

CENTRAL KAROO DISTRICT MUNICIPALITY

Draft Annual Report



2019 - 20

"Working together in development and growth"

Contents

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY	7
COMPONENT A: MAYOR'S FOREWORD	7
COMPONENT B: EXECUTIVE SUMMARY	8
1.1 MUNICIPAL MANAGER'S OVERVIEW	8
1.2 MUNICIPAL OVERVIEW	9
1.2.1 VISION AND MISSION	9
1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW	9
1.3.1 Population	9
1.3.2 Demographic information	11
1.4 FINANCIAL HEALTH OVERVIEW	12
1.4.1 National Key Performance Indicators – Municipal financial viability and management (ratios)	12
1.4.2 National KPI's - Good governance and public participation	13
1.4.3 Financial overview	13
1.4.4 Operating ratios	13
1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW	14
1.5.1 Highlights: Municipal transformation and organisational development	14
1.5.2 Challenges: Municipal transformation and organisational development	14
1.6 B-BBEE COMPLIANCE PERFORMANCE INFORMATION	15
1.6.1 Management Control Element	15
1.6.2 Skills Development Element	15
1.6.3 Enterprise and Supplier Development Element	15
1.6.4 Socio Economic Development Element	16
1.7 AUDITOR -GENERAL	17
1.6.1 Audited outcomes	17
CHAPTER 2: GOOD GOVERNANCE	17
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE	17
2.1 GOVERNANCE STRUCTURE	17
2.1.1 Political governance structure	17
COMPONENT B: INTERGOVERNMENTAL RELATIONS	21
2.2 INTERGOVERNMENTAL RELATIONS	21
2.2.1 Provincial Intergovernmental Structures	21
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION	22
2.3 REPRESENTATIVE FORUMS	22
2.3.1 Labour Forum	22
2.3.2 District Coordinating Forum	22
COMPONENT D: GOVERNANCE	23

2.4 RISK MANAGEMENT	23
2.5 ANTI-CORRUPTION AND FRAUD	26
2.6 AUDIT AND PERFORMANCE COMMITTEE	26
2.6.1 Functions of the Audit and Performance Audit Committee (APAC)	26
2.6.2 Members of the APAC	27
2.7 INTERNAL AUDITING	27
2.8 BY-LAWS AND POLICIES	28
2.9 COMMUNICATION	28
2.10 WEBSITE	29
CHAPTER 3	30
3.1 SERVICE DELIVERY PERFORMANCE OVERVIEW WITHIN THE ORGANISATION	30
3.1.1 Legislative requirements	30
3.1.2 Organisational performance	30
3.1.3 Performance Management System used in the financial year 2019/20	31
a) The IDP and the Budget	31
b) Actual Performance	31
c) Monitoring of the Service Delivery Budget Implementation Plan	31
PERFORMANCE REPORT PART I	32
3.2 STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN	32
3.2.1 Overall Performance as per Top Layer SDBIP	32
3.2.2 Actual performance as per Top Layer SDBIP according to strategic objectives	35
STRATEGIC OBJECTIVE 1: BUILD A WELL CAPACITATED WORKFORCE, SKILLED YOUTH AND COMMUNITIES	35
STRATEGIC OBJECTIVE 2: DELIVER A SOUND AND EFFECTIVE ADMINISTRATIVE AND FINANCIAL SERVICE TO ACHIEVE SUSTAINABILITY AND VIABILITY IN THE REGION	36
STRATEGIC OBJECTIVE 3: FACILITATE GOOD GOVERNANCE PRINCIPLES AND EFFECTIVE STAKEHOLDER PARTICIPATION	37
STRATEGIC OBJECTIVE 4: IMPROVE AND MAINTAIN DISTRICT ROADS AND PROMOTE SAFE ROADS TRANSPORT	38
STRATEGIC OBJECTIVE 5: PROMOTE REGIONAL, ECONOMIC DEVELOPMENT, TOURISM AND GROWTH OPPORTUNITIES	39
STRATEGIC OBJECTIVE 6: PROMOTE SAFE, HEALTHY AND SOCIALLY STABLE COMMUNITIES THROUGH THE PROVISION OF A SUSTAINABLE ENVIRONMENTAL HEALTH SERVICE	40
3.3 SERVICE PROVIDERS PERFORMANCE	41
3.4 MUNICIPAL FUNCTIONS	42
3.4.1 Analysis of Functions	42
3.5 COMPONENT A: ROAD TRANSPORT	42
3.5.1 Road maintenance and construction	42
3.5.2 Provincial roads allocated for maintenance and construction	44
3.5.3 Employees: Road transport	45
3.5.4 Total expenditure: Road transport	45
3.6 COMPONENT B: LOCAL ECONOMIC DEVELOPMENT (LED)	46

3.6.1 Highlight; Local Economic Development	46
3.6.2 Challenges; Local Economic Development	46
3.6.3 Priorities and action plans; Local Economic Development	46
3.6.4 Employees; Local Economic Development	47
3.7 TOURISM	48
3.7.1 Highlight; Tourism	48
3.7.2 Challenges; Tourism	48
3.7.3 Initiatives; Tourism	48
3.8 COMPONENT C: MUNICIPAL HEALTH	51
3.9 COMPONENT D: DISASTER MANAGEMENT	63
3.9.4 Employees; Disaster management	65
3.10 COMPONENT E: CORPORATE OFFICES AND OTHER SERVICES	66
3.10.1 Office of the Municipal Manager	66
Employees; Office of the Municipal Manager	66
3.10.2 Records Management	66
3.10.2.1 Activities; Records Management	66
3.10.2.2 Matters addressed; Records Management	67
3.10.2.3 Employees; Records Management	68
3.11 HUMAN RESOURCES (HR)	68
3.11.1 Highlight; Human Resources	68
3.11.2 Employees; Human Resources	69
3.12 FINANCIAL SERVICES	71
3.12.1 Highlight; Financial Services	71
3.12.2 Challenges; Financial Services	71
3.12.3 Employees; Financial Services	71
3.13 COMPONENT F: ORGANISATIONAL PERFORMANCE SCORECARD	72
CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE	75
4.1 NATIONAL KPI'S – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	75
4. 2 INTRODUCTION TO THE MUNICIPAL WORKFORCE	75
4.2.1 Employment Equity	75
4.2.1.1 Employment equity target; / actual by racial classification	75
4.2.1.2 Employment equity target; /actual by gender classification	76
4.2.1.3 Employment equity target; vs; population 2019/20	76
4.2.1.4 Occupation level; – Race	76
4.2.1.5 Department – Race	77
4.2.1.6 Vacancy rate per post and functional level	77
4.2.1.7 Turn-over rate	77
4.2.2 Managing the Municipal workforce	78
4.2.2.1 Injuries	78
4.2.2.2 Sick leave	78

4.2.2.3 Approved policies; Human Resources	78
4. 4 CAPACITATING THE MUNICIPAL WORKFORCE	80
4.4.1 MFMA Competencies	80
4.4.2 Skills development expenditure	80
4. 5 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE	81
4.5.1 Personnel expenditure	81
CHAPTER 5: FINANCIAL SUMMARY	82
COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE	82
5.1 FINANCIAL SUMMARY	82
5.1.1 Revenue collection by vote	84
5.1.2 Revenue collection by source	85
5.1.3 Operational services performance	86
5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION	87
5.2.1 Roads and storm water	87
5.2.2 Municipal Health	87
5.2.3 Disaster management	87
5.2.4 Executive and Council	88
5.2.5 Internal Audit	88
5.2.6 Finance and Administration	88
5.3 GRANTS	89
5.3.1 Grant performance	89
5.3.2 Level of reliance on grants and subsidies	89
5.4. FINANCIAL RATIOS BASED ON KPIS	90
5.4.1 Liquidity ratio	90
5.4.2 IDP Regulation on financial viability indicators	90
5.4.3 Borrowing Management	90
5.4.4 Employee costs	90
5.4.5 Repairs and maintenance	90
COMPONENT A: SPENDING AGAINST CAPITAL BUDGET	91
ANALYSIS OF CAPITAL EXPENDITURE	91
5.5.1 Capital expenditure by new asset program	91
COMPONENT B: CASH FLOW MANAGEMENT AND INVESTMENTS	92
5.6 CASH FLOW	92
5.7 GROSS OUTSTANDING DEBTORS PER SERVICE	93
5.8 BORROWINGS AND INVESTMENTS	93
5.8.1 Actual borrowings	93
5.9 MUNICIPAL INVESTMENTS	94
COMPONENT C: OTHER FINANCIAL MATTERS	94
5.10 SUPPLY CHAIN MANAGEMENT (SCM)	94
5.11 GRAP COMPLIANCE	94

APPENDICES	95
APPENDIX A: COMMITTEES AND COMMITTEE PURPOSES	95
APPENDIX B: THIRD TIER STRUCTURE	96
APPENDIX C: RECOMMENDATIONS OF THE MUNICIPAL AUDIT & PERFORMANCE COMMITTEE 2019/20	96
APPENDIX D: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS	96
APPENDIX E: DISCLOSURES OF FINANCIAL INTEREST	97
APPENDIX F: REVENUE COLLECTION PERFORMANCE BY VOTE AND SOURCE	98
APPENDIX F (I): REVENUE COLLECTION PERFORMANCE BY VOTE	98
APPENDIX F (II): REVENUE COLLECTION PERFORMANCE BY SOURCE	98
APPENDIX G: CONDITIONAL GRANTS RECEIVED, EXCLUDING MIG	99
APPENDIX H (I): CAPITAL EXPENDITURE – UPGRADE / RENEWAL PROGRAMME	99
APPENDIX I: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY 2019/20	99
APPENDIX J: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA §71	99
APPENDIX K: AUDITOR-GENERAL REPORT ON THE CKDM 2019/20	100
APPENDIX L: REPORT FROM THE AUDIT AND PERFORMANCE COMMITTEE FOR YEAR ENDING 30 JUNE 2020	101
VOLUME II: ANNUAL FINANCIAL STATEMENTS; CENTRAL KAROO DISTRICT MUNICIPALITY	102

List of tables

<i>Table 1: Overview of the population in the District</i>	9
<i>Table 2: Key economic activities</i>	10
<i>Table 3: Local Municipalities</i>	12
<i>Table 4: National KPI's for Municipal viability and management</i>	12
<i>Table 5: National KPI's - Good governance and public participation</i>	13
<i>Table 6: Financial overview</i>	13
<i>Table 7: Operating ratios</i>	13
<i>Table 8: Total capital expenditure</i>	13
<i>Table 9: Highlights Municipal transformation and organisational development</i>	14
<i>Table 10: Municipal transformation and organisation development</i>	14
<i>Table 11: Audit outcomes</i>	17
<i>Table 12: Councillors</i>	18
<i>Table 13: Council meeting attendance</i>	19
<i>Table 14: Executive Mayoral Committee</i>	19
<i>Table 15: Financial and Corporate Services Portfolio Committee</i>	19
<i>Table 16: Training Portfolio Committee</i>	20
<i>Table 17: Municipal Services and Infrastructure Portfolio Committee</i>	20
<i>Table 18: Human Resource Development Portfolio Committee</i>	20
<i>Table 19: Socio Economic Development Portfolio Committee</i>	20
<i>Table 20: Administrative governance structure</i>	21
<i>Table 21: Intergovernmental structures</i>	21
<i>Table 22: Labour Forum</i>	22
<i>Table 23: District Coordinating Forum</i>	22
<i>Table 24: Risk likelihood</i>	23
<i>Table 25: Risk impact</i>	24
<i>Table 26: Risk register</i>	25
<i>Table 27: Risk Management Committee</i>	26
<i>Table 28: Strategies</i>	26
<i>Table 29: Members of the APAC</i>	27
<i>Table 30: Audits completed</i>	27
<i>Table 31: Policies developed</i>	28
<i>Table 32: Communication activities</i>	28
<i>Table 33: Communication unit</i>	29
<i>Table 34: Communication channels utilised</i>	29

Table 35: Website checklist.....	29
Table 36: SDBIP measurement criteria.....	32
Table 37: Build a well capacitated workforce, skilled youth and communities.....	35
Table 38: Deliver a sound and effective administrative and financial service to achieve sustainability and viability in the region.....	36
Table 39: Facilitate good governance principles and effective stakeholder participation.....	37
Table 40: Improve and maintain district roads and promote safe roads transport.....	38
Table 41: Promote regional, economic development, tourism and growth opportunities.....	39
Table 42: Promote regional, economic development, tourism and growth opportunities.....	40
Table 43: Municipal Function.....	42
Table 44: Provincial roads allocated for maintenance.....	44
Table 45: Provincial roads allocated for construction.....	44
Table 46: Provincial roads allocated for regravell.....	44
Table 47: Employees Road Transport.....	45
Table 48: Total expenditure 2019/20: Road Transport.....	45
Table 49: LED Highlights.....	46
Table 50: LED challenges.....	46
Table 51: LED initiatives.....	47
Table 52: Employees LED.....	47
Table 53: Highlights Tourism.....	48
Table 54: Tourism challenges.....	48
Table 55: Tourism initiatives.....	48
Table 56: Employees Tourism.....	49
Table 57: Highlights Municipal Health.....	51
Table 58: Challenges Municipal Health.....	52
Table 59: Other Challenges Municipal Health.....	53
Table 60: Employees Municipal Health.....	63
Table 61: Highlights Disaster Management.....	63
Table 62: Challenges Disaster Management.....	64
Table 63: Activities Disaster Management.....	64
Table 64: Employees Disaster Management.....	65
Table 65: Employees Office of the Municipal Manager.....	66
Table 66: Activities Records Management.....	67
Table 67: Records Management matters addressed.....	68
Table 68: Employees Records Management.....	68
Table 69: Highlights Human Resources.....	69
Table 70: Employees Human Resources.....	69
Table 71: Finance Highlights.....	71
Table 72: Challenges Financial Service.....	71
Table 73: Employees Financial Services.....	71
Table 74: Build a well capacitated workforce, skilled youth and communities.....	72
Table 75: Deliver a sound and effective administrative and financial service to achieve sustainability and viability in the region.....	73
Table 76: Facilitate good governance principles and effective stakeholder participation.....	73
Table 77: Improve and maintain district roads and promote safe roads transport.....	73
Table 78: Promote regional, economic development, tourism and growth opportunities.....	74
Table 79: Promote regional, economic development, tourism and growth opportunities.....	74
Table 80: Promote safe, healthy and socially stable communities through the provision of a sustainable environmental health service.....	74
Table 81: National KPI's - Municipal transformation and organisational development.....	75
Table 82: Employment equity targets/actual by racial classification.....	75
Table 83: Employment equity targets/actual by gender classification.....	76
Table 84: Employment equity targets vs population 2019/20.....	76
Table 85: Occupation levels – Race.....	76
Table 86: Department – Race.....	77
Table 87: Vacancy rate per post and functional level.....	77
Table 88: Turn-over rate.....	77
Table 89: Injuries.....	78
Table 90: Sick leave.....	78
Table 91: Approved policies - Human Resources.....	79
Table 92: Details of the financial competency development progress.....	80
Table 93: Skills development expenditure.....	80
Table 94: Personnel expenditure.....	81
Table 95: Councillor and staff benefits.....	82
Table 96: Financial summary.....	84
Table 97: Performance against budgets.....	84
Table 98: Revenue collection by vote.....	85
Table 99: Revenue collection by source.....	85
Table 100: Operational services performance.....	86
Table 101: Financial performance: Roads and storm water.....	87
Table 102: Financial performance: Municipal Health.....	87

<i>Table 103: Financial performance: Disaster management</i>	87
<i>Table 104: Financial performance: Executive and Council</i>	88
<i>Table 105: Financial Performance: Internal Audit</i>	88
<i>Table 106: Financial Performance: Finance Administration</i>	88
<i>Table 107: Grant performance - 2018/19</i>	89
<i>Table 108: Reliance on grants</i>	89
<i>Table 109: Liquidity ratio</i>	90
<i>Table 110: National KPA's - Financial viability</i>	90
<i>Table 111: Borrowing management</i>	90
<i>Table 112: Employee costs</i>	90
<i>Table 113: Repairs and maintenance</i>	90
<i>Table 114: Capital expenditure - New asset program</i>	91
<i>Table 115: Cash flow</i>	92
<i>Table 116: Gross outstanding debtors per service</i>	93
<i>Table 117: Actual borrowings</i>	93
<i>Table 118: Municipal investments</i>	94
<i>Table 119: Committees and Committee purposes</i>	96
<i>Table 120: Third Tier Structure</i>	96
<i>Table 121: Long term contracts and PPP's</i>	97
<i>Table 122: Revenue collection performance by vote</i>	98
<i>Table 123: Revenue collection performance by vote</i>	98
<i>Table 124: Conditional Grants received: Excluding MIG</i>	99

List of figures

<i>Figure 1: Overall Performance</i>	33
<i>Figure 2: Overall Performance per Strategic Objective</i>	34
<i>Figure 3: Roads Infrastructure projects</i>	43
<i>Figure 4: Great Karoo Outdoor Cook off competition</i>	49
<i>Figure 5: December 2019 Welcoming Campaign</i>	50
<i>Figure 6: Safely Home festive campaign</i>	50
<i>Figure 7: D. Lodewyk retires after 48 years of service</i>	70
<i>Figure 8: Employee Wellness screening</i>	70
<i>Figure 9: Women's Day 2019</i>	70
<i>Figure 10: Long Service Certificates</i>	70

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD

I. VISION

II. KEY POLICY DOCUMENTS

III. KEY SERVICE DELIVERY IMPROVEMENTS

IV. FUTURE ACTIONS

V. AGREEMENTS / PARTNERSHIPS

VI. CONCLUSION

CLLR. I.J. WINDVOGEL

EXECUTIVE MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

Introduction

Municipal Transformation and Institutional Development

Local Economic Development

Municipal Financial Viability and Management

Overall Performance of the Municipality:

Good Governance and Public Participation.

Acting 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 2019/20 Annual Report reflects on the performance of the Central Karoo District Municipality for the period 1 July 2019 to 30 June 2020. 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

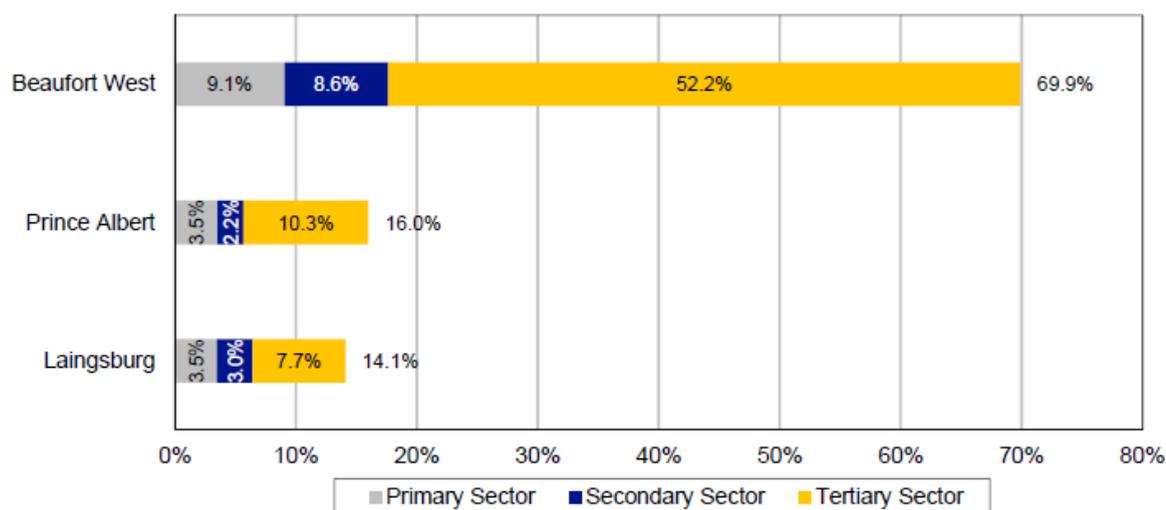
Agriculture forms the backbone of the District's economy and accounts for the largest labour force of the population to date. The District is dependent upon the following economic activities:

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 (1200km) towards the north east.

