ensuring a safe and healthy environment for our residents in the Central Karoo Region, as well as to create a bigger awareness regarding the Section's functions, responsibilities etc within the Region)</i>
Annual review and updating of Tariff structure	1 Review	♦ A Tariff structure for the rendering of certain municipal health services was compiled and approved by Council for the reporting period.
Annual review of Operational and Top Layer SDBIP	1 Review	♦ The Operational and Top Layer SDBIP for the Section was revised for the reporting period
Annual review of Air Quality Management Plan	1 Review	♦ An Air Quality Management Plan was revised and approved by Council during the reporting period.
IDP Inputs	1 Input	♦ Written inputs were provided to the IDP Manager for inclusion in the IDP Review document

Table 47.: Matters addressed by Environmental Health Practitioners (EHP's)

3.4.4 Employees: Municipal Health

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12	4	4	3	1	25
13 - 15	1	1	1	0	0
Total	5	5	4	1	20

Table 48.: Employees: Health services

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3.5 COMPONENT D: DISASTER MANAGEMENT

3.5.1 Introduction

The Disaster Management Act provides for:

- ◆ An integrated and coordinated disaster management policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters, and post-disaster recovery;
- ◆ The establishment of a district municipal disaster management centre;
- ◆ Disaster management volunteers;
- ◆ Awareness programs; and
- ◆ Matters relating to these issues.

3.5.2 Activities: Disaster Management

The table below indicates various municipal activities with regard to Disaster Management:

Function	Description of activities during 2013/14
Institutional Capacity for Disaster Management	<ul style="list-style-type: none"> ◆ Arrangements for stakeholder participation, technical advice and planning ◆ Arrangements for local and regional cooperation
Disaster Risk Assessment	<ul style="list-style-type: none"> ◆ Monitoring, evaluating and improving disaster risk information
Disaster Response and Recovery	<ul style="list-style-type: none"> ◆ Integrated response and recovery ◆ Relief measures ◆ Rehabilitation and reconstruction

Table 49.: Disaster Management Activities

3.5.3 Matters Addressed: Disaster Management

The table below reflects some of the matters addressed by Disaster Management within the Central Karoo District Municipal Area:

Items	Number	Action
Advisory forum meetings	2	<ul style="list-style-type: none"> ◆ Meetings held to get stakeholders on board to participate in responding to possible disasters ◆ Awareness of role-players towards possible disasters ◆ Provincial attendance of meetings to give inputs and support
HOPE (Help Other People Emotionally) Working group.	3	<ul style="list-style-type: none"> ◆ Meetings held to get organisations and individuals on board to serve as volunteers and help during incidents & disasters
Risk Assessment	1	<ul style="list-style-type: none"> ◆ Risk assessment been done for the CKDM region with the help of Provincial Disaster Management
Responded to Laingsburg Flood	1	<ul style="list-style-type: none"> ◆ Assisted Laingsburg Local Municipality and Agricultural farming community with relief, recovery and rehabilitation during flood damage

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Items	Number	Action
Public Awareness/training	10	♦ Awareness and training to the general public, as well as government institutions and schools by means of the local radio station, presentations and demonstrations with regards to disasters.

Table 50.: Matters addressed by Disaster Management

3.5.4 Highlights: Disaster Management

Highlights	Description
Management of flood in Laingsburg area	Flood in Laingsburg area over period 7 – 9 January 2014. With the help of SANDF helicopter 21 people were brought to safety out of the flooded farming community

Table 51.: Disaster Management Highlights

3.5.5 Challenges: Disaster Management

Description	Actions to address
Shortage of disaster management personnel at local level	Disaster managers at B-Municipality level to be address to build capacity

Table 52.: Disaster Management Challenges

3.5.6 Employees: Disaster Management

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 – 6	0	1	1	0	0
13 - 15	1	1	1	0	0
Total	1	2	2	0	0

Table 53.: Employees: Disaster Management

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3.6 COMPONENT E: CORPORATE POLICY OFFICES AND OTHER SERVICES



3.6.1 Office of the Municipal Manager

3.6.1.1 Employees: Office of the Municipal Manager

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Temporary	5	6	6	0	0
7 – 9	2	2	2	0	0
10 - 12	1	1	0	1 (Internal Audit)	100
13 - 15	1	1	0	1 (IDP)	100
Total	9	10	8	2	20

Table 54.: Employees: Office of the Municipal Manager

3.6.2 Records Management

Records management is a process of ensuring the proper creation, maintenance, use and disposal of records to achieve efficient, transparent and accountable governance.

Sound records management implies that records are managed in terms of an organisational records management programme governed by an organisational records management policy

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3.6.2.1 Activities: Records Management

The table below indicates various municipal activities with regard to Records Management:

Function	Description of activities during 2013/14
Records management	<ul style="list-style-type: none"> ◆ To ensure that : <ul style="list-style-type: none"> ○ records management is an objective in the District Municipality's strategy and strategic plan; ○ the current record keeping and records management situation is determined and to ensure that relevant information if available regarding the record keeping and records management practices of the District Municipality; ○ information contained in records is managed effectively throughout the office by drafting and implementing a records management policy; ○ information can be identified and retrieved when required by providing well-structured records classification systems and record keeping systems; ○ all records are kept in safe custody; ○ there is a systematic disposal programme in place; ○ all audio-visual records are managed according to the requirements of the National Archives and Records Service and good governance; ○ all electronic records are managed according to the requirements of the National Archives and Records Service and good governance; and ○ there are evaluation criteria in place to monitor compliance with sound records management practices.
Supervision	<ul style="list-style-type: none"> ◆ Responsible for co-ordination and delegation activities of 3 cleaners ◆ Responsible for tidiness of the head office, as well of the offices of the Councillors, Environmental Health and Council Chambers ◆ Check with departments if cleaning is acceptable and done properly
Securities	<ul style="list-style-type: none"> ◆ Controlling of securities and keeps the security register updated
Legislation	<ul style="list-style-type: none"> ◆ Updating of legislation of Directors, Municipal Manager, Workshop Superintendent and Health & Safety Officer as required from time to time
Council Chambers / equipment management and organising	<ul style="list-style-type: none"> ◆ Control of council chambers: Booking/hiring of equipment
Key Locker	<ul style="list-style-type: none"> ◆ Manage the key locker

Table 55.: Activities: Records Management

3.6.2.2 Matters Addressed: Records Management

The table below reflects some of the matters addressed by Records Management:

Items	Number	Action
Records Management	Continuous	<ul style="list-style-type: none"> ◆ Capturing of incoming, internal and outgoing post as well as the filing of all the documentation ◆ Applications for transfer & disposal of current & terminated systems as well as financial documentation ◆ Maintaining file plan and submit amendments ◆ Review retention periods and submit ◆ Attend Records management meetings
Supervision	Continuous	<ul style="list-style-type: none"> ◆ Supervise cleaning services within the council
Securities	Continuous	<ul style="list-style-type: none"> ◆ Capture and file securities

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Items	Number	Action
Legislation	Continuous	♦ Update legislation for MM, 3 Directors, Workshop Superintendent and Health & Safety Officer
Council Chambers / equipment management and organising	Continuous	♦ Booking of Council Chamber for meetings, arrangements for supplies & material
Key Locker	Continuous	♦ Manage key locker & key register

Table 56.: Matters Addressed: Records Management

3.6.2.3 Employees: Administration

Job Level	2012/13	2013/14			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Temporary	1	1	1	0	0
0 – 3	2	2	2	0	0
4 – 6	2	2	2	0	0
7 – 9	2	2	2	0	0
10 - 12	0	0	0	0	0
13 - 15	3	3	3	0	0
Total	10	10	10	0	0

Table 57.: Employees: Administration

3.6.3 Human Resources

The design, development and alignment of policies, procedures, systems and controls guiding human resources interventions, applications and outcomes and, providing strategic advice on initiatives with respect to Human Resources development aimed at supporting the accomplishment of the District Municipality's key performance areas and service delivery objectives.

Key Performance areas

- ♦ To render a provisioning and support service function that will ensure the recruitment, utilization and retention of the organization's human capital;
- ♦ To give effect to the Employment Equity Plan of the organization as well as to ensure compliance with employment equity measures;
- ♦ To facilitate a sound relationship between employer and employees and a climate of labour peace, stability and wellness; and
- ♦ TASK – to ensure that all posts on the organogram have a job description.

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3.6.3.1 Highlights: Human Resources

Highlights	Description
Health & Wellness day	A Financial Wellness Day was held on 30 June 2014 which was well attended
Bursaries to external students	44 Bursaries was made available to external students during January 2014
In-service training	12 Students of different tertiary institutions received in-service training during this financial year

Table 58.: Human Resources Highlights

3.6.3.2 Challenges: Human Resources

Description	Actions to address
Implementing an effective Recruitment Policy	The Draft Recruitment Policy must be approved by Council
Improvement on the current average time to fill vacancies	

Table 59.: Human Resources Challenges

3.6.3.3 Employees: Human Resources

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
13 - 15	1	1	1	0	0
Total	1	1	1	0	0

Table 60.: Employees: Human Resources

3.6.4 Finance

3.6.4.1 Employees: Finance

Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Temporary	6	7	6	1 (Snr Accountant)	14
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	2	2	0	2 (Expenditure Controller & Payroll)	100

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Job Level	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12	0	0	0	0	0
13 - 15	1	1	1	0	0
Total	9	10	7	3	30

Table 61.: Employees: Finance

3.7 COMPONENT E: ORGANISATIONAL PERFORMANCE SCORECARD

The main development and service delivery priorities for 2014/15 is the Municipality's top layer SDBIP for 2014/15 and are indicated in the table below:

3.7.1 To deliver sound administrative and financial services, to ensure good governance and viability

REF	KPI	Unit of Measurement	Annual Target
TL1	Revise the Risk based audit plan and submit to the Audit Committee by 30 June	Plan submitted to the Audit Committee by 30 June	1
TL2	The number of people from employment equity target groups employed (appointed) in the three highest levels of management in compliance with a municipality's approved equity plan	Number of people from employment equity target groups employed (appointed) in the three highest levels of management	1
TL3	Implement the RBAP [(Audits completed for the year/audits planned for the year according to the RBAP)x100]	% implemented	70%
TL9	Review the Employment Equity plan and submit to Council by 30 June 2015	Plan reviewed and submitted to Council by 30 June 2015	1
TL10	Submit the financial statements by 31 August to the Auditor General	Financial Statements submitted by 31 August	1
TL11	Maintain an unqualified audit opinion	Unqualified audit opinion received	1
TL12	Review the Workplace Skills Plan and submit to the LGSETA by 30 April 2015	Plan submitted to the LGSETA by 30 April 2015	1
TL13	Percentage of municipality's budget actually spent on implementing its workplace skills plan measured as [(Total Actual Training Expenditure/ Total Operational Budget)x100]	(Total expenditure on training/total budget)/100	0.50%
TL22	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations ((Total operating revenue-operating grants received)/debt service payments due within the year)	((Total operating revenue-operating grants received)/debt service payments due within the year))	0.5

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REF	KPI	Unit of Measurement	Annual Target
TL23	Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services)	(Total outstanding service debtors/ revenue received for services)X100	2.50%
TL24	Financial viability measured in terms of the available cash to cover fixed operating expenditure ((Available cash+ investments)/ Monthly fixed operating expenditure)	((Available cash+ investments)/ Monthly fixed operating expenditure)	12.1
TL25	90% of approved capital budget spent [(Actual amount spent on capital projects /Total amount budgeted for capital projects)X100]	(Actual amount spent on capital projects /Total approved budget for capital projects)X100	90%

Table 62.: Service delivery priorities 2014/15: To deliver sound administrative and financial services, to ensure good governance and viability

3.7.2 To facilitate effective stakeholder participation

REF	KPI	Unit of Measurement	Annual Target
TL5	Facilitate the meeting of the District Intergovernmental Forum (Technical)	Number of meetings held	2

Table 63.: Service delivery priorities 2014/15: To facilitate effective stakeholder participation

3.7.3 To improve and maintain our roads and promote effective and save transport for all

REF	KPI	Unit of Measurement	Annual Target
TL26	95% of roads capital conditional grant spent [(Actual expenditure divided by approved allocation received) x100]	(Actual expenditure divided by approved allocation received) x100	95%
TL27	Maintain provincial roads measured by the number of kilometers graded (routine maintenance)	Number of Kilometers of roads graded	8,400
TL28	95% of roads operational conditional grant spent[(Actual expenditure divided by approved allocation received)x100]	(Actual expenditure divided by approved allocation received)x100	95%

Table 64.: Service delivery priorities 2014/15: To improve and maintain our roads and promote effective and save transport for all

3.7.4 To plan to minimise the impact of disasters on the community, visitors, infrastructure and environment

REF	KPI	Unit of Measurement	Annual Target
TL14	Provide training for emergency personnel and volunteers	Number of training sessions held	3
TL15	Inspect industrial premises for fire safety and issue safety certificates	Number of Safety certificates issued	6

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Table 65.: Service delivery priorities 2014/15: To plan to minimise the impact of disasters on the community, visitors, infrastructure and environment

3.7.5 To promote a safe and healthy environment and social viability of residents through the delivery of a responsible environmental health service

REF	KPI	Unit of Measurement	Annual Target
TL16	Raise Health and Hygiene education awareness through articles published in local media	Number of articles published	8
TL17	Compile and distribute a Municipal Health Newsletter to Category B-Municipalities by the end of Jan 2015	MHS Newsletter submitted by end January 2015	1
TL18	Submit bi-annual Landfill Evaluation Reports to Category B-Municipalities by 31 Dec 2014 and 30 June 2015	Number of Landfill Evaluation Reports submitted	6
TL19	Submit by-annual Informal Settlement Evaluation Reports to Category B-Municipalities by 31 Dec 2014 and 30 June 2015	Number of Informal Settlement Evaluation Reports submitted	8
TL20	Submit by-annual Water Quality Evaluation Reports to Category B-Municipalities by 31 Dec 2014 and 30 June 2015	Number of Water Quality Evaluation Reports submitted	6
TL21	Review the Air Quality Management Plan and submit to Council by end March 2015	Air Quality Management Plan and submitted to Council by end March 2015	1

Table 66.: Service delivery priorities 2014/15: To promote a safe and healthy environment and social viability of residents through the delivery of a responsible environmental health service

3.7.6 To pursue economic growth opportunities that will create descent work

REF	KPI	Unit of Measurement	Annual Target
TL4	Provide bursaries to prospective candidates	Number of bursaries provided	30
TL6	Revise the LED strategy and submit to Council by 30 June 2015	Revised LED strategy submitted to Council by 30 June 2015	1
TL7	Submit business plans from EDA for projects to Council for consideration	Number of business plans submitted to Council	2
TL8	Submit proposals to possible funders for projects/initiatives for the youth, disabled, elderly and gender	Number of proposals submitted to possible funders	2
TL29	Create temporary job opportunities in terms of identified road projects	Number of job opportunities created	15

Table 67.: Service delivery priorities 2014/15: To pursue economic growth opportunities that will create descent work

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& Indicators	2012/13	2013/14
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	9	9
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.25%	0.60%

Table 68.: National KPIs– Municipal Transformation and Organisational Development

4.2 Introduction to the Municipal Workforce

The Central Karoo District Municipality currently employs **129** (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:

- ◆ 1. To render a provisioning and support service function that will ensure the recruitment, utilization and retention of the organization's human capital.
- ◆ 2. To give effect to the Employment Equity Plan of the organization as well as to ensure compliance with employment equity measures.
- ◆ 3. To facilitate a sound relationship between employer and employees and a climate of labour peace, stability and wellness.

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4.2.1 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are 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 reach	Target June	Actual June	% Target reach	Target June	Actual June	% Target reach	Target June	Actual June	% Target reach
32	31	97	89	88	99	1	1	100	19	9	47

Table 69.: 2013/14 EE targets/Actual by racial classification

Male			Female			Disability		
Target June	Actual June	% Target reach	Target June	Actual June	% Target reach	Target June	Actual June	% Target reach
102	100	98	39	29	74	3	3	100

Table 70.: 2013/14 EE targets/actual by gender classification

b) Employment Equity vs. Population

Description	African	Coloured	Indian	White	Other	Total
Population numbers	9 045	54 076	300	7 197	393	71 011
% Population	12,7	76,2	0,4	10,1	0,6	100
Number of positions filled	31	88	1	9	0	129
% of Positions filled	24,0	68,2	0,7	7,0	0	100

Table 71.: EE population 2013/14

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c) Occupational Levels - Gender

The table below categorise the number of employees by race within the occupational levels:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	0	1	0	2	0	0	0	0	3
Senior management	0	1	0	0	0	0	0	1	2
Professionally qualified and experienced specialists and mid- management	1	2	0	4	1	0	0	2	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	4	10	0	0	4	10	0	0	28
Semi-skilled and discretionary decision making	4	24	1	0	0	0	0	0	29
Unskilled and defined decision making	13	35	0	0	4	5	0	0	57
Total permanent	22	73	1	6	9	15	0	3	129
Non- permanent employees	10	27	0	0	0	0	0	0	37
Grand total	32	98	1	6	9	17	0	3	166

Table 72.: Occupational Levels

d) Departments - Race

The following table categorise the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager	4	3	0	0	2	1	0	0	10
Corporate Services	2	2	0	5	3	8	0	3	23
Technical Services	16	68	1	1	4	6	0	0	96
Total permanent	22	73	1	6	9	15	0	3	129
Non- permanent	10	27	0	0	0	0	0	0	37
Grand total	32	98	1	6	9	13	0	3	166

Table 73.: Department - Race

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4.2.2 Vacancy Rate

The approved organogram for the municipality had **138** posts for the 2013/14 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 9 Posts were vacant at the end of 2013/14, resulting in a vacancy rate of **6,5%**.

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

PER POST LEVEL		
Post level	Filled	Vacant
MM &MSA section 57 & 56	3	0
Middle management	12	1 (Internal Auditor)
Admin Officers & Operators	57	4
General Workers	57	4
Total	129	9
PER FUNCTIONAL LEVEL		
Functional area	Filled	Vacant
Municipal Manager	10	1 (Internal Auditor)
Corporate Services	23	3
Technical Services	96	5
Total	129	9

Table 74.: Vacancy rate per post and functional level

4.2.3 Overall employee 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 for the past two years. The turnover rate shows a decrease from 6.29%% in 2012/13 to 6,20% in 2013/14.

Financial year	New appointments	No of Terminations during the year	Turn-over Rate
2012/13	4	8	6.29%
2013/14	9	8	6,20%

Table 75.: Turnover Rate

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4.3 Managing the Municipal Workforce

4.3.1 Injuries

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

Directorates	2012/13	2013/14
Municipal Manager	0	0
Corporate Services	0	1
Technical Services	13	4
Total	13	5

Table 76.: Injuries

4.3.2 Sick Leave

The total number of employees that have taken sick leave during the 2013/14 financial year shows a decrease when comparing it with the 2012/13 financial year.

