

Central Karoo District Municipality



Annual Report

2018-19

Working together in development and growth

Contents

List of tables	5
List of figures	7
CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY	8
COMPONENT A: MAYOR'S FOREWORD	8
COMPONENT B: EXECUTIVE SUMMARY	11
1.1 MUNICIPAL MANAGER'S OVERVIEW	11
1.2 MUNICIPAL OVERVIEW	15
1.2.1 VISION AND MISSION	15
1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW	15
1.3.1 Population	15
1.3.2 Demographic information	17
1.4 FINANCIAL HEALTH OVERVIEW	18
1.4.1 National Key Performance Indicators – Municipal financial viability and management (ratios)	18
1.4.2 National KPI's – Good governance and public participation	19
1.4.3 Financial overview	19
1.4.4 Operating ratios	19
1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW	20
1.5.1 Highlights: Municipal transformation and organisational development	20
1.5.2 Challenges: Municipal transformation and organisational development	20
1.6 AUDITOR –GENERAL	20
1.6.1 Audited outcomes	21
CHAPTER 2: GOOD GOVERNANCE	22
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE	22
2.1 GOVERNANCE STRUCTURE	22
2.1.1 Political governance structure	22
COMPONENT B: INTERGOVERNMENTAL RELATIONS	26
2.2 INTERGOVERNMENTAL RELATIONS	26
2.2.1 Provincial Intergovernmental Structures	26
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION	27
2.3 REPRESENTATIVE FORUMS	27
2.3.1 Labour Forum	27

2.3.2	District Coordinating Forum	27
COMPONENT D: GOVERNANCE.....		28
2. 4	RISK MANAGEMENT.....	28
2. 5	ANTI-CORRUPTION AND FRAUD.....	31
2. 6	AUDIT AND PERFORMANCE COMMITTEE.....	32
2.6.1	Functions of the Audit and Performance Audit Committee (APAC)	32
2.6.2	Members of the APAC	32
2. 7	INTERNAL AUDITING.....	32
2. 8	BY-LAWS AND POLICIES.....	33
2. 9	COMMUNICATION.....	34
2. 10	WEBSITE.....	35
CHAPTER 3.....		36
3.1	SERVICE DELIVERY PERFORMANCE OVERVIEW WITHIN THE ORGANISATION	36
3.1.1	Legislative requirements.....	36
3.1.2	Organisational performance.....	37
3.1.3	Performance Management System used in the financial year 2018/19	37
a)	The IDP and the Budget.....	37
b)	Actual Performance.....	38
c)	Monitoring of the Service Delivery Budget Implementation Plan.....	38
PERFORMANCE REPORT PART I.....		39
3.1	STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN	39
3.1.1	Overall Performance as per Top Layer SDBIP	39
3.1.2	Actual performance as per Top Layer SDBIP according to strategic objectives.....	41
	Strategic Objective: 1: Build a well capacitated workforce, skilled youth and communities	41
	Strategic Objective 2: Deliver a sound and effective administrative and financial service to achieve sustainability and viability in the region	42
	Strategic Objectives 3: Facilitate good governance principles and effective stakeholder participation	45
	Strategic Objectives 4: Improve and maintain district roads and promote safe roads transport	46
	Strategic Objectives 5: Promote regional, economic development, tourism and growth opportunities.....	49
	Strategic Objectives 6: Promote safe, healthy and socially stable communities through the provision of a sustainable environmental health service.....	50
3.3	SERVICE PROVIDERS PERFORMANCE.....	51
3.4	MUNICIPAL FUNCTIONS	52
3.4.1	Analysis of Functions.....	52

3.5 COMPONENT A: ROAD TRANSPORT	52
3.5.1 Road maintenance and construction.....	52
3.5.2 Provincial roads allocated for maintenance and construction	54
3.5.3 Employees: Road transport	55
3.5.4 Total expenditure: Road transport	55
3.6 COMPONENT B: LOCAL ECONOMIC DEVELOPMENT (LED)	56
3.6.1 Highlights: Local Economic Development	56
3.6.2 Challenges: Local Economic Development.....	56
3.6.3 Priorities and action plans: Local Economic Development.....	56
3.6.4 Employees: Local Economic Development.....	57
3.7 TOURISM	57
3.7.1 Highlights: Tourism	58
3.7.2 Challenges: Tourism.....	58
3.7.3 Initiatives: Tourism	58
3.8 COMPONENT C: MUNICIPAL HEALTH	61
3.9 COMPONENT D: DISASTER MANAGEMENT	78
3.9.1 Highlights: Disaster Management.....	79
3.9.2 Challenges: Disaster management	79
3.9.3 Activities: Disaster management.....	79
3.9.4 Employees: Disaster management.....	81
3.10 COMPONENT E: CORPORATE OFFICES AND OTHER SERVICES	82
3.10.1 Office of the Municipal Manager.....	82
Employees: Office of the Municipal Manager.....	82
3.10.2 Records Management	83
3.10.2.1 Activities: Records Management	83
3.10.2.2 Matters addressed: Records Management	84
3.10.2.3 Employees: Records Management	85
3.11 HUMAN RESOURCES (HR).....	85
3.11.1 Highlights: Human Resources.....	86
3.11.2 Employees: Human Resources	86
3.12 FINANCIAL SERVICES	89
3.12.1 Highlights: Financial Services.....	89
3.12.2 Challenges: Financial Services	89
3.12.3 Employees: Financial Services	89
3.13 COMPONENT F: ORGANISATIONAL PERFORMANCE SCORECARD	90

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE.....	94
4.1 NATIONAL KPI'S – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	94
4. 2 INTRODUCTION TO THE MUNICIPAL WORKFORCE	94
4.2.1 Employment Equity	94
4.2.1.1 Employment equity targets / actual by racial classification	95
4.2.1.2 Employment equity targets /actual by gender classification	95
4.2.1.3 Employment equity targets vs population 2018/19	95
4.2.1.4 Occupation levels – Race	96
4.2.1.5 Department – Race	96
4.2.1.6 Vacancy rate per post and functional level	97
4.2.1.7 Turn-over rate	97
4.2.2 Managing the Municipal workforce.....	97
4.2.2.1 Injuries	97
4.2.2.2 Sick leave	98
4.2.2.3 Approved policies: Human Resources.....	98
4. 4 CAPACITATING THE MUNICIPAL WORKFORCE.....	99
4.4.1 MFMA Competencies	99
4.4.2 Skills development expenditure	100
4. 5 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE.....	101
4.5.1 Personnel expenditure.....	101
Chapter 5: Financial Summary	102
Component A: Statement of financial performance	102
5.1 FINANCIAL SUMMARY.....	102
5.1.1 Revenue collection by vote.....	105
5.1.2 Revenue collection by source	105
5.1.3 Operational services performance –.....	107
5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION	107
5.2.1 Roads and storm water	107
5.2.2 Municipal Health	108
5.2.3 Disaster management	108
5.2.4 Executive and Council	108
5.2.5 Internal Audit	109
5.2.6 Finance and Administration	109
5.3 GRANTS.....	110
5.3.1 Grant performance	110

5.3.2 Level of reliance on grants and subsidies	111
5.4. FINANCIAL RATIO'S BASED ON KPI'S	111
5.4.1 Liquidity ratio.....	111
5.4.2 IDP Regulation on financial viability indicators	111
5.4.3 Borrowing Management.....	111
5.4.4 Employee costs.....	112
5.4.5 Repairs and maintenance.....	112
COMPONENT A: SPENDING AGAINST CAPITAL BUDGET	112
ANALYSIS OF CAPITAL EXPENDITURE.....	112
5.5.1 Capital expenditure by new asset program	112
COMPONENT B: CASH FLOW MANAGEMENT AND INVESTMENTS.....	113
5.6 CASH FLOW.....	113
5.7 GROSS OUTSTANDING DEBTORS PER SERVICE	114
5.8 BORROWINGS AND INVESTMENTS	114
5.8.1 Actual borrowings	114
5.9 MUNICIPAL INVESTMENTS	115
COMPONENT C: OTHER FINANCIAL MATTERS	116
5.10 SUPPLY CHAIN MANAGEMENT (SCM)	116
5.11 GRAP COMPLIANCE.....	116
APPENDICES.....	117
APPENDIX A: COMMITTEES AND COMMITTEE PURPOSES.....	117
APPENDIX B: THIRD TIER STRUCTURE	118
APPENDIX C: RECOMMENDATIONS OF THE MUNICIPAL AUDIT & PERFORMANCE COMMITTEE 2018/19.....	118
APPENDIX D: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS	119
APPENDIX E: DISCLOSURES OF FINANCIAL INTEREST	120
APPENDIX F: REVENUE COLLECTION PERFORMANCE BY VOTE AND SOURCE	120
APPENDIX F (I): REVENUE COLLECTION PERFORMANCE BY VOTE.....	120
APPENDIX F (II): REVENUE COLLECTION PERFORMANCE BY SOURCE	120
APPENDIX G: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG	121
APPENDIX H (I): CAPITAL EXPENDITURE – UPGRADE / RENEWAL PROGRAMME	122
APPENDIX I: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY 2018/19	122
APPENDIX J: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71	122
APPENDIX K: AUDITOR–GENERAL REPORT ON THE CKDM 2018/19.....	123
APPENDIX L: REPORT FROM THE AUDIT AND PERFORMANCE COMMITTEE FOR YEAR ENDING 30 JUNE 2019.....	124

List of tables

Table 1: Overview of the population in the District 15

Table 2: Key economic activities 16

Table 3: Local Municipalities 18

Table 4: National KPI's for Municipal viability and management 18

Table 5: National KPI's – Good governance and public participation 19

Table 6: Financial overview 19

Table 7: Operating ratios 19

Table 8: Total capital expenditure 19

Table 9: Highlights Municipal transformation and organisational development 20

Table 10: Municipal transformation and organisation development 20

Table 11: Audit outcomes 21

Table 12: Councillors 23

Table 13: Council meeting attendance 23

Table 14: Executive Mayoral Committee 24

Table 15: Financial and Corporate Services Portfolio Committee 24

Table 16: Training Portfolio Committee 24

Table 17: Municipal Services and Infrastructure Portfolio Committee 25

Table 18: Human Resource Development Portfolio Committee 25

Table 19: Socio Economic Development Portfolio Committee 25

Table 20: Administrative governance structure 25

Table 21: Intergovernmental structures 26

Table 22: Labour Forum 27

Table 23: District Coordinating Forum 27

Table 24: Risk likelihood 28

Table 25: Risk impact 29

Table 26: Risk register 30

Table 27: Risk Management Committee 31

Table 28: Strategies 31

Table 29: Members of the APAC 32

Table 30: Audits completed 33

Table 31: Policies developed 34

Table 32: Communication activities 34

Table 33: Communication unit 34

Table 34: Communication channels utilised 34

Table 35: Website checklist 35

Table 36: Municipal Function 52

Table 37: Provincial roads allocated for maintenance 54

Table 38: Provincial roads allocated for construction 54

Table 39: Provincial roads allocated for regravell 54

Table 40: Employees Road Transport 55

Table 41: Total expenditure 2018/19: Road Transport 55

Table 42: LED Highlights 56

Table 43: LED challenges 56

Table 44: LED initiatives 57

Table 45: Employees LED 57

Table 46: Highlights Tourism 58

<i>Table 47: Tourism challenges</i>	58
<i>Table 48: Tourism initiatives</i>	58
<i>Table 49: Employees Tourism</i>	59
<i>Table 50: Highlights Municipal Health</i>	62
<i>Table 51: Challenges Municipal Health</i>	63
<i>Table 52: Other Challenges Municipal Health</i>	64
<i>Table 53: Employees Municipal Health</i>	78
<i>Table 54: Highlights Disaster Management</i>	79
<i>Table 55: Challenges Disaster Management</i>	79
<i>Table 56: Activities Disaster Management</i>	79
<i>Table 57: Employees Disaster Management</i>	82
<i>Table 58: Employees Office of the Municipal Manager</i>	82
<i>Table 59: Activities Records Management</i>	84
<i>Table 60: Records Management matters addressed</i>	84
<i>Table 61: Employees Records Management</i>	85
<i>Table 62: Highlights Human Resources</i>	86
<i>Table 63: Employees Human Resources</i>	86
<i>Table 64: Finance Highlights</i>	89
<i>Table 65: Challenges Financial Service</i>	89
<i>Table 66: Employees Financial Services</i>	89
<i>Table 67: Build a well capacitated workforce, skilled youth and communities</i>	90
<i>Table 68: Deliver a sound and effective administrative and financial service to achieve sustainability and viability in the region</i>	91
<i>Table 69: Facilitate good governance principles and effective stakeholder participation</i>	91
<i>Table 70: Improve and maintain district roads and promote safe roads transport</i>	92
<i>Table 71: Promote regional, economic development, tourism and growth opportunities</i>	92
<i>Table 72: Promote safe, healthy and socially stable communities through the provision of a sustainable environmental health service</i>	93
<i>Table 73: National KPI's – Municipal transformation and organisational development</i>	94
<i>Table 74: Employment equity targets/actual by racial classification</i>	95
<i>Table 75: Employment equity targets/actual by gender classification</i>	95
<i>Table 76: Employment equity targets vs population 2018/19</i>	95
<i>Table 77: Occupation levels – Race</i>	96
<i>Table 78: Department – Race</i>	96
<i>Table 79: Vacancy rate per post and functional level</i>	97
<i>Table 80: Turn-over rate</i>	97
<i>Table 81: Injuries</i>	97
<i>Table 82: Sick leave</i>	98
<i>Table 83: Approved policies – Human Resources</i>	99
<i>Table 84: Details of the financial competency development progress</i>	100
<i>Table 85: Skills development expenditure</i>	100
<i>Table 86: Personnel expenditure</i>	101
<i>Table 87: Councillor and staff benefits</i>	102
<i>Table 88: Financial summary</i>	104
<i>Table 89: Performance against budgets</i>	105
<i>Table 90: Revenue collection by vote</i>	105
<i>Table 91: Revenue collection by source</i>	106
<i>Table 92: Operational services performance</i>	107
<i>Table 93: Financial performance: Roads and storm water</i>	107
<i>Table 94: Financial performance: Municipal Health</i>	108
<i>Table 95: Financial performance: Disaster management</i>	108

<i>Table 96: Financial performance: Executive and Council</i>	108
<i>Table 97: Financial Performance: Internal Audit</i>	109
<i>Table 98: Financial Performance: Finance Administration</i>	109
<i>Table 99: Grant performance – 2017/18</i>	110
<i>Table 100: Reliance on grants</i>	111
<i>Table 101: Liquidity ratio</i>	111
<i>Table 102: National KPA's – Financial viability</i>	111
<i>Table 103: Borrowing management</i>	111
<i>Table 104: Employee costs</i>	112
<i>Table 105: Repairs and maintenance</i>	112
<i>Table 106: Capital expenditure – New asset program</i>	112
<i>Table 107: Cash flow 2017/18</i>	113
<i>Table 108: Gross outstanding debtors per service</i>	114
<i>Table 109: Actual borrowings</i>	114
<i>Table 110: Municipal investments</i>	115
<i>Table 111: Committees and Committee purposes</i>	118
<i>Table 112: Third Tier Structure</i>	118
<i>Table 113: Long term contracts and PPP's</i>	119
<i>Table 114: Revenue collection performance by vote</i>	120
<i>Table 115: Revenue collection performance by vote</i>	121
<i>Table 116: Conditional Grants received: Excluding MIG</i>	121

List of figures

Figure 1: Overall Performance.....	39
Figure 2: Overall Performance per Strategic Objective	40

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

Introduction

It is my honour, in conjunction with the honourable Executive Mayor Dr Rabie, to present the 2018/19 annual report of the institution before you.

In terms of legislation, the Municipal Manager is designated as the Accounting Officer, and he must perform his functions in good faith, act with fidelity, honesty, integrity and in the best interest of the municipality. It gives me therefore great pleasure to reflect on the challenges and achievements of the Municipality for the past year.

The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), whereby the Municipality must prepare an Annual Report for each financial year.

The achievements during the 2018/19 financial year will be highlighted in terms of the five key areas of the local government strategic agenda which are aligned to our scorecard as follows:

- Municipal Transformation and Institutional Development
- Service Delivery and Infrastructure
- Local Economic Development
- Municipal Financial Viability and Management
- Good Governance and Public Participation.

Municipal Transformation and Institutional Development

- **Appointments** made in 2018/19 –

There was a need to fill 23 vacancies compared to 27 vacancies in 2017/18 and 12 in 2016/17. An ICT intern (one-year fixed term) was also appointed with funding received from DLG. The previous ICT intern was successfully appointed at Ubertech in collaboration agreement between the CKDM and Ubertech.

- **Study Bursaries** – 38 bursaries (R2000 per student) were provided to the youth in the District to assist with their registration at academic institutions. We also received 8 bursaries for full-time students with the grant obtained from Province whilst 2 Interns were appointed in permanent positions.
- **Policies and policies** – An Employee Assistant Policy was approved and implemented by Council on 22 August 2018.

- **Challenges**

- Lack of funding are still hampering the complete implementation of the approved organisational structure in particular at the Technical Services Department.
- The implementation of an effective and efficient Employee PMS system and the downscaling to lower level employees will be addressed in the coming financial year.

- **Service Delivery and Infrastructure**

- 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.
- 3512.83 km of roads have been maintained in the year under review.

- **Local Economic Development**

The LED Strategy is a sector plan that forms part of the IDP. The CKDM LED Strategy strive to support pro-poor economic growth and job creation through an integrated approach in the whole of the Central Karoo municipal area. Several areas are mentioned in this regard, incorporating new business creation, improving infrastructure, attracting inward investment, strengthening the LED capacity, encouraging local procurement and improving skills and knowledge.

Highlights

Central Karoo Small town regeneration summit; SMME Workshops for upcoming and existing business; Beaufort West business workshop as well as Beaufort West Youth summit was held in the 2018/19 financial bookyear.

- **Municipal Financial Viability and Management**

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 IDP, the main budget and the Annual Financial Statements for 2018/19 was approved within the legislative timeframes. The Organisational 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.

Overall Performance of the Municipality:

- KPI's not met – 10% (3)
- KPI's Almost met – 3.33% (1)
- KPI's met – 53.33% (16)
- KPI's well met – 6.67% (2)
- KPI's extremely well met – 26.67% (8)

• Good Governance and Public Participation.

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled as described within the Annual Report.

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.

By-Laws and Policies – A range of Financial and HR policies (25) have been reviewed and adopted by Council on the 29 June 2018.

- Overall Challenges in the 2018/19 book year.
- Staff turn-over and skills retention especially in the technical field remains a challenge in Central Karoo.
- The Municipality has been unable to recruit a Senior Town and Regional Planner to become part of a Shared Services function in the Karoo region.
- Water and sanitation backlogs on the farms and former Transnet housing schemes require more funding support.
- Drought experienced in the Karoo towns Beaufort West, Laingsburg and Prince Albert was especially challenging with the Department Local Government having to develop a Drought Recovery Action Plan (DRAP) with very strong restriction on water usage.
- Huge funding was also required for boreholes and extra water supplies to these areas.
- No conditional grant for LED projects exists, which therefore depend on private sector partnerships.
- Unqualified audit opinion.
- Poor participation of communities and government departments in municipal programmes.

With all these challenges taken into account, I would like to thank the Executive Mayor, Dr Rabie Council and our staff component in the various departments, that competently supported and assisted the Municipality in achieving these and other milestones.

Our appreciation also to the Department of Local Government, Provincial Treasury, Department of Transport and Public Works as well as other provincial and national departments for their continuous support to Central Karoo District Municipality.

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.

Stefanus 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 2018/19 Annual Report reflects on the performance of the Central Karoo District Municipality for the period 1 July 2018 to 30 June 2019. 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 **73 218** according to the Municipal Economic Review Outlook (MERO) 2019. 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	12 883	50 197
Laingsburg	2 488	8 952
Prince Albert	3 696	14 069
Total	19 067	73 218

Table 1: Overview of the population in the District

b) Key economic activities

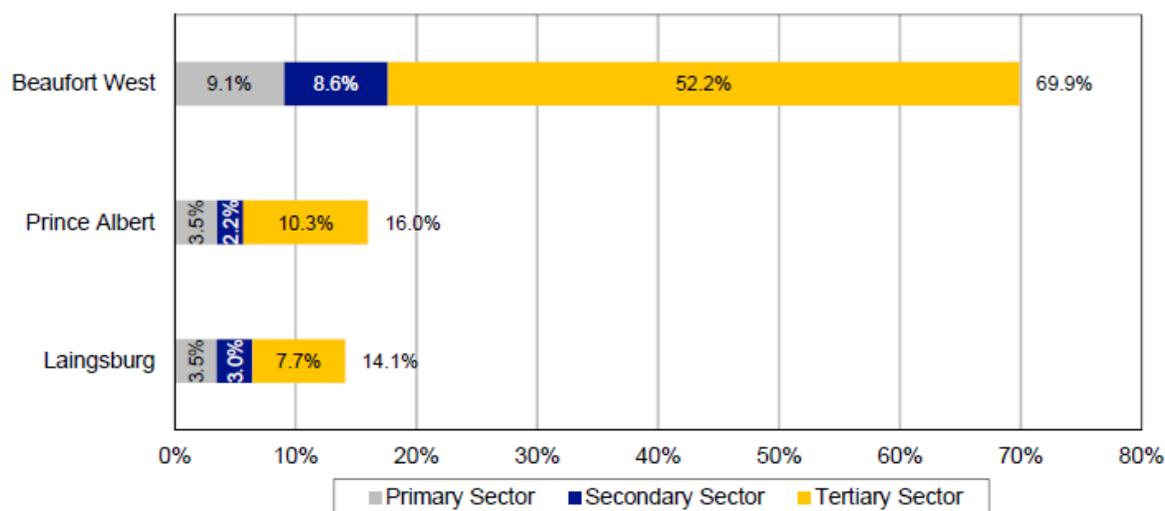
Agriculture forms the backbone of the District's economy and accounts for the largest labour force of the population to date. The District is dependent upon the following economic activities:

GDPR performance per sector: Central Karoo District

Sector	R million value 2017	Contribution to GDPR (%) 2017	Trend 2008 - 2017	Real GDPR growth (%) 2018e
Primary Sector	485.5	16.1	5.5	-2.3
Agriculture, forestry and fishing	483.9	16.1	5.6	-2.3
Mining and quarrying	1.6	0.1	1.7	-2.4
Secondary Sector	413.1	13.7	1.4	0.6
Manufacturing	79.5	2.6	0.3	3.0
Electricity, gas and water	172.7	5.7	0.6	3.0
Construction	160.9	5.3	3.2	-2.8
Tertiary Sector	2 116.4	70.2	1.8	0.6
Wholesale and retail trade, catering and accommodation	444.3	14.7	1.0	-1.5
Transport, storage and communication	445.9	14.8	-0.3	-0.7
Finance, insurance, real estate and business services	317.8	10.5	2.8	1.8
General government	628.2	20.8	3.6	1.5
Community, social and personal services	280.2	9.3	1.6	1.9
Total Central Karoo District	3 015.0	100	2.2	0.1

Source: Quantec Research, 2019 (e denotes estimate)

GDPR contribution per municipal area: Central Karoo District



Source: Quantec Research, 2019

Table 2: Key economic activities

1.3.2 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 (1 200km) 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 Nieuveld Mountains (Beaufort West).

