



CENTRAL KAROO DISTRICT MUNICIPALITY



Annual Report 2017-18

"Working together in development and growth"

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COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD

I. VISION

Central Karoo District Municipality adopted the vision "Working Together in Development and Growth", and to fulfil its vision and mission the following strategic objectives: -

- Facilitate good governance principles and effective stakeholder participation.
- Build a well capacitated workforce, skilled youth and communities.
- Improve and maintain district roads and promote safe road transport.
- Prevent and minimize the impact of possible disasters and improve public safety in the region.
- Promote safe, healthy and socially stable communities through the provision of a sustainable environmental health service.
- Promote regional, economic development, tourism and growth opportunities
- Deliver a sound and effective administrative and financial service to achieve sustainability and viability in the region.

A vision and mandate that will be executed by council that came into office August 2016. A Council that wants to serve its communities with excellence and pride by working together in an integrated, participative and collaborative manner with all local, provincial and national spheres of government.

II. KEY POLICY DOCUMENTS

During the period of review, the following set of policies have been reviewed, developed and approved by Council: -

- Credit Control Policy
- SCM Policy – delegations
- Virement Policy
- Cash Management and Investment Policy
- Borrowing Policy
- Funding and Reserve Policy – adjusted
- Asset Management Policy
- Risk Management Policy
- MFMA Delegations Register
- Anti -corruption and Fraud Prevention Policy
- Budget Policy
- Unforeseen and unavoidable expenditure Policy
- Tariffs Policy

- Whistle Blowing Policy
- Relief Fund Policy
- Infrastructure Procurement Policy
- Municipal Entities Policy
- Travel & Subsistence Policy
- Tools of Trade Policy
- Overtime Policy
- Recruitment and Selection Policy
- Annual Leave Policy
- Acting Policy
- Grants in Aid Policy

III. KEY SERVICE DELIVERY IMPROVEMENTS

Some of our key achievements for the 2017/18 financial year included:

- Awarding bursaries to underprivileged youth from various areas in the Central Karoo District.
- Roll out of the first phase of SMME development workshops
- Appointments of key personnel in vacant posts.
- Appointment of 8 in-service training students in the Corporate Services Department as well as 5 financial interns in the Finance Department in line with Council's policy.

IV. FUTURE ACTIONS

Council will continue to focus its time and attention on: -

- Implementation of measures to obtain a clean audit.
- Identification and implementation of mechanisms to ensure financial viability.
- Annual review of strategic plans and policies to align with its vision.
- Improving intergovernmental relations and structures
- Skills development to bridge the skills
- Shared Services Agreements with Local Municipalities to address the skills gaps / shortages
- Implement projects and programmes to promote economic growth, therefore addressing the unemployment in the district.

V. AGREEMENTS / PARTNERSHIPS

Although partnerships and agreements were formed with provincial and national government, room for improvement for partnerships with private sector exists and will be pursued in future.

VI. CONCLUSION

I want to conclude by saying that although we were faced with many challenges the past year, we worked hard to deliver excellent services to our communities.

Through hard work and unity, we are destined to become a region that embraces diversity, culture and sees opportunity in every challenge we face. A region that builds on its past with the promise of an even brighter future. A region with no limits, acting responsibly, where Government works for the people and the bar for efficient and effective governance is continually raised. A region with redress, innovation, creativity and transformation.

Lastly, I wish to thank all our officials and management for their hard work and dedication. The members of the Executive Mayoral Committee and Councillors for their support the past year.

CLLR. / DR. A. RABIE

EXECUTIVE MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.1 Municipal Manager's Overview

This 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 therefore to reflect on the performance of the Municipality in relation to its legislative and social obligations towards its constituency. This includes inter alia:

- providing basic services to 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.

It also contains the highlights of the programs and projects that were successfully delivered by the Central Karoo District Municipality.

The Integrated Development Plan (IDP) process is the mechanism used to stream line the goals and objectives of the municipality using available resources through programs and projects towards enhancing and improving lives and ensuring that the Municipality delivers on its constitutional and other obligations. Consultation and participation of communities and stakeholders is an exhaustive process. We were able to consult with specific sectors and municipalities to ensure that the IDP and the related budget and Service Delivery

and Budget Implementation Plan (SDBIP) is at least in line with the needs and the key performance areas of the institution.

Key areas of focus of our Municipality included:

- Basic service delivery
- Institutional development and transformation
- Local economic development
- Financial viability
- Good governance and public participation and
- Environment

The Municipality continued to maintain the effective operation of the following performance activities:

- The 2017/18 IDP included strategic objectives, strategies and key performance indicators (KPIs) as required by the Municipal Systems Act, 32 of 2000;
- The 2017/18 Budget for implementation of the IDP was approved within the prescribed timelines in terms of the MFMA, 56 of 2003. After approval of the budget, the SDBIP was developed to integrate the IDP and budget and to ensure effective implementation of the institutional strategies;
- Performance agreements with performance plans were developed, signed and approved by the Executive Mayor as required by the Municipal Performance Regulations, 2006;
- Quarterly performance reports with supporting evidence were prepared by managers directly reporting to the Municipal Manager (MM). These reports were used in the quarterly performance assessment;
- The Audit and Performance Audit Committee functioned optimally and in line with the committee's approved terms of reference;
- Annual assessments of the performance of Senior Managers directly reporting to the MM as well as the MM's performance are conducted by a duly constituted performance evaluation panel as required by the performance regulations;
- Through Shared Services in Internal Audit & Risk as well as Legal Services we continue to promote good governance with sound intergovernmental relations. Extension into ICT, Town & Regional planning and Fire Services is under investigation.

The year under review has been largely successful in most operational areas and I trust that the details in the annual report will support this assessment and reveal areas of weaknesses that require attention by the administration. I therefore submit the following specifics in the areas noted:

- The alignment of services to IDP indicators and council priorities.
- The operations of the CKDM are well aligned to the IDP in that there is a tight alignment with the priority areas as set out in the Growth and Development Strategy (GDS).

The CKDM did well to sustain an unqualified audit outcome and will continue to strive for a clean audit. We however still struggle to comply in the following areas:

- Adjustments in the Financial Statements
- Supply chain management
- Improved internal performance management processes on the collection and maintenance of source information as portfolio of evidence
- Contract management

Although it was only the 2nd year of the term of our current Council, they have accomplished much in stabilising the Council-Administrative interface. For that, I would like to give thanks and appreciation to their dedication and hard work.

I need to thank Department of Local Government, Provincial Treasury and other Provincial and National departments who continue to believe in us.

A big thank you goes to our hard-working staff component in the various departments that competently supported and assisted the Municipality in achieving these and other milestones. It should however not be forgotten that all these efforts are to ensure that we deliver on the promise of "Working Together in Development and Growth."

MR. S. JOOSTE

MUNICIPAL MANAGER

1.2 Municipal Overview

This report addresses the performance of the Central Karoo District Municipality (CKDM) 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 2017/18 Annual Report reflects on the performance of the Central Karoo District Municipality for the period 1 July 2017 to 30 June 2018. The report is prepared in terms of Section 121(1) of the MFMA, in which the Municipality must prepare an annual report for each financial year.

1.2.1 Vision and mission

The Municipality committed itself to the vision and mission of:

Vision:

"Working Together in Development and Growth"

Mission:

"Central Karoo a place where we envisage and ensure economic growth, social development and sustainability whilst maintaining its rural character, embracing and developing the diversity of its communities."

1.3 Municipal functions, population and environmental overview

1.3.1 Population

a) Population

The District has a total population of **74 247** according to Community survey 2016. The following table shows the overall population and the total number of households within each municipality in the District:

Municipality	Number of households	Total population
Beaufort West	14 935	51 080
Laingsburg	2 862	8 895
Prince Albert	4 183	14 272
Total	20 930 (21 980)	73 687 (74 247)

Table: Overview of the population in the District

b) Key economic activities

Agriculture forms the backbone of the District's economy and accounts for the largest labour force of the population to date. The District is dependent upon the following economic activities:

Sector	Contribution per sector			
	Central Karoo District	Beaufort West	Laingsburg	Prince Albert
	%	%	%	%
Agriculture, forestry and fishing	18.4	17.9	12.5	4.8
Mining and quarrying	0	0	0	0.2
Manufacturing	2.3	10.5	6.2	7.6
Electricity, gas and water	3.8	9.1	0	1.1
Construction	4.9	5.1	16.1	4.8

Contribution per sector				
Sector	Central Karoo District	Beaufort West	Laingsburg	Prince Albert
	%	%	%	%
Wholesale and retail trade, catering and accommodation	13.3	16.8	14.6	17.3
Transport, storage and communication	12.3	3.3	3	14.4
Finance, insurance, real estate and business services	13.4	19.9	30	25.7
Community, social and personal services	9.7	4.6	4.7	6.9
General government	21.9	12.6	12.9	17.1

Information sourced from Quantec Research, 2016

Table 1: Key economic activities

1.3.2 Socio economic information

a) Population by race category

The following table represents the population per race category for the District:

Race category	2011
African	9 045
Coloured	54 076
White	7 197
Indian	300
Other	394
Total	71 011

Table 2: Population by race

1.3.3 Demographic information

a) Municipal geographical information

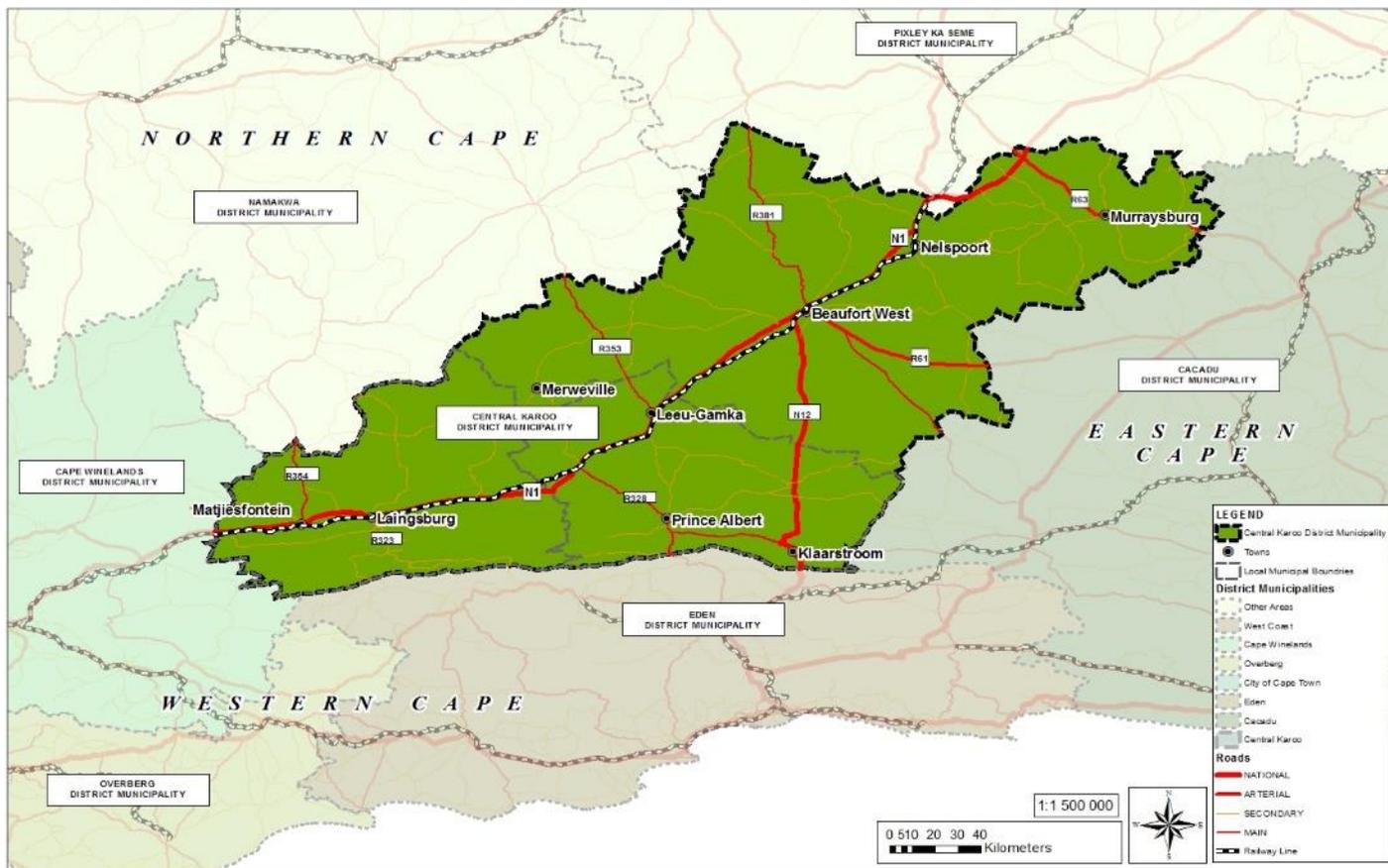
The Central Karoo District Municipality (CKDM) is one of the five Category C District municipalities in the Western Cape Province. The N1 (National road) runs through the District Municipal area, connecting the area to Cape Town (300km south west) and Johannesburg (1200km) towards the north east.

The CKDM covers a total area of 38 852km², making it the largest district municipality in the province. It includes the Beaufort West, Laingsburg and Prince Albert Municipalities.

The Eden District Municipality, Namakwa Local Municipality, the Cacadu District Municipality as well as the Pixley-ka-Seme District Municipality are all located on the boundaries of the Central Karoo District Municipality.

The District 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 Swartberg (Prince Albert) and Nieuvelid Mountains (Beaufort West).

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



AECOM **CENTRAL KAROO DISTRICT MUNICIPALITY: REGIONAL LOCALITY** **PLAN 1**
 Source: Demarcation B_EHPAT **OCTOBER 2013**

The District houses the following local municipalities:

Local municipality	Description
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 whom 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 cafés, hotels, bed and breakfasts, medical facilities, restaurants and all the other amenities and services found in larger towns
Laingsburg Municipality	Includes the historic settlement of Matjiesfontein. It is the smallest municipality (in terms of population) in the District and indeed in the whole of 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 road. Passing transport is one of the most important markets for Laingsburg. Laingsburg is characterized by rural agriculture, consisting mainly of sheep farming and the production of soft fruits, especially in the southern part of the municipal area. The potential for the latter is adversely affected by poor roads and long distances to major centres

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 Municipality, Laingsburg and the Eden District. Prince Albert Municipal area covers a total of 8 800 km ² with vast parts of these 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, Klaarstroom on the R329 and Leeu-Gamka on the N1. In recent years Prince Albert has seen the biggest economic growth in the region due to the demand in high-income property being bought especially by Europeans. It is known as a little town with Victorian and Karoo style architecture, art and décor shops, side walk coffee shops, the breathtakingly beautiful Swartberg Valley, Meiringspoort and the annual Olive Festival which attracts hundreds of tourists each year
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Table 3: Local Municipalities

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 (KPI's) required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the Municipal System Act (MSA). These key performance indicators are linked to the National Key Performance Area (KPA's):

Municipal Financial Viability and Management.

Indicator	2016/17	2017/18
Cost coverage (Available cash+ investments): Monthly fixed operating expenditure	0.52	1.19

Table 4: National KPI's for Municipal viability and management

1.4.2 National KPI's - Good governance and public participation

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

Indicators	2016/17	2017/18
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 (IDP)	16%	80%

Table 5: National KPI's - Good governance and public participation

1.4.3 Financial overview

The table below gives a financial overview of the budget and actual expenditure:

Details	2016/17	Original budget	Adjustment budget	Actual
		2017/18		
	R'000			
Income				
Grants	27 793	26 905	36566	31 714
Taxes, levies and tariffs	0	0	0	0
Other	42 138	46 372	45 756	49 978
Sub-total	69 931	73 277	82 322	81 692
Less expenditure	(68 771)	(71 783)	(80 632)	(81 742)
Net surplus/(deficit)	1 160	1494	1 690	(50)

Table 6: Financial overview

1.4.4 Operating ratios

The table below reflects the municipality's performance in terms of the operating ratios listed:

Detail	Expected norm	Actual	Variance
		%	
Employee cost (excluding remuneration of Councillors)	35	48	13
Repairs and maintenance	12	0	0
Finance charges and depreciation	18	0.1	0.1

Note: Repairs and maintenance on basic services are not applicable to the Municipality from the 2017/18 financial year

Table 7: Operating ratios

1.4.5 Total capital expenditure

The table below indicates the Municipality's capital expenditure for the past two financial years:

Detail	2016/17	2017/18
	R'000	
Original budget	230	1 155
Adjustment budget	1 562	1 495
Actual	1 056	1 201

Table 8: Total capital expenditure

1.5 Organisational Development Overview

1.5.1 Highlights: Municipal transformation and organisational development

The table below indicates the highlights achieved by the Municipality:

Highlight	Description
Bursaries to students	40 bursaries (R2000 per student) were provided to the youth in the District to assist with their registration at academic institutions
Appointments Finalised	Filled 27 vacancies which is much higher than 2016/17 when only 12 new appointments was finalised
In-service training	5 Students were assisted with in-service training during the 2017/18 financial year in terms of Council's policy.

Table 9: Highlights Municipal transformation and organisational development

1.5.2 Challenges: Municipal transformation and organisational development

The table below indicates the challenges faced by the Municipality:

Challenge	Action to address
Lack of funding hampering the complete implementation of the approved organisational structure in particular the Technical Services Department	Continuous discussions with Western Cape Department of Transport and Public Works regarding the filling of vacancies in terms of a phased-in approach
The implementation of an effective and efficient PMS system	The designation of a dedicated official only responsible for PMS without occupying any other dual functions

Table 10: Municipal transformation and organisation development

1.6 Auditor -General

The Auditor-General of South Africa has a constitutional mandate and, as the Supreme Audit Institution (SAI) of South Africa, exists to strengthen our country's democracy by enabling oversight, accountability and governance in the public sector through auditing, thereby building public confidence. In short, the Auditor-General checks the spending of public money by looking at whether it has been used ideally and for the purposes intended. This is done by annually checking all government spending.

The Auditor-General’s annual audit examines 3 areas:

- Fair presentation and absence of significant misstatements in financial statements
- Reliable and credible performance information for predetermined objectives
- Compliance with all laws and regulations governing financial matters.
- There can be 5 different outcomes to an audit, once the municipality has submitted their financial statements to the Auditor-General, which can be simply defined as follows:
 - **A clean audit:** The financial statements are free from material misstatements and there are no material findings on reporting on predetermined objectives or non-compliance with legislation.
 - **Unqualified audit with findings:** The financial statements contain material misstatements. Unless a clean audit outcome is expressed, findings will be raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.
 - **Qualified audit opinion:** The financial statements contain material misstatements in specific amounts, or there is insufficient evidence to conclude that specific amounts included in the financial statements are not materially misstated.
 - **Adverse audit opinion:** The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.
 - **Disclaimer of audit opinion:** Insufficient evidence was provided in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements.

CKDM’s continued participation in the MGRO engagements, initiated by Provincial Treasury, has ensured that its drive towards a clean audit is still on course. MGRO is a Municipal Governance and Review Outlook plan to monitor the performance of municipalities within certain focus areas to ensure clean administration within the Western Cape.

An Audit Action Committee was established to address the issues raised by the Auditor-General during the 2016/17 audit process. This ensured that controls and measures could be put in place to mitigate the identified matters.

1.6.1 Audited outcomes

The table below illustrates the audit outcomes for the past five (5) years for CKDM:

Year	2012/13	2013/14	2014/15	2016/17	2017/18
Status	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified

Table 11: Audit outcomes

CHAPTER 2: GOOD GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable, 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 responsive to the present and future needs of society.

2.1 Governance Structure

2.1.1 Political governance structure

Council performs legislative and executive functions as well as playing an oversight and participatory role. It also delegated its executive function to the Executive Mayor and the Mayoral Committee. The primary role of the Mayoral Committee is to assist and advise the Executive Mayor.

a) Council

The Council consists of 13 members, whom are representative of all the local municipalities in the District.

Please take note that during the financial year two (2) Councillors were withdrawn and replaced by others.

Below is a table that categorised the Councillors within their specific political parties and wards for the 2017/18 financial year:

Council members	Capacity	Political Party	Representation or proportional	Council meetings attendance	Council meetings non-attendance
				Number	Number
Cllr. N. Constable	Executive Mayor till 28.02.2018	KDF	Proportional	9	1
Cllr. M. Jaftha	Deputy Mayor	KGP	Ward Councillor	10	-
Cllr. I.J. Windvogel	Speaker/Full Time Councillor	KGP	Proportional	10	-
Cllr/Dr. A.L.Rabie	Full-Time Councillor – Executive Mayor from 13.04.2018	DA	Proportional	9	1
Cllr. D E Welgemoed /	Part-time Councillor – appointed 15.05.2018	DA	Ward Councillor		
Cllr. A.M. Slabbert	Part-time Councillor	DA	PR Councillor	9	1
Cllr. R.T. Hugo	Part-time Councillor / to Parliament on 02.09.2017	DA	Proportional	2	-
Cllr. S. Meyers	Part-time Councillor Appointed 06.12.2017	DA	Proportional	7	1
Cllr. R. Meyer	Part-time Councillor	DA	Proportional	9	1
Cllr. L. Potgieter	Part-time Councillor / appointed 08.03.2018 / resigned 11.06.2018	DA		3	1
Cllr. Q. Louw	Part-time Councillor	ANC	Proportional	8	2

Council members	Capacity	Political Party	Representation or proportional	Council meetings attendance	Council meetings non-attendance
				Number	Number
Cllr. K. Alexander	Part-time Councillor/ Resign between Sept/Dec 2017	DA	Ward Councillor	2	
Cllr. J. Botha	Part-time Councillor	ANC	Proportional	10	-
Cllr. S.M. Motsoane	Part-time Councillor	ANC	Ward Councillor	8	2
Cllr. H.T. Prince – inaugurated 31 March 2017	Part-time Councillor	ANC	Proportional	8	2
Cllr. B. Kleinbooi	Part-time Councillor / appoint 13.07.2017 – resign 08.03.2018 Appointed 11.06.2018	ANC	Proportional	5	1

Table 12: Councillors

Below is a table which indicates the Council meeting attendance for the 2017/18 financial year:

Meeting dates	Council meeting attendance	Apologies for non-attendance
10 August 2017	10	2 1 without an apology
30 August 2017	13	-
06 December 2017	12	-
15 January 2018	12	-
25 January 2018	12	-
28 February 2018	11	1
26 March 2018	7	5
05 April 2018	12	-
13 April 2018	9	1 2 without any apology
21 May 2018	12	-

Table 13: Council meeting attendance

b) Executive Mayoral Committee

The Executive Mayor of the municipality, Cllr. / Dr. A. Rabie, 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. The Executive Mayor has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, as delegated by Council, as well as the powers assigned by legislation. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

The name and portfolio of each member of the Mayoral Committee is listed in the table below for the period 1 July 2017 to 30 June 2018:

Name of member	Portfolio committee
A.L Rabie	Corporate & Financial Services
M. Japtha	Human Resources
A.L Rabie	Corporate & Financial Services/ Socio-Economic Development
R. Meyer	Training Committee / LLF

Table 14: Executive Mayoral Committee

c) Portfolio Committees

Portfolio 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 Mayoral Committee on policy matters and make recommendations to Council.

The portfolio committees for the 2017/18 mayoral term and their chairpersons are as follow:

i) Financial and Corporate Services Portfolio Committee

Name of member	Meeting dates
Cllr. N. Constable [Chairperson]till 28.02.2018	24 July 2017 16 October 2017 11 June 2018
Cllr. I.J. Windvogel	
Cllr/Dr. A.L. Rabie – chairperson from 13.04.2018	
Cllr. A.M. Slabbert	
Cllr. Q. Louw	
Cllr. S. Meyers	
Alderman T.H. Prince	

Table 15: Financial and Corporate Services Portfolio Committee

ii) Training Portfolio Committee

Name of member	Meeting dates
Cllr. R. Meyer – Chairperson from 23 April 2018	25 July 2017 20 November 2017 26 February 2018 23 April 2018 13 June 2018
Cllr. S. Meyers	
Cllr. A.M. Slabbert	
Cllr. Q. Louw	
Mr. B. Neethling [SAMWU union representative]	
Mr. L. Crafford [IMATU] union representative]	
Mr A Beardman [MATUSA union representative]	

Table 16: Training Portfolio Committee

iii) Municipal Services and Infrastructure Portfolio Committee

Name of member	Meeting dates
Cllr. I.J. Windvogel [Chairperson]	27 July 2017 28 September 2017 05 June 2018
Cllr. M. Jaftha	
Cllr. R. Meyer	
Cllr. B. Kleinbooi	
Cllr. J. Botha	

Table 17: Municipal Services and Infrastructure Portfolio Committee

iv) Human Resource Development Portfolio Committee

Name of member	Meeting dates
Cllr. M. Jaftha [Chairperson]	27 July 2017 29 September 2017 05 June 2018
Cllr. I.J. Windvogel	
Cllr. R.T. Hugo	
Cllr. K. Alexander	
Cllr. R. Meyer	
Cllr. S. Meyers	

Name of member	Meeting dates
Cllr. S.M. Motsoane	

Table 18: Human Resource Development Portfolio Committee

v) Socio Economic Development Portfolio Committee

Name of member	Meeting dates
Cllr/Dr. A.L. Rabie [Chairperson]	24 July 2017 27 September 2017 26 February 2018 11 June 2018
Cllr. K. Alexander	
Cllr. R.T. Hugo	
Cllr. R. Meyer	
Cllr. J. Botha	
Cllr. B. Kleinbooi	

Table 19: Socio Economic Development Portfolio Committee

2.1.2 Administrative governance structure

The administrative structure is outlined in the table below:

Name of official	Department	Performance agreement signed
		(Yes/No)
Mr. S. Jooste	Municipal Manager	Yes
Mr. J. Theron	Director: Technical Services (Retired January 2018)	Yes
Mr. A. Koopman	Senior Manager: Roads and Infrastructure	No
Mr. J. Jonkers	Senior Manager: Corporate Services Appointed (5 year fixed contract): Starting 01 March 2017	Yes
Ms. U. Baartman	Senior Manager: Financial Services Appointed (5 year fixed contract): Appointed (5 year fixed contract) : Starting 01 March 2017	Yes

Table 20: Administrative governance structure

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.2 Intergovernmental Relations

2.2.1 Provincial Intergovernmental Structures

In terms of the Constitution of South Africa, all spheres of government and organs of state within each sphere must co-operate with one another in mutual trust and good faith fostering friendly relations.

They must:

- Assist and support one another;
- Inform and consult one another on matters of common interest;
- Coordinate their actions;
- Adhere to agreed procedures; and
- Avoid legal proceedings against one another

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

Name of structure	Members	Dates of meetings	Outcomes of engagements/topics discussed
District Coordinating Forum (DCF)	Executive Mayors, Municipal Managers, various sector departments (as per invite)	03 August 2017 16 November 2017	MSCOA
			Cost containment
			Clean Audit
			Shared Services
			Revenue Enhancement
District Public Participation and Communication Forum	Local municipalities, various sector department (as per invite)	02 August 2017 06 November 2017	Ward committee establishment and capacitation
			IDP Representative and Public Participation and Communication Forum terms of Reference
			The state of local municipalities' IDP Forums
			Status and challenges of ward committee establishment
			Thusong Services strategic approach

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the MSA 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 Municipality. Such participation is required in terms of:

- The preparation, implementation and review of the IDP;
- Establishment, implementation and review of the performance management system;
- Monitoring and review of performance, including the outcomes and impact of such performance; and
- Preparation of the municipal budget.

2.3 Representative forums

The tables below specify the members of the representative forums for the 2017/18 financial year:

2.3.1 Labour Forum

Name of representative	Capacity	Meeting dates
Cllr/Dr. A.L. Rabie [Chairperson]	Chairperson	25 July 2017 26 September 2017 06 February 2018 04 May 2018 13 June 2018 25 June 2018
Cllr. R. Meyer – chairperson from 04 May 2018	Member	
Cllr. R.T. Hugo	Member	
Cllr. A.M. Slabbert	Member	
Cllr. S.M. Motsoane	Member	
B. Neethling	SAMWU representative	
L. Crafford	IMATU representative	
D. Maans	Labour Relations Officer	
Alderman T.H. Prince		
Cllr. S. Meyers		
Cllr. M. Jaftha		
G. van Zyl	Manager: Human Resources	

Table 21: Labour Forum

2.3.2 District Coordinating Forum

Name of representative/organisation presenting	Capacity	Meeting dates
Cllr. N. Constable	Executive Mayor: CKDM	03 August 2017 16 November 2017
Cllr. A. Marthinus	Executive Mayor: Laingsburg Municipality	
Cllr. J. Van der Linde	Executive Mayor: Beaufort West Municipality	
Cllr. G. Lottering	Executive Mayor: Prince Albert Municipality	
Mr. S. Jooste	Municipal Manager: CKDM	
Mr. K. Haarhoff (Acting)	Municipal Manager: Beaufort West Municipality	
Mr. S. Pieterse	Municipal Manager: Laingsburg Municipality	

Table 22: District Coordinating Forum

COMPONENT D: GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. It also includes the relationships amongst the stakeholders involved.

2.4 Risk Management

The Municipality has a Risk Management Policy as approved by Council on 25 May 2017. The Risk Management Implementation Plan is reviewed annually by the Risk Management Committee and submitted to the Municipal Manager for approval.

The risk management function is facilitated internally by 1 staff member with the assistance of a service provider to ensure the following functions are performed:

- Assisting management to develop the Risk Management Policy, Strategy and Implementation Plan
- Coordinating risk management activities
- Facilitating the identification and assessment of risks
- Recommendation of risk responses to management

- Developing and disseminating risk reports

2.4.1 Risk assessment process

Risk assessments are performed regularly where risks are reviewed, identified and categorized into the following groups:

- Operational risks
- Strategic risks
- Fraud risks

Risk ratings identified are classified into high, medium and low. The risk ratings are determined by a 10 X 10 risk matrix scale. The following tables illustrates the municipality's appetite for risk through the determination of their impact and likelihood.

Likelihood		
Score	Grading	Description
10	Certain	Adverse event/opportunity will definitely occur
9	Almost Certain	There is little doubt that the event will occur. History of occurrence internally and/or at similar institutions
8	Probable	Highly likely that adverse event/opportunity will occur
7	Expected	The adverse event/opportunity can be expected to occur
6	Possible	It is more likely that adverse event/opportunity will occur than not
5	Potential	There is a 50% probability of occurrence
4	Occasional	Unlikely, but can reasonably be expected to occur
3	Remote	Unlikely, but there is a slight possibility that the event will occur
1-2	Improbable	Highly unlikely that adverse event/opportunity will occur

Table 23: Risk likelihood

Impact		
Score	Grading	Description
10	Catastrophic	Critical event resulting in immediate Council intervention. Long-term cessation of core organisational activities.
9	Critical	Major financial, operational and/or reputational loss for the municipality. Issues that should be addressed on Council level.
8	Severe/major	Critical event resulting in intervention of executive management. Probable long-term cessation of core business activity – material at organisation level – requires Audit Committee involvement.
7	Significant	Significant long-term impact to business – requires attention of directors / department managers.
6	Moderate	Reduced ability to achieve business objectives – requires executive management intervention. Short and medium term disruption of services.
5	Marginal	Disruption of normal operations with a limited effect on achievement of the municipality's strategy and objectives. Minor financial losses, e.g. petty theft.
4	Immaterial	No material impact on achievement of the municipality's strategy and objectives. Irritation in rendering or receiving service.
3	Minor	Event will be coped with in short term through normal management processes.
2	Insignificant	Impact of adverse event is minimal.
1	Negligible	Impact of adverse event has little (if any) impact on business.

Table 24: Risk impact

2.4.2 Top strategic risks of the Municipality

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

After the residual risks have been determined it will be categorized again according to high, medium and low risks. Management determines which of the residual risk require further actions to mitigate the risks identified.

The top risks of the Municipality as per the risk register:

	Risk	Control Effectiveness (for risks within Municipality's control)	Residual Risk	Responsible Person	Existing Controls in Place	Status
1	Training not prioritised on strategic level hampering development and motivation of work staff - Lack of learning culture within organisation - Training of technical department not prioritised within organisation - Senior Roads foreman not even on NQF 4 level - Insufficient training programs & lack of career planning	0,8	64,8	Department Heads	Skills Development Facilitator (SDF), Training Coordinator appointed	Ongoing
2	Protocol lines not followed when orders to lower level sub-ordinates are given	0,8	64,8	Municipal Manager	None	Ongoing
3	Ineffective delegation of authorities to senior road foremen (only directors can approve orders)	0,8	64,8	Director Technical Services	None	Ongoing
4	Staff capacity concerns in department	0,8	64,0	Senior Manager: Corporate Services		Ongoing
5	Lack of capacity of B Municipalities to perform Disaster Management Functions (e.g. fire services)	0,8	64,0	Senior Manager: Corporate Services		Ongoing
6	Inadequate safe filing space	0,8	57,6	Senior Manager: Corporate Services		Ongoing
7	Lack of buy-in and/or participation by B Municipalities in the District IGR structures	0,8	57,6	Municipal Manager		Ongoing
8	Lack of buy-in and/or participation by B Municipalities in the District Shared Services (specific legal shared services)	0,8	57,6	Municipal Manager		Ongoing
9	Excessive work overload - Only one employee in records department	0,8	57,6	Senior Manager: Corporate Services		Ongoing
10	Cumbersome and lengthy process for LGSETA funding to be approved	0,8	57,6	Senior Manager: Corporate Services		Ongoing
11	Inadequate funding for implementation of IDP	0,8	57,6	IDP Coordinator	Internal IDP & Budget Steering Committee Meetings	Ongoing
12	Lack of LED strategy, structures, budget and capacity hampers effective implementation of LED initiatives	0,8	57,6	LED Officer	Appointed LED Officer	Planning Phase
13	Focus on WFW project only, to the detriment of the implementation of all other projects in the IDP	0,8	57,6	Project Officer		
14	Lack of capacity in project management unit resulting missed opportunities (e.g. administration fees on projects not materialised), to the detriment of financial sustainability in the long run	0,8	57,6	Project Officer	Manager Strategic Support Services providing a mentoring role	Training did not materialised

	Risk	Control Effectiveness (for risks within Municipality's control)	Residual Risk	Responsible Person	Existing Controls in Place	Status
15	Insufficient segregation of duties resulting in errors / fraudulent activities not timeously identified and followed-up	0,8	57,6	Project Officer	Manager Strategic Support Services providing a mentoring role	Training did not materialised
16	Unavailability of material resources (e.g. borrow pits)	0,8	57,6	Director: Technical Services		Training did not materialise
17	Insufficient budget control	0,6	54,0	Senior Manager: Financial Services	Budget reports are distributed monthly	Ongoing
18	Impact of drought on region	0,6	54,0	Senior Manager: Financial Services	Budget reports are scrutinised monthly	Ongoing
19	Incorrect reporting and alignment with mSCOA	0,8	51,2	Senior Manager: Financial Services	Budget reports are scrutinised monthly	Ongoing
20	Lack of dedicated tourism official (position on organogram not funded)	0,8	50,4	Manager: Strategic Support Services (Interim)	None	Not filled
21	No funding for marketing and development for tourism in the region	0,8	50,4	Manager: Strategic Support Services (Interim)	None	Ongoing
22	Incorrect SCM process being followed due to inadequate planning	0,7	50,4	Director Technical Services	None	

Table 25: Risk register

2.4.3 Risk Management Committee

The Risk Management Committee is guided by a charter which is in compliance with the Local Government: MFMA, 2003 (Act No. 56 of 2003) and has the following duties:

- Identification and assessment of departmental risks
- Receive feedback on progress with the risk registers at a strategic and operational level
- Provide feedback on establishing a common understanding of risk management
- Monitor progress with the updating of risk registers
- Review and monitor enterprise risk management processes and outputs regularly
- Review the risk management Policy, strategy and implementation plan
- Guide the development and implementation of enterprise risk management
- Bring critical risks to the attention of all who contribute to more informed decision-making

Our Risk Management Committee consists of the following members:

Name of committee member	Capacity	Meeting dates
S. Jooste	Chairperson	20 September 2017 14 March 2018
J. Jonkers	Member	
U. Baartman	Member	
K. Theron / A. Koopman	Member	
Ms. A. Matthee	Member of AC & External member	

Table 26: Risk Management Committee

2.5 Anti-Corruption and Fraud

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, Section 112(1) (m) (i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

a) Developed strategies

The table below indicates the strategies developed to ensure that good governance and compliance is adhered to within the Municipality:

Name of strategy	Developed Yes/No	Date adopted
Anti-Corruption Strategy	Yes	25 May 2017
Fraud Prevention Strategy	Yes	25 May 2017

Table 27: Strategies

2.6 Audit and Performance Committee

2.6.1 Functions of the Audit and Performance Audit Committee (APAC)

The APAC 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 Council on all matters related to compliance and effective governance
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, Division of Revenue Act (DoRA) and other applicable legislation
- Respond to Council on any issues raised by the Auditor-General in the audit report
- Carry out investigations into the financial affairs of the municipality as Council may request
- Review the quarterly reports submitted by internal audit
- Evaluate audit reports pertaining to financial, administrative and technical systems
- Evaluate the compliance to existing policies and relevant legislation
- Review the performance management system and make recommendations in this regard to Council
- Assess whether the performance indicators are sufficient
- Determine possible reasons for discrepancies between performance and targets
- Identify major risks to which Council is exposed and determine the extent to which risks have been minimized
- To review the annual report of the municipality
- Investigating cases of fraud, misbehaviour and conflict of interest involving employees
- Review the plans of internal audit and, in doing so, ensure that the plan addresses the high-risk areas and ensure that adequate resources are available
- Review audit results and action plans implemented by management
- Provide support to internal audit
- Ensure that no restrictions or limitations are placed on internal audit

2.6.2 Members of the APAC

Members appointed from April 2018 to March 2021:

Name	Position	Period
MF Pike	Chairperson	13 April 2018 - 30 June 2018
N Gabada	Member	13 April 2018 - 30 June 2018
Y Duimpies	Member	13 April 2018 - 30 June 2018

Members whose terms of appointment ended in March 2018:

Name	Position	Period
A Hooker	Chairperson	1 July 2017 - 31 March 2018
N Verdoes	Member	1 July 2017 - 31 March 2018
T Hawker	Member	1 July 2017 - 31 March 2018
A Matthee	Member	1 July 2017 - 31 March 2018

Table 28: Members of the APAC

2.7 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.

