



# Frances Baard District Municipality



## ANNUAL REPORT 2005 - 2006



## **Frances Baard District Municipality Annual Report 2005 - 2006**

PRIVATE BAG X6088, KIMBERLEY 8300  
51 DRAKENSBERG AVENUE, CARTERS GLEN, KIMBERLEY 8301  
TEL: 053 - 838 0911 \* FAX: 053 - 861 1538  
WEBSITE: [francesbaard.gov.za](http://francesbaard.gov.za)  
E-MAIL: [frances.baard@fbdm.co.za](mailto:frances.baard@fbdm.co.za)



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## FOREWORD BY EXECUTIVE MAYOR

**A**s I present our annual report for the financial year of 2005/2006, we are mindful of the performance as a municipality, the goals we set for ourselves and the context in which we performed as a district.

Frances Baard is the hub of development in the Northern Cape Province. This in itself creates unique challenges for the Municipality considering its size. As an incoming Council we are inheriting a solid foundation which has been built over the past five years by our predecessors.

The Integrated Development Plan (IDP) for the District still reflects water, sanitation, housing, electricity and land as the most important needs of the district population. Consequently the allocation of resources in the year under review has concentrated in addressing these backlogs. It is our belief that socio-economic development issues will become a higher priority when the backlog in basic services is eradicated.

Most of our delivery efforts over the past years have been focussed on assisting category B- municipalities in terms of infrastructure for the provision of free basic services. Consequently access to municipal services in the district is generally satisfactory although there are infrastructure backlogs in all the local municipalities. The highest backlogs are concentrated in the two Project Consolidate municipalities of Dikgatlong and Phokwane. Access to municipal services such as water, electricity, sanitation and refuse removal in the district, is higher than the provincial average and is fairly good especially in the Sol Plaatje municipality. Access to certain basic services in Dikgatlong, Magareng and Phokwane local municipalities is below the provincial average.

However, compared to the national average access to most services in the district are good. Despite the huge investment in infrastructure, it is a serious cause of concern that our municipalities have very diminished capacity in terms of maintaining this investment. The district is addressing this legacy.

The Municipality have also assisted the smaller municipalities with administrative and financial reforms and now have a functional shared audit service for the district. We have also put a lot of effort into institutional and administrative reforms, developmental issues (HIV/Aids and Social responsibility), governance and financial reforms. These efforts have been rewarded in the form of winning the Provincial Vuna Awards and obtaining second position in the National Vuna Awards.

An increased focus on Local Economic Development is now been pursued following the completion of our Consolidated LED strategy. The economic growth of the district is above the national average.

As part of the social and economic development strategy, the

District has identified regional tourism, Agri-BEE value adding and SSME procurement, as part of its objectives to regenerate the economy. Mining, agriculture and tourism are the backbone of the economy of the district.

The poverty rate in the district is lower than the provincial municipal average. The district has high unemployment when compared to other districts in the Province. One of the contributing factors is the fast growth in the economically active part of the population at a time when job opportunities in both the formal and informal sectors are declining.

We have moved much closer to aligning our budget with the IDP. In the new financial year our PIMS centre will drive the formulation of new IDP planning for the next five years and will assist the processes at local level.

The District Municipality has also assisted local municipalities in creating healthy and safe communities. Our Environmental Health Officers do food and water quality testing, as well as waste management at a district level. A number of waste sites in the district have not been registered or are not managed according to the prescripts of the National Environmental Management Act (NEMA). FBDM has already assisted Dikgatlong in fencing their dumping sites and will continue to assist municipalities in meeting the requirements of the NEMA. We will also ensure as a district that we ourselves as well as our local municipalities are increasingly empowered to implement the requirements of the Disaster Management Act.

Capacity building of current and new councillors, as well as officials is important to the performance of the Municipality. Considering the challenges of scarce resources, it is important to recruit and maintain appropriate skills.

We have managed to increase the public profile of the municipality through our Council meets the People and Council meets the Levy Payers meetings over the past year, as well as the production and distribution of a quarterly newsletter which is distributed across the district. There is however still a pressing challenge to strengthen community participation through better communication, effective use of ward-committees and Community Development Workers.



A handwritten signature in black ink, appearing to read "Achmat Florence".

Executive Mayor  
Achmat Florence

# CHAPTER 1

## GENERAL OVERVIEW - EXECUTIVE SUMMARY

**F**irst founded in 1989 and incorporated under the new municipal demarcation process of 2000, the Frances Baard district comprises of the four local municipalities of Dikgatlong, Magareng, Phokwane and Sol Plaatje and a District Management Area (DMA).

**Population size:** 324 798

**Area Covered:** 12,384 sq kilometres



### Vision

The Frances Baard District Municipality will be a municipality with a clear developmental focus, providing quality services to all its people.

### Mission

“The Frances Baard District Municipality is committed to provide and improve the quality of services and therefore improve the lives of all its communities by:

- Promoting Social and Economic Development
- Providing and maintaining affordable and optimal quality services
- The economic, efficient and effective utilisation of all its available resources, and;
- Effective Stakeholders and Democratic Community Participation”

### Values

The Municipality has adopted the motto “We Serve the Community” and is committed to the following core values of:

Development as an empowering process within and outside our Municipality;

Pride in the professional delivery of services and in the attainment of planned actions;

Recognition of the district municipality as an expression of the cultural diversity and tolerance within the district municipality;

Honesty and integrity as an internal force driving service excellence;

Being driven by the aspirations of our people; we will respect and uphold the Constitutional of the Republic of South Africa;

Commitment to the code of conduct for Councillors and officials in accordance with the Municipal Systems Act, 2000;

Commitment to the principles of sound financial management;

Subscribing to the principles of “Batho Pele”



Frances Baard District Municipality has a total population of 324 798 people or 40,2% of the population of the Province of the Northern Cape. There are 83 653 households in the district. (Statistics SA, Census 2001).

About 62% of the population of Frances Baard District Municipality lives in Sol Plaatje municipality, which is highly urbanised. Unlike other districts in the province the population is dominated by Africans (Tswana, Sotho, Xhosa, etc – 60,5%) rather than ‘Coloured’, as it is the case in other districts (2005/06 IDP)."

Furthermore the district has a very youthful population. About a third (30%) of the population is less than 15 years of age, and only 5.3% of the population are pensioners (> 65 years). The majority of the population (64.7%) fall within the economically active age group (15 – 64 years)

Economic growth of the District is 3.7% per annum which is above the national average of 2.5% per annum and the fifth highest growth rate of all districts in the country (CSIR, 2004). The economic activities are mainly mining and agriculture.

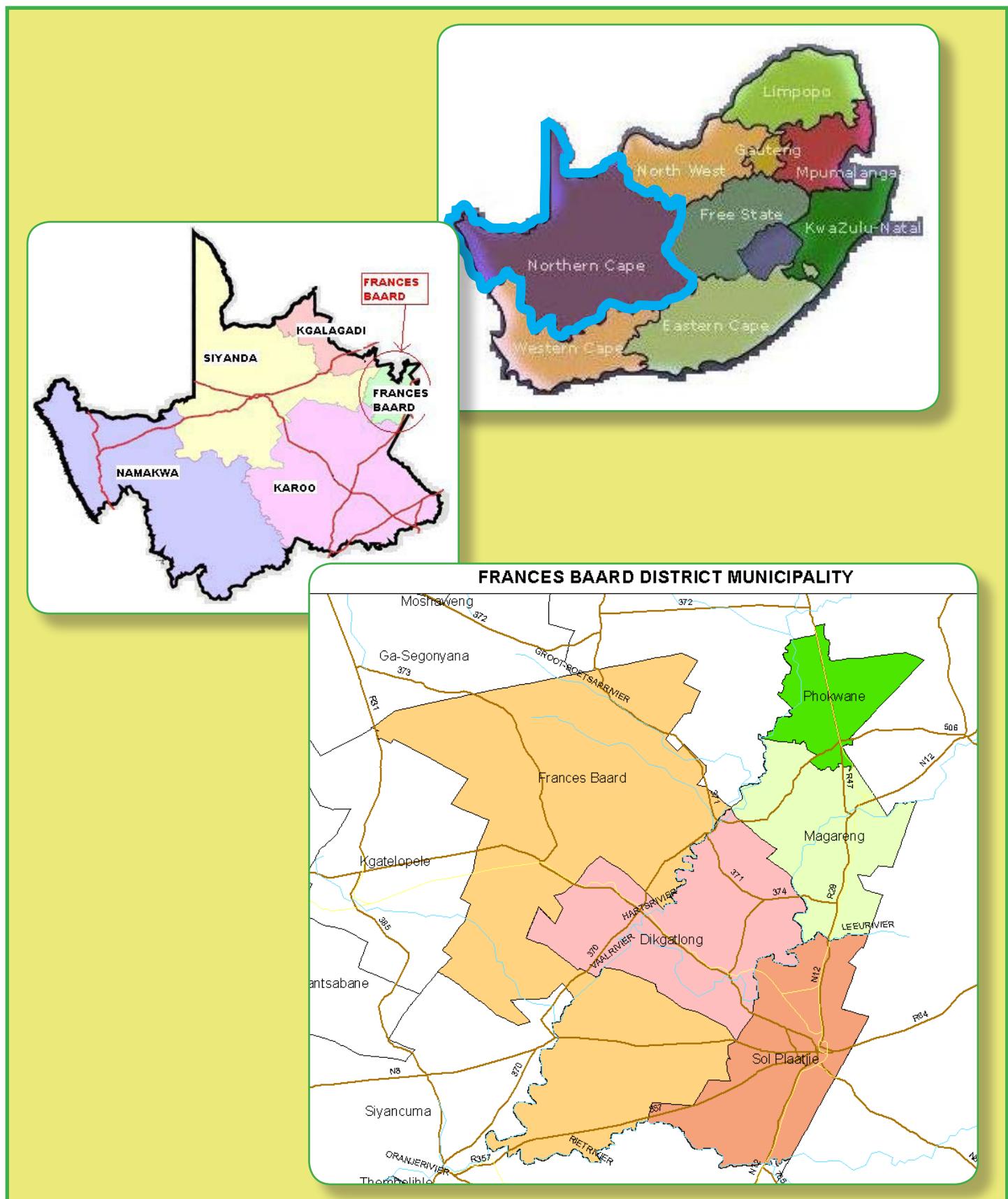
The region has tourism potential because of the availability of the Orange and Vaal River and tourism sites such as the Kimberley Big Hole. The region produces quality export fruit, vegetables and olives. In Phokwane municipal area there is scope for secondary industry like the processing of the prime agricultural products. (Gaffney’s Local Government in SA 2004 – 2006). The highest earnings come from community services, followed by finance, transport and trade. (Gaffney’s Local Government in SA 2004 – 2006).