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

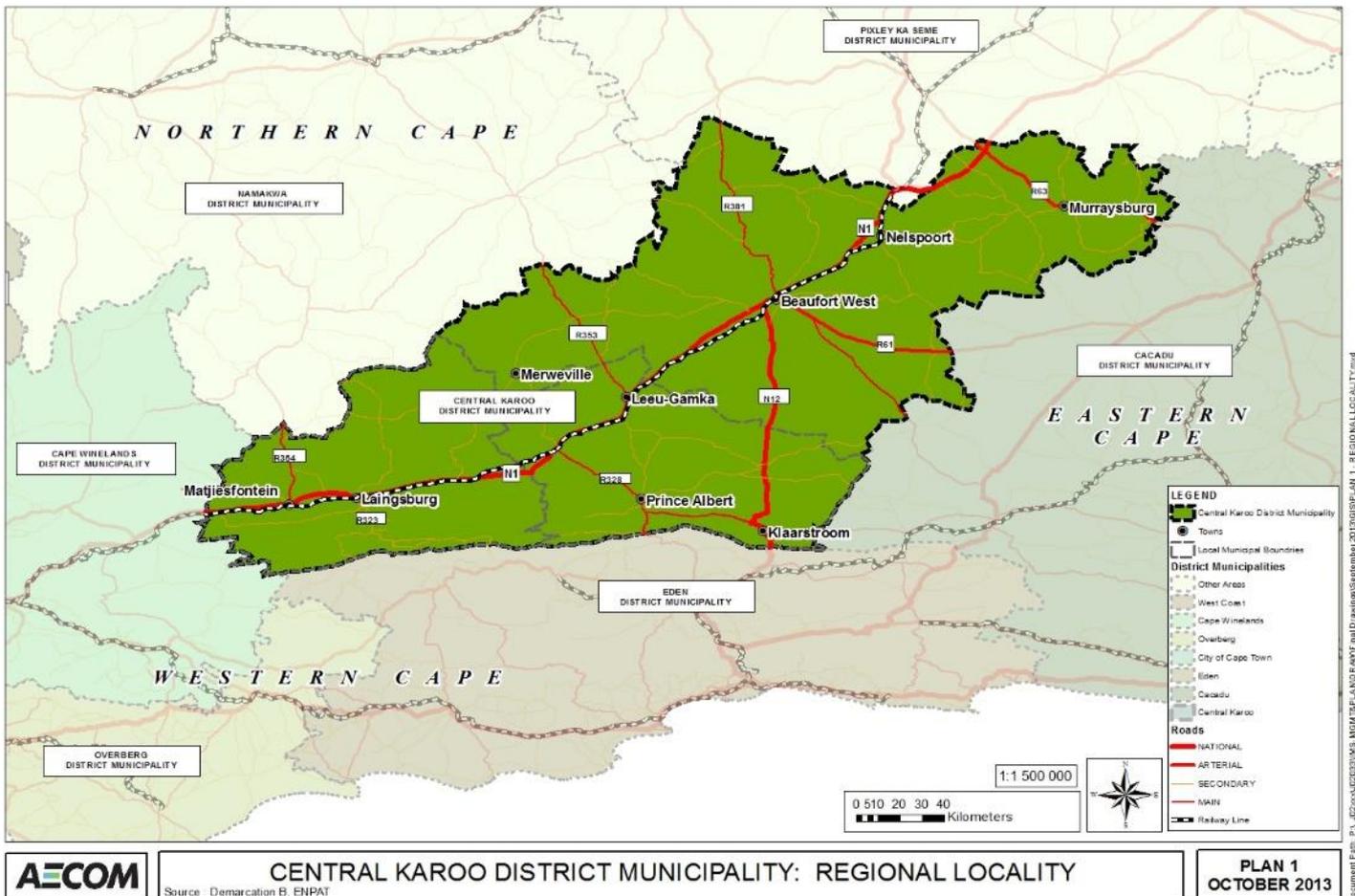


Image 1: Location of CKDM

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
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

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	2017/18	2018/19
Cost coverage (Available cash+ investments): Monthly fixed operating expenditure	1.19	0.56

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	2017/18	2018/19
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)	87%	88%

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	2017/18	Original budget	Adjustment budget	Actual
		2018/19		
	R'000			
Income				
Grants	31 809	35 883	45 221	36 078
Taxes, levies and tariffs	0	0	0	0
Other	51 820	46 014	64 009	68 674
Sub-total	83 630	81 897	109 230	104 752
Less expenditure	(82 708)	(80 483)	(107 853)	(100 527)
Net surplus/(deficit)	(921)	1 414	(1 377)	4 226

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	45	10
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	2017/18	2018/19
	R'000	
Original budget	1 155	1 684
Adjustment budget	1 495	1 047
Actual	1 201	86 3089

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:

Highlights	Description
Bursaries to students	38 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"> An Employee Assistant Policy was approved by Council on 22 August 2018. Employees took part in the Provincial Better Together Games that was held on 21 September 2018.
Appointments finalized	Filled 23 vacancies compared to 27 vacancies in 2017/18 and 12 in 2016/17.
Municipal Support Grant	Appointed an ICT intern (one-year fixed term) with funding received. The previous ICT intern was appointed at Ubertech in collaboration between the CKDM and Ubertech.
Financial Management Capacity Building Grant	Provided 8 bursaries to full-time students with the grant obtained.
National Treasury Grant	The DM takes full advantage of the grant in ensuring that 3 Interns is currently appointed. Two Interns was appointed in permanent positions. Two new Interns will be appointed from 1 August 2019.
In-service training	10 Students were assisted with in-service training during the 2018/19 financial year in terms of Council's policy.
HR Strategic Development Framework Drafted	A HR Strategic Development Framework was Drafted in June 2018 and served before the HR Development Committee as well as the LLF on 26 February 2019.
Visits to employees at the depots of Murraysburg, Laingsburg, Merweville and Prince Albert.	The Human Resources Division had meetings with employees to discuss human resources matters as well as to hand out an updated file of all relevant human resources information, including policies.

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 Employee PMS system and the downscaling to lower level employees.	The designation of a dedicated official responsible for Employee PMS.

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 2017/18 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	2013/14	2014/15	2016/17	2017/18	2018/19
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./Dr. A.L.Rabie	Executive Mayor	DA	Proportional	9	-
Cllr. M. Jaftha	Deputy Mayor	KGP	Ward Councillor	9	-
Cllr. I.J. Windvogel	Speaker/Full Time Councillor	KGP	Proportional	9	-
Cllr. N. Constable	Part-Time Councillor	KDF	Proportional	9	1
Cllr. D E Welgemoed /	Part-time Councillor - appointed 17.07.2018	DA	Ward Councillor	9	-
Cllr. A.M. Slabbert	Part-time Councillor	DA	PR Councillor	9	1

Council members	Capacity	Political Party	Representation or proportional	Council meetings attendance	Council meetings non-attendance
				Number	Number
Cllr. M.S.Hangana	Part-Time Councillor Appointed: 30.05.2019	ANC	Proportional	1	-
Cllr. S. Meyers	Part-time Councillor	DA	Proportional	9	-
Cllr. R. Meyer	Part-time Councillor	DA	Proportional	9	-
Cllr. Q. Louw	Part-time Councillor Resigned: 30.05.2019	ANC	Proportional	8	2
Cllr. ZJD Lambert	Part-Time Councillor Appointed: 30.07.2019	ANC	Proportional	-	-
Cllr. J. Botha	Part-time Councillor	ANC	Proportional	9	-
Cllr. S.M. Motsoane	Part-time Councillor	ANC	Ward Councillor	9	2
Cllr. H.T. Prince - inaugurated 31 March 2017	Part-time Councillor Resigned: 31.05.2019	ANC	Proportional	8	1
Cllr. B. Kleinbooi	Part-time Councillor Appointed 11.06.2018 Resigned: 27.06.2019	ANC	Proportional	9	4

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
17 July 2018	9	1 3 without an apology
22 August 2018	13	-
31 October 2018	13	-
09 January 2019	12	1
21 January 2019	12	1 without an apology
21 February 2019	11	2
28 March 2019	11	2
29 May 2019	12	1 without an apology
28 June 2019	10	1 1 without an apology

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 2018 to 30 June 2019:

Name of member	Portfolio committee	Meeting dates
A.L Rabie	Corporate & Financial Services/Economic & Socio Dev Com	09 July 2018 01 August 2018
M. Jaftha	Human Resources	03 September 2018
R. Meyer	Training Committee / LLF	01 October 2018 05 November 2018

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/Dr. A.L. Rabie <i>[Chairperson]</i>	
Cllr. I.J. Windvogel	28 August 2018
Cllr. A.M. Slabbert/Cllr. D. Welgemoed	23 October 2018
Cllr. A.M. Slabbert	20 Marc 2019
Cllr. Q. Louw	10 June 2019
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	
Cllr. S. Meyers	03 August 2018
Cllr. A.M. Slabbert	26 February 2019
Cllr. Q. Louw	18 March 2019
Mrs G Simpson [SAMWU union representative]	29 April 2019
Mr. L. Crafford [IMATU] union representative]	26 June 2019
Mr Tamana [MATUSA union representative]	

Table 16: Training Portfolio Committee

iii) Municipal Services and Infrastructure Portfolio Committee

Name of member	Meeting dates
Cllr. I.J. Windvogel <i>[Chairperson]</i>	27 August 2018 28 February 2019 21 June 2019
Cllr. M. Jaftha	
Cllr. R. Meyer	
Cllr. D. Welgemoed	
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 <i>[Chairperson]</i>	27 August 2018 24 October 2018 28 February 2019 18 April 2019 21 June 2019
Cllr. I.J. Windvogel	
Cllr. R. Meyer	
Cllr. S. Meyers	
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 <i>[Chairperson]</i>	28 August 2018 23 October 2018 01 March 2019 10 June 2019
Cllr. I.J. Windvogel	
Cllr. S. Meyers	
Cllr. R. Meyer	
Cllr. J. Botha	

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. 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)	20 September 2018 30 January 2019 13 March 2019 15 May 2019	Cost containment
			Clean Audit
			Shared Services
			Revenue Enhancement
District Public Participation and Communication Forum	Local municipalities, various sector department (as per invite)	16 August 2018 16 November 2018 2 February 2019 10 May 2019	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

Table 21: Intergovernmental structures

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. R. Meyer	Chairperson	<i>03 August 2018 26 February 2019 22 May 2019 26 June 2019</i>
Cllr. M.Jaftha		
G Simpson	SAMWU representative	
L. Crafford	IMATU representative	
M Tamana	MATUSA [Workers representative	
Mrs H. Jacobs	Head: Legal Services	
Mr A Koopman	Senior Manager: Roads & Infrastructure	

Table 22: Labour Forum

2.3.2 District Coordinating Forum

Name of representative/organisation presenting	Capacity	Meeting dates
Cllr. A. Rabie	Executive Mayor: CKDM	<i>20 September 2018 30 January 2019 13 March 2019 15 May 2019</i>
Cllr. M. Gouws	Executive Mayor: Laingsburg Municipality	
Cllr. N. Constable	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. P. Williams	Municipal Manager: Laingsburg Municipality	
Ms. A. Vorster	Municipal Manager: Prince Albert Municipality	

Table 23: 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 24: 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 25: 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 <ul style="list-style-type: none"> - 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

	Risk	Control Effectiveness (for risks within Municipality's control)	Residual Risk	Responsible Person	Existing Controls in Place	Status
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 materialise
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 materialise
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 26: 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
Mr. S. Jooste	Chairperson	19 September 2018 18 February 2019 06 June 2019
Mr. J. Jonkers	Member	
Ms. U. Baartman	Member	
Mr. A. Koopman	Member	
Ms. B. Koopman	Member	
Ms. F. Pike	Member of AC & External member	

Table 27: 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 28: 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

Table 29: 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 –

- prepare a risk-based audit plan and an internal audit program for each financial year; and
- 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	04-Sep-19
Expenditure	Finance	140	16-Jan-19
Enterprise Risk Management	Strategic	200	16-Apr-19
Internal Audit Review-Irregular Expenditure	Finance	200	25-Feb-19
Performance Management Quarter 2	Strategic	100	02-Apr-19
Performance Management Quarter 1	Strategic	100	30-Jan-19
Performance Management Quarter 3	Strategic	100	12-Quarter 4
Performance Management Quarter 4	Strategic	100	04-Quarter 2
Total hours		1260	

Table 30: 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	29 June 2018	N/A
Supply Chain Management Policy	29 June 2018	N/A
Virement Policy	29 June 2018	N/A
Cash Management and Investment Policy	29 June 2018	N/A
Borrowing Policy	29 June 2018	N/A
Funding and Reserve Policy	29 June 2018	N/A
Asset Management Policy	29 June 2018	N/A
Risk Management Policy	29 June 2018	N/A
Anti-Corruption and Fraud Prevention Policy	29 June 2018	N/A
Budget Policy	29 June 2018	N/A
Unforeseen and Unavoidable Expenditure Policy	29 June 2018	N/A
Tariff Policy	29 June 2018	N/A
Whistle Blowing Policy	29 June 2018	N/A
The Relief Fund Policy	29 June 2018	N/A
Infrastructure Procurement Policy	29 June 2018	N/A
Municipal Entities Policy	29 June 2018	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	29 June 2018	N/A
Tools of Trade Policy	29 June 2018	N/A
Overtime Policy	29 June 2018	N/A

Policies developed/ revised	Date adopted	Public participation conducted prior to adoption of policy Yes/No
Recruitment and Selection Policy	29 June 2018	N/A
Annual Leave	29 June 2018	N/A
Acting Policy	29 June 2018	N/A
Grants in Aid Policy	29 June 2018	N/A

Table 31: 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 32: Communication activities

Communication Unit:

Communication Unit	Yes/No	Number of people in the unit	Job titles
	Yes	1	Head: Legal Services

Table 33: Communication unit

Additional communication channels utilised:

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

Table 34: 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
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 35: Website checklist

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.

A Municipality's Performance Management System (PMS) is the primary mechanism to monitor, review, and improve the implementation of its IDP and to gauge the progress made in achieving the objectives set out in the IDP. In addition, a Municipality's PMS must also facilitate increased accountability, learning, improvement, provide early warning signals and facilitate decision-making.

The performance management system monitors actual performance against set targets and contractual obligations. Effective service delivery relies upon the IDP, efficient utilisation of all resources and the performance management system being closely integrated across all functions at an organisational and individual level.

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 highlights 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 2018/19

The municipality continues to implement performance in terms of the performance management framework that was approved by Council in 2013.

a) The IDP and the Budget

The IDP and the main budget for 2018/19 was approved by Council on 21 May 2018. 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 05 June 2018. 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 2018/19 with regard to the deliverables achieved against the strategic objectives as captured within the IDP.

3.1 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 2018/19 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
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%

Table 36: SDBIP measurement criteria

3.1.1 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 graphs below:

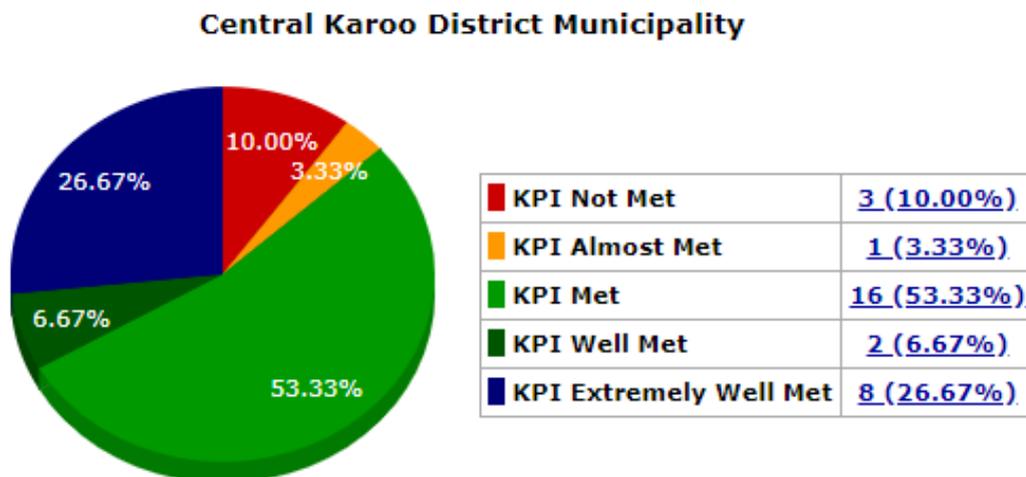
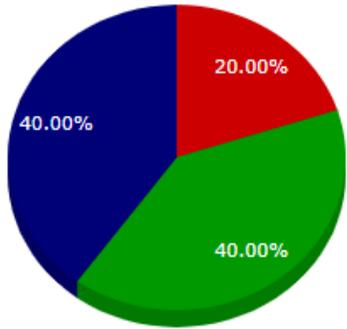


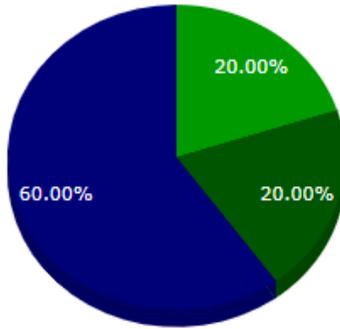
Figure 1: Overall Performance

Build a well capacitated workforce, skilled youth and communities



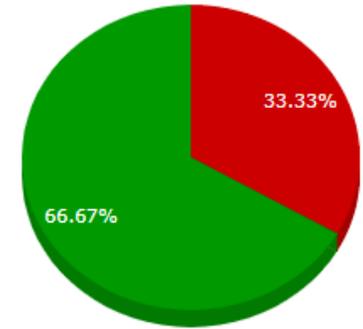
KPI Not Met	1 (20.00%)
KPI Almost Met	-
KPI Met	2 (40.00%)
KPI Well Met	-
KPI Extremely Well Met	2 (40.00%)

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



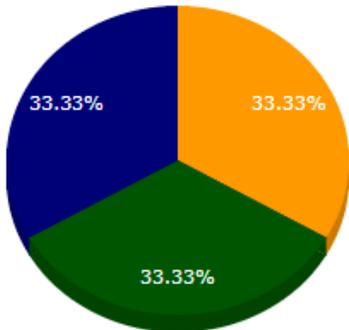
KPI Not Met	-
KPI Almost Met	-
KPI Met	1 (20.00%)
KPI Well Met	1 (20.00%)
KPI Extremely Well Met	3 (60.00%)

Facilitate good governance principles and effective stakeholder participation



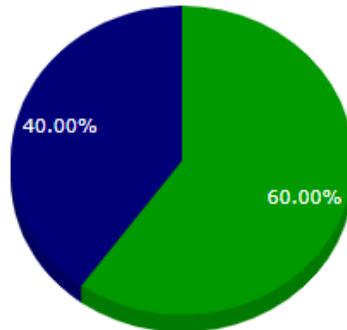
KPI Not Met	2 (33.33%)
KPI Almost Met	-
KPI Met	4 (66.67%)
KPI Well Met	-
KPI Extremely Well Met	-

Improve and maintain district roads and promote safe roads transport



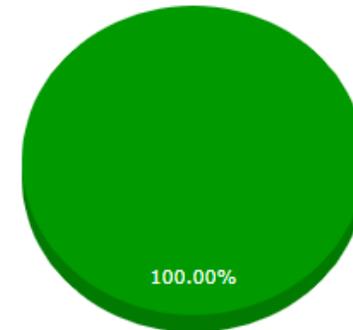
KPI Not Met	-
KPI Almost Met	1 (33.33%)
KPI Met	-
KPI Well Met	1 (33.33%)
KPI Extremely Well Met	1 (33.33%)

Promote regional, economic development, tourism and growth opportunities



KPI Not Met	-
KPI Almost Met	-
KPI Met	3 (60.00%)
KPI Well Met	-
KPI Extremely Well Met	2 (40.00%)

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



KPI Not Met	-
KPI Almost Met	-
KPI Met	6 (100.00%)
KPI Well Met	-
KPI Extremely Well Met	-

Figure 2: Overall Performance per Strategic Objective

3.1.2 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 2018 – June 2019		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R
TL12	Review the organisational structure and submit to Council for approval by 31 March 2019	Proof of submission	1	0	0	N/A		0	0	N/A		1	0	R	[D80] Director Corporate Services: Workshop scheduled for 30 July with Council and will be approved in August 2019 (March 2019)	0	0	N/A		1	0	R
TL13	Spend 0.5% of the municipality's personnel budget on training by 30 June 2019 [(Total Actual Training Expenditure/ Total personnel Budget) x100]	Report generated from the financial system	1%	0%	0%	N/A		0%	0%	N/A		0%	0%	N/A		0.50%	8.90%	B		0.50%	8.90%	B
TL14	Limit the vacancy rate to 10% of budgeted post as at 30 June 2019	Approved organogram vs Current vacancies report	10%	0%	0%	N/A		10%	5%	B		0%	0%	N/A		10%	5%	B		10%	5%	B
TL15	Review the Workplace Skills Plan and submit to LGSETA by 30 April 2019	Proof of submission	1	0	0	N/A		0	0	N/A		0	0	N/A		1	1	G		1	1	G
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	Signed of 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 37: 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 2018 – June 2019		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures Departmental Corrective Measures	Target	Actual	R
TL2	Spend 90% of the municipal capital budget by 30 June 2019 {(Actual amount spent on projects/Total amount budgeted for capital projects) X100}	Capital expense report generated from the financial system	80%	25%	0%	R		40%	22%	R	[D32] Municipal Manager: Spending will occur in quarter 3 to ensure that the target for quarter 3 is reached, as per amended budget. Tenders were already advertised for vehicles. Spending will be closely monitored to ensure amended budgeted figures are spent. (December 2018)	65%	44%	R	[D32] Municipal Manager: Stringent monitoring controls will be implemented to ensure that capital budget is spent by 30 June. Senior Management to report on capital expenditure on a weekly basis in order to monitor spending. (March 2019)	90%	92%	G2	[D32] Municipal Manager: Target already met. (June 2019)	90%	92%	G2
TL25	Review 10 budget related policies and submit to Council for approval by 31 May 2019	Proof of submission to Senior Clerk: Committee Services	27	0	0	N/A		0	0	N/A		0	26	B		10	25	B		10	46	B
TL27	Compile and submit the financial statements to the Auditor-General by 31 August 2018	Proof of submission to the Auditor-General	1	1	1	G		0	0	N/A		0	0	N/A		0	0	N/A		1	1	G

Ref	KPI	Source of Evidence	Previous Year Performance	Quarter 1				Quarter 2				Quarter 3				Quarter 4				Overall Performance for July 2018 – June 2019		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures Departmental Corrective Measures	Target	Actual	R
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)	Annual Financial Statements and calculation sheet		0%	0%	N/A		0%	0%	N/A		0%	0%	N/A		10%	90%	R	[D114] CFO: Awaiting final audited figures (June 2019)	10%	0%	R
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	Annual Financial Statements and calculation sheet		0	0	N/A		0	0	N/A		0	0	N/A		25	67.50	B		25	67.50	B

Ref	KPI	Source of Evidence	Previous Year Performance	Quarter 1				Quarter 2				Quarter 3				Quarter 4				Overall Performance for July 2018 - June 2019			
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Departmental Corrective Measures	Target	Actual	R
	and Loss on Disposal of Assets))																						

Table 38: 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 2018 – June 2019		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R
TL1	Submit the draft Annual Report in Council by 31 January 2019	Proof of submission	1	0	0	N/A		0	0	N/A		1	1	G	[D31] Municipal Manager: Draft Annual Report already submitted. (March 2019)	0	0	N/A		1	1	G
TL3	Review and submit the IDP and Budget Process Plan and District Framework to Council by 31 August 2018	Proof of submission	1	1	1	G		0	0	N/A		0	0	N/A		0	0	N/A		1	1	G
TL4	Review the Risk Based Audit Plan (RBAP) and submit to the Audit Committee for approval by 30 June 2019	Minutes of the Audit Committee meeting	1	0	0	N/A		0	0	N/A		0	0	N/A		1	0	R	[D34] Municipal Manager: The Risk Based Audit Plan will be approved in August 2019. (June 2019)	1	0	R
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]	RBAP, Quarterly progress reports and minutes of the Audit Committee	70%	0%	0%	N/A		0%	0%	N/A		0%	0%	N/A		70%	70%	G	[D35] Municipal Manager: All audits completed for 2018/2019 are completed. (June 2019)	70%	70%	G
TL10	Review Corporate and HR policies and submit to Council for approval by 30 June 2019	Proof of submission	10	0	0	N/A		0	1	B		0	0	N/A		5	4	O	[D78] Director Corporate Services: Completed during year. (June 2019)	5	5	G

Ref	KPI	Source of Evidence	Previous Year Performance	Quarter 1				Quarter 2				Quarter 3				Quarter 4				Overall Performance for July 2018 – June 2019		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R
TL11	Review the delegation register and submit to Council for approval by 30 June 2019	Proof of submission	1	0	0	N/A		0	0	N/A		0	0	N/A		1	0	R	[D79] Director Corporate Services: Referred to Council Meeting of 31 July/August 2019. (June 2019)	1	0	R

Table 39: 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 2018 – June 2019		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures Departmental Corrective Measures	Target	Actual	R
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)	Statistics submitted and temporary worker employment contracts	79	0	0	N/A		0	0	N/A		20	49	B		0	0	N/A		20	49	B
TL32	Spend 95% of the total allocated approved Roads budget by 31 March 2019 [(Actual expenditure divided by approved allocation received) x100] (Spending calculated over	Summary of total Road expenses from Abakus Council's approved financial system (claimed)	NEW KPI	10%	48.42%	B		50%	73.65%	G2		95%	94.21%	O	[D125] Director Technical Services: The quality and performance of the supplier was out of our hands, but we could not accept the below-standard material to be	0%	0%	N/A		95%	94.21%	O

Ref	KPI	Source of Evidence	Previous Year Performance	Quarter 1				Quarter 2				Quarter 3				Quarter 4				Overall Performance for July 2018 – June 2019		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures Departmental Corrective Measures	Target	Actual	R
	12 months which coincide with the Financial year of the Provincial Department of Transport)													delivered (March 2019)								
TL33	Regravel 37 kilometres of road by 31 March 2019	Signed off project file	35.13	0	0	N/A		0	0	N/A		37	37.01	G2		0	0	N/A		37	37.01	G2

Table 40: Improve and maintain district roads and promote safe roads transport

* **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.