2.7.1 Audits completed

The table below provides detail on audits completed:

Audit engagement	Department	Number of hours	Date completed
Grants	Finance	160	10-Aug-17
Payroll	Finance	140	14-Aug-17
EPWP Investigation	Finance	200	29-Aug-17
Internal Audit Review-Working for Water/Doringveld Project	Strategic	200	13-Sep-17
Performance Management Quarter 2	Strategic	100	03-Oct-17
Performance Management Quarter 1	Strategic	100	17-Jan-18
Performance Management Quarter 3	Strategic	100	25-Apr-18
Performance Management Quarter 4	Strategic	100	24-Jun-18
Grants	Finance	160	29-Jun-18
Total hours		1260	

Table 29: Audits completed

2.8 By-laws and policies

Section 11 of the MSA gives Council the executive and legislative authority to implement by-laws and policies. No by-laws were developed or revised during the current financial year.

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

Policies developed/revised	Date adopted	Public participation conducted prior to adoption of policy Yes/No
Credit Control And Debt Collection Policy	25 May 2017	N/A
Supply Chain Management Policy	25 May 2017	N/A
Virement Policy	25 May 2017	N/A
Cash Management And Investment Policy	25 May 2017	N/A
Borrowing Policy	25 May 2017	N/A
Funding And Reserve Policy	25 May 2017	N/A
Asset Management Policy	25 May 2017	N/A
Risk Management Policy	25 May 2017	N/A
Anti-Corruption And Fraud Prevention Policy	25 May 2017	N/A
Budget Policy	25 May 2017	N/A
Unforeseen and Unavoidable Expenditure Policy	25 May 2017	N/A
Tariff Policy	25 May 2017	N/A
Whistle Blowing Policy	25 May 2017	N/A
The Relief Fund Policy	25 May 2017	N/A
Infrastructure Procurement Policy	25 May 2017	N/A

Policies developed/ revised	Date adopted	Public participation conducted prior to adoption of policy Yes/No
Municipal Entities Policy	25 May 2017	N/A
Travel And Subsistence Policy – implementation to be delayed for further discussion with the unions, policy will be re-submitted to Council should any changes flow from union inputs	25 May 2017	N/A
Tools Of Trade Policy	25 May 2017	N/A
Overtime Policy	25 May 2017	N/A
Recruitment And Selection Policy	25 May 2017	N/A
Annual Leave	25 May 2017	N/A
Acting Policy	25 May 2017	N/A
Grants In Aid Policy	25 May 2017	N/A

Table 30: Policies developed

2.9 Communication

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. Below is a communication checklist of the compliance to communication requirements:

Communication activities	Yes/No	Date approved/completed
Communication Strategy	Yes	2008
Communication Policy	No	n/a
Functional complaint management systems	No	n/a
Customer satisfaction surveys		

Table 31: Communication activities

Communication Unit:

Communication Unit	Yes/No	Number of people in the unit	Job titles
	Yes	1	Legal and Executive Support Officer

Table 32: Communication unit

Additional communication channels utilised:

Channel	Yes/No	Number of people reached
SMS system	Yes (internally)	17 (Councillors and head of departments)
Local Radio (Radio Gamkaland)	Yes	100 000
Local newspaper (Courier)	Yes	9800

Table 33: Communication channels utilised

2.10 Website

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of Section 75 of the MFMA and Section 21A and B of the MSA as amended. The table below gives an indication about the information and documents that are published on our website.

Description of information and/or document	Yes/No
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
Full council details	Yes
Contact details of the Municipal Manager	Yes

Description of information and/or document	Yes/No
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
Contact details of the Chief Financial Officer (CFO)	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
Financial information (Sections 53, 75, 79 and 81(1) of the MFMA)	
Draft budget 2017/18	Yes
Adjusted budget 2017/18	Yes
Asset Management Policy	Yes
Investment and Cash Management Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
SDBIP 2017/18	Yes
Delegations	Yes
Reviewed IDP for 2017/18	Yes
Reports (Sections 52(d), 71, 72 and 75(1)(c) and 129(3) of the MFMA)	
Annual Report of 2016/17	Yes
Mid-year budget and performance assessment	Yes
Monthly budget statement	Yes
Quarterly reports	Yes
Performance management (Section 75(1)(d) of the MFMA)	
Performance agreements for employees appointed as per S57 of MSA	Yes
Municipal finance management internship program (Schedule 5B Vote 10(b) of the division of Revenue Act)	
Internship Program Policy	No

Table 34: Website checklist

CHAPTER 3

3.1 SERVICE DELIVERY PERFORMANCE OVERVIEW 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.

3.1.1 Legislative requirements

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

- the promotion of efficient, economic and effective use of resources,
- accountable public administration
- to be transparent by providing information,

- to be responsive to the needs of the community, and
- to facilitate a culture of public service and accountability amongst staff.

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

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

In terms of section 46(1)(a) of the systems Act (Act 32 of 2000) 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 the performance of the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

3.1.2 Organisational performance

Strategic performance indicates how well the municipality is meeting its objectives and whether policies and processes are working effectively. All government institutions must measure and report on their strategic performance to ensure that service delivery is done in an efficient, effective and economical manner. Municipalities must therefore develop strategic plans and allocate resources for the implementation. The implementation of the plans 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 as prescribed in terms of section 43 of the Municipal Systems Act, 2000.

3.1.3 Performance Management System used in the financial year 2017/18

The municipality continues to implement performance in terms of the performance management framework that was approved by Council in September 2011.

a) The IDP and the Budget

The IDP and the main budget for 2017/18 was approved by Council on 25 May 2017. As the IDP process and the performance management process are integrated, the IDP fulfils the planning stage of performance management whilst performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

In terms of the performance management framework, the Mayor approved the Top Layer Service Delivery Budget Implementation Plan (SDBIP) on 08 June 2017. The Top layer SDBIP indicators are aligned with the budget which was prepared in terms of the reviewed IDP. The indicators in the Top layer SDBIP include indicators required by legislation, indicators that will assist to achieve the objectives adopted in the IDP and indicators that measure service delivery responsibilities.

The actual performance achieved in terms of the KPI's was reported on quarterly.

b) 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.

c) Monitoring of the Service Delivery Budget Implementation Plan

Municipal performance was measured as follows:

- Quarterly reports were submitted to council on the actual performance in terms of the Top Layer SDBIP.
- Mid-year assessment and submission of the mid-year report to the Mayor in terms of section of Section 72(1) (a) and 52(d) of the Local Government Municipal Finance Management Act to assess the performance of the municipality during the first half of the financial year.

PERFORMANCE REPORT PART I

This section provides an overview of the key service achievements of the Central Karoo District Municipality that was reached during 2017/18 with regard to the deliverables achieved against the strategic objectives as captured within the IDP.

3.2 Strategic Service Delivery Budget Implementation Plan

The Top Layer SDBIP assists with documenting and monitoring of the municipality's strategic plan and shows the strategic alignment between the IDP, Budget and Performance plans.

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP KPI's applicable to 2017/18 in terms of the IDP strategic objectives.

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

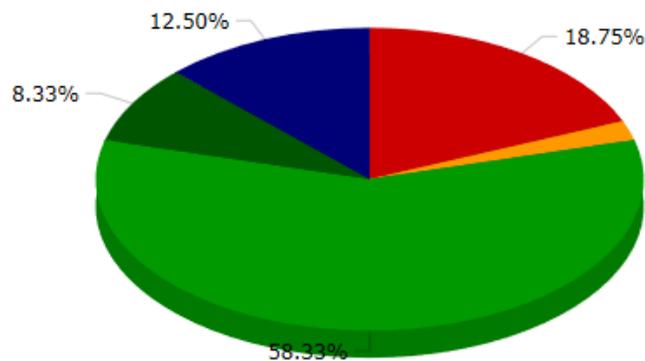
Category		Colour Explanation
KPI Not Yet Measured	n/a	KPI's with no targets or actuals in the selected period
KPI Not Met	R	0% > = Actual/Target < 75%
KPI Almost Met	O	75% > = Actual/Target < 100%
KPI Met	G	Actual/Target = 100%
KPI Well Met	G2	100% > Actual/Target < 150%
KPI Extremely Well Met	B	Actual/Target > = 150%

Figure 1: SDBIP measurement criteria

3.2.1 Overall Performance as per Top Layer SDBIP

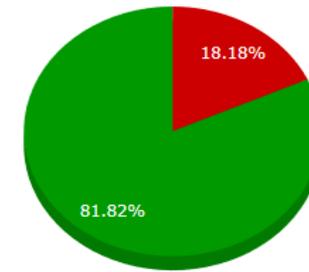
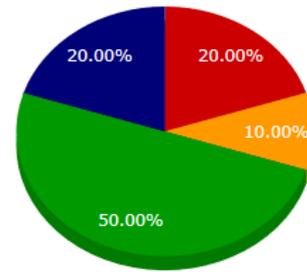
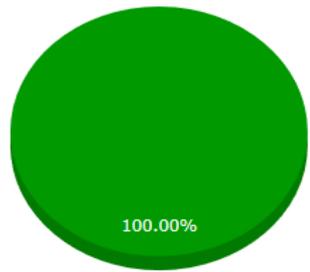
The overall performance results achieved by the Municipality in terms of the Top Layer SDBIP are indicated in the tables and graphs below:

Central Karoo District Municipality



■ KPI Not Met	<u>9 (18.75%)</u>
■ KPI Almost Met	<u>1 (2.08%)</u>
■ KPI Met	<u>28 (58.33%)</u>
■ KPI Well Met	<u>4 (8.33%)</u>
■ KPI Extremely Well Met	<u>6 (12.50%)</u>
Total:	48 (100%)

Figure 1: Overall Performance



KPI Not Met	-
KPI Almost Met	-
KPI Met	<u>4 (100.00%)</u>
KPI Well Met	-
KPI Extremely Well Met	-

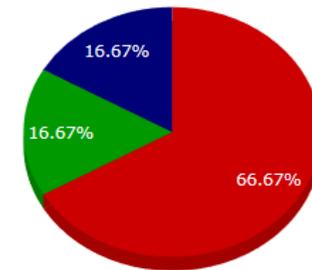
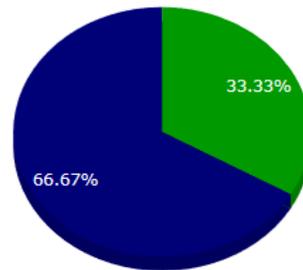
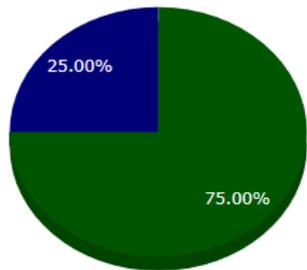
KPI Not Met	<u>2 (20.00%)</u>
KPI Almost Met	<u>1 (10.00%)</u>
KPI Met	<u>5 (50.00%)</u>
KPI Well Met	-
KPI Extremely Well Met	<u>2 (20.00%)</u>

KPI Not Met	<u>2 (18.18%)</u>
KPI Almost Met	-
KPI Met	<u>9 (81.82%)</u>
KPI Well Met	-
KPI Extremely Well Met	-

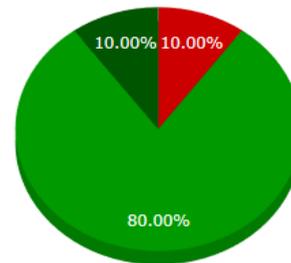
Improve and maintain district roads and promote safe roads transport

Prevent and minimize the impact of possible disasters and improve public safety in the region

Promote regional, economic development, tourism and growth opportunities



Promote safe, healthy and socially stable communities through the provision of a sustainable environmental health service



KPI Not Met	<u>1 (10.00%)</u>
KPI Almost Met	-
KPI Met	<u>8 (80.00%)</u>
KPI Well Met	<u>1 (10.00%)</u>
KPI Extremely Well Met	-

Figure 2: Overall Performance per Strategic Objective

3.2.2 Actual performance as per Top Layer SDBIP according to strategic objectives

Strategic Objective: 1: Build a well capacitated workforce, skilled youth and communities

Ref	KPI	Source of Evidence	Previous Year Performance	Quarter 1				Quarter 2				Quarter 3				Quarter 4				Overall Performance for July 2017 to June 2018		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R
TL17	Spend 1% of the municipality's personnel budget on implementing its Workplace Skills Plan by 30 June 2018 [(Total Actual Training Expenditure/ Total personnel Budget) x100]	Report generated from the financial system	4.86%	0%	0%	N/A		0%	0%	N/A		0%	0%	N/A		1%	1%	G		1%	1%	G
TL18	Limit the vacancy rate to 10% of budgeted post as at 30 June 2018	Annual Financial Statements and calculation sheet	10%	0%	0%	N/A		10%	0%	B		0%	0%	N/A		10%	10%	G		10%	10%	G
TL19	Review the Workplace Skills Plan and submit to LGSETA by 30 April 2018	Proof of submission	New KPI	0	0	N/A		0	0	N/A		0	0	N/A		1	1	G		1	1	G
TL20	The number of people from the employment equity target groups employed (appointed) in the three highest levels of management in compliance with the municipality's approved Equity Plan as at 30 June 2018	Excel spread sheet - File Name: Personnel	1	0	0	N/A		0	0	N/A		0	0	N/A		1	1	G		1	1	G

Table 1: Build a well capacitated workforce, skilled youth and communities

Strategic Objective 2: Deliver a sound and effective administrative and financial service to achieve sustainability and viability in the region

Ref	KPI	Source of Evidence	Previous Year Performance	Quarter 1				Quarter 2				Quarter 3				Quarter 4				Overall Performance for July 2017 to June 2018		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R
TL7	Review 10 budget related policies and submit to Council for approval by 31 March 2018	Agenda of the Council meeting	New KPI	0	0	N/A		0	0	N/A		10	12	G2		0	15	B		10	27	B
TL8	Review and submit the MFMA delegation register to Council for approval by 31 May 2018	Agenda of the Council meeting	New KPI	0	0	N/A		0	0	N/A		0	0	N/A		1	1	G		1	1	G
TL9	Compile a long term Financial Plan / Strategy and submit to Council for approval by 31 May 2018	Agenda of the Council meeting	New KPI	0	0	N/A		0	0	N/A		0	0	N/A		1	1	G		1	1	G
TL10	Compile and submit the financial statements to the Auditor-General by 31 August 2017	Acknowledgement of receipt	1	1	1	G		0	0	N/A		0	0	N/A		0	0	N/A		1	1	G
TL11	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2018 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	Annual Financial Statements and calculation sheet	0.72%	0%	0%	N/A		0%	0%	N/A		0%	0%	N/A		32%	0%	B		32%	0%	B
TL12	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2018 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Annual Financial Statements and calculation sheet	0.14%	0	0	N/A		0	0	N/A		0	0	N/A		1	0,83	O		1	0,83	O

Ref	KPI	Source of Evidence	Previous Year Performance	Quarter 1				Quarter 2				Quarter 3				Quarter 4				Overall Performance for July 2017 to June 2018		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R
TL13	Spend 90% of the municipal capital budget on capital projects by 30 June 2018 {(Actual amount spent on projects/Total amount budgeted for capital projects) X100}	Report generated from the financial system	New KPI	25%	0.28%	R		40%	5.08%	R		60%	0%	R		90%	80%	O		90%	80%	O
TL14	Develop a Revenue Enhancement Strategy and submit to Council for consideration by 30 June 2018	Agenda of the Council meeting	New KPI	0	0	N/A		0	0	N/A		0	0	N/A		1	0	R	Revenue enhancement strategy to be developed based on research conducted by PT by 31 December 2018	1	0	R
TL15	Review the organisational structure and submit to Council for approval by 31 March 2018	Agenda of the Council meeting	New KPI	0	0	N/A		0	0	N/A		1	0	R	Will table to Council before 30 June 2018	0	1	B		1	1	G
TL16	Establish a centralised Supply Chain Management Unit by 31 August 2017	SOP, Memorandum submitted to Mayoral Committee	New KPI	1	1	G		0	0	N/A		0	0	N/A		0	0	N/A		1	1	G

Table 2: Deliver a sound and effective administrative and financial service to achieve sustainability and viability in the region

Strategic Objectives 3: Facilitate good governance principles and effective stakeholder participation

Ref	KPI	Source of Evidence	Previous Year Performance	Quarter 1				Quarter 2				Quarter 3				Quarter 4				Overall Performance for July 2017 to June 2018		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R
TL1	Hold quarterly Risk, Internal Audit and Legal District Shared Services meetings with local municipalities during the 2017/18 financial year	Attendance register, invitations	New KPI	1	0	R		1	1	G		1	0	R	Schedule meetings to establish Gov. Structure to manage SS by 15 September	1	1	G		4	2	R
TL2	Review and submit the Spatial Development Framework to Council for approval by 30 June 2018	Agenda of the Council meeting	New KPI	0	0	N/A		0	0	N/A		0	0	N/A		1	0	R	Fast track development towards end of Sept to present to Council	1	0	R
TL4	Review 10 corporate and HR policies and submit to Council for approval by 30 June 2018	Agenda of the Council meeting	New KPI	0	0	N/A		0	0	N/A		0	0	N/A		10	10	G		10	10	G
TL5	Review and submit the delegation register to Council for approval by 30 June 2018	Agenda of the Council meeting	New KPI	0	0	N/A		0	0	N/A		0	0	N/A		1	1	G		1	1	G
TL6	Table the draft Annual Report in Council by 31 January 2018	Agenda of the Council meeting	1	0	0	N/A		0	0	N/A		1	1	G		0	0	N/A		1	1	G
TL21	Review and submit the IDP Budget Process Plan to Council for approval by 31 August 2017	Agenda of the Council meeting	1	1	1	G		0	0	N/A		0	0	N/A		0	0	N/A		1	1	G
TL22	Revise the Risk Based Audit Plan (RBAP) and submit to the Audit Committee for approval by 30 June 2018	Minutes of the Audit Committee meeting	1	0	0	N/A		0	0	N/A		0	0	N/A		1	1	G		1	1	G
TL23	Complete 70% of audits as per the RBAP by 30 June 2018 [(Audits completed for the year/audits planned for the year according to the RBAP) x100]	RBAP, Quarterly progress reports and minutes of the Audit Committee	68.75%	0%	0%	N/A		0%	0%	N/A		0%	0%	N/A		70%	70%	G		70%	70%	G
TL51	Implement phase 1 of the upgrade of records and archives section by 30 June 2018	Completion certificate	New KPI	0	0	N/A		0	0	N/A		0	0	N/A		1	1	G		1	1	G
TL52	Establish a District CFO Forum by 31 December 2017	MOU with local municipalities	New KPI	0	1	B		1	1	G		0	0	N/A		0	0	N/A		1	1	G
TL53	Establish a District Strategic and Corporate Services Forum by 30 June 2018	MOU with local municipalities	New KPI	0	0	N/A		0	0	N/A		0	0	N/A		1	1	G		1	1	G

Table 3: Facilitate good governance principles and effective stakeholder participation

Strategic Objectives 4: Improve and maintain district roads and promote safe roads transport

Ref	KPI	Source of Evidence	Previous Year Performance	Quarter 1				Quarter 2				Quarter 3				Quarter 4				Overall Performance for July 2017 to June 2018		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R
TL42	Create temporary job opportunities in terms of identified road projects by 31 March 2018 (Calculations of the number of jobs created will be over the 12 months coincided the financial year of the Provincial Department of Transport)	Statistics submitted and temporary worker employment contracts	New KPI	0	0	N/A		0	0	N/A		15	79	B		0	0	N/A		15	79	B
TL43	Spend 95% of Roads special projects conditional allocation by 31 March 2018 [(Actual expenditure divided by approved allocation received) x100] (Spending calculated over the financial year of the Department of Transport of the WC Province)	Summary of Road Maintenance Expenses from ABAKUS (Claimed)	98.46%	0%	0%	N/A		0%	0%	N/A		95%	96%	G2		0%	0%	N/A		95%	96%	G2
TL44	Spend 95% of Roads operational conditional allocation by 31 March 2018 [(Actual expenditure divided by approved allocation received) x100] (Spending calculated over 12 months which coincide with the Financial year of the Provincial Department of Transport)	Summary of Road Capital Expenses from ABAKUS (Claimed)	99.97%	0%	0%	N/A		0%	0%	N/A		95%	108%	G2		0%	0%	N/A		95%	108%	G2
TL45	Re-gravel 35 kilometer road by 31 March 2018	Confirmation from the WC Department of Transport and Public Works (Completion certificate per project)	40.70	0	0	N/A		0	0	N/A		35	35.13	G2		0	0	N/A		35	35.13	G2

Table 4: Improve and maintain district roads and promote safe roads transport

*Capital and Operational references terms as determined in the Memorandum of Agreement with the Western Cape Provincial Government via its Department of Transport and Public Works. These terms do not refer to capital and operational expenditure in terms of GRAP

* **Work / Job opportunity:** "Every new contract signed with a participant for a particular project is counted as 1 work opportunity." **Note:** Example: A person can work on 3 projects (at different times) for a financial year and be counted thrice in terms of work opportunities created.

Strategic Objectives 5: Prevent and minimize the impact of possible disasters and improve public safety in the region

Ref	KPI	Source of Evidence	Previous Year Performance	Quarter 1				Quarter 2				Quarter 3				Quarter 4				Overall Performance for July 2017 to June 2018		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R
TL24	Hold bi-annual District Disaster Management Advisory Forum meetings during 2017/18	Attendance register, invitations	New KPI	0	0	N/A		1	1	G		0	0	N/A		1	2	B		2	3	B
TL25	Review and submit the Disaster Management Framework to Council for approval by 31 May 2018	Agenda of the Council meeting	New KPI	0	0	N/A		0	0	N/A		0	0	N/A		1	1	G		1	1	G
TL26	Conduct 10 industrial premises inspections by 30 June 2018	Safety certificates issued	28	3	8	B		2	3	B		2	5	B		3	8	B		10	24	B

Table 5: Prevent and minimize the impact of possible disasters and improve public safety in the region

Strategic Objectives 6: Promote regional, economic development, tourism and growth opportunities

Ref	KPI	Source of Evidence	Previous Year Performance	Quarter 1				Quarter 2				Quarter 3				Quarter 4				Overall Performance for July 2017 to June 2018		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R
TL35	Develop and submit a Youth, Disability and Gender Implementation Plan to Council for approval by 31 December 2017	Agenda of the Council meeting	New KPI	0	0	N/A		1	0	R	Finalised Youth Strategy by middle Sept	0	0	N/A		0	0	N/A		1	0	R
TL36	Create full time equivalent (FTE's) through expenditure with the EPWP job creation initiatives by 30 June 2018	Job sheets of FTE's	New KPI	0	0	N/A		0	0	N/A		0	0	N/A		15	48	B		15	48	B
TL38	Establish a Youth Café in partnership with the Department of Social Development by 30 June 2018	Project completion certificate, handover certificate	New KPI	0	0	N/A		0	0	N/A		0	0	N/A		1	0	R	Setup meeting with relevant structures in DSD to fast track.	1	0	R
TL39	Develop a Implementation Plan the Vukupile Small Contracted Development Programme in conjunction with the National Department of Public works and submit to Council for consideration by 31 December 2017	Agenda of the Council meeting	New KPI	0	0	N/A		1	1	G		0	0	N/A		0	0	N/A		1	1	G
TL40	Conduct research on the viability of CKEDA and submit report to Council for consideration by 31 December 2017	Agenda of the Council meeting	New KPI	0	0	N/A		1	0	R	Present to Council by end of September	0	0	N/A		0	0	N/A		1	0	R
TL41	Conduct research on the viability of Agri-Parks and submit report to Council for consideration by 31 December 2017	Agenda of the Council meeting	New KPI	0	0	N/A		1	0	R	Present Business Plan to a Committee of Council in September	0	0	N/A		0	0	N/A		1	0	R

Table 6: Promote regional, economic development, tourism and growth opportunities

Strategic Objectives 7: Promote safe, healthy and socially stable communities through the provision of a sustainable environmental health service

Ref	KPI	Source of Evidence	Previous Year Performance	Quarter 1				Quarter 2				Quarter 3				Quarter 4				Overall Performance for July 2017 to June 2018		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R
TL27	Compile and submit bi-annual Water Quality Evaluation Reports to Water Service Authorities within the district during 2017/18 financial year	Reports & proof of dispatch via email to local municipalities	3	0	0	N/A		3	3	G		0	0	N/A		3	3	G		6	6	G
TL28	Compile and submit bi-annual Informal Settlement Evaluation Reports to local municipalities in the District during 2017/18 financial year	Reports & proof of dispatch via email to local municipalities	4	0	0	N/A		4	4	G		0	0	N/A		4	4	G		8	8	G
TL29	Compile and submit Vector Control Programme for food premises to Council for approval by 31 December 2017	Agenda of the Council meeting	New KPI	0	0	N/A		1	1	G		0	0	N/A		0	0	N/A		1	1	G
TL30	Compile and distribute the Municipal Health Newsletter to local municipalities in the District by 31 January 2018	Reports & proof of dispatch via email to local municipalities	1	0	0	N/A		0	0	N/A		1	1	G		0	0	N/A		1	1	G
TL31	Compile and publish articles in the local newspaper "The Courier" on a quarterly basis during 2017/18 financial year	Copies of the articles published	New KPI	1	2	B		1	1	G		1	1	G		1	1	G		4	5	G2
TL32	Compile and submit the Municipal Health Management Plan to Council for acknowledgement by 31 December 2017	Agenda of the Council meeting	New KPI	0	0	N/A		1	1	G		0	0	N/A		0	0	N/A		1	1	G
TL34	Submit an Environmental Health project proposal to relevant provincial department and / or other role-players by 31 December 2017	Proof of submission of proposals	1	0	0	N/A		1	1	G		0	0	N/A		0	0	N/A		1	1	G
TL46	Compile and submit the Climate Change Management Plan to Council for approval by 31 March 2018	Agenda of the Council meeting	New KPI	0	0	N/A		0	0	N/A		1	0	R	This item will be tabled to Council before 30 June 2018	0	0	N/A		1	0	R
TL47	Compile and submit the Air Quality By-Law to Council for approval by 30 June 2018	Agenda of the Council meeting	New KPI	0	0	N/A		0	0	N/A		0	0	N/A		1	1	G		1	1	G

Ref	KPI	Source of Evidence	Previous Year Performance	Quarter 1				Quarter 2				Quarter 3				Quarter 4				Overall Performance for July 2017 to June 2018		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R
TL50	Compile and submit bi-annual Landfill Evaluation Reports to local municipalities in the District by 30 June 2018	Proof of submission of reports	3	0	0	N/A		3	3	G		0	0	N/A		3	3	G		6	6	G

Table 7: Promote safe, healthy and socially stable communities through the provision of a sustainable environmental health service

3.3 Service Providers Performance

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. According to the AG's office:

- a) Service provider means a person or institution or any combination of persons and institutions which provide a municipal service
- b) External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- c) Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality.

During the year under review the municipality did not appoint any service providers who provided a municipal service to or for the benefit of the local community on behalf of the municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured that the requirements of the contract are complied with.

3.4 Municipal Functions

3.4.1 Analysis of Functions

The table below indicates the functional areas that the municipality are responsible for in terms of the Constitution:

Municipal function	Municipal function (Yes / No)
Constitution Schedule 4, Part B functions:	
Air pollution	Yes
Building regulations	No
Child care facilities	No
Disaster Management & Firefighting services	Only responsible for coordinating training and standardisation of all fire services at all B-Municipalities in the district. Fire Departments situated at Local Municipalities
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
Noise pollution	No
Pounds	No
Public places	No
Refuse removal, refuse dumps and solid waste disposal	No
Street trading	No
Street lighting	No
Traffic and parking	No

Table 35: Municipal Function

3.5 COMPONENT A: ROAD TRANSPORT

3.5.1 Road maintenance and construction

The maintenance of rural proclaimed roads is a Provincial function and the Central Karoo District Municipality performs the function for the Western Cape Department of Transport and Public Works (WCDTPW) on allocated roads as an agent regulated by a financial and service delivery agreement between the Municipality and the infrastructure branch of the Department.

Maintenance of roads in the region are done by the Units stationed in the four municipal areas of the region including Beaufort West, Murraysburg, Prince Albert and Laingsburg.



Image 1: Roads Department

3.5.2 Provincial roads allocated for maintenance and construction

The tables below provide details of provincial roads maintained and constructed during 2017/18:

Roads	Maintained 2016/17	Maintained 2017/18
	Km's	
Trunk road	82.79	82.47
Main road	679.27	673.79
Divisional road	1 691.88	1 691.36
Minor road	830,18	1065.21
Total	3284,12	3512.83

Table 36: Provincial roads allocated for maintenance

Roads	Graded 2016/17	Bladed 2017/18
	Km's	
Trunk road	244,40	285.33
Main road	2435,71	2202.04
Divisional road	4077,71	3373.74
Minor road	830,18	1065.21
Total	7588,00	6926.32

Table 37: Provincial roads allocated for construction

3.5.2 Employees: Road transport

The table below indicates the number of employees in the Roads Unit for the 2017/18 financial year:

Job level	2016/17		2017/18		
	Employees	Posts	Employees*	Vacancies (fulltime equivalent)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Temporary	0		0	0	0
0 – 3	45		45	37.6	84
4 – 6	15		15	13.3	89
7 – 9	21		21	19.5	93
10 – 12	10		10	9.1	91
13 – 17	2		2	2	100
Sect. 57	1		1	0.75	75
Total	94		94	82.25	89

***temporary employees are not included in the budgeted posts of the municipality**

Table 38: Employees Road Transport

3.5.3 Capital expenditure: Road transport

The table below indicates the capital expenditure for the Roads Transport Unit

Capital projects	2017/18			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
	(R)			
Regravel	19,850,000.00	1,000,000.00	19,927,968.95	-922,031.05
Total	19,850,000.00	1,000,000.00	19,927,968,95	-922,031.05

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

Table 39: Capital expenditure 2017/18: Road Transport

3.6 COMPONENT B: LOCAL ECONOMIC DEVELOPMENT (LED)

3.6.1 Highlights: Local Economic Development

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

Highlights	Description
Central Karoo Small town regeneration summit	An integrated summit that looks at initiatives to address local economic development challenges in the Central Karoo municipalities
N1 key arterial	The N1 is situated along 2 towns in the Central Karoo and is frequently used by transport companies. Proper truck traffic and stop-overs established will ensure that money is spent by truck drivers
SMME Workshops for upcoming and existing business.	To empower emerging and existing entrepreneurs with necessary skills and knowledge to start or grow their business.
Beaufort West business workshop	To create an awareness and understanding of the programmes of support from the municipality, motivate young people to initiate enterprises and Promote integrated service delivery to youth entrepreneurs Encourage business formation at community level
Beaufort West Youth summit	Establish relations and partnerships with all spheres of government and youth business organisations, Disseminate information and educate young entrepreneurs about services available to grow and sustain their businesses.

Table 40: LED Highlights



Image 2: SMME Training

3.6.2 Challenges: Local Economic Development

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

Description	Actions to address
Draft LED strategy to be presented to council	Buy-in from Council and adoption of LED strategy
No proper strategies in place to solicit funding for SMME's	Public/private partnerships with funding institutions like SEFA to ensure SMME's are financially supported for effective implementation of initiatives in Central Karoo
No Buy-in from Private, Public sector to adopt LED strategy	Draft strategy to be presented to Private/Public for comment

Table 41: LED challenges

3.6.3 Priorities and action plans: Local Economic Development

The LED Strategy is a sector plan that forms part of the IDP. 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 infrastructure, attracting inward investment, strengthening the LED capacity, encouraging local procurement, improving skills and knowledge.

The table below indicates the LED initiatives that are prioritised:

Initiative	Proposals
N12 tourist route	Involve all role players to ensure inclusivity and encourage SMME development along the route
Small Micro and Medium Enterprises (SMME) development program	Engaged with the Small Enterprise Development Agency (SEDA) for training of new businesses and a constant reporting on progress made
New business registration	SEDA and the CKDM to engage the Companies and Intellectual Property Commission (CIPC) to decentralise new business registration and share the responsibility with local municipalities to ensure that there is less delays with new business registrations
Cooperative registration	SEDA, the Department of Rural Development and Land Reform and Central Karoo District Municipality (CKDM) has an agreement with the establishment of cooperatives

Table 42: LED initiatives

3.6.4 Central Karoo Economic Development Agency (CKEDA)

The Central Karoo Economic Development Agency (CKEDA) is an Agency of the Central Karoo District Municipality.