The Vaalharts irrigation scheme is the biggest in the southern hemisphere, and the district also lends itself to other industrial developments like leather and cotton production. Dikgatlong municipal area offers potential for major investment in recreation focusing on the river - this include fly-fishing, water sports and conference facilities. Magareng municipal area seeks investment in beneficiation from diamond mining activities, e.g. secondary production, rehabilitation, etc.

### EXECUTIVE SUMMARY

The FBDM is compelled by legislation to prepare for each financial year an annual report in accordance with Chapter 12 of the Municipal Finance Management Act, Act 56 of 2003. The purpose of the annual report is to provide a record of the activities of the municipality during the financial year, the performance against the budget and to promote accountability of the municipality to the community for the decisions made throughout the year.

# GENERAL OVERVIEW - MAPS



## CHAPTER 2

# PERFORMANCE HIGHLIGHTS

The services that the Frances Baard District Municipality renders to communities in the district includes:

- Infrastructure (Physical Infrastructure Development; assisting local municipalities with Operation and Maintenance of infrastructure assets; providing municipal services to a small community in the DMA; roads maintenance and mechanical support services)
- Local Economic Development
- Planning and Development
- Disaster Management
- Community Development,
- Environmental Health
- Rezoning and sub-division of land
- Water, sanitation, electricity and cemeteries and;
- Financial capacity building support to local municipalities.

### Physical Infrastructure Development

Information from the IDP is used to plan for projects to alleviate the huge backlog in service provision.

The Technical Services Division administer, manage and implement the funds allocated to local municipalities to ensure maximum efficiency and service delivery.

A total of R15 543 940 was spent during the year on infrastructure in the Frances Baard Region.

These funds were managed and implemented by the Technical Department.

### Service Delivery Backlogs - Infrastructure

#### Frances Baard Capital Programme

An amount of R6 546 728.63 were spent on infrastructure projects in the four Category B Municipalities in our region namely:

- Dikgatlong Municipality
- Magareng Municipality
- Phokwane Municipality
- Sol Plaatje Municipality

Eight projects were funded partially or in full. These projects concentrated on basic needs and include water and sanitation, roads and township development.

### Equitable Share

The Equitable Share is used to develop infrastructure in the DMA and to provide free basic services. Basic needs such as water, sanitation and improvement in housing conditions were addressed in the settlement of Koopmansfontein.

The living conditions of farm workers were also improved by providing dry sanitation as well as water through a subsidy to farm owners. The total amount spent was R580 240,00.

Free basic water of 6 kl per household as well as free basic sanitation and free basic electricity is provided to the people in Koopmansfontein.

### Roads Maintenance

The maintenance of proclaimed roads is done on an agency basis for the Provincial Department of Transport, Roads and Public Works, who is the principal and responsible for the funding of the function. The funding has not kept up with the demand and great difficulty was experienced to maintain the roads up to the expected standard.

During the year a Service Level Agreement was signed with the Provincial Department. According to this agreement Frances Baard District Municipality will do the routine maintenance of roads. The budget for the year was R5 790 751,00.

### Mechanical Support Function

The mechanical section supports the Road's Maintenance function. The maintenance plant has not been replaced as regularly as it should because of funding constraints. Despite these constraints, the workshop were successful in keeping the plant running.

The workers also have some extra capacity and do the normal mechanical maintenance on the Council's own fleet. (To be distinguished from the "yellow" fleet which the agency function uses for road's maintenance).

### Operation & Maintenance:

#### Pilot Site at Frances Baard District Municipality

A pilot site for operation and maintenance was established at FBDM during 2004 and is now fully functional.

## **Chapter 2 - Performance Highlights**

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The pilot site is part of an initiative to improve O & M in the local authorities.

The O & M Support Unit established a mechanism through which local municipalities could be assisted to improve their O & M on infrastructure:

- with funding when necessary
- with technical skills if needed
- by developing a set of operational manuals for plant operation

The concept of a O & M Support Unit at district level was well received by the majority of roleplayers. Requests for assistance is growing rapidly and is consequently putting a challenge on the technical personnel.

A total amount of R2 693 751,00 was spent during the year under review on O & M. The majority of spending was directed towards water purification and sewerage treatment plants. The spending also tends to be more reactive than pro-active. Some funds were however directed toward assisting Phokwane Municipality to install equipment to do a water audit.

This was a positive input and once the backlogs in O & M has been eradicated it is envisaged that the Support Unit will be able to assist in a more pro-active way in building

capacity and implementing systems to improve the day-to-day O & M of the plant.

The O & M Support Unit plays a meaningful role in the District. The only real challenge at this stage is finding sustainable means to fund the projects as municipalities in the district have inadequate capacity to meet the challenge.

### **Eradication of Buckets**

The Eradication of Buckets programme was launched during May 2003. The allocation for the Frances Baard Region will be R14 554 800,00 over three years. The total allocation for the 2005/06 financial year amounts to R3 118 757,00. The target of December 2007 for the eradication of all buckets will be met in terms of the original need. The influx of people from the rural areas into the urban centres creates further challenges in meeting the targets.

### **Job Creation**

A total number of 208 jobs were created through these projects. This was done by using local labour and had a positive impact on the local economy in these towns. Most of the principles of the Expanded Public Works Programme (EPWP) are already included in our funding guidelines with the local authorities in our region.



### **Building and Zoning Plans**

(See table 1)