* **TL32:** Please take note that for the period of June 2018 – December 2018 the KPI was split into two KPI's, namely **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 and **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). The KPI was amended during the Adjustment Budget process and the amendment were subsequently approved on 28 March 2019 by Council.

Therefore, from January – June 2019 the KPI was reported on as TL32: Spend 95% of the total allocated approved Roads 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).

PERFORMANCE ON KPI'S PRIOR TO AMENDMENT –

REF	PERIOD	KPI	TARGET	ACTUAL	CORRECTIVE MEASURES
TL31	QUARTER 1 (July – September 2018)	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	10%	42.87%	
TL32	QUARTER 2 (October – September 2018)	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	10%	42.87%	
TL 31	QUARTER 1 (July – September 2018)	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	50%	44.31%	Expenditure from Abacus on the Capital Budget between 01 April and 31 December 2018 is reported as R15,952,865.42 as at 31 December 2018. This equals 44.31% of the adjusted allocation of R36,000,000.00. Additional funding was received as part of an adjustment budget.
TL32	QUARTER 2 (October – September 2018)	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	50%	73.65%	

***TL32 – FURTHER INFORMATION RELATED TO THE KPI ALMOST BEING MET AT MARCH 2019 (END OF DEPARMENTAL FINANCIAL YEAR):–**

TARGET - 95%

ACTUAL PERFORMANCE - 94.21%

The expenditure target was not reached due to the inability of a supplier to deliver materials in prescribed time.

Please note that the suppliers was Buffelsdrift Clay Mine (BCM) also trading as Volmoed Quarries and Van Der Berg Vervoer. As a summary, the most pertinent events that led to the late delivery / non-delivery of the material is as follows:

1) BCM was appointed as the preferred supplier through a tender process. During this process all prospective tenderers are required to supply us a SANAS (laboratory regulatory and accreditations body) approved laboratory results of the relevant material. This is to determine whether the supplier has the ability to mix the materials to the relevant specifications. Our specifications used was the TRH20-prescripts, which is the regulatory document w.r.t. the design, construction and maintenance of highways - also used by the Department of Transport and Public Works (DTPW). From the laboratory results (see attached), the supplier, as part of his own (not ours) process gets a mix design from the laboratory, which tells him how to produce the material to our specifications. The tender was hence rewarded on the provision that BCM delivers the material to the specifications. The onus is on him to know how to achieve this and we were satisfied from the original test results that he was able to.

2) We supplied BCM with the relevant order on 17 January 2019 and could only receive material on 08 February 2019, because the supplier needed time to crush and mix the material.

3) By 12 February BCM delivered 1,385.88 tons of the material. The DTPW Production Engineer assigned to our region, informed me on the 12th of February that, during a routine inspection, he, on visual evaluation, felt the material was out of specification and ordered CKDM and the supplier to stop delivery. I informed the District Roads Engineer that we were behind the target as the supplier at that time should have delivered around 5,500 ton already.

4) By 22/02/2019, we received test results from the supplier's independent laboratory, indicating that the Shrinkage Product (Sp) was at 47 whereas specifications require a range between 100-365, i.e the material was in fact out of spec.

5) Several telephonic conversations took place thereafter and it was agreed that the supplier must supply results of a new blend to address the issue of the Sp. The supplier was informed that should he deliver any further material out of spec, that it was at own risk.

6) On 13 March 2019, the supplier submitted results from a new blend, which consisted of clayey material with the Sp of over 500 to be added. The new blend indicated that the material would be in spec. The supplier immediately started delivering the rest of the material within spec to site.

7) On 26 March 2019, an agreement was reached between myself and the supplier that they were to deliver separately and at their own cost clayey material with Sp over 500 to the site where the original 1,385m³ of material were. The idea was that by mixing this material to the out of spec material, theoretically would by mixing deliver material within spec. For this, we agreed that 5% would be deducted from the unit price for the specific volume. The supplier as a result supplied us with a credit note to that effect (please see credit note attached)

8) On 30 March 2019, the last of the materials were delivered. Payments were made as test results were delivered, which were also after the end of the financial year.

In light of the above-mentioned we will endeavour to implement the following measures:

- a) Stringent contract management to ensure the desired level of services and products by service providers**
- b) Where service providers have not performed at the desired standards, corrective actions / measures will be enforced.**

Strategic Objectives 5: 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 2018 – June 2019		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R
TL6	Create full time equivalent (FTE's) through expenditure with the EPWP job creation initiatives by 30 June 2019	Time sheets of FTE's	48	0	0	N/A		0	0	N/A		0	0	N/A		15	43	B		15	43	B
TL7	Review and submit the LED Strategy to Council for approval by 31 May 2019	Proof of submission	New KPI	0	0	N/A		0	0	N/A		0	0	N/A		1	1	G		1	1	G
TL8	Develop a Tourism Development Plan and submit to Council for consideration by 30 June 2019	Proof of submission	New KPI	0	0	N/A		0	0	N/A		0	0	N/A		1	1	G		1	1	G
TL9	Develop a Tourism Marketing Plan and submit to Council for consideration by 30 June 2019	Proof of submission	New KPI	0	0	N/A		0	0	N/A		0	0	N/A		1	1	G		1	1	G

Table 41: Promote regional, economic development, tourism and growth opportunities

Strategic Objectives 6: 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 2018 – June 2019		
				Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R	Corrective Measures	Target	Actual	R
TL17	Compile and submit bi-annual Water Quality Evaluation Reports to Water Service Authorities by 30 June 2019	Reports & proof of dispatch via email to Water Service Authorities (WSA's)	6	0	0	N/A		3	3	G		0	0	N/A		3	3	G		6	6	G
TL18	Compile and submit bi-annual Informal Settlement Evaluation Reports to Local Authorities by 30 June 2019	Reports & proof of dispatch via email to Local Authorities	8	0	0	N/A		4	4	G		0	0	N/A		4	5	G2		9	8	G2
TL19	Compile and submit bi-annual Landfill Evaluation Reports to Local Authorities by 30 June 2019	Reports & proof of dispatch via email to Local Authorities	6	0	0	N/A		3	3	G		0	0	N/A		3	3	G		6	6	G
TL20	Compile and distribute a Municipal Health Newsletter to Local Authorities by 30 June 2019	Newsletter & proof of dispatch via email to Local Authorities	1	0	0	N/A		0	0	N/A		0	0	N/A		1	1	G		1	1	G
TL21	Compile & publish bi-annual MHS related articles in the local newspaper "The Courier" by 30 June 2019	Copies of articles published in "The Courier"	5	0	1	B		2	1	R		0	2	B		2	0	R		4	4	G
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 Proposal & Acknowledgement of receipt	New KPI	0	0	N/A		0	0	N/A		0	1	B		1	0	R		1	1	G

Table 42: Promote regional, economic development, tourism and growth opportunities

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 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 43: 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 2: Prince Albert Depo employees



Image 3: Roads Agency projects

3.5.2 Provincial roads allocated for maintenance and construction

The tables below provide details of provincial roads maintained and constructed during 2018/19:

Roads	Maintained 2017/18	Maintained 2018/19
	Km's	
Trunk road	82.47	82.47
Main road	673.79	673.79
Divisional road	1 691.36	1 691.36
Minor road	1065.21	1065.21
Total	3512.83	3512.83

Table 44: Provincial roads allocated for maintenance

Roads	Graded 2017/18	Bladed 2018/19
	Km's	
Trunk road	285.33	278.57
Main road	2202.04	2291.49
Divisional road	3373.74	3826.77
Minor road	1065.21	763.09
Total	6926.32	7159,92

Table 45: Provincial roads allocated for construction

Roads	Regravelled 2017/18	Regravelled 2018/19
	Km's	
Trunk road	0.00	0.00
Main road	20.90	43.93
Divisional road	12.93	0.00
Minor road	0.00	0.00
Total	33.83	43.93

Table 46: Provincial roads allocated for regravell

3.5.3 Employees: Road transport

The table below indicates the number of employees in the Roads Unit for the 2018/19 financial year:

Job level	2017/18		2018/19		
	Employees	Posts	Employees*	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Temporary	0		33	0	0
0 - 3	45	57	54	2	5%
4 - 6	15	15	15	0	0
7 - 9	21	33	30	3	9%
10 - 12	10	10	10	0	0
13 - 18	2	4	3	1	25%
Sect. 57	1	0	0	0	0
Total	94	119	112	6	39%

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

Table 47: Employees Road Transport

3.5.4 Total expenditure: Road transport

The table below indicates the expenditure (including capital expenditure) for the Roads Transport Unit:

Expenditure (Incl. Capital expenditure)	2018/19			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
	(R)			
Total Expenditure	41 267	58 959	58 753	-206
Total	41 267	58 959	58 753	-206

Table 48: Total expenditure 2018/19: 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 <ul style="list-style-type: none"> 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 49: LED Highlights

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 50: 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 51: LED initiatives

3.6.4 Employees: Local Economic Development

The table below indicates the number of employees in the LED Unit for the 2018/19 financial year:

Job level	2017/18	2018/19			
	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 52: 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 53: Highlights Tourism

3.7.2 Challenges: Tourism

Table 54: Tourism challenges

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

3.7.3 Initiatives: Tourism

Table 55: Tourism initiatives

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

3.7.4 Employees: Tourism

Job level	2017/18	2018/19			
	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	1	0
Total	1	1	1	0	0

Table 56: Employees Tourism





Image 4: Beaufort West December Welcoming Campaign

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 & Integrated Waste Management functions are also performed by the Section.

Services are rendered by six (6) EHP's (of which one EHP is also the designated Air Quality / Waste Officer) and two (2) 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 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.

Highlights	Description
Section's meaningful contributions in the standardization of documents, services etc. in the Province.	-
Section's annual MHS Newsletter to Category B-Municipalities and residents in the District	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.
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 MHS in- & outputs
Receive Certificate from SALGA in recognition of the Section's role in the provision of Municipal Health Services	-

Table 57: Highlights Municipal Health

3.8.2 New Appointments: Municipal Health, Air Quality & Integrated Waste Management



Mr. Leon Crafford
Air Quality & Waste
Officer

Beaufort West Office



Ms. Sibongile Nogqala
Environmental Health
Practitioner

Beaufort West Office



Ms. Zimbini Pikelela
Environmental Health
Practitioner

Beaufort West Office



Mr. Thabo Magwaza
Community Service EHP

Beaufort West Office



Mr. Siphon Maduna
Community Service EHP

Beaufort West Office

Image 61: MHS new appointments

3.8.3 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, (CKD) 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 two (2) 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 two (2) 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 required needs ito AQ & IWM Services.</p>

Table 58: Challenges Municipal Health

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

Description	Recommendation
<p>Poor water quality, quantity & access to water in “Transnet communities” & rural areas (farms)</p>	<p>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.</p>
<p>Landfill sites not complying to permit conditions, legislative requirements / health standards</p>	<p>Municipalities need to comply with applicable NEM: WA requirements & Norms & Standards, etc. for solid waste management &, 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 CKD.</p>

Description	Recommendation
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 CKDM
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 activities are coordinated, communicated and clear and that all statutory obligations by government (under all relevant pieces of legislation) are fulfilled

Table 59: Other Challenges Municipal Health

3.8.4 Activities:

Inspections and investigations are handled as guided by Section 82–83 of the National Health Act to ensure compliance with the Act.

Residential, business and public premises are monitored in order to identify, assess, control and manage health hazards and risks emanating from the use of such premises.

The risk profile of the premises informs the frequency of EH inspections of premises.

Inspection checklists are developed and implemented for every inspection conducted.

An inspection report that includes the relevant health recommendations is issued by EHP to the person in charge or owner of the building after every inspection conducted. Health education also forms an integral part of all EH inspections conducted.

Environmental Health inspections of premises are unannounced. All conditions that are likely to create a health hazard or risk are investigated and appropriate action taken where necessary.

3.8.4.1 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):*

- Providing and maintaining safe drinking water are central to alleviating poverty and improving the quality of life of people.
- EHP's support the Drinking Water Quality Management function of Water Service Authorities by assuming the primary responsibility for health and hygiene education related to water and sanitation services, and undertaking drinking water quality monitoring as a routine audit function at point-of-use.
- A water quality monitoring plan of this Section are in place, costed and implemented for monitoring of drinking water supplies
- Samples were taken to detect problems – when a sample does not comply the Water Service Authority was notified in order to take the necessary steps to rectify the problem.
- In order to ensure credible results, SANAS 17025:2005 accredited laboratories were used for the analysis of water samples.
- **80** water samples for bacteriological analysis were taken during the reporting period.
- **61 (76%)** 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 were captured on the Section's database

❖ *Bi-annual Water Quality Evaluation Reports to WSA's*

Bi-annual Evaluation Reports on the status of water quality were sent to all WSA's within the region during December 2018 and June 2019.

These evaluation reports aim 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.

3.8.4.2 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*

- Sewage disposal works must be operated effectively in accordance with prescribed legislation and permit conditions for operation of sewage works.
- The monitoring of liquid waste sites was conducted on a monthly basis.
- **81** inspections were conducted at liquid waste sites in the region during the reporting period.

❖ *Sewerage Sampling*

- Sewerage samples were taken on a quarterly basis.
- SANAS 17025:2005 accredited laboratories were used for the analysis of sewerage samples, in order to ensure credible results
- **17** samples for bacteriological analysis were taken during the reporting period.
- **12 (71%)** 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*

- Category B–Municipalities are key players in dealing with general non–hazardous waste and must provide waste management services, including waste removal, waste storage and waste disposal services, as per Schedule 5b of the Constitution and in line with national norms and standards.
- It is important that landfills are located, designed, operated and monitored to ensure that they do not, to any significant extent, harm the environment, endanger human health, create an unacceptable risk to water, soil, atmosphere, plants or animals or create unacceptable nuisances through noise or odours and adversely affect the environment.
- The monitoring of solid waste disposal sites was conducted on a monthly basis.
- 92 inspections were conducted at sites in the region during the reporting period.

❖ *Bi-annual Solid Waste Site Evaluation Reports to Cat. B–Municipalities*

Bi-annual evaluation reports on the current status of all solid waste sites were sent to all local municipalities within the region during December 2018 and June 2019.

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.

3.8.4.3 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*

- One of the major core functions of this Section is Food Safety and Integrity.
 - Unsafe food containing harmful bacteria, viruses, parasites or chemical substances, causes more than 200 diseases – ranging from diarrhea to cancers
 - There was a total of **974** formal and informal food premises in the Central Karoo District during the reporting period.

- Inspections were conducted strictly in accordance with the Regulations Relating to the powers and duties of Inspectors and Analysts conducting inspections and Analysis at food premises, R328 of 20 April 2007 published in terms of the Food Stuffs, Cosmetics and Disinfectants Act, 1972 (Act No 54 of 1972), as amended
- 1186 inspections were conducted at food premises during the reporting period.
- 99 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 638 of 2018).

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

- 30 samples of foodstuffs were taken for bacteriological and chemical analysis during the reporting period.
- 22 (73%) 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***

- 9 inspections were conducted at milking sheds during this reporting period.
- 8 milk samples were taken for bacteriological 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***

- 8 food products were evaluated 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.

3.8.4.4 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*

- The National Norms and Standards for Environmental Health clearly outline monitoring standards for the delivery of quality Environmental Health Services, as well as acceptable standards requirements for surveillance of premises, such as business, state occupied premises, and for prevention of environmental conditions that may constitute a health hazard for protection of public health.
- 158 inspections were conducted at public premises during the reporting period.
- 32 Health Certificates were issued in terms of the relevant Norms & Standards.

❖ *Monitoring of Informal Settlements*

- There was a total of 4 informal settlements in the District.
- The monitoring of informal settlements was conducted on a quarterly basis.
- 16 inspections were conducted at informal settlements during the reporting period.

❖ *Bi-annual Informal Settlement Evaluation Reports to Cat. B-Municipalities*

Bi-annual evaluation reports on the current status of informal settlements were sent to all local municipalities within the region during December 2018 and June 2019.

These evaluation reports aim 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.*

- 2 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.

3.8.4.5 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 District.

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*

During the reporting period Argos Scientific (South Africa) (Pty) Ltd. was contracted by the Central Karoo District Municipality to undertake a Baseline Air Quality Monitoring Study with the focus on:

- NO₂ and PM levels – The central city area of Beaufort West, specifically along the N1 (Donkin St.) route, where frequent heavy vehicular activity may present a problem from an emissions perspective and where associated elevated NO₂ and PM levels may prevail within this specific micro climatic zone.
- Methane gas – With 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. This information would form a scientific basis to determine if the shale gas developments impact on the air quality and the environment in Beaufort West.

❖ Air Quality By-Law

The CKDM, acting in terms of section 156(2) of the Constitution, 1996, read with section 13(a) of the Local Government Municipal Systems Act, 2000 (Act No. 32 of 2000) and section 11(1) of the NEM: Air Quality Act, 2004 (Act No. 39 of 2004) has made an Air Quality Management By-law during the reporting period.

The CKDM is a Licensing Authority in terms of the said NEM: Air Quality Act, 2004, and charged with certain duties and responsibilities in order to implement a licensing system as provided in section 22 of the above-mentioned Act.

Our By-law are aimed at advancing the said rights and regulations of all activities with the aim of achieving those objectives set in Chapter 1 section 3 in order to strengthen Government strategies for protection of the environment and, more specifically the enhancement of quality of ambient air, in order to secure an environment that is not harmful to the health and well-being of our residents and tourists to the District.

3.8.4.6 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*

- Many diseases experienced by indigenous people in our communities are directly linked to poor environmental health conditions in these communities.
- 1 notifiable medical condition was reported during the reporting period.
- All notifications received were investigated and reports submitted to the Provincial Health Department.

3.8.4.7 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*

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

3.8.4.8 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.

Pest control in premises plays a key role in the prevention and control of major vector-borne diseases. Transmission of a disease from pest infestations can occur in both the internal and external environment of premises through contamination of equipment, surfaces, food or water

Activities:

❖ *Vector Control Investigations:*

- 1 350 inspections for vector infestations were conducted at food and other public premises.

Inspections did focus on the entire premises but particular attention was paid to areas where pests are more likely to appear, such as storage areas, food preparation areas, refuse storage areas.

3.8.4.9 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*

All successful applications for exhumations / re-burials are monitored in order to ensure that exhumations / re-burials are complying with the relevant hygiene standards;

- No applications for exhumations were received and monitored during the reporting period.

❖ *Monitoring of Crematoria / Funeral Parlours*

- 5 inspections were conducted during the reporting period.
 - 1 Certificate of Competence was issued to a Funeral Parlour.

3.8.4.10 Training and education

Objective:

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

Activities:

❖ *Health and Hygiene Training and Education*

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

Owners / Persons in Charge of food premises were briefed during the 1st quarter regarding the **date marking of food products** as well as **counterfeit foods** following problems encountered in S.A. with certain food products.

Food safety is perceived as the first line defense against food borne diseases.

The CKDM Section Municipal Health Services also took upon themselves to conduct training at a few food handling premises which form part of the National School Nutritional Programme at schools.

The aim was to equip and educate the food handlers with matters pertaining to food safety and hygiene.

The 5th of May has been set aside by National health calendar as the **World Hand Hygiene Day**.

Hand hygiene is the most effective way of stopping the spread of infections.

In celebration of this day, the CKDM Section Municipal Health Services developed and conducted hand wash education at various institutions.

The main target for this project was Early Childhood Development establishments, schools and food handlers.

During the campaign, littering awareness was also included in the form of education and the distribution of “Do not Litter” posters etc.

❖ ***MHS Newsletter to the Local Municipalities***

A Municipal Health Services Newsletter was compiled and sent to all the local municipalities in the District.

The purpose of this 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.



Image 6: MHS activities

3.8.4.11 Complaints

- 6 complaints were received during the reporting period.
 - All Environmental Health related public complaints were investigated.
 - On receipt, a public complaint is registered for record purposes and investigated within 48 hours.
 - Complaints regarded as urgent or poses immediate danger to human health are investigated within 24 hours.
 - Feedback is provided to a complainant within 7 days of receiving the complaint and follow-up inspection is conducted to ensure the elimination of a condition resulting in a compliant.
 - A compliance notice is issued where deemed necessary by the Environmental Health Practitioner and a report is compiled on completion or closure of every public complaint.

3.8.4.12 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 was compiled and sent to the Department Human Settlements as well as the WC Department of Health during December 2018 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 behavioral patterns towards health and the environment.
- Reduce the exposure of residents to diseases.

3.8.4.13 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*

- 1 772 notices were issued during the reporting period.
 - Water Quality Monitoring – 21
 - Waste management – 30
 - Food Control – 1 139
 - Health Surveillance of Premises – 99
 - Environmental Pollution Control – 1
 - Communicable Diseases Control – 1
 - Chemical Safety – 2
 - Vector Control – 471
 - Management of Human Remains – 4
 - Complaints – 4

3.8.4.14 Memorandum of Understanding (MoU)

A MoU was compiled for input en finalization between this Section MHS and the Western Cape Department of Health (Central Karoo Office).

The purpose of this Memorandum of Understanding (MoU) is to improve the working relationship between the Section and the Department and to set forth the terms and conditions, scope of work and responsibilities of the parties in those matters of common interest in relation to public health.

3.8.4.15 Performance Management

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 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 was updated on a monthly basis on the Ignite System.

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

3.8.4.16 Continuous Professional Development

Objective:

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

The Health Professions Council of S.A. (HPCSA) require EHP's to complete regular CPD courses in order to maintain their registration. These courses offer EHP's of the Central Karoo District Municipality the opportunity to stay current in their field and enable them to offer greater skill and insight to the services that must be rendered

Activities:

❖ eCPD Registration of EHP's

- Accredited training Programmes were made available to staff to ensure competency on aspects as outlined in their scope of profession.
- AOSIS was the service provider for eCPD training to EHP's.

3.8.4.17 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 EHP registrations were submitted to the Manager MHS for recordkeeping purposes.

3.8.3.18 Employees: Municipal Health

Job level	2017/18		2018/19		
	Employees No.	Posts No.	Employees No.	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Posts)
				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	3	6	5	1	17%
13 - 16	1	1	1	0	0
Total	5	8	7	1	17%

Table 60: Employees Municipal Health

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	Fire Chief was appointed on 1 st of June for a shared Service between the District – and B–municipalities.
Roadshow on Flood & Fire & Drought Awareness in Primary schools in CKDM	Visit all Primary Schools in the District during September and October with a Roadshow on awareness with Drought & Fire and Floods. (See Attachment A)
Road Incident Management System exercise held to improve response time and scene management with accidents.	Simulation of accident on the N1 route to improve response time and working together of first responders on scenes. (See Attachment B)
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. Final implementing of data-loggers in boreholes of Municipalities to monitor the yield of wellfields and aquifers.
Training to learner Fireman in the District	<ul style="list-style-type: none"> • Basic fire training to SETA learner ship in Central Karoo (See attachment C) • Basic fire training to Water & Sanitation Learner ship. (See attach D)

Table 61: Highlights Disaster Management

3.9.2 Challenges: Disaster management

Challenges	Action to address
Shortage of staff	Capacity building

Table 62: Challenges Disaster Management

3.9.3 Activities: Disaster management

Function	Description of activities during 2018/19
Declaration of hydrological Drought as well as Agricultural drought.	<ul style="list-style-type: none"> • Take part in the implementing of the Drought Recovery Action Plan (DRAP) by Local Government as part of the drought recovery in the Central Karoo District. • Providing “hypo–water rollers” to the community as project to supply drinking water to households that are in need. (See attachment E)
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 21 premises during the year

Table 63: Activities Disaster Management



Image 7: Fire Safety awareness campaign





Image 8: Disaster management activities

3.9.4 Employees: Disaster management

Job level	2017/18		2018/19		
	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

Job level	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
	13 - 16	1	2	2	0
Total	2	3	3	0	0

Table 64: 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 2018/19 financial year:

Job level	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Posts)
	No.	No.	No.	No.	%
Temporary		0	0	0	0
0 - 3		0	0	0	0
4 - 6	4	2	0	2	100%
7 - 9		1	1	0	0
10 - 12		3	3	0	0
13 - 16		5	4	1	20%
Total	4	11	8	3	120%

Table 65: 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:
	Records management is an objective in the District Municipality's strategy and strategic plan
	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
	Information contained in records is managed effectively throughout the office by drafting and implementing records management policies and systems
	Information can be identified and retrieved when required by providing well-structured records classification and record keeping system
	All records are kept safe in custody
	There is a systematic disposal programme in place
	All audio-visual records are managed according to the requirements of the National Archives and Records Service Act and good governance
	All electronic records are managed according to the requirements of the National Archives and Records Service Act and good governance
	Report monthly on outstanding documents
	There are evaluation criteria in place to monitor compliance with sound records management practices
Supervision	Supervise, co-ordinate and delegate the Reception, General Assistant 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
	Key locker and key register
	Access control system
	Alarm system and alarm codes

Function	Description
Telephone system and accounts	Telephone accounts
	Report faults / applications for new extensions / transfer of lines
	Capture client numbers and personnel codes on telephone system

Table 66: 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, general assistant 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, arrangement 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
		Manage the telephone accounts on the Teltrace system (capturing & deleting of personnel)
		Report faults / applications for new extensions / transfer of lines
	Capture client numbers and personnel codes on telephone system	

Table 67: Records Management matters addressed

3.10.2.3 Employees: Records Management

Job level	2017/18	2018/19			
	Employees	Posts		Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
			Employees		
No.	No.	No.	No.	%	
Temporary		0	2	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	7	0	0

Table 68: 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	38 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"> An Employee Assistant Policy was approved by Council on 22 August 2018. Employees took part in the Provincial Better Together Games that was held on 21 September 2018.
Appointments finalized	Filled 23 vacancies compared to 27 vacancies in 2017/18 and 12 in 2016/17.
Municipal Support Grant	Appointed an ICT intern (one-year fixed term) with funding received. The previous ICT intern was appointed at Mubesko in collaboration between the CKDM and Mubesko.
Financial Management Capacity Building Grant	Provided 8 bursaries to full-time students with the grant obtained.
National Treasury Grant	The DM takes full advantage of the grant in ensuring that 3 Interns is currently appointed. Two Interns was appointed in permanent positions. Two new Interns will be appointed from 1 August 2019.
In-service training	10 Students were assisted with in-service training during the 2018/19 financial year in terms of Council's policy.
HR Strategic Development Framework Drafted	A HR Strategic Development Framework was Drafted in June 2018 and served before the HR Development Committee as well as the LLF on 26 February 2019.
Visits to employees at the depots of Murraysburg, Laingsburg, Merweville and Prince Albert.	The Human Resources Division had meetings with employees to discuss human resources matters as well as to hand out an updated file of all relevant human resources information, including policies.