The process of deregistering the Agency is in process with a decision taken by the Board of Directors on 17 April 2018 to commence with the process of deregistration. Until this date the Agency was dormant for all intents and purposes.

The official deregistration documentation was submitted on 24 June 2018 by the Central Karoo District Municipality.

3.6.5 Employees: Local Economic Development

The table below indicates the number of employees in the LED Unit for the 2017/18 financial year:

Job level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
Temporary	1	0	0	0	0
0 - 3		0	0	0	0
4 - 6		0	0	0	0
7 - 9		0	0	0	0
10 - 12		1	1	0	0
13 - 16		0	0	0	0
Total	1	1	1	0	0

Table 43: Employees LED

3.7 Tourism

Our primary purpose is to actively introduce the potential of the region within its frontier throughout the Western Cape, the country as a whole and in foreign countries where possible.

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

Parallel to this is the continuous expansion of new tourism experiences and the enhancement of current activities and destinations.

3.7.1 Highlights: Tourism

Highlights	Description
Welcoming Campaign	An annual event that aims at welcoming tourist in our area, also looking at making them aware of tourist attractions in our region
N12 Treasure Route	The establishment of the N12 route seeks to integrate all aspects of tourism to benefit both established and upcoming tourism service providers along the route
Customer Service Training	This programme responds to the need that customer service needs to be matched and sustained to global standards. This project tries to alleviate the inconsistent service levels within the Tourism and Hospitality industry Customer Service Training Level 5 – from 6 till 15 August 2018
World Tourism Market Africa 2018 / Travel Indaba 2018	Both these iconic consumer shows were attended by the LTO's of the region. Financial assistance was given to B. West Tourism to attend Indaba. They represented the region at this show.

Table 44: Highlights Tourism

3.7.2 Challenges: Tourism

Description	Actions to address
Lack of Transformation initiatives	Municipalities must assist local tourism offices with transformation initiatives
More focus on push strategies to ensue regional spread	The District municipality to take lead in ensuring that tourism initiatives are fairly spread throughout the region
Designated officials to deal with Tourism	Municipalities to appoint designated officials
Insufficient budget allocation	Municipalities need to increase their financial support of LTO's especially in terms of marketing and development funding

Table 45: Tourism challenges

3.7.3 Initiatives: Tourism

	Proposals
Tourism transformation	Integrated tourism routes, Tourism Conservancy adjacent to Park (BWETT) Beaufort West Empowerment Through Tourism
Cycle tourism	Multiple guided cycle tours through townships , development of self-guided cycle routes throughout the region, linking towns.
Select rural tourism areas on developed routes	Erect non-permanent & relocatable structures along developed routes
Astro Tourism	The region has excellent opportunities for Astro Tourism. Funding for training and development of Astro Tourism should be allocated

Table 46: Tourism initiatives

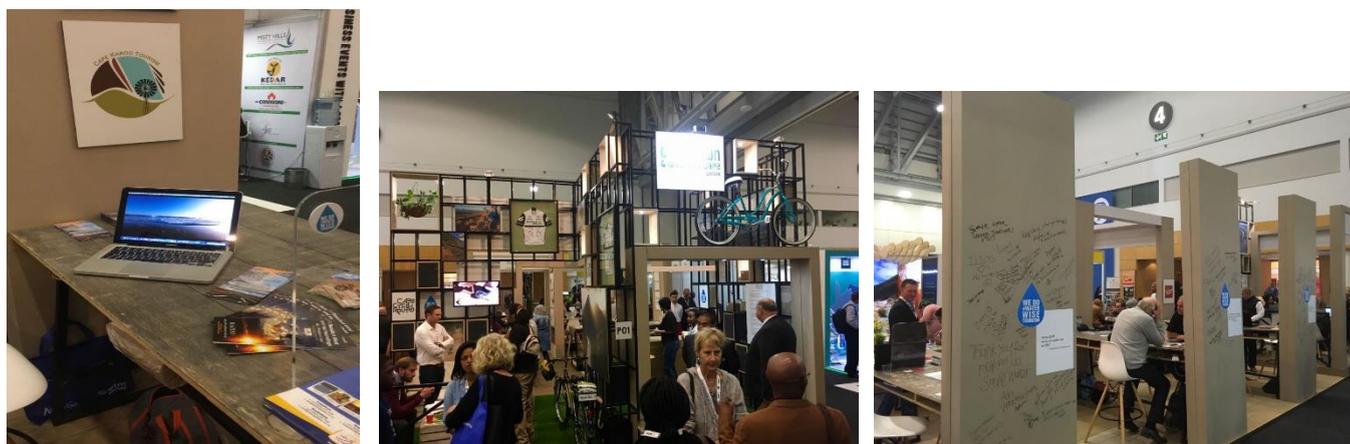


Image 3: Durban Tourism Indaba



Image 4: Customer Service Training

3.7.4 Employees: Tourism

Job level	2016/17		2017/18		
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
Temporary	1	0	0	0	0
0 - 3		0	0	0	0
4 - 6		0	0	0	0
7 - 9		0	0	0	0
10 - 12		0	0	0	0
13 - 16		1	1	0	0
Total	1	1	1	0	0

Table 47: Employees Tourism

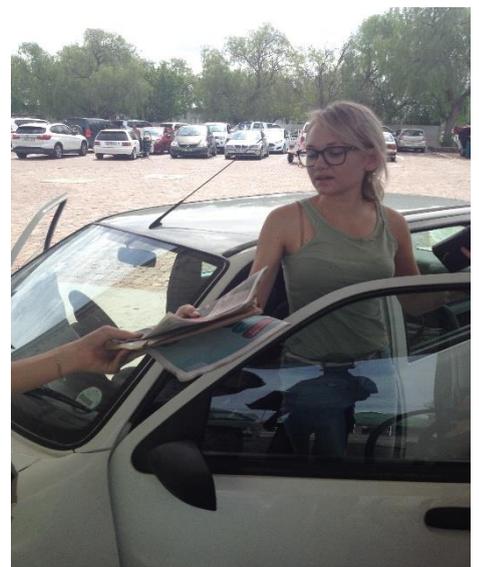


Image 5: December Welcoming Campaign - Beaufort West

3.8 COMPONENT C: MUNICIPAL HEALTH

The Central Karoo District Municipality (CKDM) is sanctioned by legislation to provide Municipal Health Services (MHS) within its area of jurisdiction.

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.

In terms of Section 1 of the National Health Act, 2003 (Act 61 of 2003) Municipal Health Services are defined as:

- Water Quality Monitoring;
- Waste Management and Monitoring;
- Food Control;
- Health Surveillance of Premises;
- Environmental Pollution Control;
- Communicable Diseases Control;
- Chemical Safety;
- Vector Control; and
- Management of Human Remains.

The Air Quality Management function is also performed by the Section. In terms of the approved organogram of the CKDM, the Integrated Waste Management function is now also the responsibility of the Section, though the designation of a Waste Management Officer in respect of section 10(3) of the National Environmental Management: Waste Management Act, 2008 (Act 59 of 2008) has not been done.

Municipal / Environmental Health Services are rendered by five (5) EHP's and one (1) Community Service EHP in ten (10) communities in the Central Karoo Region, namely Beaufort West, Murraysburg, Nelspoort, Merweville, Prince Albert, Leeu-Gamka, Klaarstroom, Prince Albert Road, Laingsburg and Matjiesfontein, as well as in the rural areas of the Beaufort West, Prince Albert and Laingsburg districts.

Aware of the constitutional right of every person to an environment that is not harmful to his or her health or well-being, and the principles that underlie the National Health Act, 2003 (Act 61 of 2003) as well as the National Environmental Management Act, 1998 (Act 107 of 1998), the Section seeks to protect and promote the health and well-being of all our residents in the Central Karoo district by providing, in conjunction with applicable laws, a sustainable, effective and responsible municipal health service

3.8.1 Highlights: Municipal Health

Highlights	Description
The National Dept. of Health audit outcome of 78% in terms of the Section's compliance to the National Norms & Standards for Environmental Health services.	-
The development of management plans to ensure that MHS remains an efficient, adequate and comprehensive package of services.	Municipal Health Management Plan, Sampling Management Plan, MHS Climate Change Management Plan, MHS Disaster Management Plan, Air Quality Management Plan and a MHS, Drought Response Plan etc.
The Section's meaningful contributions in the standardization of documents for use by EHP's in the Province.	-
The Section's annual MHS Newsletter to Category B-Municipalities in the Region	To promote municipal health services & to create a bigger awareness regarding municipal / environmental health and other shared responsibilities w.r.t. to certain services / functions.

Highlights	Description
The successful completion of an ambient air quality monitoring project in the Beaufort West area	See details in this Report.
The management & rendering of an efficient and cost effective municipal health service in all our communities under difficult circumstances due to capacity constraints.	-
Compliments received for services, reports, newsletters, inputs etc. by Provincial & National Departments, District Municipalities, CPUT etc.	-
Certificate received from SALGA in recognition of the Section's role in the provision of Municipal Health Services	-
Positions filled by EHP's elsewhere in the Province	Chairman: Western Cape Working Group for MHS; Vice Chairman: South Cape / Karoo EH Forum; Treasurer: : South Cape / Karoo SAIEH

Table 48: Highlights Municipal Health

3.8.2 Challenges: Municipal Health

To fulfil the constitutional and legal obligations mandated to the CKDM for the provision of Municipal Health Services, Air Quality and Integrated Waste Management services the availability of qualified and skilled personnel is key to provide and facilitate comprehensive, proactive and needs-related services to promote a safe, healthy and clean environment.

The table below reflects some of the challenges.

Description	Action to Address
<p>Personnel shortages for the rendering of Municipal Health Services:</p> <p>To render an effective Municipal Health Service in the Central Karoo District, it is required that one (1) Environmental Health Practitioner (EHP) be provided for every 10 000 members of the population. (World Health Organisation's norm, as well as the Norms & Standards for Environmental Health, promulgated in December 2015).</p> <p>Currently there is a deficit of at least three (3) EHP's for the delivery of a more efficient municipal health service. If the vastness of the district be taken into account, the need for more EHP's are even bigger.</p>	<p>Budget provision must be made for the appointment of at least three (3) operational EHP's</p>
<p>Personnel shortages for the rendering of additional services, other than Municipal Health Services:</p> <p>In terms of the Section's approved organogram, the Section is also responsible for additional services such as Air Quality Management & Integrated Waste Management.</p> <p>The capability of the CKDM is limited by the shortage of personnel, skills, tools and finances required for effective and coordinated air quality and integrated waste management services.</p>	<p>Budget provision must be made for the appointment of a dedicated Air Quality / Waste Management Officer. Without this appointment the District Municipality will not be able to fulfil its legal mandate.</p>

Table 49: Challenges Municipal Health

Other Challenges / Issues posing health risks in the Central Karoo:

Description	Recommendation
Poor water quality, quantity & access to water Transnet communities & rural areas (farms)	Municipalities must submit Business Plans to DWA&S in order to obtain funding for a survey & project roll-out in rural areas in order to address issues w.r.t. water quality, quantity & access to water and sanitation facilities for the affected households.
Landfill sites not complying to permit conditions, legislative requirements / health standards	Municipalities need to comply with applicable NEM:WA requirements & Norms & Standards, etc. for solid waste management and, where necessary, get technical assistance from the WC Directorate Waste Management, with the aim to improve the construction, management and operation of waste management facilities in the Central Karoo region.
Pollution of open spaces & commonage - illegal dumping of waste in & around communities	The affected municipalities must make budget provision and / or get some kind of support to investigate waste collection service options, alternative management options for specific conditions etc.
Lack of recycling facilities / reduce, re-use and recycling activities	More appropriate and sustainable approaches to waste needs to be adopted. To be sustainable municipalities need to move the emphasis toward a system that is local, community based and is focused on waste minimization
Raw sewerage overflowing manholes due to blockages	It is important that municipalities take the necessary steps in order to ensure that sewerage systems function effectively and ensure that the affected public area(s) are thoroughly cleaned and disinfected to reduce the risk of disease & conditions detrimental to the environment
Sanitation backlog at so-called Transnet houses (use of bucket system as only sanitation facility)	Local government must take the necessary steps to eradicate the above-mentioned backlog on sanitation at Transnet settlements as soon as possible to ensure better living conditions for these residents in our Region.
Slaughtering of animals for cultural, religious & private purposes	Municipalities must ensure that any person who wants to slaughter for the above mentioned purpose, formally apply to the municipality and, before granting approval, refer such an application to the Section Municipal Health of the Central Karoo District Municipality
Uncontrolled keeping of animals	Municipalities are primarily responsible for controlling the keeping of animals and should be better capacitated in order to perform this function effectively.
Lack of cooperative governance approach to emergency incidents (NEMA Section 30 emergency incidents)	Municipalities need to identify a 'coordinator' to respond to these incidents. This position must have the responsibility to ensure that incidents are managed effectively, that all interested parties are included, that activities are coordinated, communicated and clear and that all statutory obligations by government (under all relevant pieces of legislation) are fulfilled

Table 50: Other Challenges Municipal Health

3.8.3 Activities: Municipal Health

The below indicates various municipal activities with regards to the municipal health function:

3.8.3.1 Water quality monitoring

Objective:

To ensure effective management of all water resources and supply of potable drinking water, which meets the minimum requirements of S.A. National Standards for Water Quality, SANS 241.

Activities:

Water Quality Monitoring: Water Service Authorities (WSA's):

- The Section has a water quality monitoring plan in place which is costed and implemented for the monitoring of drinking water supplies.
- Samples are taken to detect problems - when a sample do not comply the Water Service Authority is notified in order to take the necessary steps to rectify the problem.
- **56** water samples for bacteriological analysis were taken during the reporting period.
- **48 (86%)** of the samples taken did comply to the SANS 241 Standards for Water Quality.
- All sample results were provided to the various WSA's.
- All water sample results received from the laboratory are captured on the Section's database

Water Quality monitoring: Swimming pools:

- A variety of microorganisms can be found in swimming pools and similar recreational water environments, which may be introduced in a number of ways. In many cases, the risk of illness or infection has been linked to faecal contamination of the water
- **2** water samples were taken during the reporting period.
- **1** Sample did comply to the set standards.
- All sample results were provided to owner / person in charge's.

Bi-annual Water Quality Evaluation Reports

Bi-annual Evaluation Reports on the status of water quality were sent to all WSA's within the region during December 2017 and June 2018. These evaluation reports aims to:

- Serve as a source of information to the relevant WSA.
- Promote safe access to safe potable water.
- Promote continuous effective water quality management in the region.

Drought Response Plan: A Guide for EHP's in the CKDM

The Central Karoo currently faced an unprecedented drought and the lowest rainfall in history.

To reduce the impacts of drought on public health and the services that are rendered, a "Drought Response Plan: A Guide for EHP's", was drafted by the Manager Municipal Health to strengthen the ability of the Section to deal with emergencies associated with drought and to ensure the provision of services and the reduction of health risks.

3.8.3.2 Waste Management and Monitoring

Objective:

To effectively monitor waste management systems, refuse, health care, waste and sewage to promote a cleaner, healthier and safer environment to all residents and to ensure a change in negative behavioural patterns towards health and the environment amongst the Central Karoo residents.

Activities:

Monitoring of Liquid Waste Sites

- The monitoring of liquid waste sites is conducted on a monthly basis.
- **75** inspections were conducted at liquid waste sites in the region during the reporting period.

Sewerage Sampling

- Sewerage samples are taken on a quarterly basis.
- **22** samples for bacteriological analysis were taken during the reporting period.
- **20 (91%)** of the samples taken did comply to the set standards for sewerage.
- All sample results were sent to the various WSA's.
- All sewerage results received from the lab. were captured on the Section's database.

Monitoring of Solid Waste Sites

- The monitoring of solid waste disposal sites is conducted on a monthly basis.
- **93** inspections were conducted at sites in the region during the reporting period.

Bi-annual Solid Waste Site Evaluation Reports

Bi-annual evaluation reports on the current status of all solid waste sites were sent to all local municipalities within the region during December 2017 and June 2018.

These evaluation reports aim to:

- Serve as a source of information to the relevant municipality.
- Eliminate any conditions harmful or injurious to human health.
- Promote effective solid waste management in the region.

3.8.3.3 Food Control

Objective:

To provide consumer protection and to ensure that all foods during production, handling, storage, processing and distribution are safe, wholesome and fit for human consumption; as prescribed by law.

Activities:

Monitoring of Formal and Informal Food Premises

- There are a total of **1068** formal and informal food premises in the Central Karoo region.
- **979** inspections were conducted at food premises during the reporting period.

- **118** Certificates of Acceptability (CoA's) were issued to new food premises complying to the Regulations with regards to the General Hygiene requirements for Food Premises and the Transport of Food (R 962 of 2012).

Bacteriological and Chemical Sampling of Foodstuffs in terms of Foodstuffs, Cosmetics and Disinfectants Act and Regulations

- **18** samples of foodstuffs were taken for bacteriological and chemical analysis during the reporting period.
- **17 (94%)** of the samples taken did comply with the standards as set in the Foodstuffs, Cosmetics and Disinfectants Act. (Act. 54 of 1972).

Monitoring of Milking Sheds and Milk Sampling

- **7** inspections were conducted at milking sheds during this reporting period.
- **9** milk samples were taken for bacteriological and chemical analysis during the period.
- **7 (78%)** of the samples taken did comply to the standards set out in the Regulations with regards to Milk and Dairy products (R1555 of 1997).

Capturing of Food Sampling Data on the Municipal Health Services Database

- All food sample results received were captured on the Section's database.

Labelling of Foodstuffs

- **4** food products were inspected in order to monitor compliance to the Labelling Regulations during the reporting period.

Food poisoning

- No cases of food poisoning were reported and investigated during the reporting period.

3.8.3.4 Health surveillance of premises

Objective:

To identify, monitor and evaluate health risks, nuisances and hazards and instituting appropriate remedial and preventative measures.

Activities:

Monitoring of Public Premises

- **162** inspections were conducted at public premises during the reporting period.
- **55** Health Certificates were issued in terms of the relevant Norms & Standards.

Monitoring of Informal Settlements

- There are a total of **4** informal settlements in the region.
- The monitoring of informal settlements is conducted on a quarterly basis.
- **17** inspections were conducted at informal settlements during the reporting period.

Bi-annual Informal Settlement Evaluation Reports

Bi-annual evaluation reports on the current status of informal settlements were sent to all local municipalities within the region during December 2017 and June 2018.

These evaluation reports aims to:

- Serve as a source of information to the relevant municipality and provincial departments.
- Eliminate any harmful conditions to human health.
- Promote a healthy and safe environment for all residents in the region.

Evaluation of building plans from a health point of view.

- **3** building plans were scrutinized from a health point of view during the reporting period.
- Comments in this regard were sent to all relevant role players.

3.8.3.5 Environmental pollution control

Objective:

The identification, evaluation, monitoring and prevention of the pollution of soil, water and air, in as far as it relates to health, to institute remedial action and to educate and train communities regarding environmental pollution.

Activities:

Air Quality & Pollution Control:

- No air quality or noise related complaints were received during the reporting period.
- **4** Quarterly reports were compiled regarding various aspects of pollution control and sent to the Directorate Pollution Control of the Department Environmental Affairs.
- The CKDM's Air Quality Management Plan (AQMP) was revised during March 2016 and approved by Council.

The AQMP of the Section form the basis of a series of strategies and programs to ensure that all the principals of sustainability are adhered to. This will also enable the meeting of current needs as well as the maintenance of our resources for the benefit of future generations.

This Plan is also a commitment to certain principles and action plans needed to ensure sustainable utilization of resources and the management of air quality in the Central Karoo region.

As the objectives are met and the AQMP unfolds, it is possible that other objectives will be identified and prioritized. This process will lead to the regular review of the plan.

Air Quality Monitoring Baseline Study: Beaufort West

With the proposed uranium mining and the shale gas development scheduled to take place in the CKDM, it is necessary to establish the criteria pollutant levels before any mining activities take place.

Argos Scientific (South Africa) (Pty) Ltd. were contracted by the Central Karoo District Municipality to undertake a Baseline Air Quality Monitoring Study focusing on Dust Fallout, selected Metals, Particulates (PM-10) and Meteorological condition in the Beaufort West Area.

Dust Fallout sampling was conducted at four (4) sites on various premises as detailed in the Monitoring Network Proposal. Sampling commenced in February 2018 and continued for three (3) consecutive months of sampling (Dust and Metals) and five (5) months for PM-10 and Meteorology.

Agreement between the CKDM & DEA:DP : e-Sampler

The Central Karoo District Municipality went into a one (1) year agreement with Western Cape Department of Environmental Affairs and Development Planning on the 23rd April 2018, leasing an Air Quality Monitoring tool (E-Sampler).

The E-Sampler will provide Central Karoo District Municipality with PM10 data that can be linked to the Ambient Air Quality Monitoring Baseline study conducted by Argos Scientific.

Climate Change

A MHS Climate Change Plan was drafted during the reporting period and approved by Council. The Section's Climate Change Plan forms the basis of a series of strategies and programs to curtail global warming and eventually climate change. This will also enable the meeting of current needs as well as the maintenance of our resources for the benefit of future generations.

3.8.3.6 Surveillance and prevention of communicable diseases, excluding immunizations

Objective:

The Identification, investigation and monitoring of outbreaks of listed notifiable medical conditions in order to immediately institute the required corrective and preventative measures and/or the deployment of the required response teams in respect of municipal health.

Activities:

Notifiable Medical Conditions Reported and Investigated

- 4 notifiable medical conditions were reported during the reporting period.
- All notifications received were investigated and reports were submitted to the Provincial Health Department.

3.8.3.7 Chemical safety

Objective:

To monitor, identify, evaluate and prevent risks relating to chemicals that are hazardous to humans (e.g. storing and using agricultural substances); and to investigate, per notification, all incidences of pesticide poisonings.

Activities:

Pesticide Poisonings

- 3 incidents of pesticide poisoning were reported during the reporting period.
- The notifications received were investigated and reports submitted to the Provincial Health Department.

3.8.3.8 Vector Control

Objective:

To monitor, identify, evaluate and prevent vectors by the elimination or correction of conditions promoting the habits and breeding habits of vectors, and developing awareness in communities of zoonotic diseases by means of vectors and the control thereof through education and training.

Activities:

Vector Control Investigations:

- 1141 inspections for vector infestations were conducted at food and other public premises.

Vector Control Programme for Food Premises

- A Vector Control Programme for Food Premises has been drafted during the reporting period and approved by Council.

It is important for food business operators to have a proper pest control system in place as pests can be a serious health hazard for consumers. They can also cause monetary loss as they damage property and food products leading to waste.

An effective and continuous pest control programme will prevent insects, birds, rodents or other vermin infesting the surrounding areas of a food establishment.

3.8.3.9 Management of Human Remains

Objective:

To monitor compliance of funeral undertakers, mortuaries, embalmers, crematoriums, graves and cemeteries and to manage, control and monitor exhumations and reburial or disposal of human remains.

Activities:

Monitoring and Supervision of Exhumations and Re-interments

- 2 applications for exhumations were received and monitored during the reporting period.

Monitoring of Crematoria / Funeral Parlours

- 7 inspections were conducted during the reporting period.
- 2 Certificates of Competence were issued to Funeral Parlours

3.8.3.10 Training and education

Objective:

To raise public awareness through awareness campaigns, road shows and the local media.

Activities:

Health and Hygiene Training and Education

- 5 municipal health related articles were published in the local newspaper "The Courier".
- Health and hygiene training and education activities were also conducted during the reporting period.

MHS Newsletter to the Local Municipalities

A Municipal Health Services Newsletter has been compiled and sent to all the local municipalities within the region.

The purpose of this annual newsletter is to:

- Promote the objectives of the Section in ensuring a safe and healthy environment for our residents in the Central Karoo, and
- Create a bigger awareness regarding the Section's functions and responsibilities.

3.8.3.11 Complaints

Complaints received

- 32 complaints were received during the reporting period.
- All complaints were investigated and followed up where necessary.

3.8.3.12 Projects

Objective:

To promote a safe and healthy environment within a municipal health framework.

Activities:

Project Proposal: Health & hygiene training & education programme for informal settlements in the Central Karoo district.

A Project Proposal has been drafted and send to the Department Human Settlements in December 2017 in order to obtain funding.

The objective of this Programme is to educate and empower people staying in informal settlements to help them to:

- Address the dignity of these communities.
- Improve the health and hygiene conditions of informal households and to create a healthy environment.
- Change negative behavioural patterns towards health and the environment.
- Reduce the exposure of residents to diseases.
- Identify other positive actions

3.8.3.13 Reports and notices

Sinjani Reports

- **36** Reports were submitted to the National Department of Health.
- Reports were submitted on the Sinjani system of the relevant Department

Municipal Health Services Quarterly Reports to Council

- **4** Reports were compiled during the reporting period.

Notices

- **1 117** notices were issued during the reporting period.
 - Water Quality Monitoring – **31**;
 - Waste management – **41**;
 - Food Control – **942**;
 - Health Surveillance of Premises – **73**;
 - Environmental Pollution Control – **1**;
 - Communicable Diseases Control – **5**;
 - Chemical Safety – **2**;
 - Vector Control – **0**;
 - Management of Human Remains – **5**;
 - Complaints – **15**
 - Training & Education - **2**

3.8.3.14 Performance Management

The Section has a total Of nineteen (19) operational and strategic KPI's. Seventeen (17) of the targets were met during the reporting period.

The performance of the Section is measured against the Section's performance targets, which are set in accordance with the EHP's job descriptions etc.

The objective is to:

- Manage and improve environmental health services.
- Create a performance culture.
- Provide early warning signals.
- Promote accountability.
- Manage and improve poor performance.
- Obtain sustainable improvements in municipal health service delivery.

Performance on the Section's KPI's are updated on a monthly basis on the Ignite System.

PMS has not been cascaded down to all EHP's, though the Section has its own "performance management system" for all municipal health functions rendered.

3.8.3.15 Continuous Professional Development

The development of adequately skilled human resources is important to ensure effective implementation of the norms and standards

Activities:

eCPD Registration of EHP's

- Accredited training Programmes are made available to staff to ensure competency on aspects as outlined in their scope of profession.
- The current service provider for eCPD to Section Municipal Health are a company named AOSIS.
- All EHP's were registered during the reported period.

3.8.3.16 Registration with Health Professions Council of S.A. (HPCSA)

EHP's must register themselves at the Health Professions Council of S.A. (HPCSA) on an annual basis on or before April each year.

Activities:

HPCSA Registration

- All EHP's were registered during the reporting period.
- Proof of registrations were submitted to the Manager MHS for record purposes.

3.8.3.17 Municipal health information system

The above managed system was developed by this Section in order to ensure quick access to information with regards to municipal health services and other necessary information to use in the field of municipal health.

The system is updated on a daily basis to ensure effective management and record keeping of municipal health services in the Central Karoo district.

3.8.3.18 Employees: Municipal Health

Job level	2016/17		2017/18		
	Employees No.	Posts No.	Employees No.	Vacancies (Fulltime Equivalent)	Vacancies (as a % of Posts)
				No.	%
Temporary		0	0	0	0
0 – 3		0	0	0	0
4 – 6		0	0	0	0
7 – 9		0	0	0	0
10 – 12	2	6	4	2	33

13 - 16	1	1	1	0	0
Total	3	7	5	2	33

Table 51: Employees Municipal Health



Image 6: Municipal Health Services

3.9 COMPONENT D: DISASTER MANAGEMENT

Significantly, increased urban growth although very small in all the towns of the Central Karoo brings rising disaster-related possibilities for the future. The likelihood of rising temperatures and increasing weather extremes expected worldwide will be mirrored in this region, which is already exposed to strong winds during July and August, rainfall and droughts extremes as well as rising temperatures.

The Central Karoo differs from the rest of the districts in the Western Cape when it comes to disasters. Floods and fires are rare to this area in comparison to the rest of the province. Slow creeping droughts occurring in this semi-desert area and the risks of accidents happening on a daily basis with the N1, N12, R61 and other routes running for ±700km through the district, are part and parcel to this area. The transport of hazardous material through the region could lead to the occurrence of disasters.

A disaster is a progressive or sudden, widespread or localised, natural or human-caused occurrence which causes or threatens to cause death, injury or disease; damage to property, infrastructure or the environment; or disruption of the life of a community; and is of a magnitude that it exceeds the ability of those affected by the disaster to cope with its effects using only their own resources.

With the little personnel in the department, the building of good relations with other supportive role-players is critical. Excellent relationships over the years were put in place with the Provincial Traffic Department, emergency management services, the SAPS, social development, farmer's associations, SANRAL, SAN-Parks, Spoornet and private organisations.

3.9.1 Highlights: Disaster Management

Highlights	Description
Up grading of the fire Dept. in CKDM through a shared service project	Hazmat vehicle put in to operation at CKDM Disaster & fire Dept. in a shard service with SASOL. Delivering of 1 x Land Cruiser fire engine to help with in responding to veld fires in the district.
Installing of smoke alarms in Laingsburg Mun. as a lifesaving project project in communities at risk.	Gave training to fireman and installing smoke alarms in Laingsburg Mun. as part of a Prov. Project of Disaster & Fire in the Western Cape.
Declaration of a hydrological and agricultural drought in the District.	Beaufort West- and Laingsburg Mun. declaring of a drought as well as the extension of the Agricultural drought in the District.
Appointment of a Geohydrologist to set a benchmark for Municipalities within CKDM to monitor the use of underground water.	Pilot project for the appointment of a geohydrologist for each District in the Western Cape. Implementing of data-loggers in boreholes within borehole wellfields to monitor the yield of aquifers.
Training to Fireman in the District	<ul style="list-style-type: none"> Specialise hazmat training was given to Fireman and Emergency Medical staff with the help of SASOL as part of their support and MOU with CKDM. Training to Prince Albert- and Laingsburg Fire Departments on the operating of new fire-engines at the Municipalities.

Table 52: Highlights Disaster Management

3.9.2 Challenges: Disaster management

Challenges	Action to address
Shortage of staff	Capacity building

Table 53: Challenges Disaster Management

3.9.3 Activities: Disaster management

Function	Description of activities during 2017/18
Declaration of hydrological Drought as well as Agricultural drought.	Extension of agricultural drought in CKDM and declaration of hydrological drought – Laingsburg- and Beaufort West town.
Training of public in fire safety and disaster proactive planning.	Training and information to private institutions and other Departments
Training of Fireman	Training of all fireman at B-municipal level in handling of new equipment
Inspection of industrial premises	Inspection of 22 premises during the year

Table 54: Activities Disaster Management



Image 7: Drought Relief – Thank you from CKDM



Image 8: Training - Prince Albert and Laingsburg Fire Services



Image 9: Installation of smoke alarms in Laingsburg



Image 10: Spillage of Molten Sulphur near Laingsburg



Image 11: Hazmat vehicle received by CKDM

3.9.4 Employees: Disaster management

Job level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
Temporary		0	0	0	0
0 - 3		0	0	0	0
4 - 6	1	1	1	0	0
7 - 9		0	0	0	0
10 - 12		0	0	0	0
13 - 16	1	1	1	0	0
Total	2	2	2	0	0

Table 55: Employees Disaster Management

3.10 COMPONENT E: CORPORATE OFFICES AND OTHER SERVICES

3.10.1 Office of the Municipal Manager

Employees: Office of the Municipal Manager

The table below indicates the number of employees in the Office of the Municipal Manager for the 2017/18 financial year:

Job level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Posts)
	No.	No.	No.	No.	%
Temporary		4	4	0	0
0 - 3		0	0	0	0
4 - 6	4	0	0	0	0
7 - 9		0	0	0	0
10 - 12		6	6	0	0
13 - 16		0	0	0	0
Total	4	10	10	0	0

Table 56: Employees Office of the Municipal Manager

3.10.2 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 program governed by an organisational records management policy.

3.10.2.1 Activities: Records Management

Function	Description
Records Management	To ensure that :
	<ul style="list-style-type: none"> Records management is an objective in the District Municipality's strategy and strategic plan
	<ul style="list-style-type: none"> The current record keeping and records management situation is determined to ensure that relevant information is available regarding the record keeping and records management practices of the District Municipality
	<ul style="list-style-type: none"> Information contained in records is managed effectively throughout the office by drafting and implementing records management policies and systems
	<ul style="list-style-type: none"> Information can be identified and retrieved when required by providing well-structured records classification and record keeping system
	<ul style="list-style-type: none"> All records are kept safe in custody
	<ul style="list-style-type: none"> There is a systematic disposal programme in place
	<ul style="list-style-type: none"> All audio-visual records are managed according to the requirements of the National Archives and Records Service Act and good governance
	<ul style="list-style-type: none"> All electronic records are managed according to the requirements of the National Archives and Records Service Act and good governance
	<ul style="list-style-type: none"> Report monthly on outstanding documents
<ul style="list-style-type: none"> There are evaluation criteria in place to monitor compliance with sound records management practices 	
Supervision	Supervise, co-ordinate and delegate the reception and cleaning services within Council
Surety register	Capture, file and update surety information and safekeeping of files
Legislation	Update legislation
Council Chambers/Equipment management and organising	Booking of Council Chamber for meetings, arranging supplies, material and refreshments and cleaners for the meetings
Key Locker, Access Control and Alarm system	Manage the
	<ul style="list-style-type: none"> Key locker and key register
	<ul style="list-style-type: none"> Access control system
Telephone system and accounts	<ul style="list-style-type: none"> Alarm system and alarm codes
	<ul style="list-style-type: none"> Telephone accounts
	<ul style="list-style-type: none"> Report faults / applications for new extensions / transfer of lines
	<ul style="list-style-type: none"> Capture client numbers and personnel codes on telephone system

Table 57: Activities Records Management

3.10.2.2 Matters addressed: Records Management

Items	Number	Action
Records Management	Continuous	Capturing of incoming, internal and outgoing post as well as the filing of all documentation
		Applications for transfer and disposal of current systems, terminated systems and financial documentation
		Maintaining file plan and submitting amendments as required
		Reviewing retention periods and submit the information to the Western Cape Archives and Records Service
		Control & ensure that all audio-visual records are managed according to the requirements of the National Archives and Records Service
		Attend records management meetings
Supervision		Oversee Committee Clerk that, in accordance with attendance register for meetings, the CD and agenda with attachments was received for scanning and filing
		Supervise, co-ordinate and delegate the reception and cleaning services within Council
Surety		Capturing, filling and updating of surety information
		Safekeeping of surety files
Council Chambers / Equipment management and organising		Booking of Council Chamber for meetings, arrangements supplies, material and refreshments and cleaners for the meetings
Key Locker, Access Control and alarm system		Manage key locker, key register
		Manage the access control – report weekly
		Manage the alarm system and alarm codes
Telephone system and accounts		Print and reconcile telephone accounts of personnel
		Compile a list for deduction of accounts from salary and compile report for the Municipal Manager & Snr Manager : Corporate Services
		Manager on telephone accounts
		Report faults / applications for new extensions / transfer of lines
	Capture client numbers and personnel codes on telephone system	

Table 58: Records Management matters addressed

3.10.2.3 Employees: Records Management

Job level	2016/17	2017/18			
	Employees	Posts		Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
			Employees		
	No.	No.	No.	No.	%
Temporary		0	0	0	0
0 – 3		0	0	0	0
4 – 6		4	4	0	0
7 – 9	5	0	0	0	0
10 – 12		1	1	0	0
13 – 16		0	0	0	0
Total	5	5	5	0	0

Table 59: Employees Records Management

3.11 Human Resources (HR)

The purpose of the section is the design, development and alignment of policies, procedures, systems and controls guiding HR interventions, application outcomes and providing strategic advice on initiatives with respect to HR development aimed at supporting the accomplishment of the Municipality's KPA's and service delivery objectives.