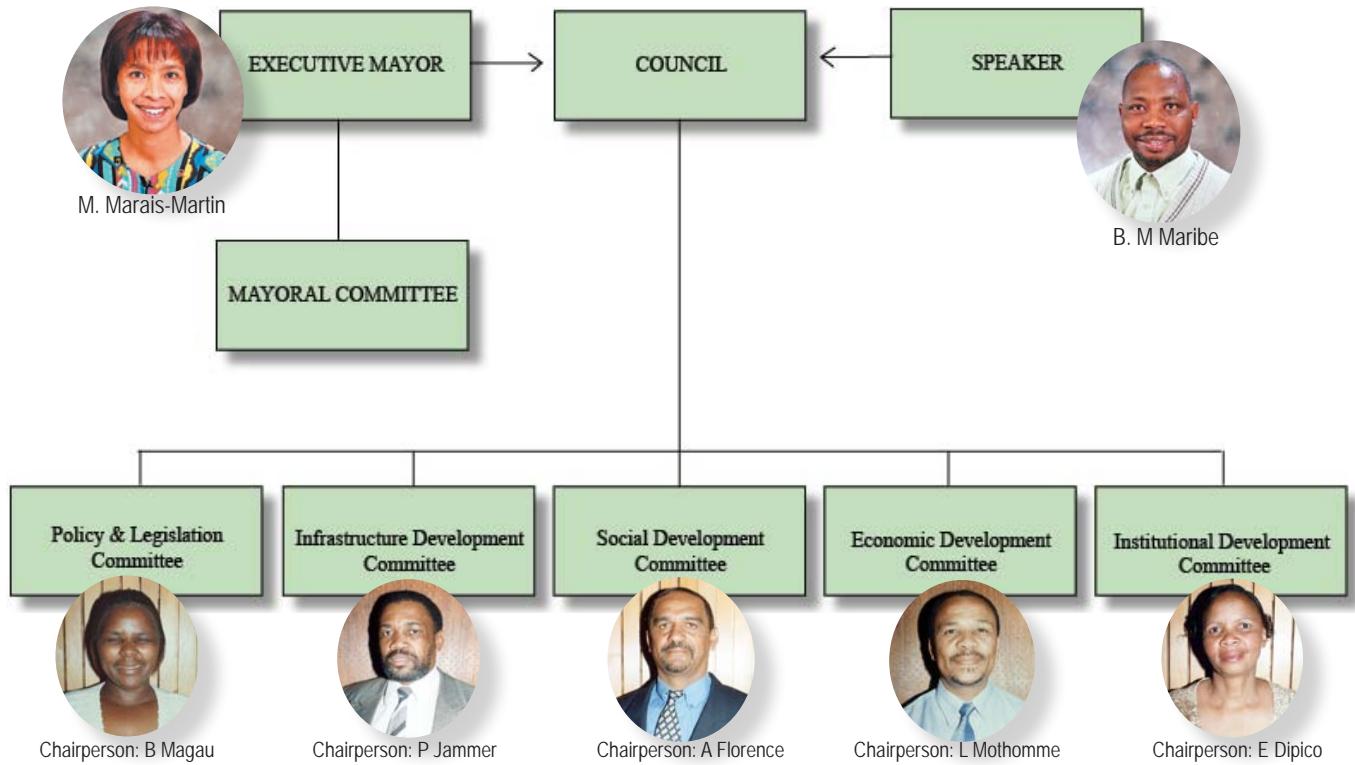
**Table 1**

<b>Applications outstanding 01 July 2005</b>	<b>Category</b>	<b>Number of new applications received in 2005/06</b>	<b>Total value of applications received in Rand</b>	<b>Applications outstanding 30 June 2006</b>
None	Residential New	6	N/A	5
None	Residential Additions	6	N/A	None
None	Commercial Farming	None	N/A	None
None	Recreation Facilities	None	N/A	None



# Human Resource & Other Organisational Management

## Political Structure



### Office of the Executive Mayor

The Executive Mayor heads the municipality and fulfills this governance task in collaboration with 24 elected councillors. Fourteen of these councillors represent the Category B Municipalities in the district and ten councillors were elected through proportional representation and one councillor represents the District Management Area.

The Mayor has executive powers and assumes overall strategic and political responsibility. The Executive Mayor appointed a Mayoral Committee that functions in a manner similar to that of a cabinet.

The Executive Mayor therefore shares political responsibility with the councillors. The main function of the Mayoral Committee is to ensure integration of the work of the Council across political portfolios and departments.

### Office of the Speaker

The Council Speaker is a councillor, elected as chairperson of a municipal council, in terms of section 36 of the Municipal Structures Act (Act no. 117 of 1998) and as envisaged in section 160(1)(b) of the Constitution.

The Speaker's primary responsibility is to preside over meetings of Council. The Speaker also oversees the effective functioning of the Council committee system.

A related legislative function is to promote good conduct among elected Councillors through application of the Code of Conduct. Furthermore the Speaker has been tasked with determining and arranging training for Councillors in order to develop Councillors' governance capacity and improve the skill of individual Councillors. The Speaker works in close liaison with the Executive Mayor, who invites the Speaker to attend Mayoral Committee meetings as an observer and often request the Speaker to preside or represent the Executive Mayor at official functions.

### Council and Committees

The committees of Council meet on a monthly basis and formulate recommendations based on their portfolios to the Mayoral Committee, which also meets on a monthly basis. The Mayoral Committee considers matters and submits recommendations to Council.

The system promotes thorough discussion on all matters and ensures that decision making in the municipality is streamlined and effective. Furthermore, this model ensures effective participation and input by stakeholders thus enhancing democracy, promotes consensus on developmental and strategic issues, and creates transparency and accountability.

# Organisational Structure

## Office of the Municipal Manager

Purpose: To Ensure the integrated, sustainable, social and economic development of the District Municipality

Thabo Nosi

Director: Technical Services  
Purpose: To administer  
Technical Services in the

**Director Administration**  
**Purpose:** To render comprehensive  
Administrative Services

**Director: Financial Services**  
Purpose: To render efficient and  
effective Financial Services

Peet van der Walt

Nomama Kgantsi

Hannes van Biljon

Note: The functions and their relationship to the structure are fully elaborated on in Chapter 5 of this report.

The municipality has an overall staff component of 116 and a total of 149 funded posts broken down as follows:

Executive Directors, Senior Management	14
Professionals, technicians and associated professionals	28
Clerical and administrative workers	22
Service and sales workers	4
Craft and related trades workers	7
Operators and Assemblers	7
Elementary Occupations	34

## The Institutional Plan

The municipality developed an Institutional Development Plan to address the challenges relating to transformation to ensure that the delivery of services conforms to the principles of service delivery as contained in Government policies and legislation.

Great strides have been made in the pursuance of the transformation agenda. The developmental mandate

assigned to the municipality by the Constitution and relevant legislation calls for drastic reorientation of the municipality. Various policies were developed and these include:

Disciplinary Code and Grievance Procedure; Employee Assistance Programme Policy; Delegation of Powers Policy; Investment Policy; Rates Policy; Risk Management

Policy; Credit and Debtors Control Policy; Fraud Management Policy

The Institutional Development Plan is an important tool in assisting the municipality reorganise its administration for improved service delivery.

Pursuant to this end organisational structure re-engineering has been commissioned and the new structure will be implemented in the new financial year.

## Employment equity

The employment equity policy of the municipality aims to:

- Foster diversity in the workplace
- Eliminate all forms of discrimination
- Ensure that all people in South Africa are equitably represented within the municipal administration
- Prepare the ground for effective change through appropriate and ongoing investment in training and development
- Prohibit and combat unfair discrimination and harassment among employees
- Provide reasonable accommodation of designated groups, and in particular people with disabilities

The 5-year employment equity plan terminated during the year under review. A new 3-year employment equity plan is in place. This new plan is a product of extensive consultation and discussion process with all interested groups including representative unions, management and council.

The plan intends to address numerous affirmative actions such as the auditing of policies for discriminatory clauses, diversity management interventions and an audit of the work environment for “friendliness” to people with disabilities. All employment policies and practice are reviewed to be in line with best practice and legislative requirements.

**Table 2 (pg. 17) represents the employment profile of the District.**

## Skills development

The Council recognises that raising motivation and skills levels is essential to continued improved service delivery. As a result skills development of the employees of Council is a top priority. Skills development is aimed at developing skilled employees to perform their jobs to acceptable standards.

This includes re-skilling (when employees move to new

roles and/or new systems) and up-skilling (as part of continuous improvement).

The Skills Development programme planned for 2005/06 financial year targeted all employees from executive to elementary levels. Council constructed and equipped a Computer Laboratory to train both Councillors and officials in different computer skills.

An increased number of officials also make use of the Council bursary scheme to improve on their qualifications.

**Table 3 (pg.18) represents the skills profile of the District.**

## Employee Assistance Programme

The Employee Assistance Programme offers specific interventions to employees experiencing problems in the following areas:

- Marital, family and relationship problems;
- Substance abuse (alcohol, drugs, prescription medication) and other addictive behaviour such as gambling;
- HIV / AIDS Counselling;
- Workplace Violence and Trauma Counselling;
- Workplace discrimination or victimisation, for example discrimination against people with disabilities or from designated groups;
- Personal debt and financial management problems;
- Stress (family, social, job); Family violence;
- Psychological problems;
- Sexual harassment;
- Work related conflicts.

The programme through the afore mentioned interventions afford employees the following benefits:-

- Addressing problems early prevents complications that negatively affect both work performance and life in general.
- Sustained optimal functioning of staff leads to greater productivity and improved quality of life for individuals and their families.
- Providing of an EAP encourages an organizational culture in the district municipality that is both task oriented and caring.

Confidentiality underpins the consultation processes in the Employee Assistance Programme. Employee access to the programme is voluntary.

# Organisational Management

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## Performance Management

### Improvements:

- Performance Plans for section 57 managers as well as for the rest of the staff have been reviewed and key performance indicators amended to enhance the levels of measurement and to link even better with the set objectives of the municipality.
- Reporting on corporate performance was refined to link seamlessly with the Service Delivery and Budget Implementation Plan (SDBIP) of the municipality and to comply with the requirements of the Systems Act and the applicable resolutions of Council in this regard.
- Internal performance control has been improved since the implementation of internal auditing of quarterly performance reports.
- The corporate reports reflect on the municipal performance more accurately and in comparison with the set objectives and targets of the municipality.
- The budgets of departments were more closely linked to the key performance indicators of the units and reflect the mandate and objectives of Council much more clearly in expenditure and activities.

The Performance Management System can be defined as a framework that describes and represents how the organisation's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining roles of the different role-players.

It links the vision, mission and key objectives of the municipality with operational activities of individual employees, with the view of ensuring increased, efficient and effective service delivery.