Table 69: Highlights Human Resources

3.11.2 Employees: Human Resources

Job Level	2017/18		2018/19		
	Employees	Posts	Employees	Vacancies (Fulltime Equivalent)	Vacancies (as a % of Total Posts)
	No.	No.	No.	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	2	0	0
13 - 16	1	1	1	0	0
Total	1	3	3	0	0

Table 70: Employees Human Resources



Image 9: CKDM Head Office staff



Image 10: Successful training



Image 11: Long service certificates



Image 12: Casual Day 2018



Image 13: Women's Day 2018

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
Expansion of organogram for full growing unit.	Appointment of Support Expenditure Officer and Principle Clerk Expenditure
FMG Internships	All 5 the FMG internship positions were filled during the financial year

Table 71: 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	Engagement with provincial Treasury and hand holding and transfer of skills by Sebata staff

Table 72: Challenges Financial Service

3.12.3 Employees: Financial Services

The table below indicates the number of employees in the Finance Unit for the 2018/19 financial year:

	2017/18	2018/19			
	Employees	Posts	*Employees	Vacancies (Fulltime Equivalents)	Vacancies (as a % of Total Posts)
	No.	No.	No.	No.	%
Temporary	9	5	3	0	0
0 - 3		0	0	0	0
4 - 6		1	1	0	0
7 - 9		2	2	0	0
10 - 12		4	4	0	0
13 - 16		2	2	0	0
Sect. 57		1	1		
*Employees total does not include temporary employees					

Table 73: Employees Financial Services

3.13 COMPONENT F: ORGANISATIONAL PERFORMANCE SCORECARD

The main development and service delivery priorities for 2019/20 is the Municipality's Top Layer SDBIP for 2019/20 and are indicated in the tables below:

3.13.1 Build a well capacitated workforce, skilled youth and communities

Ref	KPI Name	Description of Unit of Measurement	Original Annual Target
TL8	Review the organisational structure (Macro) and submit to Council for approval by 31 May	Organisational structure reviewed and submitted to Council	1
TL12	Spend 0.5% of the municipality's personnel budget on training by 30 June [(Total Actual Training Expenditure/ Total personnel Budget) x100]	% of the personnel budget spent on training	0.50%
TL13	Review the Workplace Skills Plan and submit to LGSETA by 30 April	Workplace Skills Plan reviewed and submitted	1
TL14	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	Number of people employed	1

Table 74: 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 Name	Description of Unit of Measurement	Original Annual Target
TL2	Spend 90% of the municipal capital budget by 30 June {(Actual amount spent /Total amount budgeted) X100}	% of capital budget spent	90.00%
TL18	Review 15 budget related policies and submit to Council for approval by 31 May	Number of policies reviewed and submitted	15
TL19	Review and submit the MFMA delegation register to Council for approval by 31 May	MFMA delegation registered reviewed and submitted	1
TL20	Compile and submit the financial statements to the Auditor-General by 31 August	Financial statements compiled and submitted	1

Ref	KPI Name	Description of Unit of Measurement	Original Annual Target
TL21	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue – Op	% of debt coverage	10.00%
TL22	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June ((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 75: 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 Name	Description of Unit of Measurement	Original Annual Target
TL1	Submit the draft Annual Report in Council by 31 January	Draft Annual Report submitted in Council	1
TL3	Review and submit the IDP and Budget Process Plan and District Framework to Council by 31 August	IDP and Budget Process Plan and Framework submitted to Council	1
TL4	Review the Risk Based Audit Plan (RBAP) and submit to the Audit Committee for approval by 30 June	RBAP revised and submitted to the Audit Committee	1
TL5	Complete 70% of audits as per the RBAP by 30 June [(Audits completed for the year/audits planned for the year according to the RBAP) x100]	% audits completed	70.00%
TL7	Review the delegation register and submit to Council for approval by 30 June	Delegation registered reviewed and submitted to Council	1
TL11	Review Corporate and HR policies and submit to Council for approval by 30 June	Number of policies reviewed and submitted	5

Table 76: Facilitate good governance principles and effective stakeholder participation

3.13.4 Improve and maintain district roads and promote safe roads transport

Ref	KPI Name	Description of Unit of Measurement	Original Annual Target
TL23	Create temporary job opportunities in terms of identified road projects by 31 March (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	22
TL24	Spend 95% of the total allocated approved Roads budget by 31 March [(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 total allocated approved Roads budget spent	95%
TL25	Regravel 40 kilometres of road by 31 March	Number of kilometres regavelled	40

Table 77: Improve and maintain district roads and promote safe roads transport

3.13.5 Promote regional, economic development, tourism and growth opportunities

Ref	KPI Name	Description of Unit of Measurement	Original Annual Target
TL6	Create full time equivalent (FTE's) through expenditure with the EPWP job creation initiatives by 30 June	Number of full time equivalent (FTE's) created	20

Table 78: 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 Name	Description of Unit of Measurement	Original Annual Target
TL9	Conduct a feasibility study on regional waste management and submit to Council by 30 June	Regional Waste Management Study submitted	1
TL10	Submit a Water Conservation and Demand Strategy to Council by 30 June	Water Conservation and Demand Strategy submitted	1
TL15	Compile and submit a bi-annual Water Quality Evaluation Reports with recommendation to Water Service Authorities	Number of Water Quality Evaluation Reports submitted	3

Ref	KPI Name	Description of Unit of Measurement	Original Annual Target
TL16	Compile and submit annual Waste Management Report with recommendation to Local Authorities by 30 June	Number of Waste Management Report submitted	3
TL17	Compile and distribute a Municipal Health Newsletter to Local Authorities by 30 June	Number of Newsletters submitted	1

Table 79: 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	2017/18	2018/19
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	11
The percentage of a training expenditure versus personnel expenditure actually spent on implementing its workplace skills plan	4,89%	8,9%

Table 80: 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
49	28	57%	86	122	141%	1	0	0%	26	12	46%

Table 81: 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 Reached			% Target Reached			% Target reach
Target June	Actual June		Target June	Actual June		Target June	Actual June	
95	125	131%	60	37	61%	2	2	100 %

Table 82: Employment equity targets/actual by gender classification

4.2.1.3 Employment equity targets vs population 2018/19

The CKDM shows an improvement to comply with EE Targets in the Region if compared to the percentages of 2017/18 accept 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 2018/19	28	122	0	12	0	162
% of positions filled 2017/18	20.95	70,94	0	8.11	0	100
% of positions filled 2018/19	17.28	75.31	0	7.41	0	100

Table 83: Employment equity targets vs population 2018/19

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	0	1	3
Senior management	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	3	0	2	0	1	0	3	9
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	4	15	0	3	3	8	0	3	36
Semi-skilled and discretionary decision making	4	33	0	0	1	8	0	0	46
Unskilled and defined decision making	11	47	0	0	5	4	0	0	67
Total permanent	19	101	0	5	9	21	0	7	162
Non-permanent employees	0	24	0	0	1	8	0	0	33
Grand Total	19	125	0	5	10	29	0	7	195

Table 84: 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			1	4		1	13
Corporate Services	1	6		4	4	6		2	23
Financial Services		3				6		4	13
Technical Services	15	88		1	4	5			113
Total permanent	19	101	0	5	9	21	0	7	162
Non-permanent	0	24	0	0	1	8	0	0	33
Grand Total	19	125	0	5	10	29	0	7	195

Table 85: 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	10	3
Admin officers and operators	82	4
General workers	67	4
Total	162	11
Per functional level		
Functional area	Filled	Vacant
Municipal Manager	13	2
Corporate Services	23	0
Financial Services	13	0
Technical Services	113	9
Total	162	11

Table 86: Vacancy rate per post and functional level

4.2.1.7 Turn-over rate

The following table illustrates the turn-over rate for 2018/19. The turnover rate shows an increase from 5,93% in 2017/18 to 7,43% in 2018/19. 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
2017/18	27	11	7,43%
2018/19	23	11	6,79%

Table 87: 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	2017/18	2018/19
Municipal Manager	0	0
Corporate Services	0	0
Financial Services	0	0
Technical Services	13	9
Total	13	9

Table 88: Injuries

4.2.2.2 Sick leave

The total number of employees that have taken sick leave during the 2018/19 financial year shows a slight increase in the average per person, when compared with the 2017/18 financial year. The table below indicates the total number sick leave days taken within the different directorates:

Department	2017/18		2018/19	
	Total number of days	Average per person	Total number of days	Average per person
Municipal Manager	57	6	44	3
Corporate Services	151	8	101	4
Financial Services	82	7	57	4
Technical Services	732	7	1111	9
Total	1022	28	1313	20

Table 89: 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	Reviewed 29.5.2019
Bonus	Approved 22.8.2018
Career Planning / Succession Planning	Approved 22.8.2018
Cell-phones	30-Jul-08
Communication lines (internal)	01-Jul-01
Declaration of interests	22-Feb-01
Disciplinary procedures	Draft July 2017 - On review 2019.2
E-mail records management	01-Aug-08
HIV/Aids	March 2018/Reviewed 22 August 2018
Employee Wellness (EAP)	Approved 22.8.2018
Essential motor vehicle scheme	Reviewed 29.5.2019
Evacuation plan	22-Aug-05
Fleet Management	Draft 2019.02
Gender Mainstreaming	Draft 2019.05
Gift policy (receiving of)	Draft May 2009 / Draft March 2018
HR Strategic Plan	Draft March 2018
Housing subsidies on loans from pension/provident fund	15-Jun-04
Incapacity	Approved 22.8.2018
Induction	01-Aug-05
In-service training (students)	March 2018 / Reviewed 22.8.2018
Leave Policy and Procedures	Revised 30 June 2014 / Revised 25 May 2017

Approved policies	
Name of policy	Date approved/revised
Nepotism	22-Apr-05
Overtime	Reviewed 29.5.2019
Recruitment, selection and appointment	Approved October 2016
Reporting lines	27-Jan-05
Sexual harassment	June 2014 / Reviewed March 2018
Skills Development / Training & Development	Draft March 2018
Smoking	01-Jul-01
Stop order facilities	31-May-00
Study / driver's license	23-Jul-09
Travel and subsistence allowances	Reviewed 29.5.2019
Whistle Blowing	Reviewed 29.5.2019

Table 90: 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	1	1	1	1
Any other financial officials	8	1	n/a	1
SCM officials				

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))
Accountant: Supply Chain	1	In process to complete	n/a	n/a
SCM senior managers	n/a	n/a	n/a	n/a
Total	12	3	3	3

Table 91: 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'000	
2017/18	41 337	697	669	96
2018/19	49 251	795	498	63%

Table 92: 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		
2017/18	40 386	82 680	49%
2018/19	45 661	100 798	45%

Table 93: Personnel expenditure

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

Financial year	2017/18	2018/19		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Councillors (Political Office Bearers plus Other)				
Mayor	582	872	872	872
Executive Committee members	1 024	2 055	2 055	1 366
Councillors	1 943	1 000	1 000	1 420
Sub total	3 550	3 928	3 928	3 659
Senior Managers				
Annual remuneration				
Motor Vehicle / Travel allowance	700	-	32	583
Performance Bonus	-	260	163	263
Telephone allowance	72	153	69	78
Contributions to UIF, Medical, Pension and Bargaining Council	399	170	-274	282
Other benefits and allowances	213	153	662	237
Sub total				
Other Staff				
Basic salaries and wages	24 754	29 275	33 356	31 456

Financial year	2017/18	2018/19		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Councillors (Political Office Bearers plus Other)				
Employee related costs – Contributions for UIF, Pensions and medical Aids	5 277	6 429	6 874	6 913
Overtime	1 108	695	2 189	1 537
Travel, Motor vehicle, Accommodation, Subsistence and Other Allowances	1 584	3 202	2 454	1 224
Current service cost		-	-	155
Housing allowance	269	335	338	301
13th Cheque	2 169	2 298	250	1 878
Employee benefits provision	384	185	-	1 482
In-kind benefits			-	
Sub Total	35 544	42 418	45 462	42 280
Total Municipality	43 053	51 346	53 308	49 320

Table 94: Councillor and staff benefits

Please take note that all financial information is not final and is subject to change

Chapter 5: Financial Summary

This chapter provides details regarding the financial performance of the municipality for the 2018/19 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 2018/19 financial year:

Description	2017/18	2018/19		
	Actual	Original budget	Adjusted budget	Actual
R'000				
Financial performance				
Property rates	0	0	0	
Service charges	0	0	0	
Investment revenue	513	700	600	747

Description	2017/18	2018/19		
	Actual	Original budget	Adjusted budget	Actual
	R'000			
Transfers recognised – operational	30 818	35 883	38 880	35 997
Other own revenue	49 465	45 314	69 672	69 904
Total revenue (excluding capital transfers and contributions)	80 796	81 897	109 152	106 646
Employee related costs	40 386	47 419	49 251	45 661
Remuneration of Councillors	3 550	4 032	4 012	3 659
Contracted services	4 724	406	5 453	13 127
Depreciation and amortisation	479	432	410	502
Debt impairment	351	0	0	271
Finance charges	735	0	0	739
Impairment loss on Receivables	13	0	0	-
Inventory Consumed	11 449	0	0	13 489
Loss on disposal of property, plant and equipment (PPE)	16	0	0	-
General expenses	21 006	27 194	48 728	23 349
Total expenditure	82 708	71 782	80 632	100 798
Surplus/(Deficit)	(1 912)	608	3 256	-62
Transfers recognised – capital	991	0	82	82
Contributions recognised – capital and contributed assets	0	0	0	
Surplus/(Deficit) after capital transfers and contributions	-921	1 413	(1 377)	5 930
Capital expenditure and funds sources				
Capital expenditure				
Transfers recognised – capital	895	0	82	
Public contributions and donations	0	0	0	
Borrowing	0	0	0	
Internally generated funds	460	1 015	965	

Description	2017/18	2018/19		
	Actual	Original budget	Adjusted budget	Actual
	R'000			
Total sources of capital funds	1 355	1 015	1 047	
Financial position				
Total current assets	15 803	8 131	16 334	
Total non-current assets	17 691	19 260	17 204	
Total current liabilities	14 188	5 590	10 213	
Total non-current liabilities	17 185	20 387	15 274	
Accumulated Surplus/(Deficit)	2 121	1 414	8 050	
Cash flows				
Net cash from (used) operating	6 736	1 846	1 846	
Net cash from (used) investing	-1 633	-1 015	(1 027)	
Net cash from (used) financing	17	106	106	
Cash/cash equivalents at year-end	8 108	-97	-496	
Cash backing/surplus reconciliation				
Cash and investments available	8 108	3 925	3 913	
Application of cash and investments	0	0	0	
Balance – surplus (shortfall)	8 108	8 368	8 383	
Free services				
Cost of free basic services provided	n/a	n/a	n/a	
Revenue cost of free services provided	n/a	n/a	n/a	
Households below minimum service level				
Water:	n/a	n/a	n/a	
Sanitation/sewerage:	n/a	n/a	n/a	
Energy:	n/a	n/a	n/a	
Refuse:	n/a	n/a	n/a	

Table 95: Financial summary

The table below shows a summary of performance against the budget:

Financial year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000				R'000			
2018/19	109 230	103 607	(7 598)	7%	107 853	100 798	7 326	7%

Table 96: Performance against budgets

5.1.1 Revenue collection by vote

The table below indicates the revenue collection performance by vote:

Vote description	2017/18	2018/19			2018/19 variance	
	Actual	Original	Adjusted	Actual	Original	Adjustments budget
	R'000				%	
Vote 1 – Executive and Council	17 874	35 742	38 857	35 427	1%	10%
Vote 2 – Budget and Treasury Office	12 647	5 100	4 480	3 267	56%	37%
Vote 3 – Corporate Services	8 787	104	7 134	7 305	-99%	-2%
Vote 4 – Technical Services	42 479	40 950	58 950	58 753	-30%	0%
Total revenue by vote	81 787	81 897	109 230	104 752	-22%	4%

Table 97: Revenue collection by vote

5.1.2 Revenue collection by source

The table below indicates the revenue collection performance by source for the 2018/19 financial year:

Description	2017/18	2018/19		
	Actual	Original budget	Adjusted budget	Actual
	R'000			
Property rates	0	0	0	0
Property rates – penalties and collection charges	0	0	0	0
Service charges – electricity revenue	0	0	0	0
Service charges – water revenue	0	0	0	0
Service charges – sanitation revenue	0	0	0	0
Service charges – refuse revenue	0	0	0	0
Actuarial gains	1 134	0	0	2 977
Rentals of facilities and equipment	87	100	80	73

Description	2017/18	2018/19		
	Actual	Original budget	Adjusted budget	Actual
	R'000			
Interest earned - external investments	513	700	600	747
Interest earned - outstanding debtors	0	0	0	0
Dividends received	0	0	0	0
Debt impairment	58	0	0	92
Licences and permits	32	0	0	30
Agency services	3 541	3 947	4 374	4 227
Department of Transport - Roads service charges	42 479	0	0	58 753
Government grants and subsidies - operating	30 818	35 883	45 139	36 078
Other income	2 134	45 314	63 491	3 700
Gains on disposal of property, plant and equipment	0	0	0	52
Total revenue (excluding capital transfers and contributions)	80 796	81 897	113 684	106 728

Table 98: Revenue collection by source

5.1.3 Operational services performance –

The table below indicates the operational services performance for the 2018/19 financial year:

Description	2017/18	2018/19		
	Actual	Original Budget	Adjusted budget	Actual
		2018/19	2018/19	
R'000				
Roads and storm water	42 113	42 208	58 580	58 950
Component A: Sub-total	42 113	42 208	58 580	58 950
Planning and development	2 734	3 228	6 055	4 030
Component B: Sub-total	2 734	3 228	6 055	4 030
Municipal health	3 245	4 856	4 371	3 463
Component C: Sub-total	3 245	4 856	4 371	3 463
Disaster management	1 241	1 583	2 007	1 882
Component D: Sub-total	1 241	1 583	2 007	1 882
Executive and Council	10 614	8 283	9 504	9 298
Internal Audit	414	392	972	1 135
Finance and Administration	22 347	19 777	25 856	21 769
Other				
Component E: Sub-total	33 374	28 452	36 332	32 202

Table 99: 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	2017/18	2018/19		
	Actual	Original budget	Adjustment budget	Actual
		2018/19	2018/19	
R'000				
Total operational revenue (excluding tariffs)	42 479	40 950	58 959	58 753
Total operational expenditure	42 113	42 208	58 580	58 950
Net operational (service) expenditure	366	(1 258)	379	(197)

Table 100: Financial performance: Roads and storm water

5.2.2 Municipal Health

Description	2017/18	2018/19		
	Actual	Original budget 2018/19	Adjustment budget	Actual 2018/19
Total operational revenue (excluding tariffs)	36	43	33	30
Total operational expenditure	3 245	4 856	4 371	3 463
Net operational (service) expenditure	(3 209)	(4 813)	(4 338)	(3 433)

Table 101: Financial performance: Municipal Health

5.2.3 Disaster management

Description	2017/18	2018/19		
	Actual	Original budget 2018/19	Adjustment budget	Actual 2018/19
R'000				
Total operational revenue (excluding tariffs)	1 277	0	877	877
Total operational expenditure	1 241	1 583	2 007	1 882
Net operational (service) expenditure	36	(1 583)	(1 130)	(1 005)

Table 102: Financial performance: Disaster management

5.2.4 Executive and Council

Description	2017/18	2018/19		
	Actual	Original budget 2018/19	Adjustment budget	Actual 2018/19
R'000				
Total operational revenue (excluding tariffs)	17 874	35 742	35 120	34 957
Total operational expenditure	10 614	8 283	9 504	9 298
Net operational (service) expenditure	7 260	27 459	25 616	25 659

Table 103: Financial performance: Executive and Council

5.2.5 Internal Audit

Description	2017/18	2018/19		
	Actual	Original budget 2018/19	Adjustment budget	Actual 2018/19
	R'000			
Total operational revenue (excluding tariffs)	0	0	670	470
Total operational expenditure	414	392	972	1 135
Net operational (service) expenditure	(414)	(392)	(302)	(665)

Table 104: Financial Performance: Internal Audit

5.2.6 Finance and Administration

Description	2017/18	2018/19		
	Actual	Original budget 2018/19	Adjustment budget	Actual 2018/19
	R'000			
Total operational revenue (excluding tariffs)	18 759	5 182	10 804	8 448
Total operational expenditure	22 347	19 777	25 856	21 769
Net operational (service) expenditure	3 801	(8 240)	176	(79)

Table 105: Financial Performance: Finance Administration

5.3 GRANTS

5.3.1 Grant performance

The Municipality had a total amount of R 36 078 167,00 that was received in the form of grants from national and provincial governments during the 2018/19 financial year. The performance in the spending of these grants are summarised as follows:

CENTRAL KAROO DISTRICT MUNICIPALITY DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003						
Grant Description	Balance 30 June 2018	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 2019
<u>National Government Grants</u>						
Equitable Share	-	28 502 000	-	(28 502 000)	-	-
Finance Management Grant	-	1 000 000	-	(1 000 000)	-	-
EPWP	(270 852)	1 013 000	-	(1 013 000)	-	(270 852)
Rural Asset Management Grant (RAMS)	(18 728)	1 920 000	-	(1 920 000)	-	(18 728)
Total National Government Grants	(289 580)	32 435 000	-	(32 435 000)	-	(289 580)
<u>Provincial Government Grants</u>						
FMG - PMS	21 209	-	(21 209)	-	-	-
Drought Relief Support	6 918	-	(6 918)	-	-	0,11
Fire Brigade Capacity Building	144 313	-	(144 313)	-	-	-
Fire Brigade Capacity Building	81 521	-	-	-	(81 521)	-
Ground Water Level Monitoring	795 267	-	-	(795 267)	-	-
FMG Graduate Internship Programme	51 340	72 000	-	(65 382)	-	57 957
FMG Capacity building grant (Bursaries)	46 808	360 000	-	(140 042)	-	266 766
WCFMSG Internal Audit and Risk Management	395 000	-	-	(4 181)	-	390 819
WCFMSG Mscoa	-	280 000	-	(280 000)	-	-
WOSA	-	1 000 000	-	-	-	1 000 000
FMG ERM System	-	173 000	-	-	-	173 000
FMG PDO	-	200 000	-	(200 000)	-	-
FMG AFS Assistance	-	300 000	-	(300 000)	-	-
Improvement of assurance services	-	470 000	-	(470 000)	-	-
FMG Audit System	-	200 000	-	-	-	200 000
Total Provincial Government Grants	1 542 376	3 055 000	(172 440)	(2 254 873)	(81 521)	2 088 542
<u>Other Grant Providers</u>						
CHIETA	675 945	594 900	-	(1 188 323)	-	82 522
LG SETA	320 234	-	-	(118 450)	-	201 784
Total Other Grant Providers	996 179	594 900	-	(1 306 773)	-	284 306
Total Grants	2 248 975	36 084 900	(172 440)	(35 996 646)	(81 521)	2 083 268

Table 106: 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		
2017/18	30 900	81 787	62%
2018/19	36 988	106 728	66%

Table 107: 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	2017/18	2018/19
Current ratio	Current assets/current liabilities	1.12	1.37
Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	1 Month	1 Month