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

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

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

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

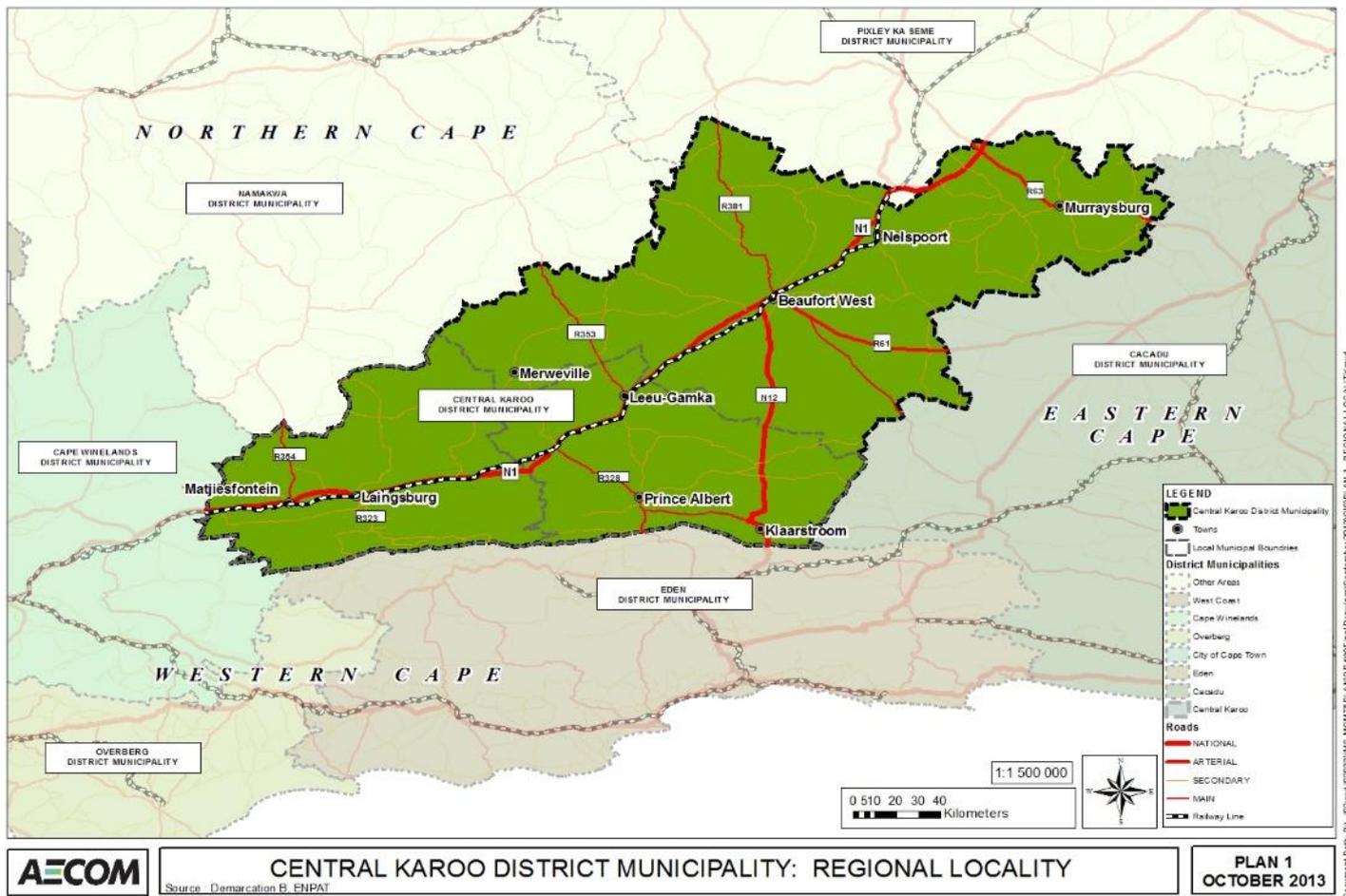


Image 1: Location of CKDM

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 towns
Laingsburg Municipality	Includes the historic settlement of Matjiesfontein. It is the smallest municipality (in terms of population) in the District and indeed in the whole of South Africa. The municipal area has a total population of approximately 8 289 residents. Laingsburg is situated halfway between Cape Town and Beaufort West on the N1 national road. Passing transport is one of the most important markets for Laingsburg. Laingsburg is characterized by rural agriculture, consisting mainly of sheep farming and the production of soft fruits, especially in the southern part of the municipal area. The potential for the latter is adversely affected by poor roads and long distances to major centres
Prince Albert Municipality	Prince Albert is situated 400 km north of Cape Town and 170 km South West of Beaufort West. The municipality has a total population of approximately 13 136 residents and borders Beaufort West Municipality, Laingsburg and the Eden District. Prince Albert Municipal area covers a total of 8 800 km ² with vast parts of these being in the rural areas where vast hectares are under agricultural production, mainly fruit and sheep farming. District roads radiate out of Prince Albert connecting it to its satellite towns of Prince Albert Road on the N1, Klaarstroom on the R329 and Leeu-Gamka on the N1. In recent years Prince Albert has seen the biggest economic growth in the region due to the demand in high-income property being bought especially by Europeans. It is known as a little town with Victorian and Karoo style architecture, art and décor shops, side walk coffee shops, the breathtakingly beautiful Swartberg Valley, Meiringspoort and the annual Olive Festival which attracts hundreds of tourists each year

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	2018/19	2019/20
Cost coverage (Available cash+ investments): Monthly fixed operating expenditure	0.56	1.4

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	2018/19	2019/20
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)	90%	18%

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:

Detail	2018/19	Original budget	Adjustment budget	Actual
		2019/20		
	R'000			
Income				
Grants	36 078	43 959	47 012	35 985
Taxes, levies and tariffs	0	0	0	0
Other	70 561	53 278	57 597	52 321
Sub-total	106 639	97 237	104 610	88 305
Less expenditure	(100 698)	(96 255)	(103 463)	(90 940)
Net surplus/(deficit)	(5 941)	982	1 146	(2 635)

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	58.24	23.24
Repairs and maintenance	12	0	0
Finance charges and depreciation	18	1.45	16.55

Note: Repairs and maintenance on basic services are not applicable to the Municipality from the 2019/20 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	2018/19	2019/20
	R'000	
Original budget	1 015	744
Adjustment budget	1 027	1 074
Actual	919	194

Table 8: Total capital expenditure

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

1.5.1 Highlights: Municipal transformation and organisational development

The table below indicates the highlights achieved by the Municipality:

Highlight	Description
Bursaries to students	29 bursaries (R2000 per student) were provided to the youth in the District to assist with their registration at academic institutions
Employee Wellness	<ul style="list-style-type: none"> • Approved Employee Assistance Policy. • 8 August 2019 – Women's Wellness Day. • 30 August 2019 – Provincial Better Together Games – 90 participants. • 5 September 2019 – trauma debriefing of several Workshop employees after fatal accident. • Assisted 1 employee of Murraysburg with personal stress. • Assisted 1 employee of Beaufort West with personal stress as well as work related stress.
Appointments finalized	Filled 10 vacancies compared to 23 vacancies 2018/19, 27 vacancies in 2017/18 and 12 in 2016/17.
Municipal Support Grant	Appointed an ICT intern (one-year fixed term) with funding received from 1 July 2019 to 30 June 2020. Due to COVID, the funding will not be extended to 2020/21.
Financial Management Capacity Building Grant	Provided 11 bursaries to full-time students with the grant obtained since 2017. Two new bursaries approved for 2019/20.
National Treasury Grant	The DM takes full advantage of the grant in ensuring that a maximum of 5 Interns is appointed. One Interns was permanently appointed at the CKDM in 2019/20. Two new Interns will be appointed soon.
In-service training	11 Students were assisted with in-service training during the 2019/20 financial year in terms of Council's policy.
HR Strategic Development Framework Drafted	A HR Strategic Development Framework was approved by Council on 28 May 2020.

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
Human Resources capacity constraints in the CKDM to fully attend to all functional areas.	Budget to make appointments.
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.
Tools of Trade is outdated.	Budget to buy updated computer equipment, photocopy machines, etc.

Table 10: Municipal transformation and organisation development

1.6 B-BBEE COMPLIANCE PERFORMANCE INFORMATION

1.6.1 Management Control Element

- Take note: MSCTBEE Services appointed to complete B-BEE verification before finalisation of the Annual Report.

Number of directors/managers for each category. The information must further be broken down into race classification, gender, and disability indication.

African			Coloured			Indian		
Number of directors / managers	Gender	Disability	Number of directors / managers	Gender	Disability	Number of directors / managers	Gender	Disability
0	M – F –	0	1	M – 1 F – 0	0	0	M – F –	0

1.6.2 Skills Development Element

Indicators	2019/20
Value of the 6% or 3% of leviable amount identified for skills development of black people. <i>(This amount excludes the skills levy contributed to the Sectoral Education Training Authority through the South African Revenue Services.)</i>	

Number of black persons trained per race classification, gender, disability, disability and value thereof against each person trained.

African				Coloured				Indian			
Persons trained	Gender	Disability	Value	Number of persons trained	Gender	Disability	Value	Number of persons trained	Gender	Disability	Value
			R'000				R'000				R'000

1.6.3 Enterprise and Supplier Development Element

Total procurement spend/budget for all suppliers, indicating whether the supplier is an exempted micro-enterprise (EME), qualifying small enterprise (QSE) or large enterprise as per the Codes, as well as value spend per supplier, and the level of black ownership and black women ownership of each supplier entity.

Name of Supplier	Total procurement spend/budget for supplier	Exempted Micro-Enterprise (EME)	Qualifying Small Enterprise (QSE)	Large Enterprise	Level of Black Ownership	Level of Black Women Ownership
		2019/20				

Indicators	2019/20
Value of the 2% of Net Profit After Tax (NPAT) or 0.2% of allocated budget for supplier development	

Indicators	2019/20
1% NPAT or 0.1% of allocated budget for enterprise development	

Number of all black owned or black women owned EMEs or QSEs the sphere of government, organ of state or public entity supported under enterprise and supplier development and value thereof against each entity. The information must further be broken down in terms of geographical location, sector, and level of black ownership.

Name of Supplier	Geographical Location	Sector	Exempted Micro-Enterprise (EME)	Qualifying Small Enterprise (QSE)	Level of Black Ownership	Value
			2019/20			R'000

1.6.4 Socio Economic Development Element

Indicators	2019/20
Value of the 1% NPAT or 0.1% of allocated budget the sphere of government, organ of state or public entity spend on socio-economic development	

Indicators	2019/20
Value of the 1% NPAT or 0.1% of allocated budget the sphere of government, organ of state or public entity spend on socio-economic development	

Number of black participants supported in terms of race classification, gender, geographical location and value thereof

African				Coloured				Indian			
Number of participants supported	Gender	Geographical location	Value	Number of participants supported	Gender	Geographical location	Value	Number of participants supported	Gender	Geographical location	Value
			R'000				R'000				R'000

1.7 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.

The Central Karoo District Municipality remains committed towards the drive to achieve a clean audit and have put several policies, policies and

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	2018/19	2019/20
Status	Unqualified	Unqualified	Unqualified	Unqualified	Pending

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 2018/19 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	4
Cllr. M. Jaftha	Deputy Mayor	KGP	Ward Councillor	13	-
Cllr. I.J. Windvogel	Speaker/Full Time Councillor	KGP	Proportional	13	-
Cllr. N. Constable	Part-Time Councillor	KDF	Proportional	12	1
Cllr. D E Welgemoed /	Part-time Councillor – appointed 17.07.2018 Resigned 01.08.2019	DA	Ward Councillor	-	-
Cllr. A.M. Slabbert	Part-time Councillor	DA	PR Councillor	12	1
Cllr. M.S.Hangana	Part-Time Councillor Appointed: 30.05.2019	ANC	Proportional	10	3
Cllr. S. Meyers	Part-time Councillor	DA	Proportional	13	-
Cllr. R. Meyer	Full-time Councillor	DA	Proportional	12	1
Cllr. M. Daniëls	Part-time Councillor Appointed: 16.07.2019	ANC	Proportional	13	-
Cllr. ZJD Lambert	Part-Time Councillor Appointed: 30.07.2019	ANC	Proportional	12	1
Cllr. J. Botha	Part-time Councillor	ANC	Proportional	13	-
Alderman S.M. Motsoane	Part-time Councillor	ANC	Ward Councillor	11	2
Cllr. O. Haarvoor	Part-time Councillor Appointed: 12.08.2019	DA	Ward Councillor	13	-

Table 12: Councillors

Below is a table which indicates the Council meeting attendance for the 2019/20 financial year:

Meeting dates	Council meeting attendance	Apologies for non-attendance
14 August 2019	12	1 With an apology
27 August 2019	13	-
26 September 2019	12	1 without an apology
5 November 2019	11	2 with an apology
8 November 2019	12	1 with an apology

Meeting dates	Council meeting attendance	Apologies for non-attendance
11 December 2019	13	-
29 January 2020	13	-
26 February 2020	13	-
28 February 2020	11	2 with an apology
26 March 2020	13	-
19 May 2020	8	5 without an apology
4 June 2020	13	-
12 June 2020	13	-

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	7 October 2019 1 November 2019 9 December 2019
M. Jaftha	Human Resources	24 February 2020 30 April 2020
R. Meyer	Training Committee / LLF	19 May 2020 22 June 2020

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 2018/19 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 [Chairperson]	19 August 2019 28 October 2019 25 November 2019 20 Maart 2020
Cllr. I.J. Windvogel	
Cllr. O. Haarvoor	
Cllr. N. Constable	
Cllr. S. Meyers	
Cllr. M.S.Hangana	

Table 15: Financial and Corporate Services Portfolio Committee

ii) Training Portfolio Committee

Name of member	Meeting dates
Cllr. R. Meyer – (Chairperson)	24 February 2020
Cllr. S. Meyers	
Cllr. A.M. Slabbert	
Cllr. Z. Lambert	
Mrs G Simpson [SAMWU union representative]	
Mr. L. Crafford [IMATU] union representative]	

Table 16: Training Portfolio Committee

iii) Municipal Services and Infrastructure Portfolio Committee

Name of member	Meeting dates
Cllr. I.J. Windvogel [Chairperson]	26 August 2019 19 Maart 2020
Cllr. M. Jaftha	
Cllr. R. Meyer	
Cllr. O. Haarvoor	
Cllr. J. Botha	
Cllr. N. Constable	

Table 17: Municipal Services and Infrastructure Portfolio Committee

iv) Human Resource Development Portfolio Committee

Name of member	Meeting dates
Cllr. M. Jaftha [Chairperson]	20 August 2019 26 August 2019 28 October 2019 26 November 2019 19 March 2020
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 [Chairperson]	28 August 2019 25 November 2019 20 March 2020
Cllr. I.J. Windvogel	
Cllr. S. Meyers	
Cllr. R. Meyer	
Cllr. J. Botha	
Cllr. M. Daniëls	

Table 19: Socio Economic Development Portfolio Committee

2.1.2 Administrative governance structure

The administrative structure is outlined in the table below:

Name of official	Department	Performance agreement signed
		(Yes/No)
Mr. S. Jooste	Municipal Manager	Yes
Mr. J. Jonkers	Director: Corporate Services Appointed (5-year fixed contract): Starting 01 March 2017	Yes
Ms. U. Baartman	Director: 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 cooperate 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)	16 September 2019 10 October 2019 3 December 2019 22 January 2020 April 2020 24 June 2020	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 2018/19 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.

Impact		
Score	Grading	Description
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	Section	Directorate	Impact	Likelihood	Inherent risk rating	Control Effectiveness (for risks within Municipality's control)	Residual Risk	Responsible Person
1	The potential loss of income with the transfer / loss of the Road; function	Office of the Municipal Manager	Office of the Municipal Manager	10,00	10,00	100,00	0,8	80,0	Municipal Manager
2	Negative impact of the continued drought in the Region	Office of the Municipal Manager	Office of the Municipal Manager	10,00	10,00	100,00	0,8	80,0	Municipal Manager
3	Continued financial sustainability	All Sections	All Directorates	10,00	10,00	100,00	0,6	60,0	All HOD's
4	Irregular, unauthorised, fruitless and wasteful expenditure	All Sections	All Directorates	10,00	10,00	100,00	0,6	60,0	All HOD's
5	Ineffective functioning of Council	Committee Services	Corporate and Strategic	10,00	10,00	100,00	0,6	60,0	Director: Corporate and Strategic Services
6	Liability of the CKDM in terms of the Road; function	Office of the Municipal Manager	Office of the Municipal Manager	10,00	10,00	100,00	0,6	60,0	Municipal Manager
7	Lack of budget to fulfil Constitutional mandate in relation to LED and Tourism	Strategic Support Services	Office of the Municipal Manager	10,00	10,00	100,00	0,6	60,0	Municipal Manager
8	Failure to fully implement the MFCOA Regulations	Budget office	Finance	10,00	10,00	100,00	0,6	60,0	Director: Financial Services

	Risk	Section	Directorate	Impact	Likelihood	Inherent risk rating	Control Effectiveness: (for risk; within Municipality's control)	Residual Risk	Responsible Person
9	Failure to prevent theft, fraud and corruption	Budget office	Finance	10,00	10,00	100,00	0,6	60,0	Director: Financial Services
10	Lack of consequence Management	All Sections	All Directorates	10,00	10,00	100,00	0,6	60,0	All HOD's
11	High wage bill in relation to Municipal budget	All Sections	All Directorates	10,00	9,00	90,00	0,6	54,0	All HOD's
12	Failure to attract and retain skilled professionals	Human Resource Management	Corporate and Strategic	10,00	9,00	90,00	0,6	54,0	Director: Corporate and Strategic Services
13	Inadequate budget to fund the ICT function	ICT	Corporate and Strategic	8,00	10,00	80,00	0,6	48,0	Director: Corporate and Strategic Services
14	Excessive use of service providers	All Sections	All Directorates	8,00	9,00	72,00	0,6	43,2	All HOD's
15	Lack of adequate capacity in the Department perform the Environmental Health function	Environmental Health Services	Corporate and Strategic	10,00	10,00	100,00	0,4	40,0	Director: Corporate and Strategic Services
16	Lack of adequate capacity to perform the Disaster Management function	Disaster Management	Corporate and Strategic	10,00	10,00	100,00	0,4	40,0	Director: Corporate and Strategic Services
17	Failure to comply to Grant conditions	Budget office	Finance	10,00	10,00	100,00	0,4	40,0	Director: Financial Services
18	Lack of PDO Compliance	All Sections	Corporate and Strategic	10,00	10,00	100,00	0,4	40,0	Manager: Strategic Services
19	Lack of Contract Management	All Sections	All Directorates	10,00	10,00	100,00	0,4	40,0	All HOD's
20	Lack of data security and management	All Sections	All Directorates	10,00	10,00	100,00	0,4	40,0	All HOD's

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	31 October 2019 26 June 2020
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 –

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

2.7.1 Audits completed

The table below provides detail on audits completed:

Audit engagement	Department	Number of hours	Date completed
Grants	Finance	160	04-Sep-19
Payroll	Finance	208	12-Mar-20
Human Resource: Recruitment and Appointments	Human Resource	96	06-Dec-19
Human Resources: Labour Laws	Human Resource	24	06-Dec-19
Internal Audit Review-Irregular Expenditure	Finance	200	25-Feb-19
Supply Chain Management	Finance	280	24-Jan-20
Performance Management Quarter 1	Strategic	100	02-Apr-19
Performance Management Quarter 2	Strategic	100	30-Jan-19
Performance Management Quarter 3	Strategic	100	30-Aug-2019
Performance Management Quarter 4	Strategic	100	22-Oct-2019
Total hours		1368	

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	4 June 2020	N/A
Supply Chain Management Policy	4 June 2020	N/A
Virement Policy	4 June 2020	N/A
Cash Management and Investment Policy	4 June 2020	N/A
Borrowing Policy	4 June 2020	N/A
Funding and Reserve Policy	4 June 2020	N/A
Asset Management Policy	4 June 2020	N/A
Risk Management Policy	4 June 2020	N/A
Anti-Corruption and Fraud Prevention Policy	4 June 2020	N/A
Budget Policy	4 June 2020	N/A
Unforeseen and Unavoidable Expenditure Policy	4 June 2020	N/A
Tariff Policy	4 June 2020	N/A
Whistle Blowing Policy	4 June 2020	N/A
The Relief Fund Policy	4 June 2020	N/A
Infrastructure Procurement Policy	4 June 2020	N/A
Municipal Entities Policy	4 June 2020	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	4 June 2020	N/A
Tools of Trade Policy	4 June 2020	N/A
Overtime Policy	4 June 2020	N/A
Recruitment and Selection Policy	4 June 2020	N/A
Annual Leave	4 June 2020	N/A
Acting Policy	4 June 2020	N/A
Grants in Aid Policy	4 June 2020	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	2012
Communication Policy	Yes	To be approved
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 2019/20	Yes
Adjusted budget 2019/20	No
Asset Management Policy	Yes
Investment and Cash Management Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes
SDBIP 2019/20	Yes
Delegations	Yes
Reviewed IDP for 2019/20	Yes
Reports (Sections 52(d), 71, 72 and 75(1)(c) and 129(3) of the MFMA)	
Annual Report of 2018/19	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	No
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 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 2019/20

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 2019/20 was approved by Council on 29 May 2019. 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 19 June 2019. 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 2019/20 with regard to the deliverables achieved against the strategic objectives as captured within the IDP.

3.2 STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

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

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP KPI's applicable to 2019/20 in terms of the IDP strategic objectives.

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

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

Table 36: SDBIP measurement criteria

3.2.1 Overall Performance as per Top Layer SDBIP

*On 30 March 2020, the Minister of Finance promulgated the notice in government gazette No. 43181, I, Tito Titus Mboweni, hereby in terms of section 177(1)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), exempt municipalities and municipal entities from the provisions of that Act and regulations made thereunder, as set out in the Schedule.

In this Schedule - "national state of disaster" means the national state of disaster declared under Government Notice No 313 of 15 March 2020 in terms of section 27(1) of the Disaster Management Act, 2002 (Act No. 57 of 2002); and "the Act" means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), or any regulation made thereunder.

Subject to the condition in paragraph 3, municipalities and municipal entities are exempted from a provision of the Act which requires any action to be taken between the date of publication of this notice and the date that the national state of disaster lapses or is terminated in terms of section 27(5) of the Disaster Management Act, 2002.

Condition 3. (1) Any action referred to paragraph 2 must be taken within 30 days after the national state of disaster lapses or is terminated.

The Municipality made use of the Exemption Notice in certain instances governing reporting as well as in the finalisation of the 2020/2021 IDP, Budget and Budget related Policies.