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

Department	2012/13	2013/14
Municipal Manager	114-28=86 8 employees : 10,75 average	56 10 employees: 5,6 p.p. average
Corporate Services	272-60=212 24 employees : 8,83 average	385 – 272 (previous years) = 113 23 employees: 4,9 p.p. average
Technical Services	1433-734=699 95 employees : 7,36 average	2069 – 1433 (previous years) = 636 96 employees: 6,6 days p.p. average
Total	981	805

Table 77.: Sick Leave

4.3.3 HR Policies and Plans

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

Approved policies	
Name of policy	Date approved/ revised
Recruitment , selection and appointment	4 September 2008 (Draft)
Farewell functions on resignation	18 August 2008
Stop order facilities	31 May 2000
Accouchement leave	21 July 2009
Essential motor vehicle scheme	22 August 2007
Disability	8 May 2006
In service training (Students)	17 June 2008/Revised 28 November 2012

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Name of policy	Date approved/ revised
Induction	1 August 2005
Medical membership	22 April 2005
HIV/AIDS	1 March 2005
Nepotism	22 April 2005
Evacuation plan	22 August 2005
Training and development (Skills)	1 August 2005
Parking spaces	30 August 2007
Public drivers permit (Professional drivers)	18 August 2008
Private work	19 July 2007
Affirmative action	15 July 2002
Travel and subsistence allowances	4 April 2008
Smoking	1 July 2001
Sexual harassment	13 March 2008 / Reviewed June 2014
Cell phones	30 July 2008
Study / driver's license	23 July 2009
Acting in posts	18 August 2006
Housing subsidies on loans from pension/ provident fund	15 June 2004
Declaration of interests	22 February 2001
Disciplinary procedures and code	Collective agreement July 2009 – June 2012
E-mail records management	1 August 2008
Essential Services agreement	25 September 2002
Jail time	24 October 2001
Gift policy (receiving of)	May 2009 (Draft)
Group insurance	28 June 1999
Revenue limit	28 January 2004
Communication lines (internal)	1 July 2001
Long services bonuses (20 years)	31 May 2001
Telephone usage	31 July 2003
Pension – single amount	6 October 1998
Reporting lines	27 January 2005
Travel time – re-gravelling team	26 November 2004
Rehabilitation policy	1 July 2001
Leave	3 January 2007
Leave – buy back	26 March 1997
Unpaid leave	April 2009 (Draft)
Fleet management – issuing and fuel	26 January 2009

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Name of policy	Date approved/ revised
Whistle blowing	March 2009 (Draft)
Intoxication Management	June 2011 (Draft)
Scarce Skills	June 2011 (Draft) / Reviewed June 2014
Performance Management Policy	27 May 2013
Occupational Health & Safety Strategy/Objectives	1 January 2013
Auctions (Personnel involvement)	19 November 2012
Acting – Section 57 employees	1 November 2012 (Draft)

Table 78.: HR policies and plans

4.4 Capacitating the Municipal Workforce

4.4.1 MFMA Competencies

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

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, “(1) No municipality or municipal entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per 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 regulations:

Financial Competency Development: Progress Report				
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	0	1	0
Chief financial officer	1	1	1	1
Senior managers	1	0	1	0
Any other financial officials	0	0	0	0

Chapter 4 Organisational Development Performance

Financial Competency Development: Progress Report				
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))
Supply Chain Management Officials				
Heads of supply chain management units	1	1	0	1
Supply chain management senior managers	0	0	0	0
Total	4	2	3	2

Table 79.: Financial Competency Development: Progress Report

4.4.2 Skills Development Expenditure

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).

Year	Total personnel budget	Total Allocated	Total Spend	% Spend
	R'000	R'000	R'000	
2012/13	8 644	13	13	100%
2013/14	7 697	13	13	100%

Table 80.: Budget allocated and spent for skills development

4.5 Managing the Municipal Workforce Expenditure

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

Chapter 4 Organisational Development Performance

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(R'000)	Total Operating Expenditure(R'000)	Percentage (%)
	R'000		
2012/13	8 882	52 648	17%
2013/14	7 956	57 189	14%

Table 81.: Personnel Expenditure

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

Financial year	2012/13		2013/14	
	Actual	Original Budget	Adjusted Budget	Actual
Description	R			
Councillors (Political Office Bearers plus Other)				
Mayor	696 873	690 000	700 000	697 771
Executive Committee Members	1 401 396	0	1 320 000	1 263 933
Councillors	1 115 920	0	1 080 000	1 016 547
Sub Total	3 214 189	690 000	3 100 000	2 978 251
% increase/(decrease)	-	(78.53)%	349.28%	(3.93%)
Senior Managers of the Municipality				
Salary	1 928 271	210 000	2 193 000	2 306 487
Performance Bonus	157 697	208 000	0	166 766
Other benefits or allowances	844 642	22 000	0	780 309
Sub Total	2 930 610	440 000	2 193 000	3 253 562
% increase/(decrease)	-	(84.99%)	398.41%	48.36%
Other Municipal Staff				
Basic Salaries and Wages	6,267,614	5 560 000	6 284 080	6,182,342
Pension Contributions	596,617	1 013 000	704 900	573,721
Medical Aid Contributions	0	0	0	0
Overtime	5,007	9 000	8 000	0
Motor vehicle allowance	760,508	690 000	605 000	653,380
Cell phone allowance	0	32 000	10 000	4 776
Housing allowance	49 213	61 000	35 000	40,152
13 th Cheque	427,243	0	333 094	360,798

Chapter 4 Organisational Development Performance

Financial year	2012/13	2013/14		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R			
Other benefits or allowances	0	58 000	44 000	0
Employee Benefits Provision	773 996	0	0	140 784
In-Kind benefits	0	0	0	0
Sub Total	8,880,198	7,423,000	8,024,074	7,955,953
% increase/(decrease)	-	(16.41%)	8.10%	(0.85%)
Total Municipality	15,024,997	8,553,000	13,317,074	14,187,766
% increase/(decrease)	-	(43.07%)	55.70%	6.54%

Table 82.: Personnel Expenditure

Chapter 5: Financial Performance

CHAPTER 5

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

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The Statement of Financial Performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 Financial Summary

The table below indicates the summary of the financial performance for the 2013/14 financial year:

Description	2012/13	2013/14			2013/14 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Financial Performance						
Property rates	0	0	0	0	0	0
Service charges	0	0	0	0	0	0
Investment revenue	0	0	0	0	0	0
Transfers recognised - operational	20,218	50,959	23,234	21,292	-139.34	-9.12
Other own revenue	31,661	2,380	34,662	38,973	93.89	11.06
Total Revenue (excluding capital transfers and contributions)	51,879	53,340	57,896	60,265	11.49	3.93
Employee costs	9,061	9,805	10,169	8,348	-17.45	-21.81
Remuneration of councillors	3,214	3,160	3,100	2,978	-6.10	-4.09
Depreciation & asset impairment	613	395	387	340	-16.16	-13.95
Finance charges	1,036	887	504	704	-25.86	28.44
Materials and bulk purchases	0	0	0	0	0	0
Transfers and grants	0	0	0	0	0	0
Other expenditure	38,878	36,401	42,729	45,105	19.30	5.27
Total Expenditure	52,802	50,648	56,889	57,476	11.88	1.02
Surplus/(Deficit)	(923)	2,692	1,007	2,789	3.47	63.89
Transfers recognised - capital	0	0	0	0	0	0
Contributions recognised - capital & contributed assets	0	0	0	0	0	0

Chapter 5: Financial Performance

Description	2012/13	2013/14			2013/14 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Surplus/(Deficit) after capital transfers & contributions	(923)	2,692	1,007	2,789	3.47	63.89
Capital expenditure & funds sources						
Capital expenditure						
Transfers recognised - capital	0	0	0	0	0	0
Public contributions & donations	0	0	0	0	0	0
Borrowing	0	0	0	0	0	0
Internally generated funds	330	330	330	280	-17.86	-17.86
Total sources of capital funds	330	330	330	280	-17.86	-17.86
Financial position						
Total current assets	5,075	8,151	5,568	6,709	-21.49	17.02
Total non-current assets	11,432	3,681	11,375	12,461	70.46	8.71
Total current liabilities	(11,417)	(10,959)	(10,793)	(10,230)	-7.12	-5.50
Total non-current liabilities	(14,238)	(12,231)	(14,300)	(15,299)	20.05	6.53
Accumulated (Surplus)/Deficit	9,148	11,359	8,150	6,359	-78.62	-28.16
Cash flows						
Net cash from (used) operating	2,064	4,068	635	3,354	-21.29	81.08
Net cash from (used) investing	88	(330)	(330)	(351)	5.99	5.99
Net cash from (used) financing	(56)	(2)	(52)	(52)	96.18	0.00
Cash/cash equivalents at the year end	2,095	3,736	252	2,951	-26.61	91.45
Cash backing/surplus reconciliation						
Cash and investments available	2,095	3,736	252	2,951	-26.61	91.45
Application of cash and investments	0	0	0	0	0	0
Balance - surplus (shortfall)	2,095	3,736	252	2,951	-26.61	91.45
Asset management						
Asset register summary (WDV)	4,151	3,681	4,094	4,109	10.42	0.36
Depreciation & asset impairment	613	395	387	340	-16.16	-13.95
Renewal of Existing Assets	0	0	0	0	0	0
Repairs and Maintenance	70	69	68	54	-26.96	-25.47
Free services						

Chapter 5: Financial Performance

Description	2012/13	2013/14			2013/14 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Cost of Free Basic Services provided	n/a	n/a	n/a	n/a	n/a	n/a
Revenue cost of free services provided	n/a	n/a	n/a	n/a	n/a	n/a
Households below minimum service level						
Water:	n/a	n/a	n/a	n/a	n/a	n/a
Sanitation/sewerage:	n/a	n/a	n/a	n/a	n/a	n/a
Energy:	n/a	n/a	n/a	n/a	n/a	n/a
Refuse:	n/a	n/a	n/a	n/a	n/a	n/a

Table 83.: Financial Performance 2013/14

The table below shows a summary of performance against budgets:

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000				R'000			
2012/13	54,107	51,879	(2,228)	-4	54,782	52,802	1,979	4
2013/14	60,571	60,265	(307)	-1	59,564	57,476	2,088	4

Table 84.: Performance against budgets

5.1.1 Revenue collection by Vote

The table below indicates the Revenue collection performance by Vote:

Vote Description	2012/13	2013/14			2013/14 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Vote1 - Executive and Council	1,344	8,680	8,680	1,385	-526.51	-526.51
Vote2 - Budget and Treasury Office	15,297	5,733	6,790	17,702	67.61	61.64
Vote3 - Corporate Services	4,975	11,947	12,396	6,583	-81.50	-88.31
Vote4 - Technical Services	30,030	26,980	30,031	34,595	22.01	13.19
Total Revenue by Vote	51,645	53,340	57,896	60,265	11.49	3.93

Table 85.: Revenue by Vote

Chapter 5: Financial Performance

5.1.2 Revenue collection by Source

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

Description	2012/13	2013/14			2013/14 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Property rates	0	0	0	0	0	0
Property rates - penalties & collection charges	0	0	0	0	0	0
Service Charges - electricity revenue	0	0	0	0	0	0
Service Charges - water revenue	0	0	0	0	0	0
Service Charges - sanitation revenue	0	0	0	0	0	0
Service Charges - refuse revenue	0	0	0	0	0	0
Service Charges - other	0	0	0	0	0	0
Rentals of facilities and equipment	48	105	120	45	-130.95	-163.95
Interest earned - external investments	99	115	180	178	35.26	-1.34
Interest earned - outstanding debtors	0	0	0	0	0	0
Dividends received	0	0	0	0	0	0
Fines	0	0	0	0	0	0
Licences and permits	20	0	0	41	100.00	100.00
Agency services	2,893	2,160	3,427	3,053	29.25	-12.22
Transfers recognised - operational	20,218	50,959	23,234	21,292	-139.34	-9.12
Other revenue	28,368	0	30,936	35,655	100.00	13.24
Gains on disposal of PPE	0	0	0	0	0	0
Total Revenue (excluding capital transfers and contributions)	51,645	53,340	57,896	60,265	11.49	3.93

Table 86.: Revenue by Source

Chapter 5: Financial Performance

5.1.3 Operational Services Performance

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

Description	2012/13	2013/14			2013/14 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Operating Cost						
Roads and Stormwater	2,963	0	0	0	0	0
Component A: sub-total	2,963	0	0	0	0	0
Planning	57	27	(24)	594	95.51	104.05
Local Economic Development	(331)	108	115	(155)	169.64	174.57
Component B: sub-total	(273)	134	91	439	69.41	79.22
Municipal Health	(2,400)	213	64	(1,985)	110.74	103.23
Component C: sub-total	(2,400)	213	64	(1,985)	110.74	103.23
Disaster Management	0	0	0	0	0	0
Component D: sub-total	0	0	0	0	0	0
Executive & Council	(5,054)	661	(191)	(5,507)	112.00	96.54
Records Management	0	0	0	0	0	0
Corporate Services	(3,461)	442	818	(1,626)	127.20	150.31
Budget & Treasury	8,818	1,176	209	13,148	91.05	98.41
Other	(1,516)	65	15	(1,680)	103.87	100.89
Component E: sub-total	(1,213)	2,345	852	4,334	45.91	80.34
Total Expenditure	(923)	2,692	1,007	2,789	3.47	63.88

Table 87.: Operational Services Performance

Chapter 5: Financial Performance

5.2 Financial Performance Per Municipal Function

5.2.1 Roads and Stormwater

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	30,030	26,980	30,031	34,595	22.01
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	27,067	26,980	30,031	34,595	22.01
Total Operational Expenditure	27,067	26,980	30,031	34,595	22.01
Net Operational (Service) Expenditure	2,963	0	0	0	0

Table 88.: Financial Performance: Roads and Stormwater

5.2.2 LED

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	101	309	309	0	0
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	432	202	194	155	(30.56)
Total Operational Expenditure	432	202	194	155	(30.56)
Net Operational (Service) Expenditure	(331)	108	115	(155)	169.64

Table 89.: Financial Performance: LED

Chapter 5: Financial Performance

5.2.3 Other Planning: PIMMS

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	1,003	370	370	950	61.05
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	946	343	394	356	3.63
Total Operational Expenditure	946	343	394	356	3.63
Net Operational (Service) Expenditure	57	27	(24)	594	95.51

Table 90.: Financial Performance: Other Planning: PIMMS

5.2.4 Municipal Health

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	239	2,580	2,610	371	(594.59)
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	2,639	2,366	2,546	2,356	(0.44)
Total Operational Expenditure	2,639	2,366	2,546	2,356	(0.44)
Net Operational (Service) Expenditure	(2,400)	213	64	(1,985)	110.74

Table 91.: Financial Performance: Municipal Health

Chapter 5: Financial Performance

5.2.5 Executive and Council

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	0	6,078	6,078	0	0
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	5,054	5,417	6,268	5,507	1.64
Total Operational Expenditure	5,054	5,417	6,268	5,507	1.64
Net Operational (Service) Expenditure	(5,054)	661	(191)	(5,507)	112.00

Table 92.: Executive and Council

5.2.6 Corporate Services

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	4,975	7,869	8,287	6,419	(22.59)
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	8,436	7,427	7,468	8,045	7.69
Total Operational Expenditure	8,436	7,427	7,468	8,045	7.69
Net Operational (Service) Expenditure	(3,461)	442	818	(1,626)	127.20

Table 93.: Corporate Services

Chapter 5: Financial Performance

5.2.7 Budget and Treasury

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	15,297	5,733	6,790	17,702	67.61
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	6,479	4,556	6,581	4,553	(0.06)
Total Operational Expenditure	6,479	4,556	6,581	4,553	(0.06)
Net Operational (Service) Expenditure	8,818	1,176	209	13,148	91.05

Table 94.: Budget and Treasury

5.2.8 Other

Description	2012/13	2013/14			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue (excluding tariffs)	0	3,422	3,422	64	(5221.26)
Expenditure:					
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	1,516	3,357	3,407	1,744	(92.43)
Total Operational Expenditure	1,516	3,357	3,407	1,744	(92.43)
Net Operational (Service) Expenditure	(1,516)	65	15	(1,680)	103.87

Table 95.: Other

Chapter 5: Financial Performance

5.3 Grants

5.3.1 Grant Performance

The municipality had a total amount of R23,234 million available that was received in the form of grants from the National and Provincial Governments during the 2013/14 financial year. The performance in the spending of these grants is summarised as follows:

Description	2012/13	2013/14			2013/14 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
National Government:	18,519	19,978	19,774	18,896	-5.72	-4.65
Equitable share	12,981	14,638	14,638	14,638	0.00	0.00
Municipal Systems Improvement	1,003	890	890	890	0.00	0.00
Expanded Public Works Programme	1,024	1,000	1,000	1,000	0.00	0.00
Department of Water Affairs	2,257	2,200	1,997	1,118	-96.75	-78.57
Finance Management Grant	1,254	1,250	1,250	1,250	0.00	0.00
Provincial Government:	0	26,980	870	1,215	-2120.62	28.39
Other transfers/grants [Roads Agency Services]	0	26,980	0	0	0.00	0.00
Finance Management Support Grant	0	0	870	1,215	100.00	28.39
Other grant providers:	1,699	795	2,589	923	13.86	-180.66
Department of Local Government	125	0	0	0	0.00	0.00
Global Fund	1,512	0	0	426	100.00	100.00
Ambulance Subsidies	7	0	0	1	100.00	100.00
Nutrition Scheme	56	85	493	66	-27.80	-644.15
Tourism	0	174	174	40	-335.44	-335.44
IDC	0	0	0	389	100.00	100.00
Economic Development Agency (EDA)	0	536	1,923	0	0.00	0.00
Total Grants	20,218	47,752	23,234	21,034	-127.03	-10.46

Table 96.: Grant Performance for 2013/14

Chapter 5: Financial Performance

5.3.2 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000		
2012/13	20,218	51,879	38.97
2013/14	21,034	60,265	34.90

Table 97.: Reliance on grants

5.4 Financial Ratio's based on Key Performance Indicators

5.4.1 Liquidity Ratio

Description	Basis of calculation	2012/13	2013/14
Current Ratio	Current assets/current liabilities	0.43	0.66
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.41	0.61
Liquidity Ratio	Monetary Assets/Current Liabilities	0.16	0.47

Table 98.: Liquidity Financial Ratio

5.4.2 IDP Regulation Financial Viability Indicators

Description	Basis of calculation	2012/13	2013/14
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.48	0.99
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.00	0.00
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	605.40	631.91

Table 99.: Financial Viability National KPAs

5.4.3 Borrowing Management

Description	Basis of calculation	2012/13	2013/14
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.002%	0.001%

Table 100.: Borrowing Management

Chapter 5: Financial Performance

5.4.4 Employee costs

Description	Basis of calculation	2012/13	2013/14
Employee costs	Employee costs/(Total Revenue - capital revenue)	17.47%	13.85%

Table 101.: Employee Costs

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 Analysis of Capital expenditure

5.5.1 Capital Expenditure by new assets programme

Description	2012/13	2013/14			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2014/15	2015/16	2016/17
R'000							
Capital expenditure by Asset Class							
Other	54	330	330	378	500	0	0
General vehicles	0	280	280	280	0	0	0
Plant & equipment	25	0	0	0	0	0	0
Computers - hardware/equipment		50	50	95	0	0	0
Furniture and other office equipment	29	0	0	4	0	0	0
Other	0	0	0	0	500	0	0
Intangibles	0	0	0	19	0	0	0
Computers - software & programming	0	0	0	19	0	0	0
Total Capital Expenditure on new assets	54	330	330	397	500	0	0

Table 102.: Capital Expenditure – New Assets Programme

Chapter 5: Financial Performance

5.5.2 Capital Expenditure by Funding Source

Details	2012/13	2013/14				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance %	Actual to OB Variance %
Source of finance R'000						
External loans	0	0	0	0	0	0
Public contributions and donations	0	0	0	0	0	0
Grants and subsidies	0	0	0	0	0	0
Own funding	54	330	330	378	0	14.66
Total	54	330	330	378	0	14.66
Percentage of finance						
External loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Public contributions and donations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants and subsidies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Own funding	100%	100%	100%	100%	0.0%	0.0%
Capital expenditure R'000						
Water and sanitation	0	0	0	0	0	0
Electricity	0	0	0	0	0	0
Housing	0	0	0	0	0	0
Roads and storm water	0	0	0	0	0	0
Other	54	330	330	378	0.00	14.66
Total	54	330	330	378	0.00	14.66
Percentage of expenditure						
Water and sanitation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Electricity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Roads and storm water	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%

Table 103.: Analysis of Capital Expenditure

Chapter 5: Financial Performance

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.6 Cash Flow

Description	2012/13	2013/14		
	Actual	Original Budget	Adjusted Budget	Audited Outcome
	R'000	R'000	R'000	R'000
Cash flow from operating activities				
Receipts				
Ratepayers and other	26,384	4,215	32,995	40,570
Government - operating	21,318	48,936	24,418	20,644
Government - capital	0	0	0	0
Interest	99	115	180	178
Dividends	0	0	0	0
Payments				
Suppliers and employees	(45,702)	(48,311)	(55,689)	(58,014)
Finance charges	(34)	(887)	(1,269)	(24)
Transfers and Grants	0	0	0	0
Net cash from/(used) operating activities	2,064	4,068	635	3,354
Cash flows from investing activities				
Receipts				
Purchase of Property, Plant and Equipment	(68)	(330)	(330)	(378)
Proceeds on disposal of PPE	156	0	0	46
Decrease (increase) in non-current investments	0	0	0	0
Purchase of Intangible Assets	0	0	0	(19)
Payments				
Capital assets	0	0	0	0
Net cash from/(used) investing activities	(150)	(330)	(330)	(784)
Cash flows from financing activities				
Receipts				
Short term loans	(56)	(2)	(52)	(52)
Borrowing long term/refinancing	0	0	0	0
Increase (decrease) in consumer deposits	0	0	0	0
Payments				
Repayment of borrowing	(56)	(2)	(52)	(52)
Net cash from/(used) financing activities	2,095	3,736	252	2,951

Chapter 5: Financial Performance

Description	2012/13	2013/14		
	Actual	Original Budget	Adjusted Budget	Audited Outcome
	R'000	R'000	R'000	R'000
Net increase/ (decrease) in cash held	(264)	1,757	1,887	1,831
Cash/cash equivalents at the year begin:	1,831	5,493	2,139	4,782
Cash/cash equivalents at the year end:	(56)	(2)	(52)	(52)

Table 104.: Cashflow

5.7 Gross Outstanding Debtors per Service

Financial year	Rates	Trading services	Economic services	Housing rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000	R'000	R'000	R'000	R'000	R'000
2012/13	0	1,316	0	0	307	1,623
2013/14	0	0	0	0	561	561
Difference	0	(1,316)	0	0	253	(1,062)
% growth year on year	0	-100	0	0	82	-65

Note: Figures exclude provision for bad debt

Table 105.: Gross outstanding debtors per service

5.8 Total Debtors Age Analysis

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2012/13	0	0	0	1,623	1,623
2013/14	0	0	0	561	561
Difference	0	0	0	(1,062)	(1,062)
% growth year on year	0	0	0	-65	-65

Note: Figures exclude provision for bad debt.