Table 108: Liquidity ratio

5.4.2 IDP Regulation on financial viability indicators

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

Description	Basis of calculation	2017/18	2018/19
Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.81	0.56
Total outstanding service debtors to revenue	Total outstanding service debtors/annual revenue received for services	n/a	n/a

Table 109: 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	2017/18	2018/19
Capital charges to operating expenditure	Interest and principal paid /operating expenditure	0.01	0.01

Table 110: Borrowing management

5.4.4 Employee costs

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

Description	Basis of calculation	2017/18	2018/19
Remuneration as % of Total Operating Expenditure	Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating	53%	49%

Table 111: Employee costs

5.4.5 Repairs and maintenance

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

Description	Basis of calculation	2018/19	2017/18
		Audited outcome	Pre-audit outcome
Repairs and maintenance	R and M/ (Total revenue excluding capital revenue)	13%	14%

Table 112: 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	2017/18	2018/19		
	Actual	Original budget	Adjustment budget	Actual expenditure
R'000				
Other assets				0
General vehicles	831	300	229	252
Plant and equipment	106	28	28	0
Computers –hardware/equipment	101	283	295	228
Furniture and other office equipment	251	405	495	383
Other	471	0	0	0
Intangibles				
Computers – software and programming	33			56
Total capital expenditure on new assets	1 793	1 015	1 047	919

Table 113: Capital expenditure – New asset program

COMPONENT B: CASH FLOW MANAGEMENT AND INVESTMENTS

5.6 CASH FLOW

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

Description	2017/18	2018/19		
	Actual	Original budget	Adjusted budget	Actual
	R'000	R'000	R'000	R'000
Cash flow from operating activities				
Receipts				
Ratepayers and other	53 544	45 314	63 439	66 408
Government – operating	30 818	35 883	38 880	36 078
Government – capital	991	-	82	0
Interest	513	700	600	747
Dividends	0	0	0	0
Suppliers and employees	(79 115)	(52 922)	(74 026)	(103 240)
Finance charges	(15)	0	0	(10)
Transfers and grants	0	(27 128)	(27 128)	0
Net cash from/(used) operating activities	6 736	1 846	1 846	(69)
Proceeds on disposal of fixed assets	0	0	0	0
Purchase of intangible assets	(35)	0	0	(56)
Decrease/(increase) in non-current receivables	0	0	0	0
Capital assets	(35)	(1 015)	(1 027)	(863)
Increase in loan	(279)	0	0	0
Net cash from/(used) investing activities	(1 633)	(1 015)	(1 027)	(919)
Cash flows from financing activities				
Receipts				
Short term loans	0	0	0	0
Borrowing long term/refinancing	17 212	0	0	(67)
Increase (decrease) in consumer deposits	0	106	106	0
Payments				
Repayment of borrowing				0
Net cash from/(used) financing activities	17 212			(67)
Net increase/(decrease) in cash held	5 120	936	925	(-1 056)
Cash/cash equivalents at the year begin:	2 959	2 989	2 989	8 108
Cash/cash equivalents at the year-end:	8 108	3 925	3 913	7 052

Table 114: Cash flow

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
2017/18	0	0	0	0	7 004	7 004
2018/19	0	0	0	0	5 084	5 084
Difference	0	0	0	0	1 671	1 671
% growth year on year	0	0			-37%	-37%

Note: Figures include provision for bad debt

Table 115: Gross outstanding debtors per service

5.8 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 2018/19 financial year:

5.8.1 Actual borrowings

Instrument	2017/18	2018/19
	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	158	90
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	158	90

Table 116: Actual borrowings

5.9 MUNICIPAL INVESTMENTS

Investment type	2017/18	2018/19
	R'000	
Securities – National Government	0	0
Listed corporate bonds	0	0
Deposits – Bank	4 586	5 888
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	4 586	5 888

Table 117: Municipal investments

COMPONENT C: OTHER FINANCIAL MATTERS

5.10 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 member of the committees that dealt with supply chain processes.

5.11 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 2018/19 are fully GRAP compliant.

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

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committee	Purpose of committee
	<ul style="list-style-type: none"> - 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) - 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 118: 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. A Koopman
Financial Services	Ms. Ursula Baartman

Table 119: Third Tier Structure

APPENDIX C: RECOMMENDATIONS OF THE MUNICIPAL AUDIT & PERFORMANCE COMMITTEE 2018/19

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 2019. (Annexure L)

APPENDIX D: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts 2018/19			
Name of Service provider (Entity or Municipal Department)	Description of services rendered by the Service Provider	Project Manager	Contract Value R'000
Ignite Advisory Services	5 Year IDP Plan	Manager Strategic Services	As charged per tariff listing
Ignite Advisory Services	Performance Management	Manager Strategic Services	As charged per tariff listing
Mubeko Africa (Pty)Ltd	Accounting Services	Snr Manager: Financial Services	As charged per tariff listing
Moore Stephens	Internal Audit Services	Snr Manager: Financial Services	As charged per tariff listing
Ubertech	IT Support	Snr Manager: Corporate Services	As charged per tariff listing
Telkom	Telephone	Snr Manager: Corporate Services	As charged per tariff listing
Ricoh	Rental of 4-in-1 copy machine	Snr Manager: Corporate Services	As charged per tariff listing
Nashua	Rental of 4-in-1 copy machine	Snr Manager: Corporate Services	As charged per tariff listing
Fujitsi (Abakus)	Financial Systems	Snr Manager: Financial Services	As charged per tariff listing
B-Muns	Shared Services	Legal and Executive Support	As charged per tariff listing
Sebata	Financial System	Snr Manager: Financial Services	As charged per tariff listing

Table 120: 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 2018/19 with no employees declaring any related party transactions.

APPENDIX F: REVENUE COLLECTION PERFORMANCE BY VOTE AND SOURCE

APPENDIX F (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue collection performance by vote				
Description	2017/18	2018/19		
	Actual	Original Budget	Adjustment Budget	Actual
Vote 1 – Executive and Council	17 874	35 742	38 657	35 427
Vote 2 – Budget and Treasury Office	12 647	5 100	4 480	3 267
Vote 3 – Corporate Services	8 786	104	7 134	7 305
Vote 4 – Technical Services	42 479	40 950	58 959	58 753
Total revenue by vote	81 787	81 897	109 230	104 752

Table 121: Revenue collection performance by vote

APPENDIX F (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue collection performance by source				
Description	2017/18	2018/19		
	Actual	Original Budget	Adjustment Budget	Actual
Actuarial gains	0	0	0	52
Rentals of facilities and equipment	87	100	80	73
Interest earned – external investments	513	700	600	747
Licenses and permits	32	0	0	30
Agency services	3 541	3 947	4 374	4 227
Department of Transport – Roads service charges	42 479	41 267	58 955	58 753

Revenue collection performance by source				
Description	2017/18	2018/19		
	Actual	Original Budget	Adjustment Budget	Actual
Government grants and subsidies	31 809	35 883	45 221	36 078
Other income	3 307	0	0	4 793
Total revenue by source	81 594	81 897	109 230	104 753

Table 122: Revenue collection performance by vote

APPENDIX G: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

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 2018	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 2019
National Government Grants						
Equitable Share	-	28 502 000	-	(28 502 000)	-	-
Finance Management Grant	-	1 000 000	-	(1 000 000)	-	-
EPWP	(270 852)	1 013 000	-	(1 013 000)	-	(270 852)
Rural Asset Management Grant (RAMS)	(18 728)	1 920 000	-	(1 920 000)	-	(18 728)
Total National Government Grants	(289 580)	32 435 000	-	(32 435 000)	-	(289 580)
STRATEGIESE BEPLANNING REKENAAR TOERUSTING						
Provincial Government Grants						
FMG - PMS	21 209	-	(21 209)	-	-	-
Drought Relief Support	6 918	-	(6 918)	-	-	0,11
Fire Brigade Capacity Building	144 313	-	(144 313)	-	-	-
Fire Brigade Capacity Building	81 521	-	-	-	(81 521)	-
Ground Water Level Monitoring	795 267	-	-	(795 267)	-	-
FMG Graduate Internship Programme	51 340	72 000	-	(65 382)	-	57 957
FMG Capacity building grant (Bursaries)	46 808	360 000	-	(140 042)	-	266 766
WCFMSG Internal Audit and Risk Management	395 000	-	-	(4 181)	-	390 819
WCFMSG Mscoa	-	280 000	-	(280 000)	-	-
WOSA	-	1 000 000	-	-	-	1 000 000
FMG ERM System	-	173 000	-	-	-	173 000
FMG PDO	-	200 000	-	(200 000)	-	-
FMG AFS Assistance	-	300 000	-	(300 000)	-	-
Improvement of assurance services	-	470 000	-	(470 000)	-	-
FMG Audit System	-	200 000	-	-	-	200 000
Total Provincial Government Grants	1 542 376	3 055 000	(172 440)	(2 254 873)	(81 521)	2 088 542
Other Grant Providers						
CHIETA	675 945	594 900	-	(1 188 323)	-	82 522
LG SETA	320 234	-	-	(118 450)	-	201 784
Total Other Grant Providers	996 179	594 900	-	(1 306 773)	-	284 306
Total Grants	2 248 975	36 084 900	(172 440)	(35 996 646)	(81 521)	2 083 268

Table 123: Conditional Grants received: Excluding MIG

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

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

APPENDIX I: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY 2018/19

No loans or grant have been made by the Central Karoo District Municipality for the 2018/19 financial year.

APPENDIX J: 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.

APPENDIX K: AUDITOR-GENERAL REPORT ON THE CKDM 2018/19

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Central Karoo District Municipality set out on pages 4 to 75, which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts 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, the financial statements present fairly, in all material respects, the financial position of the Central Karoo District Municipality as at 30 June 2019, 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, 2018 (Act No. 1 of 2018) (Dora).

Basis for opinion

3. 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.
4. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants*, and parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA codes), as well as 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 codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 29 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of an errors discovered during the 2018-19 financial year, as well as the municipal standard chart of accounts (mSCOA) reclassification in the financial statements of the municipality at, and for the year ended, 30 June 2019.

Contingent liabilities

8. With reference to note 37 to the financial statements, the municipality is a defendant in various claims. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.

Underspending of conditional grant

9. Disclosed in note 5 to the financial statements is unspent conditional grants and receipts of R2 372 849 (2018: R2 538 556).

Other matters

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

Unaudited disclosure notes

11. 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 financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Unaudited supplementary schedules

12. The supplementary information set out on pages 76 to 86 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.
14. In preparing the 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 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

15. 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.
16. 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

Introduction and scope

17. In accordance with the Public Audit Act of South Africa, 2004 (Act no. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report 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.
18. 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/measures 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.
19. 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 2019:

Strategic objectives	Pages in the annual performance report
Strategic objective 4 – improve and maintain district roads and promote safe roads transport	13
Strategic objective 6 – promote safe, healthy and socially stable communities through the provision of a sustainable environmental health services	15

20. 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.
21. The material finding in respect of the usefulness of the selected strategic objectives is as follows:

Strategic objective 4 – improve and maintain district roads and promote safe roads transport

22. I did not raise any material findings on the usefulness and reliability of the reported performance information for strategic objective 4: improve and maintain district roads and promote safe roads.

Strategic objective 6 – promote safe, healthy and socially stable communities through the provision of a sustainable environmental health services

23. The strategic objective approved in the service delivery budget implementation plan was: to promote safe, healthy and socially stable communities in an environment conducive to integrated and sustainable development. However, the strategic objective reported in the annual performance report and integrated development plan was: promote safe, healthy and socially stable communities through the provision of a sustainable environmental health service.
24. I did not raise any material findings on the reliability of the reported performance information for strategic objective 6 – promote safe, healthy and socially stable communities through the provision of a sustainable environmental health service.

Other matters

25. I draw attention to the matters below.

Achievement of planned targets

26. Refer to the annual performance report on pages 9 to 15 for information on the achievement of planned targets for the year. This information should be considered in the context of the material finding on the usefulness of the reported performance information in paragraph 23 of this report.

Adjustment of material misstatements

27. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of improve and maintain district roads and promote safe roads transport and promote safe, healthy and socially stable communities through the provision of a sustainable environmental health services strategic objectives. As management subsequently corrected only some of the misstatements, I raised a material finding on the usefulness of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

28. 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.
29. The material findings on compliance with specific matters in key legislation are as follows:

Human resource management

30. A senior manager was appointed without the post being advertised, as required by section 56(3)(a) of the Municipal Systems Act and regulations on appointment and conditions of employment of senior managers 10(2).
31. A senior manager was appointed without council approval, as required by section 56(1)(a) of the Municipal Systems Act and regulations on appointment and conditions of employment of senior managers 17(2).

Expenditure management

32. Reasonable steps were not taken to prevent unauthorised expenditure of R495 377 disclosed in note 30 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The unauthorised expenditure was caused by overspending on specific roads votes.

Consequence management

33. Allegations of financial misconduct laid against officials of the municipality were not investigated by the disciplinary board, relevant treasury or an independent investigator or team of investigators appointed by council, as required by municipal regulations on financial misconduct procedures and criminal proceedings 5(4).
34. Appropriate action was not taken against officials of the municipality where investigations proved financial misconduct, as required by section 171(4)(b) of the MFMA and municipal regulations on financial misconduct procedures and criminal proceedings 6(8).

Other information

35. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the 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.
36. 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.
37. 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 strategic objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
38. The other information I obtained prior to the date of this auditor's report includes the mayor's foreword, good governance, service delivery and performance overview, organisational development performance and financial summary. The audit committee report is expected to be made available to us after 29 November 2019.
39. When I do receive and read the audit committee report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

41. Leadership did not exercise adequate oversight to promote good governance, as adequate consequence management processes were not implemented.
42. Leadership did not exercise adequate oversight responsibility to ensure that the strategic objectives per the planning documents were consistent with the reported information.
43. Leadership did not adequately monitor compliance with regulations to ensure that the appointment of a senior manager complied with the requirements of the Municipal Systems Act.
44. Management did not take reasonable steps to ensure that unauthorised expenditure does not recur.

Other reports

45. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
46. The council approved a forensic investigation into the previous year's findings regarding LG Seta funding and other matters. The investigations were still in progress at the date of this auditor's report.

Auditor-General

Cape Town

29 November 2019



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 strategic objectives and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

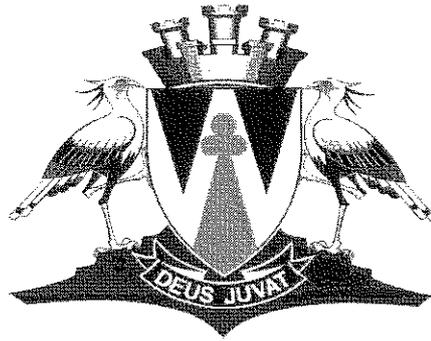
2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, 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 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’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.

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 L: REPORT FROM THE AUDIT AND PERFORMANCE
COMMITTEE FOR YEAR ENDING 30 JUNE 2019**



REPORT FROM THE AUDIT COMMITTEE OF THE CENTRAL KAROO DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2019

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. A new audit committee has been appointed, from April 2018. The audit committee must meet at least four times a year. During the financial year ended 30 June 2019, the audit committee met on four occasions. The table below shows the attendance of meetings of these meetings:

Members appointed from April 2018 to March 2021:

NAME	POSITION	PERIOD
MF Pike	Chairperson	01 July 2018 - 30 June 2019
N Gabada	Member	01 July 2018 - 30 June 2019
Y Duimpies	Member	01 July 2018 - 30 June 2019

The Municipal Manager, the Chief Financial Officer, directors from departments and representatives from the internal auditors are standing invitees 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	28 August 2018	07 December 2018	24 January 2019	30 April 2019
MF Pike	✓	✓	✓	✓
N Gabada	✓	✓	✓	✓
Y Duimpies	✓	✓	✓	✓

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;

- governance and ethics; and
- fraud risks as it relates to financial reporting and Supply Chain Management.

Internal financial controls, governance and ethics

The committee acknowledges management's efforts to strengthen internal controls in the municipality. The audit committee is concerned that in certain instances the matters reported by the external auditors and the internal audit function in prior years have not been fully and satisfactorily addressed. Management has given assurance that effective correction action will be implemented in respect of all internal control weaknesses, and the audit committee will monitor this ongoing forward.

In terms of consequence management, the correct processes have not unfolded yet, however the audit committee do take note of the process that Council has embarked on to ensure that the correct processes and procedures unfold to finalise the matter.

A matter of concern that is very alarming to the audit committee is the oversight responsibility that needs to be provided by management with regards to compliance with laws and regulations, good governance and strategic objectives. It is vital that these issues are addressed timeously.

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 governance, ethics, 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 internal 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 2019

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 2019.

Certain matters of emphasis were highlighted in the Audit Report of the Auditor-General, which relates to the restatement of corresponding figures, contingent liabilities and underspending of conditional grants.

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

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

Although the Auditor-General has issued an unqualified audit opinion on the financial statements for the period ending 30 June 2019, instances of material non-compliance with specific matters, pertaining to amongst others the following areas were identified:

- Consequence Management;
- Procurement and Contract Management;
- Material misstatement to the Annual Financial Statements;
- Strategic Planning and Performance Management; and
- Internal Control Deficiencies.

Performance Management

The Auditor General raised findings on predetermined objectives. The findings are due to indicators that were changed during the year and not reported on and consistency of some indicators.

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

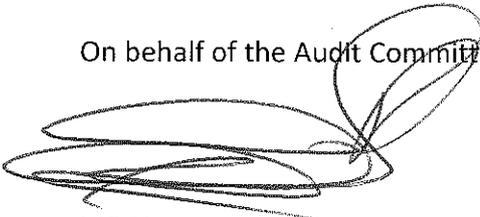
The audit committee is satisfied with the performance of the Chief Financial Officer. Consultants are appointed to assist the finance department. We concur with the Auditor General that a consultant strategy and reduction plan should be developed, which should amongst others, include a skill transfer plan.

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
04 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 2019**


2019 -11- 29
**AUDITOR - GENERAL
SOUTH AFRICA**

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June 2019

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

Audited Annual Financial Statements for the year ended 30 June 2019

INDEX

	PAGE
Approval of Annual Financial Statements	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8 - 10
Accounting Policies	11 - 36
Notes to the Audited Annual Financial Statements	37 - 75
Appendix A: Schedule of External loans	76
Appendix B: Segmental Statement of Financial Performance - Municipal Votes	77
Appendix C: Segmental Statement of Financial Performance	78
Appendix D: Segmental Analysis of Property, Plant and Equipment - GFS Classifications	79
Appendix E: Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	80
Appendix F: Appropriation Statements	81 - 86



CENTRAL KAROO DISTRICT MUNICIPALITY
Audited Annual Financial Statements for the year ended 30 June 2019
APPROVAL OF ANNUAL FINANCIAL STATEMENTS

Active councillors as at 30 June 2019:

Executive Mayor	AL Rabie
Deputy Mayor	M Jaffa
Speaker	IJ Windvogel
Councillor (Full time)	R Meyer
Councillor	AM Slabbert
Councillor	N Constable
Councillor	SM Meyers
Councillor	MS Hangana
Councillor	J Botha
Councillor	SM Motsokane
Councillor	ZJD Lambert
Councillor	D Welgemoed

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2019, which are set out on pages 4 to 75 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 audited 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
Audited Annual Financial Statements for the year ended 30 June 2019

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note(s)	2019 R	2018 R
Assets			
Current Assets			
Inventory	2	981 941	652 648
Receivables from exchange transactions	3	5 483 057	3 109 925
Receivables from non-exchange transactions	4	1 719 419	1 974 590
Unpaid Conditional Government Grants and Receipts	5	18 729	289 581
Taxes	6	342 574	738 864
Employee Benefits Receivables	7	787 475	928 829
Cash and cash equivalents	8	7 052 298	8 108 327
		16 385 493	15 802 764
Non-Current Assets			
Property, Plant and Equipment	9	8 478 847	8 090 437
Intangible assets	10	112 241	85 083
Employee Benefits Receivable	7	8 613 342	9 515 553
		17 204 430	17 691 073
Total Assets		33 589 923	33 493 837
Liabilities			
Current Liabilities			
Current Employee benefits	11	4 575 747	4 828 139
Finance lease obligation	12	69 502	67 409
Payables from exchange transactions	13	3 247 027	6 754 203
Unspent conditional grants and receipts	5	2 372 849	2 538 556
		10 265 125	14 188 307
Non-Current Liabilities			
Finance lease obligation	12	20 668	90 170
Employee benefits	14	15 253 635	17 094 788
		15 274 303	17 184 958
Total Liabilities		25 539 428	31 373 265
Net Assets		8 050 495	2 120 572
Accumulated surplus		8 050 495	2 120 572



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June 2019

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2019 R	2018 R
Revenue			
Revenue from exchange transactions			
Agency services	15	4 226 696	3 540 601
Department of Transport - Roads Service Charges		58 752 840	42 478 676
Interest received		746 541	513 228
Licences and permits		30 155	32 060
Operational Revenue	17	204 445	223 746
Rental from fixed asset		72 725	87 109
Total revenue from exchange transactions		64 033 402	46 875 420
Revenue from non-exchange transactions			
Contributed property			471 000
Reversal of sureties		1 975 391	
Settlement by National Treasury	25	1 520 351	1 439 698
Transfer revenue			
Government grants & subsidies	18	36 078 167	31 809 261
Total revenue from non-exchange transactions		39 573 909	33 719 959
Total revenue		103 607 311	80 595 379
Expenditure			
Employee related costs	19	(45 661 437)	(40 385 549)
Remuneration of councillors	20	(3 658 708)	(3 550 046)
Contracted services		(13 127 492)	(4 724 216)
Depreciation and amortisation	21	(502 079)	(479 047)
Impairment	22	(271 471)	(350 885)
Finance costs	23	(738 725)	(734 790)
Operational cost	24	(23 349 424)	(21 006 138)
Inventory Consumed	2	(13 488 600)	(11 449 228)
Total expenditure		(100 797 936)	(82 679 899)
Operating surplus (deficit)		2 809 375	(2 084 520)
Gain (loss) on disposal of assets and liabilities		51 564	(15 885)
Actuarial gains / (loss)	14	2 976 629	1 133 722
Reversal of impairment losses	16	3 895	58 304
Reversal on impairment loss on Receivables	4	88 462	(12 618)
		3 120 550	1 163 523
Surplus (deficit) for the year		5 929 925	(920 997)


2019 -11- 29
AUDITOR - GENERAL
SOUTH AFRICA

CENTRAL KAROO DISTRICT MUNICIPALITY
 Audited Annual Financial Statements for the year ended 30 June 2019

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus R	Total net assets R
Opening balance as previously reported	3 258 472	3 258 472
Prior year adjustments	(216 905)	(216 905)
Restated balance at 01 July 2017	3 041 567	3 041 567
Changes in net assets		
Net Loss for the year as previously reported	(72 256)	(72 256)
Prior Period Adjustments - Note 29	(848 739)	(848 739)
Balance at 01 July 2018	2 120 570	2 120 570
Changes in net assets		
Surplus for the year	5 929 925	5 929 925
Balance at 30 June 2019	8 050 495	8 050 495



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June 2019

CASH FLOW STATEMENT

	Note(s)	2019 R	2018 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Other		66 355 932	53 543 544
Government		36 078 167	31 809 261
Interest income		746 541	513 228
		<u>103 180 640</u>	<u>85 866 033</u>
Payments			
Suppliers and employees		(103 239 916)	(79 115 033)
Finance costs		(10 131)	(14 916)
		<u>(103 250 047)</u>	<u>(79 129 949)</u>
Net cash flows from operating activities	27	<u>(69 407)</u>	<u>6 736 084</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant and equipment		(863 089)	(1 320 001)
Purchase of Intangible assets		(56 124)	(34 675)
Increase in Loan		-	(278 794)
		<u>(919 213)</u>	<u>(1 633 470)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in/(Repayment of) finance lease		(67 409)	17 212
Net increase/(decrease) in cash and cash equivalents		<u>(1 056 029)</u>	<u>5 119 826</u>
Cash and cash equivalents at the beginning of the year		8 108 327	2 988 501
Cash and cash equivalents at the end of the year	8	<u>7 052 298</u>	<u>8 108 327</u>





CENTRAL KAROO DISTRICT MUNICIPALITY
 Audited Annual Financial Statements for the year ended 30 June 2019