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

Central Karoo District Municipality

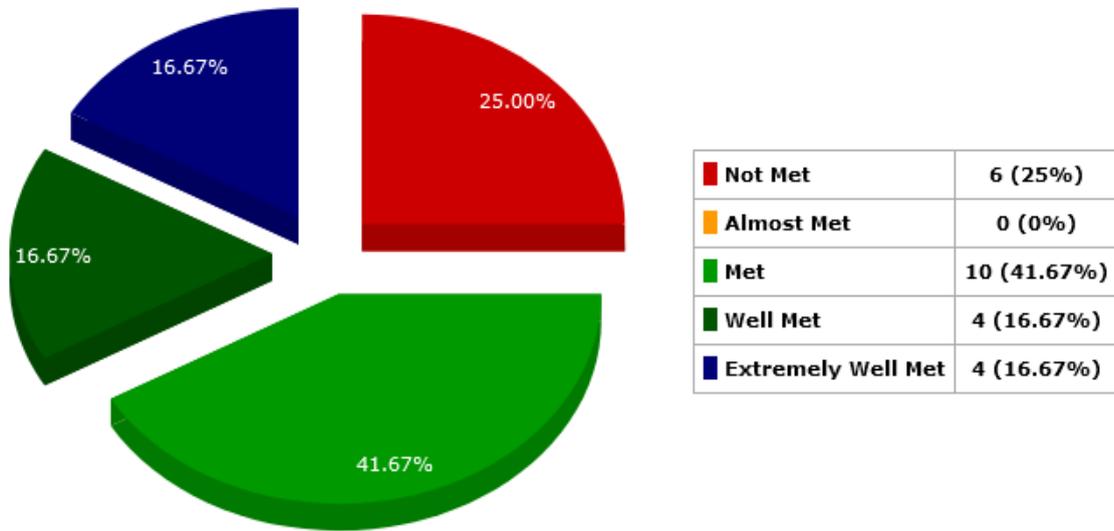


Figure 1: Overall Performance

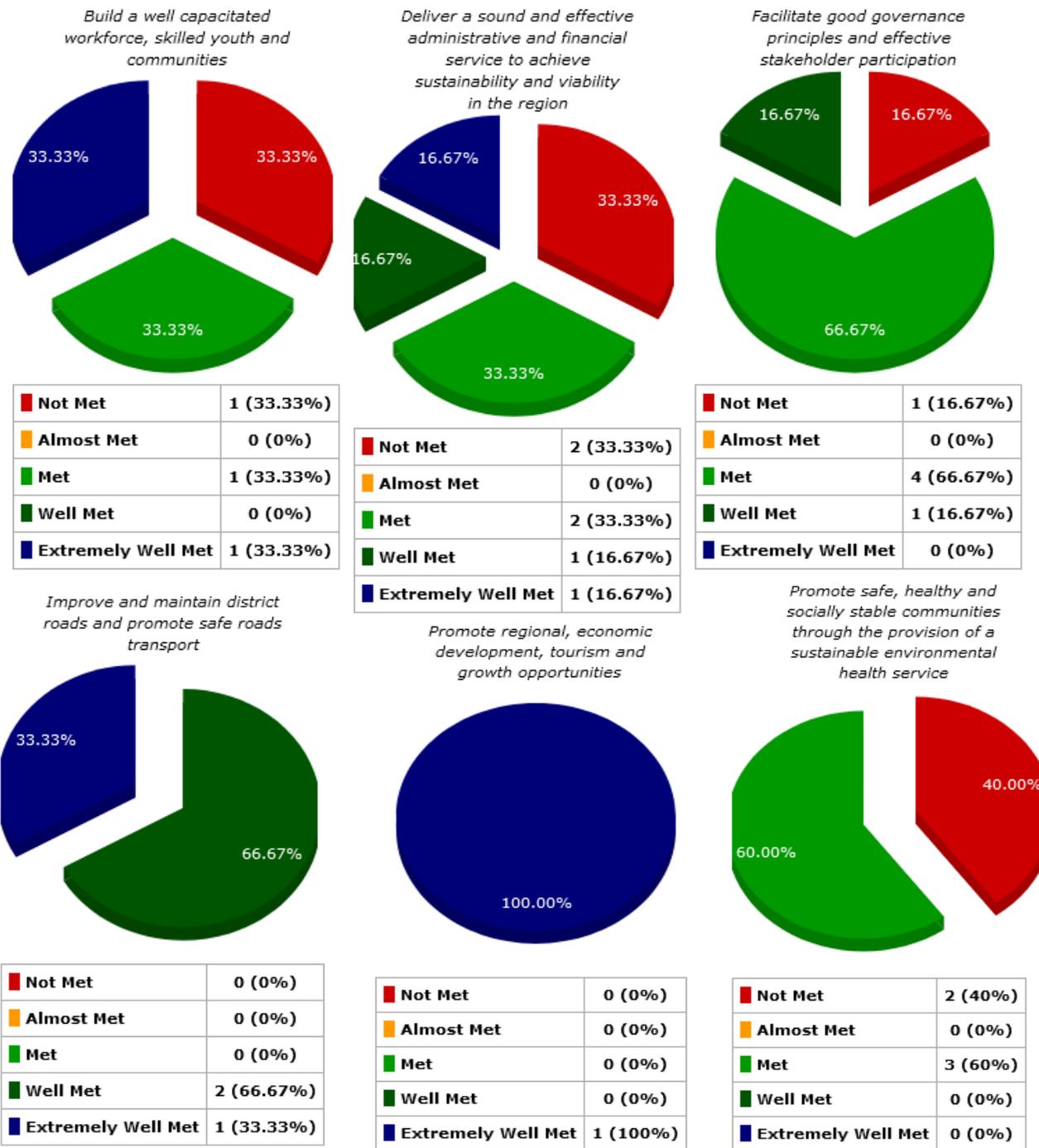


Figure 2: Overall Performance per Strategic Objective

3.2.2 Actual performance as per Top Layer \$DBIP according to strategic objectives

STRATEGIC OBJECTIVE: 1: BUILD A WELL CAPACITATED WORKFORCE, SKILLED YOUTH AND COMMUNITIES

Ref	KPI Name	Source of Evidence	Past Year Performance	Quarter 1			Quarter 2			Quarter 3			Quarter 4			Overall Performance for July 2019 to June 2020	
				Target	Actual	Corrective Measures	Target	Actual	Corrective Measures	Target	Actual	Corrective Measures	Target	Actual	Corrective Measures	Target	Actual
TL8	Review the organisational structure (Macro) and submit to Council for approval by 31 May	Proof of submission	0	0	0	0	0	0	0	0	0	1	0	Extension was provided as per the promulgation of the Minister of Finance. The Organogram was approved on 04 June 2020	1	0	
TL12	Spend 0.5% of the municipality's personnel budget on training by 30 June [(Total Actual Training Expenditure/ Total personnel Budget) x100]	Report generated from the financial system	8.9%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%	1.00%		0.50%	1.00%		
TL13	Review the Workplace Skills Plan and submit to LGSETA by 30 April	Proof of submission	1	0	0	0	0	0	0	0	1	1		1	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	Signed of Excel spread sheet - File Name: Personnel	1	0	0	0	0	0	0	0	0	0		0	0		

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 Name	Source of Evidence	Past Year Performance	Quarter 1			Quarter 2			Quarter 3			Quarter 4			Overall Performance for July 2019 to June 2020	
				Target	Actual	Corrective Measures	Target	Actual	Corrective Measures	Target	Actual	Corrective Measures	Target	Actual	Corrective Measures	Target	Actual
TL2	Spend 90% of the municipal capital budget by 30 June {(Actual amount spent /Total amount budgeted) X100}	Capital expense report generated from the financial system	92%	25.00%	25.00%	Encourage and demand Departments to spend as per their planning.	40.00%	40.00%	Encourage spending processes to be fast tracked or budgets adjusted	65.00%	65.00%		90.00%	0.00%	Bulk of spending related to RRAMS. Due to Covid-19 spending could not take place.	90.00%	16.67%
TL18	Review 15 budget related policies and submit to Council for approval by 31 May	Proof of submission to Senior Clerk: Committee Services	46	0	0		0	0		0	0		15	20		15	20
TL19	Review and submit the MFMA delegation register to Council for approval by 31 May	Proof of submission to Senior Clerk: Committee Services		0	0		0	0		0	0		1	1		1	1
TL20	Compile and submit the financial statements to the Auditor-General by 31 August	Proof of submission to the Auditor-General	1	1	1		0	0		0	0		0	0		1	1
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 – Operating Conditional Grant)	Annual Financial Statements and calculation sheet		0.00%	0.00%		0.00%	0.00%		0.00%	0.00%		10.00%	0.00%	Impact of Covid-19 on operations and spending patterns	10.00%	5%
TL22	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2019 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Annual Financial Statements and calculation sheet	67.5%	0	0		0	0		0	0		25	0	Impact of Covid-19 on operations and spending patterns	25%	1.40%

Table 38: Deliver a sound and effective administrative and financial service to achieve sustainability and viability in the region

STRATEGIC OBJECTIVE 3: FACILITATE GOOD GOVERNANCE PRINCIPLES AND EFFECTIVE STAKEHOLDER PARTICIPATION

Ref	KPI Name	Source of Evidence	Past Year Performance	Quarter 1			Quarter 2			Quarter 3			Quarter 4			Overall Performance for July 2019 to June 2020	
				Target	Actual	Corrective Measures	Target	Actual									
TL1	Submit the draft Annual Report in Council by 31 January	Proof of submission	1	0	0		0	0		1	1		0	0		1	1
TL3	Review and submit the IDP and Budget Process Plan and District Framework to Council by 31 August	Proof of submission	1	1	1		0	0		0	0		0	0		1	1
TL4	Review the Risk Based Audit Plan (RBAP) and submit to the Audit Committee for approval by 30 June	Minutes of the Audit Committee meeting	0	0	0		0	0		0	1		1	1		1	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]	RBAP, Quarterly progress reports and minutes of the Audit Committee	70%	0.00%	0.00%		0.00%	0.00%		0.00%	0.00%		70.00%	40.14%		70.00%	40.14%
TL7	Review the delegation register and submit to Council for approval by 30 June	Proof of submission	0	0	0		0	0		0	0		1	0		1	0
TL11	Review Corporate and HR policies and submit to Council for approval by 30 June	Proof of submission	5	0	0		0	0		0	0		5	5		5	5

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 Name	Source of Evidence	Past Year Performance	Quarter 1			Quarter 2			Quarter 3			Quarter 4			Overall Performance for July 2019 to June 2020	
				Target	Actual	Corrective Measures	Target	Actual									
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)	Statistics submitted and temporary worker employment contracts	49	0	0		0	0		22	49		0	0		22	49
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)	Summary of Road Capital Expenses from ABAKUS (Claimed)	94.21%	10.00%	52.94%		50.00%	78.57%		95.00%	98.56%		0.00%	0.00%		95.00%	98.56%
TL25	Regravel 40 kilometres of road by 31 March	Signed off project file	37.01	0	0		0	0		40	44.03		0	0		40	43.13

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

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

STRATEGIC OBJECTIVE 5: PROMOTE REGIONAL, ECONOMIC DEVELOPMENT, TOURISM AND GROWTH OPPORTUNITIES

Ref	KPI Name	Source of Evidence	Past Year Performance	Quarter 1			Quarter 2			Quarter 3			Quarter 4			Overall Performance for July 2019 to June 2020	
				Target	Actual	Corrective Measures	Target	Actual									
TL6	Create full time equivalent (FTE's) through expenditure with the EPWP job creation initiatives by 30 June	Signed contracts	43	0	0		0	0		0	0		20	78		20	78

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 Name	Source of Evidence	Past Year Performance	Quarter 1			Quarter 2			Quarter 3			Quarter 4			Overall Performance for July 2019 to June 2020	
				Target	Actual	Corrective Measures	Target	Actual									
TL9	Conduct a feasibility study on regional waste management and submit to Council by 30 June	Proof of submission	New KPI	0	0		0	0		0	0		1	0		1	0
TL10	Submit a Water Conservation and Demand Strategy to Council by 30 June	Proof of submission	New KPI	0	0		0	0		0	0		1	0		1	0
TL15	Compile and submit a bi-annual Water Quality Evaluation Reports with recommendation to Water Service Authorities	Reports & proof of dispatch via email to Water Service Authorities (WSA's)	6	0	0		3	3		0	0		3	3		6	6
TL16	Compile and submit annual Waste Management Report with recommendation to Local Authorities by 30 June	Reports & proof of dispatch via email to Local Authorities	New KPI	0	0		0	0		0	0		3	3		3	3
TL17	Compile and distribute a Municipal Health Newsletter to Local Authorities by 30 June	Newsletter & proof of dispatch via email to Local Authorities	1	0	0		0	1		0	0		1	0		1	1

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 Municipalities
Local Tourism	Yes
Municipal planning	Yes
Municipal health services	Yes
Constitution Schedule 5, Part B functions:	
Licensing and control of undertakings that sell food to the public	Yes
Noise pollution	No
Pounds	No
Public places	No
Refuse removal, refuse dumps and solid waste disposal	No
Street trading	No
Street lighting	No
Traffic and parking	No

Table 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.



Figure 3: Roads Infrastructure projects

3.5.2 Provincial roads; allocated for maintenance and construction

The tables below provide details of provincial roads maintained and constructed during 2019/20:

Roads	Maintained 2018/19	Maintained 2019/20
	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	Bladed 2018/19	Bladed 2019/20
	Km's	
Trunk road	278.57	279.3
Main road	2291.49	2640.03
Divisional road	3826.77	3759.84
Minor road	763.09	913.14
Total	7159,92	7592.31

Table 45: Provincial roads allocated for construction

Roads	Regravelled 2018/19	Regravelled 2019/20
	Km's	
Trunk road	0.00	0.00
Main road	43.93	43.13
Divisional road	0.00	0.00
Minor road	0.00	0.00
Total	43.93	43.13

Table 46: Provincial roads allocated for regravel

3.5.3 Employees: Road transport

The table below indicates the number of employees in the Roads Unit for the 2019/20 financial year:

Job level	2018/19		2019/20		
	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)	2019/20			
	Budget	Adjustment budget	Actual expenditure	Variance from adjustment budget
(R)				
Total Expenditure	40 655	44 218	45 110	-892
Total	40 655	44 218	45 110	-892

Table 48: Total expenditure 2019/20: 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
Mapping Innovation Landscape in the Karoo Region	The Department of Science and Technology (DST), in partnership with the Technology Innovation Agency, has tasked the Human Sciences Research Council (HSRC) to appraise and map out the innovation landscape (i.e., innovation infrastructure, actors, their networks and relevant institutions) of the Karoo region. The DST & TIA seek this information to inform the development of an inclusive and locally grounded regional innovation strategy for the Karoo, in support of SALGA's initiative on Small-Town Regeneration and Regional Economic Development (STR & RED programme).
SMME Workshops for upcoming and existing business.	To empower emerging and existing entrepreneurs with necessary skills and knowledge to start or grow their business.
Roadshow on Local Content and Production	To create an awareness and understanding of local content and production.
Establishment of a regional Economic and Tourism Working Group	The CKDM established a Economic and Tourism Working Group, where issues on LED and Tourism are discussed
Assistance with registration for SMME's	Provides assistance to SMME's with registration on the CSD.

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
Lack of budget for implementation of the Strategy.	Avail budget for the implementation 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
Lack of partnerships with the private sector to ensure collaboration with the implementation of the strategy.	Establishment of District Wide Business Chambers to form partnerships with private sector.

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
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
Sourcing of funds to implement projects and programmes identified in the LED Strategy	Drafting of proposals to submit to possible funders.

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 2019/20 financial year:

Job level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (Fulltime Equivalent)	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

Highlight	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
Greater Coof Off Competition	A cooking competition where participants show of their cooking skills and are judge by a panel of judges.
BBBEE Tourism Workshop	The Auditor-General found that Sec 13(G) (1) of the B-BBEE act was non-compliant from all Western Cape Municipalities and municipal entities. The need was identified to host a workshop with relevant stakeholders to gain more insight for the drafting of a B-BBEE Strategy.
Engagements with WESGRO	To develop and events calendar for the CKD and funding for the events over a three-year period.
Tourism Information session	The CKDM in partnership with the Department of Tourism held a workshop for SMME's in the tourism sector. The purpose of the workshop was to engage SMME's on the readiness of their businesses as well as the support the department can provide.

Table 53: Highlights Tourism

3.7.2 Challenges: Tourism

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

Table 54: Tourism challenges

3.7.3 Initiatives: Tourism

Initiative	Proposals
Implementation of the tourism action plan	Budget allocation for tourism initiatives and sourcing of funds to implement projects and programmes in the tourism action plan.
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
Film and Media Readiness	To engage local municipalities on the issuing of permits for film and media implementation in the district.
Extensive tourism marketing campaigns in the district.	To form partnerships with WESGRO, DEDAT, LTO's and other stakeholders to package tourism products in the region and embark on extensive marketing campaigns to attract more tourists into the region.

Table 55: Tourism initiatives

3.7.4 Employees: Tourism

Job level	2018/19	2019/20				
	Employees	Posts	Employees	Vacancies (Fulltime Equivalent)	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	0
Total		1	1	1	0	0

Table 56: Employees Tourism



Figure 4: Great Karoo Outdoor Cook off competition



Figure 5: December 2019 Welcoming Campaign



Safely Home by Western Cape Government

Published by Rowena Fester (7) · 2 mins ·

The Central Karoo District is ready for the Festive Season! Thank you to our dedicated law enforcement officials who are committed to our safety on the roads. #PropsForCops #BoozeFreeRoads #SafelyHome #RandomBreathTesting



Figure 6: Safely Home festive 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) operational EHP's, of which one (1) EHP is also the designated Air Quality / Waste Officer, in ten (10) communities in the Central Karoo Region, namely Beaufort West, Murraysburg, Nelspoort, Merweville, Etc. Etc., Leeu-Gamka, Klaarstroom, Etc. Etc. Road, Laingsburg and Matjiesfontein, as well as in the rural areas of the Beaufort West, Etc. Etc. and Laingsburg districts.

Aware of the constitutional right of every etc. 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

Highlight:	Description
The development and continuous review 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.
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.	
The Section's excellent achievement in terms of the National audit on EH Norms and Standards.	Audit conducted by officials of the National Department of Health.

Table 57: Highlights Municipal Health

3.8.2 New Placements in Section: (by National Department of Health)



Mr. Agreement Mosia
Community Service EHP
Beaufort West Office

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, it is required that one (1) Environmental Health Practitioner (EHP) be provided for every 10 000 members of the population. (World Health Organization'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 into 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.

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:

a) 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.
 - 60 water samples for bacteriological analysis were taken during the reporting period.
 - 55 (92%) 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

b) 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 District during December 2019 and June 2020.

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 District.

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 for all.

Activities:

a) 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.
- **52** inspections were conducted at liquid waste sites in the region during the reporting period.

b) 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
- **9** samples for bacteriological analysis were taken during the reporting period.
- **9(100%)** of the samples taken did comply to the set standards.
- All sample results were sent to the various WSA's.
- All sewerage results received from the lab. were captured on the Section's database.

c) 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.
- **68** inspections were conducted at sites in the region during the reporting period.

d) Annual Waste Management Evaluation Reports to Cat. B-Municipalities

Annual Reports reports on the current status of all solid waste sites, illegal dumping of waste, littering, recycling initiatives, proposed actions etc. were sent to all local municipalities within the District during June 2020.

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 waste management in the District.

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:

a) 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 approximately **1 069** 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
- **1 325** inspections were conducted at food premises during the reporting period.
- **243** 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).

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

- **38** samples of foodstuffs were taken for bacteriological and chemical analysis during the reporting period.
- **32 (84%)** of the samples taken did comply with the standards as set in the Foodstuffs, Cosmetics and Disinfectants Act. (Act. 54 of 1972).

c) Monitoring of Milking Sheds and Milk Sampling

- **9** inspections were conducted at milking sheds during this reporting period.
- **3** milk samples were taken for bacteriological analysis during the period.
- **3 (100%)** of the samples taken did comply to the standards set out in the Regulations with regards to Milk and Dairy products (R1555 of 1997).

d) Capturing of Food Sampling Data on the Municipal Health Services Database

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

e) Labelling of Foodstuffs

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

f) 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:

a) 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 the surveillance of premises, such as business, state occupied premises and for the prevention of environmental conditions that may constitute a health hazard.
- **249** inspections were conducted at public premises during the reporting period.

- **71** Health Certificates were issued in terms of the relevant Norms & Standards.

b) Monitoring of Informal Settlements

- The District has **5** informal settlements.
- The monitoring of informal settlements was conducted on a quarterly basis.
- **15** inspections were conducted at informal settlements during the reporting period.

c) Bi-annual Informal Settlement Evaluation Reports to Cat. B-Municipalities

Bi-annual evaluation reports on the current status of informal settlements were sent to local municipalities within the region during December 2019 and June 2020.

These evaluation reports aim to:

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

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:

a) Air Quality Management & Pollution Control

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.

- **1** Air quality related complaint was received during the reporting period.
- Reports were compiled regarding the various aspects of pollution control and sent to the Directorate Pollution Control of the Department Environmental Affairs.

b) 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 Communicable Diseases Control

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:

a) 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.
- **2** Notifiable medical condition was reported during the reporting period.
- All notifications received were investigated and reports submitted to the Provincial Health Department.

b) Response to Covid-19

i) Covid-19 Management Plan

- A CKDM COVID-19 Management Plan and a Central Karoo Covid-19 Integrated Response Plan was drafted by the Manager Municipal Health.