Table 106.: Service debtor age analysis

Chapter 5: Financial Performance

COMPONENT D: OTHER FINANCIAL MATTERS

5.9 Supply Chain Management

Management has developed a new SCM policy which includes the SCM system and processes to be used by the municipality. Standard operating procedures for SCM was develop during the year which includes the bid committee, complaints and abuse of supply chain. The New PPPFA policy was develop and approved by Council.

No Councilor is members of any committee handling the supply chain processes.

5.10 GRAP Compliance

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance ensure that municipal accounts are comparable and more informative for the municipality. It also ensure that the municipality is more accountable to its citizens and other stakeholders

GRAP was fully implemented in the municipality in the 2010/11 financial year and the financial statements of 2013/14 is fully GRAP compliant.

Chapter 6: Auditor-General Findings

CHAPTER 6

COMPONENT A: AUDITOR-GENERAL OPINION 2012/13

6.1 Auditor General Report 2012/13

Main Issues Raised	Remedial Actions Taken
Audit Report Status	Unqualified
Functioning of Audit Committee exclude PMS	Will assure that PMS form part of Audit Committees future ToR.
Internal Audit did not attend to PMS on a regular basis.	Functional from January 2013 and will now put more emphasis on PMS
Non-compliance with SCM regulations.	Council approve the amendment of its SCM Regulations which should resolve most of the issues.
No Tax clearance and declarations of interest.	Adequate control should be put in place to ensure that this do not happen again in future
Non-compliance for not reporting reasons for deviations.	Although totally impractical we shall again attempt to further add detail to deviations
Key performance indicators are not all measurable.	Targets must also be measurable and preferable not indicated as a percentage as these are mostly subjective with regards to measurability.
27% of targets not met.	Management should attend to this matter on an urgent basis to either address KPI's or capacity constraints.
Various IT environment deficiencies.	Policies, strategies and plans will be put in place as soon as possible

Table 107.: AG Report 2012/13

COMPONENT B: AUDITOR-GENERAL OPINION 2013/14

6.2 Auditor General Report 2013/14

Main Issues Raised	Remedial Actions Taken
Audit Report Status	Unqualified
Central Karoo District Municipality	
Allowance for doubtful debt understated.	Doubtful debt should be written off by Council. To be submitted to Council.
One out of 12 targets that was tested was not achieved and no corrective measures have been documented to correct this in the future.	Targets should be more achievable and aligned with the relevant goals (e.g. spend R33-million)
Two indicators were reported on for the financial period 1 April 2013 to 31 March 2014 and not the financial period of the Municipality as required.	In future targets with regard to Technical Department will clearly stipulate the relevant Department will be evaluated for performance over the period April to March

Main Issues Raised	Remedial Actions Taken
Revenue in respect of Shared Services from Beaufort West and Prince Albert Municipalities have been invoiced during the 2012/13 period, but incorrectly recorded in the current financial period.	The overstated revenue to the amount of R180 000 was corrected by means of journals against the prior year.
Revenue from Department of Roads exceeds the amount of expenditure incurred in respect of the grant.	The misstatement was corrected with a relevant journal.
Several misstatements were pointed out by the Auditor General some of whom reflect to the previous year	All the deficiencies were corrected before official completion of the Audit.
Central Karoo economic Development Agency	
Expenditure recorded inclusive of VAT	Ensure that all the recorded expenditure for AFS purposes be exclusive of VAT.
Prior period balances misstated	Misstatements already rectified during audit period.
Budget not prepared for the 2013/14 AFS	The terms of the previous Board of Directors already expired but there will definitely be attempted to get the budget approved in accordance with legislation.
Non-Compliance with Sec 165 (2) of the MFMA	We will definitely split the Internal Audit function clearly between CKDM and CKEDA.
Provision for leave and bonuses not included in AFS	The misstatement was rectified during the audit.
Annual performance report not completed	A performance management system will be implemented at CKEDA once a CFO has been appointed.
Non Compliance with Sec 44 of Companies Act	This issue will be addressed by means of reporting in terms of the Companies Act.

Table 108.: AG Report 2013/14

6.3 Auditor General Report on the Financial Statement 2013/14

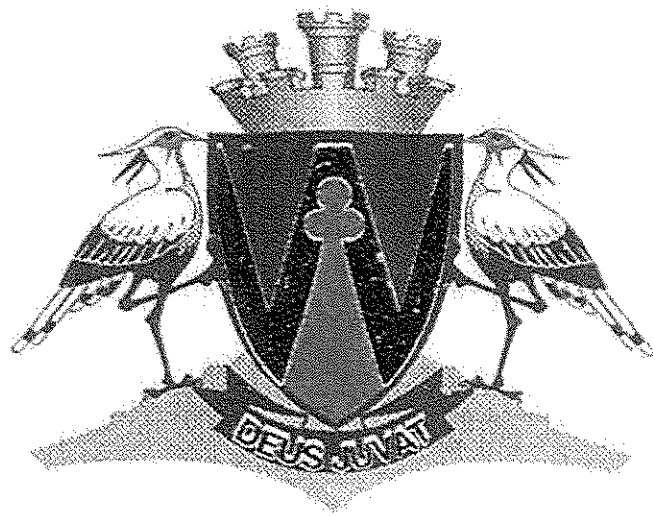
The Report of the Auditor General is attached as Annexure B to this report

Annexure A

Financial Statements

CENTRAL KAROO

DISTRICT MUNICIPALITY



AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2014

CENTRAL KAROO DISTRICT MUNICIPALITY

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CENTRAL KAROO DISTRICT MUNICIPALITY

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GENERAL INFORMATION

NATURE OF BUSINESS

CENTRAL KAROO Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

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

JURISDICTION

The CENTRAL KAROO Municipality includes the following municipal areas:

Beaufort West
Prince Albert
Laingsburg
Merweville
Murraysburg

MUNICIPAL MANAGER

Mr. S. Jooste

CHIEF FINANCIAL OFFICER

Mr. N.W. Nortjé

REGISTERED OFFICE

63 Donkin Street, Beaufort West, 6970

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

First National Bank, Beaufort West
ABSA , Beaufort West

RELEVANT LEGISLATION

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

CENTRAL KAROO DISTRICT MUNICIPALITY

MEMBERS OF THE CENTRAL KAROO DISTRICT MUNICIPALITY

COUNCILLORS

Mayor	E.Z. Njadu
Deputy Mayor	E. Maans
Speaker	J. Bostander
Councillor	I.J. Windvogel
Councillor	M.S. Hangana
Councillor	M. Furmen
Councillor	G. de Vos
Councillor	J. Mocke
Councillor	S. Botes
Councillor	B. van As
Councillor	A.M. Slabbert
Councillor	S. Nortje
Councillor	D. Willemse

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Consolidated annual financial statements year ended 30 June 2014, which are set out on pages 1 to 73 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Economic Entity. The consolidated annual financial statements have been prepared in accordance with GRAP.

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

I have reviewed the Economic Entity's cash flow forecast for the year to 30 June 2014 and is satisfied that the Economic Entity can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Economic Entity'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. S. Jooste
Accounting Officer

15/12/14

Date

CENTRAL KAROO DISTRICT MUNICIPALITY

AUDITED ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Notes	Economic Entity		Municipality	
		2014 R (Actual)	2013 R (Restated)	2014 R (Actual)	2013 R (Restated)
NET ASSETS AND LIABILITIES					
Net Assets		(6,359,149)	(9,148,040)	(6,343,011)	(9,148,040)
Accumulated Surplus/(Deficit)		(6,359,149)	(9,148,040)	(6,343,011)	(9,148,040)
Non-Current Liabilities		15,298,672	14,237,802	15,298,672	14,237,802
Long-term Liabilities	2	42,926	105,009	42,926	105,009
Employee benefits	3	15,255,746	14,132,793	15,255,746	14,132,793
Current Liabilities		10,230,490	11,417,291	9,988,708	11,417,291
Current Employee benefits	4	2,965,916	3,278,585	2,949,777	3,278,585
Payables from exchange transactions	5	5,723,477	6,356,269	5,723,477	6,356,269
Unspent Conditional Government Grants and Receipts	6	1,479,014	1,730,138	1,253,371	1,730,138
Taxes	7	-	-	-	-
Current Portion of Long-term Liabilities	2	62,083	52,298	62,083	52,298
Total Net Assets and Liabilities		19,170,013	16,507,052	18,944,369	16,507,052
ASSETS					
Non-Current Assets		12,460,707	11,432,487	12,460,707	11,432,487
Property, Plant and Equipment	8	4,061,014	4,071,042	4,061,014	4,071,042
Intangible Assets	9	48,296	80,429	48,296	80,429
Non-Current investments	10	-	-	-	-
Long-Term Receivables	11	8,351,397	7,281,016	8,351,397	7,281,016
Current Assets		6,709,308	5,074,566	6,483,665	5,074,566
Inventory	12	1,133,984	879,256	1,133,984	879,256
Receivables from exchange transactions	14	-	1,315,640	-	1,315,640
Receivables from non-exchange transactions	13	126,543	205,497	126,543	205,497
Unpaid Conditional Government Grants and Receipts	6	154,108	147,022	154,108	147,022
Taxes	7	11,275	154,850	11,275	154,850
Current Portion of Long-term Receivables	11	501,706	541,268	501,706	541,268
Cash and Cash Equivalents	16	4,781,691	1,831,033	4,556,048	1,831,033
Total Assets		19,170,013	16,507,052	18,944,369	16,507,052

CENTRAL KAROO DISTRICT MUNICIPALITY

AUDITED ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Economic Entity		Municipality	
		2014 (Actual) R	2013 (Restated) R	2014 (Actual) R	2013 (Restated) R
REVENUE					
Revenue from Non-exchange Transactions		21,291,943	20,217,923	21,128,136	20,217,923
Transfer Revenue		21,291,943	20,217,923	21,128,136	20,217,923
Government Grants and Subsidies - Operating	17	21,291,943	20,217,923	21,128,136	20,217,923
Revenue from Exchange Transactions		38,972,645	31,661,030	38,972,645	31,661,030
Rental of Facilities and Equipment		45,464	48,423	45,464	48,423
Interest Earned - external investments		177,620	98,956	177,620	98,956
Department of Transport - Roads Service Charges		34,595,109	27,137,117	34,595,109	27,137,117
Licences and Permits		41,240	19,540	41,240	19,540
Agency Services	18	3,053,380	2,892,849	3,053,380	2,892,849
Other Income	19	1,059,832	1,464,145	1,059,832	1,464,145
Total Revenue		60,264,588	51,878,953	60,100,781	51,878,953
EXPENDITURE					
Employee related costs	20	8,348,425	9,061,470	7,939,814	8,880,199
Remuneration of Councillors	21	2,978,251	3,214,189	2,978,251	3,214,189
Debt Impairment	22	152,479	281,529	152,479	281,529
Depreciation and Amortisation	23	339,637	613,373	339,637	613,373
Impairments	24	-	18,783	442,342	256,417
Repairs and Maintenance		53,955	69,811	53,955	69,811
Actuarial losses	3	452,689	324,718	452,689	324,718
Finance Charges	25	704,395	1,035,600	704,395	1,035,600
Contracted services		211,206	640,956	211,206	640,956
General Expenses	26	44,181,102	37,455,208	43,967,425	37,398,845
Loss on disposal of Property, Plant and Equipment		53,558	86,748	53,558	86,748
Total Expenditure		57,475,698	52,802,385	57,295,752	52,802,385
DEFICIT BEFORE TAXATION		2,788,891	(923,432)	2,805,029	(923,433)
Taxation	27	-	-	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		2,788,891	(923,432)	2,805,029	(923,433)

CENTRAL KAROO DISTRICT MUNICIPALITY

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

<u>Economic Entity</u>	Accumulated	Total
	Surplus/ (Deficit)	
	R	R
Balance at 1 JULY 2012	(8,200,345)	(8,200,345)
Correction of error - Note 29.6	(24,263)	(24,263)
Restated Balance at 1 JULY 2012	(8,224,607)	(8,224,607)
Net Deficit for the year	(923,432)	(923,432)
Balance at 30 JUNE 2013	(9,148,040)	(9,148,040)
Net Surplus for the year	2,788,891	2,788,891
Balance at 30 JUNE 2014	(6,359,149)	(6,359,149)

<u>Municipality</u>	Accumulated	Total
	Surplus/ (Deficit)	
	R	R
Balance at 1 JULY 2012	(8,200,345)	(8,200,345)
Correction of error - Note 29.6	(24,263)	(24,263)
Restated Balance at 1 JULY 2012	(8,224,607)	(8,224,607)
Net Deficit for the year	(923,433)	(923,433)
Balance at 30 JUNE 2013	(9,148,040)	(9,148,040)
Net Surplus for the year	2,805,029	2,805,029
Balance at 30 JUNE 2014	(6,343,011)	(6,343,011)

CENTRAL KAROO DISTRICT MUNICIPALITY

AUDITED ANNUAL CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Economic Entity		Municipality	
		30 JUNE 2014 R	30 JUNE 2013 R	30 JUNE 2014 R	30 JUNE 2013 R
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other		40,570,164	26,383,538	40,180,714	26,383,538
Government		20,644,282	21,317,762	20,644,282	21,317,762
Interest		177,620	98,956	177,620	98,956
Payments					
Suppliers and employees		(58,013,915)	(45,702,455)	(57,407,766)	(45,464,820)
Finance charges	25	(24,162)	(34,010)	(24,162)	(34,010)
Cash generated by operations	30	3,353,989	2,063,790	3,570,688	2,301,425
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment	8	(378,379)	(68,442)	(378,379)	(68,442)
Proceeds on Disposal of Fixed Assets		46,100	156,471	46,100	156,471
Purchase of Intangible Assets		(18,755)	-	(18,755)	-
Decrease/(Increase) in Non-current Investments	10	-	-	(442,342)	(237,634)
Net Cash from Investing Activities		(351,033)	88,029	(793,376)	(149,605)
CASH FLOW FROM FINANCING ACTIVITIES					
Loans repaid		(52,298)	(56,452)	(52,298)	(56,452)
New loans raised		-	-	-	-
Net Cash from Financing Activities		(52,298)	(56,452)	(52,298)	(56,452)
NET INCREASE IN CASH AND CASH EQUIVALENTS					
		2,950,658	2,095,367	2,725,015	2,095,368
Cash and Cash Equivalents at the beginning of the year		1,831,033	(264,336)	1,831,033	(264,336)
Cash and Cash Equivalents at the end of the year	32	4,781,691	1,831,033	4,556,048	1,831,033
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,950,658	2,095,367	2,725,015	2,095,368

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AUDITED ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R	2014 R	2014 R	%	
	(Actual)	(Final Budget)	(Variance)		
ASSETS					
Current assets					
Cash	4,781,691	2,139,364	2,642,328		
Other Receivables	291,927	2,549,013	(2,257,086)		
Current portion of long-term receivables	501,706	-	501,706		124% Due to better cash flow position of council.
Inventory	1,133,984	879,266	254,728		-89% Roads employee benefits will be budgeted for in the adjustment budgeted in January 2015
Total current assets	6,709,308	5,567,632	1,141,675		100% Amount reduced with unpaid grants and taxes.
					29% Not material. Current stock more than previous year.
					21%
Non current assets					
Long-term receivables	8,351,397	7,281,016	1,070,381		15% Not material
Property, plant and equipment	4,061,014	4,014,033	46,981		1% Increase due to actuarial valuation that exceeded the budgeted amount.
Intangible Assets	48,296	80,429	(32,133)		-40% Not material. Disposal of Case Ware and Board Asset count software.
Total non current assets	12,460,707	11,375,478	1,085,229		10%
TOTAL ASSETS	19,170,015	16,943,111	2,226,904		
LIABILITIES					
Current liabilities					
Taxes	-	-	-		100% Not material. SARS incorrectly penalised certain periods. Under investigation.
Borrowing	62,083	52,298	9,785		19% Not material.
Trade and other payables	7,202,491	7,462,211	(259,720)		-3% Due to better cash flow position of council
Provisions and Employee Benefits	2,965,916	3,278,585	(312,669)		-10% Decrease due to actuarial valuation that are less than the budgeted amount.
Total current liabilities	10,230,490	10,793,094	(562,604)		
Non current liabilities					
Borrowing	42,926	52,711	(9,785)		-19% Not material.
Provisions and Employee Benefits	12,231,020	2,015,880	14,246,900		707% Increase due to actuarial valuation that exceeded the budgeted amount.
Total non current liabilities	12,273,946	2,068,591	10,205,354		
TOTAL LIABILITIES	22,504,436	12,861,686	9,642,750		
NET ASSETS	(3,334,421)	4,081,425	(7,415,846)		
COMMUNITY WEALTH					
Accumulated Surplus/(Deficit)	(6,359,149)	(8,149,594)	1,790,445		
Reserves	-	-	-		
TOTAL COMMUNITY WEALTH/EQUITY	-6,359,149	-8,149,594	1,790,445		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AUDITED ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014
ADJUSTMENTS TO APPROVED BUDGET