Key performance areas:

- Strategic Management
- Recruitment and Selection
- Talent Management
- HR Risk Management
- Workforce Planning and Personnel Administration
- Learning and Development (Training)
- Performance Management
- Reward and Recognition (TASK)
- Employee Wellness
- Labour Relations
- Organisational Development
- HR Service Delivery
- HR Technology
- HR Measurement
- Employment Equity and Diversity Management

3.11.1 Highlights: Human Resources

Highlights	Description
Bursaries to students	40 bursaries (R2000 per student) were provided to the youth in the District to assist with their registration at academic institutions
Wellness Days	<ul style="list-style-type: none"> • Right to Care did medical observations of employees at head office on 6 February 2018. • Financial Wellness Day held on 16 April 2018.
Appointments finalized	Filled 27 vacancies which is much higher than 2016/17 when only 12 new appointments was finalised.
Municipal Support Grant	Appointed an ICT intern (one year fixed term) with funding received.
Financial Management Capacity Building Grant	Provided 6 bursaries to full-time students with the grant obtained.
National Treasury Grant	Appointed 3 Financial Interns during May 2018. The DM takes full advantage of the grant in ensuring that the maximum of 5 Interns are currently appointed.
In-service training	5 Students were assisted with in-service training during the 2017/18 financial year in terms of Council's policy.
HR Strategic Development Framework Drafted	A HR Strategic Development Framework was Drafted in June

Table 60: Highlights Human Resources

3.11.2 Employees: Human Resources

Job Level	2016/17		2017/18		
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
	Temporary	1	0	0	0
0 – 3	0		0	0	0
4 – 6	0		0	0	0
7 – 9	0		0	0	0
10 – 12	2		2	0	0
13 – 16	1		1	0	0
Total	1	3	3	0	0

Table 61: Employees Human Resources



Image 12: Department Corporate Services





Image 13: Casual Day - 2017



Image 14: Retirement - Mr. J Isaks (14 year service)

3.12 Financial Services

3.12.1 Highlights: Financial Services

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

Highlights	Description
Funding received	Funding has been obtained from Provincial Treasury to assist with financial functions
Appointment of Senior Manager: Financial Services	The position of CFO was vacant for an extended period and the position was filled from 1 March 2017
FMG Internships	All 5 the FMG internship positions were filled during the financial year

Table 62: Finance Highlights

3.12.2 Challenges: Financial Services

The table below indicates the challenges faced by the Finance Unit:

Description	Actions to address
MSCOA Regulations	MSCOA Steering Committee established
System challenges as result of changing environment	SEBATA system acquired

Table 63: Challenges Financial Service

3.12.3 Employees: Financial Services

The table below indicates the number of employees in the Finance Unit for the 2017/18 financial year:

Job Level	2016/17	2017/18			
	Employees	Posts	*Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
Temporary	9	5	5	0	0
0 - 3		0	0	0	0
4 - 6		0	0	0	0
7 - 9		3	3	0	0
10 - 12		3	3	0	0
13 - 16		1	1	0	0
Total	9	7	7	0	0

*Employees total does not include temporary employees

Table 64: Employees Financial Services

3.13 COMPONENT F: ORGANISATIONAL PERFORMANCE SCORECARD

The main development and service delivery priorities for 2018/19 is the Municipality's Top Layer SDBIP for 2018/19 and are indicated in the tables below:

3.13.1 Build a well capacitated workforce, skilled youth and communities

Ref	KPI	Unit of Measurement	Annual Target
TL12	Review the organisational structure and submit to Council for approval by 31 March 2019	Organisational structure reviewed and submitted to Council for approval by 31 March 2019	1
TL13	Spend 0.5% of the municipality's personnel budget on training by 30 June 2019 [(Total Actual Training Expenditure/ Total personnel Budget) x100]	% of the personnel budget spent on training	0.50%
TL14	Limit the vacancy rate to 10% of budgeted post as at 30 June 2019	% vacancy rate of budgeted posts as at 30 June 2019	10%
TL15	Review the Workplace Skills Plan and submit to LGSETA by 30 April 2019	Workplace skills plan reviewed and submitted to LGSETA by 30 April 2019	1
TL16	The number of people from the employment equity target groups employed (appointed) in the three highest levels of management in compliance with the municipality's approved Equity Plan as at 30 June 2019	Number of people employed as per approved Equity Plan as at 30 June 2019	1

Table 65: Build a well capacitated workforce, skilled youth and communities

3.13.2 Deliver a sound and effective administrative and financial service to achieve sustainability and viability in the region

Ref	KPI	Unit of Measurement	Annual Target
TL2	Spend 90% of the municipal capital budget by 30 June 2019 {(Actual amount spent on projects/Total amount budgeted for capital projects) X100}	% of capital budget spent	90%
TL25	Review 10 budget related policies and submit to Council for approval by 31 May 2019	Number of policies reviewed and submitted to Council for approval by 31 May 2019	10
TL27	Compile and submit the financial statements to the Auditor-General by 31 August 2018	Financial statements compiled and submitted to the Auditor-General by 31 August 2018	1
TL28	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2019 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% of debt coverage	10%

Ref	KPI	Unit of Measurement	Annual Target
TL29	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2019 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	25

Table 66: Deliver a sound and effective administrative and financial service to achieve sustainability and viability in the region

3.13.3 Facilitate good governance principles and effective stakeholder participation

Ref	KPI	Unit of Measurement	Annual Target
TL1	Submit the draft Annual Report in Council by 31 January 2019	Draft Annual Report submitted in Council by 31 January 2019	1
TL3	Review and submit the IDP and Budget Process Plan and District Framework to Council by 31 August 2018	IDP and Budget Process Plan and Framework submitted to Council by 31 August 2018	1
TL4	Review the Risk Based Audit Plan (RBAP) and submit to the Audit Committee for approval by 30 June 2019	RBAP revised and submitted to the Audit Committee for approval by 30 June 2019	1
TL5	Complete 70% of audits as per the RBAP by 30 June 2019 [(Audits completed for the year/audits planned for the year according to the RBAP) x100]	% audits completed	70%
TL10	Review Corporate and HR policies and submit to Council for approval by 30 June 2019	Number of policies reviewed and submitted to Council for approval by 30 June 2019	5
TL11	Review the delegation register and submit to Council for approval by 30 June 2019	Delegation registered reviewed and submitted to Council for approval by 30 June 2019	1

Table 67: Facilitate good governance principles and effective stakeholder participation

3.13.4 Improve and maintain district roads and promote safe roads transport

Ref	KPI	Unit of Measurement	Annual Target
TL30	Create temporary job opportunities in terms of identified road projects by 31 March 2019 (Calculations of the number of jobs created will be over the 12 months coincided the financial year of the Provincial Department of Transport)	Number of temporary jobs created	20
TL31	Spend 95% of approved Roads capital budget by 31 March 2019 [(Actual expenditure divided by approved allocation received) x100] (Spending calculated over the financial year of the Department of Transport of the WC Province)	% of Roads special projects budget spent	95%

Ref	KPI	Unit of Measurement	Annual Target
TL32	Spend 95% of the approved Roads maintenance budget by 31 March 2019 [(Actual expenditure divided by approved allocation received) x100] (Spending calculated over 12 months which coincide with the Financial year of the Provincial Department of Transport)	% of Roads special projects budget spent	95%
TL33	Regravel 37 kilometres of road by 31 March 2019	Number of kilometres regravelled	37

Table 68: Improve and maintain district roads and promote safe roads transport

3.13.5 Promote regional, economic development, tourism and growth opportunities

Ref	KPI	Unit of Measurement	Annual Target
TL6	Create full time equivalent (FTE's) through expenditure with the EPWP job creation initiatives by 30 June 2019	Number of full time equivalent (FTE's) created by 30 June 2019	15
TL7	Review and submit the LED Strategy to Council for approval by 31 May 2019	LED Strategy reviewed and submitted to Council for approval by 31 May 2019	1
TL8	Develop a Tourism Development Plan and submit to Council for consideration by 30 June 2019	Tourism Development Plan developed and submitted to Council for consideration by 30 June 2019	1
TL9	Develop a Tourism Marketing Plan and submit to Council for consideration by 30 June 2019	Tourism Marketing Plan developed and submitted to Council for consideration by 30 June 2019	1
TL26	Review and submit the MFMA delegation register to Council for approval by 31 May 2019	MFMA delegation registered reviewed and submitted to Council for approval by 31 May 2019	1

Table 69: Promote regional, economic development, tourism and growth opportunities

3.13.6 Promote safe, healthy and socially stable communities through the provision of a sustainable environmental health service

Ref	KPI	Unit of Measurement	Annual Target
TL17	Compile and submit bi-annual Water Quality Evaluation Reports to Water Service Authorities by 30 June 2019	Number of Water Quality Evaluation Reports submitted to Water Service Authorities by 30 June 2019	6
TL18	Compile and submit bi-annual Informal Settlement Evaluation Reports to Local Authorities by 30 June 2019	Number of Informal Settlement Evaluation Reports submitted to Local Authorities by 30 June 2019	8
TL19	Compile and submit bi-annual Landfill Evaluation Reports to Local Authorities by 30 June 2019	Number of Landfill Evaluation Reports submitted to Local Authorities by 30 June 2019	6
TL20	Compile and distribute a Municipal Health Newsletter to Local Authorities by 31 January 2019	Number of Newsletters submitted to Local Authorities by 31 January 2019	1

Ref	KPI	Unit of Measurement	Annual Target
TL21	Compile & publish bi-annual MHS related articles in the local newspaper "The Courier" by 30 June 2019	Number of articles published in "The Courier" by 30 June 2019	4
TL22	Compile & submit a Municipal Health Project Proposal to the relevant Provincial or National department and / or other role-players by 30 June 2019	Project Proposals submitted by 30 June 2019	1
TL23	Compile & submit a MoA between Section MHS & relevant Provincial Department to Sr. Committee Clerk by 30 June 2019 - for Council approval	Number of MoA's submitted to Sr. Committee Clerk by 30 June 2019 - for Council Approval	1
TL24	Compile & submit a Municipal Health By-law to Sr. Committee Clerk by 30 June 2019 - for Council approval	Number of MHS By-law's submitted to Sr. Committee Clerk by 30 June 2019 - for Council approval	1

Table 70: Promote safe, healthy and socially stable communities through the provision of a sustainable environmental health service

Chapter 4: Organisational Development Performance

4.1 National KPI's – Municipal transformation and organisational development

The following table indicates the municipality's performance in terms of the National KPI's required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These KPI's are linked to the National KPA – Municipal transformation and organisational development.

KPA and Indicators	2016/17	2017/18
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	6	0
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.07%	4,89%

Table 71: National KPI's - Municipal transformation and organisational development

4.2 Introduction to the municipal workforce

The Municipality currently employs 133 (excluding non-permanent positions) officials, who individually and collectively contribute to the achievement of the Municipality's objectives. The primary objective of HR is:

- To render a provisioning and support service function that will ensure the recruitment, utilisation and retention of the organisation's human capital
- To give effect to the EEP of the organisation and to ensure compliance with employment equity measures
- To facilitate sound relationship between employer and employees and create a climate of labour peace, stability and wellness

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 KPI 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"

4.2.1.1 Employment equity targets / actual by racial classification

The following table illustrates the targets and actuals achieved per racial classification:

African			Coloured			Indian			White		
Target June	Actual June	% Target reached	Target June	Actual June	% Target reached	Target June	Actual June	% Target reached	Target June	Actual June	% Target reached
44	31	70%	86	105	122%	1	0	0%	21	12	57%

Table 72: Employment equity targets/actual by racial classification

4.2.1.2 Employment equity targets / actual by gender classification

The following table illustrates the targets and actuals achieved per gender classification:

Male			Female			Disability		
Target June	Actual June	% Target reach	Target June	Actual June	% Target reach	Target June	Actual June	% Target reach
96	114	118%	56	34	60%	2	2	100 %

Table 73: Employment equity targets/actual by gender classification

4.2.1.3 Employment equity targets vs population 2017/18

The CKDM shows an improvement to comply with EE Targets in the Region if compared to the percentages of 2016/17 except for the white employment percentage that decreased with a slight 0,03. The table below illustrates the number and percentage of people employed in correlation to the population:

Description	African	Coloured	Indian	White	Other	Total
Population numbers	9 045	54 076	300	7 197	393	71 011
% population	12.70	76.20	0.40	10.10	0.60	100
Number of positions filled 2017/18	31	105	0	12	0	148
% of positions filled 2016/17	22.23	68.89	0.74	8.14	0	100
% of positions filled 2017/18	20.95	70,94	0	8.11	0	100

Table 74: Employment equity targets vs population 2017/18

4.2.1.4 Occupation levels – Race

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	2	0	0	0		0	1	3
Senior management	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	1	0	2	0	1	0	2	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	8	14	0	3	4	11	0	4	44
Semi-skilled and discretionary decision making	1	31	0	0	0	3	0	0	35
Unskilled and defined decision making	13	38	0	0	5	3	0	0	59
Total permanent	22	87	0	5	9	18	0	7	148
Non- permanent employees	0	25	0	0	1	8	0	0	34
Grand Total	22	112	0	5	10	26	0	7	182

Table 75: Occupation levels – Race

4.2.1.5 Department – 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	3	4			2	4		1	14
Corporate Services	2	4		4	3	4		2	19
Financial Services	1	2				5		4	12
Technical Services	16	77		1	4	5		0	103
Total permanent	22	87	0	5	9	18	0	7	148
Non-permanent	0	25	0	0	1	8	0	0	34
Grand Total	22	112	0	5	10	26	0	7	182

Table 76: Department – Race

4.2.1.6 Vacancy rate per post and functional level

The following table illustrates the vacancy rate per post and functional level:

Per post level		
Post level	Filled	Vacant
Municipal Manager and MSA Section 57 and 56	3	0
Middle management	12	0
Admin officers and operators	74	3
General workers	59	5
Total		
Per functional level		
Functional area	Filled	Vacant
Municipal Manager	14	0
Corporate Services	19	0
Financial Services	12	0
Technical Services	103	8
Total		

Table 77: Vacancy rate per post and functional level

4.2.1.7 Turn-over rate

The following table illustrates the turn-over rate for 2017/18. The turnover rate shows an increase from 5,93% in 2016/17 to 7,43% in 2017/18. Although there is an increase in turn-over rate only 18% of the terminations was due to normal resignation. Below is a table that shows the turnover rate within the municipality for the past two (2) years.

Financial year	New appointments	No. of terminations during the year	Turn-over rate
2016/17	19	8	5,93%
2017/18	27	11	7,43%

Table 78: Turn-over rate

4.2.2 Managing the Municipal workforce

4.2.2.1 Injuries

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

Department	2016/17	2017/18
Municipal Manager	0	0
Corporate Services	0	0
Financial Services	0	0
Technical Services	5	13
Total	5	13

Table 79: Injuries

4.2.2.2 Sick leave

The total number of employees that have taken sick leave during the 2017/18 financial year shows a slight increase in the average per person, when compared with the 2016/17 financial year.

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

Department	2016/17		2017/18	
	Total number of days	Average per person	Total number of days	Average per person
Municipal Manager	32	3,2	57	6
Corporate Services	136	7,16	151	8
Financial Services	76	6,33	82	7
Technical Services	1017	10,82	732	7
Total	1261	27.51	1022	28

Table 80: Sick leave

4.2.2.3 Approved policies: Human Resources

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

Approved policies	
Name of policy	Date approved/revised
Acting	2006-08-18 / Revised 25.5.2017
Bonus	Draft March 2018
Career Planning / Succession Planning	Draft March 2018
Cell-phones	30-Jul-08
Communication lines (internal)	01-Jul-01
Declaration of interests	22-Feb-01
Disciplinary procedures	Draft July 2017
E-mail records management	01-Aug-08
HIV/Aids	01-Mar-05 / Revised March 2018
Employee Wellness (EAP)	Draft March 2018
Essential motor vehicle scheme	22-Aug-07
Evacuation plan	22-Aug-05
Gift policy (receiving of)	Draft May 2009 / Draft March 2018
HR Strategic Plan	Draft March 2018

Approved policies	
Name of policy	Date approved/revised
Housing subsidies on loans from pension/ provident fund	15-Jun-04
Incapacity	Draft March 2018
Induction	01-Aug-05
In-service training (students)	Revised 24 Feb 2016 / Revised March 2018
Leave Policy and Procedures	Revised 30 June 2014 / Revised 25 May 2017
Long services bonuses	31-May-01
Maternity Leave	21-Jul-09 / Reviewed March 2018
Medical membership	22-Apr-05
Nepotism	22-Apr-05
Overtime	25-May-17
Parking spaces	30-Aug-07
Pension – single amount	06-Oct-98
Private work	19-Jul-07
Public drivers permit (professional drivers)	18-Aug-08
Recruitment , selection and appointment	Approved October 2016
Rehabilitation	01-Jul-01
Reporting lines	27-Jan-05
Sexual harassment	Reviewed June 2014 / Reviewed March 2018
Skills Development	Draft March 2018
Smoking	01-Jul-01
Stop order facilities	31-May-00
Study / driver's license	23-Jul-09
Telephone usage	31-Jul-03
Training and development (skills)	01-Aug-05
Travel and subsistence allowances	2015-05-28/Revised 25 May 2017
Unpaid leave	April 2009 (Draft)

Table 81: Approved policies - Human Resources

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 MFMA

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

Financial competency development: Progress report				
Description	Number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial officials				
Municipal Manager	1	In process to complete	1	0
Chief Financial Officer	1	1	1	1
Senior managers	2	2	2	2
Any other financial officials	5	1	n/a	1
SCM officials				
Manager: Supply Chain	1	In process to complete	n/a	n/a
SCM senior managers	n/a	n/a	n/a	n/a
Total	5	3	4	3

Table 82: Details of the financial competency development progress

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, 1998 (Act No.81 of 1998) and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

Financial year	Total personnel budget	Total allocated	Total spent	% spent
	R'000	R'000	R'00	
2016/17	15 322	140	103	74
2017/18	17	254	85	33

Table 83: Skills development expenditure

4. 5 Managing the municipal workforce expenditure

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

4.5.1 Personnel expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency.

The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years:

Financial year	Total expenditure salary and allowances	Total operating expenditure	Percentage (%)
	R'000		
2016/17	30 722	76 950	40%
2017/18	38 166	80 632	47%

Table 84: Personnel expenditure

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

Financial year	2016/17	2017/18		
	Actual	Original Budget	Adjusted Budget	Actual
Description	R			
Councillors (Political Office Bearers plus Other)				
Mayor	785 200	918 298	840 313	559 296
Executive Committee members	1 247 096	1 438 552	1 713 352	1 038 069
Councillors	1 077 228	1 365 038	966 062	1 951 661
Sub total	3 109 524	3 721 888	3 519 727	3 549 026
% increase/(decrease)	(9.29%)	20%	13%	14%
Staff				
Salary	2 314 711	3 580 836	3 143 744	2 862 252
Performance bonus	0	303 763	316 185	41 964
Other benefits or allowances	847 633	1 516 107	1 983 779	1 733 650
Sub total	3 082 274	5 400 706	5 443 708	4 637 866
% increase/(decrease)	-18%	75%	77%	50%
Other				
Basic salaries and wages	19 452 849	23 252 215	26 192 344	24 433 388
Pension contributions	2 909 270	3 999 848	4 182 395	4 518 761
Medical-aid contributions	1 000 877	579 462	1 092 457	0
Overtime	704 545	282 896	1 049 862	1 105 837
Motor vehicle allowance	1 247 316	1 492 716	718 212	0
Cell-phone allowance	11 000	10 956	14 000	0
Housing allowance	240 347	209 216	255 610	201 281
13th Cheque	1 490 804	1 790 634	1 747 733	2 120 744
Other benefits or allowances	418 242	579 423	640 922	1 187 547
Employee benefits provision	638 082	0	0	0
In-kind benefits	0	0	0	0
Sub Total	28 880 895	32 197 366	35 893 535	33 567 620

Financial year	2016/17	2017/18		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R			
Councillors (Political Office Bearers plus Other)				
% increase/(decrease)		11.5%	24.3%	16.2%
Total Municipality	34 277 880	41 319 960	44 856 970	41 754 512
% increase/(decrease)	82.8%	21%	30.9%	21.9%

The original and adjusted budgets for 2016/17 excluded employee related costs for the provincial roads agency function and grants received from the Department of Water Affairs and Forestry. The costs relating to the roads agency and Department of Water Affairs and Forestry employee related costs was budgeted for under general expenses.

Table 85: Councillor and staff benefits

Chapter 5: Financial Summary

This chapter provides details regarding the financial performance of the municipality for the 2017/18 financial year.

COMPONENT A: STATEMENT 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 2017/18 financial year:

Description	2016/17	2017/18			2017/18 variance	
	Actual	Original	Adjusted	Actual	Original	Adjustments budget
	R'000				%	
Financial performance						
Property rates	0	0	0		0	0
Service charges	0	0	0		0	0
Investment revenue	503	550	560	513	(6.72%)	(8.39%)
Transfers recognised - operational	27 793	26 905	36566	31 714	17.87%	(13.26%)
Other own revenue	40 752	44 949	44396	49 465	10.05%	11.42%
Total revenue (excluding capital transfers and contributions)	69 931	72 477	81522	81 692	12.71%	0.2%
Employee related costs	34 968	37 685	41377	39 370	4.47%	4.85%
Remuneration of Councillors	3 206	4 204	3 890	3 550	(15.56%)	(8.7%)
Contracted services	295	0	0	12	0	0
Depreciation and amortisation	326	251	387	527	109%	36%
Debt impairment	457	0	0	12	0	0

Description	2016/17	2017/18			2017/18 variance	
	Actual	Original	Adjusted	Actual	Original	Adjustments budget
	R'000				%	
Finance charges	857	0	15	871	0	570%
Repairs and maintenance	10 619	0	0	13 355	0	0
Actuarial losses	0	0	0	0	0	0
Loss on disposal of property, plant and	47	0	0	16	0	0
General expenses	17 995	29 732	35 019	24 057	(19)	(31%)
Total expenditure	68 771	71 782	80 632	81 754	13.89%	1.39%
Surplus/(Deficit)	277	608	3 256	(62)		
Transfers recognised - capital	883	800	706	0	0	0
Contributions recognised - capital and contributed assets	0	0	0		0	0
Surplus/(Deficit) after capital transfers and contributions	1 160	1494	1 689	(62)		
Capital expenditure and funds sources						
Capital expenditure						
Transfers recognised - capital	833	902	1260	995	10.3%	(21%)
Public contributions and donations	0	0	0	0	0	0
Borrowing	0	0	0	0	0	0
Internally generated funds	173	253	235	209	(17.39%)	(11.06%)
Total sources of capital funds	1 056	1 155	1 495	1 201	3.98%	(19.66%)
Financial position						
Total current assets	15 322	11 899	11 899	17 625	48%	48%
Total non-current assets	17 125	16 533	18645	17 840	(4.31)	(4.31)
Total current liabilities	11 636	7012	7012	15 071	115.93%	115.93%
Total non-current liabilities	17 553	23711	23711	17185	(27.52%)	(27.52%)
Accumulated Surplus/(Deficit)	3 258	(2292)	(180)	3 196		
Cash flows						
Net cash from (used) operating	(1 478)	1749	1689			
Net cash from (used) investing	(1521)	(1846)	(2 186)			
Net cash from (used) financing	(101)	(0)	(0)			
Cash/cash equivalents at year-end	(3 101)	(97)	(496)	2 989	35.72%	35.65%
Cash backing/surplus reconciliation						
Cash and investments available	2989	8 286	8 286	8 108		
Application of cash and investments	0	0	0	0	0	0
Balance - surplus (shortfall)	2 477	8 368	8 383	2989	35.71%	35.65%

Description	2016/17	2017/18			2017/18 variance	
	Actual	Original	Adjusted	Actual	Original	Adjustments budget
	R'000				%	
Free services						
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 86: Financial summary

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			
2016/17	77 582	69 931	(7652)	(9.86%)	77 307	69 061	(8246)	(10.67%)
2017/18	82 322	81 692	(630)	0.77%	80 632	81 742	1 110	1.38%

Table 87: Performance against budgets

5.1.1 Revenue collection by vote

The table below indicates the revenue collection performance by vote:

Vote description	2016/17	2017/18			2017/18 variance	
	Actual	Original	Adjusted	Actual	Original	Adjustments budget
	R'000				%	
Vote 1 - Executive and Council	7 906	25 847	20 335	19 140	(25.95%)	(5.88%)
Vote 2 - Budget and Treasury Office	13 764	2 650	13 674	12 648	377.28%	(7.51%)
Vote 3 - Corporate Services	14 831	5 810	7 995	9 546	62.75%	13.40%
Vote 4 - Technical Services	33 429	3 8970	40 319	42 479	9.04%	5.36%
Total revenue by vote	69 931	73 277	82 322	81 813	11.68%	(0.62%)

Table 88: Revenue collection by vote

5.1.2 Revenue collection by source

The table below indicates the revenue collection performance by source for the 2016/17 financial year:

Description	2016/17	2017/18			2017/18 variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000				%	
Property rates	0	0	0	0	0	0
Property rates - penalties and 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
Actuarial gains	0	0	0	0	0	0
Rentals of facilities and equipment	71	72	0	87	20.8%	0
Interest earned - external investments	503	500	550	513	2.6%	(6.2%)
Interest earned - outstanding debtors	0	0	0	0	0	0
Dividends received	0	0	0	0	0	0
Debt impairment	0	0	0	0	0	0
Licences and permits	21	0	0	32	0	0
Agency services	40 168	3 418	3 541	3 541	3.60%	0
Department of Transport - Roads service charges	0	0	0	0	0	0
Government grants and subsidies - operating	27 793	26 905	32 435	31 714	13.03%%	2.22%
Other income	492	44 949	47 675	45 731	1.74%	(0.4%)
Gains on disposal of property, plant and equipment	0	0	0	0	0	0
Total revenue (excluding capital transfers and contributions)	69 048	72 477	81 522	81 618	12.61%	1.23%

Table 89: Revenue collection by source

5.1.3 Operational services performance -

The table below indicates the operational services performance for the 2017/18 financial year:

Description	2016/17	2017/18			2017/18 variance	
	Actual	Original budget	Adjusted budget	Actual	Original budget	Adjusted budget
	R'000				%	
Operating cost						
Roads and storm water	40 170	38 870	39 704	42 106	6.05%	40 170
Component A: Sub-total	40 170	38 870	37 110	33 125	(14.78%)	(10.73%)
Planning and development	1 808	3 545	3 182	2 307	(27.5%)	1 808
LED	0	12	310	427	3458%	37%
Component B: Sub-total	1 808	3 557	3492	2734		
Municipal health	2 446	3 450	3 350	3 245	(3.13%)	2 446
Component C: Sub-total	2 446	3 450	3350	3245	(5.94%)	(3.13%)
Disaster management	1065	950	1 987	1 241	(37.54%)	1065
Component D: Sub-total	1 065	950	1987	1241	23.44%	(37.54)
Executive and Council	9 262	9 429	11 279	10 949	(2.93%)	9429
Corporate Services	11 102	4 637	7 322	8 616	17.67%	11 102
Budget and Treasury	9 963	10 890	13 498	12 726	(5.72%)	9 963
Other						
Component E: Sub-total	30 327	20197	32 099	32 291	59.8%	0.59%

Table 90: Operational services performance

5.2 Financial performance per municipal function

The tables listed below reflects the financial performance of each of the municipal functions:

5.2.1 Roads and storm water

Description	2016/17	2017/18			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue (excluding tariffs)	40 146	38970	40 319	42 4 79	5.36%
Expenditure					
Employees	19 050	20674	23 600	21 242	(9.99%)
Repairs and maintenance	12 396	11555	10 571	15 689	48.42%
Other	8 724	6641	5 533	5 175	(6.47)
Total operational expenditure	40 170	38 870	39 704	42 106	6.05%
Net operational (service) expenditure	(24)	99 895	615	373	(39.35%)

Table 91: Financial performance: Roads and storm water

5.2.2 Planning and Development (CKEDA)

Description	2016/17	2017/18			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue (excluding tariffs)	200	1 095	1342	1 362	1.5%
Expenditure:					
Employees	1 285	3 312	2897	2 180	(24.75%)
Repairs and maintenance	0	0	0	0	0
Other	523	234	285	127	(55.44%)
Total operational expenditure	1 808	3 545	3 182	2 307	(27.5%)
Net operational (service) expenditure	(1608)	(2 450)	(413)	(1608)	389%

Table 92: Financial performance: Planning and Development (CKEDA)

5.2.3 Municipal Health

Description	2016/17	2017/18			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue (excluding tariffs)	31	35	46	36	(21.73%)
Expenditure:					
Employees	2 069	2 808	2 729	2 675	(1.98)
Repairs and maintenance	0	0	0	0	0

Other	377	642	622	570	(8.36%)
Total operational expenditure	2 446	3 450	3 350	3 245	(3.13%)
Net operational (service) expenditure	(2 415)	(3415)	(3 304)	(3 209)	2.87%

Table 93: Financial performance: Municipal Health

5.2.4 Disaster management

Description	2016/17	2017/18			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				
Total operational revenue (excluding	965	800	2 305	1 277	(44.6%)
Expenditure:					
Employees	687	726	721	724	4%
Repairs and maintenance	0	0	0	0	0
Other	378	224	1 266	517	(51.16%)
Total operational expenditure	1065	950	1 987	1 241	(37.54%)
Net operational (service) expenditure	(100)	(149 697)	319	36	(88.71%)

Table 94: Financial performance: Disaster management

5.2.5 Executive and Council

Description	2016/17	2017/18			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				
Total operational revenue (excluding tariffs)	7 706	247 52	18 991	17 778	(6.39%)
Expenditure:					
Employees	2 819	7023	3 034	3 613	19.08%
Repairs and maintenance	3	0	1	1	
Other	6 440	2 405	4 725	3 785	(19.89%)
Total operational expenditure	9 262	9429	11 279	10 949	(2.93%)
Net operational (service)	(1 556)	(15323)	7 712	6 830	(11.44%)

Table 95: Financial performance: Executive and Council

5.2.6 Corporate Services

Description	2016/17	2017/18			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				
Total operational revenue (excluding tariffs)	13 836	4 497	5 644	6 232	10.41%
Expenditure:					
Employees	6 310	2 884	3 861	5 289	36.98%

Repairs and maintenance	72	0	1320	313	(76.28%)
Other	4 720	1 752	3 141	3 015	(4%)
Total operational expenditure	11 102	4 637	7 322	8 616	17.67%
Net operational (service)	2 734	338	(1 678)	(2384)	1173%

Table 96: Financial performance: Corporate Services

5.2.7 Budget and Treasury

Description	2016/17	2017/18			
	Actual	Original budget	Adjustment budget	Actual	Variance to budget
	R'000				%
Total operational revenue (excluding tariffs)	16 279	2 651	13 674	12 648	(7.5%)
Expenditure:					
Employees	2 212	4 103	3 958	3 522	(11.02%)
Repairs and maintenance	0	0	1	0	0
Other	7 751	6 788	9 540	9 204	(3.5%)
Total operational expenditure	9 963	10 890	13 498	12 726	(5.72%)
Net operational (service) expenditure	3 801	(8 240)	176	(79)	385%

Table 97: Financial performance: Budget and Treasury

5.3 Grants

5.3.1 Grant performance

The Municipality had a total amount of R 33. 256 million that was received in the form of grants from national and provincial governments during the 2017/18 financial year. The performance in the spending of these grants are summarised as follows:

Description	2016/17	2017/18			2017/18 variance	
	Actual	Budget	Adjustments budget	Actual	Original	Adjustments budget
	R'000				%	
National Government:	23 532	26 465	26 465	26 857	1.4%	1.4%
Equitable Share	19416	22 595	22595	22 595	100%	100%
National Financial Management Grant	1250	1050	1050	1 250	19%	19%
EPWP	1000	1 095	1 095	1 095	100%	100%
Rural Asset Management Grant (RAMS)	1866	1725	1725	1 917	11%	11%
Provincial Government:	1913	1040	3 839	3 751	206%	(2.29%)
Fire Brigade Capacity Building	0	800	800	800	100%	100%
Disaster management	0	0	1505	70	0	(95%)
Ground Water Level Monitoring	0	0	0	800	0	0
FMG Graduate Internship Programme	0	0	0	66	0	0
FMG Capacity building grant (Bursaries)	0	240	245	240	100%	(2%)
WCFMSG Internal Audit and Risk Management	0	0	0	395	0	0

Description	2016/17	2017/18			2017/18 variance	
	Actual	Budget	Adjustments budget	Actual	Original	Adjustments budget
	R'000				%	
WCFMSG Improvement and alignment of SDBIP & Budget Monitoring	0	0	0	200	0	0
WCFMSG Grap Compliant AFS, Audit files & training	0	0	0	500	0	0
WCFMSG Improvement of assurance service	0	0	0	200	0	0
WCFMSG Mscoa	0	0	0	280	0	0
WCFMSG Caseware	0	0	0	200	0	0
Financial management support	1913	0	0	0	0	0
FMG Capacity	0	0	2644	0	0	0
Other grant providers:	2739	3280	3280	2648	(19%)	(19%)
CHIETA	314	1765	1765	1 033	(41%)	(41%)
LG SETA	1 307	1368	1368	1 368	0	0
Doring veld Project	1 118	247	247	247	0	0
Total operating transfers and grants	27 793	30 785	33584	33 257	8%	(1%)

Table 98: Grant performance - 2017/18

5.3.2 Level of reliance on grants and subsidies

The table below reflects the reliance on grants and subsidies:

Financial year	Total grants and subsidies received	Total operating revenue	Percentage
	R'000		
2016/17	28 675	69 929	41%
2017/18	31 714	81 690	38.82%

Table 99: Reliance on grants

5.4. Financial ratio's based on KPI's

5.4.1 Liquidity ratio

The table below indicates the Municipality's performance with regards to the liquidity ratios:

Description	Basis of calculation	2016/17	2017/18
Current ratio	Current assets/current liabilities	1.32	1.17
Current ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.25	1.03
Liquidity ratio	Monetary assets/current liabilities	0.54	0.26

Table 100: Liquidity ratio

5.4.2 IDP Regulation on financial viability indicators

The graphs and table below reflects the indicators relating to National KPA's:

Description	Basis of calculation	2016/17	2017/18
Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.52	1.19
Total outstanding service debtors to revenue	Total outstanding service debtors/annual revenue received for services	n/a	n/a
Debt coverage	(Total operating revenue - operating grants)/Debt service payments due within financial year	3.65	6.55

Table 101: National KPA's - Financial viability

5.4.3 Borrowing Management

The table below indicates the Municipality's ratio relating to borrowing management:

Description	Basis of calculation	2016/17	2017/18
Capital charges to operating expenditure	Interest and principal paid /operating expenditure	0.01	0.01

Table 102: Borrowing management

5.4.4 Employee costs

The graph and table below indicates the Municipality's employee cost in relation to revenue:

Description	Basis of calculation	2016/17	2017/18
Employee costs	Employee costs/(Total revenue - capital revenue)	50%	47%

Table 103: Employee costs

5.4.5 Repairs and maintenance

The graph and table below indicates the municipality's cost of repairs and maintenance in relation to total revenue:

Description	Basis of calculation	2016/17	2017/18
		Audited outcome	Pre-audit outcome
Repairs and maintenance	R and M/(Total revenue excluding capital revenue)	15%	16.35%

Table 104: Repairs and maintenance

COMPONENT A: SPENDING AGAINST CAPITAL BUDGET

Analysis of capital expenditure

5.5.1 Capital expenditure by new asset program

The table below indicates the capital expenditure on the purchasing of new assets:

Description	2016/17	2017/18			Planned capital expenditure		
	Actual	Original budget	Adjustment budget	Actual expenditure	2017/18	2017/18	2018/19
R'000							
Capital expenditure by asset class							
Other assets				0			
General vehicles				0	0	0	0
Plant and equipment		712	913	0	0	0	0
Computers - hardware/equipment		45	13	0	0	0	0
Furniture and other office		398	23	0	0	0	0
Other	1056	0	546	1 201			
Intangibles							
Computers - software and programming				0			
Total capital expenditure on new assets	1 056	1 155	1 495	1201			

Table 105: Capital expenditure - New asset program

5.5.2 Capital expenditure by funding source

Details	2016/17	2017/18				
	Actual	Original budget	Adjustment budget	Actual	Adjustment to original budget variance %	Actual to original budget 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	833	0	0	0	0	0
Own funding	173	1155	1495	1 201	3.99%	(19.66%)
Total	1056	1155	1495	1 056	3.99%	(19.66%)
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	0	0	0	0	0	0
Water and sanitation						
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	0	0	0	0	0	0
Total	1056	1155	1495	1 056	3.99%	(19.66%)
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	0	0	0	0	0	0

Table 106: Analysis of capital expenditure

COMPONENT B: CASH FLOW MANAGEMENT AND INVESTMENTS

5.6 Cash Flow

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

Description	2016/17	2017/18		
	Actual	Original budget	Adjusted budget	Audited outcome
	R'000	R'000	R'000	R'000
Cash flow from operating activities				
Receipts				
Ratepayers and other	35 781	45 021	45 021	
Government - operating	28 081	36 705	36 705	
Government – capital	883	1000	1000	
Interest	503	550	550	
Dividends	0	0	0	
Suppliers and employees				
Suppliers and employees	(66 723)	(71 528)	(71 528)	
Finance charges	(11)	0	0	
Transfers and grants	0	0	0	
Net cash from/(used) operating activities	527	(3 182)		
Cash flows from investing activities				
Proceeds on disposal of property, plants and equipment	0	0	0	
Proceeds on disposal of fixed assets	0	0	0	
Purchase of intangible assets	0	0	0	
Decrease/(increase) in non-current receivables	0	(691)	(691)	
Capital assets				
Capital assets	(1513)	(1 155)	(1 155)	
Increase in loan	(101)	0	0	
Net cash from/(used) investing activities	(1 044)	(924)	(2 256)	
Cash flows from financing activities				
Receipts				
Short term loans	0	0	0	0
Borrowing long term/refinancing	(101)	0	0	0
Increase (decrease) in consumer deposits	0	0	0	0
Payments				
Repayment of borrowing				

Description	2016/17	2017/18		
	Actual	Original budget	Adjusted budget	Audited outcome
	R'000	R'000	R'000	R'000
Net cash from/(used) financing activities	(101)			
Net increase/(decrease) in cash held	(3 101)			
Cash/cash equivalents at the year begin:	6 089			
Cash/cash equivalents at the year-end:	2 988			

Table 107: Cash flow 2017/18

5.7 Gross outstanding debtors per service

The table below indicates the gross outstanding debtors per service of the Municipality:

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
2016/17	0	0	0	0	1 994	1 994
2017/18	0	0	0	0	2965	2965
Difference	0	0	0	0	813	813
% growth year on year	0	0			971	971

Note: Figures include provision for bad debt

Table 108: Gross outstanding debtors per service

5.8 Total debtors age analysis

The table below reflects the debtor age analysis of the Municipality:

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
2016/17	651	57	136	1 150	1 994
2017/18	142	33	702	2087	2965
Difference	509	24	(566)	(937)	813
% Growth Year	(78%)	(42%)	416%	81.48%	41%

Note: Figures exclude provision for bad debt.