The above-mentioned Plans are continuously updated in order to ensure that it adheres to prevailing circumstances and needs.

ii) Outbreak response teams and readiness

- EHP's are part of outbreak response teams for every town in the district.
- All EHP's received training on Covid-19.

iii) Participation in Committees / Forums

- The Manager Municipal Health participates in District JOC on a weekly basis.
- The Manager Municipal Health participates in Microsoft-team meetings with the WC Working Group for MHS on a weekly basis.
- The CKDM Waste Management Officer and Manager Municipal Health participates in Microsoft-team meetings with WC DEA: DP on a weekly basis.

iv) Communication

- The Manager Municipal Health and EHP's are part of several WhatsApp-groups on which information is shared.
- The Manager Municipal Health have meetings with role-players on a continuous basis.

v) Inspection Services

- All businesses and public premises are monitored in order to identify, assess, control and manage health hazards and risks.

Inspections are conducted at premises to ensure that basic principles such as hand hygiene, cough etiquette, cleaning, sanitizing and or disinfection of frequently touched surfaces and social distancing are applied. Other practices which are also promoted include adequate ventilation, the use of personal protective equipment by food handlers, cleaning and disinfection of transport vehicles and pest control, to name a few.

vi) Workplace Readiness

- Notices w.r.t. "Covid-19 workplace readiness" were sent or delivered to workplaces in the Central Karoo.
- Training is provided to various groups regarding Covid-19 in the workplace.
- Businesses and employers are requested to ensure that the risks of infection in the workplace are properly managed and that every workplace must take responsibility for their staff and their clients. This includes regular cleaning and sanitizing of work spaces and ensuring hand washing facilities or sanitisers are available. The wearing of cloth masks is also compulsory and must be enforced by businesses.

The Section has assisted in preparing business for adapting to the "new normal" by distributing Covid-19 health guidelines for business. These guidelines not only provide information on how businesses can prevent the spread of Covid-19 in the workplace, but also what to do if an employee displays symptoms or tests positive for Covid-19.

vii) Education & Awareness

- The Section has handed out a range of information material for employers and their staff to utilise in the workplace such as posters, checklists etc., that remind people of health guidelines to stop the spread of Covid-19.
- Workplaces and public are kept up to date with latest info etc.
- Continuous posting of Covid-19 information on social media in the district.
- Information on Covid-19 are published in the local newspaper, The Courier, on a regular basis.

viii) Waste Management

- Refuse removal is collected as per the normal schedule by Category B-Municipalities
- A Notice w.r.t. the management of waste by persons in self-isolation and quarantine was drafted by the Manager: Municipal Health and provided to all medical institutions and municipalities in the Central Karoo.

ix) Funeral Undertakers

- A database for funeral parlors / mortuaries was compiled and provided to the Departments of National Health and COCTA.
- Undertakers Preparedness Workshops were conducted for the district.
- All funeral undertakers have received training.
- Guidelines for funeral undertakers: Management of deceased persons as a result of Covid-19 were also provided by the Section to all undertakers.

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:

a) Pesticide Poisonings

- **No** incidents of pesticide poisoning were reported during the reporting period.

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:

a) Vector Control Investigations:

- **1 537** 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:

a) 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;

- **1** Application for exhumation was received and monitored during the reporting period.

b) Monitoring of Crematoria / Funeral Parlours

- **37** inspections were conducted during the reporting period.
 - **11** Certificates of Competence were issued to a Funeral Parlours.

3.8.4.10 Training and education

Objective:

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

Activities:

a) Health and Hygiene Training and Education

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

b) MHS Newsletter

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.

3.8.4.11 Complaints

- **28** complaints were received during the reporting period.
 - All Environmental Health related public complaints were investigated.
 - A compliance notice is issued where deemed necessary by the Environmental Health Practitioner.

3.8.4.12 Projects

Objective:

To promote a safe and healthy environment.

Activities:

a) Project Proposal: Health & hygiene training & education programme

A Project Proposal was drafted and sent to the WC Department Human Settlements as well as the WC Department of Health during May 2020 in order to obtain funding.

The objective of this Programme is to educate and empower people to help them to:

- Address the dignity of communities.
- Improve the health and hygiene conditions 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

a) Sinjani Reports

- Reports were submitted to the National Department of Health on a monthly basis.
- Reports were submitted on the Sinjani system of the relevant Department.

b) Municipal Health Services Quarterly Reports to Council

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

c) Other Reports / Notices

- Water Quality Monitoring – 26
- Waste management – 40
- Food Control – 1 307
- Health Surveillance of Premises – 184
- Environmental Pollution Control – 5
- Communicable Diseases Control – 1

- Chemical Safety – 0
- Vector Control – 3
- Management of Human Remains – 27
- Complaints – 18

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.

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:

a) 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 at the Health Professions Council of S.A. (HPCSA) on an annual basis on or before April each year.

Activities:

a) 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	2018/19		2019/20		
	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 Highlight: Disaster Management

Highlight	Description
Up grading of the fire Dept. in CKDM through a shared service project	Fire Chief resigned in January 2020 which created a challenge for a shared Service between the District – and B-municipalities. (Posts was been advertised during March 2020 – Awaits interview process, applications already received)
Roadshow on Climate Change, Global warming & the Drought Crisis in Beaufort West	High Schools in the Beaufort West participate on a High School Debate during February 2020 on awareness with Climate change, Global warming & Drought crisis in Beaufort West.
Covid 19 Awareness outreach program during the phase in of learners at Primary Schools.	Together with Environmental Health, Covid 19 Awareness sessions were conducted at Primary Schools in CKDM during the phased in of learners.
Appointment of fire officials at CKDM. (Capacitating the Fire Section)	<ul style="list-style-type: none"> Basic fire training to SETA learner ship in Central Karoo Basic fire training to Water & Sanitation Learner ship.

Table 61: Highlights Disaster Management

3.9.2 Challenge: Disaster management

Challenge	Action to address
Shortage of staff (Vacancies of the Disaster Manager & Fire Chief exist at Disaster Management Centre)	Capacity building (Appointing the vacant & funded positions)

Table 62: Challenges Disaster Management

3.9.3 Activities: Disaster management

Function	Description of activities during 2020/21
Declaration of Covid 19 Pandemic National Disaster 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 communities of Prince Albert & Laingsburg as project to supply drinking water to households that are in need. (See attachment E)
Appointing of Firemen	Appointing new fireman at District municipal level for handling of veld fires
Assist with Cleaning of infectious Houses during lockdown of Covid 19	CKDM Disaster assist local Municipality with cleaning of infectious houses of positive tested persons

Table 63: Activities Disaster Management



New appointed fire officials



Cleaning of positive infected houses during Covid 19

3.9.4 Employees: Disaster management

Job level	2018/19		2019/20		
	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	1	1	1	0	0
7 – 9		0	0	0	0
10 – 12		0	0	0	0
13 – 16	1	2	2	0	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 2019/20 financial year:

Job level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (Fulltime Equivalent)	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

Function	Description
	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
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
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
		Report monthly to MM and Director Corporate Services on Quidity system
		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
Surety	Continuous	Supervise, co-ordinate and delegate the Records Clerk, reception, general assistant and cleaning services within Council
		Capturing, filling and updating of surety information
Council Chambers / Equipment management and organising	Continuous	Safekeeping of surety files
		Booking of Council Chamber for meetings, arrangement supplies, material and refreshments and cleaners for the meetings
Key Locker, Access Control and alarm system	Continuous	Manage key locker, key register
		Manage the access control – report weekly
		Manage the alarm system and alarm codes
Telephone system and accounts	Continuous	Print and reconcile telephone accounts of personnel
		Memo's/correspond to personnel on accounts for more than 3 hours as per policy and outstanding payments
		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

Items	Number	Action
		Capture client numbers and personnel codes on telephone system

Table 67: Records Management matters addressed

3.10.2.3 Employees: Records Management

Job level	2018/19	2019/20			
	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 Highlight: Human Resources

Highlight	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.

Highlights	Description
	<ul style="list-style-type: none"> 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 2018/19 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 2019/20 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	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (Fulltime Equivalent)	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		2	2	0	0
13 – 16		1	1	0	0
Total		1	3	3	0

Table 70: Employees Human Resources



Figure 7: D. Lodewyk retires after 48 years of service



Figure 8: Employee Wellness screening



Figure 9: Women's Day 2019



Figure 10: Long Service Certificates

3.12 FINANCIAL SERVICES

3.12.1 Highlights: Financial Services

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

Highlight	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 and appointment of System Implementation contracted staff member
Additional positions in SCM and Relief Clerk urgently required	Organogram review

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 2019/20 financial year:

Job Level	2018/19	2019/20			
	Employees	Posts	*Employees	Vacancies (Fulltime Equivalent)	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 2020/21 is the Municipality's Top Layer SDBIP for 2020/21 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	Annual Target
TL30	Review the organisational structure (Macro) and submit to Council for approval by 31 May 2021	Organisational structure reviewed and submitted to Council	1
TL32	Spend 0.5% of the municipality's personnel budget on training by 30 June 2021 [(Total Actual Training Expenditure/ Total personnel Budget) x100]	% of the personnel budget spent on training	0.50%
TL33	Review the Workplace Skills Plan and submit to LGSETA by 30 April 2021	Workplace Skills Plan reviewed and submitted	1
TL34	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 2021	Number of people employed	0

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	Annual Target
TL26	Spend 90% of the municipal capital budget by 30 June 2021 {(Actual amount spent /Total amount budgeted) X100}	% of capital budget spent	40.00%
TL43	Review 15 budget related policies and submit to Council for approval by 31 May 2021	Number of policies reviewed and submitted	15
TL44	Review and submit the MFMA delegation register to Council for approval by 31 May 2021	MFMA delegation registered reviewed and submitted	1
TL45	Compile and submit the financial statements to the Auditor-General by 31 August 2020	Financial statements compiled and submitted	1
TL46	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 – Operating Conditional Grant)	% of debt coverage	10.00%

Ref	KPI Name	Description of Unit of Measurement	Annual Target
TL47	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2019 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	25

Table 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	Annual Target
TL27	Review the Risk Based Audit Plan (RBAP) and submit to the Audit Committee for approval by 30 June 2021	RBAP revised and submitted to the Audit Committee	1
TL28	Complete 70% of audits as per the RBAP by 30 June 2021 [(Audits completed for the year/audits planned for the year according to the RBAP) x100]	% audits completed	70.00%
TL29	Review the delegation register and submit to Council for approval by 30 June 2021	Delegation registered reviewed and submitted to Council	1
TL31	Review Corporate and HR policies and submit to Council for approval by 30 June 2021	Number of policies reviewed and submitted	2
TL39	Submit the draft Annual Report in Council by 31 January 2021	Draft Annual Report submitted in Council	1
TL40	Review and submit the IDP and Budget Process Plan and District Framework to Council by 31 August 2020	IDP and Budget Process Plan and Framework submitted to Council	1

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	Annual Target
TL48	Employ workers in temporary positions in terms of skills and labour needs within identified road projects by June 2021	Number of temporary workers employed	24
TL49	Spend 95% of the total approved Roads budget by 30 June 2021 [(Actual expenditure divided by approved allocation received) x100]	% of total approved Roads budget spent	95.00%
TL50	Regravel 40 kilometres of road by 30 June 2021	Number of kilometres regravelled	40

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

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

Ref	KPI Name	Description of Unit of Measurement	Annual Target
TL51	Conduct monthly Covid 19 DJOC meetings with relevant stakeholders	Number of meetings conducted	12
TL52	Spend 90% of approved WOSA Safety Grant by 30 June 2021	% of budget spent	90.00%

Table 78: Promote regional, economic development, tourism and growth opportunities

3.13.6 Promote regional, economic development, tourism and growth opportunities

Ref	KPI Name	Description of Unit of Measurement	Annual Target
TL38	Create full time equivalent (FTE's) through expenditure with the EPWP job creation initiatives by 30 June 2021	Number of full time equivalent (FTE's) created	20

Table 79: Promote regional, economic development, tourism and growth opportunities

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

Ref	KPI Name	Description of Unit of Measurement	Annual Target
TL35	Compile and submit bi-annual Water Quality Evaluation Reports to Water Service Authorities by 30 June 2021	Number of Water Quality Evaluation Reports submitted to Water Service Authorities by 30 June	6
TL36	Compile and submit annual Waste Management Evaluation Report to Local Authorities by 30 June 2021	Number of Waste Management Evaluation Reports submitted to Local Authorities by 30 June	3
TL37	Compile and distribute a Municipal Health Information Document to Local Authorities by 31 January 2021	Number of Information Documents submitted to Local Authorities by 31 January	1
TL41	Compile and submit bi-annual Informal Settlement Evaluation Reports with recommendations to Local Authorities by 30 June 2021	Number of Informal Settlement Evaluation Reports submitted	10
TL42	Review the Disaster Management Plan and submit to Council by 31 May 2021	Disaster Management Plan submitted	1

Table 80: 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	2018/19	2019/20
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 81: 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 82: 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 83: Employment equity targets/actual by gender classification

4.2.1.3 Employment equity targets; vs population 2019/20

The CKDM shows an improvement to comply with EE Targets in the Region if compared to the percentages of 2018/19 except for the white employment percentage that decreased with a slight 0,03. The table below illustrates the number and percentage of people employed in correlation to the population:

Description	African	Coloured	Indian	White	Other	Total
Population numbers	9 045	54 076	300	7 197	393	71 011
% population	12.70	76.20	0.40	10.10	0.60	100
Number of positions filled 2019/20	28	122	0	12	0	162
% of positions filled 2018/19	20.95	70,94	0	8.11	0	100
% of positions filled 2019/20	17.28	75.31	0	7.41	0	100

Table 84: Employment equity targets vs population 2019/20

4.2.1.4 Occupation levels; – Race

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

Occupational Level;	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 85: 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 86: 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 87: Vacancy rate per post and functional level

4.2.1.7 Turn-over rate

The following table illustrates the turn-over rate for 2019/20. The turnover rate shows an increase from 5,93% in 2018/19 to 7,43% in 2019/20. 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
2018/19	27	11	7,43%
2019/20	23	11	6,79%

Table 88: 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	2018/19	2019/20
Municipal Manager	0	0
Corporate Services	0	0
Financial Services	0	0
Technical Services	13	9
Total	13	9

Table 89: Injuries

4.2.2.2 Sick leave

The total number of employees that have taken sick leave during the 2019/20 financial year shows a slight increase in the average per person, when compared with the 2018/19 financial year. The table below indicates the total number sick leave days taken within the different directorates:

Department	2018/19		2019/20	
	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 90: 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

Approved policies	
Name of policy	Date approved/revised
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
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 91: 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 assessment completed (Regulation 14(4)(b) and (d))	Number of officials whose performance agreement 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				
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 92: 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).

	Total personnel budget	Total allocated	Total spent	
Financial year	R'000	R'000	R'000	% spent
2018/19	41 337	697	669	96
2019/20	49 251	795	498	63%

Table 93: 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		
2018/19	45 658	100 698	45%
2019/20	52 966	90 940	58%

Table 94: Personnel expenditure

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

Financial year	2018/19	2019/20		
	Actual	Original Budget	Adjusted Budget	Actual
Description	R'000			
Councillors; (Political Office Bearers; plus Other)				
Mayor	872	905	905	915
Executive Committee members	1 366	1 857	1 170	1 124
Councillors	1 420	1 034	1 765	1 807
Sub total	3 658	3 796	3 840	3 846
Senior Managers				
Annual Remuneration	2 070	1 389	1 382	2 456
Motor Vehicle / Travel allowance	583	-	-	543
Performance Bonus	263	343	300	444
Telephone allowance	78	77	38	86
Contributions to UIF, Medical, Pension and Bargaining Council	282	5	5	320
Other benefits and allowances	236	111	153	2 294
Sub total	3 512	1 925	1 878	6 145
Other Staff				
Basic salaries and wages	31 445	36 125	39 239	36 867
Employee related costs - Contributions for UIF, Pensions and medical Aids	7 088	7 536	7 746	9 531
Overtime	1 538	1 706	2 395	1 297
Travel, Motor vehicle, Accommodation, Subsistence and Other Allowances	1 542	1 194	1 027	1 518

Financial year	2018/19	2019/20		
Description	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Councillors; (Political Office Bearers; plus; Other)				
Current service cost	155	-	-	252
Housing allowance	301	358	364	334
13th Cheque	2 099	-	-	2 782
Employee benefits provision	1 482	-	-	383
In-kind benefits	7 500	1 564	2 465	75
Sub Total	45 658	48 483	53 236	52 966
Total Municipality	49 319	54 204	58 955	56 811

Table 95: 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 2019/20 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 2019/20 financial year:

Description	2018/19	2019/20		
	Actual	Original budget	Adjusted Budget	Actual
R'000				
Financial performance				
Property rates	0	0	0	0
Service charges	0	0	0	0
Investment revenue	747	630	930	1 138
Transfers recognised – operational	36 078	43 959	47 012	35 985
Other own revenue	69 815	52 648	56 667	51 183
Total revenue (excluding capital transfers and contributions)	106 639	97 237	104 610	88 306
Employee related costs	45 658	50 408	55 114	52 966

Description	2018/19	2019/20		
	Actual	Original budget	Adjusted Budget	Actual
	R'000			
Remuneration of Councillors	3 659	3 796	3 841	3 845
Contracted services	-	4 306	5 709	-
Depreciation and amortisation	502	283	473	610
Debt impairment	271	0	0	822
Finance charges	739	0	0	711
Impairment loss on Receivables	-	0	0	-
Inventory Consumed	37 630	16 851	12 484	19 019
Loss on disposal of property, plant and equipment (PPE)	-	0	0	-
General expenses	12 240	24 918	31 551	13 788
Total expenditure	100 699	96 255	103 463	90 940
Surplus/(Deficit)	5 941	982	1 146	(2 635)
Transfers recognised - capital	0	0	0	0
Contributions recognised - capital and contributed assets	0	0	0	
Surplus/(Deficit) after capital transfers and contributions	5 941	982	1 146	(2 635)
Capital expenditure				
Transfers recognised - capital	0	0	0	
Public contributions and donations	0	0	0	
Borrowing	0	0	0	
Internally generated funds	919	1 074	662	
Total sources of capital funds	919	1 074	662	
Financial position				
Total current assets	16 180	9 443	19 035	
Total non-current assets	33 753	19 630	34 484	
Total current liabilities	10 265	8 218	14 342	
Total non-current liabilities	15 274	26 309	14 563	
Accumulated Surplus/(Deficit)	8 213	2 396	5 579	
Cash flows				
Net cash from (used) operating	(69)	1 330	8 576	

Description	2018/19	2019/20		
	Actual	Original budget	Adjusted Budget	Actual
	R'000			
Net cash from (used) investing	(919)	(784)	(194)	
Net cash from (used) financing	(67)	(11)	(69)	
Cash/cash equivalents at year-end	8 108	-97	-496	
Cash backing/surplus reconciliation				
Cash and investments available	7 052	4 140	15 365	
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 96: 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			
2019/20	104 610	106 639	(2 029)	2%	103 463	100 698	2 765	3%

Table 97: Performance against budgets

5.1.1 Revenue collection by vote

The table below indicates the revenue collection performance by vote:

Vote description	2018/19	2019/20		
	Actual	Original budget	Adjusted budget	Actual
	R'000			
Vote 1 - Executive and Council	37 402	36 027	36 149	14 984

Vote description	2018/19	2019/20		
	Actual	Original budget	Adjusted budget	Actual
	R'000			
Vote 2 - Budget and Treasury Office	3 178	4 301	4 322	2 309
Vote 3 - Corporate Services	7 305	9 904	6 598	6 178
Vote 4 - Technical Services	58 753	49 810	51 877	64 834
Total revenue by vote	106 639	96 737	102 251	88 305

Table 98: Revenue collection by vote

5.1.2 Revenue collection by source

The table below indicates the revenue collection performance by source for the 2019/20 financial year:

Description	2018/19	2019/20		
	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
Actuarial gains	2 977	0	0	1 345
Service charges - refuse revenue	0	0	0	0
Rentals of facilities and equipment	73	93	93	119
Interest earned - external investments	747	630	930	1 138
Interest earned - outstanding debtors	0	0	0	0
Dividends received	0	0	0	0
Debt impairment	4	0	0	92
Licences and permits	30	0	0	51
Agency services	4 227	4 182	4 206	4 073
Department of Transport - Roads service charges	58 753	0	0	44 406
Government grants and subsidies - operating	36 078	43 959	47 012	35 985
Other income	3 496	48 373	52 368	993
Gains on disposal of property, plant and equipment	52	0	0	0
Total revenue (excluding capital transfers and contributions)	106 639	97 237	104 610	88 305

Table 99: Revenue collection by source

5.1.3 Operational services performance -

The table below indicates the operational services performance for the 2019/20 financial year:

Description	2018/19	2019/20		
	Actual	Original Budget 2019/20	Adjusted budget	Actual 2019/20
		R'000		
Roads and storm water	64 834	49 810	51 877	58 753
Component A: Sub-total	64 834	49 810	51 877	58 753
Planning and development	2 743	2 331	4 495	1 217
Component B: Sub-total	2 743	2 331	4 495	1 217
Municipal health	51	45	48	907
Component C: Sub-total	51	45	48	907
Disaster management	5	0	80	0
Component D: Sub-total	5	0	80	0
Executive and Council	14 859	36 027	36 024	34 957
Internal Audit	125	0	125	470
Finance and Administration	8 360	8 524	9 603	5 689
Other				
Component E: Sub-total	23 344	28 452	36 332	41 116