### Governance

#### Senior Management Meetings

In the quest to ensure efficient strategic oversight, management and coordination of the municipality's operations, the Municipal Manager convenes weekly management meetings with his Senior Management Team.

The Senior Management team often act as the steering

committee on all issues relating to the administration of the Municipality. Fortnightly the Municipal Manager convenes a general meeting which comprises the Senior Managers and the Middle Managers. These meetings not only ensure integrated planning and strategic coordination but also inter-departmental coordination and management.

The Service Delivery and Budget Implementation Plan is an important item on the agenda as it ensures that the municipality is focused in performing on its mandate.

Council has put in place a number of policies and strategies during the year under review to give direction to the administration.

These include Supply Chain Management Policy, Asset Management Policy, Policy on Delegation of Powers and a Communication Strategy.

# Report - Audit Committee

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## Role Of The Audit Committee

The audit committee is a formal committee of the Frances Baard District Municipality Council and its functions are set out in section 166 of the Municipal Finance Management Act (Act No 56 of 2003).

The primary functions of the audit committee include:

- Monitoring the integrity of the Council's financial statements
  - Reviewing the effectiveness of the council's internal control and risk management
  - Monitoring the effectiveness of the internal audit function and review its material findings
  - Overseeing the relationship between management and the municipality's external auditors
  - The committee is authorised to investigate any matters within its terms of reference and co-opt any resources (including external professional assistance) it sees fit in order to fulfill its duties.
- However, the committee has no executive function and its primary objective is to review and advise, rather than assume responsibility for any matters within its remit.

## Composition Of The Audit Committee

The committee comprised the following members during the year and to date of this report:

- Mr. Denzil Beukes, who is currently the chairperson,
- Mr. Michiel van Niekerk, a chartered accountant.
- Ms. Sharon Matthews, Financial Services Consultant

Committee members are appointed for the period of three years. The term of office of Mr. D Beukes expires October 2008 while that of Mr. M van Niekerk and Ms. S Matthews contracts expires in February 2009. Meetings of the committee are attended by the Municipal Manager, the Chief Financial Officer, the assistant Director: Finance and Council's Senior

Administrative officer (who acts as scribe to the committee). The internal auditors attend all committee meetings and are afforded private meetings with the committee as and when required.

### Internal Audit

Throughout the year ended June 2006 Gobodo Risk Management acted as internal auditors for the Council on a co-sourced basis with the municipality's internal audit staff member.

### External Audit

The external audit for the year was performed by the Office of the Auditor-General of the Northern Cape.

## Activities Of The Audit Committee

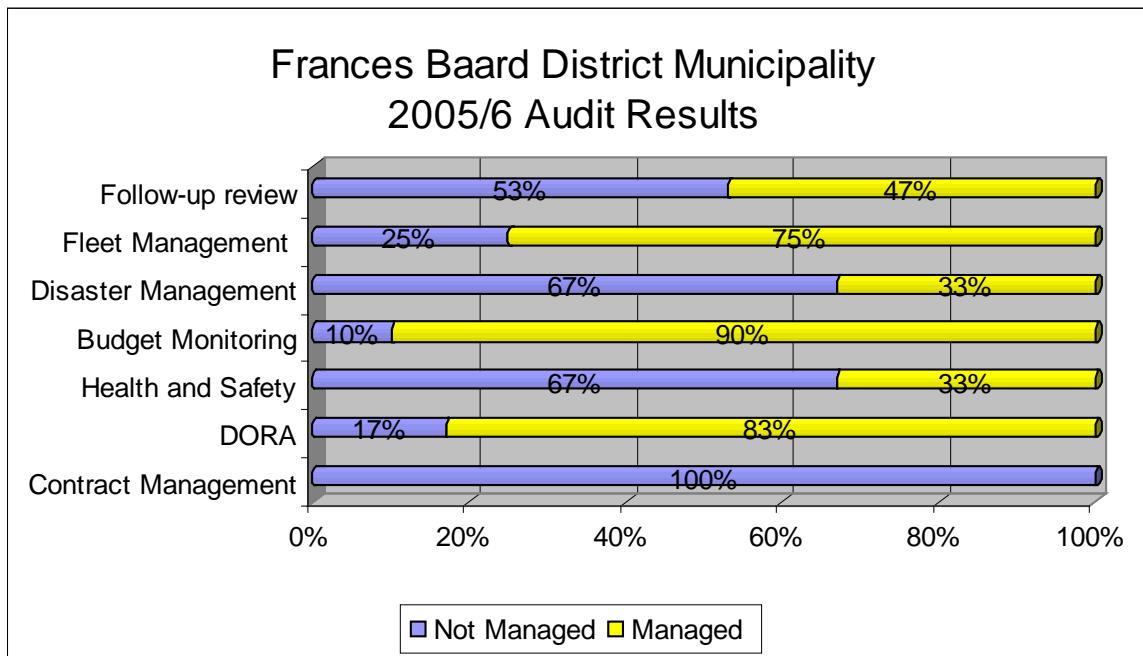
The Audit Committee convened 4 times during the year (25 October 2005, 9 January 2006, 17 February 2006 and 19 April 2006).

The principal agenda items for these meetings were:

- To review and approve the proposed internal audit coverage plan
- To monitor and evaluate internal audits progress against the audit plan and budget.
- To review internal audit reports, in particular significant and major risks assessed as not being adequately managed

## The Overall Status 2005/06

The overall assessment of municipal business processes and functions afforded internal audit coverage for the year ended June 2006 is presented in the graph (see next page).



The graph reveals that:

- DORA, fleet management and budget monitoring process were assessed as being adequately managed.
- Since only 47% of the previously reported control weaknesses (2004/5 financial year) were addressed the management process to timeously address reported control weaknesses requires improvement.
- Only 33% of the risks identified for disaster management and health and safety were assessed and being adequately managed. Overall, these functions within the municipality require improvement to ensure that the risks identified are adequately managed.
- None of the contract management critical risks were assessed as being adequately managed. Overall, risk management and control within contract management was assessed as requiring significant improvement and management intervention was recommended.

Notwithstanding the fraud uncovered at the municipality, the committee has no reason to conclude that a major breakdown has occurred in the overall internal control structures of the municipality.

The committee has noted, however, that staffing constraints hamper the effective segregation of incompatible duties within key municipal functions/departments and the performance of independent reviews, aimed at identifying or preventing errors and irregularities.

## **Local Municipalities**

Since Frances Baard District Municipality made the services of the Audit Committee available to the smaller local municipalities within its area, the committee assumed an oversight role for the internal audit process at the following local municipalities: Phokwane, Magareng, and Dikgatlong.

## Staff Component

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Table 2

Occupational Categories	Male				Female			TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	
Legislators, senior officials and managers	6	1	0	5	2	0	0	0
Professionals	0	1	0	1	1	0	0	4
Technicians and associate professionals	8	2	0	4	3	1	0	3
Clerks	5	1	0	0	7	5	0	4
Service and sales workers	1	1	0	0	0	0	0	2
Skilled agricultural and fishery workers	0	0	0	0	0	0	0	0
Craft and related trade workers	3	3	0	0	1	0	0	0
Plant and machine operators and assemblers	7	0	0	0	0	0	0	7
Elementary occupations	28	1	0	0	5	0	0	34
<b>TOTAL PERMANENT</b>	<b>58</b>	<b>10</b>	<b>0</b>	<b>10</b>	<b>19</b>	<b>6</b>	<b>0</b>	<b>116</b>
Non-permanent employees	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>58</b>	<b>10</b>	<b>0</b>	<b>10</b>	<b>19</b>	<b>6</b>	<b>0</b>	<b>116</b>
Persons with disabilities	0	0	0	0	0	0	0	0

## Skills Profile

EMPLOYMENT CATEGORY	African						Coloured			Indian			White			Total			PWD			Age Categories			
	M	F	M	F	M	F	M	F	M	M	F	M	F	M	F	M	F	-20	21-30	31-40	41-50	51			
<b>Leadership &amp; Governance</b>																									
Executive Mayor										1															
Councillors	7	6	3	1					3	2	13	9	1					1	5	9	7				
Speaker	1								1									1							
<b>Senior Officials/Managers</b>																									
Municipal Manager	1									1												1			
Directors		1							2		2	1							1	2					
Managers	5		1						3		9	1							4	2	3				
<b>Professionals</b>																									
Land Management (PIMS)	1	1									1	1							1	1					
Finance Accountants	2	2	1						1	6	4	8						3	5	3	1				
<b>Technicians /Assoc Professionals</b>																									
LED	1									1											1				
Communications			1																		1				
Community Development	2										2										2				
Environmental Management									1		2									2	1				
Roads	1		1						1	1	3							1	1	1	1				
Core Administration	1								1	2	2	2								2	2	2			
<b>Clerks</b>																									
Client Services	1	1		2							1	3							1	3					
Roads	2	1	1								2	3	3						1	2	2	1			
Core Administration	1	1		3							1	1	5						1	2	1	2			
Core Finance	1	3	1	2						1	1	3	6						1	6	2				
<b>Service Workers</b>																									
Call Centre Operators	1		1							3	2	3							3	2					
<b>Craft and Related Workers</b>																									
Roads	2		3							1		6							1	4	1				
Core Administration		1										1								1					
<b>Plant &amp; Machine Operators</b>																									
Roads	10																10								
<b>Elementary Occupations</b>																									
Garden Services	2		1									3								1	1	1			
Roads	25		1									26							10	10	6				
Corporate Services	2	3										2	4						3	2	1				
<b>Apprentices</b>																									
<b>Total</b>	<b>69</b>	<b>20</b>	<b>15</b>	<b>11</b>						<b>15</b>	<b>17</b>	<b>99</b>	<b>48</b>	<b>2</b>					<b>1</b>	<b>13</b>	<b>55</b>	<b>47</b>	<b>31</b>		