Table 109: Service debtors age analysis

5.9 Borrowings and investments

Money not immediately required is invested within a timeframe of 1 to 12 months. The Investment Policy is approved and gives effect to regulations.

The tables below indicate the Municipality's borrowing and investment profile for the 2017/18 financial year:

5.9.1 Actual borrowings

Instrument	2016/17	2017/18
	R'000	
Long-term loans (annuity/reducing balance)	0	0
Long-term loans (non-annuity)	0	0
Local registered stock	0	0
Instalment credit	0	0
Financial leases	140	158
PPE liabilities	0	0
Finance granted by cap equipment supplier	0	0
Marketable bonds	0	0
Non-marketable bonds	0	0
Bankers acceptances	0	0
Financial derivatives	0	0
Other securities	0	0
Municipality Total	182	140

Table 110: Actual borrowings

5.10 Municipal investments

Investment type	2016/17	2017/18
	R'000	
Securities - National Government	0	0
Listed corporate bonds	0	0
Deposits – Bank	3 047	4 856
Deposits - Public investment commissioners	0	0
Deposits - Corporation for public deposits	0	0
Bankers' acceptance certificates	0	0
Negotiable certificates of deposit – Banks	0	0
Guaranteed endowment policies (sinking)	0	0
Repurchase agreements – Banks	0	0
Municipal bonds	0	0
Municipality total	2 694	3 067

Table 111: Municipal investments

COMPONENT C: OTHER FINANCIAL MATTERS

5.11 Supply Chain Management (SCM)

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 included the Bid Committees, complaints and abuse of supply chain. The New PPPFA Policy was developed and approved by Council.

No Councillor was a members of the committees that dealt with supply chain processes.

5.12 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 ensures 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 2017/18 are fully GRAP compliant.

CHAPTER 6: AUDITOR-GENERAL

COMPONENT A: AUDITOR GENERAL OPINION 2017/18

6.1 Auditor-General report 2017/18

Main issues raised	Remedial actions taken
CKDM	
Overall 10% of significantly important targets were not reliable when compared to source information or evidence provided.	Will be corrected in future and more closely monitored in 2017/18
Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1) (d) of the MFMA.	Internal control will be improved in 2017/18.
The annual performance objectives and indicators of the municipal entity were not established by agreement and included in the entity's multi-year business plan in accordance with section 93B(a) of the Systems Act.	Will intent to separate Entity's plans, budgets and reporting.

Table 112: Auditor-General report 2016/17

COMPONENT B: AUDITOR GENERAL OPINION 2017/18

6.2 Auditor-General report 2017/18

The Auditor-General report is attached.

6.3 Annual financial statements for 2017/18

The Annual Financial Statements for 2017/18 is included in the document.

6.4 Auditor-General report on the financial statements 2017/18

The Central Karoo District Municipality received and unqualified audit opinion from the Auditor-General.

APPENDICES

APPENDIX A: COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committee	Purpose of committee
Finance and Corporate Services Committee	<p>The responsibilities of the Committee include the following:</p> <ul style="list-style-type: none"> - IDP and Budget - Income and Expenditure Management - Credit Control - Asset and SCM - Financial Services - IT & Data Management - Records Management - Environmental Health Services - Fleet Management - Disaster Management & Emergency Services - Legal Services - Council matters - Community Safety - Supply Chain Management - SDBIP - Skills Development and Training - Administration related to Shared Services - Councilor Training - Social issues / matters - Communication <p>Environmental Health Services:</p> <ul style="list-style-type: none"> - Drafting of Regulations - Air Quality Management - Water Quality Management - Waste Management - Food control - Communicable diseases - Community Pollution Management - Vector Control - Premises - Excavation / reclamation of human remains - Chemical safety - Health awareness and training
Municipal Services and Infrastructure Committee	<p>The responsibilities of the Committee include the following:</p> <ul style="list-style-type: none"> - IDP, Budget and SDBIP - Provincial Roads Function – Maintenance and construction - Public Transport - Civil Services to B-Municipalities - Capital projects: Infrastructure - OHS - Mechanical Work shop - Planning / Design - Plant
Human Resources Development Committee	<p>The responsibilities of the Committee include the following:</p> <ul style="list-style-type: none"> - IDP, Budget and SDBIP - Policies - Interviewing - Equal employment
Economic and Social Development Committee	<p>The responsibilities of the Committee include the following:</p> <ul style="list-style-type: none"> - IDP, Budget, SDBIP - LED & Tourism - Working for Water Project - Land Reform (Rural Development)

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committee	Purpose of committee
	<ul style="list-style-type: none"> - Community Development and empowerment initiatives - Youth and Gender equality <p>Office of the Municipal Manager:</p> <ul style="list-style-type: none"> - Internal Audit - Appointments - Labour Relations / Training

Table 113: Committees and Committee purposes

APPENDIX B: THIRD TIER STRUCTURE

Third Tier Structure	
Directorate	Director / Manager
Office of the Municipal Manager	Mr. Stefanus Jooste
Corporate Services	Mr. Johannes Jonkers
Technical Services	Mr. Kobus Theron (Retired – January 2018) / Mr. A Koopman (Acting)
Financial Services	Ms. Ursula Baartman

Table 114: Third Tier Structure

APPENDIX C: RECOMMENDATIONS OF THE MUNICIPAL AUDIT & PERFORMANCE COMMITTEE 2017/18

No recommendations were made by the Municipal Audit and Performance Committee of the Central Karoo District Municipality during the year under review.

Find the Report from the Audit and Performance Committee for year ending 30 June 2018. (Annexure N)

APPENDIX D: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts 2017/18					
Name of Service provider (Entity or Municipal Department)	Description of services rendered by the Service Provider	Start date of contract	Expiry date of contract	Project Manager	Contract Value R'000
Ignite Advisory Services	5 Year IDP Plan	01.07.2017	30.06.2020	Manager Strategic Services	As charged per tariff listing
Ignite Advisory Services	Performance Management	01.06.2017	30.06.2018	Manager Strategic Services	As charged per tariff listing
Mubesko Africa (Pty)Ltd	Accounting Services	01.07.2016	30.06.2019	Snr Manager: Financial Services	As charged per tariff listing

Long Term Contracts 2017/18					
Name of Service provider (Entity or Municipal Department)	Description of services rendered by the Service Provider	Start date of contract	Expiry date of contract	Project Manager	Contract Value R'000
Moore Stephens	Internal Audit Services	01.12.2014	30.11.2017	Snr Manager: Financial Services	As charged per tariff listing
Ubertech	IT Support	01.03.2017	30.06.2018	Snr Manager: Corporate Services	As charged per tariff listing
Telkom	Telephone	01.12.2016	01.12.2019	Snr Manager: Corporate Services	As charged per tariff listing
Ricoh	Rental of 4-in-1 copy machine	01.03.2016	01.03.2021	Snr Manager: Corporate Services	As charged per tariff listing
Nashua	Rental of 4-in-1 copy machine	01.08.2016	01.08.2020	Snr Manager: Corporate Services	As charged per tariff listing
Fujitsi (Abakus)	Financial Systems	01.07.2017	30.06.2018	Snr Manager: Financial Services	As charged per tariff listing
B-Muns	Shared Services	01.07.2016	30.06.2019	Legal and Executive Support	As charged per tariff listing
Sebata	Financial System	16.02.2017		Snr Manager: Financial Services	As charged per tariff listing

Table 115: Long term contracts and PPP's

APPENDIX E: DISCLOSURES OF FINANCIAL INTEREST

Declaration of interest forms were completed by the majority of employees, all Section 56/57 Managers and Councillors of the Central Karoo District Municipality to declare any interest for the 2017/18 with no employees declaring any related party transactions.

The Municipal Manager declared a potential conflict of interest as the Executive Mayor is his brother.

APPENDIX F: REVEUNE COLLECTION PERFORMANCE BY VOTE AND SOURCE

APPENDIX F (I): REVEUNE COLLECTION PERFORMANCE BY VOTE

Revenue collection performance by vote						
Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget
Vote 1 - Executive and Council	7 906	25 847	20 335	19 236	(25.58%)	(5.4%)
Vote 2 - Budget and Treasury Office	13 764	2 650	13 674	12 647	377%	(7.5%)
Vote 3 - Corporate Services	14 831	5 810	7 995	7425	27.8%	(7.13%)
Vote 4 - Technical Services	33 429	3 897	40 319	42 479	990%	5.36%
Total revenue by vote	69 931	73 277	82 322	81 787	11.6%	(0.65%)

Table 116: Revenue collection performance by vote

APPENDIX F (II): REVEUNE COLLECTION PERFORMANCE BY SOURCE

Revenue collection performance by source						
Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget
Actuarial gains	0	0	0	1 134	100%	100%
Rentals of facilities and equipment	72	50	72	87	74%	21%
Interest earned - external investments	503	550	513	513	-0.7%	0%
Licenses and permits	21	0	0	32	100%	100%
Agency services	3 328	3 418	3541	3 541	4%	0%
Department of Transport - Roads service charges	33 429	0	0	0	0	0
Government grants and subsidies - operating	28 676	26 905	32 435	31 809	18.23%	-1.93%
Other income	3053	41 531	44 134	44 671	7.56%	1.22%
Total revenue by source	69 082	72 477	80 623	81 787	12.85%	1.44%

Table 117: Revenue collection performance by vote

APPENDIX G: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: Excluding MIG						
Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor
				Actual	Original Budget	
Equitable Share	19416	22 595	22595	22 595	100%	100%
National Financial Management Grant	1250	1050	1050	1 250	19%	19%
EPWP	1000	1 095	1 095	1 095	100%	100%
Rural Asset Management Grant (RAMS)	1866	1725	1725	1 917	11%	11%
Fire Brigade Capacity Building	0	800	800	800	100%	100%
Disaster management	0	0	1505	70	0	(95%)
Ground Water Level Monitoring	0	0	0	800	0	0
FMG Graduate Internship Programme	0	0	0	66	0	0
FMG Capacity building grant (Bursaries)	0	240	245	240	100%	(2%)
WCFMSG Internal Audit and Risk Management	0	0	0	395	0	0
WCFMSG Improvement and alignment of SDBIP & Budget Monitoring	0	0	0	200	0	0
WCFMSG Grap Compliant AFS, Audit files & training	0	0	0	500	0	0
WCFMSG Improvement of assurance service	0	0	0	200	0	0
WCFMSG Mscoa	0	0	0	280	0	0
WCFMSG Caseware	0	0	0	200	0	0
Financial management support	1913	0	0	0	0	0
FMG Capacity	0	0	2644	0	0	0
CHIETA	314	1765	1765	1 033	(41%)	(41%)
LG SETA	1 307	1368	1368	1 368	0	0
Doring veld Project	1 118	247	247	247	0	0

Conditional Grants: Excluding MIG						
Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor
				Actual	Original Budget	
Total	27 793	30 785	33584	33 257	8%	(1%)

Table 118: Conditional Grants received: Excluding MIG

APPENDIX H: CAPITAL EXPENDITURE – NEW & UPGRADE / RENEWAL PROGRAMMES

APPENDIX H (I): CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME

Capital Expenditure – New Assets Programme							
Description	2016/17	2017/18			2017/18 Variance		
	Actual	Original Budget	Adjustment Budget	Actual	FY+1	FY+2	FY+3
Capital expenditure by Asset Class							
Community - Total							
<i>Fire, safety & emergency Security and policing</i>	833	1300	1300	895			
Other assets							
<i>Furniture and other office equipment</i>	223	230	262	441			
Total Capital Expenditure on new assets	1 056	1 155	1 495	1336			

Table 119: Capital Expenditure - New Asset Programme

APPENDIX I (II): CAPITAL EXPENDITURE – UPGRADE / RENEWAL PROGRAMME

Not applicable as no expenditure was incurred in this regard in terms of Upgrade or renewal.

APPENDIX J: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY 2017/18

No loans or grant have been made by the Central Karoo District Municipality for the 2017/18 financial year.

APPENDIX K: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

No returns were not made in due time under the MFMA S71 for the year under review.

Report of the auditor-general to Western Cape Provincial Parliament and council on Central Karoo District Municipality

Report on the audit of the consolidated and separate financial statements

Opinion

I have audited the consolidated and separate financial statements of the Central Karoo District Municipality and its subsidiary set out on pages 4 to 81, which comprise the consolidated and separate statement of financial position as at 30 June 2018, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Central Karoo District Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (DoRA).

Basis for opinion

I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of this auditor's report.

I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Significant uncertainty

As disclosed in note 39 to the consolidated and separate financial statements, the Central Karoo District Municipality is a defendant in various claims. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the consolidated and separate financial statements.

Discontinued operations

As disclosed in note 38 to the consolidated and separate financial statements, the Central Karoo District Municipality has decided to discontinue with the operations of the Central Karoo Economic Development Agency (Pty) Ltd (CKEDA). CKEDA was deregistered on 26 June 2018.

Recoverability of unpaid grants

As disclosed in note 5 to the consolidated and separate financial statements, the Central Karoo District Municipality has been engaging with the Department of Environment Affairs regarding the recovery of the balance of R882 449 which has been outstanding for more than one year. A commitment has been made by the executive mayor to escalate this matter on a political level.

As disclosed in note 5 to the consolidated and separate financial statements, the Central Karoo District Municipality paid Local Government Sector Education Training Authority (LGSETA) project related

expenditure in advance to the value of R745 766 as at 30 June 2017. Council has indicated that no more payments will be made to service providers linked to this project unless the full amount payable has been received from LGSETA.

Restatement of corresponding figures

As disclosed in note 29 to the consolidated and separate financial statements, the corresponding figures for 30 June 2017 were restated as a result of errors discovered during the 2017-18 financial year, as well as municipal standard chart of accounts reclassification in the consolidated and separate financial statements of the Central Karoo District Municipality at, and for the year ended, 30 June 2018.

Other matters

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

Unaudited supplementary schedules

The supplementary information set out on pages 81 to 91 does not form part of the consolidated and separate financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Unaudited disclosure notes

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

Responsibilities of accounting officer for the financial statements

The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the Central Karoo District Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected strategic objectives presented in the annual

performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic objectives presented in the annual performance report of the municipality for the year ended 30 June 2018:

Strategic objectives	Pages in the annual performance report
Strategic objective 4 – to improve and maintain district roads and promote effective and safe public transport for all	41
Strategic objective 7 – promote safe, healthy and socially stable communities through the provision of a sustainable environmental health service	44 – 45

I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

I did not raise any material findings on the usefulness and reliability of the reported performance information for the following strategic objectives:

- Strategic objective 4 – to improve and maintain district roads and promote effective and safe public transport for all
- Strategic objective 7 – promote safe, healthy and socially stable communities through the provision of a sustainable environmental health service

Other matters

I draw attention to the matters below.

Achievement of planned targets

Refer to the annual performance report on pages 41 to 42 and 44 to 45 for information on the achievement of planned targets for the year.

Adjustment of material misstatements

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of strategic objective 7 – promote safe, healthy and socially stable communities through the provision of a sustainable environmental health service. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements, performance and annual reports

The council failed to adopt an oversight report containing the council's comments on the annual report within the prescribed timelines, as required by section 129(1) of the MFMA.

Expenditure management

Reasonable steps were not taken to prevent unauthorised expenditure amounting to R4 466 762, as disclosed in note 30 to the consolidated and separate financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on specific votes.

Reasonable steps were not taken to prevent irregular expenditure amounting to R2 975 502 as disclosed in note 32 to the consolidated and separate financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with supply management regulations.

Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R72 999, as disclosed in note 31 to the consolidated and separate financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by penalties and interest that was paid for late submissions of employee related forms and VAT returns.

Liability management

Long-term debt was incurred without a resolution of the municipal council approving the debt agreement, in contravention of section 46(2)(a) of the MFMA.

Other information

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected strategic objectives presented in the annual performance report that have been specifically reported in this auditor's report.

My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected strategic objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

I have nothing to report in this regard.

Internal control deficiencies

I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Leadership

Leadership did not exercise adequate oversight responsibility over compliance with relevant laws and regulations of the municipality. While there has been improvement in the oversight process as none of the prior year findings reoccurred, this was not sufficient to prevent unauthorised, irregular and fruitless and wasteful expenditure resulting in material non-compliance from occurring. Due to the instability in the district municipality's council the oversight report was not tabled within the prescribed timelines as required by the MFMA.

Financial and performance management

Management did not adequately monitor compliance with the applicable legislation by ensuring that council approval was sought for the long-term debt resulting from leases and that adequate controls were in place to prevent and/or detect unauthorised, irregular and fruitless and wasteful expenditure.

Auditor-General

Cape Town

13 December 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements, and the procedures performed on reported performance information for selected strategic objectives and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor’s report, I also:

identify and assess the risks of material misstatement of the consolidated and separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control

evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer

conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Central Karoo District Municipality and its subsidiary’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern

evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Report of the auditor-general to Western Cape Provincial Parliament, board of directors and the council on Central Karoo Economic Development Agency (SOC) Ltd

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Central Karoo Economic Development Agency (SOC) Limited set out on pages 8 to 27, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets and statement of cash flow for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects on the corresponding amounts of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Central Karoo Economic Development Agency (SOC) Ltd as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA).

Basis for qualified opinion

Conditional Government Grants and Subsidies (Operating)

3. During 2017, I was unable to obtain sufficient appropriate audit evidence for conditional government grants and subsidies (operating) and to confirm the revenue by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to conditional government grants and subsidies (operating) stated at R3 654 My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the conditional government grants and subsidies (operating) for the current period.

Payable from exchange transactions

4. During 2017, I was unable to obtain sufficient appropriate audit evidence for payables from exchange transactions and to confirm the payables by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to payables from exchange transactions stated at R2 505. My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the payables from exchange transactions for the current period.

Irregular expenditure disclosure

5. During 2017, the municipal entity did not include irregular expenditure in the notes to the financial statements as required by section 125(2)(d) of the MFMA. Consequently, I was unable to determine whether any further adjustment was necessary to irregular expenditure stated at R6 720. My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the irregular expenditure for the current period.

Context for the opinion

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
7. I am independent of the [type of auditee/ group] in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

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

Deregistration of the municipality

10. With reference to note 1.3 to the financial statements, the municipal entity was deregistered on 17 April 2018 due to the cessation of the funding from Industrial Development Corporation (IDC).

Material Impairment – related party loan

11. As disclosed in note 5 to the financial statements, the loan from Central Karoo District Municipality amounting to R2 968 335 was written off as irrecoverable due to a decision taken by the municipality to deregister Central Karoo Economic Development Agency (SOC).

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the MFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

15. In preparing the financial statements, the accounting officer is responsible for assessing the Central Karoo Economic Development Agency's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

18. I was unable to audit the usefulness and reliability of the performance information, as the annual performance report of the municipal entity was not prepared as required by section 121(4)(d) of the MFMA.

Report on the audit of compliance with legislation

Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipal entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
20. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.

Other information

21. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the directors' report, as required by the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act) The other information does not include the financial statements, the auditor's report.
22. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
24. I have nothing to report in this regard.

Internal control deficiencies

25. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified, the findings on the annual performance report and the findings on compliance with legislation

Leadership

26. As the municipality has stopped trading in September 2016 and was dormant up to the point of the council resolution for deregistration, there were no staff available with prior knowledge or records available to address the prior year qualification. The annual performance report was therefore not prepared as the intention at the start of the year was not to continue trading.

Auditor-General

Cape Town

30 November 2018



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the municipal entity’s compliance with respect to the selected subject matters.

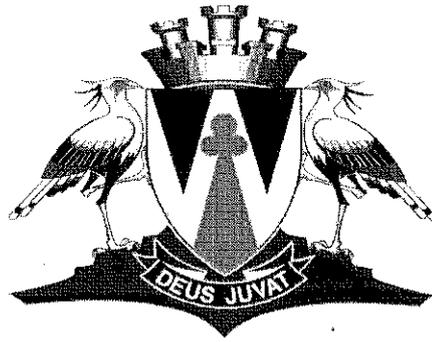
Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting officer.
 - conclude on the appropriateness of the board of directors, which constitutes the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Central Karoo Economic Development Agency’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipal entity to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

**APPENDIX O: REPORT FROM THE AUDIT AND PERFORMANCE
COMMITTEE FOR YEAR ENDING 30 JUNE 2017**



Ref: 4/9/2/8

REPORT FROM THE AUDIT COMMITTEE OF THE CENTRAL KAROO DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2018

The Audit Committee is a committee of the Council and in addition to having specific statutory responsibilities to the ratepayers and consumers in terms of the Municipal Finance Management Act, 2003 (No 56) (MFMA), the committee assists the Council through advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external and internal audit functions and statutory and regulatory compliance of the Municipality.

1. Terms of Reference

The Audit Committee has adopted formal terms of reference that have been approved by Council and has executed its duties during the past financial year in accordance with these terms of reference.

2. Composition

The committee consists of three independent non-executive members. As the terms of appointment of the previous audit committee members have come to an end in March 2018, a new audit committee has been appointed, from April 2018. As at 30 June 2018 the Audit Committee comprises of the following members:

Members appointed from April 2018 to March 2021:

NAME	POSITION	PERIOD
MF Pike	Chairperson	13 April 2018 - 30 June 2018
N Gabada	Member	13 April 2018 – 30 June 2018
Y Duimpies	Member	13 April 2018 - 30 June 2018

Members whose terms of appointment ended in March 2018:

NAME	POSITION	PERIOD
A Hooker	Chairperson	1 July 2017 - 31 March 2018
T Hawker	Member	1 July 2017 - 31 March 2018
A Matthee	Member	1 July 2017 - 31 March 2018
N Verdoes	Member	1 July 2017 - 31 March 2018

The Municipal Manager, the Chief Financial Officer, directors from departments and representatives from the internal auditors are standing invitees to the committee meetings. The external and internal auditors have unrestricted access to the Audit Committee.

3. Meetings

The Audit Committee held four meetings during this period.

Details of audit committee members attendance at meetings is set out in the table below:

MEMBER	30 August 2017	06 December 2017	15 February 2018	19 June 2018
A Hooker	✓	✗	✓	n/a
T Hawker	✓	✓	✗	n/a
A Matthee	✓	✓	✓	n/a
N Verdoes	✓	✓	✓	n/a
MF Pike	n/a	n/a	n/a	✓
N Gabada	n/a	n/a	n/a	✓
Y Duimpies	n/a	n/a	n/a	✓

4. Statutory Duties

In execution of its statutory duties during the past financial year, the Audit Committee received no complaints relating to the accounting practices and internal audit of the municipality, the content or auditing of its financial statements, the internal financial controls of the municipality and other related matters.

5. Delegated Duties

Oversight of risk management

The committee has:

received assurance that the process and procedures followed by the internal auditors are adequate to ensure that financial risks are identified and monitored:

satisfied itself that the following areas have been appropriately addressed:

- financial reporting risks;
- internal financial controls; and
- fraud risks as it relates to financial reporting and Supply Chain Management.

Internal financial controls

The committee has:

- reviewed the effectiveness of the municipality's system of internal financial controls, including receiving assurance from management, internal and external audit;
- reviewed the effectiveness of internal controls relating to the SCM system specifically, as it is one of the key fraud risk areas;
- reviewed the entity's compliance with laws and regulations, including also compliance with the SCM regulations; and
- reviewed significant issues raised by the internal and external audit processes.

Based on the processes and assurances obtained, the committee believes that internal financial controls should be improved. Specifically, management should ensure that the audit action plan on prior year external and audit findings are adequate to ensure corrective actions are sufficient to address the root causes of findings identified. Progress made on action plans should be regularly reported to the Audit Committee to enable the Committee to exercise its oversight responsibility in this regard.

Annual financial statements and reports as at 30 June 2018

The committee is pleased that the Auditor-General has once again issued an unqualified audit opinion on the financial statements for the year ended 30 June 2018.

The Audit Committee do want to highlight the following specific matters, as included in the Audit Report of the Auditor-General, to Council:

a) Specific Matters included under emphasis of matter paragraphs of the Audit Report that the Audit Committee wishes to emphasise:

As per paragraphs 9 & 10 of the audit report, the recoverability of certain unpaid grants as well as expenditure paid in advance to LGSETA related expenditure was highlighted by the Auditor-General in its report. As mentioned in par 9 of the audit report, a commitment has been made by the Executive Mayor to escalate some of these matters on a political level. In par 10 of the Audit Report, the Auditor-General mentioned that no more payments will be made to service providers linked to the LGSETA project unless the full amount has been received from LG SETA.

The Audit Committee is of the opinion that Council should carefully monitor all efforts in order to recover the outstanding amounts.

b) Specific matters included under the Report on the Audit of the Annual Performance Report:

As per par 26 of the Audit Report, the Auditor-General identified material misstatements in the annual performance report submitted for auditing, which was subsequently corrected.

The Audit Committee recommend that management should ensure that the necessary controls should be implemented to ensure that figures submitted for audit purposes, are free from material misstatements. Recommendations of internal audit on these matters should continue to receive priority attention.

c) Specific matters included under the Report on the Audit of Compliance to Legislation and Internal Control Deficiencies sections of the Audit Report:

Management should ensure that the necessary controls are implemented to ensure that compliance to applicable legislation are implemented. Specifically, Council approval should be sought for long-term debt resulting from leases. Adequate controls should also

be implemented to prevent and/or detect unauthorised, irregular and fruitless and wasteful expenditure.

The financial statements are prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act of South Africa (Act 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act 6 of 2011) (DoRA).

External audit and combined assurance

Based on processes followed and assurances received, nothing has come to the attention of the Audit Committee with regards to the external auditors' independence.

As per the management report of the Auditor-General, the internal audit reports were utilised by the Auditor-General in their risk identification processes.

The Auditor-General has issued an unqualified audit opinion on the financial statements for the period ending 30 June 2018.

Performance Management

No material findings on the usefulness and reliability of the reported performance information for the specified objectives audited by the Auditor-General were identified in the Auditor-General Report for the period 30 June 2018.

Internal audit

The committee has:

- reviewed and recommended the internal audit terms of reference for approval;
- evaluated the independence, effectiveness and performance of the internal audit function and compliance with its mandate;
- satisfied itself that the internal audit function has the necessary resources, budget, standing and authority within the firm to enable it to discharge its functions;
- approved the internal audit plan; and
- encouraged cooperation between external and internal audit.

The head of the internal audit function reported functionally to the Audit Committee and had unrestricted access to the Audit Committee chairperson

Finance function

The Audit Committee believes that Me U Baartman, the chief financial officer, possesses the appropriate expertise and experience to meet her responsibilities in that position as required by the MFMA.

The committee is satisfied with the:

- expertise and adequacy of resources within the finance function
- experience of the chief financial officer

As included in the management report of the Auditor-General, the use was made of financial consultants in the preparation of the financial statements. The Audit Committee wishes to emphasise the importance of the continuous implementation of a proper skills transfer plan to ensure in-house expertise are continuously developed and effectively utilised.

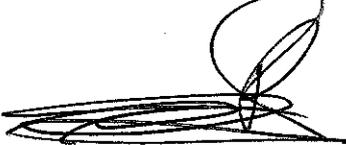
Based on the processes and assurances obtained, the committee believes the accounting practices are effective.

Conclusion

The Committee concurs and accepts the conclusions of both Internal Audit and the Auditor-General. The Committee is of the opinion that the audited Annual Financial Statements should be accepted and read together with the Report of the Auditor-General.

The Committee fully supports the Central Karoo District Municipality in its vision, as embodied in the IDP.

On behalf of the Audit Committee



MF Pike
Chairperson of the Audit Committee
Central Karoo District Municipality
05 December 2018

**VOLUME II: ANNUAL FINANCIAL STATEMENTS: CENTRAL KAROO
DISTRICT MUNICIPALITY**



CENTRAL KAROO DISTRICT MUNICIPALITY

**AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

CENTRAL KAROO DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

Active councillors as at 30 June 2018:

Executive Mayor	AL Rabie
Deputy Mayor	M Jafra
Speaker	IJ Windvogel
Councillor (Full time)	R Meyer
Councillor	AM Slabbert
Councillor	N Constable
Councillor	SM Meyers
Councillor	Q Louw
Councillor	J Botha
Councillor	SM Motsokane
Councillor	HT Prince
Councillor	B Kleinboo

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2018, which are set out on pages 4 to 79 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual 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.

The annual financial statements were prepared on the going concern basis.



Accounting Officer
Mr. S. Jooste

CENTRAL KAROO DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

GENERAL INFORMATION

LEGAL FORM OF ENTITY	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 Africa Category C Municipality (District 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 Municipality Prince Albert Municipality Laingsburg Municipality
MUNICIPAL MANAGER	Mr. S. Jooste
CHIEF FINANCE OFFICER	Ms. UM. Baartman
REGISTERED OFFICE	63 Donkin Street, Beaufort West, 6970
AUDITORS	Auditor General of South Africa
BANKERS	First National Bank, Beaufort West ABSA, Beaufort West Nedbank, Beaufort West
ATTORNEYS	Crawfords Attorneys Coetzee & van den Bergh Attorneys
RELEVANT LEGISLATION	Basic Conditions of Employment Act (Act no 75 of 1997) Collective Agreements Division of Revenue Act Employment Equity Act (Act no 55 of 1998) Electricity Act (Act no 41 of 1987) Housing Act (Act no 107 of 1997) Infrastructure Grants Municipal Finance Management Act (Act no 56 of 2003) Municipal Planning and Performance Management Regulations Municipal Property Rates Act (Act no 6 of 2004) Municipal Regulations on Standard Chart of Accounts Municipal Structures Act (Act no 117 of 1998) Municipal Systems Act (Act no 32 of 2000) SALBC Leave Regulations Skills Development Levies Act (Act no 9 of 1999) Supply Chain Management Regulations, 2005 The Income Tax Act Unemployment Insurance Act (Act no 30 of 1996) Value Added Tax Act

CENTRAL KAROO DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

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CENTRAL KAROO DISTRICT MUNICIPALITY
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APPROVAL OF ANNUAL FINANCIAL STATEMENTS

Active councillors as at 30 June 2018:

Executive Mayor	AL Rabie
Deputy Mayor	M Jafta
Speaker	IJ Windvogel
Councillor (Full time)	R Meyer
Councillor	AM Slabbert
Councillor	N Constable
Councillor	SM Meyers
Councillor	Q Louw
Councillor	J Botha
Councillor	SM Motsoane
Councillor	HT Prince
Councillor	B Kleinboo

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2018, which are set out on pages 4 to 79 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual 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.

The annual financial statements were prepared on the going concern basis.