Table 100: Operational services performance

5.2 FINANCIAL PERFORMANCE PER MUNICIPAL FUNCTION

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

5.2.1 Roads and storm water

Description	2018/19	2019/20		
	Actual	Original budget 2019/20	Adjustment budget	Actual 2019/20
	R'000			
Total operational revenue (excluding tariffs)	58 753	51 877	49 810	64 834
Total operational expenditure	59 076	50 144	45 835	45 110
Net operational (service) expenditure	323	1 732	3 975	(19 724)

Table 101: Financial performance: Roads and storm water

5.2.2 Municipal Health

Description	2018/19	2019/20		
	Actual	Original budget 2019/20	Adjustment budget	Actual 2019/20
	R'000			
Total operational revenue (excluding tariffs)	907	31	61	58
Total operational expenditure	3 463	4 563	4 323	4 174
Net operational (service) expenditure	(2 556)	(4 518)	(4 275)	(4 123)

Table 102: Financial performance: Municipal Health

5.2.3 Disaster management

Description	2018/19	2019/20		
	Actual	Original budget 2019/20	Adjustment budget	Actual 2019/20
	R'000			
Total operational revenue (excluding tariffs)	0	0	80	5
Total operational expenditure	1 882	1 886	1 685	1 651
Net operational (service) expenditure	(1 882)	(1 886)	(1 605)	(1 646)

Table 103: Financial performance: Disaster management

5.2.4 Executive and Council

Description	2018/19	2019/20		
	Actual	Original budget 2019/20	Adjustment budget	Actual 2019/20
	R'000			
Total operational revenue (excluding tariffs)	34 957	36 027	36 024	14 859
Total operational expenditure	8 652	7 325	9 904	11 348
Net operational (service) expenditure	26 306	28 703	26 120	3 511

Table 104: Financial performance: Executive and Council

5.2.5 Internal Audit

Description	2018/19	2019/20		
	Actual	Original budget 2019/20	Adjustment budget	Actual 2019/20
	R'000			
Total operational revenue (excluding tariffs)	470	0	125	125
Total operational expenditure	1 135	795	898	889
Net operational (service) expenditure	(665)	(795)	(773)	(764)

Table 105: Financial Performance: Internal Audit

5.2.6 Finance and Administration

Description	2018/19	2019/20		
	Actual	Original budget 2019/20	Adjustment budget	Actual 2019/20
	R'000			
Total operational revenue (excluding tariffs)	8 360	8 524	9 603	5 689
Total operational expenditure	22 249	24 963	26 033	21 667
Net operational (service) expenditure	(13 890)	(16 439)	(16 430)	(15 978)

Table 106: 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 2019/20 financial year. The performance in the spending of these grants are summarised as follows:

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 2019	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 2020	Unspent 30 June 2020 (Creditor)	Unpaid 30 June 2020 (Debtor)
National Government Grants								
Equitable Share	-	30,642,000.00	-	(30,642,000)	-	-	-	-
Finance Management Grant	-	1,000,000	-	(1,000,000)	-	-	-	-
EPWP	-	1,231,000	-	(1,231,000)	-	-	-	-
Rural Asset Management Grant (RAMS)	(18,728)	2,035,000	-	(2,235)	-	2,014,037	2,014,037	-
National Government Disaster Relief Grant	-	119,000	-	(119,000)	-	-	-	-
Total National Government Grants	(18,728)	35,027,000	-	(32,994,235)	-	2,014,037	2,014,037	-
Provincial Government Grants								
FMG - PMS	-	-	-	-	-	-	-	-
Drought Relief Support	-	-	-	-	-	-	-	-
Fire Brigade Capacity Building	-	-	-	-	-	-	-	-
Fire Brigade Capacity Building	-	-	-	-	-	-	-	-
Ground Water Level Monitoring	-	-	-	-	-	-	-	-
FMG Graduate Internship Programme	57,958	-	-	(57,958)	-	(0)	-	(0)
FMG Graduate Internship Programme (Disaster Management)	-	80,000	-	(4,800)	-	75,201	75,201	-
FMG Capacity building grant (Bursaries)	266,766	379,000	-	(215,600)	-	430,166	430,166	-
WCFMSG Internal Audit and Risk Management	390,819	-	-	-	-	390,819	390,819	-
WCFMSG Mscoa	-	280,000	-	(280,000)	-	-	-	-
WOSA	1,000,000	1,100,000	-	(1,331,561)	-	768,439	768,439	-
FMG ERM System	173,000	-	-	-	-	173,000	173,000	-
WC Humanitarian Relief Grant (DLG)	-	100,000	-	(100,000)	-	-	-	-
Improvement of assurance services	-	125,000	-	(125,000)	-	-	-	-
WC PDO COMPLIANCE	-	400,000	-	(179,975)	-	220,025	220,025	-
FMG Audit System	200,000	-	-	-	-	200,000	200,000	-
Total Provincial Government Grants	2,088,542	2,464,000	-	(2,294,894)	-	2,257,649	2,257,649	(0)
Other Grant Providers								
CHIETA	82,522	1,010,500	-	(695,607)	-	397,415	397,415	-
LG SETA	201,784	-	-	-	-	201,784	201,784	-
Total Other Grant Providers	284,306	1,010,500	-	(695,607)	-	599,199	599,199	-
Total Grants	2,354,120	38,501,500	-	(35,984,736)	-	4,870,884	4,870,885	(0)

Table 107: Grant performance - 2018/19

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		
2018/19	36 078	106 639	34%
2019/20	35 985	88 305	41%

Table 108: 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	2018/19	2019/20
Current ratio	Current assets/current liabilities	1.57	1.33
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 109: 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	2018/19	2019/20
Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.56	1.4
Total outstanding service debtors to revenue	Total outstanding service debtors/annual revenue received for services	n/a	n/a

Table 110: 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	2018/19	2019/20
Capital charges to operating expenditure	Interest and principal paid /operating expenditure	0.01	0.01

Table 111: 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	2018/19	2019/20
Remuneration as % of Total Operating Expenditure	Remuneration (Employee Related Costs and Councillors' Remuneration) /Total Operating Expenditure x100	49%	62%

Table 112: 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	2019/20	2018/19
		Audited outcome	Pre-audit outcome
Repairs and maintenance	R and M/ (Total revenue excluding capital revenue)	22%	35%

Table 113: 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	2018/19	2019/20		
	Actual	Original budget	Adjustment budget	Actual expenditure
R'000				
Other assets				0
General vehicles	252	0	0	0
Plant and equipment	0	434	14	0
Computers -hardware/equipment	228	129	163	46
Furniture and other office equipment	383	181	186	133
Other	0	0	0	0
Intangibles				
Computers - software and programming	56			15
Total capital expenditure on new assets	919	744	1 112	193

Table 114: 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	2018/19		2019/20	
	Actual	Original budget	Adjusted budget	Actual
	R'000	R'000	R'000	R'000
Cash flow from operating activities:				
Receipts:				
Ratepayers and other	66 356	52 790	56 809	55 085
Government - operating	36 078	43 717	46 771	38 483
Government – capital	0	0	0	0
Interest	747	600	900	1 138
Dividends	0	0	0	0
Suppliers and employees	(103 229)	(95 776)	(103 025)	(86 125)
Finance charges	(10)	0	0	(4)
Transfers and grants	0	0	0	0
Net cash from/(used) operating activities:	6 736	1 846	1 846	(69)
Cash flow from investing activities:				
Receipts:				
Proceeds on disposal of fixed assets	0	0	0	0
Purchase of intangible assets	(56)	0	0	(15)
Decrease/(increase) in non-current receivables	0	0	0	0
Capital assets	(863)	(784)	(1 112)	(179)
Increase in loan	0	0	0	0
Net cash from/(used) investing activities:	(919)	(784)	(1 112)	(194)
Cash flow from financing activities:				
Receipts:				
Short term loans	0	0	0	0
Borrowing long term/refinancing	(67)	(11)	(11)	(69)
Increase (decrease) in consumer deposits	0	0	0	0
Payments:				
Repayment of borrowing				0
Net cash from/(used) financing activities:	(67)	(11)	(11)	(69)
Net increase/(decrease) in cash held	(1 056)	535	331	8 313
Cash/cash equivalents at the year begin:	8 108	3 605	3 605	7 052
Cash/cash equivalents at the year-end:	7 052	4 140	3 936	15 365

Table 115: 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			
2018/19	0	0	0	0	6 997	6 997
2019/20	0	0	0	0	1 736	1 736
Difference	0	0	0	0	5 261	5 261
% growth year on year	0	0			-303%	-303%

Note: Figures include provision for bad debt

Table 116: 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 2019/20 financial year:

5.8.1 Actual borrowings

Instrument	2018/19	2019/20
	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	90	21
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	90	21

Table 117: Actual borrowings

5.9 MUNICIPAL INVESTMENTS

Investment type	2018/19	2019/20
	R'000	
Securities - National Government	0	0
Listed corporate bonds	0	0
Deposits – Bank	12 541	12 555
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	5 880	12 541

Table 118: 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 developed 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 2019/20 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 - 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

Committees (other than Mayoral / Executive Committee) and Purpose of Committees	
Municipal Committee	Purpose of committee
	<ul style="list-style-type: none"> - Appointments - Labour Relations / Training

Table 119: 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
Roads Infrastructure Services	Mr. A Koopman
Financial Services	Ms. Ursula Baartman

Table 120: Third Tier Structure

APPENDIX C: RECOMMENDATIONS OF THE MUNICIPAL AUDIT & PERFORMANCE COMMITTEE 2019/20

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

APPENDIX D: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts 2019/20			
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	A\$ charged per tariff listing
Ignite Advisory Services	Performance Management	Manager Strategic Services	A\$ charged per tariff listing
Mubesko Africa (Pty)Ltd	Accounting Services	Snr Manager: Financial Services	A\$ charged per tariff listing
Moore Stephens	Internal Audit Services	Snr Manager: Financial Services	A\$ charged per tariff listing
Ubertech	IT Support	Snr Manager: Corporate Services	A\$ charged per tariff listing
Telkom	Telephone	Snr Manager: Corporate Services	A\$ charged per tariff listing

Long Term Contracts 2019/20			
Name of Service provider (Entity or Municipal Department)	Description of services rendered by the Service Provider	Project Manager	Contract Value R'000
Ricoh	Rental of 4-in-1 copy machine	Snr Manager: Corporate Services	A; charged per tariff listing
Nashua	Rental of 4-in-1 copy machine	Snr Manager: Corporate Services	A; charged per tariff listing
Fujitsi (Abakus)	Financial Systems	Snr Manager: Financial Services	A; charged per tariff listing
B-Muns	Shared Services	Legal and Executive Support	A; charged per tariff listing
Sebata	Financial System	Snr Manager: Financial Services	A; charged per tariff listing

Table 121: 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 2019/20 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	2018/19	2019/20		
	Actual	Original Budget	Adjustment Budget	Actual
Vote 1 - Executive and Council	37 402	36 027	36 149	14 984
Vote 2 - Budget and Treasury Office	3 178	4 301	4 322	2 309
Vote 3 - Corporate Services	7 305	9 904	6 598	6 178
Vote 4 - Technical Services	58 753	49 810	51 877	64 834
Total revenue by vote	106 639	96 737	102 251	88 305

Table 122: Revenue collection performance by vote

APPENDIX F (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue collection performance by source				
Description	2018/19	2019/20		
	Actual	Original Budget	Adjustment Budget	Actual
Actuarial gains	2 977	0	0	1 345
Rentals of facilities and equipment	73	93	93	119
Interest earned - external investments	747	630	930	1 138
Licenses and permits	30	0	0	51
Agency services	4 227	4 182	4 206	4 073
Department of Transport - Roads service charges	58 753	0	0	44 406
Government grants and subsidies	36 078	43 959	47 012	35 985
Other income	3 500	48 373	52 368	993
Total revenue by source	106 639	97 237	104 610	88 305

Table 123: 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 2019	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 2020	Unspent 30 June 2020 (Creditor)	Unpaid 30 June 2020 (Debtor)
National Government Grants								
Equitable Share	-	30,642,000.00	-	(30,642,000)	-	-	-	-
Finance Management Grant	-	1,000,000	-	(1,000,000)	-	-	-	-
EPWP	-	1,231,000	-	(1,231,000)	-	-	-	-
Rural Asset Management Grant (RAMS)	(18,728)	2,035,000	-	(2,235)	-	2,014,037	2,014,037	-
National Government Disaster Relief Grant	-	119,000	-	(119,000)	-	-	-	-
Total National Government Grants	(18,728)	35,027,000	-	(32,994,235)	-	2,014,037	2,014,037	-
Provincial Government Grants								
FMG - PMS	-	-	-	-	-	-	-	-
Drought Relief Support	-	-	-	-	-	-	-	-
Fire Brigade Capacity Building	-	-	-	-	-	-	-	-
Ground Water Level Monitoring	-	-	-	-	-	-	-	-
FMG Graduate Internship Programme	57,958	-	-	(57,958)	(0)	-	-	(0)
FMG Graduate Internship Programme (Disaster Management)	-	80,000	-	(4,800)	75,201	75,201	75,201	-
FMG Capacity building grant (Bursaries)	266,766	379,000	-	(215,600)	430,166	430,166	430,166	-
WCFMSG Internal Audit and Risk Management	390,819	-	-	-	390,819	390,819	390,819	-
WCFMSG Mscoa	-	280,000	-	(280,000)	-	-	-	-
WOSA	1,000,000	1,100,000	-	(1,331,561)	768,439	768,439	768,439	-
FMG ERM System	173,000	-	-	-	173,000	173,000	173,000	-
WC Humanitarian Relief Grant (DLG)	-	100,000	-	(100,000)	-	-	-	-
Improvement of assurance services	-	125,000	-	(125,000)	-	-	-	-
WC PDO COMPLIANCE	-	400,000	-	(179,975)	220,025	220,025	220,025	-
FMG Audit System	200,000	-	-	-	200,000	200,000	200,000	-
Total Provincial Government Grants	2,088,542	2,464,000	-	(2,294,894)	-	2,257,649	2,257,649	(0)
Other Grant Providers								
CHIETA	82,522	1,010,500	-	(695,607)	397,415	397,415	397,415	-
LG SETA	201,784	-	-	-	201,784	201,784	201,784	-
Total Other Grant Providers	284,306	1,010,500	-	(695,607)	-	599,199	599,199	-
Total Grants	2,354,120	38,501,500	-	(35,984,736)	-	4,870,884	4,870,885	(0)

Table 124: 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 2019/20

No loans or grant have been made by the Central Karoo District Municipality for the 2019/20 financial year.

APPENDIX J: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA §71

No returns were not made in due time under the MFMA §71 for the year under review.

**APPENDIX K: AUDITOR-GENERAL REPORT ON THE CKDM
2019/20**

Report of the auditor-general to the Western Cape Provincial Parliament and the 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 municipality set out on pages 4 to 82, which comprise the statement of financial position as at 30 June 2020, 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 2020, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 16 of 2019 (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 the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
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.

Underspending of conditional grant

7. As disclosed in note 18 to the financial statements, unspent conditional grants and receipts amounted to R4 870 838 (2019: R2 372 848).

Restatement of corresponding figures

8. As disclosed in note 28 to the financial statements, the corresponding figures for 30 June 2019 were restated as a result of errors in the financial statements of the municipality at, and for the year ended 30 June 2020.

Unauthorised expenditure

9. As disclosed in note 29 to the financial statements, the municipality incurred unauthorised expenditure of R1,4 million. The unauthorised expenditure is a direct result of an over expenditure of the executive and council.

Provision for termination of contract

10. As disclosed in Note 10 to the financial statements is a provision of R2 million relating to the termination of employment of the municipal manager. Council resolved to terminate the contract of the municipal manager as at 30 June 2020.

Subsequent events

11. I draw your attention to note 40 of the financial statements, which deals with the events date and, specifically, the investigation reports that were tabled to council after year end. The recommendations of these reports have been approved by council. My opinion is not modified in respect of this matter.

Other matters

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

Unaudited supplementary information

13. The supplementary information set out on pages 83 to 87 of the financial statements does not form part of the financial statements and is presented as additional information. I have not audited this information and, accordingly, we do not express an opinion thereon.

Unaudited disclosure notes

14. 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 thereon.

Responsibilities of the accounting officer for the financial statements

15. 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 Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
16. In preparing the financial statements, the accounting officer is responsible for assessing the 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

17. 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.
18. 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

19. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
20. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do 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.
21. 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 objective presented in the municipality's annual performance report for the year ended 30 June 2020:

Strategic objectives	Pages in the annual performance report
Strategic objective 4 – improve and maintain district roads and promote roads transport	38

22. 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.
23. I did not identify any material findings on the usefulness and reliability of the reported performance information of the selected strategic objective:
- Strategic objective 4 – improve and maintain district roads and promote roads transport

Other matter

24. I draw attention to the matter below.

Achievement of planned targets

25. Refer to the annual performance report on page 12 for information on the achievement of planned targets for the year.

Report on the audit of compliance with legislation

Introduction and scope

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

Other information

28. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the accounting officer's report and the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected objective presented in the annual performance report that have been specifically reported in this auditor's report.
29. 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 on it.
30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. If based on the work that I have performed, I conclude that there is a material misstatement in the other information, I am required to report that fact.
32. I have nothing to report in this regard.

Internal control deficiencies

33. 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.
34. I did not identify any significant deficiencies in internal control.

Other reports

35. 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.

Investigations

36. Forensic investigations have been concluded after the financial statement date and before the date of this report. These investigations arose due to irregular expenditure identified on suppliers relating to the 2013-14 financial year. A forensic investigation was conducted by an external service provider in terms of section 106(1) of the Local Government: Municipal Systems Act 32 of 2000 read with section 7(1) of the Western Cape Monitoring and Support of Municipalities Act 4 of 2014. Another forensic investigation was conducted by the internal auditors of the municipality. These investigations were concluded in November 2020.

37. The Council of Central Karoo District Municipality resolved to adopt the recommendations within both of the above-mentioned reports on the 12 November 2020.

Auditor - General

Cape Town

28 February 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the 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 relating to events or conditions that may cast significant doubt on the ability of the Central Karoo District Municipality 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 my 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 operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine 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, the actions taken to eliminate threats or the safeguards applied.

**APPENDIX L: REPORT FROM THE AUDIT AND PERFORMANCE
COMMITTEE FOR YEAR ENDING 30 JUNE 2020**



REPORT FROM THE AUDIT COMMITTEE OF THE CENTRAL KAROO DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2020

The Audit and Performance 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) of (MFMA), the committee assists the Council.

1. Terms of Reference

Section 166(2) of the MFMA states that an audit committee is an independent advisory body that must advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

- internal financial control;
- risk management;
- performance management; and
- effective governance.

The Audit and Performance Audit Committee has reviewed the formal terms of reference (charter) that was approved by Council on 26 September 2019. The Committee has executed its duties during the past financial year in accordance with these terms of reference.

a) Functions of the Audit Committee

The Audit Committee has the following main functions as prescribed in section 166 (2) (a-e) of the Municipal Finance Management Act, 2003 and the Local Government Municipal and Performance Management Regulation:

- To advise the Council on all matters related to compliance and effective governance.
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.

- Respond to the council on any issues raised by the Auditor-General in the audit report.
- To review the quarterly reports submitted by internal audit.
- To evaluate audit reports pertaining to financial, administrative and technical systems.
- The compilation of reports to Council, at least twice during a financial year.
- To review the performance management system and make recommendations in this regard to Council.
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimized.
- To review the annual report of the municipality.
- Review the audit plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Provide support to the Internal Audit function.
- Ensure that no restrictions or limitations are placed on the Internal Audit section.
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.
- In addition to above the Audit Committee also performs the function of a performance audit committee. Functions of the Performance Audit Committee In terms of Section 14(4) (a) of the Regulations the performance audit committee has the responsibility to –
 - i) review the quarterly reports produced and submitted by the internal audit process;
 - ii) review the municipality's performance management system and make recommendations in this regard to the council of the municipality; and
 - iii) at least twice during each financial year submit a performance audit report to the council of the municipality.

2. Members of the Audit and Performance Audit Committee

The Committee consists of three independent non-executive members.

As of 30 June 2020, the Audit and Performance Audit Committee comprised of the following members:

NAME	POSITION	PERIOD
MF Pike	Chairperson	01 July 2019 - October 2020
N Gabada	Member	01 July 2019 - 30 June 2020
Y Duimpies	Member	01 July 2019 - 30 June 2020

The Municipal Manager, the Chief Financial Officer, directors of 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 three meetings during this period. Details of audit committee members attendance at meetings is set out in the table below:

MEMBER	29 August 2019	12 December 2019	24 June 2020
MF Pike	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
N Gabada	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Y Duimpies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Due to the impact of COVID-19 pandemic and the national state of disaster declared under Government Notice No 313 of 15 March 2020 in terms of section 27(1) of the Disaster Management Act, 2002, the Audit Committee could not hold the fourth Audit Committee as is required by the Audit Committee Terms of Reference and the MFMA. However, as per Government Notice No 429, issued on 30 March 2020, the Municipality was exempted from the legislative requirement as per the MFMA.

The Chairperson of the Audit and Performance Audit Committee attended the following additional meetings:

- Meeting with the office of Auditor-General – 13 November 2019.
- Risk Management Committee– 26 June 2020

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.