# Disclosures - Concerning Executive Mayor, Speaker, Mayoral Committee

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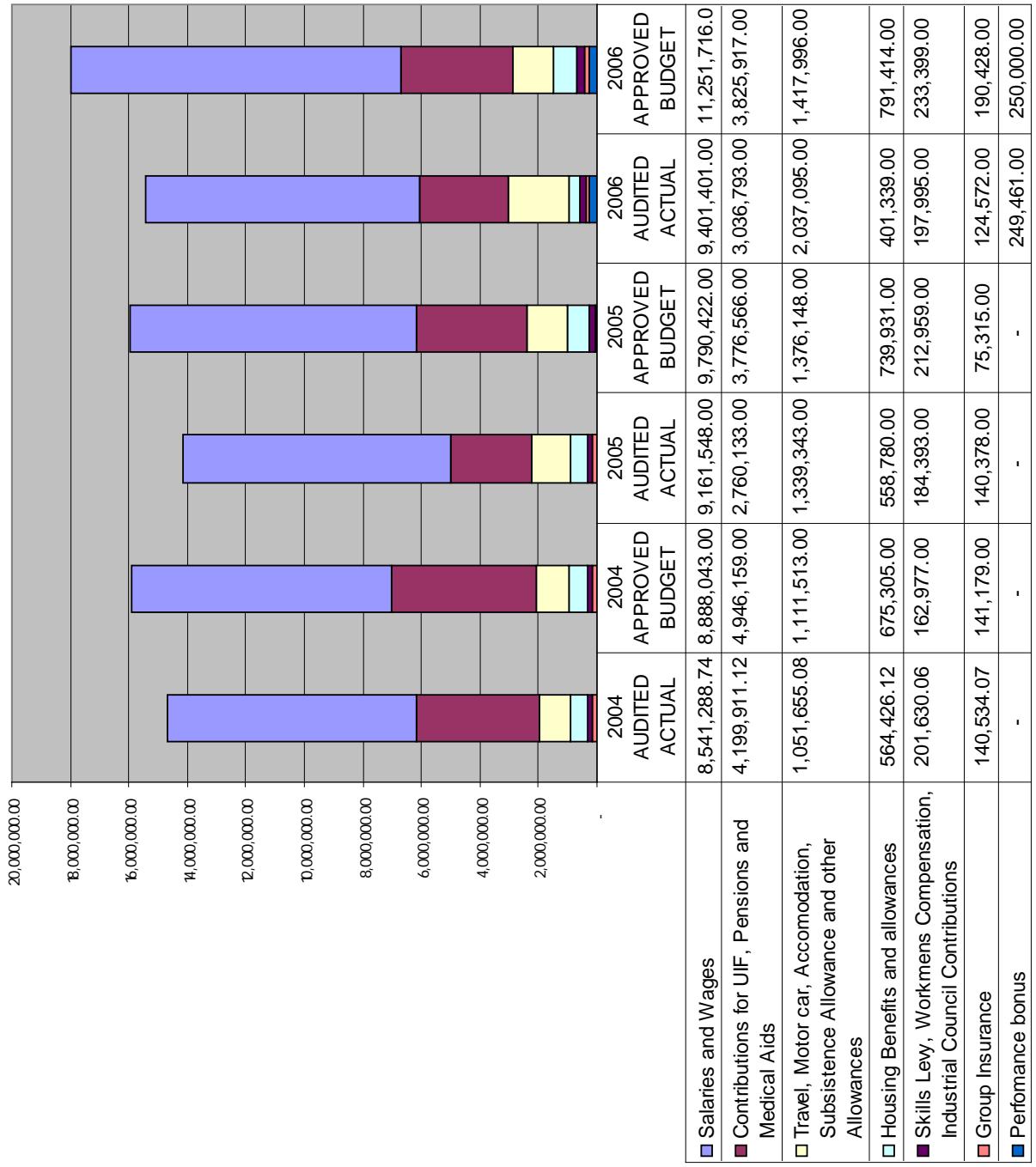
New Additions to Mayoral Committee 05/06									
Description	Mayor	Speaker	Cllr. A Florence	Cllr. P.N Jammer	Cllr. N.B Magau	Cllr. E.K Dipico	Cllr. L.O Mothomme	Cllr. P. Everday	Cllr. W. Johnson
<b>Salaries &amp; Wages</b>	<b>248,738</b>	<b>132,737</b>	<b>65,857</b>	<b>62,028</b>	<b>32,716</b>	<b>32,716</b>	<b>65,857</b>	<b>35,851</b>	<b>12,338</b>
Normal	248,738	132,737	65,857	62,028	32,716	32,716	65,857	35,851	12,338
Overtime	0	0	0	0	0	0	0	0	0
<b>Contributions R'000</b>	<b>37,781</b>	<b>14,256</b>	<b>10,795</b>	<b>9,304</b>	<b>4,907</b>	<b>4,907</b>	<b>10,795</b>	<b>-</b>	<b>-</b>
Pensions	36,395	14,256	10,795	9,304	4,907	4,907	10,795	-	-
Medical Aid	1,386	0	0	0	0	0	0	-	-
Other	0	0	0	0	0	0	0	-	-
<b>Allowances R'000</b>	<b>72,979</b>	<b>36,806</b>	<b>16,464</b>	<b>16,938</b>	<b>8,179</b>	<b>8,179</b>	<b>16,464</b>	<b>11,950</b>	<b>4,113</b>
Travel	72,979	36,806	16,464	16,938	8,179	8,179	16,464	11,950	4,113
Accommodation	0	0	0	0	0	0	0	0	0
Subsistence	0	0	0	0	0	0	0	0	0
<b>Housing Benefits &amp; Allowances R'000</b>	<b>27,862</b>	<b>27,142</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Loans &amp; Advances R'000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Other benefits &amp; Allowances R'000 (specify Cell-phone)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Telephone</b>	<b>0</b>	<b>0</b>	<b>5,770</b>	<b>0</b>	<b>0</b>	<b>5,770</b>	<b>5,770</b>	<b>2,150</b>	<b>2,150</b>
<b>Meeting Allowance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>Facilities Allowances</b>	<b>0</b>	<b>0</b>	<b>2,273</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,273</b>	<b>-</b>	<b>-</b>
<b>Arrears owed to Municipality</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>387,360</b>	<b>210,942</b>	<b>101,159</b>	<b>88,270</b>	<b>45,803</b>	<b>40,103</b>	<b>101,159</b>	<b>49,951</b>	<b>16,451</b>
									<b>51,259</b>

## Disclosures - Concerning Municipal Manager, Directors

Description	Municipal Manager	Chief Financial Officer	Director: Administration	Director: Technical Services
<b>Salaries and Wages R'000</b>				
<b>Basic Salary &amp; Bonus</b>	321,437	309,872	292,864	300,931
<b>Housing Subsidy</b>	81,246	0	15,112	7,509
<b>Allowances (Computer, Telephone &amp; Entertainment)</b>	250	0	0	0
<b>Car Allowance</b>	138,000	103,800	115,409	103,658
<b>Medical</b>	30,294	36,006	32,136	37,512
<b>Pension</b>	58,193	57,528	53,208	54,656
<b>Other Contributions</b>	4,899	1,523	0	4,463
<b>TOTAL</b>	<b>634,319</b>	<b>508,729</b>	<b>508,729</b>	<b>508,729</b>



## TRENDS ON PERSONNEL EXPENDITURE COMPARED TO BUDGET



## **Personnel - Pension & Medical Aid Funds**

5 LA Health	<table><tr><td>60.00</td><td>40.00</td></tr></table>	60.00	40.00		
60.00	40.00				
Post Service Medical Aid	<table><tr><td>Employer %</td><td>Pensioner %</td></tr><tr><td>70.00</td><td>30.00</td></tr></table>	Employer %	Pensioner %	70.00	30.00
Employer %	Pensioner %				
70.00	30.00				

### \* **Assessment of future risks or liabilities**

Current Employees - Incorrect deductions from employees salaries as well as inaccurate payments to the various medical aid schemes.  
Post service personnel - Verifications of the existence of ex-employees receiving post - service medical aid benefits prior to payments being done by FBDM which could result in invalid payments.