	2014 R	2014 R	2014 R	%	
	(Approved Budget)	(Adjustments)	(Final Budget)		Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
ASSETS					
Current assets					
Cash	4,136,699	(3,353,339)	783,360		-81% Due to better cashflow position of council at year end.
Call investment deposits	1,356,000	4	1,356,004		0% Not material.
Consumer debtors	-	390,232	390,232		100% Trade receivables split to indicate other local authorities and provincial departments.
Other Receivables	1,393,491	765,290	2,158,781		55% Roads employee benefits taken into account.
Current portion of long-term receivables	-	-	-		100%
Inventory	1,264,529	(385,373)	879,156		-30% Decrease due to less stock carried at year end.
Total current assets	8,150,820	(2,583,187)	5,567,632		
Non current assets					
Property, plant and equipment	3,633,614	380,419	4,014,033		10% Increase due to additions budgeted for. Two new motor vehicles purchased.
Other non current assets	-	7,281,016	7,281,016	#DIV/0!	
Intangible Assets	47,406	33,023	80,429		70% Not material. Additions budgeted for. New Software for office computers.
Total non current assets	3,681,020	7,694,458	11,375,478		
TOTAL ASSETS	11,831,840	5,111,271	16,943,111		
LIABILITIES					
Current liabilities					
Bank overdraft	-	-	-		-33% Not material. One finance lease expired.
Borrowing	78,000	(25,702)	52,298		-13% Decrease due to less unspent grants as well as better cash flow.
Trade and other payables	8,616,815	(1,154,604)	7,462,211		45% Increase due to actuarial valuation that exceeded the budgeted amount.
Provisions and Employee Benefits	2,264,542	1,014,043	3,278,585		
Total current liabilities	10,959,357	(166,263)	10,793,094		
Non current liabilities					
Borrowing	-	52,711	52,711		100% Not material. Finance leases budgeted for correctly in the adjustment budget.
Provisions and Employee Benefits	12,231,020	(8,952,435)	3,278,585		-73% Decrease due to actuarial valuation that are less than the budgeted amount.
Total non current liabilities	12,231,020	(8,899,724)	3,331,296		
TOTAL LIABILITIES	23,190,377	(9,065,987)	14,124,390		
NET ASSETS	(11,358,537)	14,177,258	2,818,720		
COMMUNITY WEALTH					
Accumulated Surplus/(Deficit)	(11,358,537)	3,208,942	(8,149,594)		
Reserves	-	-	-		
TOTAL COMMUNITY WEALTH/EQUITY	(11,358,537)	3,208,942	(8,149,594)		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AUDITED ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R	2014 R	2014 R	(Variance)	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
	(Actual)	(Final Budget)				
REVENUE BY SOURCE						
Rental of facilities and equipment	45,464	120,000		(74,536)		-62% Not material. Due to vacant office space.
Interest earned - external investments	177,620	180,000		(2,380)		-1% Not material.
Licences and permits	41,240	-		41,240		100% Not material. Change in legislation lead to increase in licensing of informal businesses.
Agency services	3,053,380	3,426,520		(373,140)		-11% Decrease due to assumption of flood support from PT increasing agency services fee.
Government Grants and Subsidies - Operating	21,291,943	23,234,096		(1,942,153)		-8% Decrease in Revenue due to decrease in Work for water subsidy and increase PT grant unspent.
Other revenue	35,654,941	30,935,859		4,719,082		15% Increase in Other revenue due to Roads flood damage additional subsidy from PT.
Total Operating Revenue	60,264,588	57,896,475		2,368,113		
EXPENDITURE BY TYPE						
Employee related costs	8,348,425	10,169,297		(1,820,872)		-18% Decrease in Employee related costs due to vacant posts as well as employee costs transferred to Roads.
Remuneration of councillors	2,978,251	3,100,000		(121,749)		-4% Not material.
Debt impairment	152,479	-		152,479		
Depreciation & asset impairment	339,637	387,009		(47,372)		-12% Not material. Additional disposals lead to decrease in depreciation.
Finance charges	704,395	504,085		200,310		40% Not material. Decrease in finance leases.
Contracted services	211,206	-		211,206		100% Contracted services budgeted for under general expenses.
Other expenditure	44,687,746	42,728,956		1,958,790		5% Employee cost transferred to Roads. Interest on Employee benefits increased as per actuarial valuation reports.
Loss on disposal of PPE	53,558	-		53,558		0% Not material
Total Operating Expenditure	57,475,698	56,899,347		586,351		
Operating Surplus for the year	2,788,891	1,007,128		1,781,762		
Government Grants and Subsidies - Capital	-	-		-		
Net Surplus for the year	2,788,891	1,007,128		1,781,762		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AUDITED ANNUAL CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
ADJUSTMENTS TO APPROVED BUDGET

	2014 R	2014 R	2014 R	%	
	(Approved Budget)	(Adjustments)	(Final Budget)		Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
REVENUE BY SOURCE					
Rental of facilities and equipment	105,000	15,000	120,000		14% Not material.
Interest earned - external investments	115,000	65,000	180,000		57% Not material.
Agency services	3,348,020	78,500	3,426,520		2% Not material.
Government Grants and Subsidies - Operating	50,959,283	(27,725,187)	23,234,096		-54% Roads taken out of government grants and subsidies and transferred to Other revenue.
Other revenue	(1,187,615)	32,123,474	30,935,859		-2705% Roads taken out of government grants and subsidies and transferred to Other revenue.
Total Operating Revenue	53,339,688	4,556,787	57,896,475		
EXPENDITURE BY TYPE					
Employee related costs	9,805,385	363,912	10,169,297		4% Additional budgeted for Internal Auditor and creditor's clerk.
Remuneration of councillors	3,160,000	(60,000)	3,100,000		-2% Not material.
Depreciation & asset impairment	394,509	(7,500)	387,009		-2% Not material.
Finance charges	886,583	(382,488)	504,085		-43% Finance leases decreased as well as interest on overdraft facility.
Contracted services	1,020,000	(1,020,000)	-		-100% Contracted services budgeted for under other expenditure.
Other expenditure	35,381,134	7,347,822	42,728,956		21% flood Damage subsidy from roads as well as contracted services budgeted under other expenditure.
Total Operating Expenditure	50,647,611	6,241,736	56,889,347		
Operating Surplus/(Deficit) for the year	2,692,077	(1,684,949)	1,007,128		
Government Grants and Subsidies - Capital	-	-	-		
Net Surplus/(Deficit) for the year	2,692,077	(1,684,949)	1,007,128		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AUDITED ANNUAL CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2014 R	2014 R	2014 R	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
	(Actual)	(Final Budget)	(Variance)		
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	40,570,164	32,895,222	7,574,943		23% Increase in expenditure due to flood damage subsidy.
Government - operating	20,644,282	24,417,636	(3,773,354)		-15% Decrease due to unspent grants reduced.
Interest	177,620	180,000	(2,380)		-1% Not material.
Payments					
Suppliers and Employees	(58,013,915)	(55,689,151)	(2,324,765)		4% payables also decreased due to better controls.
Finance charges	(24,162)	(1,269,081)	1,244,919		-98% Not budgeted for correctly.
NET CASH FROM/(USED) OPERATING ACTIVITIES	3,353,989	634,626	2,719,363		
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of Assets	46,100	-	46,100		100% Not material. Mayor's vehicle written off during the current financial year.
Payments					
Capital assets	(397,133)	(330,000)	(67,133)		20% Additional capital expenditure on IT equipment for compliance purposes.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(351,033)	(330,000)	(21,033)		
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Borrowing	(52,298)	(52,298)	-		0%
Increase/(decrease) in consumer deposits	-	-	-		
Payments					
NET CASH FROM/(USED) FINANCING ACTIVITIES	(52,298)	(52,298)	-		
NET INCREASE/(DECREASE) IN CASH HELD	2,950,658	252,328	2,698,331		
Cash and Cash Equivalents at the beginning of the year	1,831,033	1,887,037	(56,004)		
Cash and Cash Equivalents at the end of the year	4,781,691	2,139,365	2,642,327		

CENTRAL KAROO DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
AUDITED ANNUAL CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014
ADJUSTMENTS TO APPROVED BUDGET

	2014 R	2014 R	2014 R	%	Explanations for material variances more than 10% of a specific line item with a minimum of R 300,000.00
	(Approved Budget)	(Adjustments)	(Final Budget)		
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	4,214,523	28,780,699	32,995,222		683% Increase in expenditure due to flood damage subsidy.
Government - operating	48,936,288	(24,518,632)	24,417,656		-50% Decrease due to Roads transferred from Grants to Other expenditure / Other revenue.
Interest	115,000	65,000	180,000		57% Not material.
Payments					
Suppliers and Employees	(48,311,279)	(7,377,872)	(55,689,151)		15% Decrease due to Roads transferred from Grants to Other expenditure / Other revenue.
Finance charges	(886,583)	(382,498)	(1,269,081)		43% Decrease due to less finance leases.
Transfers and Grants	-	-	-		
NET CASH FROM/(USED) OPERATING ACTIVITIES	<u>4,067,929</u>	<u>-3,433,303</u>	<u>634,626</u>		
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of Assets	-	-	-		
Payments					
Capital assets	(330,000)	-	(330,000)		0%
NET CASH FROM/(USED) INVESTING ACTIVITIES	<u>(330,000)</u>	<u>-</u>	<u>(330,000)</u>		
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Borrowing	(2,000)	(50,298)	(52,298)		2515% Not material.
Increase/(decrease) in consumer deposits	-	-	-		
Payments					
Repayment of borrowing	-	-	-		
NET CASH FROM/(USED) FINANCING ACTIVITIES	<u>(2,000)</u>	<u>(50,298)</u>	<u>(52,298)</u>		
NET INCREASE/(DECREASE) IN CASH HELD	<u>3,735,929</u>	<u>(3,483,601)</u>	<u>252,328</u>		
Cash and Cash Equivalents at the beginning of the year	1,756,770	130,267	1,887,037		
Cash and Cash Equivalents at the end of the year	5,492,699	(3,353,334)	2,139,365		

CENTRAL KAROO DEVELOPMENT AGENCY

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

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

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

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

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

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

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

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

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

1.2. PRESENTATION CURRENCY

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

CENTRAL KAROO DEVELOPMENT AGENCY

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

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the annual 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 annual financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as three separate additional financial statements, namely the Statement of comparison of budget and actual amounts for the Statement of Financial Position, Statement of Financial Performance and Cash Flow Statement.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

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

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

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

CENTRAL KAROO DEVELOPMENT AGENCY

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

municipality shall present an explanation of changes between an approved and final budget, by way of a note disclosure in terms of GRAP 24. Material differences are being defined by Management as 10% of a specific line-item with a minimum of R 300,000.00.

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

No Consolidated Statement of Comparison of Budget and Actuals has been disclosed in terms of paragraph 32 of GRAP 24. Paragraph 32 of GRAP 24 states that separate budgets may be recompiled in order for consolidated disclosure purposes. As there are no separated budget for Central Karoo Development Agency, no recompilation in terms of paragraph 32 of GRAP 24 can be disclosed. Only the Statement of Comparison of Budget and Actuals are disclosed for the Municipality.

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

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

Standard	Description	Effective Date
GRAP 6 (Revised – Nov 2010)	<p>Consolidated and Separate Financial Statements</p> <p>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an Municipality as a single entity.</p> <p>No significant impact is expected as the Municipality already complies with most of the changes.</p>	Unknown
GRAP 8 (Revised – Nov 2010)	<p>Interest in Joint Ventures</p> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Municipality is not involved in any joint ventures.</p>	Unknown

CENTRAL KAROO DEVELOPMENT AGENCY

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

<p>GRAP 18 (Original – Feb 2011)</p>	<p>Segment Reporting The objective of this Standard is to establish principles for reporting financial information by segments. No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	<p align="center">Unknown</p>
<p>GRAP 20 (Original – June 2011)</p>	<p>Related Party Disclosure The objective of this Standard is to ensure that an 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. The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	<p align="center">Unknown</p>
<p>GRAP 32 (Original – Aug 2013)</p>	<p>Service Concession Arrangements: Grantor The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity. No such transactions or events are expected in the foreseeable future.</p>	<p align="center">Unknown</p>
<p>GRAP 105 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Under Common Control 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. No significant impact is expected as the Municipality does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.</p>	<p align="center">Unknown</p>
<p>GRAP 106 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Not Under Common Control 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 align="center">Unknown</p>

CENTRAL KAROO DEVELOPMENT AGENCY

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

	No significant impact is expected as the Municipality does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.	
GRAP 107 (Original – Nov 2010)	<p>Mergers 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 is expected as the Municipality does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 108 (Original – Sept 2013)	<p>Statutory Receivables The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
IGRAP 11	<p>Consolidation - Special Purpose Entities (SPE) The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	Unknown
IGRAP 12	<p>Jointly Controlled Entities non-monetary contributions The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	Unknown

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

1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

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

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.

CENTRAL KAROO DEVELOPMENT AGENCY

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

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

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

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

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of grant receivables:

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

1.13. 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:

CENTRAL KAROO DEVELOPMENT AGENCY

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

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

1.14. PROVISIONS

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

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

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

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.

CENTRAL KAROO DEVELOPMENT AGENCY

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

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

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

1.15. EMPLOYEE BENEFITS

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

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

1.15.1. Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% 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 periodically, unless circumstances change significantly in which case it is done 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 periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

1.15.3. Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package 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 accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.15.5. Provision for Performance Bonuses

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

1.15.6. Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors.

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

The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.15.7. Other Short-term Employee Benefits

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When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.16. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so.

It is inappropriate to capitalise borrowing costs when there is clear evidence that it is difficult to link the borrowing requirement of the Municipality directly to the nature of the expenditure to be funded. In such cases, the Municipality expenses those borrowing costs related to a qualifying asset directly to the Statement of Financial Performance.

The amount of borrowing costs that the Municipality capitalises during a period does not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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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.

1.17.2. 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.

1.17.3. 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:

Asset Class	Asset Sub-grouping	Useful Life (Yrs)
Land	None	Indefinite
Buildings	None	11 – 30
Community Assets	Civic Buildings	30
Heritage	None	Indefinite
Other Assets	Machinery and Equipment	1 – 21
	Furniture and Office Equipment	3 – 100
	Motor Vehicles	5 - 21
	Computer Equipment	2 – 20

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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.

1.17.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.18. INTANGIBLE ASSETS

1.18.1. Initial Recognition

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

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

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

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

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

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- 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.

1.18.2. 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.

1.18.3. Amortisation and Impairment

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

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5 - 11

1.18.4. De-recognition

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

1.19. NON-CURRENT ASSETS HELD FOR SALE

1.19.1. Initial Recognition

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

1.19.2. Subsequent Measurement

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

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

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

1.20. 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.

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- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur

when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

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

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.

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

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

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

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

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

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- service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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

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

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

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

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.

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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.

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.

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.

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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 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

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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.

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

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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.

1.23. REVENUE

1.23.1. *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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 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.

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

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

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

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

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.

1.23.2. Revenue from Exchange Transactions

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

Revenue 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.

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

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

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

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

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

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

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

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

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

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

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

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1.24. 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 Municipality (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 Municipality of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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

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

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

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- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an Municipality 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.

1.25. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes

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unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. FRUITLESS AND WASTEFUL EXPENDITURE

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

1.28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

1.29. 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 annual financial statements:

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

1.29.2. 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.

1.29.3. 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.

1.29.4. Intangible Assets

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

Management referred to the following when making assumptions regarding useful lives of intangible assets:

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

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1.29.5. 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.

1.29.6. 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. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.29.7. 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.

1.29.8. 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. TAXES – VALUE ADDED TAX

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

1.31. CAPITAL COMMITMENTS

Capital commitments disclosed in the annual 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.

CENTRAL KAROO DEVELOPMENT AGENCY

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1.32. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the annual financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

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	Economic Entity		Municipality			
	2014 R	2013 R	2014 R	2013 R		
2 LONG-TERM LIABILITIES						
Capitalised Lease Liability - At amortised cost	105,009	157,307	105,009	157,307		
	105,009	157,307	105,009	157,307		
Current Portion transferred to Current Liabilities	62,083	52,298	62,083	52,298		
Capitalised Lease Liability - At amortised cost	62,083	52,298	62,083	52,298		
Total Long-term Liabilities - At amortised cost using the effective interest rate method	42,926	105,009	42,926	105,009		
Refer below for maturity dates of long term liabilities:						
The obligations under finance leases are scheduled below:						
	Minimum lease payments		Minimum lease payments			
Amounts payable under finance leases:						
Payable within one year	49,885	76,459	49,885	76,459		
Payable within two to five years	87,498	123,912	87,498	123,912		
	137,383	200,372	137,383	200,372		
Less: Future finance obligations	(32,374)	(43,065)	(32,374)	(43,065)		
Present value of lease obligations	105,009	157,307	105,009	157,307		
Book value of other assets secured by leases	126,828	177,377	126,828	177,377		
The capitalised lease liability consist out of the following contracts:						
	<u>Supplier</u>	<u>Description of leased item</u>	<u>Effective Interest rate</u>	<u>Annual Escalation</u>	<u>Lease Term</u>	<u>Maturity Date</u>
	Gestetner	Copier	20%	0%	5 Years	30/11/2016
	Gestetner	Copier	13%	0%	5 Years	30/11/2015
Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and						
3 EMPLOYEE BENEFITS						
Post Retirement Benefits - Refer to Note 3.1	6,291,174	6,225,206	6,291,174	6,225,206		
Roads Post Retirement Benefits - Refer to Note 3.1	6,829,655	5,938,778	6,829,655	5,938,778		
Long Service Awards Roads - Refer to Note	972,716	846,514	972,716	846,514		
Long Service Awards Other - Refer to Note 3.2	613,175	626,575	613,175	626,575		
Ex - Gratia Roads - Refer to Note 3.3	549,026	495,724	549,026	495,724		
Total Non-current Employee Benefit Liabilities	15,255,746	14,132,797	15,255,746	14,132,797		
Post Retirement Benefits						
Balance 1 July	12,907,924	12,242,833	12,907,924	12,242,833		
Contribution for the year	288,766	313,938	288,766	313,938		
Interest Cost	1,025,568	873,246	1,025,568	873,246		
Expenditure for the year	(743,940)	(699,120)	(743,940)	(699,120)		
Actuarial Loss/(Gain)	416,187	177,027	416,187	177,027		
Total post retirement benefits 30 June	13,894,505	12,907,924	13,894,505	12,907,924		
Less: Transfer of Current Portion - Note 4	(773,676)	(743,940)	(773,676)	(743,940)		
Balance 30 June	13,120,829	12,163,984	13,120,829	12,163,984		
Long Service Awards						
Balance 1 July	1,667,640	1,418,840	1,667,640	1,418,840		
Contribution for the year	126,225	114,154	126,225	114,154		
Interest Cost	113,319	90,961	113,319	90,961		
Expenditure for the year	(229,146)	(86,032)	(229,146)	(86,032)		
Actuarial Loss/(Gain)	11,299	111,716	11,299	111,716		
Total long service 30 June	1,689,337	1,667,640	1,689,337	1,667,640		
Less: Transfer of Current Portion - Note 4	(103,448)	(184,551)	(103,448)	(184,551)		
Balance 30 June	1,585,889	1,473,089	1,585,889	1,473,089		
Ex - Gratia Benefits						
Balance 1 July	554,977	481,619	554,977	481,619		
Interest Cost	42,000	37,393	42,000	37,393		
Actuarial Loss/(Gain)	25,201	35,975	25,201	35,975		
Total long service 30 June	622,178	554,977	622,178	554,977		
Less: Transfer of Current Portion - Note 4	(73,152)	(59,253)	(73,152)	(59,253)		
Balance 30 June	549,026	495,724	549,026	495,724		

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	Economic Entity		Municipality	
	2014 R	2013 R	2014 R	2013 R
TOTAL NON-CURRENT EMPLOYEE BENEFITS				
Balance 1 July	15,130,541	14,141,292	15,130,541	14,141,292
Contribution for the year	414,991	428,093	414,991	428,093
Interest cost	1,150,897	1,001,591	1,150,897	1,001,591
Expenditure for the year	(973,086)	(765,152)	(973,086)	(765,152)
Actuarial Loss/(Gain)	452,687	324,718	452,687	324,718
Total employee benefits 30 June	16,206,020	15,130,542	16,206,020	15,130,542
Less: Transfer of Current Portion - Note 4	(950,274)	(997,744)	(950,274)	(997,744)
Balance 30 June	15,255,746	14,132,793	15,255,746	14,132,793

3 EMPLOYEE BENEFITS (CONTINUE)

3.1 Post Retirement Benefits

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

	2014	2013	2014	2013
In-service (employee) members	25	25	25	25
Continuation members (e.g. Retirees, widows, orphans)	27	29	27	29
Total Members	52	54	52	54

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

	2014	2013	2014	2013
In-service members	4,650,142	3,713,071	4,650,142	3,713,071
Continuation members	9,244,363	9,184,853	9,244,363	9,184,853
Total Liability	13,894,505	12,907,924	13,894,505	12,907,924

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

	2014 Rm	2013 Rm	2012 Rm	2011 Rm
Total Liability	13,895	12,908	12,243	10,562

Experience adjustments were calculated as follows:

	2014 Rm	2013 Rm	2012 Rm	2011 Rm
Liabilities: (Gain) / loss	0.353	0.602	-0.808	1.464
Assets: Gain / (loss)				

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

Bonitas;
LA Health;
Samwumedi; and
Keyhealth - Discovery.