Accounting Officer
Mr. S. Jooste

CENTRAL KAROO DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note(s)	2018 R	2017 R
Assets			
Current Assets			
Inventories	2	651 300	814 559
Receivables from exchange transactions	3	3 109 925	6 443 003
Receivables from non-exchange transactions	4	1 974 590	2 060 174
Unpaid Conditional Government Grants and Receipts	5	1 172 031	1 879 068
Taxes	6	737 801	434 289
Employee Benefits Receivables	7	928 829	702 561
Cash and cash equivalents	8	8 108 327	2 988 501
		16 682 803	15 322 155
Non-Current Assets			
Property, plant and equipment	9	8 231 379	7 048 694
Intangible assets	10	92 771	84 579
Employee Benefits Receivable	7	9 515 553	9 991 682
		17 839 703	17 124 955
Total Assets		34 522 506	32 447 110
Liabilities			
Current Liabilities			
Current Employee benefits	11	4 828 139	4 166 007
Finance lease obligation	12	67 409	39 000
Payables from exchange transactions	13	6 717 228	5 632 733
Unspent conditional grants and receipts	5	2 538 556	1 797 930
		14 151 332	11 635 670
Non-Current Liabilities			
Finance lease obligation	12	90 170	101 367
Employee benefits	14	17 094 788	17 451 601
		17 184 958	17 552 968
Total Liabilities		31 336 290	29 188 638
Net Assets		3 186 216	3 258 472
Accumulated surplus		3 186 216	3 258 472

CENTRAL KAROO DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2018 R	2017 R
Revenue			
Revenue from exchange transactions			
Agency services	15	3 540 601	3 328 024
Department of Transport - Roads Service Charges		42 478 676	33 429 456
Interest received		513 228	503 069
Licences and permits		32 060	21 183
Operational Revenue	17	223 746	491 974
Rental from fixed asset		87 109	71 199
Total revenue from exchange transactions		46 875 420	37 844 905
Revenue from non-exchange transactions			
Taxation revenue			
Contribute property		471 000	-
Settlement by National Treasury	25	1 439 698	1 612 946
Transfer revenue			
Government grants & subsidies	18	31 809 261	28 675 773
Total revenue from non-exchange transactions		33 719 959	30 288 719
Total revenue		80 595 379	68 133 624
Expenditure			
Employee related costs	19	(39 503 099)	(34 968 333)
Remuneration of councillors	20	(3 550 046)	(3 139 732)
Contracted services		(4 724 215)	(3 460 409)
Depreciation and amortisation	21	(526 809)	(328 005)
Impairment	22	(352 233)	(457 424)
Finance costs	23	(734 790)	(857 262)
Operational cost	24	(23 634 450)	(18 348 456)
Inventory Consumed	2	(8 818 134)	(7 454 331)
Total expenditure		(81 843 776)	(69 013 952)
Operating deficit		(1 248 397)	(880 328)
Loss on disposal of assets and liabilities		(15 885)	(47 128)
Actuarial gains / (loss)	14	1 133 722	1 573 156
Reversal of impairment losses		58 304	224 432
		1 176 141	1 750 460
(Deficit) surplus for the year		(72 256)	870 132

CENTRAL KAROO DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus R	Total net assets R
Balance at 01 July 2016	2 388 340	2 388 340
Changes in net assets		
Net Surplus for the year as previously reported	1 160 248	1 160 248
Prior Period Adjustments - Note 29	(290 116)	(290 116)
Balance at 01 July 2017	3 258 472	3 258 472
Changes in net assets		
Loss for the year	(72 256)	(72 256)
Balance at 30 June 2018	3 186 216	3 186 216

CENTRAL KAROO DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

CASH FLOW STATEMENT

	Note(s)	2018 R	2017 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Other		53 543 544	35 781 226
Government		31 809 261	28 964 316
Interest income		513 228	503 069
		<u>85 866 033</u>	<u>65 248 611</u>
Payments			
Suppliers and employees		(79 134 197)	(66 715 589)
Finance costs		(14 916)	(11 437)
		<u>(79 149 113)</u>	<u>(66 727 026)</u>
Net cash flows from operating activities	27	<u>6 716 920</u>	<u>(1 478 415)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant and equipment		(1 302 456)	(1 024 296)
Purchase of other intangible assets		(33 056)	(39 365)
Increase in Loan		(278 794)	(457 424)
Net cash flows from investing activities		<u>(1 614 306)</u>	<u>(1 521 085)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in/(Repayment of) finance lease		17 212	(42 442)
Repayment to National Revenue Fund		-	(59 000)
Net cash flows from financing activities		<u>17 212</u>	<u>(101 442)</u>
Net increase/(decrease) in cash and cash equivalents		<u>5 119 826</u>	<u>(3 100 942)</u>
Cash and cash equivalents at the beginning of the year		2 988 501	6 089 443
Cash and cash equivalents at the end of the year	8	<u>8 108 327</u>	<u>2 988 501</u>

CENTRAL KAROO DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference note 40
	R	R	R	R	R	
Statement of Financial Performance						
REVENUE						
REVENUE FROM EXCHANGE TRANSACTIONS						
Agency Services	3 418 421	120 402	3 538 823	3 540 601	1 778	A
Department of Transport - Roads Service Charges	38 970 000	1 349 094	40 319 094	42 478 676	2 159 582	B
Interest Received	550 000	10 000	560 000	513 228	(46 772)	C
Licences and permits	22 450	12 550	35 000	32 060	(2 940)	D
Operational Revenue	2 538 605	(2 135 887)	402 718	223 746	(178 972)	E
Rental of fixed asset	72 000	28 000	100 000	87 109	(12 891)	F
Total revenue from exchange transactions	45 571 476	(615 841)	44 955 635	46 875 420	1 919 785	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TAXATION REVENUE						
Property rates	-	-	-	471 000	471 000	
Settlement by National Treasury	-	2 015 000	2 015 000	1 439 698	(575 302)	S
TRANSFER REVENUE						
Government grants & subsidies	27 705 300	7 645 585	35 350 885	31 809 261	(3 541 624)	G
Total revenue from non-exchange transactions	27 705 300	9 660 585	37 365 885	33 719 959	(3 645 926)	
Total revenue	73 276 776	9 044 744	82 321 520	80 595 379	(1 726 141)	
EXPENDITURE						
Employee related costs	(37 304 703)	(3 781 234)	(41 085 937)	(39 366 582)	1 719 355	I
Remuneration of councillors	(3 721 888)	202 161	(3 519 727)	(3 550 046)	(30 319)	J
Contracted Services	(5 875 393)	1 938 387	(3 937 006)	(4 724 215)	(787 209)	K
Depreciation and amortisation	(256 300)	(130 600)	(386 900)	(526 809)	(139 909)	L
Impairment	-	-	-	(352 233)	(352 233)	M
Finance costs	-	-	-	(871 307)	(871 307)	N
Operational cost	(18 090 772)	(6 565 167)	(24 655 939)	(23 634 450)	1 021 489	O
Inventory Consumed	(5 263 460)	(1 118 013)	(6 381 473)	(8 818 134)	(2 436 661)	P
Total expenditure	(70 512 516)	(9 454 466)	(79 966 982)	(81 843 776)	(1 876 794)	
Operating deficit	2 764 260	(409 722)	339 538	(1 248 397)	58 385 086	
Loss on disposal of assets and liabilities	-	-	-	(15 885)	(15 885)	Q
Actuarial gains/losses	(1 269 853)	400 000	(869 853)	1 133 722	2 003 575	R
Reversal of impairment losses	-	-	-	58 304	58 304	T
	(1 269 853)	400 000	(869 853)	1 176 141	2 045 994	
Deficit before taxation	1 494 407	(9 722)	1 484 685	(72 256)	(1 735 839)	

CENTRAL KAROO DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference note 40
	R	R	R	R	R	
Statement of Financial Position						
ASSETS						
Inventories	1 060 000	-	1 060 000	651 300	(408 700)	U
Receivables from exchange transactions	-	-	-	3 109 925	3 109 925	V
Receivables from non-exchange transactions	1 186 000	-	1 186 000	1 974 570	788 570	W
Unpaid Conditional Government Grants and Receipts	896 000	-	896 000	1 172 031	276 031	X
Taxes	-	-	-	737 801	737 801	Y
Cash and Cash Equivalents	8 285 000	-	8 285 000	8 108 327	(176 673)	Z
Consumer debtors	472 000	-	472 000	-	(472 000)	AA
	11 899 000	-	11 899 000	15 753 954	3 854 954	
NON-CURRENT ASSETS						
Property, plant and equipment	5 959 000	2 112 000	8 071 000	8 231 379	160 379	BB
Intangible assets	12 000	-	12 000	92 771	80 771	CC
Employee Benefits Receivable	10 561 000	-	10 561 000	9 515 553	(1 045 447)	DD
	16 532 000	2 112 000	18 644 000	17 839 703	(804 297)	
Total Assets	28 431 000	2 112 000	30 543 000	33 593 657	3 050 657	
LIABILITIES						
CURRENT LIABILITIES						
Current Employee Benefits	-	-	-	4 828 139	4 828 139	EE
Finance lease Obligation	42 000	-	42 000	67 409	25 409	FF
Trade and Other Payables	6 970 000	-	6 970 000	6 717 228	(252 772)	GG
Unspent conditional grants and receipts	-	-	-	2 538 556	2 538 556	HH
	7 012 000	-	7 012 000	14 151 332	7 139 332	
NON-CURRENT LIABILITIES						
Finance lease Obligation	98 000	-	98 000	90 170	(7 830)	FF
Employee benefits	23 613 000	-	23 613 000	17 094 788	(6 518 212)	EE
	23 711 000	-	23 711 000	17 184 958	(6 526 042)	
Total Liabilities	30 723 000	-	30 723 000	31 336 290	613 290	
Net Assets	(2 292 000)	2 112 000	(180 000)	2 257 367	2 437 367	
NET ASSETS						
Accumulated surplus	(2 292 000)	2 112 000	(180 000)	3 186 216	3 366 216	

CENTRAL KAROO DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**Budget on Accrual Basis**

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference note 40
	R	R	R	R	R	
Cash Flow Statement						
Cash flows from operating activities						
RECEIPTS						
Other Revenue	45 021 000	(626 000)	44 395 000	53 543 544	9 148 544	II
Government grants	27 705 000	9 661 000	37 366 000	31 809 261	(5 556 739)	JJ
Interest income	550 000	10 000	560 000	513 228	(46 772)	KK
	73 276 000	9 045 000	82 321 000	85 866 033	3 545 033	
PAYMENTS						
Suppliers and employees	(71 782 000)	(8 850 000)	(80 632 000)	(79 134 197)	1 497 803	LL
Finance costs	-	-	-	(14 916)	(14 916)	MM
	(71 782 000)	(8 850 000)	(80 632 000)	(79 149 113)	1 482 887	
Net cash flows from operating activities	1 494 000	195 000	1 689 000	6 716 920	5 027 920	
Cash flows from investing activities						
Purchase of property plant and equipment	-	-	-	(1 302 456)	(1 302 456)	NN
Purchase of other intangible assets	-	-	-	(33 056)	(33 056)	NN
Increase in loan	-	-	-	(278 794)	(278 794)	OO
Increase in non-current debtors	(691 000)	-	(691 000)	-	691 000	PP
Capital assets	(1 155 000)	(340 000)	(1 495 000)	-	1 495 000	NN
Net cash flows from investing activities	(1 846 000)	(340 000)	(2 186 000)	(1 614 306)	571 694	
Cash flows from financing activities						
Increase in/(Repayment of) finance lease	-	-	-	17 212	17 212	MM
Net increase/(decrease) in cash and cash equivalents	(352 000)	(145 000)	(497 000)	5 119 826	5 616 826	
Cash and cash equivalents at the beginning of the year	8 383 000	-	8 383 000	2 988 501	(5 394 499)	
Cash and cash equivalents at the end of the year	8 031 000	(145 000)	7 886 000	8 108 327	222 327	

CENTRAL KAROO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2018

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 Finance Management Act (MFMA) and effective South African Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board 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 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

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

Assets, liabilities, revenue and expenditure 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. The details of any changes in accounting policies are explained in the relevant notes to the annual 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 Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

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

**CENTRAL KAROO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2018**

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 restatement of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has started with a process during the year to align items in the annual financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the annual financial statements. This is set out in note 29 of the annual financial statements.

1.5. AMENDED DISCLOSURE POLICY

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

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not necessarily correlate with the materiality used by external auditor.

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 is disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. 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;

CENTRAL KAROO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2018

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements. Material differences are being defined by Management as 20% of a specific line-item with a minimum of R500,000.

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

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

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2017/18 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2020.

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

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 20	<p><u>Related Party Disclosure</u></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt some of the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	1 April 2019
GRAP 32	<p><u>Service Concession Arrangements: Grantor</u></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact is expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 34	<p><u>Separate Financial Statements</u></p> <p>The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.</p> <p>No significant impact is expected as the Municipality has no investments in any entities</p>	Unknown
GRAP 35	<p><u>Consolidated Financial Statements</u></p> <p>The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.</p> <p>No significant impact is expected as the Municipality does not control any entities.</p>	Unknown

CENTRAL KAROO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2018

GRAP 36	<p><u>Investments in Associates and Joint Ventures</u></p> <p>The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p> <p>No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.</p>	Unknown
GRAP 37	<p><u>Joint Arrangements</u></p> <p>The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).</p> <p>No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.</p>	Unknown
GRAP 38	<p><u>Disclosure of Interest in Other Entities</u></p> <p>The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:</p> <p>a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and</p> <p>b) the effects of those interests on its financial position, financial performance and cash flows.</p> <p>No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.</p>	Unknown
GRAP 108	<p><u>Statutory Receivables</u></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy</p>	Unknown
GRAP 109	<p><u>Accounting by Principles and Agents</u></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 110	<p><u>Living and non-living resources</u></p> <p>The objective of this Standard is prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2020

CENTRAL KAROO DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2018

IGRAP 17	<p><u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u></p> <p>The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown
IGRAP 18	<p><u>Interpretation of the Standard of GRAP on Recognition and Derecognition of Land</u></p> <p>This Interpretation of the Standards of GRAP provides guidance on when an entity should recognise and derecognise land as an asset in its financial statements.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.</p>	
IGRAP 19	<p><u>Liabilities to Pay Levies</u></p> <p>This Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements</p>	

1.9. LEASES

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

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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 an asset or 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.

1.9.2. Municipality as Lessor

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 or a liability. 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.

1.10. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset.

The amount of borrowing costs that the Municipality capitalises during a period shall 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.

1.11. 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 the public.

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

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

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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 disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on grant conditions being met. They represent unpaid government grants, subsidies and contributions from public.

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

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

1.13. UNSPENT PUBLIC CONTRIBUTIONS

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

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

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

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

1.14. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources 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 pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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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.

The amount recognised as a provision shall be 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 derecognised.

1.15. EMPLOYEE BENEFITS

(a) Pension and Retirement Fund Obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (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 charged against surplus or deficit in the year they become payable.

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

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

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms of maturity approximating to the terms of the related pension liability.

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

Past-service costs are recognised immediately as an expense when the plan is amended.

(b) 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% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against 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 charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

(c) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries

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periodically 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 charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

(d) Ex-Gratia Pension Benefits

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

(e) Staff Leave

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

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(f) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year-end is based on the bonus accrued at year end for each employee.

(g) Performance Bonuses

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

1.16. PROPERTY, PLANT AND EQUIPMENT

1.16.1. Initial Recognition

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

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

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

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 was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.16.2. Subsequent Measurement – Cost Model

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

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

1.16.3. Depreciation and Impairment

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 annual depreciation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
Community Assets		Land and Buildings	
Civic Buildings	100	Land	Indefinite
Other Assets		Buildings	100
General Vehicles	11 - 25	Finance Lease Assets	
Fire Engines	18 - 25	Lease Furniture and Office Equipment	3 - 5
Disaster Management Equipment	10 - 28		
Plant and Equipment	9 - 41		
Computer Hardware	5 - 25		
Furniture and Other Office Equipment	5 - 50		

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

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

1.16.4. De-recognition

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

1.17. INTANGIBLE ASSETS

1.17.1. Initial Recognition

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

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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 entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding agreements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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

Intangible assets are initially recognised at cost.

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 was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.17.2. Subsequent Measurement – Cost Model

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

1.17.3. Amortisation

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

<u>Intangible Assets</u>	Years
Computer Software	5-13

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1.17.4. De-recognition

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

1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.18.1. Cash Generating Assets

Cash-generating assets are assets held with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

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

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

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the nature 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 cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.18.2. 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 recorded in the Statement of Financial Performance.

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

- *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

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of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to 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. 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.

After the recognition of an impairment loss, the depreciation or amortisation charge for the asset shall be 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.

1.19. INVENTORIES

1.19.1. Initial Recognition

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.

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Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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.

1.19.2. Subsequent Measurement

Inventories, consisting of consumable stores, finished goods, materials and supplies and work-in-progress, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

1.20. 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). The future utilization of Unspent Conditional Grants or Unpaid Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.20.1. 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.

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1.20.2. 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, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.20.2.1. Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured 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 allowances 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.

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1.20.2.2. Payables

Financial liabilities consist of trade and other payables. They are categorised as financial liabilities held at amortised cost, 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.

1.20.2.3. Cash and Cash Equivalents

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

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

1.20.2.4. 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.

1.20.3. De-recognition

1.20.3.1. 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

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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 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.

1.20.3.2. *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.

1.20.4. *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.

1.21. STATUTORY RECEIVABLES

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

1.21.1. *Initial Recognition*

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

1.21.2. Subsequent Measurement

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

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

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

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

1.21.3. Derecognition

The Municipality derecognises a statutory receivable when:

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

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- ii. recognises separately any rights and obligations created or retained in the transfer.

1.22. REVENUE

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

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

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 from a non-exchange transaction shall be measured at the amount of the increase in net assets recognised by the entity.

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.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and

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- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

1.22.2. Revenue from Exchange Transactions

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

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

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

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

Interest revenue is recognised using the effective interest rate method.

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

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

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

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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. The Municipality performs an agency function on behalf of the Provincial Administration: Western Cape for the proclaimed roads within its area.

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 entity 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 entity.

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

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

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

1.23. RELATED PARTIES

A related party is a person or an entity:

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

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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 Municipality. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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

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

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

- (a) all members of the governing body of the Municipality;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;

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- (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.

1.24. 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.

1.25. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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1.26. 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.

1.27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A Contingent Liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent 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's judgement is required when recognising and measuring contingent liabilities.

1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Post-retirement Medical Obligations, Long Service Awards and Ex Gratia Gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 14 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

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

Property, Plant and Equipment

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The useful lives of property, plant and equipment are based on management's estimation. 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.

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.

Intangible Assets

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

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

Provisions and Contingent Liabilities

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

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This

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provision will be realised as employees take leave or when employment is terminated.

Provision for Performance Bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy 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. 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.

1.30. EVENTS AFTER REPORTING DATE

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

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- 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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	2018 R	2017 R
2. INVENTORIES		
Maintenance Materials - At cost	651 300	757 281
Consumable Stores - Milk - At cost	-	57 278
	651 300	814 559

Inventories recognised as an expense during the year - Materials and supplies	8 818 134	7 454 331
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No Inventories have been pledged as collateral for liabilities of the municipality.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Roads - Sundry debtors	3 109 925	6 443 003
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4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other receivables	2 066 038	2 139 004
Less: Allowance for Doubtful Debts	(91 448)	(78 830)
	1 974 590	2 060 174

Reconciliation of Bad debt

Balance at beginning of year	78 830	418 176
Contribution to provision/(Reversal of provision)	12 618	(224 432)
Bad debts written off	-	(114 914)
	91 448	78 830

Provision are made for all debtors handed over to lawyers for collection, except for debtors disclosed in note 33 which have to be collected in terms of the MFMA.

Ageing of debtors

Current (0 - 30 days)	142 181	-
31 - 60 Days	33 089	-
61 - 90 Days	701 928	-
+ 90 Days	1 097 392	-
	1 974 590	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
5. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Unspent grants		
National Government Grants	-	4 360
Provincial Government Grants	1 542 377	1 575 284
Other Grant Providers	996 179	218 286
	2 538 556	1 797 930
Less: Unpaid Grants		
National Government Grants	289 580	250 853
Provincial Government Grants	-	1 628 215
Other Grant Providers	882 449	-
	1 172 029	1 879 068
Unspent Grants	2 538 556	1 797 930
Unpaid Grants	(1 172 029)	(1 879 068)
	1 366 527	(81 138)

See appendix "E" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

The Doringveld Project

Unpaid expenditure was incurred before 30 June 2017. The Municipality has been engaging with the Department of Environmental Affairs regarding the recovery of the balance. The Executive Mayor has made a commitment to pursue the recovery of the outstanding balance on a political level.

LG SETA project

CKDM paid LGSETA project related expenditure in advance to the amount of R 745 766 as at 30 June 2017; an amount of R 1 368 614 was received for the project during the year and expenditure for the year was paid out in the amount of R 302 000. The balance remaining in the books of CKDM therefore reflects as R 320 234 available towards payment of service providers.

Please take note that Council has specifically stated that no more payments will be made to service providers linked to this project unless the full amount payable has been received from LGSETA.

The Municipality will only become liable for amounts to the various service providers if and when the workplace verification of learner competence is recorded as per the relevant qualification and SETA ETQA requirements.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
6. TAXES		
VAT	737 801	434 289
VAT is receivable/payable on the cash basis.		
7. EMPLOYEE BENEFITS RECEIVABLE		
Department of Transport: Roads - Post Employment Health Care Benefits	8 635 684	8 956 338
Department of Transport: Roads - Long Service Awards	1 360 718	1 210 682
Department of Transport: Roads - Ex-Gratia Pension Benefits	447 980	527 223
	10 444 382	10 694 243
Less: Current portion transferred to current receivables		
Department of Transport: Roads - Post Employment Health Care Benefits	(579 407)	(426 172)
Department of Transport: Roads - Long Service Awards	(234 101)	(104 535)
Department of Transport: Roads - Ex-Gratia Pension Benefits	(115 321)	(171 854)
	(928 829)	(702 561)
Total Long Term Receivables	9 515 553	9 991 682
8. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	1 300	1 300
Bank balances	3 521 476	(79 958)
Call Investments Deposits	4 585 551	3 067 159
	8 108 327	2 988 501

Cash and cash equivalents comprise cash held and short term deposits.

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents. Except for cash and cash equivalents that relate to unspent conditional grants, it has to remain cash backed.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R			2017 R		
The municipality had the following bank accounts						
Account description	Bank statement balances			Cash book balances		
	30/06/2018	30/06/2017	30/06/2016	30/06/2018	30/06/2017	30/06/2016
ABSA Bank Account Number 1540 0000 14 (Cheque Account)	39 279	91 833	351 650	39 279	91 833	351 765
First National Bank Account Number 6206 2151 429 (Cheque Account)	3 515 677	274 763	1 487 282	3 482 197	(171 791)	1 620 678
Total	3 554 956	366 596	1 838 932	3 521 476	(79 958)	1 972 443

Call Investment deposits

Nedbank - 03 / 7881125551 / 01	1 838 376	1 701 870
First Rand Bank Limited - 6223 6004 355	486 184	47 518
Nedbank - 03 / 7881114568 / 01 & 03 / 7881121858/01	2 260 991	1 317 771

9. PROPERTY, PLANT AND EQUIPMENT

	2018			2017		
	Cost	Accumulated Depreciation and Impairment	Carrying value	Cost	Accumulated Depreciation and Impairment	Carrying value
Land	853 150	-	853 150	812 200	(23 200)	789 000
Buildings	5 940 333	(2 225 962)	3 714 371	5 510 284	(2 214 266)	3 296 018
Plant and machinery	994 310	(236 324)	757 986	888 092	(154 158)	733 934
Furniture and fixtures	2 201 710	(1 419 483)	782 227	1 941 176	(1 276 952)	664 224
Motor vehicles	2 836 947	(1 130 692)	1 706 255	2 146 200	(1 001 188)	1 145 012
Office equipment	1 184 653	(767 263)	417 390	1 079 695	(659 189)	420 506
Total	14 011 103	(5 779 724)	8 231 379	12 377 647	(5 328 953)	7 048 694

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Impairment reversal/(loss)	Total
Land	789 000	40 950	-	-	23 200	853 150
Buildings	3 296 018	430 050	-	(46 802)	35 105	3 714 371
Plant and machinery	733 934	106 218	-	(82 151)	(15)	757 986
Furniture and fixtures	664 224	260 535	-	(127 517)	(15 015)	782 227
Office equipment	420 506	104 957	-	(75 467)	(32 606)	417 390
Motor vehicles	1 145 012	830 746	(99 495)	(170 008)	-	1 706 255
Total	7 048 694	1 773 456	(99 495)	(501 945)	10 669	8 231 379

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

			2018 R	2017 R		
Reconciliation of property, plant and equipment - 2017						
	Opening balance	Additions	Disposals	Depreciation and impairment	Prior Period Error/ Reclassificati on	Total
Land	812 200	-	-	-	(23 200)	789 000
Buildings	3 315 237	-	-	(42 419)	23 200	3 296 018
Machinery & Equipment	841 847	295 403	-	(51 946)	(351 370)	733 934
Furniture & equipment	640 765	50 680	(47 128)	(99 254)	119 161	664 224
Office equipment	350 069	161 386	-	(46 468)	(44 481)	420 506
Motor vehicles	427 280	511 467	-	(73 734)	279 999	1 145 012
	6 387 398	1 018 936	(47 128)	(313 821)	3 309	7 048 694

Pledged as security

Leased Property, Plant and Equipment of R157 579 is secured for leases as set out in Note 12.

There are no contractual commitments for the acquisition of property.

Included in the additions of Property Plant and Equipment was a building donated to the municipality from the National Department of Public works. The building was previously used as a clinic.

The prior period error in 2017 to the amount of R3 309 related to office equipment.

Other information

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality.

Property, plant and equipment in the process of being constructed or developed

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

Contracted Services	246 027	45 555
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10. INTANGIBLE ASSETS

	2018			2017		
	Cost	Accumulated Amortisation	Carrying value	Cost	Accumulated Amortisation	Carrying value
Computer software	238 183	(145 412)	92 771	205 126	(120 547)	84 579

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
Reconciliation of intangible assets - 2018		
	Opening balance	Additions
		Amortisation
		Total
Computer software	84 579	33 056
		(24 864)
		92 771

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Prior period error	Amortisation	Total
Computer software	57 348	37 069	2 169	(12 007)	84 579

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

The remaining amortisation period is 4 years.

Microsoft software and other software	92 771	84 579
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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 are restricted.

There are no intangible assets pledged as security for liabilities.

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

11. CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits - Refer to Note 14	1 079 358	937 346
Current Portion of Long Service Provisions - Refer to Note 14	364 538	104 535
Current Portion of Ex Gratia Benefits - Refer to Note 14	115 321	171 854
Provision for staff Staff Leave	1 650 293	1 681 681
Provision for Performance Bonusses	725 890	406 957
Staff Bonusses Accrued	892 739	863 634
	4 828 139	4 166 007

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Annual Financial Statements for the year ended 30 June 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
The movement in current employee benefits are reconciled as follows:		
Provision for Staff Leave		
Balance at beginning of year	1 681 681	1 389 067
Contribution to current portion	138 127	414 219
Expenditure incurred	(169 515)	(121 605)
	1 650 293	1 681 681
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 or resign.		
Provision for Performance Bonuses		
Balance at beginning of year	406 957	-
Contribution to current portion	318 933	406 957
Expenditure incurred	-	-
	725 890	406 957
Staff Bonuses Accrued		
Balance at beginning of year	863 564	757 372
Contribution to current portion	1 843 875	1 581 414
Expenditure incurred	(1 814 700)	(1 475 222)
	892 739	853 564

Bonuses are being paid to all permanent municipal staff, excluding the bonus payable to section 57 Managers. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle.

12. FINANCE LEASE OBLIGATION

Minimum lease payments due		
- within one year	77 540	47 382
- in second to fifth year inclusive	94 717	109 450
	172 257	156 832
less: future finance charges	(14 678)	(16 465)
Present value of minimum lease payments	157 579	140 367
Non-current liabilities		
Current liabilities	90 170	101 367
	67 409	39 000
	157 579	140 367

Refer to Appendix A for the detailed capitalised lease liability.

CENTRAL KAROO DISTRICT MUNICIPALITY
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
13. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables	4 564 130	3 510 377
Roads - sundry creditors	1 838 375	1 701 870
Debtors with credit balances	83 836	94 540
Sundry Creditors	230 887	325 946
	6 717 228	5 632 733

Payables are being recognised net of any discounts.

Payables are being paid within 30 days of receipt of invoice or statement 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. Interest and penalties on late payments may arise if payment is not done within 30 days.

14. EMPLOYEE BENEFIT OBLIGATIONS

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

Carrying value		
Post Retirement Benefits	(6 951 504)	(7 402 810)
Roads Post-Retirement Benefits	(8 056 277)	(8 018 992)
Roads Long Service Awards	(1 126 617)	(1 106 147)
Long Service Awards Other	(627 731)	(568 283)
Ex Gratia Roads	(332 659)	(355 369)
	(17 094 788)	(17 451 601)

Post Retirement Medical Aid Benefits

Opening balance	16 359 148	16 865 504
Contribution for the year	349 850	384 197
Interest Cost	1 494 038	1 497 252
Benefits paid	(895 261)	(805 992)
Actuarial (Gain) / Loss	(1 220 637)	(1 581 813)
Less: Transfer of Current Portion - Refer to Note 11	(1 079 358)	(937 346)
	15 007 780	15 421 802

Long Service Awards

Opening balance	1 778 965	1 748 137
Contribution for the year	157 642	126 940
Interest cost	145 753	134 119
Benefits paid	(84 479)	(263 747)
Actuarial Loss/(Gain)	121 005	33 516
Less: Transfer of Current Portion - Refer to Note 11	(364 538)	(104 535)
	1 754 348	1 674 430

CENTRAL KAROO DISTRICT MUNICIPALITY
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	2018 R	2017 R
Ex-Gratia Benefits		
Opening balance	527 223	513 999
Interest Cost	38 555	38 083
Benefits paid	(83 708)	-
Actuarial (Gain)	(34 090)	(24 859)
Less: Transfer of Current Portion - Refer to Note 11	(115 321)	(171 854)
	332 659	355 369
TOTAL NON-CURRENT EMPLOYEE BENEFITS		
Opening balance	18 665 336	19 127 640
Contribution for the year	507 493	511 137
Interest cost - Refer to Note 23	1 678 346	1 669 454
Benefits paid	(1 063 448)	(1 069 739)
Actuarial Gain for the year	(1 133 722)	(1 573 156)
Transfer of Current portion - Note 11	(1 559 217)	(1 213 735)
	17 094 788	17 451 601

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018	2017
14.1 Post Retirement Benefits		
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	23	27
In-service (employee) non-members	105	100
Continuation members (e.g. Retirees, widows, orphans)	27	25
Total Members	<u>155</u>	<u>152</u>

The liability in respect of past service has been

In-service members	4 632 536	6 098 435
In-service (employee) non-members	328 133	336 082
Continuation members	11 126 469	9 924 631
Total Liability	<u>16 087 138</u>	<u>16 359 148</u>

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

	2016 Rm	2015 Rm	2014 Rm
Total Liability	<u>16.866</u>	<u>16.652</u>	<u>13.895</u>

	2017 Rm	2016 Rm	2015 Rm	2014 Rm
Experience adjustments were calculated as follows:				
Liabilities: (Gain) / loss	16.359	1.453	0.791	0.353
Assets: Gain / (loss)	-	-	-	-

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

Bonitas;
LA Health
Samwumed; and
Keyhealth - Hosmed.

Key actuarial assumptions used:

2018 %	2017 %
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i) Rate of interest

Discount rate	9.35%	9.40%
Health Care Cost Inflation Rate	7.25%	7.73%
Net Effective Discount Rate	1.96%	1.55%
Maximum subsidy inflation rate	5.06%	5.42%
Net-of-maximum-subsidy-inflation discount rate	4.08%	3.77%

Grap 25 defines the determination of the Discount rate assumption to be used as follow:

"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

Consequently, a discount rate of 8.96% per annum has been used. The corresponding index-linked yield at this term is 2.79%. These rates do not reflect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the JSE after the market close on 29 June 2018.

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.

	2018 R	2017 R
The amounts recognised in the Statement of Financial Position are		
Present value of fund obligations		
PEMA	16 087 138	16 359 148
LSA	2 118 886	1 778 965
Ex-Gratia	447 980	527 223
Total Liability	<u>18 654 004</u>	<u>18 665 336</u>

The fund is wholly unfunded.

CENTRAL CAROO DISTRICT MUNICIPALITY
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	2018 R	2017 R
Reconciliation of present value of fund obligation (PEMA):		
Present value of fund obligation at the beginning of the year	16 359 148	16 865 504
Total expenses	948 627	1 075 457
Current service cost	349 850	384 197
Interest Cost	1 494 038	1 497 252
Benefits Paid	(895 261)	(805 992)
Actuarial (Gains)/Losses	(1 220 637)	(1 581 813)
Present value of fund obligation at the end of the year	16 087 138	16 359 148
<u>Less</u> Transfer of Current Portion - Note 11	(1 079 358)	(937 346)
Non - current portion	16 007 780	15 421 802

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		4,961	11,126	16,087	
Health care inflation	1%	5,492	11,574	17,066	6%
Health care inflation	-1%	4,314	10,594	14,909	-7%
Discount rate	1%	4,236	10,260	14,496	-10%
Discount rate	-1%	5,871	12,137	18,008	12%
Post-retirement mortality	-1yr	5,104	11,524	16,628	3%
Average retirement age	-1yr	5,301	11,126	16,428	2%
Withdrawal Rate	-10%	3,772	11,126	14,899	-7%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		349 900	1 494 000	1 843 900	
Health care inflation	1%	380 100	1 581 600	1 961 700	6%
Health care inflation	-1%	308 800	1 383 200	1 692 000	-8%
Discount rate	1%	295 200	1 476 000	1 771 000	-4%
Discount rate	-1%	419 400	1 508 600	1 928 000	5%
Post-retirement mortality	-1yr	359 700	1 545 600	1 905 300	3%
Average retirement age	-1yr	342 600	1 539 000	1 881 600	2%
Withdrawal Rate	-10%	288 200	1 409 000	1 697 200	-8%

The Future-service Cost for the ensuing year is estimated to be R 231 808, whereas the Interest- Cost for the next year is estimated to be R1 454 815.

14.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

	2018	2017
Roads	97	96
Other	31	31
As at year end, the following number of employees were eligible for Long Service Bonuses.	<u>128</u>	<u>127</u>

Key actuarial assumptions used:

i) Rate of interest

	2018 %	2017 %
Discount rate	8.51%	8.44%
General Salary Inflation (long-term)	6.14%	6.26%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.23%	2.05%

Grap 25 defines the determination of the Discount rate assumption to be used as follow:

"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

Consequently, a discount rate of 8.96% per annum has been used. The corresponding index-linked yield at this term is 2.79%. These rates do not reflect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the JSE after the market close on 29 June 2018.

ii) 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.