# Municipal Performance - Key Performance Area (KPA) 1

Object- ive	Activity	Indicator	Responsible		Year Target Unit of Measure	Actual Performance	% Variance	Reason(S) For Deviation	Improvement Plan	Budget 2005/06	Final Actual Expenditure 2005/06
			Dept.	Unit							
<b>MUNICIPAL KPA 1 : PROVISION AND MAINTENANCE OF INFRASTRUCTURE AND BASIC SERVICES IN THE DISTRICT.</b>											
Provide Potable Water facilities to 100% of households by 2010.											
Supply water to 604 households in Valspan/ Phase 1.	Water to 604 households in Valspan/ Phase 1.	Tech Infra. Dev.	No.	604	604	0.0%	Completed	n/a		R 751,992	R 751,992
Supply water to 840 households in Valspan/ Masakeng/ Phase 2.	Water to 840 households in Valspan/ Ma-sakeng/ Phase 2.	Tech Infra. Dev.	No.	500/400	400	0.0%	Project completed. Annual target was reduced to 400 after tenders were received.	n/a		R 2,000,000	R 1,812,007
Supply water to 200 households in Pampierstad.	Water to 200 house-holds in Pampierstad.	Tech Infra. Dev.	No.	200	200	0.0%	Construction completed. Connection to supply line was delayed and will be completed in July 2006.	n/a		R 600,000	R 498,993
Upgrading of water network in Magareng.	100 % Of budget spent.	Tech Infra. Dev.	%	30	15	50.0%	Progress on the implementation was unacceptable.	The municipality will be requested to apply punitive measures in order to force the contractor to accelerate the completion of the project.		R 1,600,000	R 921,879
Provide Sanitation to 100% of households by 2008.											
Waterborne sanitation to 604 erven connected to sewage network.	604 erven in Valspan.	Tech Infra. Dev.	No.	604	604	0.0%	Completed.	n/a		R 2,872,188	R 1,712,110
Rural Sanitation.	Sanitation to an estimate of 250 households.	Tech Infra. Dev.	No.	250/ 030	1 030	+412.0%	Due to under-expenditure on MIG projects, more funds were allocated to this project.	New target was 1 030 toilets.		R 3,090,000	R 3,090,000
Eradicate 113 buckets in Bonita Park.	113 Erven connected to sewage network.	Tech Infra. Dev.	Number	113	0	100.0%	New Business plan was submitted for the project.	Implementation will start after the new business plan has been approved.		R 406,800	R 0
Eradicate 491 Buckets in Phahameng/ Sol Plaatje.	491 Erven connected to sewage network.	Tech Infra. Dev.	Number	491	0	100.0%	Sol Plaatje Municipality only started with the project in June 2006.	Project will be done labour intensively and will take about 12 months to complete.		R 3,972,900	R 292,398
Relocation of Sewer plant/ Magareng.	Construction of new sewer plant - 100% of budget spent.	Tech Infra. Dev.	%	100	0	100.0%	New business plan was submitted for the project.	Implementation will start after the new business plan and supplementary funding has been approved.		R 0	R 0

\$ : System does not allow the financial breakdown of indicator.  
Variance = 0.0% ( Target reached )

Positive Variance = +%

Negative Variance = %

# Municipal Performance

Objective	Activity	Indicator	PROVISION AND MAINTENANCE OF INFRASTRUCTURE AND BASIC SERVICES IN THE DISTRICT.				Improvement Plan	Budget 2005/06	Final Actual Expenditure 2005/06
			Responsible	Unit	Measure	Year Target Performance Actual	Variance %	Reason(S) For Deviation	
<b>Provide Roads and Stormwater Drainage.</b>									
	Provision of roads and storm-water drainage to:								
	Stormwater drainage in Valspan/ Phokwane.	Tech	Infra. Dev.	%	100	100	0.0%	Completed	n/a
	Upgrading of gravel roads to paved roads/ Magareng.	Tech	Infra. Dev.	%	100	55	45.0%	Completion date was revised from 21 June 2006 to 13 September 2006 due to raining delays and detection of existing services.	Project progress will be monitored in terms of the new completion date of 13 September 2006.
	Construction of 480 m of roads and stormwater drainage in Rooirand/ Dikgatlong.	Tech	Infra. Dev.	No.	480	480	0.0%	Completed	n/a
	Upgrading of gravel roads Mataleng/ Dikgatlong.	Tech	Infra. Dev.	%	100	50	50.0%	The contractor fell behind program and no sufficient effort was made to increase production.	The municipality will be requested to apply punitive measures to enforce the speedy completion of the project.
	Develop integrated transport plan for Sol Plaatje Municipality.	Tech	Infra. Dev.	%	100	100	0.0%	Completed	n/a
	Incubator centre and taxi terminals in Vergenoeg/ Sol Plaatje Municipality.	Tech	Infra. Dev.	%	100	100	0.0%	Completed	R 250,000
	Upgrading of roads in Magareng.	Tech	Infra. Dev.	%	100	50	50.0%	The contractor fell behind program and no sufficient effort was made to increase production.	The municipality will be requested to apply punitive measures to enforce the speedy completion of the project.
<b>Provide Area Lighting.</b>									
	High Mast Lighting: Tidimalo/ Dikgatlong.	Tech	Infra. Dev.	%	100	100	0.0%	Completed	n/a
	High Mast Lighting: Hebron-park/ Dikgatlong.	Tech	Infra. Dev.	%	100	100	0.0%	Completed	n/a
	High Mast Lighting: Rookop-plies/ Dikgatlong.	Tech	Infra. Dev.	%	100	100	0.0%	Completed	n/a
	High Mast Lighting: Mataleng/ Dikgatlong.	Tech	Infra. Dev.	%	100	100	0.0%	Completed	n/a
	Electricity Maintenance.	Tech	Infra. Dev.	%	100	0	100.0%	Maintenance work is in progress and will be completed in the next financial year.	Maintenance work will be monitored according to a pre-set programme.
<b>Provide Community facilities.</b>									
	Extention of West End Cemetery/ Sol Plaatje.	Tech	Infra. Dev.	%	100	53	47.0%	Sol Plaatje Municipality still has to approve the position of the site before detail planning can proceed.	The municipality will be requested to provide reasons for the delay as well as measures to accelerating the process.
									R 451,417 R 0
									Negative Variance = %

\$ : System does not allow the financial breakdown of indicator.  
Variance = 0.0% ( Target reached ) Positive Variance = +%

# Municipal Performance

Objective	Activity	Indicator	Responsible		Year Target Measure of Performance % Variance	Reason(S) For Deviation	Improvement Plan	Budget 2005/06	Final Actual Expenditure 2005/06
			Dept.	Unit					
<b>MUNICIPAL KPA 1 : PROVISION AND MAINTENANCE OF INFRASTRUCTURE AND BASIC SERVICES IN THE DISTRICT.</b>									
To effectively manage the implementation of infrastructure projects in Cat B Municipalities.									
Managing infrastructure projects .	All projects implemented within timeframes and budget limits.	Tech	Proj. Man	%	100	100	0.0%	Completed	n/a
	Monthly and quarterly reports submitted.	Tech	Proj. Man	No.	12	12	0.0%	Completed	n/a
To effectively manage the implementation of PMU infrastructure projects in the Cat B Municipalities.									
Managing infrastructure projects funded by MIG.	All projects implemented within timeframes and budget limits.	Tech	PMU	%	100	100	0.0%	Completed	n/a
Provision of infrastructure and basic services to residents in the DMA.									
Provision of infrastructure and basic services to:	Managing of DMA projects:	Tech	Proj. Man						
Water provision.	Provide potable water to 105 households in the DMA.	Tech	Infra. Dev.	No.	105	4	96.2%	Almost no applications have been received.	R 8,000
Sanitation provision.	Provide sanitation facilities to 100 households in the DMA.	Tech	Infra. Dev.	No.	100	37	63.0%	Only a few new applications have been received.	R 210,000
Electricity provision.	Support the provision of electricity supply to 92 households in the DMA.	Tech	Infra. Dev.	%	100	7	93.0%	Survey plans have been approved by Eskom, but the approval of rebates are still outstanding.	R 343,379
Provision of housing.	Upgrading of 7 houses in Koopmansfontein/DMA.	Tech	Infra. Dev.	No.	7	7	0.0%	Construction will be done on two projects simultaneously in an effort to accelerate implementation.	R 350,000
Provision of potable water to 38 households at Koopmansfontein settlement.									
Water supply and maintenance of water network at Koopmansfontein.	Not more than 10 % downtime on water provision.	Tech	Koopmft. Water Serv.	%	90.0	100.0	+10.0%	Completed	R 137,137
\$ : System does not allow the financial breakdown of indicator.									
Variance = 0.0% ( Target reached )									
Positive Variance = +%									
Negative Variance = -%									