Key actuarial assumptions used:

	2014 %	2013 %	2014 %	2013 %
i) Rate of interest				
Discount rate	8.74%	8.18%	8.74%	8.18%
Health Care Cost Inflation Rate	7.99%	7.39%	7.99%	7.39%
Net Effective Discount Rate	0.70%	0.73%	0.70%	0.73%

The discount rate used is a composite of all government bonds and is calculated using a technique 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, which then implicitly allows for expected rates of early and ill-health retirement.

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

	2014	2013	2014	2013
Present value of fund obligations	16,206,020	15,130,542	16,206,020	15,130,542
Total Liability	16,206,020	15,130,542	16,206,020	15,130,542

The fund is wholly unfunded.

The Economic Entity has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

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	Economic Entity		Municipality	
	2014 R	2013 R	2014 R	2013 R
Reconciliation of present value of fund obligation:				
Present value of fund obligation at the beginning of the year	12,907,925	12,242,833	12,907,925	12,242,833
Total expenses	570,394	488,065	570,394	488,065
Current service cost	288,766	313,938	288,766	313,938
Interest Cost	1,025,568	873,246	1,025,568	873,246
Benefits Paid	(743,940)	(699,120)	(743,940)	(699,120)
Actuarial (gains)/losses	416,197	177,027	416,197	177,027
Present value of fund obligation at the end of the year	13,894,606	12,907,925	13,894,606	12,907,925
Less: Transfer of Current Portion - Note 4	(773,676)	(743,940)	(773,676)	(743,940)
Balance 30 June	13,120,929	12,163,984	13,120,929	12,163,984

Sensitivity Analysis on the Current-service and Interest Costs (both Economic Entity and Municipality):

Assumption	Change	In-service members liability	Continuation members liability	Total liability	% change
		(Rm)	(Rm)	(Rm)	
Central Assumptions		4,650,000	9,244,000	13,894,000	
Health care inflation	1%	5,637,000	10,193,000	15,830,000	14%
Health care inflation	-1%	3,856,000	8,427,000	12,283,000	-12%
Discount rate	1%	3,877,000	8,439,000	12,316,000	-11%
Discount rate	-1%	5,641,000	10,196,000	15,837,000	14%
Post-retirement mortality	-1yr	4,816,000	9,665,000	14,471,000	4%
Average retirement age	-1yr	5,006,000	9,244,000	14,250,000	4%
Withdrawal Rate	-10%	4,224,000	9,244,000	13,468,000	-3%
		Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		288,600	1,025,600	1,314,400	
Health care inflation	1%	352,000	1,173,600	1,525,600	16%
Health care inflation	-1%	239,000	903,400	1,142,400	-13%
Post-retirement mortality	-1yr	288,500	1,088,600	1,367,100	4%
Average retirement age	-1yr	316,300	1,052,400	1,368,700	4%
Withdrawal Rate	-50%	310,300	1,048,200	1,358,500	3%

3.2 Long Service Bonuses

	2014 R	2013 R	2014 R	2013 R
The Long Service Bonus plans are defined benefit plans.				
Roads	96	95	96	95
Other	19	22	19	22
As at year end, the following number of employees were eligible for Long Service Bonuses.	115	117	115	117

Key actuarial assumptions used:

i) Rate of interest

	2014 %	2013 %	2014 %	2013 %
Discount rate	7.91%	7.21%	7.91%	7.21%
General Salary Inflation (long-term)	7.07%	6.78%	7.07%	6.78%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.78%	0.41%	0.78%	0.41%

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

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

	2014 R	2013 R	2014 R	2013 R
Present value of fund obligations	1,689,337	1,667,640	1,689,337	1,667,640
Net liability	1,689,337	1,667,640	1,689,337	1,667,640

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

	2014 R	2013 R	2012 R	2011 R
Total Liability	1,689,337	1,667,638	1,416,839	856,956

Experience adjustments were calculated as follows:

	2014	2013	2014	2013
Liabilities: (Gain) / loss	21,793	153,105	696,296	(70,261)
Assets: Gain / (loss)				

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Reconciliation of present value of fund obligation:	Economic Entity		Municipality	
	2014 R	2013 R	2014 R	2013 R
Present value of fund obligation at the beginning of the year	1,667,640	1,416,840	1,667,640	1,416,840
Total expenses	10,398	139,084	10,398	139,084
Current service cost	126,225	114,154	126,225	114,154
Interest Cost	113,319	90,981	113,319	90,981
Benefits Paid	(229,146)	(66,032)	(229,146)	(66,032)
Actuarial (gains)/losses	11,289	111,716	11,299	111,716
Present value of fund obligation at the end of the year	1,689,337	1,667,640	1,689,337	1,667,640
Less: Transfer of Current Portion - Note 4	(103,446)	(194,551)	(103,446)	(194,551)
Balance 30 June	1,585,891	1,473,089	1,585,891	1,473,089

Sensitivity Analysis on the Current-service and Interest Costs (both Economic Entity and Municipality):

Assumption	Change	Liability (R)	% change
Central assumptions		1,689,337	
General salary Inflation	1%	1,793,000	6%
General salary Inflation	-1%	1,595,000	-6%
Discount rate	1%	1,590,000	-6%
Discount rate	-1%	1,801,000	7%
Average retirement age	-2yr	1,427,000	-18%
Average retirement age	2yr	1,854,000	10%
Withdrawal rates	50%	1,907,000	13%

3.3 Ex - Gratia Benefits

	2014	2013	2014	2013
The Ex - Gratia plans are defined benefit plans.				
Roads	19	19	19	19
As at year end, the following number of employees were eligible for Ex - Gratia benefits.	19	19	19	19

Key actuarial assumptions used:

	2014 %	2013 %	2014 %	2013 %
i) Rate of Interest				
Discount rate	8.50%	7.99%	8.50%	7.99%
Benefit increase rate (CPI inflation)	6.34%	5.72%	6.34%	5.72%
Net Effective Discount Rate	2.03%	2.14%	2.03%	2.14%

The discount rate used is a composite of all government bonds and is calculated using a technique is

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Economic Entity		Municipality	
	2014 R	2013 R	2014 R	2013 R
Reconciliation of present value of fund obligation:				
Present value of fund obligation at the beginning of the year	554,977	481,619	554,977	481,619
Total expenses	42,000	37,383	42,000	37,383
Interest Cost	42,000	37,383	42,000	37,383
Actuarial (gains)/losses	25,201	35,975	25,201	35,975
Present value of fund obligation at the end of the year	622,178	554,977	622,178	554,977
Less: Transfer of Current Portion - Note	(73,152)	(59,253)	(73,152)	(59,253)
Balance 30 June	549,026	495,724	549,026	495,724

Sensitivity Analysis on the Current service and Interest Costs (both Economic Entity and Municipality):

Assumption	Change	Liability (R)	% change
Central assumptions		622,178	
Benefit increase rate	+1%	650,609	8%
	-1%	586,772	-8%
Discount rate	+1%	587,753	-6%
	-1%	660,178	6%
Average retirement age	-1yr	632,890	2%
Withdrawal Rate	-50%	637,243	2%

3.4 Retirement funds

The Economic Entity requested detailed employee and pensioner information as well as information on the Economic Entity'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 Economic Entity is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Economic Entity's process to value the defined benefit liabilities, the Economic Entity requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Economic Entity. Without detailed pensioner data the Economic Entity was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 99.70% (30 June 2012 - 99.40%).

	2014 R	2013 R	2014 R	2013 R
Contributions paid recognised in the Statement of Financial Performance	2,877,870	2,691,831	2,877,870	2,691,831

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 105.10% (30 June 2012 - 108.0%).

	2014 R	2013 R	2014 R	2013 R
Contributions paid recognised in the Statement of Financial Performance	133,831	121,393	133,831	121,393

DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

	2014 R	2013 R	2014 R	2013 R
SAMWU National Provident Fund	838,295	801,068	838,295	801,068

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Economic Entity		Municipality	
	2014 R	2013 R	2014 R	2013 R
4 CURRENT EMPLOYEE BENEFITS				
Current Portion of Post Retirement Benefits - Note 3	773,676	743,940	773,676	743,940
Current Portion of Long-Service Provisions - Note 3	103,446	194,551	103,446	194,551
Current Portion of Ex - Gratia Benefits - Note 3	73,152	59,253	73,152	59,253
Provision for Staff Leave	1,341,103	1,572,216	1,324,964	1,572,216
Provision for Performance Bonuses	111,178	105,129	111,178	105,129
Staff Bonuses accrued	563,362	603,496	563,362	603,496
Total Current Employee Benefits	2,965,916	3,278,585	2,949,777	3,278,585

The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year	1,572,216	496,393	1,572,216	496,393
Contribution to current portion	(136,361)	1,249,502	(152,500)	1,249,502
Expenditure incurred	(94,752)	(173,679)	(94,752)	(173,679)
Balance at end of year	1,341,103	1,572,216	1,324,964	1,572,216

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Provision for Performance Bonuses

Balance at beginning of year	105,129	287,424	105,129	287,424
Contribution to current portion	166,768	182,295	166,768	182,295
Expenditure incurred	(160,717)	(324,580)	(160,717)	(324,580)
Balance at end of year	111,178	105,129	111,178	105,129

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

Staff Bonuses accrued

Balance at beginning of year	603,496	504,550	603,496	504,550
Contribution to current portion	1,126,724	1,464,714	1,126,724	1,464,714
Expenditure incurred	(1,166,858)	(1,365,768)	(1,166,858)	(1,365,768)
Balance at end of year	563,362	603,496	563,362	603,496

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

5 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	3,024,487	4,616,026	3,024,487	4,616,026
Roads - Sundry creditors	1,878,549	1,243,996	1,878,549	1,243,996
Balance previously reported	-	-	-	-
Re-allocation from Unspent Grant to Trade Payables - Note 29.2	-	1,243,996	-	1,243,996
Sundry Creditors	820,441	496,247	820,441	496,247
Total Trade Payables	5,723,477	6,356,268	5,723,477	6,356,269

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

6 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	1,479,014	1,730,138	1,253,371	1,730,138
National Government Grants	238,044	865,962	238,044	865,962
Provincial Government Grants	865,452	700,000	865,452	700,000
Other Grant Providers	375,518	174,176	149,875	174,176
Less: Unpaid Grants	154,108	147,022	154,108	147,022
National Government Grants	83,169	73,526	83,169	73,526
Provincial Government Grants	64,333	64,928	64,333	64,928
Other Grant Providers	6,606	8,568	6,606	8,568
Total Conditional Grants and Receipts	1,324,906	1,583,116	1,099,263	1,583,116

See appendix "D" for reconciliation of grants from other spheres of government. The Economic Entity complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Economic Entity		Municipality	
	2014 R	2013 R	2014 R	2013 R
7 TAXES				
7.2 VAT RECEIVABLE				
VAT Input in suspense	11,275	154,850	11,275	154,850
Total VAT receivable	<u>11,275</u>	<u>154,850</u>	<u>11,275</u>	<u>154,850</u>
7.3 NET VAT RECEIVABLE/(PAYABLE)	<u>11,275</u>	<u>154,850</u>	<u>11,275</u>	<u>154,850</u>

VAT is receivable/payable on the cash basis.

CENTRAL KAROO DISTRICT MUNICIPALITY

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

Economic Entity

8 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2014

Reconciliation of Carrying Value

	Opening Balance		Additions		Disposals		Closing Balance		Opening Balance		Depreciation Charge		Impairment		Disposals		Closing Balance		Carrying Value		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	2,841,060	-	-	2,841,060	-	-	2,841,060	1,217,463	44,987	-	-	1,262,450	-	-	-	-	-	1,262,450	1,578,610	229,000	
Land	229,000	-	-	229,000	-	-	229,000	-	-	-	-	-	-	-	-	-	-	-	-	229,000	
Buildings	2,612,060	-	-	2,612,060	-	-	2,612,060	1,217,463	44,987	-	-	1,262,450	-	-	-	-	-	1,262,450	1,349,610		
Community Assets	1,031,424	-	-	1,031,424	-	-	1,031,424	144,146	28,622	-	-	172,768	-	-	-	-	-	172,768	858,656		
Buildings	1,031,424	-	-	1,031,424	-	-	1,031,424	144,146	28,622	-	-	172,768	-	-	-	-	-	172,768	858,656		
Other Assets	4,154,912	378,378	(228,114)	4,305,176	2,594,745	235,207	2,594,745	415,326	3,589	-	(148,522)	2,681,430	-	-	-	-	-	2,681,430	1,623,746		
Machinery and Equipment	651,221	-	-	651,221	415,326	3,589	415,326	749,977	28,719	-	(23,536)	418,895	-	-	-	-	-	418,895	232,326		
Furniture and Equipment	1,315,465	3,567	(26,309)	1,292,722	749,977	(26,309)	749,977	810,026	154,337	-	(75,436)	688,926	-	-	-	-	-	688,926	537,563		
Office Equipment - Computers	876,875	94,812	(80,188)	891,499	610,026	(80,188)	610,026	819,416	48,582	-	(49,550)	818,448	-	-	-	-	-	818,448	202,572		
Motor vehicles	1,311,350	280,000	(121,617)	1,469,733	819,416	(121,617)	819,416	3,956,354	308,816	-	(148,522)	4,116,646	-	-	-	-	-	4,116,646	651,285		
	8,027,396	378,378	(228,114)	8,177,660	3,956,354	(228,114)	3,956,354	3,956,354	308,816	-	(148,522)	4,116,646	-	-	-	-	-	4,116,646	4,061,012		

CENTRAL KAROO DISTRICT MUNICIPALITY

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

30 JUNE 2013

Reconciliation of Carrying Value

	Cost			Accumulated Depreciation and Impairment Losses			Carrying Value			
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment R	Disposals R	Closing Balance R	Carrying Value R
Land and Buildings	2,841,060	-	-	2,841,060	1,130,018	87,446	-	-	1,217,463	1,623,597
Land	229,000	-	-	229,000	-	-	-	-	-	229,000
Buildings	2,612,060	-	-	2,612,060	1,130,018	87,446	-	-	1,217,463	1,394,597
Community Assets	1,031,424	-	-	1,031,424	109,788	34,357	-	-	144,146	887,278
Buildings	1,031,424	-	-	1,031,424	109,788	34,357	-	-	144,146	887,278
Other Assets	4,930,744	65,442	(844,273)	4,154,912	2,728,008	449,009	18,782	(601,054)	2,594,745	1,560,167
Machinery and Equipment	711,196	24,587	(84,562)	651,221	395,106	91,717	2,264	(73,761)	415,326	235,895
Furniture and Equipment	1,318,349	29,806	(32,890)	1,315,465	624,372	149,883	4,243	(28,522)	749,977	585,489
Office Equipment - Computers	1,109,030	14,049	(246,204)	876,875	683,107	126,946	12,274	(212,302)	610,026	266,849
Motor vehicles	1,792,168	-	(480,818)	1,311,350	1,025,423	80,463	-	(286,470)	819,416	491,934
	8,803,228	68,442	(844,273)	8,027,396	3,967,814	570,812	18,782	(601,054)	3,956,354	4,071,042

CENTRAL KAROO DISTRICT MUNICIPALITY

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

Municipality	30 JUNE 2014	Reconciliation of Carrying Value	Cost			Accumulated Depreciation and Impairment Losses			Carrying Value		
			Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment R	Disposals R	Closing Balance R
Land and Buildings			2,841,060	-	-	2,841,060	1,217,463	44,987	-	1,262,450	1,578,610
Land			229,000	-	-	229,000	-	-	-	-	229,000
Buildings			2,612,060	-	-	2,612,060	1,217,463	44,987	-	1,262,450	1,349,610
Community Assets			1,031,424	-	-	1,031,424	144,146	28,622	-	172,768	858,656
Buildings			1,031,424	-	-	1,031,424	144,146	28,622	-	172,768	858,656
Other Assets			4,154,912	378,378	(228,114)	4,305,176	2,594,745	235,207	-	2,681,430	1,623,746
Machinery and Equipment			651,221	-	-	651,221	415,326	3,569	-	418,895	232,326
Furniture and Equipment			1,315,465	3,567	(26,309)	1,292,722	749,977	28,719	-	755,160	537,563
Office Equipment - Computers			876,875	94,812	(80,188)	891,499	610,026	154,337	-	688,926	202,572
Motor Vehicles			1,311,350	280,000	(121,617)	1,469,733	819,416	48,582	-	818,448	651,285
			8,027,396	378,378	(228,114)	8,177,660	3,956,364	308,816	-	4,116,648	4,061,012

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Economic Entity		Municipality	
	2014 R	2013 R	2014 R	2013 R
9 INTANGIBLE ASSETS				
Computer Software				
Net Carrying amount at 1 July	80,429	122,990	80,429	122,990
Cost	252,043	262,043	252,043	252,043
Accumulated Amortisation	(171,614)	(129,053)	(171,614)	(129,053)
Additions	18,755	-	18,755	-
Disposals	(20,086)	-	(20,086)	-
Amortisation	(30,822)	(42,561)	(30,822)	(42,561)
Net Carrying amount at 30 June	48,296	80,429	48,296	80,429
Cost	137,697	252,043	137,697	252,043
Accumulated Amortisation	(89,402)	(171,614)	(89,402)	(171,614)

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

Description	Remaining Amortisation Period	Carrying Value		Carrying Value	
		2014 R	2013 R	2014 R	2013 R
Microsoft Office and other software	5	48,296	80,429	48,296	80,429

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

10 NON-CURRENT INVESTMENTS

Unlisted investments comprise of the following. Valuations of investments supplied by council

Central Karoo Economic Development Agency SOC Ltd

Cost	-	-	100	100
Contribution	-	-	442,242	237,534
Impairment	-	-	(442,342)	(237,634)
	-	-	-	-

11 LONG-TERM RECEIVABLES

Department of Transport: Roads - Post Employment Health Care Benefits (Note 3.1)	7,186,799	6,300,652	7,186,799	6,300,652
Department of Transport: Roads - Long Service Awards (Note 3.2)	1,044,126	966,656	1,044,126	966,656
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 3.3)	622,178	554,976	622,178	554,976
	8,853,103	7,822,284	8,853,103	7,822,284
Less: Current portion transferred to current receivables	(501,706)	(541,268)	(501,706)	(541,268)
Department of Transport: Roads - Post Employment Health Care Benefits (Note 3.1)	(357,144)	(361,873)	(357,144)	(361,873)
Department of Transport: Roads - Long Service Awards (Note 3.2)	(71,410)	(120,142)	(71,410)	(120,142)
Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 3.3)	(73,152)	(59,253)	(73,152)	(59,253)
	8,351,397	7,281,016	8,351,397	7,281,016
Total Long Term Receivables	8,351,397	7,281,016	8,351,397	7,281,016

DEPARTMENT OF TRANSPORT: ROADS

In terms of the agreement between the Western Cape Provincial Government and past experience, Provincial Government funds will be made available to maintain the approved organogram of the Roads department, including all employee post retirement benefits. The future claim for the provision for retirement benefits has therefore been raised as a long term debtor.