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	2018	2017
	R	R
The amounts recognised in the Statement of Financial Position are		
Present value of fund obligations	2 188 886	1 778 965
Net liability	2 188 886	1 778 965

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

	2016	2015	2014
	R	R	R
Total Liability	1 748 137	1 918 246	1 689 337

Experience adjustments were calculated as follows:

	2016	2015	2014
Liabilities: (Gain) / loss	(54 603)	62 414	21 793
Assets: Gain / (loss)	-	-	-

Reconciliation of present value of fund obligation (LSA):

Present value of fund obligation at the beginning of the year	1 778 965	1 748 137
Total expenses	218 916	(2 688)
Current service cost	157 642	126 940
Interest Cost	145 753	134 119
Benefits Paid	(84 479)	(263 747)
Actuarial losses	121 005	33 516
Present value of fund obligation at the end of the year	2 118 886	1 778 965
Less Transfer of Current Portion - Note 11	(364 538)	(104 535)
Non-current portion	1 754 348	1 674 430

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		2.119	
General Salary inflation	+1%	2.242	6%
General Salary inflation	-1%	2.006	-5%
Discount rate	+1%	2.002	-6%
Discount rate	-1%	2.249	6%
Average retirement age	-2yr	1.881	-11%
Average retirement age	2yr	2.309	9%
Withdrawal Rate	-50%	2.413	14%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		157 600	145 800	303 400	
Health care inflation	1%	170 400	155 200	325 600	7%
Health care inflation	-1%	146 200	137 100	283 300	-7%
Discount rate	1%	147 200	153 000	300 200	-1%
Discount rate	-1%	169 500	137 300	306 800	1%
Post-retirement mortality	-2yr	143 300	129 500	272 800	-10%
Average retirement age	2yr	175 600	163 100	338 700	12%
Withdrawal Rate	-50%	200 300	168 400	368 700	22%

The Future-service Cost for the ensuing year is estimated to be R 178 572, whereas the Interest-Cost for the next year is estimated to be R 165 123.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

14.3 Ex - Gratia Benefits

	2018 R	2017 R
The Ex - Gratia plans are defined benefit plans.		
Roads	9	11
As at year end, the following number of employees were eligible for Ex - Gratia benefits.	9	11

Key actuarial assumptions used:	2018 R	2017 %
i) Rate of interest		
Discount rate	8.96%	8.70%
Benefit increase rate (CPI inflation)	5.52%	5.52%
Net Effective Discount Rate	3.26%	3.02%

Grap 25 defines the determination of the Discount rate assumption to be used as follow:
"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

Consequently, a discount rate of 8.96% per annum has been used. The corresponding index-linked yield at this term is 2.79%. These rates do not reflect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the JSE after the market close on 29 June 2018.

ii) 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.

	2018 R	2017 R
Reconciliation of present value of fund obligation (Ex-Gratia):		
Present value of fund obligation at the beginning of the year	527 223	513 999
Total expenses	(45 153)	38 083
Interest Cost	38 555	38 083
Benefits Paid	(83 708)	-
Actuarial (gains)/losses	(34 090)	(24 859)
Present value of fund obligation at the end of the year	447 980	527 223
Less Transfer of Current Portion - Note 11	(115 321)	(171 854)
Non-current portion	332 659	355 369

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		447 980	
Benefit Increase rate	+1%	461 366	3%
Benefit Increase rate	-1%	435 235	-3%
Discount rate	+1%	435 740	-3%
Discount rate	-1%	461 058	3%
Average retirement age	-1yr	458 034	2%

Assumption	Change	Total Interest Cost (R)	% change
Central Assumption:		38 555	
Pension increase rate	1%	40 087	4%
Pension increase rate	-1%	37 102	-4%
Discount rate	1%	41 445	7%
Discount rate	-1%	35 436	-8%
Average retirement age	-1yr	39 411	2%
Withdrawal Rate	-50%	38 777	1%

The is no Current-service cost as there are no in-service members eligible for ex-gratia pension benefits, whereas the Interest-Cost for the next year is estimated to be R 35 083.

14.4 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

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

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.

CONSOLIDATED RETIREMENT FUND FOR LOCAL GOVERNMENT

2018	2017
R	R

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2016 - 100%).

Contributions paid recognised in the Statement of Financial Performance

3 193 472	3 898 463
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CONSOLIDATED PENSION FUND FOR LOCAL GOVERNMENT

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2016 - 100%). Whilst this has increased since the previous actuarial valuations it is still within the Registrar's normally acceptable range of at least a 95%.

Contributions paid recognised in the Statement of Financial Performance

102 008	143 057
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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

SAMWU PROVIDENT FUND

The contribution rate payable is 7.50% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2015 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.

Contributions paid recognised in the Statement of Financial Performance

617 822	896 742
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
15. AGENCY SERVICES		
Commission on Agency services: Department of Transport: Western Cape	3 540 601	3 328 024
<p>The municipality has a service level agreement with the Department of Transport Western Cape for rendering of services regarding the roads function within its area. The commission is calculated at a pre-determined rate.</p>		
16. REVERSAL OF IMPAIRMENT		
Trade Receivables from non-exchange transactions	-	224 432
Property Plant and Equipment	58 304	-
17. OPERATIONAL REVENUE		
Commission	33 144	17 323
Insurance Claims	352	96 250
LG Seta admin fee	-	51 071
Milk Sales	23 364	185 548
Samples: Water	4 019	9 320
Ramms Admin fee	95 850	77 945
Samples: Milk and Water	64 854	53 233
Sundry Income	2 163	1 284
	223 746	491 974

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
18. GOVERNMENT GRANTS AND SUBSIDIES		
Operating grants		
Government Grants and Subsidies - Operational	30 818 037	27 792 831
Capital grants		
Government Grants and Subsidies - Capital	991 224	882 942
	31 809 261	28 675 773
Conditional and Unconditional Government Grants:		
Unconditional grants received	22 595 000	19 416 000
Conditional grants received	9 214 261	9 259 773
	31 809 261	28 675 773
Revenue recognised per vote as required by Section 123(c) of the MFMA		
Equitable share	22 595 000	19 416 000
Public Safety	1 277 409	964 572
Executive and Council	2 714 279	1 670 515
Budget and Treasury	3 558 263	4 056 507
Corporate Services	302 000	2 368 179
Planning and Development	1 362 310	200 000
	31 809 261	28 675 773

Conditions still to be met - remain liabilities (see note 5).

The grants relate mainly to multi-year projects.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
Local Government Financial Management Grant (FMG)		
Opening balance	-	(2 068)
Grants received	1 250 000	1 250 000
Conditions met - Operating	(1 250 000)	(1 247 932)
	<u>-</u>	<u>-</u>

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).

Doringveld Project

Balance unspent at beginning of year	(882 449)	(229 849)
Grants received	247 311	465 016
Conditions met - Operating	(247 311)	(1 117 616)
	<u>(882 449)</u>	<u>(882 449)</u>

Grant utilised for the eradication of alien vegetation. The Municipality is in talks with the National Department of Environmental Affairs to recover the balance.

Other Grants

Balance unspent at beginning of year	801 311	(78 765)
Grants received	9 164 614	7 833 300
Conditions met - Operating	(6 726 176)	(6 011 282)
Repayment to National Revenue Fund	-	(59 000)
Conditions met - Capital	(991 224)	(882 942)
	<u>2 248 525</u>	<u>801 311</u>

Various grants were received from other spheres of government.

Western Cape Provincial Grants to the amount of R1 542 377 remained unspent as at 30 June 2018.

Approval for the roll-over of R795 269 in terms of the Western Cape Ground Water Monitoring project was received post-year end during August 2018. The balance of the roll-over applications will be submitted as required by legislation on 31 August 2018.

Refer to Appendix E for the detailed disclosure of Grants and Subsidies.

CENTRAL KAROO DISTRICT MUNICIPALITY
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
19. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	27 306 674	24 875 935
Bonuses	2 168 765	1 966 894
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	6 682 535	5 702 358
Overtime payments	1 107 877	417 250
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1 584 291	1 097 580
Contribution to provision - Long Service Awards	127 776	257 461
Housing Benefits and Allowances	269 191	249 859
Leave Provision	176 747	414 220
Contribution to provision - Post Retirement Medical	79 243	(13 224)
	39 503 099	34 968 333
Remuneration of Municipal Manager		
Annual Remuneration	864 424	986 465
Motor Vehicle Allowance	360 000	360 000
Performance Bonuses	-	42 272
Telephone allowance	45 000	18 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	31 751	29 848
Other	47 751	-
	1 348 926	1 436 585
Remuneration of the Chief Financial Officer		
Annual Remuneration	556 184	185 420
Motor Vehicle Allowance	161 955	27 663
Telephone allowance	12 000	4 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	140 669	44 081
Other benefits and allowances	80 597	-
	951 405	261 164
Remuneration of Manager: Corporate Services		
Annual Remuneration	622 638	116 686
Travelling allowance	120 000	30 000
Telephone allowance	12 000	4 000
Contributions - UIF, Medical, Pension	104 171	27 938
Other Benefits and Allowances	84 625	-
	943 434	178 624

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
Remuneration of Manager: Technical Services		
Annual Remuneration	509 879	816 425
Travel allowance	58 333	100 000
Performance Bonuses	-	35 591
Telephone allowance	2 800	4 000
Contributions - UIF, Medical, Pension	122 138	196 153
	693 150	1 152 169
Remuneration of Manager: Technical Services (Acting)		
Acting allowance	22 198	-
20. REMUNERATION OF COUNCILLORS		
Executive Major	582 304	547 054
Executive Committee Members	1 024 287	974 580
Councillors	1 943 455	1 618 098
	3 550 046	3 139 732
In-kind benefits		
<p>The Councillors occupying the positions of Mayor, Speaker and certain members of the Executive Committee of the Municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties.</p>		
21. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	501 945	315 998
Intangible assets	24 864	12 007
	526 809	328 005

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
22. IMPAIRMENT OF ASSETS		
Impairments		
Property, plant and equipment	47 636	-
Due to wear and tear the condition of Property, Plant and Equipment was re-evaluated.		
Loan to CKEDA	278 794	457 424
In terms of a council resolution the operations of CKEDA ceased. There is no probability that the outstanding amount will be collected and thus council decided to impair the loan to CKEDA. The Board of Directors of CKEDA made a formal decision to deregister DCKEDA at a Board meeting held on 17 April 2018.		
Inventories	25 803	-
Due to the current level of the fuel, the remaining content of the tank can no longer be extracted using the standard fuel pumps. In addition the quality of the petrol render is unusable.		
	352 233	457 424
23. FINANCE COSTS		
Employee benefits	1 678 346	1 669 454
Less: Employee benefits transferred to Roads	(958 472)	(823 630)
Finance leases	14 916	11 438
	734 790	857 262

CENTRAL KAROO DISTRICT MUNICIPALITY
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
24. OPERATIONAL COST		
Accounting Services	1 274 341	1 724 854
Administration costs	4 043 250	-
Advertising	55 591	88 476
Auditors remuneration	2 145 911	2 085 785
Awareness days	-	21 978
Bank charges	5 559	10 826
Computer expenses	558 123	462 511
Consulting and professional fees	91 183	77 403
Electricity, Water and Sanitation	621 290	495 146
Enterprise Management System	812 402	499 362
Entertainment	29 459	38 832
Entertainment: Mayor	11 276	229 235
Entertainment: Speaker	-	26 175
Entertainment: Deputy Mayor	-	2 332
Extended Public Works Program	-	27 133
FMG Grant Expenditure - General	275 669	-
Fire Extinguishers	12 043	10 352
Fuel and oil	48 917	21 781
Household Expenses	36 526	36 096
Implement Projects	5 463	71 782
Insurance	127 911	122 436
Integrated Development Plan: Economic	-	2 975
Internal Auditing	198 303	401 213
Inventory used -Department of Roads	2 592 583	1 231 341
Legal Expenses	97 368	2 750
Membership Fees	506 330	534 965
Milk Powder	-	158 593
Penalties & Interest SARS	72 963	6 304
Performance Management	101 836	564 865
Printing and stationery	317 216	171 995
Public Functions	51 635	106 684
Rates	145 251	156 690
Registration and Congress Fees	28 565	34 256
Rent	-	8 575
Rent Equipment	-	1 102
Samples: Milk, Water and Food	199 141	35 146
Study support & bursaries	44 589	148 584
Sundry Expenditure	523 830	326 985
Sundry Projects	3 592 201	4 470 889
Telephone and Fax	574 163	569 678
Training	48 078	79 997
Training Fund	578 993	260 760
Travel and Subsistence	1 204 961	1 908 966
Travel and Subsistence: Council	749 248	523 541
Vehicle licences	6 012	-
Western Cape Grant Expenditure	1 593 571	-
Workmen's Compensation Contributions	252 699	589 107
	23 634 450	18 348 456

CENTRAL KAROO DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
25. SETTLEMENT BY NATIONAL TREASURY		
The auditor General - Audit fees over and above 1% contributed by National Treasury	1 439 698	1 612 946
As per GRAP 23 par 99-107 the above transactions are regarded as services in kind.		
26. AUDITORS' REMUNERATION		
Fees	2 145 911	2 085 785
27. CASH GENERATED FROM (USED IN) OPERATIONS		
(Deficit) surplus	(72 256)	870 132
Adjustments for:		
Depreciation and amortisation	526 809	328 005
Loss on disposal of assets and liabilities	15 885	47 128
Contribution to provisions – bad debt	12 618	(224 432)
PPE donations	(471 000)	-
Interest on employee benefits	1 678 346	1 669 454
Reversal of impairment loss	(58 304)	-
Impairment written off	278 794	457 424
Debt impairment	73 439	-
Bad debts written off	-	(114 914)
Contribution to current employee benefits	2 300 935	2 402 660
Benefits paid current employee benefits	(1 984 215)	(1 596 827)
Benefits paid non-current employee benefits	507 492	511 137
Benefits paid non-current employee benefits	(1 063 448)	(1 069 739)
Actuarial (Gains)/Losses	(1 133 722)	(1 573 156)
Non - cash movement employee benefits	249 861	283 169
Grant received	33 256 925	28 964 316
Grant expenditure	(31 764 143)	(28 675 773)
Changes in working capital:		
Inventories	163 259	(2 013)
Receivables from exchange transactions	3 418 662	(4 543 191)
Payables from exchange transactions	1 084 495	1 057 597
Increase in taxes	(303 512)	(269 392)
	6 716 920	(1 478 415)
28. LOAN TO CKEDA		
Controlling entity		
Opening balance	-	-
Contribution toward loan	278 794	457 424
Impairment	(278 794)	(457 424)
	-	-

The investment has no terms and conditions nor is it secured. There is also no intention to collect. The entity was deregistered on 17 April 2018. Council took a post - year end resolution to the debt off.

CENTRAL KAROO DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
29. PRIOR PERIOD ERRORS		
Corrections were made during the previous financial years. Details of the corrections are described below:		
Receivables from Exchange transactions		
Balance previously reported		1 994 302
2016/17 Upper limits upwards adjustment late implementation		65 872
Restated Balance		<u>2 060 174</u>
Property Plant and Equipment		
Balance previously reported		7 045 385
Property Plant and Equipment previously recognised as General Expenses		3 309
Restated Balance		<u>7 048 694</u>
Intangible assets		
Balance previously reported		82 410
Intangible assets previously recognised as General Expenses		2 169
Restated Balance		<u>84 579</u>
Payables from exchange transactions		
Balance previously reported		5 271 267
Workmans compensation expense		361 466
Restated Balance		<u>5 632 733</u>
Remuneration of councillors		
Balance previously reported		3 205 603
2016/17 Upper limits upwards adjustment late implementation		(65 871)
Restated Balance		<u>3 139 732</u>
Operational Expenses		
Balance previously reported		17 995 046
Workmans compensation expense		361 466
PPE was wrongly allocated to general expenses		(7 656)
Restated Balance		<u>18 348 856</u>
Depreciation and Amortisation		
Balance previously reported		325 828
Correction of depreciation on assets previously recognised as General expenses		2 177
Restated Balance		<u>328 005</u>

CENTRAL KAROO DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
<p>The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. The reclassification of 2017 audited amounts can be summarised as follows:</p>		
	Balance Previously reported	Restated Balance
Government Grants and Subsidies - Capital	(882 942)	-
Government Grants and Subsidies - Operating	(27 792 831)	-
Government Grants and Subsidies	-	(28 675 773)
Actuarial Gains	(1 573 156)	-
Actuarial gains/(losses)	-	(1 573 156)
National Treasury 1% Audit Fee	(1 612 946)	-
	-	(1 612 946)
Rental of Facilities and Equipment	(71 199)	-
Interest Earned - External Investments	(503 069)	-
Interest Received	-	(503 069)
Department of Transport - Roads Service Charges	(33 429 456)	-
Licences and Permits	(21 183)	-
Agency Services	(3 328 024)	-
Other Income	(491 974)	-
Reversal of Debt Impairment	(224 432)	-
Rental from Fixed Asset	-	(71 199)
Operational Revenue	-	(491 974)
Reversal of Impairment	-	(224 432)
Employee Related Cost	34 967 933	34 967 933
Remuneration of Councillors	3 205 603	3 205 603
Depreciation and Amortisation	325 828	325 828
Impairments	457 424	457 424
Repairs and Maintenance	10 619 008	-
Inventory Consumed	-	7 454 331
Finance Charges	857 262	857 262
Contracted Services	295 732	3 460 409
General Expenses	17 995 046	-
Operational Cost	-	17 995 046
Loss on disposal of Property, Plant and Equipment	47 128	47 128
	(1 160 248)	(1 160 248)

30. UNAUTHORISED EXPENDITURE

Opening balance	2 003 611	1 373 377
Current year - Operating	4 466 762	2 003 611
Subsequently approved by council	-	(1 373 377)
	6 470 373	2 003 611

CENTRAL KAROO DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R		
2018 Unauthorised expenditure for the year can be summarised as follow:				
	Budget Expenditure (R)	Actual Expenditure (R)	Variance (R)	Recalculate Unauthorised (R)
Budget and Treasury	13 498 224	12 726 491	771 733	
Corporate Services	7 121 973	8 495 343	(1 373 370)	(1 373 370)
Public Safety	1 986 848	1 241 158	745 690	
Executive and Council	11 279 222	11 036 866	242 356	
Health	3 350 256	3 245 137	105 119	
Planning and Development	3 491 390	2 734 210	757 180	
Road Transport	39 034 368	42 127 760	(3 093 392)	(3 093 392)
Total	79 762 281	81 581 162	(1 844 684)	(4 466 762)

2017 Unauthorised expenditure for the year can be summarised as follow:

	Budget Expenditure (R)	Actual Expenditure (R)	Variance (R)	Recalculate Unauthorised (R)
Budget and Treasury	8 980 797	9 963 183	(982 386)	(982 386)
Corporate Services	14 592 212	11 102 263	3 489 949	-
Public Safety	1 232 895	1 065 097	167 798	
Executive and Council	10 906 638	9 261 633	1 645 005	
Health	2 784 995	2 446 212	338 783	
Planning and Development	786 665	1 807 890	(1 021 225)	(1 021 225)
Road Transport	37 110 000	33 124 683	3 985 317	-
Tourism	910 792	-	910 792	
Total	77 304 994	68 770 961	(8 534 003)	(2 003 611)

31. FRUITLESS AND WASTEFUL EXPENDITURE

Opening Balance	92 886	86 582
Current year	72 999	6 304
	165 885	92 886

Details of fruitless and wasteful expenditure

PAYE, UIF & SDL Interest and Penalties	47 180	6 304
VAT Interest and Penalties	14 584	-
Workmen's Compensation Interest and Penalties	11 235	-
	72 999	6 304

No criminal proceedings or disciplinary steps were taken. Fruitless and wasteful expenditure will be treated in terms of section 32 of the MFMA.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
32. IRREGULAR EXPENDITURE		
Opening balance	12 794 185	12 419 425
Current year	2 975 502	374 760
	15 769 687	12 794 185

Details of irregular expenditure – current year

Section 46(2) - Lease agreement entered into without Resolution from Council	27 645	-
Payments made directly to suppliers re LG SETA project - SCM process not followed	2 668 468	-
Purchases made without tax clearance certificates	-	39 040
Non-compliance with Supply Chain Management Policy	279 389	28 981
EPWP fraudulent payments	-	271 089
Loans granted to staff	-	35 650
	2 975 502	374 760

Recoverability, condonement and disciplinary steps of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

Deviations from the SCM Policy and Regulations were made during the year. The deviations have been submitted to Council as required by Regulation 36(2) of the SCM Regulations.

Included in payment to LG SETA is an amount of R 40 000 - Payments in Advance contra to MFMA Section 164(c)(iii)

2018	Between R30 000 and R200 000	Up to R30 000
Emergency	4 415	38 715
Impractical	4 237 337	948 434
Sole Supplier	-	279 389
	4 241 752	1 266 538

2017	Between R30 000 and R200 000	Up to R30 000
Emergency	161 254	1 130 775
Impractical	2 734 298	806 217
Sole Supplier	305 367	-
	3 200 919	1 936 992

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2018 R	2017 R
The ten major deviations, in total, for the current financial year were as follows:			
South Cape Petroleum (Pty) Ltd	Only alternative supplier		402 200
Engen Truckstop Beaufort West	Only supplier that we have an account with		319 842
Adapt IT (Caseware)	Only alternative supplier		279 389
National Garage	Only supplier that we have an account with		218 715
Laingsburg Diensstasie	Only supplier that we have an account with		206 914
Murraysburg Vulstasie	Only supplier that we have an account with		195 596
ELB Equipment, a division of ELB Equipment Holdings (Pty) Ltd	Agent for the supply of ELB Equipment part and services		169 507
Bell Equipment SA Sales Limited	Agent for the supply of Bell Equipment part and services		160 841
Komatsu South Africa (Pty)Ltd	Agent for the supply of Komatsu part and services		158 912
Klein Karoo Agri Edms Beperk	Only alternative supplier		152 673
			2 264 589

The ten major deviations, in total, for the previous financial year were as follows:

South Cape Petroleum (Pty) Ltd	Only alternative supplier		1 075 965
Murraysburg Vulstasie	Only supplier that we have an account with		369 205
Bell Equipment SA Ltd	Only Agent that sells the specific parts		280 367
Koup Produsente Kooperasie Ltd	Only supplier that we have an account with		269 029
Kamkor CC t/a Donkin Motors	Only supplier that we have an account with		221 425
Victor's Garage	Only supplier that we have an account with		185 402
Barloworld Equipment, a division of Barloworld SA Pty (Ltd)	Only agent that supplies CAT Equipment		200 150
ELB Equipment, a division of ELB Equipment Holdings (Pty) Ltd	Only agent that supplies ELB Equipment		152 183
Peri Framework Scaffolding Engineering (Pty) Ltd	Only supplier of scaffoldings in the area		130 108
Laingsburg Diensstasie	Only Agent that sells the specific parts		125 261
			3 009 095

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
33. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
Contributions to organised local government - [MFMA 125 (1)(c)] - SALGA		
Current year subscription / fee	475 000	534 965
Amount paid - current year	(475 000)	(534 965)
	-	-
Audit fees - [MFMA 125 (1)(c)]		
Current year subscription / fee	2 145 911	2 085 785
Amount paid - current year	(706 214)	(472 839)
Amount paid - previous years	(1 439 697)	(1 612 946)
	-	-
PAYE, SDL and UIF - [MFMA 125 (1)(c)]		
Opening balance	417 845	-
Current year payroll deductions and Council Contributions	5 823 006	4 877 015
Amount paid - current year	(5 760 244)	(4 459 170)
	480 607	417 845
Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Current year payroll deductions and Council Contributions	5 566 497	4 938 262
Amount paid - current year	(5 566 497)	(4 938 262)
	-	-
VAT - [MFMA 125 (1)(c)]		
VAT receivable	737 801	434 289

VAT output payables and VAT input receivables are shown in note 6.

All VAT returns have been submitted by the due date throughout the year.

CENTRAL KAROO DISTRICT MUNICIPALITY
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
Councillors' outstanding debt to municipality		
The following Councillors and former Councillors had arrear amounts outstanding for more than 90 days at 30 June 2018:		
Councillor MS Hangana	-	32 414
Councillor IJ Windvogel	-	31 914
Councillor J Bostander	46 714	46 714
Councillor M Furmen	22 552	21 158
Councillor S Botes	1 753	1 753
Councillor EZ Njado	49 336	51 802
Councillor G De Vos	15 860	16 728
Councillor S Nortjie	(1)	2 838
Councillor AD Willemse	1 990	1 990
Councillor M Jafta	-	60
Councillor J Jonas	4 615	-
Councillor T Prince	2 939	-
Councillor GP Adolph	2 511	-
Councillor N Constable	257	257
	180 940	207 628

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
34. FINANCIAL INSTRUMENTS DISCLOSURE		
In accordance with GRAP 104 the Financial Instruments of the Municipality are classified as follows:		
Financial assets		
All the Financial Instruments are at amortised cost.		
Receivables	5 084 515	8 516 135
Government subsidies and grants	1 172 031	1 879 068
Call deposits	4 585 551	3 067 159
Bank balances	3 521 476	(79 958)
Cash floats and advances	1 300	1 300
	14 364 873	13 383 704

Financial liabilities

All the Financial Instruments are at amortised cost.

Non-current Capitalised Lease Liability	90 170	101 367
Trade creditors	4 564 130	3 148 911
Sundry creditors	230 887	325 946
Creditors roads	1 838 375	1 701 870
Debtors with credit balances	83 836	94 540
Government subsidies and grants	2 538 004	1 797 930
Current capitalised lease liability	67 409	39 000
	9 412 811	7 209 564

35. FINANCIAL SUSTAINABILITY

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

Current assets exceeded current liabilities with the current ratio being 1.18 (2018)

Current assets exceeded current liabilities with the current ratio being 1.32 (2017)

Liquidity ratio of 2.07 (2018)

Liquidity ratio of 2.12 (2017)

Accumulated surplus of R3 186 216 (2018)

Accumulated surplus of R3 258 472 (2017)

The definition of a going concern is that no reason to believe that an institution will have to close down or liquidated in the foreseeable future and at least, but not limited to 12 months. The financial statements for this Municipality has been prepared, as indicated in the accounting policy, on a going concern assumption as allocations of equitable share have been promulgated in the Division of Revenue Act for the three financial years following after the reporting date.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018	2017
	R	R

36. EVENTS AFTER THE REPORTING DATE

Approval for the roll-over of R795 269 in terms of the Western Cape Ground Water Monitoring project which was received post-year end during August 2018. The balance of the roll-over applications will be submitted as required by legislation on 31 August 2018.

37. PRIVATE PUBLIC PARTNERSHIPS

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
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38. CONTINGENT LIABILITY

Contingent liabilities of joint ventures

COLLISION: PA190420 (B Booyesen) and CY39206 (S Pieters)

An employee, Mr B Booyesen, was involved in a motor vehicle accident with a third party in November 2016 while driving on the N1. The accident was made in a vehicle owned by the Western Cape Provincial Government, as a result the municipality did not have comprehensive insurance on the vehicle as the Provincial vehicles are self insured by the Western Cape Provincial Government. Unfortunately the claims department of the Western Cape Provincial Government refused to cover the damage to the vehicle. They have instituted a claim against the Municipality amounting to R11,632.33. In addition the third party has instituted a claim against the Municipality for damages to her vehicle, the matter is still being investigated in order to ascertain whether the Municipality will be accepting liability for the damages incurred.

Mr Booyesen passed away on the 27 August 2017.

CKDM // CAPX INVOICE DISCOUNTING (PTY) LTD HIGH COURT CASE NO: 6615/2017

CKDM has been summonsed by the Plaintiff for payment of the amount of R 2 000 000, alternatively R 1 000 000. The cause of the action relates to the LGSETA project, in terms of which the implementing agent (Africa Creek) ceded its rights in terms of the Turnkey Service Level Agreement between CKDM and Africa Creek to CAPX Invoice Discounting (Pty) Ltd. The Plaintiff now wishes to enforce its rights in terms of the Session Agreement for monies which is due to them by Africa Creek.

This claim is being defended by CKDM on the basis that the Turnkey Service Agreement between itself and Africa Creek has been validly terminated and that there is accordingly no funds payable to Africa Creek. The prospects in defending this claim is very good and there has been no movement on this matter for almost over a year now.

CKDM & AFRICA CREEK // ENTREPRENEURIAL BUSINESS SCHOOL (PTY) LTD / CB WILLIAMS TRAINING CC / BRIGHT IDEA PROJECTS 447 (PTY) LTD

The Plaintiff's cause of action against CKDM also relates to the LGSETA project, where Africa Creek was appointed as implementing agent and Africa Creek failed to pay the three Plaintiffs (Training Providers), monies which was due to the Plaintiff.

This claim has been defended by CKDM on the basis that Africa Creek is the party that is responsible for the payment of the Training Providers and not CKDM.

A summons was served on CKDM on 2 February 2018, the total amount being:

Entrepreneurial Business School (First Plaintiff)	R 318 000
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
CM Williams Training CC (Second Plaintiff)	R 397 500	
Bright Ideas Projects 447 (Pty) Ltd (Third Plaintiff)	R 363 000	

The outcome of the case is uncertain as the Plaintiffs are holding CKDM accountable on the basis that they are the Principal and Africa Creek was the Agent .

39. FINANCIAL RISK MANAGEMENT

Financial risk management

The Municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk.

The Municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Municipality's financial performance.

Foreign exchange currency risk

The Municipality does not engage in foreign currency transactions.

Price risk

The Municipality's is not exposed to price risks.

Interest rate risk

As the Municipality has interest-bearing liabilities, the Municipality's income and operating expenditure are substantially dependent on changes in market interest rates.

The Municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

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

Cash and Cash Equivalants	8 108 327	2 988 501
Long Term Finance Lease Obligation	(90 170)	(101 367)
The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
1% (2017 + 0.5%) Increase in interest rates	80 182	28 871
0.5% (2017 - 0.5%) Decrease in interest rates	(40 091)	(14 436)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R		
Liquidity risk				
Prudent liquidity risk management implies maintaining sufficient cash or the availability of funding through proper budgetting.				
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.				
At 30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long-term liabilities	77 539	94 717	-	-
- Capital repayments	67 408	90 170	-	-
- Interest	10 131	4 547	-	-
Trade and other payables	6 717 228	-	-	-
Unspent conditional government grants and receipts	2 538 552	-	-	-
At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long-term liabilities	47 382	109 450	-	-
- Capital repayments	39 000	101 367	-	-
- Interest	8 382	8 083	-	-
Trade and other payables	5 632 733	-	-	-
Unspent conditional government grants and receipts	1 797 930	-	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
Credit risk		
Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.		
Credit risk consists 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 municipality only deposits cash with major banks with high quality credit standing. Unspent government grants have to be cash backed, and as a result R2 538 556 are pledged as security for financial liabilities. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure disclosed below.		
The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank, Nedbank 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 reporting date for impairment.		
Financial assets exposed to credit risk at year end are as follows:		
	2018	2017
Receivables from non-exchange transactions	1 974 590	2 060 174
Cash and Cash Equivalents	8 108 327	2 988 501
Unpaid conditional grants and subsidies	1 172 031	1 879 068
Receivables from exchange transaction	3 109 925	6 443 003

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2018 R	2017 R
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40. BUDGET VS ACTUAL INFORMATION

The explanations for the difference between the original budget and the adjustment budget can be located in the Adjustment Budgets as presented to Council on 28 February 2018 and 21 May 2018

Explanation of variances between final budget and actual amount:

STATEMENT OF FINANCIAL PERFORMANCE

- A - Acceptable difference.
- B - 5% Acceptable difference - greater allocation received from the WC Department of Roads
- C - (8%) Acceptable difference - slightly lower interest received than expected
- D - (8%) Acceptable difference - applications are received on an ad hoc basis
- E - (44%) Unacceptable difference - LGSETA admin fee did not materialise
- F - (13%) Acceptable difference - all properties were not occupied for full year
- G - (10%) Acceptable difference - LGSETA project finalisation delayed
- H - 100% Unacceptable difference - Old Clinic property donated to CKDM by Department of Health
- I - (4%) Acceptable difference - staff vacancies, including position of Director: Technical Services.
- J - 1% Acceptable
- K - 20% Unacceptable difference - mSCOA related
- L - 36% Unacceptable difference - two new vehicles re disaster management acquired. Impact on depreciation charge underestimated
- M - 100% Unacceptable difference - final impairment of loan to entity (CKEDA) underbudgeted.
- N - 100% Unacceptable difference - actuarial finance costs not budgeted for
- O - (-4%) Acceptable difference - mSCOA related
- P - 38% Unacceptable difference - mSCOA related
- Q - 100% Unacceptable difference - unforeseen accident with CKDM vehicle
- R - (230%) Unacceptable difference - impact of economic turbulence on post-employment benefits overestimated
- S - (29%) Unacceptable difference - 1% National Treasury contribution to audit fee overestimated
- T - 100% Unacceptable difference - value of building in Prince Albert adjusted

STATEMENT OF FINANCIAL POSITION

- U - (39%) Unacceptable difference - consumption rate increased at year end
- V - 100% Unacceptable difference - mSCOA A-Schedule 6.1 did not make provision for Receivables from Exchange transactions. Actual balance is amount receivable from WC Department of Roads
- W - 66% Unacceptable difference - mSCOA A-Schedule 6.1 did not make provision for Receivables from non -Exchanged transactions
- X - 31% Unacceptable difference - see Note 5 relating to grant expenditure incurred in advance
- Y - 100% Unacceptable difference - 3 months VAT receivables were outstanding at year end
- Z - (2%) Acceptable difference
- AA - 100% Unacceptable difference - mSCOA error as budget should have formed part of Receivables from Non-Exchange transactions
- BB - 2% Acceptable difference
- CC - 673% Unacceptable difference - computer soft-ware erroneously

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
budgeted for as part of PPE		
DD - (10%) Acceptable difference		
EE - 100% Acceptable difference - budget included as part of non-current asset budget		
FF - 60% Unacceptable difference -see note re Irregular Expenditure, lease not budgeted for		
GG - (4%) Acceptable difference		
HH - 100% Unacceptable difference - cannot budget for unspent conditional grants; however, roll-overs were applied for		
CASH FLOW STATEMENT		
II - (19%) Unacceptable difference - increase in expenditure in Roads Division resulted in greater receipts from WC Department of Roads		
JJ -(15%) Unacceptable difference -LGSETA projected receipts did not materialise and unspent conditional grants resulted in under-achievement re revenue recognition		
KK - 8% Acceptable difference		
LL - 3% Acceptable difference - staff vacancies, including position of Director: Technical Services		
MM - 100% Unacceptable difference -see note re Irregular Expenditure, lease not budgeted for		
NN - 100% Acceptable difference when all NN combined - 11% variance		
OO - 100% Unacceptable difference - CKEDA outflows re audit fees not budgeted		
PP - 100% Acceptable difference when all NN combined - 11% variance		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

41. RELATED PARTIES

Related Party transactions with the Central Karoo Economic Development Agency.

Additions to loan	278 794	457 454
Impairment of loan	(278 794)	(457 454)
CKEDA was depended on fund from CKDM as the company was effectively dormant.		

Included in other receivables are outstanding money(s) to be recovered from Councillors, and Mayor, due upper limits changes and travel and lodging claimed, but not spent:

Councillor MS Hangana	32 414	32 414
Councillor IJ Windvogel	-	31 914
Councillor J Bostander	46 714	46 714
Councillor M Furmen	22 552	21 158
Councillor S Botes	1 753	1 753
Councillor/EZ Njado	49 336	51 802
Councillor G de Vos	15 860	16 728
Councillor S Nortjie	(1)	2 838
Councillor AD Willemse	1 990	1 990
Councillor M Jafta	-	60
Councillor J Jonas	4 615	-
Councillor T Prince	2 939	-
Councillor GP Adolph	2 511	-
Councillor N Constable	257	-

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

Compensation of key management personnel

The compensation of key management personnel is set out in note 19 to the Annual Financial Statements.