# Municipal Performance - Key Performance Area (KPA) 2

Objective	Activity	Indicator	Responsible				Reason(S) For Deviation	Improvement Plan	Budget 2005/06	Final Actual Expenditure 2005/06
			Dept.	Unit	Unit of Measure	Year Target Actual Per- formance Variance % Completed				
<b>MUNICIPAL KPA 2 : STABLE SOCIAL ENVIRONMENT CONDUCIVE TO SOCIAL DEVELOPMENT.</b>										
To facilitate the preparation of 5 Integrated Development Plan Reviews by 31st of March 2006.	To facilitate the preparation and completion of 5 Integrated Development Plans for the District and Local Municipalities.	Five (5) completed IDP Review documents - District, and Cat B's.	Office MM	PIMSS	No.	5	5	0.0%	n/a	R 159,903
To facilitate the preparation of 2000 IDP pamphlets for each municipality by 30th of June 2006.	To design 2000 IDP pamphlets for each municipality.	8000 Draft IDP pamphlets.	Office MM	PIMSS	No.	8000	8000	0.0%	Printing in process.	R 143,912
To prepare monitoring and assess reports on IDP implementation for five municipalities.	To convene meetings and facilitate monitoring reports with IDP Managers and Project Managers.	Minutes of 4 meetings.	Office MM	PIMSS	Number	4	4	0.0%	Completed	n/a
To support Phokwane and Magareng Municipalities in developing topographical maps by 30th of June 2006.	To prepare specifications for topographical mapping.	Tender specifications.	Office MM	PIMMS	%	100.0	100.0	0.0%	Completed	n/a
To assist in the assessment and recommendation of tenders.	To identify capacity needs of 5 municipalities in order to draft MSIG Action Plan.	Short list of service providers and recommendations to Tender Committee.	Office MM	PIMSS	%	100.0	100.0	0.0%	Completed	n/a
To prepare MSIG Action Plan for 2005-2006 by 30th of June 2005.	Draft MSIG Business Plan.	Office MM	PIMSS	Number	1	1	0.0%	Completed	n/a	R 159,903
To facilitate the implementation of 80% of the MSIG capacity building projects by June 2006.	To facilitate the identification of capacity building needs in category B municipalities.	Minutes of at least 4 IDP Steering Committees meetings.	Office MM	PIMSS	Number	4	3	25.0%	Due to the limited staff component during the forth quarter no meetings could be held.	R 119,972
To ensure at least 50% alignment and integration of IDP's with PGDS, NSDP and Sector Plans and Programmes by 30th of June 2006.	To facilitate accessibility of PGDS, NSDP and Sector Plans to municipalities.	Copies of PGDS, NSDP and Sector Plans in municipalities	Office MM	PIMSS	%	100.0	100.0	0.0%	Completed	n/a
To provide professional assistance to the Department of Housing and Local Government in spatial planning and land use management on a quarterly basis.	To assess and correct proposed Township Establishment Plans.	Assessment reports of Township Establishment Plans.	Office MM	PIMSS	Number	2	1	50.0%	Only one meeting convened by DHLG	DHLG to reassess needs from municipalities.
To monitor and assess service providers in IDP and MSIG projects quarterly.	To attend Spatial Planning Task Team meetings.	Minutes of 4 meetings.	Office MM	PIMSS	Number	4	1	75.0%	Only one meeting convened by DHLG	DHLG to reassess needs from municipalities.
\$ : System does not allow the financial breakdown of indicator	Positive Variance = +%	Variance = 0.0% (Target reached)							R 117,982	R 117,982
										Negative Variance = %

# Municipal Performance

Objective	Activity	Indicator	Responsible		% Variance	Reason(S) For Devia-tion	Improvement Plan	Budget 2005/06	Final Actual Expenditure 2005/06
			Dept.	Unit					
<b>MUNICIPAL KPA 2 : STABLE SOCIAL ENVIRONMENT CONDUCIVE TO SOCIAL DEVELOPMENT.</b>									
To support 5 municipalities in the establishment and implementation of a Performance Management System by June 2006.									
To facilitate the establishment of PMS in at least two of the category B Municipalities.	PMS's adopted by Councils.	Office MM	PIMSS	%	100	50	50.0%	Sol Plaatje municipality has not yet finalised its PMS.	A consultant has been appointed to assist the municipality in finalising the PMS.
To facilitate the preparation of quarterly performance reports.	Quarterly reports of individual officials.	Office MM	PIMSS	No.	4	0	100.0%	PMS post has been frozen.	Municipalities have been provided with service providers to assist in PMS implementation.
To facilitate the annual reviews of Performance Management Systems in the category B municipalities.	Reviewed PMS.	Office MM	PIMSS	%	100	0	100.0%	PMS post has been frozen.	Municipalities have been provided with service providers to assist in PMS implementation.
To facilitate the transfer of 37 houses to individual owners in Koopmansfontein by 30 June 2006.									
To facilitate the transfer of 37 houses to individual owners from Transnet.	Transfer of 37 houses to individual owners.	Admin.	LUM	No.	37	37	0.0%	Completed	n/a
To facilitate the preparation and submission of 37 applications for housing subsidies.	Approval of 37 applications.	Admin.	LUM	No.	37	37	0.0%	Completed	n/a
Rezoning and subdivision of land.									
Administering of applications for rezoning and subdivision in terms of applicable legislation.	Completion of 100% of applications received.	Admin.	LUM	%	100	100	0.0%	Completed	\$ \$
To support and facilitate that 10% of the district community has access to services rendered by Government Departments and other stakeholders by 2006.									
Facilitate and co-ordinate outreach programmes for Provincial Government Departments.	4 outreach programmes (1 per Municipality) at grey areas.	Admin.	Comm. Dev.	No.	4	7	+175.0%	A need for more programmes has been indicated and more service providers came on board.	n/a
Assist in the identification of possible accessible service points for service delivery.	4 outreach programmes (1 per Municipality) at grey areas.	Admin.	Comm. Dev.	No.	4	7	+175.0%	A need for more programmes has been indicated and more service providers came on board.	n/a
To support the reduction of crime by 5 % by 2006.									
Establish partnerships with other spheres of government and law enforcement agencies, mobilize communities to participate in Community Police Forums.	12 meetings per year.	Admin.	Comm. Dev.	No.	12	12	0.0%	Completed	n/a

Negative Variance = -%

Positive Variance = +%

\$ : System does not allow the financial breakdown of indicator.  
Variance = 0.0% ( Target reached )

# Municipal Performance

Objec-tive	Activity	Indicator	Responsible Dept.	Unit	Year Target	Actual Measure	% Variance	Reason(S) For Deviation			Improvement Plan	Budget 2005/06	Final Ac-tual Ex-penditure 2005/06
								Year Target	Actual Measure	% Variance			
<b>MUNICIPAL KPA 2 : STABLE SOCIAL ENVIRONMENT CONDUCTIVE TO SOCIAL DEVELOPMENT.</b>													
To develop youth development programmes to allow 40% of the young people in the District to become active citizens who participate in and assist with the socio economic development of their respective settlements.													
Identification of grey areas.	4 Areas needs to be identified. One per mu-nicipal area	Ad-min.	Comm. Dev.	No.	4	3	25.0%	Due of other high priority programmes of Council such as budget process,programme four could not materialise..			More programmes will be planned for the new financial year.		
Initiate, facilitate, monitor, evaluate and coordinate youth development programmes.	4 Programmes by June 2006.	Ad-min.	Comm. Dev.	No.	4	4	0.0%	Programme four could not be done because of other priority programmes.			Programme four will be done in the next financial year.		
To co-ordinate the reduction of HIV/Aids infections by 5% by 2006.	HIV/Aids awareness programmes.	20 programmes to reach 2000 people by June 2006.	Ad-min.	Comm. Dev.	No.	20	20	0	Completed	n/a	R50,000	R50,000	
Support NGO's, business, local municipalities as well as interested groups with regard to information on HIV/AIDS and awareness projects and programmes.	To have 6 stakeholders meeting by June 2006.	Ad-min.	Comm. Dev.	No.	6	12	100%	For planning purposes more meetings were requested with stakeholders.			More meetings will be held with various stakeholders and beneficiaries in the next financial year.		
To support and encourage public participation through integrated development projects.													
Participate and contribute towards Youth Month Day activities.	Contribute and support towards Human resources & Financial assistance,etc.	Ad-min.	Comm. Dev.	No.	1	1	0.0%	Completed	n/a	R 5,000	R 5,000		
Participate and contribute towards Hu-man Rights Day activities.	Contribute and support towards Human resources & Financial assistance,etc.	Ad-min.	Comm. Dev.	No.	1	1	0.0%	Completed	n/a	R 10 000	R 10 000		
Participate and contribute towards Aids Day activities.	Contribute and support towards Human resources & Financial assistance,etc.	Ad-min.	Comm. Dev.	No.	1	1	0.0%	Completed	n/a	\$	\$		
Participate and contribute towards Womens Day activities.	Contribute and support towards Human resources & Financial assistance,etc.	Ad-min.	Comm. Dev.	No.	1	1	0.0%	Completed	n/a	R10,000	R10,000		
Participate and contribute towards Freedom Day activities.	Contribute and support towards Human resources & Financial assistance,etc.	Ad-min.	Comm. Dev.	No.	1	1	0.0%	Completed	n/a	\$	\$		
Participate and contribute towards Arbor Day activities.	Contribute and support towards Human resources & Financial assistance,etc.	Ad-min.	Comm. Dev.	No.	1	1	0.0%	Completed	n/a	R8,000	R8,000		
To support and encourage public participation through integrated development projects.													
Support and co-ordinate and assist in the logistical arrangements for:		Ad-min.	Comm. Dev.										
Sixteen days of activism.	Contribute and support towards Human resources & Financial assistance,etc.	Ad-min.	Comm. Dev.	No.	1	1	0.0%	Completed	n/a	R15,000	R9,126		
Community ward meetings in DMA.	Quarterly meetings in the DMA.	Ad-min.	Comm. Dev.	No.	4	3	0.0%	Completed	n/a	R 5,000	R 3,316		