The carrying amount of these assets approximates their fair value.

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Economic Entity		Municipality	
	2014 R	2013 R	2014 R	2013 R
12 INVENTORY				
Maintenance Materials - At cost	1,098,944	838,435	1,098,944	838,435
Consumable Stores - Stationery and materials - At cost	35,040	42,821	35,040	42,821
Total Inventory	1,133,984	879,256	1,133,984	879,256
Inventory recognised as an expense during the year	1,679,469	2,452,911	1,679,469	2,452,911
13 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS				
Other Debtors	560,552	487,026	560,552	487,026
Balance previously reported	-	416,665	-	416,665
Correction of error 29.7	-	(47,217)	-	(47,217)
Total Receivables from Non-Exchange Transactions	560,552	487,026	560,552	487,026
Less: Allowance for Doubtful Debts	(434,009)	(281,529)	(434,009)	(281,529)
Total Net Receivables from Non-Exchange Transactions	126,543	205,497	126,543	205,497
14 RECEIVABLES FROM EXCHANGE TRANSACTIONS				
Roads - Sundry debtors	-	1,315,640	-	1,315,640
Total Net Receivables from Non-Exchange Transactions	-	1,315,640	-	1,315,640
Reconciliation of Provision for Bad Debts				
Balance at beginning of year	281,529	-	281,529	-
Contribution to provision/(Reversal of provision)	152,479	281,529	152,479	281,529
Bad Debts Written Off	-	-	-	-
Balance at end of year	434,009	281,529	434,009	281,529
The entire provision for bad debts relates to outstanding balances older than 180 days.				
15 OPERATING LEASE ARRANGEMENTS				
Operating leases currently under the control of the Central Karoo District Municipality has no end date to the contracts. There will therefore be no calculation for the smoothing of these leases.				
16 CASH AND CASH EQUIVALENTS				
Assets				
Call Investments Deposits	1,300,000	1,300,000	1,300,000	1,300,000
Bank Accounts	3,480,391	529,733	3,254,748	529,733
Cash Floats	1,300	1,300	1,300	1,300
Total Cash and Cash Equivalents - Assets	4,781,691	1,831,033	4,556,048	1,831,033
Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.				
Call Investments Deposits to an amount of R1300000 are held to fund the Unspent Conditional Grants (CENTRAL KAROO DISTRICT MUNICIPALITY: R1300000).				
Bank overdraft facility of R2 000 000 exists at FNB.				
The Economic Entity has the following bank accounts:				
Current Accounts				
ABSA Bank Account Number 1540 0000 14 (Cheque Account)				
First National Bank Account Number 6206 2151 429 (Cheque Account)				
Nedbank 1052237526				
Combined Accounts				
	3,480,391	529,733	3,254,748	529,733
	3,480,391	529,733	3,254,748	529,733
ABSA Bank Account Number 1540 0000 14 (Cheque Account)				
Bank statement balance at beginning of year	32,982	394,089	32,982	394,089
Bank statement balance at end of year	2,217,730	32,982	2,217,730	32,982
First National Bank Account Number 6206 2151 429 (Cheque Account)				
Bank statement balance at beginning of year	344,939	(888,367)	344,939	(888,367)
Bank statement balance at end of year	987,398	344,939	987,398	344,939
Nedbank 1052237526				
Bank statement balance at beginning of year	-	-	-	-
Bank statement balance at end of year	225,643	-	-	-
Combined Accounts				
Cash book balance at beginning of year	529,733	(1,621,640)	529,733	(1,621,640)
Cash book balance at end of year	3,480,391	529,733	3,254,748	529,733
Both bank accounts are posted to a single cash book in the general ledger				
Call Investments Deposits				
Call investment deposits consist out of the following accounts:				
First Rand Bank Limited - 6223 8004 355				
	1,300,000	1,300,000	1,300,000	1,300,000
Balance previously reported	-	1,356,004	-	1,356,004
Correction of error note 29.14	-	(56,004)	-	(56,004)
	1,300,000	1,300,000	1,300,000	1,300,000

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

17	GOVERNMENT GRANTS AND SUBSIDIES	Economic Entity		Municipality	
		2014 R	2013 R	2014 R	2013 R
	Unconditional Grants	14,638,000	12,981,000	14,638,000	12,981,000
	Equitable Share	14,638,000	12,981,000	14,638,000	12,981,000
	Conditional Grants	6,490,136	7,236,923	6,490,136	7,236,923
	Grants and donations	6,490,136	7,236,923	6,490,136	7,236,923
	Total Government Grants and Subsidies	21,128,136	20,217,923	21,128,136	20,217,923
	Government Grants and Subsidies - Capital	-	-	-	-
	Government Grants and Subsidies - Operating	21,291,943	20,217,923	21,128,136	20,217,923
		21,291,943	20,217,923	21,128,136	20,217,923
	Revenue recognised per vote as required by Section 123 (c) of the MFMA				
	Equitable share	14,638,000	12,981,000	14,638,000	12,981,000
	Budget and Treasury	2,297,939	1,253,654	2,297,938	1,253,654
	Corporate Services	2,687,566	3,405,183	2,687,566	3,405,183
	Planning and Development	1,014,027	1,003,262	1,014,027	1,003,262
	Health	490,605	1,574,824	490,605	1,574,824
		21,128,136	20,217,925	21,128,136	20,217,923
	The Economic Entity does not expect any significant changes to the level of grants.				
17.1	Equitable share				
	Opening balance	-	-	-	-
	Grants received	14,638,000	12,981,000	14,638,000	12,981,000
	Conditions met - Operating	(14,638,000)	(12,981,000)	(14,638,000)	(12,981,000)
	Conditions 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 Economic Entity by the National Treasury.				
17.2	Health Subsidy				
	Opening balance	(39,108)	(65,073)	(39,108)	(65,073)
	Grants received	426,966	1,544,854	426,966	1,544,854
	Conditions met - Operating	(426,371)	(1,518,899)	(426,371)	(1,518,899)
	Conditions still to be met	(38,514)	(39,108)	(38,514)	(39,108)
	Health subsidies was used fund primary health care services in the municipal area.				
17.3	Local Government Financial Management Grant (FMG)				
	Opening balance	(3,654)	-	(3,654)	-
	Grants received	1,250,000	1,250,000	1,250,000	1,250,000
	Conditions met - Operating	(1,248,414)	(1,253,654)	(1,248,414)	(1,253,654)
	Conditions still to be met	(2,068)	(3,654)	(2,068)	(3,654)
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management interns).				
17.4	Municipal Systems Improvement Grant				
	Opening balance	(3,262)	-	(3,262)	-
	Grants received	890,000	1,000,000	890,000	1,000,000
	Conditions met - Operating	(949,727)	(1,003,262)	(949,727)	(1,003,262)
	Conditions still to be met	(62,988)	(3,262)	(62,988)	(3,262)
	The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.				

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Economic Entity		Municipality	
	2014 R	2013 R	2014 R	2013 R
17.5 Working for Water				
Opening balance	785,196	817,186	765,196	817,196
Grants received	1,118,144	2,204,538	1,118,144	2,204,538
Conditions met - Operating	(1,738,083)	(2,259,536)	(1,738,083)	(2,259,538)
Conditions still to be met	147,278	785,196	147,278	765,196
Grant utilised for the eradication of alien vegetation.				
17.6 Other Grants				
Opening balance	863,944	(268,846)	863,944	(268,846)
Grants received	2,710,622	2,337,370	2,321,172	2,337,376
Conditions met - Operating	(2,283,869)	(1,204,580)	(2,129,662)	(1,204,680)
Conditions still to be met	1,281,197	863,944	1,055,554	863,944
Various grants were received from other spheres of government (e.g. Tourism and Skills Development Grant)				
17.7 Total Grants				
Opening balance	1,583,117	483,277	1,583,117	483,277
Grants received	21,033,732	21,317,762	20,644,282	21,317,762
Conditions met - Operating	(21,231,943)	(20,217,922)	(21,126,136)	(20,217,922)
Conditions still to be met (Grant expenditure to be recovered)	1,324,906	1,583,117	1,099,263	1,583,117
Disclosed as follows:				
Unspent Conditional Government Grants and Receipts	1,479,014	1,730,138	1,253,371	1,730,138
Unpaid Conditional Government Grants and Receipts	(154,108)	(147,022)	(154,108)	(147,022)
	1,324,906	1,583,117	1,099,263	1,583,117
18 AGENCY SERVICES				
Commission on Agency services: Department of Transport: Western Cape	3,053,380	2,892,849	3,053,380	2,892,849
	3,053,380	2,892,849	3,053,380	2,892,849
The Economic Entity has service level agreements with Department Transport Western Cape				
19 OTHER INCOME				
Contributions from shared services with Beaufort West Municipality	136,521	79,602	136,521	79,602
Contributions from shared services with Laingsburg Municipality	43,295	-	43,295	-
Contributions from shared services with Prince Albert Municipality	122,167	602,490	122,167	602,490
Sundry Income	29,515	197,412	29,515	197,412
Photostat and Faxes	5,387	2,322	5,387	2,322
Commission	18,310	16,801	18,310	16,801
Samples: Milk and Water	330,137	212,701	330,137	212,701
Milk Sales	374,500	290,530	374,500	290,530
Insurance Claims	-	62,287	-	62,287
Total Other Income	1,059,832	1,464,145	1,059,832	1,464,145
20 EMPLOYEE RELATED COSTS				
Employee Related Costs - Salaries and Wages	6,531,868	6,413,264	6,162,342	6,267,814
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	590,380	601,153	573,721	596,817
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	653,380	760,508	653,380	760,508
Housing Benefits and Allowances	40,152	49,213	40,152	49,213
Overtime Payments	4,776	5,606	4,776	5,007
Bonuses	387,278	457,830	380,798	427,243
Leave Provision	(50,794)	419,262	(66,933)	419,262
Contribution to provision - Long Service Awards	126,225	40,796	126,225	40,796
Contribution to provision - Post Retirement Medical	288,766	313,938	288,766	313,938
	8,571,638	8,061,470	8,163,227	8,880,199
Less: Employee Costs allocated elsewhere	(223,413)	-	(223,413)	-
Total Employee Related Costs	8,348,225	8,061,470	7,939,814	8,880,199
KEY MANAGEMENT PERSONNEL				
Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.				
REMUNERATION OF KEY MANAGEMENT PERSONNEL				
<i>Remuneration of the Municipal Manager - Mr S Jooste</i>				
Annual Remuneration	898,082	731,958	898,082	731,958
Travelling Reimbursement	240,000	200,000	240,000	200,000
Performance Bonuses	99,846	94,371	99,846	94,371
Telephone allowance	18,000	13,200	18,000	13,200
Contributions to UIF, Medical, Pension Funds and Bargaining Council	44,478	42,133	44,478	42,133
Total	1,300,205	1,081,662	1,300,205	1,081,662

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Economic Entity		Municipality	
	2014 R	2013 R	2014 R	2013 R
Remuneration of the Chief Financial Officer				
Annual Remuneration	-	19,894	-	19,894
Traveling Reimbursement	-	-	-	-
Performance Bonuses	-	-	-	-
Telephone allowance	-	-	-	-
Leave Payments	-	55,261	-	55,261
Total	-	75,154	-	75,154
Remuneration of the Director Technical Services				
Annual Remuneration	567,846	533,095	567,846	533,095
Traveling Reimbursement	100,000	100,000	100,000	100,000
Performance Bonus	67,120	63,323	67,120	63,323
Cell Phone Allowance	-	-	-	-
Contributions - UIF, Medical, Pension	140,834	131,513	140,834	131,513
Total	875,800	827,931	875,800	827,931
Remuneration of the Director Corporate and Support Services				
Annual Remuneration	840,570	661,324	840,570	661,324
Traveling Reimbursement	72,000	84,000	72,000	84,000
Performance Bonus	-	60,635	-	60,635
Cell Phone Allowance	-	7,360	-	7,360
Leave Payments	-	-	-	-
Contributions - UIF, Medical, Pension	164,986	132,545	164,986	132,545
Total	1,077,557	945,863	1,077,557	945,863
21	REMUNERATION OF COUNCILLORS			
Mayor	697,771	696,873	697,771	696,873
Executive Committee Members	1,263,933	1,401,396	1,263,933	1,401,396
Councillors	1,016,547	1,115,920	1,016,547	1,115,920
Total Councillors' Remuneration	2,978,251	3,214,189	2,978,251	3,214,189
In-kind Benefits				
The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee members are full-time Councillors. Each are provided with an office and shared secretarial support at the cost of the Council. The Executive Mayor may utilise official Council Transportation when engaged in official duties.				
22	DEBT IMPAIRMENT			
Trade Receivables from non-exchange transactions - Note 13	152,479	281,529	152,479	281,529
Debt impairment recognised in statement of financial performance	152,479	281,529	152,479	281,529
23	DEPRECIATION AND AMORTISATION			
Property Plant and Equipment	308,816	570,812	308,816	570,812
Intangible Assets	30,821	42,561	30,821	42,561
Total Depreciation and Amortisation	339,637	613,373	339,637	613,373
24	IMPAIRMENTS			
Non-Current Investments	-	-	442,342	237,634
Property, Plant and Equipment	-	18,783	-	18,783
Total Impairments	-	18,783	442,342	256,417
25	FINANCE CHARGES			
Employee Benefits	1,180,887	1,001,590	1,180,887	1,001,590
Less: Employee benefits transferred to Roads. Refer to note 11	(500,654)	-	(500,654)	-
Finance leases	24,162	34,010	24,162	34,010
Total finance charges	704,395	1,035,600	704,395	1,035,600

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2013 R	2012 R	2013 R	2012 R
29 CORRECTION OF ERROR IN TERMS OF GRAP 3				
29.1 Unspent Conditional Grant	Cost	Cost	Cost	Cost
<i>Balance previously reported - 30 June</i>	3,030,138	-	3,030,138	-
Re-allocation from Unspent Grant to Trade Payables - Note 5 and Note 29.2	(1,243,996)	-	(1,243,996)	-
Correction of Surpluses - Note 29.14	(58,004)	-	(58,004)	-
Restated Balance	1,730,138	-	1,730,138	-
29.2 Payables from exchange transactions				
<i>Balance previously reported - 30 June</i>	5,902,073	2,218,419	5,902,073	2,218,419
Re-allocation from Unspent Grant to Trade Payables - Note 5	1,243,898	-	1,243,898	-
Compensation commission payment not taken to Sundry expenses - Note 5	153,469	-	153,469	-
Payment for VS Mafupi taken to trade receivables, Payables duplicated - Note 5	(53,829)	-	(53,829)	-
Council remuneration taken to other income - Note 5	(37,962)	(37,962)	(37,962)	(37,962)
Receivables restated as Payables	48,522	-	48,522	-
Restated Balance	6,356,269	2,180,457	6,356,269	2,180,457
29.3 Unpaid Conditional Grant				
<i>Balance previously reported - 30 June</i>	1,462,663	-	1,462,663	-
Re-allocation from Unpaid Grant to Receivables from exchange transactions - Note	(1,315,640)	-	(1,315,640)	-
Restated Balance	147,023	-	147,023	-
29.4 Receivables from Exchange Transactions				
<i>Balance previously reported - 30 June</i>	-	-	-	-
Re-allocation from Unpaid Grant to Receivables from exchange transactions - Note 14	1,315,640	-	1,315,640	-
Restated Balance	1,315,640	-	1,315,640	-

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Economic Entity		Municipality	
	2013 R	2012 R	2013 R	2012 R
29.5 Accumulated Surplus/(Deficit)				
<i>Balance previously reported - 30 June</i>	(9,158,724)	(8,200,345)	(9,158,724)	(8,200,345)
Correction of receivables from non-exchange transactions identified - note 13 & 29.7	(109,442)	(62,225)	(109,442)	(62,225)
Correction of payables from exchange transactions identified - Note 5	(153,469)		(153,469)	
Correction of payables from exchange transactions identified - Note 5 & 29.2	53,829		53,829	
Correction of receivables from non-exchange transactions identified - Note 13 & 29.7	179,803		179,803	
Council remuneration taken to other income - Note 29.2	37,962	37,962	37,962	37,962
Restated Balance	(9,148,040)	(8,224,607)	(9,148,040)	(8,224,607)
29.6 Rental of Facilities and Equipment				
<i>Balance previously reported - 30 June</i>	95,640	75,404	95,640	75,404
Correction of receivables from non-exchange transactions identified - note 13 & 29.7	(47,217)	(62,225)	(47,217)	(62,225)
Restated Balance	48,423	13,180	48,423	13,180
29.7 Receivables from Non exchange transactions				
<i>Balance previously reported - 30 June</i>	416,665	423,367	416,665	423,367
Correction of receivables from non-exchange transactions identified - Note 29.5	(109,442)	(62,225)	(109,442)	(62,225)
Correction of receivables from non-exchange transactions identified - Note 29.5	179,803		179,803	
Restated Balance	487,026	361,142	487,026	361,142
29.8 Employee related cost				
<i>Balance previously reported - 30 June</i>	7,962,415	-	7,802,182	-
Employee costs of finance interns previously shown as grant expenditure - Note 29.9	1,078,017	-	1,078,017	-
Restated Balance	9,060,432	-	8,880,199	-
29.9 Grants utilised				
<i>Balance previously reported - 30 June</i>	27,015,073	-	27,015,073	-
Employee costs of finance interns previously shown as grant expenditure - Note 29.8	(1,078,017)	-	(1,078,017)	-
Department of Transport expenditure previously shown as grant expenditure	(25,937,056)	-	(25,937,056)	-
Restated Balance	-	-	-	-
29.10 General expenditure				
<i>Balance previously reported - 30 June</i>	11,365,621	-	11,308,320	-
Road expenditure previously shown as grants utilised	25,937,056	-	25,937,056	-
Error in expense not recognised	153,469	-	153,469	-
Restated Balance	37,456,146	-	37,398,845	-
29.11 Internal Charges				
<i>Balance previously reported - 30 June</i>	1,480	-	1,480	-
Internal charges previously shown as other revenue note 29.12	(1,480)	-	(1,480)	-
Restated Balance	-	-	-	-
29.12 Other Income				
<i>Balance previously reported - 30 June</i>	1,229,033	991,941	1,229,033	991,941
Internal charges shown as Sundry income - Note 19	1,480	-	1,480	-
Correction of payables from exchange transactions identified - Note 5 & 29.2	53,829		53,829	
Correction of other income corrected in 2013/2014 financial year - Note 19	100,201		100,201	
Correction of other income corrected in 2013/2014 financial year - Note 19	79,602		79,602	
Council remuneration taken to other income - Note 29.2		37,962		37,962
Restated Balance	1,464,145	1,029,903	1,464,145	1,029,903
29.13 Compensation Commission				
<i>Balance previously reported - 30 June</i>	-	-	-	-
Compensation commission shown as sundry expenses - Note 29.2	(153,469)		(153,469)	
Restated Balance	(153,469)	-	(153,469)	-
29.14 Cash and Cash Equivalents				
<i>Balance previously reported - 30 June</i>	1,356,004		1,356,004	
Balance incorrectly disclosed - Note 16	(56,004)		(56,004)	
Restated Balance	1,300,000	-	1,300,000	-

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Economic Entity		Municipality	
	2014 R	2013 R	2014 R	2013 R
30 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS				
Surplus / (Deficit) for the year	2,788,891	(923,433)	2,806,029	(923,433)
Adjustments for:				
Depreciation	308,815	570,812	308,815	570,812
Amortisation of Intangible Assets	30,822	42,561	30,822	42,561
Loss on disposal of property, plant and equipment	53,558	86,748	53,558	86,748
Interest on Employee benefits	1,180,887	1,001,590	1,180,887	1,001,590
Contribution to provisions – bad debt	152,479	281,529	152,479	281,529
Contribution to short term employee benefits	(312,669)	1,182,699	(328,808)	1,182,699
Contribution from/to employee benefits	670,267	494,304	670,267	494,304
Actuarial Gains	452,687	324,718	452,687	324,718
Non - cash movement in employee benefits	(1,030,819)	(430,877)	(1,030,819)	(430,877)
Impairment written off	-	253,417	442,342	256,417
Grants Received	21,033,732	21,317,762	20,844,282	21,317,762
Grant Expenditure	(21,291,843)	(20,217,922)	(21,128,136)	(20,217,922)
Operating Surplus/(Deficit) before changes in working capital	4,036,707	3,988,908	4,253,408	3,986,908
Changes in working capital	(682,718)	(1,685,481)	(682,718)	(1,685,481)
Increase/(Decrease) in Trade and Other Payables	(632,792)	4,175,812	(632,792)	4,175,812
Increase/(Decrease) in Unspent and Unpaid Grants	-	(3,735,847)	-	(3,735,847)
Increase/(Decrease) in Taxes	143,575	(1,165)	143,575	(1,165)
(Increase)/Decrease in Inventory	(254,728)	319,832	(254,728)	319,832
(Increase)/Decrease in Trade and other receivables	61,227	(2,443,114)	61,227	(2,443,114)
Cash generated/(absorbed) by operations	3,353,889	2,301,427	3,570,688	2,301,427

31 RECONCILIATION OF CASH FLOW STATEMENT

Due to various retrospective adjustments made on the comparative figures for the year ending 30 June 2013 as disclosed in notes , 27.10 and , the comparative figures as disclosed in the Cash Flow Statement were also affected.