**APPENDIX A
CENTRAL KAROO DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018**

EXTERNAL LOANS	Rate	Redeemable	Balance at 30 June 2017	Received during the period	Redeemed written off during the period	Balance at 30 June 2018
LEASE LIABILITY						
Ricoh MP 301 SP	13.00%	30/06/2019	6 346	-	2 936	3 410
Ricoh MPC 2003 SP	13.00%	21/03/2021	53 863	-	13 971	39 892
Ricoh MPC 6003 SP	13.00%	26/09/2020	80 158	-	22 094	58 064
Nashau E 337M320248	10.50%	31/06/2020	-	15 464	4 222	11 242
Nashua E 337M320229	10.50%	31/06/2020	-	15 464	4 222	11 242
Nashua E 337M320249	10.50%	31/06/2020	-	15 464	4 222	11 242
Nashua E 337M320230	10.50%	31/06/2020	-	15 464	4 222	11 242
Nashua E 337M320252	10.50%	31/06/2020	-	15 464	4 222	11 242
TOTAL EXTERNAL LOANS			140 367	77 320	60 111	157 576

APPENDIX B - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018
MUNICIPAL VOTES CLASSIFICATION

2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
5 867 214	(4 316 127)	1 551 087	Municipal Manager	2 810 129	(6 214 526)	(3 404 397)
5 474 698	(4 945 506)	529 192	Council general expenses	15 064 000	(4 822 340)	10 241 660
16 944 756	(13 850 497)	3 094 259	Financial services	12 647 344	(12 726 491)	(79 147)
4 702 228	(4 843 808)	(141 580)	Corporate services	6 111 459	(8 758 040)	(2 646 581)
200 000	(1 807 890)	(1 607 890)	Planning and development	1 362 310	(2 724 210)	(1 361 900)
30 503	(2 446 212)	(2 415 709)	Health	36 079	(3 245 137)	(3 209 058)
2 317 785	(2 371 144)	(53 359)	Other	-	-	-
964 572	(1 065 097)	(100 525)	Public safety	1 277 409	(1 241 158)	36 251
33 429 456	(33 124 683)	304 773	Road transport	42 478 676	(42 127 760)	350 916
69 931 212	(68 770 964)	1 160 248	Total	81 787 406	(81 859 662)	(72 256)

APPENDIX C - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
7 706 278	(9 261 633)	(1 555 355)	Executive and council	17 874 129	(11 036 866)	6 837 263
13 764 320	(9 963 186)	3 801 134	Budget and treasury	12 647 344	(12 726 491)	(79 147)
13 836 083	(11 102 263)	2 733 820	Corporate Services	6 111 459	(8 748 040)	(2 636 581)
200 000	(1 807 890)	(1 607 890)	Planning and Development	1 362 310	(2 734 210)	(1 371 900)
30 503	(2 446 212)	(2 415 709)	Health	36 079	(3 245 137)	(3 209 058)
964 572	(1 065 097)	(100 525)	Public Safety	1 277 409	(1 241 158)	36 251
33 429 456	(33 124 683)	304 773	Road Transport	42 478 676	(42 127 760)	350 916
69 931 212	(68 770 964)	1 160 248	Sub Total	81 787 406	(81 859 662)	(72 256)
69 931 212	(68 770 964)	1 160 248	Total	81 787 406	(81 859 662)	(72 256)

APPENDIX D - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2018
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation						Accumulated Depreciation				Carrying Value
	Opening Balance	Correction of Error	Additions	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals/ Impairment	Closing Balance	
Executive and council	1 804 700	-	585 892	-	2 390 591	725 210	-	73 544	16 177	814 931	1 575 660
Finance and administration	3 298 180	7 656	300 157	(140 000)	3 465 992	1 931 069	2 177	143 611	(24 363)	2 052 494	1 413 497
Public safety	3 900 693	-	891 984	-	4 792 676	1 513 653	-	234 172	1 312	1 749 137	3 043 539
Planning and development	17 455	-	-	-	17 455	12 385	-	847	140	13 371	4 084
Road transport	3 375 538	-	5 713	-	3 381 251	1 142 923	-	60 546	(48 099)	1 155 370	2 225 881
Environmental protection	178 554	-	22 767	-	201 321	122 086	-	14 090	3 657	139 833	61 488
	12 575 119	7 656	1 806 512	(140 000)	14 249 286	5 447 326	2 177	526 810	(51 176)	5 925 137	8 324 150

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

Grant Description	Balance 30 June 2017	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2018	Unspent 30 June 2018 (Creditor)	Unpaid 30 June 2018 (Debtor)
National Government Grants								
Equitable Share	-	22 595 000	-	(22 595 000)	-	-	-	-
Finance Management Grant	-	1 250 000	-	(1 250 000)	-	-	-	-
EPWP	(250 853)	1 095 000	-	(1 114 999)	-	(270 852)	-	(270 852)
Rural Asset Management Grant (RAMS)	4 360	1 917 000	-	(1 940 088)	-	(18 728)	-	(18 728)
Total National Government Grants	(246 493)	26 857 000	-	(26 900 087)	-	(289 580)	-	(289 580)
Provincial Government Grants								
FMG - PMS	21 209	-	-	-	-	21 209	21 209	-
FMG - MSCOA TRAINING	293 775	-	-	(293 775)	-	(0)	-	(0)
FMG - Improvement of Service Level Standards	100 000	-	-	(100 000)	-	-	-	-
FMG - Improvement of Assurance Function	350 000	-	-	(350 000)	-	-	-	-
FMG - Training re Performance Reporting	124 796	-	-	(124 796)	-	(0)	-	(0)
FMG - Capacity Building Bursary Fund	5 044	-	-	(5 044)	-	(0)	-	(0)
FMG - ICT Internship	45 031	-	-	(45 031)	-	-	-	-
Drought Relief Support	218 370	-	-	(211 452)	(272 745)	6 918	6 918	-
Fire Brigade Capacity Building	417 058	800 000	-	-	(718 479)	144 313	144 313	-
Disaster management	-	70 000	-	(70 000)	-	81 521	81 521	-
Ground Water Level Monitoring	-	800 000	-	(4 731)	-	795 269	795 269	-
FMG Graduate Internship Programme	-	66 000	-	(14 660)	-	51 340	51 340	-
FMG Capacity building grant (Bursaries)	-	240 000	-	(193 192)	-	46 808	46 808	-
WCFMSG Internal Audit and Risk Management	-	395 000	-	-	-	395 000	395 000	-
WCFMSG Improvement and alignment of SDBIP & Budget Monitoring	-	200 000	-	(200 000)	-	-	-	-
WCFMSG Grap Compliant AFS, Audit files & training	-	500 000	-	(500 000)	-	-	-	-
WCFMSG Improvement of assurance service	-	200 000	-	(200 000)	-	-	-	-
WCFMSG Miscoa	-	280 000	-	(280 000)	-	-	-	-
WCFMSG Caseware	-	200 000	-	(200 000)	-	-	-	-
Total Provincial Government Grants	1 575 283	3 751 000	-	(2 792 683)	(991 224)	1 542 376	1 542 377	(1)
Other Grant Providers								
CHIETA	218 286	1 033 614	-	(575 955)	-	675 945	675 945	-
LG SETA	(745 766)	1 368 000	-	(302 000)	-	320 234	320 234	-
Doing veld Project	(882 449)	247 311	-	(247 311)	-	(882 449)	-	(882 449)
Total Other Grant Providers	(1 409 929)	2 648 925	-	(1 125 267)	-	113 729	996 179	(882 449)
Total Grants	(81 139)	33 256 925	-	(30 818 037)	(991 224)	1 366 525	2 538 556	(1 172 031)

MUN - Reconciliation of Table A1 Budget Summary

Description	2017/18							2016/17	
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome	
	1	2	3	4	5	6	7	8	12
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	550	10	560	513	(47)	91.6%	93.3%	503	
Transfers recognised - operational	26 905	9 661	36 566	31 809	(4 757)	87.0%	118.2%	27 733	
Other own revenue	45 021	(626)	44 396	49 465	5 069	111.4%	109.9%	40 752	
Total Revenue (excluding capital transfers and contributions)	72 477	9 645	81 522	81 787	266	100.3%	0.0%	69 048	
Employee costs	37 596	3 739	41 337	38 367	(1 971)	95.2%	104.7%	34 968	
Remuneration of councillors	4 204	(314)	3 890	3 550	(340)	81.3%	84.4%	3 140	
Debt impairment	-	-	-	-	-	-	-	-	
Depreciation & asset impairment	251	136	387	553	166	142.8%	220.8%	326	
Finance charges	-	-	-	871	871	0.0%	0.0%	857	
Materials and bulk purchases	215	(141)	75	-	(75)	0.0%	0.0%	-	
Transfers and grants	-	772	772	-	(772)	0.0%	0.0%	-	
Other expenditure	29 514	4 657	34 172	37 519	3 347	109.8%	127.1%	29 770	
Total Expenditure	71 742	8 650	80 632	81 860	1 228	0.0%	114.0%	69 061	
Surplus/(Deficit)	694	195	689	(72)	(662)	0.0%	-10.4%	(13)	
Transfers recognised - capital	600	-	600	-	(600)	0.0%	0.0%	883	
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions	1 494	195	1 689	(72)	(1 762)	-4.3%	-4.8%	670	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	0.0%	-	
Surplus/(Deficit) for the year	1 494	195	1 689	(72)	(1 762)	-4.3%	0.0%	670	
Capital expenditure & funds sources									
Capital expenditure	1 155	340	1 495	1 336	(159)				
Transfers recognised - capital	902	358	1 260	895	(365)	71.0%	89.2%	883	
Public contributions & donations	-	-	-	-	-	-	-	-	
Borrowing	-	-	-	-	-	-	-	-	
Internally generated funds	253	(18)	235	441	206	187.6%	174.1%	173	
Total sources of capital funds	1 155	340	1 495	1 336	(159)	0.0%	115.7%	1 056	
Cash flows									
Net cash from (used) operating	1 494	195	1 689	6 717	5 028	397.6%	449.5%	(1 478)	
Net cash from (used) investing	(1 846)	(340)	(2 166)	1 614	3 600	-73.9%	-87.5%	(1 521)	
Net cash from (used) financing	-	-	-	(17)	(17)	-	-	(101)	
Cash/cash equivalents at the year end	(551)	(145)	(496)	8 108	8 604	-163.4%	-2308.5%	3 101	



MUN - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2017/18							2016/17
	Original Budget	Budget Adjustments (i.Lo. 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	1	2	3	4	6	7	8	12
Revenue - Standard								
<i>Governance and administration</i>	33 471	6 180	39 651	36 633	(3 018)	-7.6%	109.4%	35 307
Executive and council	24 752	(5 650)	19 102	17 874	(1 228)	-6.4%	72.2%	7 706
Finance and administration	7 819	12 729	20 549	18 759	(1 790)	-8.7%	239.9%	13 764
Internal audit	900	(900)	-	-	-	-	-	13 836
<i>Community and public safety</i>	835	1 516	2 351	1 313	(1 038)	-44.1%	157.2%	995
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	800	1 505	2 305	1 277	(1 028)	-44.6%	159.7%	965
Housing	-	-	-	-	-	-	-	-
Health	35	11	46	36	(10)	-21.4%	102.0%	31
<i>Economic and environmental services</i>	38 970	1 349	40 319	43 841	3 522	8.7%	112.5%	33 629
Planning and development	-	-	-	1 362	1 362	-	-	200
Road transport	38 970	1 349	40 319	42 479	2 160	5.4%	109.0%	33 429
Environmental protection	-	-	-	-	-	-	0.0%	-
<i>Trading services</i>	-	-	-	-	-	-	0.0%	-
Electricity	-	-	-	-	-	-	0.0%	-
Water	-	-	-	-	-	-	0.0%	-
Waste water management	-	-	-	-	-	-	0.0%	-
Waste management	-	-	-	-	-	-	0.0%	-
Other	-	-	-	-	-	-	0.0%	-
Total Revenue - Standard	73 277	9 045	82 322	81 767	(534)	-0.6%	111.6%	69 931
Expenditure - Standard								
<i>Governance and administration</i>	24 552	7 553	32 105	32 511	407	1.3%	132.4%	30 617
Executive and council	7 805	1 930	9 735	10 622	887	9.1%	136.1%	9 262
Finance and administration	16 746	5 534	22 280	21 475	(805)	-3.6%	128.2%	21 356
Internal audit	-	89	89	414	325	364.4%	0.0%	-
<i>Community and public safety</i>	4 396	939	5 335	4 486	(848)	-15.9%	102.1%	3 511
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	950	1 037	1 987	1 241	(746)	-37.5%	130.7%	1 065
Housing	-	-	-	-	-	-	-	-
Health	3 446	(98)	3 348	3 245	(103)	-3.1%	94.2%	2 446
<i>Economic and environmental services</i>	42 818	343	43 161	44 862	1 701	3.9%	104.8%	34 933
Planning and development	2 350	(407)	1 943	2 734	791	40.7%	116.4%	1 808
Road transport	40 468	750	41 218	42 128	910	2.2%	104.1%	33 125
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
Other	18	15	32	-	(32)	-	-	-
Total Expenditure - Standard	71 782	8 850	80 632	81 860	1 228	1.6%	104.0%	69 061
Surplus/(Deficit) for the year	1 494	195	1 689	(72)	(1 794)	-106.2%	0.0%	870

MUN - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2017/18							2016/17
	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	1	2	3	4	6	7	8	12
Revenue by Vote								
Vote 1 - Municipal Manager	25 652	(6 550)	19 102	19 236	-	0.0%	0.0%	7 806
Vote 2 - Finance	3 272	10 852	14 124	12 647	-	0.0%	0.0%	13 764
Vote 3 - Corporate Services	5 363	3 394	8 776	7 425	-	0.0%	0.0%	14 831
Vote 4 - Technical Services	38 970	1 348	40 319	42 479	-	0.0%	0.0%	33 429
Total Revenue by Vote	73 277	-	82 322	81 787	-	0.0%	0.0%	69 931
Expenditure by Vote to be appropriated								
Vote 1 - Municipal Manager	11 751	(227)	11 524	13 771	-	0.0%	0.0%	11 070
Vote 2 - Finance	10 890	2 890	13 781	12 726	-	0.0%	0.0%	9 963
Vote 3 - Corporate Services	10 271	5 352	15 623	13 234	-	0.0%	0.0%	14 904
Vote 4 - Technical Services	38 870	834	39 704	42 128	-	0.0%	0.0%	33 125
Total Expenditure by Vote	71 782	-	80 632	81 859	-	0.0%	0.0%	69 061
Surplus/(Deficit) for the year	1 494	-	1 689	(72)	-	0.0%	0.0%	870

MUN - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2017/18							2016/17
	Original Budget	Budget Adjustments (f.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	7	8	12
Revenue By Source								
Property rates	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-
Service charges - other	-	-	-	-	-	-	-	-
Rental of facilities and equipment	72	28	100	87	(13)	87.1%	121.0%	71
Interest earned - external investments	550	10	560	513	(47)	91.6%	93.3%	503
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	32	32	-	-	21
Agency services	3 418	120	3 539	3 541	2	100.1%	103.6%	3 328
Transfers recognised - operational	26 905	9 661	36 566	31 809	(4 757)	87.0%	118.2%	27 793
Other revenue	41 531	(774)	40 757	45 805	5 048	112.4%	110.3%	37 332
Gains on disposal of PPE	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	72 477	-	81 522	81 787	266	100.3%	112.8%	69 048
Expenditure By Type								
Employee related costs	37 598	3 739	41 337	39 387	(1 971)	95.2%	104.7%	34 968
Remuneration of councillors	4 204	(314)	3 890	3 550	(340)	91.3%	84.4%	3 140
Debt impairment	-	-	-	-	-	-	-	-
Depreciation & asset impairment	251	136	387	553	166	142.8%	220.6%	326
Finance charges	-	-	-	-	-	-	-	857
Bulk purchases	-	-	-	-	-	-	-	-
Other materials	215	(141)	75	-	(75)	0.0%	0.0%	-
Contracted services	2 354	(122)	2 232	4 724	2 492	211.6%	200.7%	296
Transfers and grants	-	772	772	-	(772)	0.0%	-	-
Other expenditure	27 161	4 779	31 940	33 666	1 727	105.4%	124.0%	29 475
Loss on disposal of PPE	-	-	-	-	-	-	-	-
Total Expenditure	71 782	-	80 632	81 860	1 228	101.5%	114.0%	69 061
Surplus/(Deficit)	694	-	889	(72)	(962)	-8.1%	-10.4%	(13)
Transfers recognised - capital	800	-	800	-	-	0.0%	0.0%	883
Contributions recognised - capital	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1 494	195	1 689	(72)	(1 762)	-4.3%	0.0%	870
Taxation	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	1 494	195	1 689	(72)	(1 762)	-4.3%	-4.8%	870
Attributable to minorities	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	1 494	195	1 689	(72)	(1 762)	-4.3%	-4.8%	870
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1 494	195	1 689	(72)	(1 762)	-4.3%	-4.8%	870

MUN - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2017/18							2016/17
	Original Budget	Total Budget Adjustments (i.Lo. MFMA s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	6	7	8	12
Single-year expenditure								
Vote 1 - Municipal Manager	60	(2)	58	-	(58)	-100%	-96%	-
Vote 2 - Finance	230	(33)	197	-	(197)	-100%	-86%	-
Vote 3 - Corporate Services	765	375	1 140	-	(1 140)	-100%	-149%	(1 562)
Vote 4 - Technical Services	100	-	100	-	(100)	-100%	-100%	-
Capital single-year expenditure	1 155	-	1 495	-	(1 495)	-100%	-129%	-
Total Capital Expenditure - Vote	-	-	-	-	-	-	-	-
Capital Expenditure - Standard								
<i>Governance and administration</i>	290	(23)	267	430	163	61%	56%	249
Executive and council	30	28	58	28	(30)	-52%	-100%	-
Finance and administration	260	(51)	209	402	193	92%	74%	249
Internal audit	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	735	393	1 128	904	(223)	-20%	-30%	807
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	702	398	1 100	895	(205)	-19%	-29%	807
Housing	-	-	-	-	-	-	-	-
Health	33	(5)	28	10	(18)	-66%	-56%	-
<i>Economic and environmental services</i>	130	(30)	100	1	(99)	-99%	-76%	-
Planning and development	30	(30)	-	-	-	-	-	-
Road transport	100	-	100	1	(99)	-99%	-99%	-
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	1 155	340	1 495	1 336	(159)	-11%	-14%	1 056
Funded by:								
National Government	200	(40)	160	-	(160)	-100%	-80%	-
Provincial Government	702	398	1 100	895	(205)	-19%	-29%	RR3
District Municipality	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-
Transfers recognised - capital	902	358	1 260	-	-	0%	0%	-
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	253	(18)	235	441	206	88%	81%	173
Total Capital Funding	1 155	340	1 495	1 336	-	0%	0%	1 056

MUN - Reconciliation of Table A7 Budgeted Cash Flows

Description	2017/18							2016/17
	Original Budget	Budget Adjustments (i.e. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties and collection charges	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-
Other revenue	45 021	-	44 396	52 666	8 270	118.6%	117.0%	35 781
Government - operating	26 906	-	36 566	31 809	(4 757)	87.0%	118.2%	28 964
Government - capital	800	-	800	-	(800)	-	-	-
Interest	550	-	550	513	(47)	91.6%	93.3%	503
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(71 782)	-	(80 632)	(78 257)	2 376	97.1%	109.0%	(66 716)
Finance charges	-	-	-	(16)	(15)	-	-	(11)
Transfers and Grants	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 494	-	1 689	6 717	5 028	397.6%	449.5%	(1 478)
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	(691)	-	(691)	(1 614)	(923)	233.7%	233.7%	(1 521)
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-
Payments								
Capital assets	(1 155)	-	(1 495)	-	1 495	0.0%	0.0%	-
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1 846)	-	(2 186)	(1 614)	-	73.9%	87.5%	(1 521)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	17	17	-	0.0%	(42)
Borrowing long term/refinancing	-	-	-	-	-	-	-	(59)
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-
Payments								
Repayment of borrowing	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	17	17	-	0.0%	(101)
NET INCREASE/ (DECREASE) IN CASH HELD	(351)	-	(496)	5 120				(3 101)
Cash/cash equivalents at the year begin:	8 383	-	8 383	2 989				6 089
Cash/cash equivalents at the year end:	8 032	-	7 887	8 108		0.0%	0.0%	2 989



**VOLUME III: ANNUAL FINANCIAL STATEMENTS: CENTRAL KAROO
ECONOMIC DEVELOPMENT AGENCY (CKEDA)**

**CENTRAL KAROO ECONOMIC DEVELOPMENT AGENCY (SOC) LTD
(REG NO: 2012/221676/07)**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Annual financial statement compiler: Mnr S Jooste

**CENTRAL KAROO ECONOMIC DEVELOPMENT AGENCY (SOC) LTD
(REG NO: 2012/221676/07)**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

GENERAL INFORMATION

Country of incorporation and domicile:	South Africa
Nature of business and principal activities:	Stimulate economic growth
Directors:	Mnr RR Booysen Mnr L Mayekiso Mev C Maans Mev M Breda Mnr JN Bosman
Registered office:	Clyde House Building 27 Donkin straat Beaufort West 6970
Holding Entity:	Central Karoo District Municipality
Bankers:	Nedbank
Auditors:	Auditor General of South Africa
Company registration number:	2012/221676/07

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The board of directors are required by the Companies Act of South Africa, 2008 as amended, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Entity as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with Generally Recognised Accounting Practice (GRAP). The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations of such Statements issued by the Accounting Standards Board, the Municipal Finance Management Act of South Africa, 2003 and the Companies Act of South Africa. The financial statements are based on appropriate accounting policies, consistently applied.

The board of directors acknowledges that they are ultimately responsible for the system of internal financial control established by the Agency and place considerable importance on maintaining a strong control environment. To enable the director to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Agency and all employees are required to maintain the highest ethical standards in ensuring the Agency's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Agency is on identifying, assessing, managing and monitoring all known forms of risk across the Agency. While operating risk cannot be fully eliminated, the Agency endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

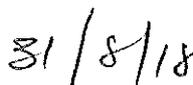
The board of directors is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently providing reasonable assurance by reviewing and reporting on the Agency's annual financial statements. The annual financial statements have been examined by the Agency's external auditors and their report is presented on page 4 to 7.

The annual financial statements set out on pages 8 to 27, which have been prepared on the basis that the entity resolved to deregister the entity, were approved by the board and were signed on its behalf by:



Ex officio director
S Jooste



Date

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2018

The directors submit their report for the period ended 30 June 2018.

1 Main business and Discontinued operations

The main objectives of the Agency were to stimulate economic growth in the Central Karoo district through promotion of entrepreneurial activity, leveraging of business development support and facilitation of investment into strategic economic sectors and spatial nodes. However the entity was deregistered on 17 April 2018.

2 Going concern

The entity was deregistered on 17 April 2018. The council decided to deregister the entity because funding from the IDC ceased.

3 Post balance sheet events

The directors are not aware of any matter or circumstance arising since the end of the financial year that require additional disclosure or amendments to the annual financial statements. The entity is in the liquidation process and appointed consultants to assist with the deregistration.

4 Authorised and issued share capital

100 ordinary shares were issued to Central Karoo District Municipality.
1000 ordinary shares are authorised.

5 Dividends

No dividends were declared or paid to shareholders during the period.

6 Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality
Mnr RR Booysen	RSA
Mnr L Mayekiso	RSA
Mev C Maans	RSA
Mev M Breda	RSA
Mnr JN Bosman	RSA

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2018

7 Holding company

The company's holding entity is Central Karoo District Municipality, that owns 100% of the issued shares.

8 Auditors

Auditor - General of South Africa in accordance with the MFMA.

CENTRAL KAROO ECONOMIC DEVELOPMENT AGENCY (SOC) LTD

(REG NO: 2012/221676/07)
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	2018 R	2017 R
NET ASSETS AND LIABILITIES			
Current assets		-	3 070
Related party receivable	6	-	100
Cash and Cash Equivalents	8	-	2 970
Total assets		-	3 070
EQUITY AND LIABILITIES			
Equity		-	(2 688 976)
Share Capital	4	-	100
Accumulated deficit		-	(2 689 076)
Current Liabilities		-	2 692 046
Loan from owners	5	-	2 689 541
Payables from exchange transactions	12	-	2 505
Total equity and liabilities		-	3 070

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	2018 R	2017 R
Discontinued operations			
Revenue from non-exchange transactions			
Government Grants and Subsidies - Operating	3	-	3 654
Reversal of provision for leave	13	-	-
Total income		<u>-</u>	<u>3 654</u>
EXPENDITURE			
Employee Related Costs	7	-	126 830
General expenses	9	278 794	272 269
Total expenditure		<u>278 794</u>	<u>399 099</u>
Deficit for the year		<u>(278 794)</u>	<u>(395 445)</u>

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2018

	Share Capital R	Accumulated deficit R	Total R
Balance at 1 July 2016	100	(2 293 631)	(2 293 531)
Deficit for the year	-	(395 445)	(395 445)
Balance at 1 July 2017	100	(2 689 076)	(2 688 976)
Winding up of Share Capital and Contribution from Owners		2 967 871	2 967 871
Deficit for the year	(100)	(278 794)	(278 894)
Balance at 30 June 2018	-	-	-

CENTRAL KAROO ECONOMIC DEVELOPMENT AGENCY (SOC) LTD

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 R	2017 R
CASH FLOWS UTILIZED IN OPERATING ACTIVITIES			
Receipts			
Government		-	-
Payments			
Other	10	(281 764)	(452 788)
Cash utilized in operations	10	<u>(281 764)</u>	<u>(452 788)</u>
Net Cash flows from operating activities		<u>(281 764)</u>	<u>(452 788)</u>
CASH FLOWS UTILIZED IN FINANCING ACTIVITIES			
Loan raised from owners		<u>278 794</u>	<u>452 104</u>
Net Cash flows utilized in financing activities		<u>278 794</u>	<u>452 104</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(2 970)</u>	<u>(684)</u>
Cash and cash equivalents at the beginning of the year	8	2 970	3 654
Cash and cash equivalents at the end of the year	8	<u>-</u>	<u>2 970</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(2 970)</u>	<u>(684)</u>

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the MFMA.

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

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

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

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

1.2. PRESENTATION CURRENCY

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

1.3. GOING CONCERN ASSUMPTION

The entity was deregistered on 17 April 2018. The council decided to deregister the entity because funding from the IDC ceased.

1.4. COMPARATIVE INFORMATION

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

1.5. AMENDED DISCLOSURE POLICY

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

1.6. PRESENTATION OF BUDGET INFORMATION

No budget information is provided. No budget was approved by the entity in the period under review.

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

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2017/18 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2020.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Entity. The effective date is 1 April 2020:

Standard	Description	Effective Date
GRAP 20	<p><u>Related Party Disclosure</u></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt some of the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	1 April 2019
GRAP 34	<p><u>Separate Financial Statements</u></p> <p>The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.</p> <p>No significant impact is expected as the Municipality has no investments in any entities</p>	Unknown
GRAP 35	<p><u>Consolidated Financial Statements</u></p> <p>The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.</p> <p>No significant impact is expected as the Municipality does not control any entities.</p>	Unknown

CENTRAL KAROO DEVELOPMENT AGENCY (SOC) LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

GRAP 36	<p><u>Investments in Associates and Joint Ventures</u></p> <p>The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p> <p>No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.</p>	Unknown
GRAP 37	<p><u>Joint Arrangements</u></p> <p>The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).</p> <p>No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.</p>	Unknown
GRAP 38	<p><u>Disclosure of Interest in Other Entities</u></p> <p>The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:</p> <p>a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and</p> <p>b) the effects of those interests on its financial position, financial performance and cash flows.</p> <p>No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.</p>	Unknown
GRAP 108	<p><u>Statutory Receivables</u></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p>	Unknown
GRAP 110	<p><u>Living and non-living resources</u></p> <p>The objective of this Standard is prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2020
IGRAP 18	<p><u>Interpretation of the Standard of GRAP on Recognition and Derecognition of Land</u></p> <p>This Interpretation of the Standards of GRAP provides guidance on when an entity should recognise and derecognise land as an asset in its financial statements.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's</p>	

CENTRAL KAROO DEVELOPMENT AGENCY (SOC) LTD
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	requirements.	
IGRAP 19	<p><u>Liabilities to Pay Levies</u></p> <p>This Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements</p>	

1.8 FINANCIAL INSTRUMENTS

Financial instruments recognised in the Statement of Financial Position consists of the undermentioned.

1.8.1 Initial Recognition

Financial instruments are initially recognised when the Entity 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 Entity, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions. An entity recognises financial assets using trade date accounting.

1.8.2 Subsequent Measurement

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

1.8.2.1 Receivables

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

For amounts due from debtors carried at amortised cost, the Entity 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 Entity 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 Entity. 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.

1.8.2.2 Payables and Annuity Loans

Financial liabilities consist of payables. 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.

1.8.2.3 Cash and Cash Equivalents

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

1.8.3 De-recognition of Financial Instruments

1.8.3.1 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 contractual rights to the cash flows from the financial asset expire, are settled or waived;

- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity shall:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations shall be measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised in accordance with this paragraph shall be recognised in surplus or deficit in the period of the transfer.

When the Entity 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 Entity'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 Entity could be required to repay.

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

1.8.3.2 Financial Liabilities

The entity shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived (see also the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers) for the waiver of debt as part of a non-exchange transaction). The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction, are accounted for in accordance with GRAP 23.

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:

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.

1.10. SHARE CAPITAL

Ordinary shares are classified as Contributions from owners.

1.11. RELATED PARTIES

A related party is a person or an entity:

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

The following are regarded as related parties of the Entity:

- (a) A person or a close member of that person's family is related to the Entity if that person:
- has control or joint control over the Entity;
 - has significant influence over the Entity. Significant influence is the power to participate in the financial and operating policy decisions of the Entity;
 - is a member of the management of the Entity or its controlling entity.
- (b) An entity is related to the Entity if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the Entity or an entity related to the Entity. 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 Entity. 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 Entity, including:

- (a) all members of the governing body of the Entity;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Entity;
- (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 Entity; and
- (d) the senior management team of the Entity, including the Chief Executive Officer or permanent head of the Entity, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Entity.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Entity being the Chief Executive Officer.

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

The Entity 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.

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

1.13. 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.

1.14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

The Entity 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.

1.15. EVENTS AFTER THE REPORTING DATE

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

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

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

1.16. REVENUE FROM NON- EXCHANGE TRANSACTIONS

Revenue from a non-exchange transaction shall be measured at the amount of the increase in net assets recognised by the entity. When, as a result of a non-exchange transaction, the entity 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 the amount of the reduction in the liability will be recognised as revenue.

1.17. EMPLOYEE BENEFITS

(a) 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.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(b) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(c) Performance Bonuses

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

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2 Financial risk management

2.1 Market Risk

The Agency's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Agency's financial performance. The following risks could have a potential impact on the Agency:

The agency is not exposed to Foreign currency risk.

The agency is exposed to price interest rate:

	2018	2017
	R	R
Cash and cash equivalents	-	2 970

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and loans, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

2.2 Capital risk management

Capital is managed on a consolidated basis which groups the Agency and the holding entity. Additional capital is available in the form of shareholders loans should circumstances require it or business opportunities arise. Within the Economic Entity, Central Karoo District Municipality has the responsibility to manage capital in order for the group to maintain the optimal capital structure.

For the purposes of capital risk management, the following is regarded as capital of the entity.

	2018	2017
	R	R
Loan from owners	-	2 689 541
	-	2 689 541

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		2018 R	2017 R
3	Industrial Development Corporation (IDC)		
	Opening balance	-	3 654
	Conditions met - Operating	-	(3 654)
	Conditions still to be met	-	-

The project related to the funding has been finalized and the unspent fund has been released to the Income Statement as there were no conditions thereafter.

4	Share capital		
	Authorised		
	1000 Ordinary shares with a nominal value R1 each	1 000	1 000
	Issued		
	100 Ordinary shares with a nominal value of R1 each	-	100

5	Loans from owner		
	Opening balance	2 689 541	2 237 437
	Additional contribution from owner	278 794	452 104
	Loan written off	(2 968 335)	
		-	2 689 541

On the 22nd of August 2018 the council of Central Karoo District Municipality impaired the loan further and the position of the council remains unchanged that all other related debt from CKEDA to the parent will be written off.

6	Related party receivable		
	Loan receivable	-	100
		-	100

The loan is past due but not impaired and, no interest is charged and the receivable is with the controlling entity.

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		2018 R	2017 R
7	Employee related cost		
	Salaries and Wages	-	112 911
	Contributions for UIF, Pensions and Medical Aids	-	6 000
	Bonuses	-	21 547
	Overtime	-	-
	Movement in Leave Provision	-	(13 628)
		-	126 830
		-	126 830
8	Cash and cash equivalents		
	<u>Assets</u>		
	Current account opening balance	2 970	3 654
	Current account closing balance	-	2 970
		-	2 970
		-	2 970
	<u>Current Account</u>		
	Nedbank		
	Account balance at year end per bank statement	-	2 970
		-	2 970
		-	2 970
9	General expenses		
	Computer Expenses	-	3 275
	Finance charges	-	685
	Audit fees	278 794	258 247
	Municipal Services	-	500
	Subsistence and Travelling	-	1 330
	Telephone	-	6 574
	Sundry expenses	-	1 658
		278 794	272 269
		278 794	272 269

The bank account was closed on the 14th of December 2016. The balance in this account transferred to an unknown account. The bank however committed to pay this unclaimed amount, back to CKEDA.

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	2018 R	2017 R
10 Cash utilised in operations		
Deficit before taxation	(278 794)	(395 445)
Adjustments		
(Decrease)/Increase in Provisions	-	(49 149)
Decrease in Trade Payables	(2 970)	(4 540)
(Decrease) in Unspent Conditional Government Grant and receipts	-	(3 654)
	<u>(281 764)</u>	<u>(452 788)</u>
11 Budget comparison		
No budget was prepared for the 2017/2018 financial year.		
12 Payables from exchange transactions		
Trade Payables	-	2 505
	<u>-</u>	<u>2 505</u>
13 Provision for staff leave		
Balance at beginning of year	-	49 149
Leave provision utilised	-	(35 521)
Reversal of provision	-	(13 628)
Balance at end of year	<u>-</u>	<u>-</u>
There were no employees at year end.		

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	2018 R	2017 R
14 Events after reporting date		
The Agency has no material events after the financial year ended 30 June 2018 that requires disclosure.		
15 Contingent liabilities		
The Agency has no contingent liabilities and was deregistered		
16 Related parties		
16.1 Related Party transactions		
Included in General expenses, as per notes 9, are monies owed to CKDM, Central Karoo District Municipality. This balance relates to expenditure incurred by CKDM on behalf of CKEDA.		
	278 794	452 104
16.2 Related Party loans		
Central Karoo District Municipality		2 689 541

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	2018	2017
	R	R
17 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
17.1 <u>Irregular expenditure</u>		
Reconciliation of irregular expenditure:		
Opening balance	6 720	6 720
Irregular expenditure current year	-	-
Irregular expenditure awaiting further action	<u>6 720</u>	<u>6 720</u>

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies as they are minor breaches.