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:

The committee 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.

The committee has reviewed the risk register and recommend that the Municipality should continue with its processes to ensure the risk register is updated on a continuous basis, to assist in the management of risks to an acceptable level.

Internal financial controls, governance and ethics

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, including amongst others, risks relating to the SCM system specifically, as it is one of the key fraud risk areas;
- reviewed the municipality's compliance with applicable laws and regulations, including compliance with the SCM regulations and
- reviewed significant issues raised by the internal audit process.

Although the matters raised by the Auditor-General with regards to information technology were not material in nature, it is still of a concern that previous year's findings have not been addressed.

The findings raised by the Auditor-General on Human Resources Management are also of a concern to the Committee, and should receive management attention.

Management has given assurance that effective corrective action will be implemented in respect of all internal control weaknesses, and the audit committee will monitor this ongoing forward.

Annual financial statements and reports as on 30 June 2020

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 2020, as well as a clean external audit outcome, a first for the Municipality.

Although not affecting the clean audit outcome of the Municipality, certain matters of emphasis were highlighted in the Audit Report of the Auditor-General, which relates to the underspending of conditional grants, the restatement of corresponding figures, unauthorised expenditure, provision for termination of contract and subsequent events.

No material matters of non-compliance to GRAP standards or the MFMA were identified by the external auditors in the auditor's report. The committee is comfortable that the annual financial statements have been prepared in terms of GRAP and the MFMA. The municipality continues to strive to adhere and uphold the relevant and applicable laws and regulatory frameworks, particularly the MFMA, DoRA etc. as non-conformance to these laws could impact negatively on the audit.

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.

Finance function

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

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 all members of the committee. In reviewing Internal Audit's quarterly reports, the Committee satisfied itself that findings raised relating to financial matters, and

recommendations made, in order to rectify shortcomings/deviations, did receive the required attention forthwith of Management.

Performance Management

The Audit and Performance Audit Committee has pleasure in reporting on the performance management, as required by section 14 of the Municipal Planning and Performance Management Act of 2001.

The Committee is satisfied that the municipality did utilise mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, including assessments of the functionality of the performance management system whether the system complied with the requirements of the MSA, and include assessments of the extent to which the performance measurements were reliable in measuring the performance of the municipality on key as well as general performance indicators.

To ensure compliance of key performance indicators to measure the inputs of processes (economically and efficiently) are determined and compared against set norms/ standards;

The internal auditors did audit the performance measurements on a continuous basis and submitted quarterly reports on their audits to the municipal manager and the Committee.

In Summary the Audit and Performance Audit Committee confirms that:

- Sufficient controls are in place to ensure the Municipality utilised their available resources in the most economical, efficient and effective manner in the development of the IDP in setting development priorities and objectives.
- A proper process was followed in the maintenance and update of the Municipality's Performance Management System.
- The Municipality followed the process prescribed in the Performance Management System (PMS) to develop and improve its Key Performance Indicators (KPI's).
- The KPI's in general comply with the relevant statutory requirements.
- The Municipality followed the process prescribed in its PMS to set performance targets.
- The performance targets comply with the relevant requirements.
- The Municipality's actual service delivery process is performance target driven.
- The Municipality monitor its actual progress in terms of a formally documented process.
- The Municipality has followed the internal control procedures as prescribed in the PMS to monitor its performance.
- The Municipality followed the process prescribed in its PMS to measure and report on their performance.
- The Municipality followed the process prescribed in its PMS to revise their strategies and objectives.

Conclusion

The Committee congratulates the Council, staff and management of the municipality in all their efforts in assisting the Municipality to receive a clean external audit outcome. We concur and accept 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.

On behalf of the Audit Committee

Y Duimpies
Acting Chairperson of the Audit Committee
Central Karoo District Municipality
24 March 2021

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



CENTRAL KAROO DISTRICT MUNICIPALITY

**AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

28 February 2021

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

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 41 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 of Standard Chart of Accounts Municipal Structures Act (Act no 117 of 1998) Municipal Systems Act (Act no 32 of 2000) Occupational Health and Safety Act (Act 85 of 1993) 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



AUDITOR - GENERAL
SOUTH AFRICA

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

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 - 38
Notes to the Audited Annual Financial Statements	39 - 82
Appendix A: Schedule of External loans	83
Appendix B: Segmental Statement of Financial Performance - Municipal Votes	84
Appendix C: Segmental Statement of Financial Performance	85
Appendix D: Segmental Analysis of Property, Plant and Equipment - GFS Classifications	86
Appendix E: Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	87



A U D I T O R - G E N E R A L
S O U T H A F R I C A

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

Active councillors as at 30 June 2020:

Executive Mayor	AL Rabie
Deputy Mayor	M Jafta
Speaker	IJ Windvogel
Councillor (Full time)	R Meyer
Councillor	AM Slabbert
Councillor	N Constable
Councillor	SM Meyers
Councillor	MS Hanganana
Councillor	J Botha
Councillor	SM Motsoane
Councillor	ZJD Lambert
Councillor	O Haarvoor

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2020, which are set out on pages 4 to 82 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 2020 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

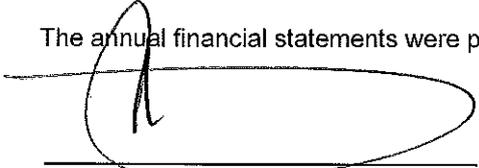
The external auditors are responsible for independently reviewing and reporting on the municipality's audited annual financial statements.

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.

As per Government Gazette no.43582 dated 5 August 2020, National Treasury has granted municipalities and municipal entities a two-month extension regarding the submission of Annual Financial Statements to the Auditor-General. The municipality has taken advantage of this exemption.

In terms of Section 13G, read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their audited annual financial statements and annual reports. Please refer to note 33

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



**Accounting Officer (Acting)
Mr. G Matthyse**



**AUDITOR-GENERAL
SOUTH AFRICA**

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

	Note(s)	2020 R	2019 Restated* R
Assets			
Current Assets			
Inventories	2	1,175,362	981,941
Receivables from exchange transactions	3	-	5,266,160
Receivables from non-exchange transactions	4	1,768,055	1,730,829
Unpaid Conditional Government Grants and Receipts		-	18,729
Statutory receivables	5	69,794	342,574
Employee Benefits Receivables	6	637,000	787,475
Cash and cash equivalents	7	15,365,035	7,052,298
		19,015,246	16,180,006
Non-Current Assets			
Property, plant and equipment	8	8,444,589	8,847,090
Intangible assets	9	97,499	112,241
Employee Benefit Receivable	6	6,907,000	8,613,342
		15,449,088	17,572,673
Total Assets		34,464,334	33,752,679
Liabilities			
Current Liabilities			
Current Employee benefits	10	6,986,500	4,575,747
Unspent conditional grants and receipts	11	4,870,885	2,372,849
Finance lease obligation	12	20,668	69,502
Payables from exchange transactions	13	2,444,792	3,247,027
		14,322,845	10,265,125
Non-Current Liabilities			
Finance lease obligation	12	-	20,668
Employee benefit obligation	14	14,563,002	15,253,635
		14,563,002	15,274,303
Total Liabilities		28,885,847	25,539,428
Net Assets		5,578,487	8,213,251
Accumulated surplus		5,578,487	8,213,251

* See Note 28



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

STATEMENT OF FINANCIAL PERFORMANCE

	2020	2019
Note(s)	R	Restated* R
Revenue		
Revenue from exchange transactions		
Actuarial gains	1,345,236	2,976,629
Straight Service Charges	4,072,739	4,226,696
Department of Transport - Roads Service Charges	44,405,980	58,752,840
Gain on disposal of assets and liabilities	-	51,564
Interest received	1,137,968	746,541
Licences and permits	51,165	30,155
Operational Revenue	195,254	204,445
Rental from fixed asset	119,014	72,725
Reversal on impairment loss	-	3,895
Total revenue from exchange transactions	51,327,356	67,065,490
Revenue from non-exchange transactions		
Reversal of sureties	-	1,975,391
Settlement by National Treasury	993,252	1,520,351
Transfer revenue		
Government grants & subsidies	35,984,735	36,078,167
Total revenue from non-exchange transactions	36,977,987	39,573,909
Total revenue	88,305,343	106,639,399
Expenditure		
Employee related costs	(52,965,586)	(45,657,527)
Remuneration of councillors	(3,845,251)	(3,658,708)
Depreciation and amortisation	(610,188)	(503,610)
Impairment	(822)	(271,471)
Finance costs	(711,480)	(738,725)
Inventory consumed	(7,822,791)	(13,910,000)
Contracted services	(11,196,389)	(23,720,156)
Operational cost	(13,787,600)	(12,239,398)
Total expenditure	(90,940,107)	(100,699,595)
(Deficit) surplus for the year	(2,634,764)	5,939,804

* See Note 28



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus R	Total net assets R
Restated 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
Prior period year adjustments	162,756	162,756
Restated* Balance at July 01, 2019	8,213,251	8,213,251
Changes in net assets		
Surplus for the year	(2,634,764)	(2,634,764)
Balance at June 30, 2020	5,578,487	5,578,487

* See Note 28



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

CASH FLOW STATEMENT

	Note(s)	2020 R	2019 Restated* R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Other		55,085,066	66,355,932
Government		38,482,771	36,078,167
Interest income		1,137,968	746,541
		94,705,805	103,180,640
Payments			
Suppliers and employees		(86,125,457)	(103,228,505)
Finance costs		(4,341)	(10,131)
		(86,129,798)	(103,238,636)
Net cash flows from operating activities	27	8,576,007	(69,407)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant and equipment		(178,935)	(863,089)
Purchase of Intangible assets		(14,832)	(56,124)
Net cash flows from investing activities		(193,768)	(919,213)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in/(Repayment of) finance lease		(69,502)	(67,409)
Net increase/(decrease) in cash and cash equivalents		8,312,737	(1,056,029)
Cash and cash equivalents at the beginning of the year		7,052,298	8,108,327
Cash and cash equivalents at the end of the year	7	15,365,035	7,052,298

* See Note 28



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

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
	R	R	R	R	R	

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Actuarial gain	(100,000)	-	(100,000)	1,345,236	1,445,236	A
Agency services	4,283,446	(108,957)	4,174,489	4,072,739	(101,750)	B
Department of Transport - Roads Service Charges	47,775,000	2,066,500	49,841,500	44,405,980	(5,435,520)	C
Interest received	630,000	380,000	1,010,000	1,137,968	127,968	D
Licences and permits	25,905	22,000	47,905	51,165	3,260	E
Operational revenue	212,325	(7,325)	205,000	195,254	(9,746)	F
Rental from fixed asset	93,000	-	93,000	119,014	26,014	G
Total revenue from exchange transactions	52,919,676	2,352,218	55,271,894	51,327,356	(3,944,538)	

Revenue from non-exchange transactions

Settlement by National Treasury	3,000,000	-	3,000,000	993,252	(2,006,748)	H
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Transfer revenue

Government grants & subsidies	40,817,000	3,162,543	43,979,543	35,984,735	(7,994,808)	I
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Total revenue from non-exchange transactions

	43,817,000	3,162,543	46,979,543	36,977,987	(10,001,556)	
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Total revenue

	96,736,676	5,514,761	102,251,437	88,305,343	(13,946,094)	
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Expenditure

Employee related costs	(45,239,677)	(6,078,497)	(51,318,174)	(52,965,586)	(1,647,412)	J
Remuneration of councillors	(3,796,012)	(45,000)	(3,841,012)	(3,845,251)	(4,239)	K
Depreciation and amortisation	(386,250)	(174,405)	(560,655)	(610,188)	(49,533)	L
Reversal of impairment	-	-	-	(822)	(822)	M
Finance costs	-	-	-	(711,480)	(711,480)	N
Inventory consumed	-	(11,716,917)	(11,716,917)	(7,822,791)	3,894,126	P
Contracted services	(29,013,525)	10,726,093	(18,287,432)	(11,196,389)	7,091,043	P
General Expenses	(13,852,595)	(1,218,793)	(15,071,388)	(13,787,600)	1,283,788	O
Total expenditure	(92,288,059)	(8,507,519)	(100,795,578)	(90,940,107)	9,855,471	

Deficit before taxation

	4,448,617	(2,992,758)	1,455,859	(2,634,764)	(4,090,623)	
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement

	4,448,617	(2,992,758)	1,455,859	(2,634,764)	(4,090,623)	
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CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

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
	R	R	R	R	R	

Statement of Financial Position

Assets

Current Assets

Inventories	713,000	-	713,000	1,175,362	462,362	Q
Receivables from non-exchange transactions	3,275,000	-	3,275,000	1,768,055	(1,506,945)	R
Statutory receivables	-	-	-	69,794	69,794	S
Employee Benefits Receivables	1,315,000	-	1,315,000	637,000	(678,000)	T
Cash and cash equivalents	4,140,000	-	4,140,000	15,365,035	11,225,035	U
	9,443,000	-	9,443,000	19,015,246	9,572,246	

Non-Current Assets

Property, plant and equipment	9,149,000	(8,780,000)	369,000	8,444,589	8,075,589	V
Intangible assets	93,000	-	93,000	97,499	4,499	W
Employee Benefit Receivable	10,020,000	-	10,020,000	6,907,000	(3,113,000)	X
	19,262,000	(8,780,000)	10,482,000	15,449,088	4,967,088	

Total Assets

	28,705,000	(8,780,000)	19,925,000	34,464,334	14,539,334	
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Liabilities

Current Liabilities

Current Employee benefits	-	-	-	6,986,500	6,986,500	Y
Finance lease obligation	39,000	-	39,000	20,668	(18,332)	Z
Payables from exchange transactions	8,179,000	-	8,179,000	2,444,792	(5,734,208)	AA
Unspent conditional grants and receipts	-	-	-	4,870,885	4,870,885	BB
	8,218,000	-	8,218,000	14,322,845	6,104,845	

Non-Current Liabilities

Finance lease obligation	90,000	-	90,000	-	(90,000)	CC
Employee benefit obligation	18,001,000	-	18,001,000	14,563,002	(3,437,998)	DD
	18,091,000	-	18,091,000	14,563,002	(3,527,998)	

Total Liabilities

	26,309,000	-	26,309,000	28,885,847	2,576,847	
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Net Assets

	2,396,000	(8,780,000)	(6,384,000)	5,578,487	11,962,487	
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Net Assets

Reserves

Accumulated surplus	2,396,000	(8,780,000)	(6,384,000)	5,578,487	11,962,487	
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CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

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
	R	R	R	R	R	
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Other Revenue	52,790,000	-	52,790,000	55,066,338	2,276,338	
Government grants	43,717,000	-	43,717,000	38,501,500	(5,215,500)	
Interest income	600,000	-	600,000	1,137,968	537,968	
	97,107,000	-	97,107,000	94,705,806	(2,401,194)	
Payments						
Suppliers and employees	(95,776,000)	-	(95,776,000)	(86,125,457)	9,650,543	
Finance costs	-	-	-	(4,341)	(4,341)	
	(95,776,000)	-	(95,776,000)	(86,129,798)	9,646,202	
Net cash flows from operating activities	1,331,000	-	1,331,000	8,576,008	7,245,008	
Cash flows from investing activities						
Purchase of property plant and equipment	(744,000)	-	(744,000)	(178,935)	565,065	
Purchase of other intangible assets	-	-	-	(14,832)	(14,832)	
Net cash flows from investing activities	(744,000)	-	(744,000)	(193,767)	550,233	
Cash flows from financing activities						
Increase in/(Repayment of) finance lease	(11,000)	-	(11,000)	(69,502)	(58,502)	
Net increase/(decrease) in cash and cash equivalents	576,000	-	576,000	8,312,739	7,736,739	
Cash and cash equivalents at the beginning of the year	3,605,000	-	3,605,000	7,052,298	3,447,298	
Cash and cash equivalents at the end of the year	4,181,000	-	4,181,000	15,365,037	11,184,037	



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

ACCOUNTING POLICIES

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 audited annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months. Management considers key financial metrics and approved medium-term budgets to conclude that the going concern assumption used in the compiling of the Annual Financial Statements is appropriate. The recent COVID-19 pandemic and its effect on the Municipality's current and expected performance has been considered by management in the Going concern assumption.

ACCOUNTING POLICIES

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 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.



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

ACCOUNTING POLICIES

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:



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

ACCOUNTING POLICIES**1.7 Standards, amendments to standards and interpretations issued but yet effective (continued)****Change in accounting policy due to amendments to GRAP 5 - Borrowing costs**

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 20	<p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt 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>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public 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>Separate Financial Statements</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>	1 April 2020
GRAP 35 (Revised – April 2019)	<p>Consolidated Financial Statements</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>	1 April 2020
GRAP 36 (Revised – April 2019)	<p>Investments in Associates and Joint Ventures</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>	1 April 2020

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

ACCOUNTING POLICIES**1.7 Standards, amendments to standards and interpretations issued but yet effective (continued)**

GRAP 37 (Revised – April 2019)	<p>Joint Arrangements</p> <p>The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements)</p> <p>No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.</p>	1 April 2020
GRAP 38 (Revised - April 2019)	<p>Disclosure of Interest in Other Entities</p> <p>The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:</p> <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>	1 April 2020
GRAP 108	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	1 April 2020
GRAP 109	<p>Accounting by Principles and Agents</p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>Grp 109 is not applicable as the relationship between the municipality and the Department of Public Works and Transport of the Western Cape, does not meet the principal agent criteria as determined by the standard.</p>	1 April 2020
GRAP 110	<p>Living and non-living resources</p> <p>The objective of this Standard is prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2020



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

ACCOUNTING POLICIES**1.7 Standards, amendments to standards and interpretations issued but yet effective (continued)**

IGRAP 17	<p>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</p> <p>The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown
IGRAP 18	<p>Recognition and Derecognition of Land</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>	1 April 2019
IGRAP 19	<p>Liabilities to Pay Levies</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>	1 April 2019
IGRAP 20	<p>Accounting for Adjustments on Revenue</p> <p>The interpretation clarifies the accounting for adjustments to:</p> <p>a) exchange and non-exchange revenue charged in terms of legislation or similar means; and</p> <p>b) interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal, or objection process.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the interpretation.</p>	1 April 2020

Borrowing costs, incurred both before and after the effective date of this amendment and related to qualifying assets for which the commencement date for capitalisation is prior to the effective date of this Standard, is recognised in accordance with the municipality's previous accounting policy.

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.

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

ACCOUNTING POLICIES

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

1.14 Employee benefits (continued)

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 provided 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.

ACCOUNTING POLICIES

1.14 Employee benefits (continued)

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.

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

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

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

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

Where an item of property, plant and equipment is acquired in exchange for non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets required 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 an 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.

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

ACCOUNTING POLICIES

1.15 Property, Plant and Equipment (continued)

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:

Classes	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

ACCOUNTING POLICIES

1.15 Property, Plant and Equipment (continued)

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.

ACCOUNTING POLICIES

1.16 Intangible Asset (continued)

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

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

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:

Intangible Assets	Years
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;

ACCOUNTING POLICIES

1.17 Impairment of non-financial asset (continued)

- 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.

ACCOUNTING POLICIES

1.17 Impairment of non-financial asset (continued)

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

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

a) External sources of information

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

b) Internal sources of information

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

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

ACCOUNTING POLICIES

1.17 Impairment of non-financial asset (continued)

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.

ACCOUNTING POLICIES

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 utilisation 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

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

ACCOUNTING POLICIES

1.19 Financial Instruments (continued)

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.

ACCOUNTING POLICIES

1.19 Financial Instruments (continued)

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 measures 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.

ACCOUNTING POLICIES

1.20 Statutory receivables (continued)

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.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.



ACCOUNTING POLICIES

1.21 Revenue

Concessionary loans received

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.

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

ACCOUNTING POLICIES

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.

ACCOUNTING POLICIES

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

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

ACCOUNTING POLICIES

1.22 Related parties (continued)

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.

ACCOUNTING POLICIES

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 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.
- 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;



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

ACCOUNTING POLICIES

1.26 Significant accounting judgements and estimates (continued)

- 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 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.

1.27 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.

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

ACCOUNTING POLICIES

1.28 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.

1.29 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.



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
2. INVENTORIES		
Maintenance Materials - At cost	1,175,362	981,941
Inventories recognised as an expense during the year	7,822,791	13,910,000
No Inventories have been pledged as collateral for liabilities of the municipality.		
3. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Roads - Sundry debtors	-	5,266,160
Trade and other receivables pledged as security		
Debtors are payable with 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation.		
There was no current year Roads debtor as the Department of Public Works and Transport Western Cape paid in advance.		
4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Other receivables	1,819,844	1,733,815
Less: Allowance for Doubtful Debts	(51,789)	(2,986)
	1,768,055	1,730,829
Reconciliation of Bad debt		
Balance at the beginning of year	2,986	91,448
Contribution to provision/(reversal of provision)	48,803	(88,462)
	51,789	2,986
Provisions 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		
Debtors are payable with 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation.		
The ageing of amounts past due but not impaired is as follows:		
Current (0-30 days)	573,593	604,592
31 - 60 Days	8,433	73,163
61 - 90 Days	13,169	8,595
+ 90 Days	1,140,645	1,044,479
	1,735,840	1,730,829

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
5. STATUTORY RECEIVABLES		
VAT	69,794	342,574
6. EMPLOYEE BENEFIT RECEIVABLE		
Actual		
Department of Transport: Roads - Post Employment Health Care Benefits	5,610,000	7,529,705
Department of Transport: Roads - Long Service Awards	1,533,000	1,498,716
Department of Transport: Roads - Ex Gratia Pension Benefits	401,000	372,396
	7,544,000	9,400,817
Less: Current portion transferred to current receivables		
Department of Transport: Roads - Post Employment Health Care Benefits	(418,000)	(461,957)
Department of Transport: Roads - Long Service Awards	(120,000)	(144,096)
Department of Transport: Roads - Ex-Gratia Pension Benefits Municipal	(99,000)	(181,422)
	(637,000)	(787,475)
Other asset 1 - Non-current portion		
	6,907,000	8,613,342
Other asset 1 - Current portion		
7. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	1,300	1,300
Bank balances	2,808,573	1,163,318
Call Investments Deposits	12,555,162	5,887,680
	15,365,035	7,052,298

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 Equivalent. Except for cash and cash equivalents that relate to unspent conditional grants, it has to remain cash backed.