Other corrections also includes reclassification errors, as well as adjustments made for non-cash items incorrectly included in the Cash Flow Statements

The comparative figures were adjusted as follows:

	2013 (Previously reported) R	2013 (Adjustments) R	2013 (Restated) R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other	4,500,718	(21,882,620)	26,383,538
Government	44,703,391	23,385,629	21,317,762
Interest	98,958	-	98,958
Payments			
Suppliers and employees	(19,896,553)	25,568,267	(45,464,820)
Finance charges	(34,010)	-	(34,010)
Transfers and Grants	(27,015,073)	(27,015,073)	-
Cash generated by operations	2,357,429	56,003	2,301,428
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	(69,442)	-	(69,442)
Proceeds on Disposal of Fixed Assets	156,471	-	156,471
Decrease/(Increase) in Non-current Investments	(237,634)	-	(237,634)
Net Cash from Investing Activities	(149,605)	-	(149,605)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid	(56,453)	-	(56,452)
Net Cash from Financing Activities	(56,453)	-	(56,452)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	2,151,373	-	2,095,368
Cash and Cash Equivalents at the beginning of the year	(264,336)	-	(264,336)
Cash and Cash Equivalents at the end of the year	1,887,037	(56,004)	1,831,033
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	2,151,373	-	2,095,368

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Economic Entity		Municipality	
	2014 R	2013 R	2014 R	2013 R
31 NON - CASH INVESTING AND FINANCING ACTIVITIES				
31.1 Employee benefits				
Movements for the year	1,122,954	819,021	1,122,954	819,021
Non - Cash movement current portion of employee benefits	(1,070,381)	(304,111)	(1,070,381)	(304,111)
	<u>52,573</u>	<u>514,910</u>	<u>52,573</u>	<u>514,910</u>
31.2 Current Employee benefits				
Movements for the year	(47,470)	170,225	(47,470)	170,225
Non - Cash movement current portion of employee benefits	39,562	(126,766)	39,562	(126,766)
	<u>(7,908)</u>	<u>43,459</u>	<u>(7,908)</u>	<u>43,459</u>
31.3 Long term receivables				
Movements for the year	1,070,381	304,111	1,070,381	304,111
Non - Cash movement current portion of employee benefits	(1,070,381)	(304,111)	(1,070,381)	(304,111)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31.4 Short term receivables				
Movements for the year	(39,562)	126,766	(39,562)	126,766
Non - Cash movement current portion of employee benefits	39,562	(126,766)	39,562	(126,766)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
32 CASH AND CASH EQUIVALENTS				
Cash and cash equivalents included in the cash flow statement comprise the following:				
Call Investments Deposits - Note 16	1,300,000	1,300,000	1,300,000	1,300,000
Cash Floats - Note 16	1,300	1,300	1,300	1,300
Bank - Note 16	3,480,381	529,733	3,254,748	529,733
Total cash and cash equivalents	<u>4,781,691</u>	<u>1,831,033</u>	<u>4,556,048</u>	<u>1,831,033</u>
33 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES				
Cash and Cash Equivalents - Note 32	4,781,691	1,831,033	4,556,048	1,831,033
Less:	4,781,691	1,831,033	4,556,048	1,831,033
Unspent Committed Conditional Grants - Note 6	1,479,014	1,730,138	1,253,371	1,730,138
VAT - Note 7	-	-	-	-
Resources available for working capital requirements	<u>3,302,677</u>	<u>100,895</u>	<u>3,302,677</u>	<u>100,895</u>

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

34	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION	Economic Entity		Municipality	
		2014 R	2013 R	2014 R	2013 R
	Long-term Liabilities - Note 2	105,009	157,307	105,009	157,307
	Used to finance property, plant and equipment - at cost	(105,009)	(157,307)	(105,009)	(157,307)
35	BUDGET COMPARISONS				
		2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 R (%)
35.1	Operational				
	Revenue by source				
	Government Grants and Subsidies - Operating	21,291,943	20,967,485	324,458	2%
	Rental of Facilities and Equipment	45,464	120,000	(74,536)	-62%
	Interest Earned - external investments	177,520	160,000	17,520	+1%
	Licences and Permits	41,240	50,000	(8,760)	-16%
	Department of Transport - Roads Service Charges	34,595,109	30,434,439	4,160,670	14%
	Agency Services	3,053,380	3,078,500	(25,120)	-1%
	Other Income	1,059,832	3,064,051	(2,004,219)	-85%
		60,264,598	57,898,475	2,366,113	4%
	Expenditure by nature				
	Employee Related Costs	8,348,425	10,486,433	(2,140,008)	-20%
	Remuneration of Councillors	2,978,251	3,100,000	(121,749)	-4%
	Debt Impairment	152,479	-	152,479	-100%
	Depreciation and Amortisation	339,837	394,484	(54,647)	-14%
	Repairs and Maintenance	53,955	50,000	3,955	8%
	Finance Charges	704,395	444,085	260,310	58%
	Contracted services	211,208	300,000	(88,794)	-30%
	General Expenses	44,181,102	42,112,345	2,068,757	5%
	Loss on disposal of Property, Plant and Equipment	83,568	-	83,568	-100%
	Actuarial Losses	452,889	-	452,889	100%
		57,475,698	56,689,347	786,351	1%
	Net Surplus for the year	2,788,891	1,007,128	1,781,762	177%
		2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 R (%)
35.2	Expenditure by Vote				
	Executive and Council	5,863,310	6,662,374	(799,064)	-12%
	Budget and Treasury	4,553,462	6,580,878	(2,027,416)	-31%
	Corporate Services	8,033,028	8,210,552	(177,524)	-2%
	Planning and Development	1,190,514	2,150,774	(960,260)	-45%
	Health	2,355,923	2,646,110	(290,187)	-11%
	Public Safety	704,407	707,800	(3,393)	0%
	Road Transport	34,595,109	30,030,859	4,564,250	15%
	Central Karoo Economic Development Agency	179,945	-	179,945	100%
		57,475,698	56,689,347	786,351	1%
36	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2014 R	2013 R	2014 R	2013 R
36.1	Unauthorised expenditure				
	Reconciliation of unauthorised expenditure:				
	Opening balance	491,020	1,836,948	491,020	1,836,948
	Unauthorised expenditure current year - operating	5,186,538	728,554	5,186,538	491,020
	Written off by council	(491,020)	(1,836,948)	(491,020)	(1,836,948)
	Unauthorised expenditure awaiting authorisation	5,186,538	728,554	5,186,538	491,020

Unauthorised expenditure on operating votes is mainly due to provisional amounts recognised for depreciation and amortisation of R 4 524 935.

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	None

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

36.4 Material Losses

No material losses occurred

	Economic Entity		Municipality	
	2014 R	2013 R	2014 R	2013 R
37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT				
37.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS				
Opening balance	-	-	-	-
Council subscriptions	470,470	400,000	470,470	400,000
Amount paid - current year	(470,470)	(400,000)	(470,470)	(400,000)
Balance unpaid (included in creditors)	-	-	-	-
	2014 R	2013 R	2014 R	2013 R
37.2 Audit fees - [MFMA 125 (1)(b)]				
Opening balance	-	-	-	-
Current year audit fee	495,205	759,167	495,205	759,167
External Audit - Auditor-General	495,205	759,167	495,205	759,167
Amount paid - current year	(495,205)	(759,167)	(495,205)	(759,167)
Balance unpaid (included in creditors)	-	-	-	-
37.3 VAT - [MFMA 125 (1)(b)]				
Opening balance	154,850	153,885	154,850	153,885
Amounts received - current year	(597,003)	(679,391)	(597,003)	(679,391)
Amounts claimed - current year	430,678	680,567	430,678	680,567
Closing balance - Receivable	(11,275)	154,850	(11,275)	154,850
Vat in suspense due to cash basis of accounting				
Input VAT	11,275	154,850	11,275	154,850
Receivable / (Payable)	11,275	154,850	11,275	154,850
VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.				
37.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]				
Opening balance	(32,178)	(32,178)	(32,178)	(32,178)
Current year payroll deductions and Council Contributions	3,638,491	3,360,959	3,638,491	3,360,959
Amount paid - current year	(3,608,313)	(3,360,959)	(3,608,313)	(3,360,959)
Balance unpaid (included in creditors)	-	(32,178)	-	(32,178)
37.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]				
Opening balance	1,390	1,390	1,390	1,390
Current year payroll deductions and Council Contributions	3,312,304	3,614,292	3,312,304	3,614,292
Amount paid - current year	(3,313,694)	(3,614,292)	(3,313,694)	(3,614,292)
Balance unpaid (included in creditors)	-	1,390	-	1,390
37.6 Unlisted investment in Central Karoo Economic Development Agency SOC Ltd - [MFMA 125 (1)(b)]				
Cost	-	-	100	100
Owners contribution during the year	-	-	442,242	237,634
Impairments	-	-	(442,342)	(237,634)
Closing balance	-	-	-	-
37.7 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]				
The following Councillors had arrear accounts for more than 90 days as at 30 June:				
Councillor MS Hanganana	15,166	-	15,166	-
Councillor IJ Windvogel	21,698	-	21,698	-
Councillor J Bostander	4,633	-	4,633	-
	41,498	-	41,498	-

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

38

FINANCIAL RISK MANAGEMENT

The activities of the Economic Entity expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Economic Entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Economic Entity's financial performance.

(a) Foreign Exchange Currency Risk

The Economic Entity does not engage in foreign currency transactions.

(b) Price risk

The Economic Entity is not exposed to price risk.

(c) Interest Rate Risk

As the Economic Entity has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The Economic Entity 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 Economic Entity did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follows:

	Economic Entity		Municipality	
	2014 R	2013 R	2014 R	2013 R
1% (2013 - 0.5%) Increase in interest rates	44,487	16,724	44,487	16,724
0.5% (2013 - 0.5%) Decrease in interest rates	(22,249)	(8,362)	(22,249)	(8,362)

(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 Economic Entity to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

No receivables are pledged as security for financial liabilities.

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. Investments to the value of R 2 000 000 were held as security for the overdraft facility at FNB. 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 Economic Entity for current and non-current investments are all listed on the JSE (First National Bank and ABSA Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

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

Long term receivables	8,853,103	7,822,284	8,853,103	7,822,284
Receivables from exchange transactions	-	1,315,640	-	1,315,640
Receivables from non-exchange transactions	560,552	487,026	560,552	487,026
Cash and Cash Equivalents	4,556,048	1,831,033	4,556,048	1,831,033
Unpaid conditional grants and subsidies	154,108	147,022	154,108	147,022
	<u>14,123,811</u>	<u>11,603,005</u>	<u>14,123,811</u>	<u>11,603,005</u>

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(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 10 years	Over 10 years
2014				
Long Term liabilities - Finance Lease Liability	76,459	108,317	-	-
Capital repayments	49,885	87,498	-	-
Interest	26,574	20,819	-	-
Trade and Other Payables	5,723,477	-	-	-
Unspent conditional government grants and receipts	1,479,014	-	-	-
	<u>7,278,950</u>	<u>108,317</u>	-	-
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
2013				
Long Term liabilities - Finance Lease Liability	76,480	123,912	-	-
Capital repayments	52,298	105,009	-	-
Interest	24,162	18,903	-	-
Trade and Other Payables	6,358,269	-	-	-
Unspent conditional government grants and receipts	1,730,139	-	-	-
Cash and Cash Equivalents	-	-	-	-
	<u>8,162,867</u>	<u>123,912</u>	-	-

	Economic Entity		Municipality	
	2014 R	2013 R	2014 R	2013 R

39 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the Economic Entity are classified as follows:

39.1 Financial Assets	Classification				
Long-term Receivables					
Department of Transport: Roads - Post Employment Health Care Benefits	Financial Instruments at amortised cost	6,829,655	5,938,779	6,829,655	5,938,779
Department of Transport: Roads - Long Service Awards	Financial Instruments at amortised cost	972,716	846,514	972,716	846,514
Department of Transport: Roads - Ex-Gratia Pension Benefits	Financial Instruments at amortised cost	549,026	495,723	549,026	495,723
Receivables					
Receivables from exchange transactions	Financial Instruments at amortised cost	-	1,315,640	-	1,315,640
Receivables from non-exchange transactions	Financial Instruments at amortised cost	580,552	487,026	580,552	487,026
Other Receivables					
Government Subsidies and Grants	Financial Instruments at amortised cost	154,108	147,022	154,108	147,022
Current Portion of Long-term Receivables					
Department of Transport: Roads - Post Employment Health Care Benefits	Financial Instruments at amortised cost	357,144	361,873	357,144	361,873
Department of Transport: Roads - Long Service Awards	Financial Instruments at amortised cost	71,410	120,142	71,410	120,142
Department of Transport: Roads - Ex-Gratia Pension Benefits	Financial Instruments at amortised cost	73,162	59,253	73,162	59,253
Short-term Investment Deposits					
Call Deposits	Financial Instruments at amortised cost	1,300,000	1,300,000	1,300,000	1,300,000
Bank Balances and Cash					
Bank Balances	Financial Instruments at amortised cost	4,781,691	629,733	3,254,748	529,733
Cash Floats and Advances	Financial Instruments at amortised cost	1,300	1,300	1,300	1,300
		<u>15,650,754</u>	<u>11,603,005</u>	<u>14,123,811</u>	<u>11,603,005</u>
SUMMARY OF FINANCIAL ASSETS					
Financial instruments at amortised cost		<u>15,650,754</u>	<u>11,603,005</u>	<u>14,123,811</u>	<u>11,603,005</u>

39.2 Financial Liability	Classification				
Long-term Liabilities					
Capitalised Lease Liability	Financial Instruments at amortised cost	42,926	105,009	42,926	105,009
Payables from exchange transactions					
Trade creditors	Financial Instruments at amortised cost	3,024,487	4,616,026	3,024,487	4,616,026
Sundry Creditors	Financial Instruments at amortised cost	820,441	496,247	820,441	496,247
Creditors Roads	Financial Instruments at amortised cost	1,878,549	1,243,956	1,878,549	1,243,956
Other Payables					
Government Subsidies and Grants	Financial Instruments at amortised cost	1,479,014	1,730,138	1,253,371	1,730,138
Current Portion of Long-term Liabilities					
Capitalised Lease Liability	Financial Instruments at amortised cost	62,083	52,288	62,083	52,288
		<u>7,307,500</u>	<u>8,243,715</u>	<u>7,081,857</u>	<u>8,243,715</u>
SUMMARY OF FINANCIAL LIABILITY					
Financial instruments at amortised cost		<u>7,307,500</u>	<u>8,243,715</u>	<u>7,081,857</u>	<u>8,243,715</u>

CENTRAL KAROO DISTRICT MUNICIPALITY

NOTES TO THE AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

40 EVENTS AFTER THE REPORTING DATE

The Economic Entity has no events after reporting date during the financial year ended 2012/2013.

41 IN-KIND DONATIONS AND ASSISTANCE

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

42 PRIVATE PUBLIC PARTNERSHIPS

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

43 CONTINGENT LIABILITY

No contingent liabilities have been noted during the current financial year.

44 RELATED PARTIES

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

44.1 Related Party Transactions

Opening Balance
Additions to loan
Repayment of loan
Impairment of loan
Closing balance

Economic Entity		Municipality	
2014	2013	2014	2013
R	R	R	R
-	-	237,634	-
-	-	442,342	237,634
-	-	-	-
-	-	(679,977)	(237,634)
-	-	-	-

44.2 Related Party Loans

The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director of Central Karoo District Municipality:

* Municipal Manager

44.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 20 to the Annual Financial Statements.

44.4 Other related party transactions

No related party transactions occurred during the two financial years.

45 FINANCIAL SUSTAINABILITY

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

Financial Indicators

The current ratio increased to 0.67:1 from 0.45:1 in the prior year.

The municipality have budgeted for a Surplus of R 1 007 281 for the 2013/2014 financial year. The municipality is also budgeting for positive cash flows during 2014/2015 and 2015/2016 amounting to R 928 703 and R 5 729 232 respectively.