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 39
	R	R	R	R	R	
Statement of Financial Performance						
REVENUE FROM EXCHANGE TRANSACTIONS						
Agency Services	3 947 368	426 328	4 373 696	4 226 696	(147 000)	A
Department of Transport - Roads Service Charges	41 266 550	17 692 450	58 959 000	58 752 840	(206 160)	B
Interest Received	700 000	(100 000)	600 000	746 541	146 541	C
Licences and permits	-	-	-	30 155	30 155	B
Operational Revenue	-	-	-	204 445	204 445	B
Rental of fixed asset	100 000	(20 000)	80 000	72 725	(7 275)	D
Total revenue from exchange transactions	46 013 918	17 998 778	64 012 696	64 033 402	20 706	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
Reversal of sureties	-	-	-	1 975 391	1 975 391	CC
Settlement by National Treasury	-	-	-	1 520 351	1 520 351	E
TRANSFER REVENUE						
Government grants & subsidies	35 883 000	9 337 881	45 220 881	36 078 167	(9 142 714)	E
Total revenue from non-exchange transactions	35 883 000	9 337 881	45 220 881	39 573 909	(5 646 972)	
Total revenue	81 896 918	27 336 659	109 233 577	103 607 311	(5 626 266)	
EXPENDITURE						
Employee related costs	(47 418 629)	(1 832 230)	(49 250 859)	(45 661 437)	3 589 422	F
Remuneration of councillors	(4 032 069)	20 548	(4 011 521)	(3 658 708)	352 813	G
Contracted Services	(1 406 148)	(4 046 847)	(5 452 995)	(13 127 492)	(7 674 497)	H
Depreciation and amortisation	(432 355)	22 713	(409 642)	(502 079)	(92 437)	I
Impairment	-	-	-	(271 471)	(271 471)	J
Finance costs	-	-	-	(738 725)	(738 725)	F
Operational cost	(27 128 454)	(19 690 164)	(46 818 618)	(23 349 424)	23 469 194	H
Other materials	(65 500)	(1 843 500)	(1 909 000)	-	1 909 000	H
Inventory Consumed	-	-	-	(13 488 600)	(13 488 600)	H
Total expenditure	(80 483 155)	(27 369 480)	(107 852 635)	(100 797 936)	7 054 699	
Operating surplus	1 413 763	(32 821)	1 380 942	2 809 375	272 052	
Gain on disposal of assets and liabilities	-	-	-	51 564	51 564	K
Actuarial gains/losses	-	-	-	2 976 629	2 976 629	F
Reversal of impairment losses	-	-	-	3 895	3 895	L
Reversal of impairment loss on Receivables	-	-	-	88 462	88 462	M
	-	-	-	3 120 550	3 120 550	
Surplus before taxation	1 413 763	(32 821)	1 376 889	5 929 925	2 300 379	

2019 -11- 29

AUDITOR - GENERAL
SOUTH AFRICA

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June 2019

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 39
	R	R	R	R	R	
Statement of Financial Position						
ASSETS						
Inventory	857 730	-	857 730	981 941	124 211	N
Receivables from exchange transactions	-	-	-	5 483 057	5 483 057	O
Receivables from non-exchange transactions	1 248 439	-	1 248 439	1 667 754	419 315	P
Unpaid Conditional Government Grants and Receipts	-	-	-	18 729	18 729	Q
Taxes	-	-	-	342 574	342 574	R
Cash and Cash Equivalents	3 924 964	(31 490)	3 893 474	7 052 298	3 158 824	S
Employee benefit receivable	-	-	-	787 475	787 475	T
Consumer debtors	2 100 000	-	2 100 000	-	(2 100 000)	O
	8 131 133	(31 490)	8 099 643	16 333 828	8 234 185	
NON-CURRENT ASSETS						
Property, plant and equipment	8 656 193	31 490	8 687 683	8 478 847	(208 836)	A
Intangible assets	82 410	-	82 410	112 241	29 831	U
Employee Benefits Receivable	10 521 241	-	10 521 241	8 613 342	(1 907 899)	T
	19 259 844	31 490	19 291 334	17 204 430	(2 086 904)	
Total Assets	27 390 977	-	27 390 977	33 538 258	6 147 281	
LIABILITIES						
CURRENT LIABILITIES						
Current Employee Benefits	-	-	-	4 575 747	4 575 747	T
Finance lease Obligation	39 000	-	39 000	69 502	30 502	V
Trade and Other Payables	5 550 644	-	5 550 644	3 195 362	(2 355 282)	S
Unspent conditional grants and receipts	-	-	-	2 372 849	2 372 849	E
	5 589 644	-	5 589 644	10 213 460	4 623 816	
NON-CURRENT LIABILITIES						
Finance lease Obligation	101 367	-	101 367	20 668	(80 699)	V
Employee benefits	20 286 000	-	20 286 000	15 253 635	(5 032 365)	T
	20 387 367	-	20 387 367	15 274 303	(5 113 064)	
Total Liabilities	25 977 011	-	25 977 011	25 487 763	(489 248)	
Net Assets	1 413 966	-	1 413 966	8 050 495	6 636 529	
NET ASSETS						
RESERVES						
Accumulated surplus	1 413 966	-	1 413 966	8 050 495	6 636 529	

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June 2019

2019 -11- 29

AUDITOR - GENERAL
SOUTH AFRICA

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 39
	R	R	R	R	R	
Cash Flow Statement						
Cash flows from operating activities						
RECEIPTS						
Other Revenue	45 313 918	18 124 725	63 438 643	66 355 932	2 917 289	W
Government grants	35 883 000	2 997 148	38 880 148	36 078 167	(2 801 981)	X
Government capital	-	81 521	81 521	-	(81 521)	X
Interest	700 000	(100 000)	600 000	746 541	146 541	C
	81 896 918	21 103 394	103 000 312	103 180 640	180 328	
PAYMENTS						
Suppliers and employees	(52 922 348)	(21 103 394)	(74 025 742)	(103 239 916)	(29 214 174)	Y
Finance costs	-	-	-	(10 131)	(10 131)	Z
Transfers and Grants	(27 128 455)	-	(27 128 455)	-	27 128 455	Y
	(80 050 803)	(21 103 394)	(101 154 197)	(103 250 047)	(2 095 850)	
Net cash flows from operating activities	1 846 115	-	1 846 115	(69 407)	(1 915 522)	
Cash flows from investing activities						
Purchase of property plant and equipment	(1 015 350)	(11 490)	(1 026 840)	(863 089)	163 751	AA
Purchase of other intangible assets	-	-	-	(56 124)	(56 124)	AA
Net cash flows from investing activities	(1 015 350)	(11 490)	(1 026 840)	(919 213)	107 627	
Cash flows from financing activities						
Increase in/(Repayment of) finance lease	-	-	-	(67 409)	(67 409)	V
Increase in consumer deposits	105 698	-	105 698	-	(105 698)	BB
Net cash flows from financing activities	105 698	-	105 698	(67 409)	(173 107)	
Net increase/(decrease) in cash and cash equivalents	936 463	(11 490)	924 973	(1 056 029)	(1 981 002)	
Cash and cash equivalents at the beginning of the year	2 988 501	-	2 988 501	8 108 327	5 119 826	
Cash and cash equivalents at the end of the year	3 924 964	(11 490)	3 913 474	7 052 298	3 138 824	



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 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, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

In terms of Directive 11: "Changes in Measurement Bases following the Initial Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality elected to change the measurement bases selected for Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets on the initial adoption of Standards of GRAP.

1.1 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.

1.2 Going concern assumption

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

1.3 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.



1.4 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.

1.5 Materiality

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

1.6 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;

Explanations for differences between the approved and final budget are included in the Notes to the annual Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the notes to the annual financial statements.

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

1.7 Standards, amendments to standards and interpretations issued but 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 2018/19 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 and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

ACCOUNTING POLICIES

Change in accounting policy due to amendments to GRAP 5 - Borrowing costs

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. Additional disclosure will be required with the full implementation of the Standard.</p>	1 April 2019
GRAP 32 (Original – Aug 2013)	<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>	1 April 2019
GRAP 34 (Revised – April 2019)	<p><u>Separate Financial Statements</u></p> <p>The objective of this Standards is to prescribe the accounting and disclosure requirements 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 investment in any entities.</p>	Unknown
GRAP 35 (Revised – April 2019)	<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>	Unkown
GRAP 36 (Revised – April 2019)	<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>	Unkown

ACCOUNTING POLICIES

<p>GRAP 37 (Revised – April 2019)</p>	<p><u>Joint Arrangements</u> 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) No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.</p>	<p>Unknown</p>
<p>GRAP 38 (Revised - April 2019)</p>	<p><u>Disclosure of Interest in Other Entities</u> The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:</p> <ul style="list-style-type: none"> • the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and • the effects of those interests on its financial position, financial performance and cash flows <p>No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.</p>	<p>Unknown</p>
<p>GRAP 108</p>	<p><u>Statutory Receivables</u> The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	<p>Unknown</p>
<p>GRAP 109</p>	<p><u>Accounting by Principles and Agents</u> 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. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	<p>Unknown</p>
<p>GRAP 110</p>	<p><u>Living and non-living resources</u> The objective of this Standard is prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources. No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p>1 April 2020</p>



ACCOUNTING POLICIES

<p>IGRAP 17</p>	<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>	<p>Unknown</p>
<p>IGRAP 18</p>	<p><u>Recognition and Derecognition of Land</u></p> <p>The Interpretation provide 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.</p>	<p>1 April 2019</p>
<p>IGRAP 19</p>	<p><u>Liabilities to Pay Levies</u></p> <p>The 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.</p>	<p>1 April 2019</p>



ACCOUNTING POLICIES

1.8 Leases

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.

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

Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise 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.

1.9 Borrowing cost

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.



ACCOUNTING POLICIES

1.10 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 it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.11 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.

1.12 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.



1.13 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.

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

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

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.

1.14 Employee benefits

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 income 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.

**ACCOUNTING POLICIES**

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 unrecognised 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 high-quality corporate 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 in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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.

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 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 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.



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.

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.

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.

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.

1.15 Property, Plant and Equipment

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.

ACCOUNTING POLICIES

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.

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.

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.

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

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.

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.

Land and Buildings and Other Assets – Application of Deemed Cost (Directive 7)

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

1.16 Intangible Asset

Initial Recognition

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

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

- is separable, i.e. is capable of being separated or divided from the 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.

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

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

Intangible assets are initially recognised at cost.

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

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.

Amortisation and Impairment



ACCOUNTING POLICIES

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

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.

Application of Deemed Cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as at 1 July 2007.

1.17 Impairment of non-financial asset

Cash Generating Assets

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

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

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

a) External sources of information

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

b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;



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

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

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

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

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or 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.

Non-Cash-Generating Assets

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

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

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

a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;

- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

b) Internal sources of information



ACCOUNTING POLICIES

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

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

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



1.18 Inventories

Initial Recognition

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

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.

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.

1.19 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 is evaluated in order to determine whether it is treated as financial instruments.

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.

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.



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.

Payables and Annuity Loans

Financial liabilities consist of trade and other payables and annuity loans. 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.

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.

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.

De-recognition

Financial Assets

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

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

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

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

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written 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.

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.

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.

1.20 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.

Initial Recognition



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

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.

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:
 - derecognises the receivable; and
 - recognises separately any rights and obligations created or retained in the transfer.



1.21 Revenue

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

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

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

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 shall be measured at the fair value of the consideration received or receivable.

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

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
- 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.

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.

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.

1.22 Related parties

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the 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

ACCOUNTING POLICIES

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:

- all members of the governing body of the Municipality;
- 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;
- 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
- 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.

1.23 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.

1.24 Irregular expenditure

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

1.25 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.

1.26 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.

1.27 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

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.



ACCOUNTING POLICIES

- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

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

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

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

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

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.

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

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 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 POLICIES

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.

1.28 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.

1.29 Capital commitments

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

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
- 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.

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
2. INVENTORY		
Maintenance Materials - At cost	981 941	652 648
2.1 Materials written down due to losses as identified during the annual stores counts:		
Fuel inventory	-	24 455
Inventories recognised as an expense during the year - Materials and supplies.	13 488 600	11 449 228
No Inventories have been pledged as collateral for liabilities of the municipality.		
3. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Roads - Sundry debtors	5 483 057	3 109 925
4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Other receivables	1 722 405	2 066 038
Less: Allowance for Doubtful Debts	(2 986)	(91 448)
	1 719 419	1 974 590
Reconciliation of Bad debt		
Balance at beginning of year	91 448	78 830
Contribution to provision/(Reversal of provision)	(88 462)	12 618
	2 986	91 448
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)	593 182	142 181
31 - 60 Days	73 163	33 089
61 - 90 Days	8 595	701 928
+ 90 Days	1 044 479	1 097 392
	1 719 419	1 974 590



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
5. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Unspent grants		
Provincial Government Grants	2 088 543	1 542 377
Other Grant Providers	284 306	996 179
	2 372 849	2 538 556
Less: Unpaid Grants		
National Government Grants	18 729	289 581
	2 372 849	2 538 556
Unpaid Grants	(18 729)	(289 581)
	2 354 120	2 248 975

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.

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 during 2017/2018. In 2018/2019 an additional amount of R118 450 was paid to a service provider.

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. The LGSETA funding agreement has been extended to December 2019.

Included in the Unpaid Grants from National Government is a fully impaired balance of R270 852 relating to overspending on the EPWP grant during prior financial periods.

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June 2019

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS



	2019 R	2018 R
6. TAXES		
VAT	342 574	738 864
VAT is receivable/payable on the cash basis.		
7. EMPLOYEE BENEFITS RECEIVABLE		
Department of Transport: Roads - Post Employment Health Care Benefits	7 529 705	8 635 684
Department of Transport: Roads - Long Service Awards	1 498 716	1 360 718
Department of Transport: Roads - Ex-Gratia Pension Benefits	372 396	447 980
	9 400 817	10 444 382
Less: Current portion transferred to current receivables		
Department of Transport: Roads - Post Employment Health Care Benefits	(461 957)	(579 407)
Department of Transport: Roads - Long Service Awards	(144 096)	(234 101)
Department of Transport: Roads - Ex-Gratia Pension Benefits	(181 422)	(115 321)
	(787 475)	(928 829)
Other asset 1 - Non-current portion		
Total Long Term Receivables	8 613 342	9 515 553
8. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	1 300	1 300
Bank balances	1 163 318	3 521 476
Call Investments Deposits	5 887 680	4 585 551
	7 052 298	8 108 327

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.



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2019			2018		
	R			R		
The municipality had the following bank accounts						
Account description	Bank statement balances			Cash book balances		
	30/06/2019	30/06/2018	30/06/2017	30/06/2019	30/06/2018	30/06/2017
ABSA Bank Account Number 1540 0000 14 (Cheque Account)	745 958	39 279	91 833	745 958	39 279	91 833
First National Bank Account Number 6206 2151 429 (Cheque Account)	28 167	3 515 677	274 763	28 167	3 482 197	(171 791)
Nedbank Account number 1178835510 (Cheque Account)	389 886	-	-	389 193	-	-
Total	1 164 011	3 554 956	366 596	1 163 318	3 521 476	(79 958)
Call Investment deposits						
Nedbank - 03 / 7881125551				1 962 555		1 838 376
First Rand Bank Limited - 6223 6004 355				45 793		486 184
Nedbank - 03 / 7881114568				2 099 362		4 121
Nedbank - 03 / 7881121858				386 870		2 256 870
Nedbank - 03 / 78811507777				1 368 970		-
Nedbank 03 / 7881151625				24 130		-
				5 887 680		4 585 551

CENTRAL KAROO DISTRICT MUNICIPALITY
Audited Annual Financial Statements for the year ended 30 June 2019
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT

	2019			2018		
	Cost	Accumulated Depreciation and Impairment	Carrying value	Cost	Accumulated Depreciation and Impairment	Carrying value
Land	853 150	-	853 150	853 150	-	853 150
Buildings	5 940 333	(2 272 780)	3 667 553	5 940 333	(2 225 962)	3 714 371
Plant and machinery	985 142	(318 055)	667 087	985 142	(228 786)	756 356
Furniture and fixtures	2 278 528	(1 326 704)	951 824	1 936 244	(1 246 115)	690 129
Motor vehicles	3 088 731	(1 297 004)	1 791 727	2 836 947	(1 130 692)	1 706 255
Office equipment	1 252 124	(704 618)	547 506	1 023 643	(653 467)	370 176
Total	14 398 008	(5 919 161)	8 478 847	13 575 459	(5 485 022)	8 090 437

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Impairment reversal/(loss)	Total
Land	853 150	-	-	-	-	853 150
Buildings	3 714 371	-	-	(46 818)	-	3 667 553
Machinery and equipment	756 356	-	-	(89 269)	-	667 087
Furniture and fixtures	690 129	382 824	(4 842)	(119 304)	3 017	951 824
Office equipment	370 176	228 481	-	(51 412)	261	547 506
Motor vehicles	1 706 255	251 784	-	(166 312)	-	1 791 727
	8 090 437	863 089	(4 842)	(473 115)	3 278	8 478 847



CENTRAL KAROO DISTRICT MUNICIPALITY
 Audited Annual Financial Statements for the year ended 30 June 2019
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Prior period error	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
Machinery & Equipment	732 118	106 218	-	(81 980)	-	-	756 356
Furniture & equipment	547 204	250 659	-	(106 487)	11 727	(12 974)	690 129
Office equipment	331 743	101 355	-	(60 730)	22 265	(24 457)	370 176
Motor vehicles	1 145 012	830 746	(99 495)	(170 008)	-	-	1 706 255
	6 841 095	1 759 978	(99 495)	(466 007)	33 992	20 874	8 090 437


2019 -11- 29
AUDITOR - GENERAL
SOUTH AFRICA

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
Pledged as security		
Leased Property, Plant and Equipment of R90 170 is secured for leases as set out in Note 12.		
There are no contractual commitments for the acquisition of property.		
The prior period error in 2018 to the amount of R33 992 relating to office equipment and furniture and equipment not recognised in previously.		
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	387 146	234 728

10. INTANGIBLE ASSETS

	2019			2018		
	Cost	Accumulated Amortisation	Carrying value	Cost	Accumulated Amortisation	Carrying value
Computer software	284 405	(172 164)	112 241	228 280	(143 197)	85 083

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	85 083	56 124	(28 966)	112 241

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	75 272	33 056	(23 245)	85 083

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

Microsoft software and other software.	112 241	85 083
--	---------	--------



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
--	-----------	-----------

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	854 101	1 079 358
Current Portion of Long Service Provisions - Refer to Note 14	212 244	364 538
Current Portion of Ex Gratia Benefits - Refer to Note 14	181 422	115 321
Provision for staff Staff Leave	1 932 846	1 650 293
Provision for Performance Bonusses	368 267	725 890
Staff Bonusses Accrued	1 026 867	892 739
	4 575 747	4 828 139

The movement in current employee benefits are reconciled as follows:

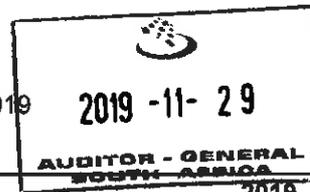
Provision for Staff Leave		
Balance at beginning of year	1 650 293	1 681 681
Contribution to current portion	425 705	138 127
Expenditure incurred	(143 152)	(169 515)
	1 932 846	1 650 293

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 Bonusses		
Balance at beginning of year	725 890	406 957
Contribution to current portion	(38 457)	318 933
Expenditure incurred	(319 166)	-
	368 267	725 890

Staff Bonuses Accrued		
Balance at beginning of year	892 739	863 564
Contribution to current portion	2 369 295	1 843 875
Expenditure incurred	(2 235 167)	(1 814 700)
	1 026 867	892 739

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.



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
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	20 668	90 170
Current liabilities	69 502	67 409
	90 170	157 579

Refer to Appendix A for the detailed capitalised lease liability.

13. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	2 019 434	4 595 106
Roads - sundry creditors	-	1 838 375
Debtors with credit balances	38 307	83 836
Sundry Creditors	1 189 286	236 886
	3 247 027	6 754 203

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, unless the account is in dispute. 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	(5 999 638)	(6 951 504)
Roads Post-Retirement Benefits	(7 067 748)	(8 056 277)
Roads Long Service Awards	(1 354 620)	(1 126 617)
Long Service Awards Other	(640 654)	(627 731)
Ex Gratia Roads	(190 975)	(332 659)
	(15 253 635)	(17 094 788)



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
Post Retirement Medical Aid Benefits		
Opening balance	16 087 138	16 359 148
Contribution for the year	231 808	349 850
Interest Cost	1 454 815	1 494 038
Benefits paid	(813 463)	(895 261)
Actuarial (Gain) / Loss	(3 038 811)	(1 220 637)
Less: Transfer of Current Portion - Refer to Note 11	(854 101)	(1 079 358)
	13 067 386	15 007 780
Long Service Awards		
Opening balance	2 118 886	1 778 965
Contribution for the year	178 572	157 642
Interest cost	165 123	145 753
Benefits paid	(340 576)	(84 479)
Actuarial Loss/(Gain)	85 513	121 005
Less: Transfer of Current Portion - Refer to Note 11	(212 244)	(364 538)
	1 995 274	1 754 348
Ex-Gratia Benefits		
Opening balance	447 980	527 223
Interest Cost	35 083	38 555
Benefits paid	(87 336)	(83 708)
Actuarial (Gain)	(23 331)	(34 090)
Less: Transfer of Current Portion - Refer to Note 11	(181 422)	(115 321)
	190 974	332 659
TOTAL NON-CURRENT EMPLOYEE BENEFITS		
Opening balance	18 654 004	18 665 336
Contribution for the year	410 381	507 493
Interest cost - Refer to Note 23	1 655 021	1 678 346
Benefits paid	(1 241 375)	(1 063 448)
Actuarial Gain for the year	(2 976 629)	(1 133 722)
Transfer of Current portion - Note 11	(1 247 767)	(1 559 217)
	15 253 635	17 094 788



CENTRAL CAROO DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2019	2018
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	34	23
In-service (employee) non-members	115	105
Continuation members (e.g. Retirees, widows, orphans)	20	27
Total Members	<u>169</u>	<u>155</u>

The liability in respect of past service has been estimated to

In-service members	3 640 338	4 632 536
In-service (employee) non-members	1 184 981	328 133
Continuation members	9 096 168	11 126 469
Total Liability	<u>13 921 487</u>	<u>16 087 138</u>

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

	2017 Rm	2016 Rm	2015 Rm
Total Liability	<u>16.359</u>	<u>16.866</u>	<u>15.552</u>

Experience adjustments were calculated as follows:	2018 Rm	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	-0.515	-0.117	1.453	0.791
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:	2019 %	2018 %
i) Rate of interest		

Discount rate	9.15%	9.35%
Health Care Cost Inflation Rate	6.67%	7.25%
Net Effective Discount Rate	2.32%	1.96%
Maximum subsidy inflation rate	4.63%	5.06%
Net-of-maximum-subsidy-inflation discount rate	4.32%	4.08%

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 9.15% per annum has been used. The corresponding index-linked yield at this term is 2.32%. 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 28 June 2019.

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year with a mortality improvement p.a. from 2010

iii) Normal retirement age

It has been assumed that in-service members will retire at age 62, which then implicitly allows for expected rates of early and ill-health retirement.

	2019 R	2018 R
The amounts recognised in the Statement of Financial Position are as		
Present value of fund obligations		
PEMA	13 921 487	16 087 138
LSA	2 207 518	2 118 886
Ex-Gratia	372 396	447 980
Total Liability	<u>16 501 401</u>	<u>18 654 004</u>

The fund is wholly unfunded.

CENTRAL CAROO DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
Reconciliation of present value of fund obligation (PEMA):		
Present value of fund obligation at the beginning of the year	16 087 138	16 359 148
Total expenses	873 160	948 627
Current service cost	231 808	349 850
Interest Cost	1 454 815	1 494 038
Benefits Paid	(813 463)	(895 261)
Actuarial (Gains)/Losses	(3 038 811)	(1 220 637)
Present value of fund obligation at the end of the year	13 921 487	16 087 138
Less Transfer of Current Portion - Note 11	(854 101)	(1 079 358)
Non - current portion	13 067 386	15 007 780

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		4,825	9,096	13,921	
Health care inflation	1%	5,450	9,511	14,961	7%
Health care inflation	-1%	4,113	8,598	12,712	-9%
Discount rate	1%	4,060	8,349	12,409	-11%
Discount rate	-1%	5,806	9,978	15,784	13%
Post-retirement mortality	-1yr	4,957	8,414	14,371	3%
Average retirement age	-1yr	5,198	9,096	14,292	3%
Withdrawal Rate	-10%	3,581	9,096	12,677	-9%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		231 800	1 454 800	1 686 600	
Health care inflation	1%	257 200	1 546 100	1 803 300	7%
Health care inflation	-1%	198 700	1 344 900	1 543 600	-8%
Discount rate	1%	191 800	1 445 800	1 637 600	-3%
Discount rate	-1%	283 400	1 459 500	1 742 900	3%
Post-retirement mortality	-1yr	238 300	1 505 300	1 743 600	3%
Average retirement age	-1yr	249 300	1 486 600	1 735 900	3%
Withdrawal Rate	-10%	132 500	1 343 700	1 476 200	-12%

The Future-service Cost for the ensuing year is estimated to be R 333 054, whereas the Interest- Cost for the next year is estimated to be R1 235 596

14.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

	2019	2018
Roads	110	97
Other	39	31
As at year end, the following number of employees were eligible for Long Service Bonuses.	149	128

Key actuarial assumptions used:

i) Rate of Interest

	2019 %	2018 %
Discount rate	8.10%	8.51%
General Salary Inflation (long-term)	5.52%	6.14%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.45%	2.23%

Grp 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 8.10% per annum has been used. The corresponding index-linked yield at this term is 2.45%. 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 28 June 2019.

ii) Normal retirement age

It has been assumed that in-service members will retire at age 62, which then implicitly allows for expected rates of early and ill-health retirement.