The carrying value approximates the fair value of the asset.

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

				2020			2019
				R			R
7. Cash and cash equivalents (continued)							
The municipality had the following bank accounts							
Account description	Bank statement balances			Cash book balances			
	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,	
	2020	2019	2018	2020	2019	2018	
ABSA Bank Account Number 1540 0000 14 (Cheque account)	535,155	745,958	39,279	373,662	745,958	39,279	
First National Bank Account Number 6206 2151 429 (Cheque Account)	797,902	28,167	3,515,677	1,425,395	28,167	3,482,197	
Nedbank Account Number 1178835510 (Cheque Account)	3,529,959	389,886	-	1,009,516	389,193	-	
Total	<u>4,863,016</u>	<u>1,164,011</u>	<u>3,554,956</u>	<u>2,808,573</u>	<u>1,163,318</u>	<u>3,521,476</u>	
Call Investment deposits							
Nedbank - 03/7881114568				2,227,030		2,099,362	
First Rand Bank Limited - 6223 6004 355				97		45,793	
Nedbank - 03/7881125551				2,107,123		1,962,555	
Nedbank - 03/7881121858				3,627,052		386,870	
Nedbank - 03/7881150777				1,452,221		1,368,970	
Nedbank - 03/7881151625				3,113,598		24,130	
First Rand Bank Limited - 628 352 72361				28,041		-	
				<u>12,555,162</u>		<u>5,887,680</u>	



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS**8. PROPERTY, PLANT AND EQUIPMENT**

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1,207,650	-	1,207,650	1,207,650	-	1,207,650
Buildings	5,940,333	(2,331,889)	3,608,444	5,940,333	(2,272,780)	3,667,553
Plant and machinery	985,142	(414,661)	570,481	985,142	(318,055)	667,087
Furniture and fixtures	2,415,804	(1,478,187)	937,617	2,293,801	(1,328,234)	965,567
Motor vehicles	3,088,731	(1,481,993)	1,606,738	3,088,731	(1,297,004)	1,791,727
Office equipment	1,294,046	(780,387)	513,659	1,252,124	(704,618)	547,506
Total	14,931,706	(6,487,117)	8,444,589	14,767,781	(5,920,691)	8,847,090

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Impairment loss	Total
Land	1,207,650	-	-	-	1,207,650
Buildings	3,667,553	-	(59,109)	-	3,608,444
Machinery and equipment	667,087	-	(96,606)	-	570,481
Furniture and equipment	965,567	133,411	(160,837)	(524)	937,617
Office equipment	547,506	45,524	(79,073)	(298)	513,659
Motor vehicles	1,791,727	-	(184,989)	-	1,606,738
	8,847,090	178,935	(580,614)	(822)	8,444,589



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS**8. Property, plant and equipment (continued)****Reconciliation of property, plant and equipment - 2019**

	Opening balance	Additions	Disposals	Prior period error	Depreciation	Impairment loss	Total
Land	853,150	-	-	354,500	-	-	1,207,650
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)	15,273	(120,834)	3,017	965,567
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)	369,773	(474,645)	3,278	8,847,090



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020	2019
	R	R
8. Property, plant and equipment (continued)		
Pledged as security		
Leased Property, Plant and Equipment of R20 668 is secured for leases as set out in Note 12.		
There are no contractual commitments for the acquisition of property.		
There are no Property, Plant and Equipment in the process of being constructed or developed.		
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.		
The register contains assets that are fully depreciated and assets awaiting write-off and disposal by council.		
Property, plant and equipment in the process of being constructed or developed		
Expenditure incurred to repair and maintain Property, Plant and Equipment		
Contracted services	19,617	387,146

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS**9. INTANGIBLE ASSETS**

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	299,237	(201,738)	97,499	284,405	(172,164)	112,241

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	112,241	14,832	(29,574)	97,499

Reconciliation of intangible assets - 2019

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

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

Microsoft software and other software.	97,499	112,241
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CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
9. Intangible assets (continued)		
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.		
10. CURRENT EMPLOYEE BENEFITS		
Designated at fair value		
Current Portion of Ex Gratia Benefits - Refer to Note 14	99,000	181,422
Current Portion of Long Service Provisions - Refer to Note 14	194,000	212,244
Current Portion of Post Retirement Benefits - Refer to Note 14	970,000	854,101
Provision for Performance Bonusses	394,027	368,267
Provision for Severance Pay	2,033,641	-
Provision for Staff Leave	2,197,838	1,932,846
Staff Bonusses Accrued	1,097,994	1,026,867
	6,986,500	4,575,747

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
10. Current employee benefits (continued)		
Financial liabilities at fair value		
The movement in current employee benefits are reconciled as follows:		
Provision for Staff Leave		
Balance at beginning of year	1,932,846	1,650,293
Contribution to current portion	431,985	425,705
Expenditure incurred	(166,993)	(143,152)
	2,197,838	1,932,846

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

Provision for Performance Bonuses

Balance at beginning of year	368,567	725,890
Contribution to current portion	470,155	(38,457)
Expenditure incurred	(444,695)	(319,166)
	394,027	368,267

Staff Bonuses Accrued

Balance at beginning of year	1,026,867	892,739
Contribution to current portion	2,493,228	2,369,295
Expenditure incurred	(2,422,101)	(2,235,167)
	1,097,994	1,026,867

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.

Provision for Termination of Contract

Contribution to current portion	2,033,641	-
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Council resolved to terminate the contract of employment of the Municipal Manager, Mr S Jooste as a result of breach of the relationship of trust between the Municipal Manger and the Council from 30 June 2020. Council resolved to pay a final severance amount of 18 months cost to company to Mr S Jooste.



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
11. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
National Government Grants	2,014,037	-
Provincial Government Grants	2,257,649	2,088,543
Other Grant Providers	599,199	284,306
	4,870,885	2,372,849
Reconciliation of Unspent Conditional Grants and Receipts		
Rural Asset Management Grant	2,014,037	-
FMG Graduate Internship Programme	-	57,959
FMG Graduate Internship Programme (Disaster Management)	75,201	-
FMG Capacity building grant (Bursaries)	430,166	266,766
WCFMSG Internal Audit and Risk Management	390,819	390,819
WOSA	768,439	1,000,000
FMG ERM System	173,000	173,000
WC PDO Compliance	220,025	-
FMG Audit System	200,000	200,000
CHIETA	397,415	82,522
LG SETA	201,783	201,784
	4,870,885	2,372,850
Reconciliation of unearned revenue		
Rural Asset Management Grant		
FMG Graduate Internship Programme		
FMG Graduate Internship Programme (Disaster Management)		
FMG Capacity building grant (Bursaries)		
All the unspent conditional grants are cash backed. Due to the Covid-19 lockdown spending targets could not be met.		
Total service concession liabilities		
Unearned revenue		
12. FINANCE LEASE OBLIGATION		
Minimum lease payments due		
- within one year	20,761	73,843
- in second to fifth year inclusive	-	20,895
	20,761	94,738
less: future finance charges	(93)	(4,568)
Present value of minimum lease payments	20,668	90,170
Non-current liabilities	-	20,668
Current liabilities	20,668	69,502
	20,668	90,170

Refer to Appendix A for the detailed capitalised lease liability.

AUDITOR - GENERAL
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Auditing to build public confidence

28 February 2021

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
13. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables	16,489	2,019,434
Debtors with credit balances	7,692	38,307
Sundry creditors	878,928	1,189,286
Department of transport and public works	1,541,683	-
	2,444,792	3,247,027

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**Post Retirement Medical Aid Benefits**

Present value of fund obligation at the beginning of the year	13,921,487	16,087,138
Contribution for the year	333,054	231,808
Interest cost	1,235,596	1,454,815
Benefits paid	(868,322)	(813,463)
Actuarial (Gain)/Loss	(1,849,815)	(3,038,811)
Less: Transfer of Current Portion - Refer to Note 11	(970,000)	(854,101)
	11,802,000	13,067,386

Long Service Awards

Present value of fund obligation at the beginning of the year	2,207,518	2,118,886
Contribution for the year	223,346	178,572
Interest cost	170,380	165,123
Benefits paid	(249,778)	(340,576)
Actuarial losses	301,534	85,513
Less: Transfer of Current Portion - Refer to Note 11	(194,000)	(212,244)
	2,459,000	1,995,274

Ex-Gratia Benefits

Present value of fund obligation at the beginning of the year	372,396	447,980
Interest Cost	22,000	35,083
Benefits paid	(196,441)	(87,336)
Actuarial Loss/(Gain)	203,045	(23,331)
Less: Transfer of Current Portion - Refer to Note 11	(99,000)	(181,422)
	302,000	190,974



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
14. Employee benefit obligations (continued)		
TOTAL NON-CURRENT EMPLOYEE BENEFITS		
Opening balance	16,501,401	18,654,004
Contribution for the year	556,400	410,381
Interest cost - Refer to Note 23	1,427,976	1,655,021
Benefits paid	(1,314,539)	(1,241,375)
Actuarial Gain for the year	(1,345,236)	(2,976,629)
Transfer of Current porting - Note 11	(1,263,000)	(1,247,767)
	14,563,002	15,253,635

14.1 Post Retirement Benefits

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

Current (In Service) Members	30	34
Continuation members (e.g. Retirees, widows, orphans)	25	20
Total members	30	34

The amount recognised in the Statement of Financial Position:

Current (In Service) members	3,723,000	4,825,319
Continuation members	9,049,000	9,096,168
	12,772,000	13,921,487

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

	2018	2017	2016
Total liability	16,087,000	16,359,000	16,866,000

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

Bonitas;
LA Health;
Samwymed; and
Keyhealth - Hosmed.

Key Actuarial assumptions used:



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
14. Employee benefit obligations (continued)		
Rate of Interest		
Discount rate	Yield curve	9.15 %
Health Care Cost Inflation Rate	CPI + 1,5%	6.67 %
Net Effective Discount Rate	Yield curve based	2.32

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 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 relect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the JSE after the market clost on 30 June 2020.

Mortality Rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA(90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
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14. Employee benefit obligations (continued)

Average Retirement Age

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

Normal Retirement Age

The average retirement age for all active employees was assumed to be 65 years.

Spouses and Dependants

We assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement and vice versa.

Reconciliation of present value of fund obligation

Present value of fund obligation at the beginning of the year	13,921,487	16,087,138
Current service cost	333,054	231,818
Interest cost	1,235,596	1,454,815
Benefits paid	(868,322)	(813,463)
Actuarial (Gains)/Losses	(1,849,815)	(3,038,811)
Transfer of Current Portion - Note 11	(970,000)	(854,101)
Non - current Portion	11,802,000	13,067,396

Sensitivity Analysis on Accrued Liability

Mortality Rate:

Illustrated is the effect of higher and lower mortality rates by increasing and decreasing the mortality rates by 20%

	-20% Mortality Rate	Valuation Assumption	+20% Mortality Rate
Total Accrued Liability	13,674,000	12,772,000	12,005,000
Current Service Cost	1,630,000	1,516,000	1,422,000
Interest Cost	218,000	205,000	193,000
	15,522,000	14,493,000	13,620,000

Medical aid inflation:

The effect of a 1% per annum change in the medical aid inflation assumption:

	-1% Medical Aid Inflation	Valuation Assumption	+1% Medical Aid Inflation
Total Accrued Liability	12,130,000	12,772,000	13,276,000
Current Service Cost	1,437,000	1,516,000	1,578,000
Interest Cost	193,000	205,000	213,000
	13,760,000	14,493,000	15,067,000



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
14. Employee benefit obligations (continued)		
14.2 Long Service Bonuses		
The Long Service Bonus plans are defined benefit plans.		
Roads	111	110
Other	45	39
As at year end, the following number of employees were eligible for Long Service Bonuses	156	149

Key Actuarial assumptions used:**Rate of Interest**

Discount rate	Yield curve	8,10%
General Salary Inflation (long-term)	Equal to CPI+1%	5,52%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	Yield curve based	2,45%

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.”

We use the nominal and real zero curves as at 30 June 2020 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period. For example, a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years.

Average 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.

Normal Retirement age

The normal retirement age for all active employees was assumed to be 65 years.

Mortality Rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry.

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



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020	2019
	R	R
14. Employee benefit obligations (continued)		
Present value of fund obligations	2,653,000	2,207,518
	2,653,000	2,207,518
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:	2018	2017
	2016	
	2,188,886	1,778,965
		1,748,137
Reconciliation of present value of fund obligation (LSA):		
Present value of fund obligation at the beginning of the year	2,207,518	2,118,886
Current service cost	223,346	178,572
Interest cost	170,380	165,123
Benefits paid	(249,778)	(340,576)
Actuarial losses	301,534	85,513
Transfer of Current Portion - Note 11	(194,000)	(212,244)
Non - current Portion	2,459,000	1,995,274

Sensitivity Analysis on the Unfunded Accrued Liability

Withdrawal Rate:

Illustrated is the effect of higher and lower withdrawal rates by increasing and decreasing the withdrawal rate by 20%:

	-20%	Valuation	+20%
	Withdrawal	Assumption	Withdrawal
	Rate		Rate
Total Accrued Liability	2,740,000	2,653,000	2,574,000
Current Service cost	266,000	251,000	237,000
Interest cost	229,000	222,000	214,000
	3,235,000	3,126,000	3,025,000

Normal Salary inflation:

The effect of a 1% per annum change in the Normal Salary inflation assumption:

	-1% Normal	Valuation	+1% Normal
	Salary	Assumption	Salary
	inflation		inflation
Total Accrued Liability	2,505,000	2,653,000	2,815,000
Current Service cost	232,000	251,000	272,000
Interest cost	209,000	222,000	(236,000)
	2,946,000	3,126,000	3,323,000



AUDITOR - GENERAL
SOUTH AFRICA

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
14. Employee benefit obligations (continued)		
14.3 Ex Gratia Benefits		
The Ex-Gratia plans are defined benefit plans		
Roads	7	7
As at year end, the following number of employees were eligible for Ex-Gratia benefits	<u>7</u>	<u>7</u>
Key actuarial assumptions used:		
Discount rate	7,35%	8,00%
Benefit increase rate (CPI inflation)	3,14%	4,31%
Net Effective Discount Rate	3,08%	3,54%
<p>Grap 25 defines the determination of the Discount rate assumption to be used as follow:</p> <p>“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.”</p> <p>To obtain the applicable discount rate, we use the implied duration of the liability to obtain an appropriate interest rate on the yield curve. We use the nominal and real zero curves as at 30 June 2020 supplied by the JSE to determine our discounted rates and CPI assumptions.</p>		
Average 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.		
Normal retirement age		
The normal retirement ages for all active employees was assumed to be 65 years.		
Mortality Rates and Spouses		
Mortality before retirement has been based on the PA(90) mortality tables. These are the most commonly used tables in the industry. It was assumed that female spouses would be five years younger than their male spouses and vice versa.		
Reconciliation of present value of fund obligation (Ex-Gratia)		
Present value of fund obligation at the beginning of the year	372,396	447,980
Interest paid	22,000	35,083
Benefits paid	(196,441)	(87,336)
Actuarial losses/(gains)	203,045	(23,331)
Transfer of Current Portion - Note 11	(99,000)	(181,422)
	<u>302,000</u>	<u>190,974</u>

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R	
14. Employee benefit obligations (continued)			
Sensitivity Analysis on the Unfunded Accrued Liability			
Pension inflation			
	1% Pension inflation	Valuation Assumption	+1% Pension inflation
Total Accrued liability	394,000	401,000	408,000
Interest Cost	22,000	22,000	23,000
	416,000	423,000	431,000

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

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 1 July 2018 revealed that the fund is in a sound financial position with a funding level of 96% (1 July 2015 - 100%)

Contributions paid recognised in the Statement of Financial Performance	6,505,583	3,773,811
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CONSOLIDATED PENSION FUND FOR LOCAL GOVERNMENT

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2016 - 100%). Whilst this has increased since the previous actuarial valuations it is still within the Registrar's normally acceptable range of at least a 95%.

Contributions paid recognised in the Statement of Financial Performance	175,386	134,998
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CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
14. Employee benefit obligations (continued)		
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	970,210	659,241
15. STRAIGHT SERVICE CHARGE		
Department of Transport and Public Works	4,072,739	4,226,696
The municipality has a service level agreement with the Department of Transport Western Cape for rendering of services regarding the roads function within the jurisdiction of the Central Karoo District Municipality. The commission is calculated at a pre-determined rate.		
Grap 109 is not applicable as the relationship between the municipality and the Department of Public Works and Transport of the Western Cape, does not meet the principal agent criteria as determined by the standard.		
To align to the accounting treatment for the funding received from the Department of Transport and Public Works with regards to the road maintenance, the prior year naming convention for this funding source was changed from agency services to Straight service charge. Both the prior year and current year naming convention is therefor consistent. This allows the users of the annual financial statements to have a clear understanding of the substance to this funding.		
16. REVERSAL OF IMPAIRMENT		
Property Plant and Equipment	-	3,895
17. OPERATIONAL REVENUE		
Commission	35,560	22,599
Admin fee	75,788	96,000
Samples: Milk and Water	83,555	84,594
Sundry Income	351	1,252
	195,254	204,445

AUDITOR - GENERAL
SOUTH AFRICA

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
18. GOVERNMENT GRANTS AND SUBSIDIES		
Operating grants		
Government Grants and Subsidies - Operational	35,984,735	35,996,646
Capital grants		
Government Grants and Subsidies - Capital	-	81,521
	35,984,735	36,078,167
Conditional and Unconditional Government Grants:		
Included in above are the following grants and subsidies received:		
Unconditional grants received	30,642,000	28,502,000
Conditional grants received	5,342,736	7,576,167
	35,984,736	36,078,167
Revenue recognised per vote as required by Section 123(c) of the MFMA		
Equitable share	30,642,000	28,502,000
Public safety	4,800	876,789
Executive and Council	561,835	2,530,042
Budget and Treasury	1,280,000	1,580,000
Corporate services	753,565	1,372,155
Planning and Development	2,742,536	1,217,181
	35,984,736	36,078,167

Conditions still to be met - remain liabilities (see note 11).

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
18. Government grants and subsidies (continued)		
Local Government Financial Management Grant (FMG)		
Grants received	1,000,000	1,000,000
Conditions met - Operating	(1,000,000)	(1,000,000)
	<u>-</u>	<u>-</u>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMS), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

Other Grants

Balance unspent at beginning of year	2,372,848	2,248,525
Grants received	4,342,736	6,582,900
Conditions met - Operating	(1,844,746)	(6,377,056)
Conditions met - Capital	-	(81,521)
	<u>4,870,838</u>	<u>2,372,848</u>

Various grants were received from other spheres of government.

Refer to Appendix E for the detailed disclosure of Grants and Subsidies.