Other Indicators

Possible outflow of resources due the contingent liability disclosed in note 43

APPENDIX A - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2013	Correction	Balance at 30 JUNE 2013 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2014
LEASE LIABILITY									
Gestetner MP 6001 SP	20.00%		30/11/2016	121,268	-	121,268	-	44,595	76,673
Gestetner MPC 3001	13.00%		30/11/2015	36,039	-	36,039	-	7,702	28,337
Total Lease Liabilities				157,307	-	157,307	-	52,298	105,009
TOTAL EXTERNAL LOANS				157,307	-	157,307	-	52,298	105,009

APPENDIX B - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
MUNICIPAL VOTES CLASSIFICATION

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
53,829	(1,166,609)	(1,112,780)	MUNICIPAL MANAGER	-	(1,750,851)	(1,750,851)
-	(3,887,621)	(3,887,621)	COUNCIL GENERAL EXPENSES	-	(4,112,459)	(4,112,459)
15,396,748	(6,735,401)	8,661,347	FINANCIAL SERVICES	17,701,538	(6,693,001)	11,008,537
90,492	(3,365,590)	(3,275,098)	CORPORATE SERVICES	3,240,559	(3,060,671)	179,888
1,104,238	(2,203,791)	(1,099,553)	PLANNING AND DEVELOPMENT	1,014,027	(1,190,514)	(176,487)
239,374	(2,639,030)	(2,399,656)	HEALTH	371,377	(2,355,923)	(1,984,546)
4,964,305	(5,065,389)	(101,084)	OTHER	3,178,171	(2,832,818)	345,353
-	(671,989)	(671,989)	PUBLIC SAFETY	-	(704,407)	(704,407)
-	-	-	CKEDA	163,807	(179,945)	(16,138)
30,029,965	(27,066,965)	2,963,000	ROAD TRANSPORT	34,595,109	(34,595,109)	-
-	-	-	CAPITAL PROJECTS	-	-	-
51,878,951	(52,802,385)	(923,434)	Sub Total	60,264,588	(57,475,698)	2,788,890
-	-	-		-	-	-
51,878,951	(52,802,385)	(923,434)	Total	60,264,588	(57,475,698)	2,788,890

APPENDIX C - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
53,829	(5,054,230)	(5,000,402)	Executive and Council	-	(5,863,310)	(5,863,310)
15,396,748	(6,478,984)	8,917,765	Budget and Treasury	17,701,538	(4,553,462)	13,148,076
5,054,797	(8,669,894)	(3,615,097)	Corporate Services	6,418,730	(8,033,028)	(1,614,298)
1,104,238	(2,203,791)	(1,099,553)	Planning and Development	1,014,027	(1,190,514)	(176,486)
239,374	(2,639,030)	(2,399,656)	Health	371,377	(2,355,923)	(1,984,545)
-	(671,989)	(671,989)	Public Safety	-	(704,407)	(704,407)
30,029,965	(27,066,965)	2,963,001	Road Transport	34,595,109	(34,595,109)	-
-	-	-	CKEDA	163,807	(179,945)	(16,138)
-	(17,502)	(17,502)	Capital projects	-	-	-
51,878,952	(52,802,384)	(923,433)	Total	60,264,588	(57,475,697)	2,788,891

APPENDIX D - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2013	Balance 1 JULY 2013	Grants Received	Operating Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2014
	R	R	R	R	R
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS					
<u>National Government Grants</u>					
Equitable Share	-	-	14,638,000	14,638,000	-
Local Government Financial Management Grant	(3,654)	(3,654)	1,250,000	1,248,414	(2,068)
Municipal Systems Improvement Grant	(3,262)	(3,262)	890,000	949,727	(82,988)
EPWP	(66,611)	(66,611)	1,000,000	951,503	(18,114)
Work for Water Project	765,196	765,196	1,118,144	1,736,063	147,278
Work for Water Project Advance	-	-			-
Municipal Infrastructure Grant	-	-			-
Dept. Local Government	90,766	90,766	-	-	90,766
Total National Government Grants	782,436	782,436	18,896,144	19,523,706	154,875
<u>Provincial Government Grants</u>					
Financial Management Grant	700,000	700,000	1,214,976	1,049,524	865,452
Global Fund Projects	(29,843)	(29,843)	426,371	426,371	(29,843)
Primary Health Care	(3,142)	(3,142)	-	-	(3,142)
EDA	(25,819)	(25,819)	-	-	(25,819)
Ambulance Subsidies	(6,123)	(6,123)	594	-	(5,529)
Total Provincial Government Grants	635,072	635,072	1,641,942	1,475,895	801,119
<u>Other Grant Providers</u>					
Tourism Biosfeer	50,855	50,855	-	-	50,855
Tourism Sustainability	123,321	123,321	40,000	64,301	99,020
Nutrition Scheme	(8,568)	(8,568)	66,196	64,234	(6,606)
IDC	-	-	389,450	163,807	225,643
Total Other Grant Providers	165,608	165,608	495,646	292,342	368,913
Total	1,583,117	1,583,117	21,033,732	21,291,943	1,324,906

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.e. 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								
<i>Governance and administration</i>	20,049	1,475	21,525	24,120	2,596	112.1%	120.3%	20,505
Executive and council	6,448	-	6,448	-	(6,448)	-	-	54
Budget and treasury	5,733	1,058	6,790	17,702	10,911	260.7%	308.8%	15,397
Corporate services	7,869	418	8,287	6,419	(1,868)	77.5%	81.6%	5,055
Other Admin	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	3,345	31	3,376	371	(3,004)	11.0%	11.1%	239
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	766	-	766	-	(766)	-	-	-
Housing	-	-	-	-	-	-	-	-
Health	2,580	31	2,610	371	(2,239)	14.2%	14.4%	239
<i>Economic and environmental services</i>	29,212	3,051	32,263	35,609	3,346	110.4%	121.9%	31,134
Planning and development	2,232	-	2,232	1,014	(1,218)	45.4%	45.4%	1,104
Road transport	26,980	3,051	30,031	34,595	4,564	115.2%	128.2%	30,030
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	733	-	733	-	(733)	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
Other	733	-	733	-	(733)	-	-	-
Total Revenue - Standard	53,340	4,557	57,896	60,101	2,204	103.8%	112.7%	51,879
Expenditure - Standard								
<i>Governance and administration</i>	17,743	2,969	20,712	18,430	(2,282)	89.0%	103.9%	20,203
Executive and council	5,780	902	6,682	5,863	(799)	88.0%	101.8%	5,054
Budget and treasury	4,556	2,025	6,581	4,553	(2,027)	69.2%	99.9%	6,479
Corporate services	7,427	42	7,469	8,013	545	107.3%	107.9%	8,670
Other	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	3,082	172	3,254	3,060	(193)	94.1%	99.3%	3,311
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	716	(8)	708	704	(3)	99.5%	98.4%	672
Housing	-	-	-	-	-	-	-	-
Health	2,366	180	2,546	2,356	(190)	92.5%	99.6%	2,639
<i>Economic and environmental services</i>	29,104	3,077	32,182	35,806	3,624	111.3%	123.0%	29,271
Planning and development	2,124	26	2,151	1,191	(960)	55.4%	56.0%	2,204
Road transport	26,980	3,051	30,031	34,615	4,584	115.3%	128.3%	27,067
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	718	24	742	-	(742)	-	-	18
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
Other	718	24	742	-	(742)	-	-	18
Total Expenditure - Standard	50,648	6,242	56,890	57,296	407	100.7%	113.1%	52,802
Surplus/(Deficit) for the year	2,692	(1,685)	1,007	2,805	1,798	278.5%	104.2%	(923)

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Description	2013/2014							2012/2013
	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	6,448	--	6,448	--	(6,448)	-	-	54
Budget and Treasury	5,733	1,058	6,790	17,702	10,911	260.7%	308.8%	15,397
Corporate Services	7,869	418	8,287	6,419	(1,868)	77.5%	81.6%	5,055
Community and Social Services	--	--	--	--	--	--	--	--
Sport and Recreation	--	--	--	--	--	--	--	--
Public Safety	766	--	766	--	(766)	--	--	--
Road Transport	26,980	3,051	30,031	34,585	4,564	115.2%	128.2%	30,030
Health	2,580	31	2,610	371	(2,239)	14.2%	14.4%	239
Planning and development	2,232	--	2,232	1,014	(1,218)	45.4%	45.4%	1,104
Waste Water Management	--	--	--	--	--	--	--	--
Waste Management	--	--	--	--	--	--	--	--
Environmental Protection	--	--	--	--	--	--	--	--
Other	733	--	733	--	(733)	--	--	--
Example 14 - Vote14	--	--	--	--	--	--	--	--
Example 15 - Vote15	--	--	--	--	--	--	--	--
Total Revenue by Vote	53,340	4,557	57,896	60,101	2,204	103.8%	112.7%	51,879
Expenditure by Vote to be appropriated								
Executive and Council	5,760	902	6,662	5,863	(799)	88.0%	101.8%	5,054
Budget and Treasury	4,556	2,025	6,581	4,553	(2,027)	69.2%	99.9%	6,479
Corporate Services	7,427	42	7,468	8,013	545	107.3%	107.9%	8,670
Community and Social Services	--	--	--	--	--	0.0%	--	--
Planning and development	2,124	26	2,151	--	(2,151)	--	--	2,204
Public Safety	716	(8)	708	704	(3)	99.5%	98.4%	672
Road Transport	26,980	3,051	30,031	34,615	4,584	115.3%	128.3%	27,067
Health	2,366	180	2,546	2,356	(190)	92.5%	99.6%	2,639
Water	--	--	--	--	--	--	--	--
Waste Water Management	--	--	--	--	--	--	--	--
Waste Management	--	--	--	--	--	--	--	--
Environmental Protection	--	--	--	--	--	--	--	--
Other	718	24	742	--	(742)	--	--	18
Total Expenditure by Vote	50,648	6,242	56,899	56,105	(784)	98.6%	110.8%	52,802
Surplus/(Deficit) for the year	2,692	(1,685)	1,007	3,996	2,988	396.7%	148.4%	(923)

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
REVENUE AND EXPENDITURE

Description	2013/2014							2012/2013
	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			-		-			
Property rates - penalties & collection charges			-		-			
Service charges			-		-			
Rental of facilities and equipment	105	15	120	45	(75)	37.9%	43.3%	48
Interest earned - external investments	115	65	180	178	(2)	98.7%	154.5%	99
Interest earned - outstanding debtors			-		-			
Dividends received			-		-			
Fines			-		-			
Licences and permits	0	0	0	41	41	100.0%	100.0%	20
Agency services	3,348	79	3,427	3,053	(373)	89.1%	91.2%	2,893
Transfers recognised - operational	50,959	(27,725)	23,234	21,128	(2,106)	90.9%	41.5%	20,218
Other Income	(1,188)	32,123	30,936	35,655	4,719	115.3%	-3002.2%	28,601
Gains on disposal of PPE			-		-			
Total Revenue (excluding capital transfers and contributions)	53,340	4,557	57,896	60,101	2,204	1270.6%	112.7%	51,879
Expenditure By Type								
Employee related costs	9,505	364	10,169	7,940	(2,229)	78.1%	81.0%	6,880
Remuneration of councillors	3,160	(60)	3,100	2,978	(122)	96.1%	94.2%	3,214
Debt impairment			-	152	152	#DIV/0!	#DIV/0!	282
Depreciation and Amortisation	395	(8)	387	340	(47)	87.8%	86.1%	613
Finance charges	887	(382)	504	704	200	139.7%	79.5%	1,038
Bulk purchases			-	-	-	0.0%		
Other materials			-	-	-			
Contracted services	1,020	(1,020)	-	211	211	100.0%	20.7%	641
Transfers and grants			-	-	-			
General Expenses	35,381	7,348	42,729	44,916	2,187	105.1%	127.0%	38,050
Loss on disposal of Property, Plant and Equipment			-	54	54	100.0%	100.0%	87
Total Expenditure	50,648	6,242	56,889	57,296	406	911.4%	113.1%	52,802
Surplus/(Deficit)	2,692	(1,685)	1,007	2,805	1,798	278.5%	104.2%	(923)
Transfers recognised - capital			-		-			
Contributions recognised - capital			-		-			
Contributed assets			-		-			
Surplus/(Deficit) for the year	2,692	(1,685)	1,007	2,805	1,798	278.5%	104.2%	(923)

**APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Description	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.e. 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								
Multi-year expenditure								
Executive and Council			-	-	-	-	-	-
Budget and Treasury Office			-	-	-	-	-	-
Corporate Services			-	-	-	-	-	-
Community and Social Services			-	-	-	-	-	-
Sport and Recreation			-	-	-	-	-	-
Public Safety			-	-	-	-	-	-
Road Transport			-	-	-	-	-	-
Electricity			-	-	-	-	-	-
Water			-	-	-	-	-	-
Waste Water Management			-	-	-	-	-	-
Waste Management			-	-	-	-	-	-
Environmental Protection			-	-	-	-	-	-
Other			-	-	-	-	-	-
Example 14 - Vote14			-	-	-	-	-	-
Example 15 - Vote15			-	-	-	-	-	-
Capital multi-year expenditure	-	-	-	-	-	-	-	-
Single-year expenditure								
Executive and Council			-	-	-	-	-	-
Budget and Treasury Office			-	-	-	-	-	-
Corporate Services			-	-	-	-	-	-
Community and Social Services			-	-	-	-	-	-
Sport and Recreation			-	-	-	-	-	-
Public Safety			-	-	-	-	-	-
Road Transport			-	-	-	-	-	-
Electricity			-	-	-	-	-	-
Water			-	-	-	-	-	-
Waste Water Management			-	-	-	-	-	-
Waste Management			-	-	-	-	-	-
Environmental Protection			-	-	-	-	-	-
Other			-	-	-	-	-	-
Example 14 - Vote14			-	-	-	-	-	-
Example 15 - Vote15			-	-	-	-	-	-
Capital single-year expenditure	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote	-	-	-	-	-	-	-	-
Capital Expenditure - Standard								
Governance and administration	330	-	330	280	(50)	84.8%	84.8%	-
Executive and council			-	-	-	-	-	-
Budget and treasury office			-	-	-	-	-	-
Corporate services	330	-	330	280	(50)	84.8%	84.8%	-
Community and public safety	-	-	-	-	-	-	-	-
Community and social services			-	-	-	-	-	-
Sport and recreation			-	-	-	-	-	-
Public safety			-	-	-	-	-	-
Economic and environmental services	-	-	-	-	-	-	-	-
Road transport			-	-	-	-	-	-
Trading services	-	-	-	-	-	-	-	-
Electricity			-	-	-	-	-	-
Water			-	-	-	-	-	-
Waste water management			-	-	-	-	-	-
Waste management			-	-	-	-	-	-
Total Capital Expenditure - Standard	330	-	330	280	(50)	85%	85%	-
Funded by:								
National Government			-	-	-	-	-	-
Provincial Government			-	-	-	-	-	-
Other transfers and grants			-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-
Public contributions & donations			-	-	-	-	-	-
Borrowing			-	-	-	-	-	-
Internally generated funds	330	-	330	280	(50)	84.8%	84.8%	68
Total Capital Funding	330	-	330	280	(50)	85%	85%	68

APPENDIX E - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
CASH FLOWS

Description	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.e. 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
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts					-	-	-	
Ratepayers and other	4,215	28,781	32,995	40,570	7,575	18.7%	26.3%	26,384
Government - operating	48,936	(24,519)	24,418	20,644	(3,773)	-18.3%	15.4%	21,318
Government - capital	-	-	-	-	-	-	-	-
Interest	115	65	180	178	(2)	-1.3%	-3.7%	99
Dividends	-	-	-	-	-	-	-	-
Payments					-	-	-	
Suppliers and employees	(48,311)	(7,378)	(55,689)	(58,014)	(2,325)	4.0%	31.5%	(45,702)
Finance charges	(887)	(382)	(1,269)	(24)	1,245	-5152.4%	-325.5%	(34)
Transfers and Grants	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	4,068	(3,433)	635	3,354	2,719	81.1%	-79.2%	2,064
CASH FLOWS FROM INVESTING ACTIVITIES					-	-	-	
Receipts					5,439	-	100.0%	
Proceeds on disposal of PPE	-	-	-	46				156
Purchase of Property, Plant and Equipment	-	-	-	(378)				(68)
Decrease (increase) other non-current investments	-	-	-	(19)	(19)	100.0%	100.0%	-
Payments					-	-	-	
Capital assets	(330)	-	(330)	-	330	100.0%	100.0%	-
NET CASH FROM/(USED) INVESTING ACTIVITIES	(330)	-	(330)	(351)	(21)	6.0%	100.0%	88
CASH FLOWS FROM FINANCING ACTIVITIES					-	-	-	
Receipts					-	-	-	
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-
Payments					290	-	-	
Repayment of borrowing	(2)	-	(2)	(52)	(50)	96.2%	100.0%	(56)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(2)	-	(2)	(52)	(50)	96.2%	100.0%	(56)
NET INCREASE/ (DECREASE) IN CASH HELD	3,736	(3,433)	303	2,951	2,648	89.7%	-77.1%	2,095
Cash/cash equivalents at the year begin:	1,757	130	1,887	1,831	(56)	-3.1%	-43.0%	(264)
Cash/cash equivalents at the year end:	5,493	(4,223)	2,190	4,782	2,542	53.2%	-60.2%	1,831

Annexure B

Report of the Auditor General

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE CENTRAL KAROO DISTRICT MUNICIPALITY

REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Introduction

1. I have audited the consolidated and separate financial statements of the Central Karoo District Municipality and its subsidiary set out on pages 3 to 69, which comprise the consolidated and separate statement of financial position as at 30 June 2014, the consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets, and consolidated and separate cash flow statement and the consolidated and separate 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 consolidated and separate financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), 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, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of the consolidated and separate 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 consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the financial position of the Central Karoo District Municipality and its subsidiary as at 30 June 2014 and their 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 matter

7. I draw attention to the matters below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

8. As disclosed in note 29 to the consolidated and separate financial statements, the corresponding figures for 30 June 2013 have been restated as a result of errors discovered during 2013-14 in the financial statements of the Central Karoo District Municipality at, and for the year ended, 30 June 2013.

Additional matter

9. I draw attention to the matters below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

10. The supplementary information set out on pages 70 to 78 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

Central Karoo District Municipality

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the Central Karoo District Municipality for the year ended 30 June 2014:
 - Objective 1: To improve and maintain our roads and promote effective and safe transport for all on page 14.
 - Objective 4: To promote a safe, healthy environment and social viability of residents through the delivery of a responsible environmental health service on pages 18 to 19.
13. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
14. 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* (FMPPPI).

15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. The material findings in respect of the selected objectives are as follows:

Objective 1: To improve and maintain our roads and promote effective and safe transport for all

Usefulness of reported performance information

17. The FMPPPI requires the following:

- That the Performance indicators must be well defined by having a clear data definition so that data can be collected consistently and is easy to understand and use. A total of 67% of the indicators were not well defined. This was because management did not adhere to the requirements of the FMPPPI due to a lack of clear data definitions for the indicators

Reliability of reported performance information

18. I did not raise any material findings on the reliability of the reported performance information for the selected objective.

Objective 4: To promote a safe, healthy environment and social viability of residents through the delivery of a responsible environmental health service

19. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected objective.

Additional matters

20. I draw attention to the following matters. My conclusion is not modified further in respect of these matters:

Achievement of planned targets

21. Refer to the annual performance report on pages 14 to 21 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness of the reported performance information for the selected objective reported in paragraph 18 of this report.

Unaudited supplementary information

22. The supplementary information set out on pages 22 to 53 does not form part of the annual performance report and is presented as additional information. I have not audited this information and, accordingly, I do not report thereon.

Central Karoo Economic Development Agency SOC Ltd

23. I am unable to report on the usefulness and reliability of the reported performance information, as the annual performance report of the Central Karoo Economic Development Agency SOC Ltd was not prepared, as required by section 121(4)(d) of the MFMA for municipal entities

Compliance with legislation

24. 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:

Consolidated financial statements of the Central Karoo District Municipality

Consolidated annual financial statements

25. The consolidated 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 disclosure notes and corresponding figures identified by the auditors in the submitted consolidated financial statements were subsequently corrected, resulting in the consolidated financial statements receiving an unqualified audit opinion.

Central Karoo District Municipality

Annual financial statements

26. 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 disclosure notes and corresponding figures identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

27. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the Municipal Finance Management Act.

Asset management

28. Capital assets were disposed of without the approval of the council, as required by section 14(2)(a) of the MFMA.

Central Karoo Economic Development Agency SOC Ltd

Budgets

29. The 2013-14 annual budget was not approved by the board of directors before the start of the financial year, as required by section 87(4) of the MFMA.

Annual financial statements

30. 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 disclosure notes and corresponding figures identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

31. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 95(d) of the MFMA.

Companies Act

32. The annual return for the year 2013 was not filed with the Commissioner of the Companies and Intellectual Property Commission, as required by section 33 of the Companies Act and prescribed in Companies Regulations (30)1.

Internal audit

33. The internal audit unit did not function as required by section 165(2) of the MFMA, in that:

- it did not prepare a risk-based audit plan and an internal audit programme for the financial year under review
- it did not advise the accounting officer and/or report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management.

Internal control

34. 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 the annual performance report and the findings on compliance with legislation included in this report.

Leadership

35. The accounting officer does not exercise adequate oversight responsibility over reporting to ensure complete and accurate reporting on the consolidated and separate financial statements and over compliance with the relevant legislation, resulting in various instances of misstatements in the consolidated and separate financial statements and non-compliance being reported. In addition, an action plan was developed to address inadequacies identified in the previous audit, but this was not fully implemented or monitored.

Financial and performance management

36. Management did not adequately review the development and implementation of internal controls regarding financial and performance reporting, since material misstatements were identified in the consolidated and separate financial statements.

Governance

37. The risk assessment and oversight processes performed did not prevent repeat audit findings during the period resulting in misstatements and non-compliance with legislation recurring in the current year.

Auditor General

Cape Town

20 December 2014