CENTRAL CAROO DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
The amounts recognised in the Statement of Financial Position are as		
Present value of fund obligations	2 207 518	2 188 886
Net liability	2 207 518	2 188 886

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

	2017	2016 R	2015 R
Total Liability	1 778 965	1 748 137	1 918 246

Experience adjustments were calculated as follows:

	2018	2017	2016
Liabilities: (Gain) / loss	144 146	127 240	(54 603)
Assets: Gain / (loss)	-	-	-

Reconciliation of present value of fund obligation (LSA):

	2019	2018
Present value of fund obligation at the beginning of the year	2 118 886	1 778 985
Total expenses	3 119	218 916
Current service cost	178 572	157 642
Interest Cost	165 123	145 753
Benefits Paid	(340 576)	(84 479)
Actuarial losses	85 513	121 005
Present value of fund obligation at the end of the year	2 207 518	2 118 886
Less Transfer of Current Portion - Note 11	(212 244)	(364 538)
Non-current portion	1 995 274	1 754 348

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		2.208	
General Salary inflation	+1%	2.343	6%
General Salary inflation	-1%	2.084	-6%
Discount rate	+1%	2.080	-6%
Discount rate	-1%	2.350	6%
Average retirement age	-2yr	1.963	-11%
Average retirement age	2yr	2.458	11%
Withdrawal Rate	-50%	2.484	13%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		178 600	165 100	343 700	
Health care inflation	1%	192 800	175 600	368 400	7%
Health care inflation	-1%	165 800	155 500	321 300	-7%
Discount rate	1%	187 000	173 400	340 400	-1%
Discount rate	-1%	191 700	155 500	347 200	1%
Post-retirement mortality	-2yr	161 400	145 900	307 300	-11%
Average retirement age	2yr	196 200	181 300	377 500	10%
Withdrawal Rate	-50%	224 500	190 100	414 600	21%

The Future-service Cost for the ensuing year is estimated to be R 223 346, whereas the Interest- Cost for the next year is estimated to be R 170 380.

CENTRAL CAROO DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

14.3 Ex - Gratia Benefits	2019	2018
	R	R
The Ex - Gratia plans are defined benefit plans.		
Roads	7	9
As at year end, the following number of employees were eligible for Ex - Gratia benefits.	7	9

Key actuarial assumptions used:	2019	2018
	R	R
i) Rate of interest		
Discount rate	8.00%	8.96%
Benefit increase rate (CPI inflation)	4.31%	5.52%
Net Effective Discount Rate	3.54%	3.26%

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 8.00% per annum has been used. The corresponding index-linked yield at this term is 3.54%. 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 28 June 2019.

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.

Reconciliation of present value of fund obligation (Ex-Gratia):	2019	2018
	R	R
Present value of fund obligation at the beginning of the year	447 980	527 223
Total expenses	(52 253)	(45 153)
Interest Cost	35 083	38 565
Benefits Paid	(87 336)	(83 708)
Actuarial (gains)/losses	(23 331)	(34 090)
Present value of fund obligation at the end of the year	372 396	447 980
Less Transfer of Current Portion - Note 11	(181 422)	(115 321)
Non-current portion	190 974	332 659

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		372 396	
Benefit Increase rate	+1%	380 478	2%
Benefit Increase rate	-1%	364 655	-2%
Discount rate	+1%	364 980	-2%
Discount rate	-1%	380 273	2%
Average retirement age	-1yr	378 702	2%
Total Interest Cost			
Assumption	Change	Cost (R)	% change
Central Assumption		35 083	
Pension increase rate	1%	36 281	3%
Pension increase rate	-1%	33 944	-3%
Discount rate	1%	37 795	8%
Discount rate	-1%	32 186	-8%
Average retirement age	-1yr	28 540	-19%

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 22 674.

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

2019 **2018**
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 July 2018 revealed that the fund is in a sound financial position with a funding level of 100.3% (1 July 2015 - 100%)

Contributions paid recognised in the Statement of Financial Performance

3 773 811 3 193 472

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 an 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

134 998 102 008

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 an 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

659 241 617 822



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June 2019

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
15. AGENCY SERVICES		
Commission on Agency services: Department of Transport: Western Cape	4 226 696	3 540 601
<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		
Property Plant and Equipment	3 895	58 304
17. OPERATIONAL REVENUE		
Commission	22 599	33 144
Insurance Claims	-	352
Milk Sales	-	23 364
Ramms Admin fee	96 000	95 850
Samples: Milk and Water	84 594	64 854
Samples: Water	-	4 019
Sundry Income	1 252	2 163
	204 445	223 746



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
18. GOVERNMENT GRANTS AND SUBSIDIES		
Operating grants		
Government Grants and Subsidies - Operational	35 996 646	30 818 037
Capital grants		
Government Grants and Subsidies - Capital	81 521	991 224
	36 078 167	31 809 261
Conditional and Unconditional Government Grants:		
Unconditional grants received	28 502 000	22 595 000
Conditional grants received	7 576 167	9 214 261
	36 078 167	31 809 261
Revenue recognised per vote as required by Section 123(c) of the MFMA		
Equitable share	28 502 000	22 595 000
Public Safety	876 789	1 277 409
Executive and Council	2 530 042	2 714 279
Budget and Treasury	1 580 000	3 558 263
Corporate Services	1 372 155	302 000
Planning and Development	1 217 181	1 362 310
	36 078 167	31 809 261

Conditions still to be met - remain liabilities (see note 5).

The grants relate mainly to multi-year projects.



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
Local Government Financial Management Grant (FMG)		
Grants received	1 000 000	1 250 000
Conditions met - Operating	(1 000 000)	(1 250 000)
	-	-
<p>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).</p>		
Doringveld Project		
Grants received	-	247 311
Conditions met - Operating	-	247 311
	-	-
<p>Grant utilised for the eradication of alien vegetation. The Municipality is in talks with the National Department of Environmental Affairs to recover the balance.</p>		
Other Grants		
Balance unspent at beginning of year	2 248 525	801 311
Grants received	6 582 900	9 164 614
Conditions met - Operating	(6 377 056)	(6 726 176)
Conditions met - Capital	(81 521)	(991 224)
	2 372 848	2 248 525

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

Audited Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R
19. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	31 456 067	28 189 124
Bonuses	2 098 985	2 168 765
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	7 087 863	6 361 881
Housing Benefits and Allowances	301 121	269 191
Overtime payments	1 538 445	1 107 877
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1 542 284	1 584 291
Current service cost	154 542	277 812
Leave Provision	438 565	176 747
Provision adjustment - Employee benefits	1 043 565	249 861
	45 661 437	40 385 549
Remuneration of Municipal Manager		
Annual Remuneration	884 508	864 424
Motor Vehicle Allowance	284 000	360 000
Performance Bonuses	153 374	-
Telephone allowance	54 000	45 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	33 256	31 751
Other	84 069	47 751
	1 493 207	1 348 926
Remuneration of the Chief Financial Officer		
Annual Remuneration	545 865	556 184
Motor Vehicle Allowance	166 572	161 955
Performance Bonuses	56 117	-
Telephone allowance	12 000	12 000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	150 636	140 669
Other benefits and allowances	76 451	80 597
	1 007 641	951 405
Remuneration of Manager: Corporate Services		
Annual Remuneration	639 346	622 638
Motor Vehicle Allowance	132 000	120 000
Telephone allowance	12 000	12 000
Performance Bonus	53 949	-
Contributions - UIF, Medical, Pension	97 726	104 171
Other Benefits and Allowances	76 451	84 625
	1 011 472	943 434

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R
Remuneration of Manager: Technical Services		
Annual Remuneration	-	509 879
Motor Vehicle Allowance	-	58 333
Contributions - UIF, Medical, Pension	-	122 138
	-	690 350

The organogram of the Municipality was adjusted and the MFA section 56 position was removed from the organogram.

Remuneration of Manager: Technical Services (Acting)

Acting allowance	-	22 198
------------------	---	--------

20. REMUNERATION OF COUNCILLORS

Executive Major	872 149	582 304
Executive Committee Members	1 366 410	1 024 287
Councillors	1 420 149	1 943 455
	3 658 708	3 550 046

In-kind benefits

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.

21. DEPRECIATION AND AMORTISATION

Property, Plant and Equipment	471 494	455 802
Intangible assets	30 585	23 245
	502 079	479 047

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R
22. IMPAIRMENT OF ASSETS		
Impairments		
Property, Plant and Equipment	619	47 636
Due to wear and tear the condition of Property, Plant and Equipment was re-evaluated.		
Loan to CKEDA	-	278 794
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 CKEDA at a Board meeting held on 17 April 2018.		
EPWP Grant	270 852	-
Irrecoverable overspending of EPWP grand		
Inventories	-	24 455
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.		
	271 471	350 885
23. FINANCE COSTS		
Employee benefits	1 655 021	1 678 346
Less: Employee benefits transferred to Roads	(926 427)	(958 472)
Finance leases	10 131	14 916
	738 725	734 790

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June 2019

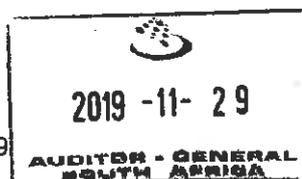
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS



	2019 R	2018 R
24. OPERATIONAL COST		
Accounting Services	1 025 900	1 274 341
Administration costs - Roads	4 860 300	4 043 250
Advertising	80 261	55 591
Auditors remuneration	2 526 944	2 151 128
Bank charges	17 795	5 559
Computer expenses	632 837	535 858
Department of Transport -Road Service Charges	56 040	-
Electricity, Water and Sanitation	549 916	621 290
Enterprise Management System	2 308 658	812 402
Catering services	91 665	81 094
Entertainment: Mayor	330	11 276
FMG Grant Expenditure - General	346 048	275 669
Fire Extinguishers	5 365	12 043
Fuel and oil	37 346	48 917
Household Expenses	45 387	36 526
Implement Projects	-	5 463
Insurance	119 729	127 911
Internal Auditing	244 588	198 303
Legal Expenses	137 302	188 552
Membership Fees	561 664	506 330
Penalties & Interest SARS	-	72 963
Performance Management	100 336	101 836
Printing and stationery	450 791	317 216
Rates	141 345	145 251
Registration and Congress Fees	7 305	28 565
Laboratory services	294 480	199 141
Study support & bursaries	38 410	44 589
Sundry Expenditure	442 871	499 486
Sundry Projects	3 851 981	3 592 201
Telephone and Fax	527 034	579 625
Training	16 653	48 078
Training Fund	442 324	578 993
Travel and Subsistence	1 480 659	1 205 161
Travel and Subsistence: Council	713 719	749 248
Vehicle licences	3 699	6 012
Western Cape Grant Expenditure	1 164 310	1 593 571
Workmen's Compensation Contributions	25 432	252 699
	23 349 424	21 006 138
25. SETTLEMENT BY NATIONAL TREASURY		
The auditor General - Audit fees over and above 1% contributed by National Treasury	1 520 351	1 439 698
As per GRAP 23 par 99-107 the above transactions are regarded as services in kind.		
26. AUDITORS' REMUNERATION		
Fees	2 526 944	2 151 128

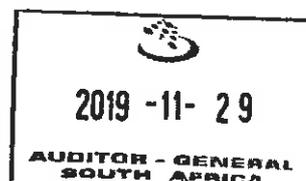
CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R
27. CASH (USED IN) GENERATED FROM OPERATIONS		
Surplus (deficit)	5 929 925	(920 997)
Adjustments for:		
Depreciation and amortisation	502 079	479 047
(Gain)/Loss on disposal of assets and liabilities	(51 564)	15 885
Contribution to provisions – bad debt	(88 462)	12 618
PPE donations	-	(471 000)
Interest on employee benefits	1 655 021	1 678 346
Reversal of impairment loss	(3 895)	(58 304)
Impairment written off	-	278 794
Debt impairment	271 471	72 091
Contribution to current employee benefits	2 756 543	2 300 935
Benefits paid current employee benefits	(2 697 485)	(1 984 215)
Contribution to non-current employee benefits	389 159	507 492
Benefits paid non-current employee benefits	(1 247 727)	(1 063 448)
Actuarial (Gains)/Losses	(2 976 629)	(1 133 722)
Non - cash movement employee benefits	1 043 565	249 861
Grant received	36 084 900	33 256 925
Grant expenditure	(36 078 167)	(30 881 692)
Changes in working capital:		
Inventory	(329 293)	161 911
Receivables from exchange transactions	(2 373 132)	3 333 078
Receivables from non-exchange transactions	402 174	85 584
Payables from exchange transactions	(3 654 180)	1 121 189
Increase in taxes	396 290	(304 294)
	(69 407)	6 736 084
28. LOAN TO CKEDA		
Controlling entity		
Opening balance	-	-
Contribution toward loan	-	278 794
Impairment	-	(278 794)
	-	-

The entity was deregistered on 17 April 2018.



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
29. PRIOR PERIOD ERRORS		
Corrections were made during the previous financial years. Details of the corrections are described below:		
Property Plant and Equipment		
Balance previously reported		8 023 781
First time recognition of assets		31 060
Derecognise Roads assets		35 596
Restated Balance		8 090 437
Taxes		
Balance previously reported		737 801
Vat portion of expense recognised in wrong period		782
2017/2018 Provisions not recognised		281
Restated Balance		738 864
Inventory		
Balance previously reported		651 300
The amount of inventory written off was overstated		1 348
Restated Balance		652 648
Payables from exchange transactions		
Balance previously reported		6 717 228
Expense recognised in the wrong period		5 999
2017/2018 Provisions not recognised		30 976
Restated Balance		6 754 203
Depreciation and amortisation		
Balance previously reported		526 809
First time recognition of assets		2 931
Derecognise Roads assets		(50 693)
Restated Balance		479 047
Impairment		
Balance previously reported		352 233
The amount of inventory written off was overstated		(1 348)
Restated Balance		350 885
Operational cost		
Balance previously reported		21 041 867
Expense recognised in the wrong period		5 217
First time recognition of assets		(33 991)
2017/2018 Provisions not recognised		5 663
Restated Balance		21 018 756
Inventory consumed		
Balance previously reported		11 410 717
2017/2018 Provisions not recognised		25 033
Derecognise Roads assets		13 478
Restated Balance		11 449 228

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June 2019

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS



	2019 R	2018 R
Unpaid Conditional Government Grants and Receipts		
Balance previously reported		1 172 031
Grant expense reclassified to Employee cost		(882 450)
Restated Balance		289 581
Employee Related Cost		
Balance previously reported		39 503 099
Grant expense reclassified to Employee cost		882 450
Restated Balance		40 385 549
Intangible asset		
Balance previously reported		83 464
Derecognise Roads assets		1 619
Restated Balance		85 083

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:

	Balance Previously reported	Adjustments	Restated Balance
Agency Services	3 540 601	-	3 540 601
Department of Transport - Roads	42 478 676	-	42 478 676
Interest Received	513 228	-	513 228
Licences and Permits	32 060	-	32 060
Operational Revenue	223 746	-	223 746
Rental from Fixed Assets	87 109	-	87 109
Contributed Property	471 000	-	471 000
Settlement by National Treasury	1 439 698	-	1 439 698
Government Grants & Subsidies	31 809 261	-	31 809 261
Employee Related Cost	(39 503 099)	-	(39 503 099)
Remuneration of Councillors	(3 550 046)	-	(3 550 046)
Contracted Services	(4 724 215)	-	(4 724 215)
Depreciation and Amortisation	(526 809)	-	(526 809)
Impairment	(352 233)	-	(352 233)
Finance Cost	(734 790)	-	(734 790)
Operational Cost	(23 634 450)	2 592 583	(21 041 867)
Inventory Consumend	(8 818 134)	(2 592 583)	(11 410 717)
Loss on Disposal of Assets & Liabilities	(15 885)	-	(15 885)
Actuarial Gains/(Losses)	1 133 722	-	1 133 722
Reversal of Impairment Losses	58 304	-	58 304
	(72 256)	-	(72 256)

	2019 R	2018 R
30. UNAUTHORISED EXPENDITURE		
Opening balance	6 854 904	2 003 611
Current year - Operating	495 377	4 851 293
	<u>7 350 281</u>	<u>6 854 904</u>

2019 Unauthorised expenditure for the year can be summarised as follow:

	Budget Expenditure (R)	Actual Expenditure (R)	Variance (R)	Recalculate Unauthorised (R)
Budget and Treasury	12 347 089	12 346 110	979	
Corporate Services	12 659 254	9 297 529	3 361 725	
Public Safety	2 007 169	1 881 821	125 348	
Executive and Council	11 574 895	10 703 765	871 130	
Health	4 370 828	3 463 120	907 708	
Planning and Development	6 113 158	4 029 972	2 083 186	
Road Transport	58 580 242	59 075 619	(495 377)	(495 377)
Total	<u>107 652 635</u>	<u>100 797 936</u>	<u>6 854 699</u>	<u>(495 377)</u>

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	12 731 708	766 516	
Corporate Services	7 121 973	8 732 124	(1 610 151)	(1 610 151)
Public Safety	1 986 848	1 241 158	745 690	
Executive and Council	11 279 222	11 028 590	250 632	
Health	3 350 256	3 245 137	105 119	
Planning and Development	3 491 390	3 616 660	(125 270)	(125 270)
Road Transport	39 034 368	42 150 240	(3 115 872)	(3 115 872)
Total	<u>79 762 281</u>	<u>82 745 617</u>	<u>(2 983 336)</u>	<u>(4 851 293)</u>

31. FRUITLESS AND WASTEFUL EXPENDITURE

Opening Balance	165 885	92 886
Current year	-	72 999
	<u>165 885</u>	<u>165 885</u>

Details of fruitless and wasteful expenditure

PAYE, UIF & SDL Interest and Penalties	-	47 180
VAT Interest and Penalties	-	14 584
Workmen's Compensation Interest and Penalties	-	11 235
	<u>-</u>	<u>72 999</u>

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June 2019



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
No criminal proceedings or disciplinary steps were taken. Fruitless and wasteful expenditure will be treated in terms of section 32 of the MFMA.		
32. IRREGULAR EXPENDITURE		
Opening balance	16 652 136	12 794 185
Current year	14 342 758	3 857 951
Less: Amounts condoned	(35 650)	-
	30 959 244	16 652 136

Details of irregular expenditure – current year

Section 46(2) - Lease agreement entered into without Resolution from Council	30 158	27 645
LG SETA project - Tender CKDM 14 - 2013/2014	7 611 939	2 668 468
Non-compliance with Supply Chain Management Regulations	54 250	279 389
SCM Regulation 44 - person in service of state	169 778	-
Continuation of contract after tender expired	591 660	-
Doringveld project	-	882 449
MFMA Supply Chain Management Regulation 32 *	2 816 819	-
MFMA Supply Chain Management Regulation 32 *	3 068 154	-
	14 342 758	3 857 951

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.

* R3 068 154 of this amount is irregular expenditure identified in the current year relating to the previous years. The total amount disclosed relates to a technical interpretation difference as identified by the Auditor-General. The technical interpretation and the amount to be submitted for further investigation and a legal opinion will be obtained by the municipality. All these contracts were entered into during the 2017 year.

2019	Between R30 000 and R200 000	Up to R30 000
Emergency	-	31 894
Impractical	669 981	2 015 525
Sole Supplier	1 346 295	1 453 947
	-	-
	2 016 276	3 501 366

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

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June 2019

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS



	2019 R	2018 R
The ten major deviations, in total, for the current financial year were as follows:		
Barloworld	Agent for the supply of CAT parts and services	796 565
Bell Equipment Sales Limited	Agent for the supply of Bell Equipment parts and services	527 811
Engen Truck Stop Beaufort West	Only supplier that we have an account with	466 292
Hino George	Agent for the supply of Hino parts and services	277 382
Komatsu South Africa (Pty Ltd)	Agent for the supply of Komatsy parts and services	233 857
Arctipoint (Pty)/Ltd t/a Civil Designer South Africa	Sole Distributor of the software	231 265
Babcock International Group Africa Division	Agent for the supply of Volvo parts and services	211 666
Murraysburg Vulstasie	Only supplier that we have an account with	193 502
Trentyre Beaufort West	Only alternative supplier	177 976
Short's Nissan	Only alternative supplier	160 030
		<u>3 276 346</u>
The ten major deviations, in total, for the previous 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 parts and services	169 507
Bell Equipment SA Sales Limited	Agent for the supply of Bell Equipment parts and services	160 841
Komatsu South Africa (Pty) Ltd	Agent for the supply of Komatsy parts and services	158 912
Klein Karoo Agri Edms Beperk	Only alternative supplier	152 673
		<u>2 264 589</u>



	2019 R	2018 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	500 000	475 000
Amount paid - current year	(500 000)	(475 000)
	-	-
Audit fees - [MFMA 125 (1)(c)]		
Opening balance	5 217	-
Current year subscription / fee	2 526 744	2 145 911
Correction of prior period error	-	5 217
Amount paid - current year	(1 011 610)	(706 214)
Amount paid - previous years	(1 520 351)	(1 439 697)
	-	5 217
PAYE, SDL and UIF - [MFMA 125 (1)(c)]		
Opening balance	480 607	417 845
Current year payroll deductions and Council Contributions	6 813 556	5 823 006
Amount paid - current year	(6 711 815)	(5 760 244)
	582 348	480 607
Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Current year payroll deductions and Council Contributions	9 602 377	5 566 497
Amount paid - current year	(9 602 377)	(5 566 497)
	-	-
VAT - [MFMA 125 (1)(c)]		
VAT receivable	342 574	738 864

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

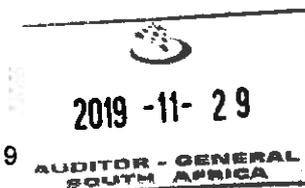
Audited Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R
Councillors' outstanding debt to municipality		
The following Councillors and former Councillors had arrear amounts outstanding for more than 90 days at 30 June 2019:		
Councillor MS Hangana	32 414	32 414
Councillor J Bostander	46 714	46 714
Councillor M Furmen	22 552	22 552
Councillor S Botes	617	1 753
Councillor EZ Njado	47 753	49 336
Councillor G De Vos	14 921	15 860
Councillor S Nortjie	-	(1)
Councillor AD Willemse	-	1 990
Councillor J Jonas	4 515	4 615
Councillor T Prince	439	2 939
Councillor GP Adolph	2 511	2 511
Councillor N Constable	-	257
Councillor C Simpson	2 986	-
Councillor MA Tsam	15 008	-
	<u>190 430</u>	<u>180 940</u>

34. ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.



	2019 R	2018 R
--	-----------	-----------

35. 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	7 202 476	5 084 515
Call deposits	5 887 680	4 585 551
Bank balances	1 163 318	3 521 476
Cash floats and advances	1 300	1 300

Financial liabilities

All the Financial Instruments are at amortised cost.

Non-current Capitalised Lease Liability	20 668	90 170
Trade creditors	2 019 434	4 564 130
Sundry creditors	1 189 286	236 886
Creditors roads	-	1 838 375
Debtors with credit balances	38 306	83 836
Current capitalised lease liability	69 502	67 409
	3 337 196	6 880 806

36. 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 1.60 (2019)

Current assets exceeded current liabilities with the current ratio being 1.11 (2018)

Liquidity ratio of 1.20 (2019)

Liquidity ratio of 0.98 (2018)

Accumulated surplus of R8 050 495 (2019)

Accumulated surplus of R2 120 572 (2018)

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.



2019
R

2018
R

37. CONTINGENT LIABILITY

**CKDM//DEPARTMENT OF TRANSPORT AND PUBLIC WORKS -
WESTERN CAPE GOVERNMENT**

Case no: 550/19
PA 190415 - 18 August 2016,
Ford Bakkie swept away in river current: R139 025.52

Case no: 222/19
PA 180 217 & PA 180 220 - 14 April 2016,
Collision of Swartberg Pass

Both claims are being opposed by the Municipality and further engagement will be taking place in terms of Section 41 of the Constitution 1996, Section 40(b) of intergovernmental regulation framework Act, 2005 and clause 29 of the Agreement.

**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.



	2019 R	2018 R
--	-----------	-----------

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
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 .

The plaintiffs have now lodged an application for condonation which will be heard in the High Court during August/September 2019.