AUDITOR - GENERAL
SOUTH AFRICA

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020	2019
	R	R
19. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	36,866,750	31,444,657
Bonuses	2,782,322	2,098,985
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	9,530,944	7,087,863
Overtime payments	1,297,067	1,538,445
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1,518,995	1,542,284
Current service cost	251,774	154,542
Housing Benefits and Allowances	334,247	301,121
Leave Provision	446,300	438,565
Provision adjustment - Employee benefits	(62,888)	1,043,565
Termination benefits	75	7,500
	52,965,586	45,657,527
Remuneration of Municipal Manager		
Annual Remuneration	994,095	884,508
Car Allowance	240,000	284,000
Performance Bonuses	123,255	153,374
Cellphone allowance	40,500	54,000
Contributions to UIF, Medical and Pension Funds	35,387	33,256
Other benefits and allowances	86,279	84,069
Termination of contract	2,033,641	-
	3,553,157	1,493,207
Remuneration of the Chief Financial Officer		
Annual Remuneration	692,898	545,865
Car Allowance	159,350	166,572
Performance Bonuses	187,020	56,117
Cellphone allowance	22,500	12,000
Contributions to UIF, Medical and Pension Funds	172,332	150,636
Other benefits and allowances	66,070	76,451
	1,300,170	1,007,641
Remuneration of Manager: Corporate Services		
Annual Remuneration	769,618	639,346
Car Allowance	144,000	132,000
Cellphone allowance	22,500	12,000
Performance Bonuses	134,420	53,949
Contributions to UIF, Medical and Pension Funds	113,213	97,726
Other benefits and allowances	63,819	76,451
Acting as MM	44,077	-
	1,291,647	1,011,472



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
20. REMUNERATION OF COUNCILLORS		
Executive Major	914,753	872,149
Executive Committee Members	1,123,643	1,366,410
Councillors	1,806,855	1,420,149
	3,845,251	3,658,708
In-kind benefits		
<p>The Councillors occupying the positions of Mayor, Speaker and certain members of the Executive Committee of the Municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties.</p>		
21. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	580,614	474,644
Intangible assets	29,574	28,966
	610,188	503,610
22. IMPAIRMENT OF ASSETS		
Impairments		
Property, plant and equipment	822	619
Due to wear and tear the condition of Property, Plant and Equipment was re-evaluated.		
EPWP Grant	-	270,852
Irrecoverable overspending of EPWP grant		
	822	271,471
23. FINANCE COSTS		
Employee benefits	1,427,976	1,655,021
Less: Employee benefits transferred to Roads	(720,837)	(926,427)
Finance leases	4,341	10,131
	711,480	738,725



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020	2019
	R	R
24. OPERATIONAL COST		
Administration costs - Roads	4,683,650	4,860,300
Advertising	40,090	80,261
Bank charges	32,386	17,795
Electricity, water & sanitation	606,612	549,916
Disallowed VAT claims	148,130	-
Membership fees	607,658	561,664
Employee wellness	20,129	6,620
Computer expenses	1,241,890	1,306,894
Insurance	414,540	119,729
Printing	365,266	444,700
Provision/(Reversal) for bad debt	48,803	(88,462)
Rates	164,289	141,345
Registration and Congress Fees	2,200	7,305
Sundry Expenditure	186,247	230,803
Sundry Projects	2,231,112	1,249,985
Telephone & postage	609,960	527,034
Travel and Subsistence	1,275,051	1,480,659
Travel and Subsistence: Council	878,940	713,719
Vehicle licences	5,207	3,699
Workmen's Compensation Contributions	225,440	25,432
	13,787,600	12,239,398
25. SETTLEMENT BY NATIONAL TREASURY		
The auditor General - Audit fees over and above 1% contributed by National Treasury	993,252	1,520,351
As per GRAP 23 par 99-107 the above transactions are regarded as services in kind.		
26. AUDITORS' REMUNERATION		
Fees	2,007,154	2,526,944



AUDITOR - GENERAL
SOUTH AFRICA

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020	2019
	R	R
27. CASH GENERATED FROM (USED IN) OPERATIONS		
(Deficit) surplus	(2,634,764)	5,939,804
Adjustments for:		
Depreciation and amortisation	610,188	503,611
(Gain)/Loss on disposal of assets and liabilities	-	(51,564)
Contribution to provisions – bad debt	-	(88,462)
Interest on employee benefits	1,427,976	1,655,021
Reversal of impairment loss	-	(3,895)
Debt impairment	822	271,471
Contribution to current employee benefits	5,429,009	2,756,543
Benefits paid current employee benefits	(3,033,789)	(2,697,485)
Contribution to non-current employee benefits	556,400	389,159
Benefits paid non-current employee benefits	(1,314,541)	(1,247,727)
Actuarial (Gains)/Losses	(1,345,236)	(2,976,629)
Non - cash movement employee benefits	1,856,817	1,043,565
Grant received	38,501,500	36,084,900
Grant expenditure	(35,984,735)	(36,078,167)
Changes in working capital:		
Inventories	(193,421)	-
Receivables from exchange transactions	5,266,160	(2,384,543)
Receivables from non-exchange transactions	(37,226)	402,174
Payables from exchange transactions	(801,933)	(3,654,180)
Increase in taxes	272,780	396,290
	8,576,007	(69,407)



A U D I T O R - G E N E R A L
S O U T H A F R I C A

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
28. PRIOR PERIOD ERROR		
Corrections were made during the previous financial years. Details of the corrections are described below:		
Property Plant and Equipment		
Balance previously reported		8,478,847
First time recognition of assets		368,243
Restated Balance		8,847,090
Receivables from exchange transactions		
Balance previously reported		5,483,057
Roads creditor that should have been raised in the prior year		(216,897)
Restated Balance		5,266,160
Receivables from non-exchange transactions		
Balance previously reported		1,719,419
Unpaid leave should be recovered from employee		11,410
Restated Balance		1,730,829
Employee Related cost		
Balance previously reported		45,668,937
Unpaid leave should be recovered from employee		(11,410)
Restated Balance		45,657,527
Depreciation and amortisation		
Balance previously reported		502,079
First time recognition of assets		1,619
Restated Balance		503,698
Accumulate surplus		
Balance previously reported		8,050,495
Roads creditor that should have been raised in the prior year		(216,897)
First time recognition of assets		368,246
Unpaid leave should be recovered from employee		11,410
Restated Balance		8,213,254

The Municipality has realigned items in the financial statements with the Item Segment of mSCOA (Municipal Regulations of Standard Chart of Accounts). The result of this process was a reclassification and naming of items in the financial statements. The reclassification of 2019 audited amounts can be summarised as follows:



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R	
28. Prior Period Error (continued)			
	Balance as previously reported	Adjustments	Restated balance
Agency services	4,226,696	(4,226,696)	-
Department of Transport - Roads Service Charges	58,752,840	-	58,752,840
Interest Received	746,541	-	746,541
Licences and permits	30,155	-	30,155
Operational Revenue	204,445	-	204,445
Rental from fixed asset	72,725	-	72,725
Reversal of Sureties	1,975,391	-	1,975,391
Settlement by National Treasury	1,520,351	-	1,520,351
Straight Service Charges	-	4,226,696	4,226,696
Government grants & Subsidies	36,078,167	-	36,078,167
Employee related costs	(45,661,437)	(7,499)	(45,668,936)
Remuneration of councillors	(3,658,708)	-	(3,658,708)
Contracted services	(13,127,492)	(10,592,665)	(23,720,157)
Depreciation and amortisation	(502,079)	-	(502,079)
Impairment	(271,471)	-	(271,471)
Finance cost	(738,725)	-	(738,725)
Operational cost	(23,349,424)	11,110,026	(12,239,398)
Inventory consumed	(13,488,600)	(421,400)	(13,910,000)
Gain on disposal of assets and liabilities	51,564	-	51,564
Actuarial gains	2,976,629	-	2,976,629
Reversal of impairment losses	3,895	-	3,895
Reversal on impairment loss on receivables	88,462	(88,462)	-
	5,929,925	-	5,929,925

29. UNAUTHORISED EXPENDITURE

Opening balance as previously reported	7,360,160	6,854,904
Current year - Operating	1,435,349	495,377
Add: Expenditure identified - prior period	-	9,879
	8,795,509	7,360,160

2020 Unauthorised expenditure for the year can be summarised as follow:

	Budget Expenditure (R)	Actual Expenditure (R)	Variance (R)	Recalculate Unauthorised (R)
Budget and Treasury	13,674,946	10,752,267	2,922,679	-
Corporate Services	12,357,809	10,914,411	1,443,398	-
Public Safety	1,685,374	1,651,079	34,295	-
Executive and Council	10,802,214	12,237,563	(1,435,349)	(1,435,349)
Health	4,323,256	4,173,970	149,286	-
Planning and Development	7,707,556	6,101,084	1,606,472	-
Road Transport	50,144,424	45,109,735	5,034,689	-
Total	100,695,579	90,940,109	9,755,470	(1,435,349)

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R		
29. Unauthorised expenditure (continued)				
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	59,085,498	(505,256)	(505,256)
Total	107,652,635	100,807,815	6,844,820	(505,256)

30. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance as previously reported	165,885	165,885
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31. IRREGULAR EXPENDITURE

Opening balance as previously reported	30,959,244	16,652,136
Current year	-	14,342,758
Less: Amounts condoned	-	(35,650)
Closing balance	30,959,244	30,959,244

Details of irregular expenditure

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

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.

* 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 the further investigation and a legal opinion will be obtained by the municipality. All these contracts were entered into during the 2017 year.



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
32. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
Contributions to organised local government - [MFMA 125 (1)(c)] - SALGA		
Current year subscription / fee	553,924	500,000
Amount paid - current year	(553,924)	(500,000)
	-	-
Audit fees - [MFMA 125 (1)(c)]		
Opening balance	-	5,217
Current year fee	2,007,154	2,526,744
Amount paid - current year	(2,007,154)	(1,011,610)
Amount paid - previous years	-	(1,520,351)
	-	-
PAYE, SDL and UIF - [MFMA 125 (1)(c)]		
Opening balance	582,348	480,607
Current year subscription / fee	7,753,755	6,813,556
Amount paid - current year	(7,545,740)	(6,711,815)
	790,363	582,348
Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Current year subscription / fee	10,759,234	9,602,377
Amount paid - current year	(10,759,234)	(9,602,377)
	-	-
VAT - [MFMA 125 (1)(c)]		
VAT receivable	69,794	342,574

VAT output payables and VAT input receivables are shown in note 5.

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 June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020	2019
	R	R
32. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Councillors' outstanding debt to municipality		
The following Councillors and former Councillors had arrear amounts outstanding for more than 90 days at June 30, 2020:		
Councillor MS Hanganana	22,301	32,414
Councillor J Bostander	46,714	46,714
Councillor M Furmen	22,552	22,552
Councillor S Botes	-	617
Councillor EZ Njado	44,944	47,753
Councillor G de Vos	13,905	14,921
Councillor J Jonas	4,515	4,515
Councillor T Prince	439	439
Councillor GP Adolph	2,511	2,511
Councillor C Simpson	-	2,986
Councillor MA Tsam	-	15,008
	157,881	190,430



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
32. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005		
Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b).		
2020		
	Between R30 000 and R200 000	Up to R30 000
Emergency	426,212	57,760
Impractical	700,344	868,427
Sole Supplier	545,295	831,758
Prior period regulation 32 contract continuation	310,088	4,202,407
	1,981,939	5,960,352
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



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

		2020 R	2019 R
32. Additional disclosure in terms of Municipal Finance Management Act (continued)			
The ten major deviations, in total, for the current financial year were as follows:			-
Moore Consulting George (Pty) Ltd	Prior period regulation 32 contract continuation		3,204,727
Ignite advisory	Prior period regulation 32 contract continuation		710,350
Barloworld Equipment	Agent for the supply of specific parts		329,632
M & M Eiendomme	There are only two suppliers for fuel in Murraysburg		315,187
Bell Equipment Sales Limited	Agent for the supply of specific parts		299,964
Mubesko Africa (Pty) Ltd	Prior period regulation 32 contract continuation		240,151
Buffelsdrift Clay Mine CC	Emergency flood damage repair		229,954
Nuweveld Apteek	Urgent requirement of thermometers		147,121
Hino George	Agent for the supply of specific parts		139,241
Beaufort Wes Presisie Motor Ingenieurswerke	Strip & quote		114,758
Marais motors	Accident repairs - was impractical to obtain a quote before deassembly of vehicle and parts		90,353
ELB Equipment	Agent for the supply of specific parts Prior period regulation 32 contract continuation		88,591
Moore Consulting George (Pty) Ltd Mubesko Africa (Pty) Ltd	Prior period regulation 32 contract continuation		
The ten major deviations, in total, for the previous 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 Komatsu parts and services		233,857
Arctipoint (Pty)Ltd t/a Civil Designer South Africa	Sike 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

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
33. 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.		
34. FINANCIAL INSTRUMENTS DISCLOSURE		
Financial assets		
Receivables	1,735,840	7,202,476
Call Deposits	12,555,065	5,887,680
Bank balances	2,808,670	1,163,318
Cash floats and advances	1,300	1,300
	17,100,875	14,254,774
Financial liabilities		
Non-current Capitalised Lease Liability	-	20,668
Trade creditors	16,489	2,019,434
Sundry creditors	898,478	1,189,286
Debtors with credit balances	7,694	38,307
Current capitalised lease liability	20,668	69,502
	943,329	3,337,197

35. FINANCIAL SUSTAINABILITY

The indicators of 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 1.33 (2020)

Current assets exceeded current liabilities with the current ration being 1.57 (2019)

Liquidity ratio of 1.20 (2020)

Liquidity ratio of 1.40 (2019)

Accumulated surplus of R5 578 487 (2020)

Accumulated surplus of R8 213 251 (2019)

The definition of going concern is that there is no reason to believe that an institution will have to close down or liquidate 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 the reporting date.

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



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
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35. Financial sustainability (continued)**COVID-19 Background**

The coronavirus outbreak has been international news since December 2019, but the South African National Institute for Communicable Diseases only confirmed the first positive case of COVID-19 in South Africa on 5 March 2020. On the 23rd of March 2020, President Cyril Ramaphosa announced the nationwide lockdown. On 30 March 2020 the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No.56 of 2003) (MFMA), in order to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster.

COVID-19 Impact on Municipality

Due to the national state of disaster, various regulatory requirements were instituted in order to ensure that the impact of the spread of the virus is limited. The impact has been devastating to the most vulnerable in our community. As a result of the robust financial model applied by the municipality however, the overall going concern and financial position remains relatively unchanged due to continued support by those members of the community who can afford to do so.

COVID-19 - Response Expenditure

There are no prior year information available regarding expenditure in lieu of Covid-19. The summary below indicates the total Covid-19 response expenditure for the period ending 30 June 2020.

Type of expenditure	Nature of expenditure	Supplier		
Cloth face masks	Inventory consumed	Proudly Karoo	11,700	-
Sanitiser dispensers & refills	Inventory consumed	Steiner Hygiene	4,907	-
Spray Bottles	Inventory consumed	Spot on Deals t/a The Outdoor Shop	4,550	-
Surgical masks	Inventory consumed	Imperial Logistics South Africa	12,480	-
Thermometers	Inventory consumed	Nuweveld Apteek	9,500	-
Thermometers	Inventory consumed	Steiner Hygiene	15,985	-
Three ply masks, sanitisers & thermometers	Inventory consumed	Nuweveld Apteek	137,621	-
			196,743	-

The COVID-19 response expenditure is funded from the following sources:

Grant funding	196,743	-
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CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
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36. 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.

This matter is still ongoing and we are still awaiting a trial date in the High Court.



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
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36. CONTINGENT LIABILITY (continued)

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.

With regards to the prospects of success it is difficult to make a pronouncement of our prospects, as the Plaintiffs hold the municipality liable on the basis that Africa Creek acted as its agent and that the Central Karoo District Municipality as principal is therefor responsible for paying the Plaintiff's fees. This matter could go either way and it will in all probability have to be tried in Court.

The Plaintiff's attorneys have filed a Notice of Condonation, to condone the lateness and we have after thorough research found that they do not have to file a Notice of Condonation. We have in the meantime filed a Notice of Withdrawal of our Opposition.

The costs exposure for the Central Karoo District Municipality could range between R100 000.00 and R300 000.00.

The plaintiffs have now lodged an application for condonation which will be heard in the High Court.

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.

CKDM//AFRICA CREEK HIGH COURT CASE NO:21067/2019

In this matter the Central Karoo District Municipality received a Summons for the amount of R2 595 750.00.

The cause of action relates to the LG SETA project in terms of which Africa Creek was appointed as the Implementing Agent.

The cause of action relates to monies that is due to Africa Creek as a result of certain services that was rendered to CKDM by Africa Creek.

CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020	2019
	R	R

36. CONTINGENT LIABILITY (continued)

We confirm that we have served a Notice of Intention to defend the matter and a few Special Plea's as well as our Plea of Plaintiff's legal representatives.

Up until date we have not received any further pleadings or correspondence from the Plaintiff's legal representatives and at this stage it is unclear if the Plaintiff's will proceed with litigation in respect of this claim.

The financial exposure for the Central Karoo District Municipality could range between R100 000.00 and R250 000.00



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
37. 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.		
Employee benefits		
1% (2019: 1%) Increase in interest rates	-	7,052,298
1% (2019: 1%) Decrease in interest rates	-	(20,170)
Deferred tax liability		
1% (2019: 1%) Decrease in interest rates	-	70,838
1% (2019: 1%) Decrease in interest rates	-	(35,419)



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
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37. Financial Risk Management (continued)**Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash or the availability of funding through proper budgeting.

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 June 30, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	2,412,579	-	-	-
Unspent conditional government grants and receipts	4,870,838	-	-	-
At June 30, 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	-	-	-



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
37. Financial Risk Management (continued)		
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 R4 870 838 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:		
	2020	2019
Receivables from non-exchange transactions	1,729,489	1,719,419
Cash and Cash Equivalents	15,416,800	7,052,298
Unpaid conditional grants and subsidies	-	18,729
Receivables from exchange transactions	-	5,483,057



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

2020 R	2019 R
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38. 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 - (1445%) Actuarial movements are unpredictable because of external factors impacting on variables used in calculations.

B - (2%) Acceptable difference

C - (11%) Actual expenditure did not meet projections due to Covid-19 National Disaster and lockdown preventing operations to continue for 3 months.

D - 13% Higher cash investment levels than expected due to unspent conditional grants, Covid-19 preventing operations to continue for 3 months.

E - 7% Acceptable difference

F - (5%) Acceptable difference

G - 28% Rental from Recreational Hall recognised as income as hand-over to Beaufort West Municipality was completed.

H - (67%) National Treasury 1% grant recognised in line with audit expenditure actually incurred.

I - (18%) LGSETA project came to an end and no income materialised, CHIETA actual receipt was less than budgeted amount.

J - 8% Termination agreement with Municipal Manager

K - 0% Acceptable difference

L - 9% Depreciation on vehicles higher than previously calculated

M - Amount is not material.

N - Actuarial movements are unpredictable because of external factors impacting the variables used in the calculations.

O - (20%) Actual expenditure did not meet projections due to Covid-19 National Disaster and lockdown preventing operations to continue for 3 months.

P - (36%) Actual expenditure did not meet projections due to Covid-19 National Disaster and lockdown preventing operations to continue for 3 months.

STATEMENT OF FINANCIAL POSITION

Q - 65% Actual expenditure did not meet projections due to Covid-19 National Disaster and lockdown preventing operations to continue for 3 months.

R - (47%) Roads sundry debtor less than normal due to Covid-19 lockdown and impact on operations.

S - Covid-19 impacting on period processing time at SARS

T - (52%) Actuarial movements unpredictable because of external factors impacting on variables used in calculations.

U - (272%) Actual expenditure did not meet projections due to Covid-19 National Disaster and lockdown preventing operations to continue for 3 months.

V - 2189% Budget error - acquisitions less depreciation budgeted reflected.

W - 5% Acceptable difference.

X - (31%) Actuarial movements unpredictable because of external factors impacting on variables used in calculations.

Y - Actuarial movements unpredictable because of external factors impacting on variables used in calculations.

Z - (47%) Additional leases not entered into as expected for photocopiers due to Covid-19 lockdown.



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
38. BUDGET VS ACTUAL INFORMATION (continued)		
AA - (70%) Actual expenditure did not meet projections due to Covid-19 National Disaster and lockdown preventing operations to continue for 3 months.		
BB - Actual expenditure did not meet projections due to Covid-19 National Disaster and lockdown preventing operations to continue for 3 months.		
CC - Additional leases not entered into as expected for photocopiers due to Covid-19 lockdown.		
DD - (19%) Actuarial movements unpredictable because of external factors impacting on variables used in calculations.		

CASH FLOW STATEMENT

The motivation for all adjustments made to the original budget is contained in the January 2020 Mid-year Report and the Adjustment Budget.



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

39. RELATED PARTIES

Related party balances

Amounts included in Trade receivables are outstanding money(s) to be recovered from Councillors, and mayor, due to upper limits changes and travel and lodging claimed, but not spent:

Councillor MS Hanganana	22,301	32,414
Councillor J Bostander	46,714	46,714
Councillor M Furmen	22,552	22,552
Councillor S Botes	-	617
Councillor EZ Njado	44,944	47,753
Councillor G de Vos	13,905	14,921
Councillor J Jonas	4,515	4,515
Councillor T Prince	439	439
Councillor GP Adolph	2,511	2,511
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:

Compensation of key management personnel

The compensation of key management personnel is set out in note 19 to the Annual Financial Statements.



CENTRAL KAROO DISTRICT MUNICIPALITY

Audited Annual Financial Statements for the year ended June 30, 2020

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS**39. Related parties (continued)****Current Employee Benefits**

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

2020	Staff Leave Obligation	Staff Bonus Obligation	Travel and Subsistence	Total
Municipal Manager	41,304	149,135	53,284	243,723
Chief Financial Officer	24,135	122,446	92,654	239,235
Head Corporate Services	39,780	122,446	108,191	270,417
	105,219	394,027	254,129	753,375

2019	Staff Leave Obligation	Staff Bonus Obligation	Travel and Subsistence	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

40. SUBSEQUENT EVENTS

Claims were instituted amounting to R5 119 499.50 against the ex-Municipal Manager by the municipality in terms of Sections 32 and 171 of MFMA in relation to payment of Irregular, Fruitless and or Wasteful expenditure incurred by the municipality whilst he was in employment of the municipality as Accounting Officer/Municipal Manager.

This expenditure was incurred in the appointment of Africa Creek Investments (Pty) Ltd under tender reference CKDM13 - 2013/2014 and was identified through a Forensic Investigation in terms of section 106(1) of the Local Government: Municipal Systems Act, 32 of 2000 read with section 7(1) of the Western Cape Monitoring and Support of Municipalities Act, 4 of 2014 and a forensic investigation conducted by the internal auditors of the Municipality.

Council resolved that all the recommendations as contained in the reports must be implemented. A SAPS case number Beaufort West CAS 6/12/2020 was opened.

The finalisation of the exit of the previous Municipal Manager, Mr. Jooste was concluded after the financial year end and the Municipality made the required provision for the payment that was made to him the year under review (2019/2020), this has been tested as part of employee costs and has been disclosed in note 19: Employee related costs.