FINANCIAL PERFORMANCE GUARANTEES FOR THE REHABILITATION OF LAND DISTURBED BY PROSPECT MINING IN TERMS OF THE EXECUTION OF ENVIRONMENTAL MANAGEMENT PLAN/PROGRAMME

On 12 September 2012 the municipality entered into 16 financial performance guarantees with the Department of Mineral Resources amounting to R1 301 980 relating to the future rehabilitation of burrow pits. No movement on any of the guarantees have taken place since 2012 and there is no expectation that it will be taken up in the foreseeable future.



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

2019 R	2018 R
-----------	-----------

38. 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	7 052 298	8 108 327
Long Term Finance Lease Obligation	(20 170)	(90 170)
The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
1% (2018 + 0.5%) Increase in interest rates	70 838	80 182
0.5% (2018 - 0.5%) Decrease in interest rates	(35 419)	(40 091)

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended 30 June 2019



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 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 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long-term liabilities	73 843	20 895	-	-
- Capital repayments	69 502	20 668	-	-
- Interest	4 341	277	-	-
Trade and other payables	3 247 027	-	-	-
Unspent conditional government grants and receipts	2 372 849	-	-	-
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	6 754 203	-	-	-
Unspent conditional government grants and receipts	2 538 552	-	-	-



NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 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:

	2019	2018
Receivables from non-exchange transactions	1 719 419	1 974 590
Cash and Cash Equivalents	7 052 298	8 108 327
Unpaid conditional grants and subsidies	18 729	289 581
Receivables from exchange transaction	5 483 057	3 109 925



2019
R

2018
R

39. BUDGET VS ACTUAL INFORMATION

Explanation of variances between final budget and actual amount. Amounts under R5 000 or a percentage change of less than 10% were seen as not material.

STATEMENT OF FINANCIAL PERFORMANCE

- A - Acceptable difference
- B - Department of Transport + Permits and Licenses + Operational Revenue budget = R58 954 947. Actual is R 58 978 440, resulting in a R32 493 difference which is a 0% difference.
- C - Downward adjustment made after Provincial Treasury queried realistically anticipated revenue. Original deviation would have been 6%. Acceptable difference - slightly lower interest received than expected.
- D - 9% -Acceptable difference.
- E - 17% WOZA Grant of R 1000 000 unspent and Total System Grant of R763 819 was more than allocated. Unspent Grant was not budgeted for. 1% National Treasury Audit Support was also not fully Utilized.
- F - 11% Actuarial provisions included in Employee cost Budget.
- G - 8% Acceptable difference.
- H - Total budget: R54 180 613, Actual: R50 291 562, Variance: R 3 889 051, resulting in a 7 % difference. The budget was done as a combined expectation as mSCOA chart changes remained a challenge. Actual expenditure on Roads driven by cost drivers as projects evolve.
- I - Asset acquisition timing impacted on expected depreciation charged.
- J - Immaterial amount.
- K - Replacement of the Sound System in Council Chambers.
- L - Immaterial amount.
- M - Positive movement on debtors expectation of repayment.

STATEMENT OF FINANCIAL POSITION

- N -Stock balance at year end greater than predicted
- O - Roads May and June invoice was still outstanding from Western Cape Provincial Department of Roads.
- P - Settlements made earlier than anticipated
- Q - Remaining balance on LGSETA not budgeted for as project should have been finalised.
- R - VAT receivable not budgeted
- S - Strict cashflow management and budget control impacted positively on cash balance. Unspent conditional grant must also be cash backed. Cashflow management resulted in a lower outstanding creditor balance than predicted.
- T - Employee benefit movement, actuarial movements unpredictable because of external factors impacting on variables used in calculation.
- U - Cost of Microsoft licences increased significantly.
- V - No new finance leases entered into as Council approval was awaited.

CENTRAL KAROO DISTRICT MUNICIPALITY
Audited Annual Financial Statements for the year ended 30 June 2019
NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
CASH FLOW STATEMENT		
W - 4% difference is acceptable.		
X - 7% difference is acceptable.		
Y - 2% difference is acceptable.-		
Z - The interest amount relates to leases and is not a material amount.		
AA - 10% difference is acceptable.		
BB - Error in budget.		
CC - Refer to note 37 for explanation.		
The motivation for all adjustments made to the original budget is contained in the January 2019 Mid-year Report and the Adjustment Budget.		
40. RELATED PARTIES		
Related Party transactions with the Central Karoo Economic Development Agency.		
Additions to loan	-	278 794
Impairment of loan	-	(278 794)
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 J Bostander	46 714	46 714
Councillor M Furmen	22 552	22 552
Councillor S Botes	617	1 753
Councillor EZ Njado	47 753	59 336
Councillor G de Vos	14 921	15 860
Councillor S Nortjie	-	(1)
Councillor AD Willemse	-	1 990
Councillor J Jonas	4 515	4 615
Councillor T Prince	439	2 939
Councillor GP Adolph	2 511	2 511
Councillor N Constable	-	257
Councillor C Simpson	2 986	-
Councillor MA Tsam	15 005	-
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.		
Municipal Manager		
Chief Financial Officer		
Head: Corporate Services		



Current Employee Benefits

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management.

2019

	Staff Leave Obligation	Staff Bonus Obligation	Travel and Subsistance	Total
Municipal Manager	5 367	151 012	160 056	316 435
Chief Financial Officer	28 511	108 628	106 719	243 858
Head: Corporate Services	44 156	108 628	111 795	264 579
	78 034	368 268	378 570	824 872

2018

	Staff Leave Obligation	Staff Bonus Obligation	Travel and Subsistance	Total
Municipal Manager	7 450	128 635	218 421	354 506
Chief Financial Officer	10 442	95 149	111 277	216 868
Head Corporate Services	12 603	95 149	113 277	221 029
Head Technical Services	-	-	73 160	73 160
	30 495	318 933	516 135	865 563



2019 -11- 29

APPENDIX A
CENTRAL KAROO DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019

AUDITOR - GENERAL
SOUTH AFRICA

EXTERNAL LOANS	Rate	Redeemable	Balance at 30 June 2018	Received during the period	Redeemed written off during the period	Balance at 30 June 2019
LEASE LIABILITY						
Richo MP 301 SP	13.00%	30/06/2019	3 410	-	(3 410)	-
Ricoh MPC 2003 SP	13.00%	21/03/2021	39 893	-	(14 253)	25 640
Ricoh MPC 6003 SP	13.00%	26/09/2020	58 065	-	(24 287)	33 778
Nashau E 337M320248	10.50%	31/06/2020	11 242	-	(5 092)	6 150
Nashua E 337M320229	10.50%	31/06/2020	11 242	-	(5 092)	6 150
Nashua E 337M320249	10.50%	31/06/2020	11 242	-	(5 092)	6 150
Nashau E 337M320230	10.50%	31/06/2020	11 242	-	(5 092)	6 150
Nashua E 337M320252	10.50%	31/06/2020	11 242	-	(5 092)	6 150
TOTAL EXTERNAL LOANS			157 578	-	(67 408)	90 170

2019 -11- 29

AUDITOR - GENERAL
SOUTH AFRICA

**APPENDIX B - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019
MUNICIPAL VOTES CLASSIFICATION**

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
2 810 129	(6 206 250)	(3 396 121)	Municipal Manager	6 455 463	(4 020 010)	2 435 453
15 064 000	(4 822 340)	10 241 660	Council general expenses	28 972 000	(6 683 755)	22 288 245
12 647 344	(12 731 708)	(84 364)	Financial services	3 266 871	(12 458 635)	(9 191 764)
6 111 459	(8 742 124)	(2 630 665)	Corporate services	5 181 171	(9 297 528)	(4 116 357)
1 362 310	(3 606 660)	(2 244 350)	Planning and development	1 217 181	(4 029 972)	(2 812 790)
36 079	(3 245 137)	(3 209 058)	Health	30 155	(3 463 120)	(3 432 965)
1 277 409	(1 241 158)	36 251	Public safety	876 788	(1 881 821)	(1 005 033)
42 478 676	(42 150 240)	328 436	Road transport	60 728 231	(58 963 095)	1 765 136
81 787 406	(82 745 619)	(958 212)	Total	106 727 861	(100 797 936)	5 929 925

2019 -11- 29

AUDITOR - GENERAL
SOUTH AFRICA

**APPENDIX C - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
17 874 129	(11 028 590)	6 845 539	Executive and council	35 427 463	(10 703 765)	24 723 698
12 647 344	(12 731 708)	(84 364)	Budget and treasury	3 266 871	(12 458 635)	(9 191 764)
6 111 459	(8 732 124)	(2 620 665)	Corporate Services	5 181 171	(9 297 528)	(4 116 357)
1 362 310	(3 616 660)	(2 254 350)	Planning and Development	1 217 181	(4 029 972)	(2 812 790)
36 079	(3 245 137)	(3 209 058)	Health	30 155	(3 463 120)	(3 432 965)
1 277 409	(1 241 158)	36 251	Public Safety	876 788	(1 881 821)	(1 005 033)
42 478 676	(42 150 240)	328 436	Road Transport	60 728 231	(58 963 095)	1 765 136
81 787 406	(82 745 618)	(958 212)	Total	106 727 861	(100 797 936)	5 929 925

APPENDIX D - Unaudited
CENTRAL KAROO DISTRICT MUNICIPALITY
GENERAL FINANCE STATISTICS CLASSIFICATION
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2019

	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	2 419 191	-	281 227	(40 541)	2 659 876	820 407	-	76 308	(36 906)	859 810	1 800 067
Finance and administration	3 508 473	-	502 464	-	4 010 936	2 080 594	-	137 266	(1 597)	2 216 263	1 794 673
Public safety	4 792 676	-	101 606	-	4 894 282	1 749 137	-	256 873	(380)	2 005 631	2 888 651
Road transport	2 896 000	-	-	-	2 896 000	842 682	-	20 697	-	863 379	2 032 621
Environmental protection	173 921	-	33 918	-	207 839	121 924	-	10 935	(93)	132 767	75 072
	13 790 261	-	919 214	(40 541)	14 668 934	5 614 744	-	602 079	(38 975)	6 077 849	8 591 085



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

Grant Description	Balance 30 June 2018	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	Impairment of Grant	Balance 30 June 2019	Unspent 30 June 2019 (Creditor)	Unpaid 30 June 2019 (Debtor)
National Government Grants									
Equitable Share	-	28 502 000	-	(28 502 000)	-	-	-	-	-
Finance Management Grant	-	1 000 000	-	(1 000 000)	-	-	-	-	-
EPWP	(270 852)	1 013 000	-	(1 013 000)	-	270 852	-	-	-
Rural Asset Management Grant (RAMS)	(18 728)	1 920 000	-	(1 920 000)	-	(18 728)	-	-	(18 728)
Total National Government Grants	(289 580)	32 435 000	-	(32 435 000)	-	270 852	(18 728)	-	(18 728)
Provincial Government Grants									
FMG - PMS									
Drought Relief Support	21 209	-	(21 209)	-	-	-	-	-	-
Fire Brigade Capacity Building	6 918	-	(6 918)	-	-	-	0.11	0	-
Fire Brigade Capacity Building	144 313	-	(144 313)	-	-	-	-	-	-
Ground Water Level Monitoring	81 521	-	-	-	(81 521)	-	-	-	-
FMG Graduate Internship Programme	51 340	72 000	-	(795 267)	-	57 957	57 956	-	-
FMG Capacity building grant (Bursaries)	46 808	360 000	-	(65 382)	-	266 766	266 766	-	-
WCFMSG Internal Audit and Risk Management	395 000	-	-	(140 042)	-	390 819	390 819	-	-
WCFMSG Mosoa	-	280 000	-	(4 181)	-	-	-	-	-
WOSA	-	1 000 000	-	(280 000)	-	1 000 000	1 000 000	-	-
FMG ERM System	-	173 000	-	-	-	173 000	173 000	-	-
FMG PUDO	-	200 000	-	(200 000)	-	-	-	-	-
FMG AFS Assistance	-	300 000	-	(300 000)	-	-	-	-	-
Improvement of assurance services	-	470 000	-	(470 000)	-	-	-	-	-
FMG Audit System	-	200 000	-	-	-	200 000	200 000	-	-
Total Provincial Government Grants	1 542 376	3 055 000	(172 440)	(2 254 873)	(81 521)	2 088 542	2 088 542	-	-
Other Grant Providers									
CHIETA	675 945	594 900	-	(1 188 323)	-	82 522	82 522	-	-
LG SETA	320 234	-	-	(118 450)	-	201 784	201 784	-	-
Total Other Grant Providers	996 179	694 900	-	(1 306 773)	-	284 306	284 306	-	-
Total Grants	2 248 975	36 084 900	(172 440)	(35 996 646)	(81 521)	270 852	2 354 120	2 372 849	(18 728)

2019 -11- 29

AUDITOR - GENERAL
SOUTH AFRICA

MUN - Reconciliation of Table A1 Budget Summary

Description	2018/19							2017/18
	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	6	7	8	12
R thousands								
Financial Performance								
Property rates	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-
Investment revenue	700	-	700	747	47	106.6%	106.6%	513
Transfers recognised - operational	35 883	6 259	42 142	36 078	(6 064)	85.6%	100.5%	31 809
Other own revenue	45 314	(30)	45 284	89 903	24 619	154.4%	154.3%	48 273
Total Revenue (excluding capital transfers and contributions)	81 897	6 229	88 128	106 728	18 602	121.1%	0.0%	80 695
Employee costs	47 419	(493)	46 926	45 661	(1 265)	97.3%	96.3%	40 386
Remuneration of councillors	4 032	(75)	3 957	3 669	(288)	92.5%	90.8%	3 550
Debt Impairment	-	-	-	271	271	-	-	-
Depreciation & asset impairment	432	54	486	502	16	103.3%	116.2%	478
Finance charges	-	-	-	739	739	0.0%	0.0%	-
Materials and bulk purchases	66	1 839	1 905	-	(1 905)	0.0%	0.0%	-
Transfers and grants	-	-	-	-	-	#DIV/0!	0.0%	-
Other expenditure	28 535	4 884	33 419	49 966	16 547	149.5%	175.1%	37 102
Total Expenditure	80 483	6 209	86 692	100 798	14 106	0.0%	125.2%	81 516
Surplus/(Deficit)	694	195	889	5 930	5 041	0.0%	854.0%	(821)
Transfers recognised - capital	1 414	20	1 434	-	(1 434)	0.0%	0.0%	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1 414	20	1 434	5 930	4 498	413.5%	418.4%	(921)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	0.0%	-
Surplus/(Deficit) for the year	1 414	20	1 434	5 930	4 498	413.5%	0.0%	(921)
Capital expenditure & funds sources								
Capital expenditure	1 015	480	1 495	881	(613)	59.0%	86.8%	885
Transfers recognised - capital	915	-	915	881	(34)	96.3%	96.3%	885
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	100	-	100	-	(100)	0.0%	0.0%	441
Total sources of capital funds	1 015	480	1 495	881	(613)	0.0%	86.8%	1 336
Cash flows								
Net cash from (used) operating	1 846	(20)	1 826	(18)	(1 844)	-1.0%	-1.0%	6 736
Net cash from (used) Investing	(1 015)	-	(1 015)	(919)	96	90.6%	90.6%	1 633
Net cash from (used) financing	106	-	106	(67)	(173)	-	-	(17)
Cash/cash equivalents at the year end	3 925	(20)	3 905	7 104	3 199	181.0%	181.0%	(8 106)

MUN - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2018/19							2017/18
	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>Government and administration</i>	40 904	6 690	47 594	43 876	(3 718)	-7.8%	107.3%	36 633
Executive and council	35 742	377	36 120	34 957	(1 162)	-3.2%	97.8%	17 874
Finance and administration	5 162	5 643	10 804	8 448	(2 356)	-21.8%	163.7%	16 759
Internal audit	-	670	670	470	(200)	-	-	-
<i>Community and public safety</i>	43	867	910	907	(3)	-0.3%	2121.5%	1 313
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	-	877	877	877	0.34	0%	-	1 277
Housing	-	-	-	-	-	-	-	-
Health	43	(10)	33	30	(3)	-7.9%	70.5%	36
<i>Economic and environmental services</i>	40 950	19 776	60 726	61 945	1 219	2.0%	151.3%	43 841
Planning and development	-	1 767	1 767	1 217	(550)	-	-	1 362
Road transport	40 950	18 009	58 959	60 728	1 769	3.0%	148.3%	42 479
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Revenue - Standard	81 897	27 333	109 230	106 728	(2 502)	-2.3%	130.3%	81 787
Expenditure - Standard								
<i>Government and administration</i>	28 452	7 880	36 332	32 473	(3 859)	-10.6%	114.1%	33 374
Executive and council	8 283	1 220	9 504	9 568	65	0.7%	115.5%	10 614
Finance and administration	19 777	6 080	25 856	21 769	(4 087)	-15.8%	110.1%	22 347
Internal audit	392	580	972	1 135	163	16.8%	0.0%	414
<i>Community and public safety</i>	6 440	(62)	6 378	5 345	(1 033)	-16.2%	83.0%	4 486
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	1 583	424	2 007	1 882	(125)	-6.2%	118.8%	1 241
Housing	-	-	-	-	-	-	-	-
Health	4 856	(485)	4 371	3 463	(908)	-20.8%	71.3%	3 245
<i>Economic and environmental services</i>	45 434	19 201	64 635	62 980	(1 655)	-2.6%	138.8%	44 847
Planning and development	3 226	2 829	6 055	4 030	(2 025)	-33.4%	124.9%	2 734
Road transport	42 208	16 372	58 580	58 950	370	0.6%	139.7%	42 113
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
Other	157	(42)	115	65	(50)	-	-	-
Total Expenditure - Standard	80 483	26 977	107 461	100 798	(6 548)	-6.1%	104.0%	82 708
Surplus/(Deficit) for the year	1 414	355	1 769	5 930	4 046	3.8%	26.3%	(921)

MUN - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2018/19							2017/18
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	6	7	8	12
Revenue by Vote								
Vote 1 - Municipal Manager	35 742	2 622	38 657	35 427	(3 229)	91.6%	98.1%	19 236
Vote 2 - Finance	5 100	180	4 480	3 267	(1 213)	72.9%	64.1%	12 647
Vote 3 - Corporate Services	104	292	7 134	7 305	171	102.4%	7007.5%	7 425
Vote 4 - Technical Services	40 950	18 009	58 959	60 728	1 769	103.0%	148.3%	42 479
Total Revenue by Vote	81 897	21 103	109 230	106 728	(2 502)	370.0%	7318.9%	81 787
Expenditure by Vote to be appropriated								
Vote 1 - Municipal Manager	13 401	2 644	17 630	14 734	(2 896)	83.6%	109.9%	13 763
Vote 2 - Finance	11 501	1 205	12 371	12 459	87	100.7%	108.3%	12 731
Vote 3 - Corporate Services	14 876	1 117	19 271	14 642	(4 629)	76.0%	98.4%	14 101
Vote 4 - Technical Services	40 705	18 030	58 580	58 963	383	100.7%	144.9%	42 113
Total Expenditure by Vote	80 483	21 160	80 632	100 798	(7 055)	360.9%	461.6%	82 708
Surplus/(Deficit) for the year	1 414	(57)	28 598	5 930	4 225	422538565.0%	422538565.0%	(821)


2019 -11- 29
AUDITOR - GENERAL
SOUTH AFRICA

MUN - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2018/19							2017/18
	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
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	100	(20)	80	73	(7)	90.9%	72.7%	87
Interest earned - external investments	700	(100)	600	747	147	124.4%	106.6%	513
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	32
Agency services	3 947	426	4 374	4 227	(147)	96.6%	107.1%	3 541
Transfers recognised - operational	35 883	9 256	45 139	36 078	(9 061)	79.9%	100.5%	31 809
Other revenue	41 287	17 688	58 955	65 604	6 649	111.3%	159.0%	44 613
Gains on disposal of PPE	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	81 897	27 251	109 148	106 728	(2 420)	97.8%	130.3%	86 595
Expenditure By Type								
Employee related costs	47 419	1 832	49 251	45 661	(3 589)	92.7%	96.3%	40 386
Remuneration of councillors	4 032	(21)	4 012	3 659	(353)	91.2%	90.7%	3 550
Debt impairment	-	-	-	-	-	-	-	-
Depreciation & asset impairment	432	(23)	410	502	92	122.6%	116.1%	479
Finance charges	-	-	-	739	739	-	-	-
Bulk purchases	-	-	-	-	-	-	-	-
Other materials	66	1 844	1 909	-	(1 909)	0.0%	0.0%	-
Contracted services	1 406	4 047	5 453	13 127	7 674	240.7%	933.6%	4 724
Transfers and grants	-	-	-	-	-	-	-	-
Other expenditure	27 128	19 680	46 819	37 109	(9 709)	79.3%	135.8%	32 378
Loss on disposal of PPE	-	-	-	-	-	-	-	-
Total Expenditure	80 483	27 369	107 853	100 798	(7 055)	93.5%	125.2%	81 516
Surplus/(Deficit)	1 414	(118)	1 295	5 930	4 635	457.8%	419.4%	(921)
Transfers recognised - capital	-	82	82	82	-	100.0%	0.0%	-
Contributions recognised - capital	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1 414	(37)	1 377	5 930	4 553	430.7%	0.0%	(921)
Taxation	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	1 414	(37)	1 377	5 930	4 553	430.7%	419.4%	(921)
Attributable to minorities	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	1 414	(37)	1 377	5 930	4 553	430.7%	419.4%	(921)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1 414	(37)	1 377	5 930	4 553	430.7%	419.4%	(921)


2019 -11- 29
AUDITOR - GENERAL
SOUTH AFRICA

MUN - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2018/19							2017/18
	Original Budget	Total Budget Adjustments (I.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	6	7	8	12
Single-year expenditure								
Vote 1 - Municipal Manager	79	20	98	19	(79)	-81%	-101%	
Vote 2 - Finance	140	-	140	131	(9)	-6%	-6%	
Vote 3 - Corporate Services	697	12	709	701	(8)	3%	3%	
Vote 4 - Technical Services	100	-	100	-	(100)	-100%	-100%	
Capital single-year expenditure	1 015	31	1 047	881	(166)	-16%	-16%	-
Total Capital Expenditure - Vote	-	-	-	-	-	-	-	-
Capital Expenditure - Standard								
<i>Governance and administration</i>	719	32	751	730	(21)	-3%	-3%	430
Executive and council	47	20	66	19	(47)	-72%	-101%	28
Finance and administration	673	12	685	711	26	4%	4%	402
Internal audit	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	785	(571)	164	152	(12)	-8%	-2%	905
Community and social services	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	100	(71)	29	93	64	220%	64%	895
Housing	-	-	-	-	-	-	-	-
Health	64	71	135	58	(76)	-57%	-120%	10
<i>Economic and environmental services</i>	130	2	132	-	(132)	-100%	-102%	1
Planning and development	32	-	32	-	(32)	-	-	-
Road transport	100	-	100	-	(100)	-100%	-100%	-
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	1 584	(537)	1 047	881	(166)	-16%	-10%	1 336
Funded by:								
National Government	1 584	(537)	1 047	-	(1 047)	-100%	-66%	-
Provincial Government	-	-	-	-	-	0%	0%	895
District Municipality	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-
Transfers recognised - capital	1 584	(537)	1 047	-	-	0%	0%	-
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	100	(100)	-	881	881	0%	881%	441
Total Capital Funding	1 684	(637)	1 047	881	-	0%	0%	1 336


2019 -11- 29
AUDITOR - GENERAL
SOUTH AFRICA

MUN - Reconciliation of Table A7 Budgeted Cash Flows

Description	2018/19							2017/18
	Original Budget	Budget Adjustments (i.t.o. 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	66 356	21 960	149.5%	147.4%	53 544
Government - operating	26 905	-	36 566	36 075	(489)	98.7%	134.1%	31 808
Government - capital	800	-	800	-	(800)	-	-	-
Interest	550	-	560	747	187	133.3%	135.7%	513
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(71 782)	-	(80 632)	(103 240)	(22 608)	128.0%	143.8%	(79 115)
Finance charges	-	-	-	(10)	(10)	-	-	(15)
Transfers and Grants	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 494	-	1 689	(69)	(1 759)	-4.1%	-4.6%	6 736
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	(691)	-	(691)	-	691	0.0%	0.0%	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	(279)
Payments								
Capital assets	(1 155)	-	(1 495)	(1 190)	305	79.6%	103.1%	(1 355)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(1 846)	-	(2 186)	(1 190)	-	54.5%	64.5%	(1 633)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	0.0%	-
Borrowing long term/refinancing	-	-	-	(67)	(67)	-	-	17
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-
Payments								
Repayment of borrowing	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	(67)	(67)	-	0.0%	17
NET INCREASE/ (DECREASE) IN CASH HELD	(351)	-	(496)	(1 327)				5 120
Cash/cash equivalents at the year begin:	8 383	-	8 383	8 108				2 988
Cash/cash equivalents at the year end:	8 032	-	7 887	7 052		0.0%	0.0%	8 108


2019 -11- 29
AUDITOR - GENERAL
SOUTH AFRICA