§ : System does not allow the financial breakdown of indicator. Positive Variance = +%  
Variance = 0.0% ( Target reached )  
Negative Variance = -%

# Municipal Performance - Key Performance Area (KPA) 3

Object- ive	Activity	Indicator	Responsible Dept.	Unit	Measure Year L1 of Project Actual Performance, % Variance %	Reason(S) For Deviation			Improvement Plan	Budget 2005/06	Final Actual Ex- penditure 2005/06		
<b>MUNICIPAL KPA 3: CREATION AND PROMOTION OF A GROWING LOCAL ECONOMIC DEVELOPMENT IN THE DISTRICT. (LED)</b>													
To support at least one Agri-BEE business in each Local Municipality in the district.	Identify at least 1 Agri-BEE project in at least 3 of the category B Municipalities or in the DMA.	Three Agri-projects identified.	Admin.	LED No.	(5) 3	0.0%	The target for 5 Agri-projects has been changed to 3 Agri projects and the focus will be on Magareng, Phokwane and Dikgatlong.	On the 15/06/06 we ( LED Committee and LED Official ) had our first meeting with Phokwane Municipality whereby a copy of identified Agri-BEE opportunity was handed to Mr. Moiswana. On 22/06/06 we had a meeting with Magareng Municipality due to time unavailable of other official and counsors. As FBDM due to time constraints it decided to have meeting with Magareng, Dikgatlong and Sol Plaatje on the 04/07/06 to finalised the Agri-BEE items.	\$	\$			
Develop business plans for each identified Agri-BEE project .	3 Agri-project business plans developed.	Admin. LED No.	(5) 3	0.0%	The target for 5 Agri-project business plans has been changed to 3 business plans and the focus will be on Magareng, Phokwane and Dikgatlong.	n/a		\$	\$				
To promote and support job creation initiatives in the district.	Develop a working document for co-ordinating job creation initiatives within the district.	Complete working document.	Admin. LED No.	1	0	100.0%	Target has been postponed due to the resignation of the previous LED Manager.	n/a	\$	\$			
Collate data on permanent and temporary jobs created.	100% collation of data.	Admin. LED %	100	0	100.0%	Target has been postponed due to the resignation of the previous LED Manager.	n/a	\$	\$				
Communicate the data to appropriate stakeholders.	100% data communicated.	Admin. LED %	100	0	100.0%	Target has been postponed due to the resignation of the previous LED Manager.	n/a	\$	\$				
To develop an Investment and Marketing Strategy.	Accelerate the completion of LED Strategy for Magareng Municipality.	A completed LED Strategy for Magareng	Admin. LED No.	1	1	0.0%	Completed	n/a	\$	\$			
Develop a consolidated District LED Strategy.	A consolidated District LED Strategy.	Admin. LED No.	1	1	0.0%	Urban-Econ has completed the Consolidated on the 30 May 2006. On the 05 June 2006 FBDM had LED forum with the B-Municipalities, development agencies and government department whereby Consolidated LED Strategy was discussed. It was decided that B-Municipalities, development agencies and Government Departments will have to give inputs to the LED Strategy before it can be adopted as final document. All the stakeholders were to submit their input to FBDM by 30/06/06.	n/a	R150,000	R0				
Development of a District Investment and Marketing Plan.	A completed District Investment and Marketing Strategy.	Admin. LED No.	1	1	0.0%	Two proposal has been received from Thbane Consulting has costs implications while the other from Mr. Goetfrey Mamputa is without costs, however he was requested to supply FBDM with the costs of such project. It was requested by HOD that we should at least have three, this was received on 10/03/2006.	n/a	\$	\$				
Implementation of the Investment & Marketing Plan.	Number of possible investors that have been lobbied.	Admin. LED %	100	0	100.0%	TOR has been compiled for Investment and Marketing Strategy.	The HOD requested that FBDM should benchmark the Investment and marketing with other Metros and Districts before we put an advert for proposals. Cape Town Municipality has been contacted and we are waiting for documents to be supplied to FBDM.	\$	\$				
Identification of 2 feasible projects emanating from the Cat E Municipalities.	Two identified projects.	Admin. LED No.	8	0	100.0%	This issue has not been addressed yet due to the incapacity in the smaller local municipalities.	Letters will be written to B-Municipalities to submit feasibility projects from their offices. The LED Unit will then consult with HOD's and the Economic Committee to build capacity and pave the way forward in terms of implementation.	\$	\$				

Negative Variance = %  
Positive Variance = +%

\$ : System does not allow the financial breakdown of indicator.  
Variance = 0.0% ( Target reached )



# Municipal Performance

Objective	Activity	Indicator	Responsible	% Variance	Reason(S) For Deviation	Improvement Plan	Budget	Final Actual Expenditure
			Dept.				2005/06	2005/06
<b>MUNICIPAL KPA 3: CREATION AND PROMOTION OF A GROWING LOCAL ECONOMIC DEVELOPMENT IN THE DISTRICT. (LED)</b>								
To develop a regional tourism strategy by 2006.	Develop TOR's for the strategy.	TOR documents.	Admin.	Tourism No.	0 0 0%	Project disbanded by Council.	Project will be revised and implemented in the next financial year.	\$ \$
To support provincial initiatives in order to increase local and international tourism arrivals by 2 % by 2008.								
	Payment of support grant to NCTA .	Support grant paid to NCTA.	Admin.	Tourism No.	1 1 0.0%	Completed	n/a	\$ \$
	Contribution to joint Provincial Advertising Campaign.	Amount paid to cover for joint advertising campaign.	Admin.	Tourism No.	1 1 0.0%	Completed	n/a	\$ \$
	Support to tourism month activities.	The number of tourism month activities supported.	Admin.	Tourism No.	1 1 0.0%	Completed	n/a	\$ \$
	Attendance of Getaway Consumer Expo.	Getaway Consumer Expo attended.	Admin.	Tourism No.	1 1 0.0%	Completed	n/a	\$ \$
	Attendance of Western Cape Tourism Showcase.	Western Cape Tourism Show-case attended.	Admin.	Tourism No.	1 1 0.0%	Completed	n/a	\$ \$
	Attendance of Indaba Trade Expo.	Indaba Trade Expo attended.	Admin.	Tourism No.	0 0 0.0%	Project disbanded by Council.	Project will be revised and implemented in the next financial year.	\$ \$
	Attendance of International Trade Expo.	International Trade Expo attended.	Admin.	Tourism No.	1 0 100.0%	No budgetary provisions have been made for the attendance of an international expo in the current financial year.	Provision will be made in te new budget.	\$ \$
	N12 Promotion.	Participation in N12 Promotion.	Admin.	Tourism No.	0 0 0.0%	Project disbanded by Council.	Project will be revised and implemented in the next financial year.	\$ \$
To develop tourism products and infrastructure in the region.	Establishment of a network of info offices in the region.	A network of info. Offices established in the region.	Admin.	Tourism No.	0 0 0.0%	Project disbanded by Council.	Project will be revised and implemented in the next financial year.	\$ \$
To distribute correct and updated information to visitors in the region.								
	Accommodation supply survey.	Accommodation supply survey conducted.	Admin.	Tourism No.	0 0 0.0%	Project disbanded by Council.	Project will be revised and implemented in the next financial year.	\$ \$
	Survey on state of Industry.	Survey conducted.	Admin.	Tourism No.	0 0 0.0%	Project disbanded by Council.	Project will be revised and implemented in the next financial year.	\$ \$
	Survey on jobs in local industry.	Survey conducted.	Admin.	Tourism No.	0 0 0.0%	Project disbanded by Council.	Project will be revised and implemented in the next financial year.	\$ \$
	Processing of Statistics.	Statistics Processed.	Admin.	Tourism No.	4 4 0.0%	Completed	n/a	\$ \$
	Contribution Operating budget Visitor Centre.	Contribution made.	Admin.	Tourism No.	0 0 0.0%	Project disbanded by Council.	Project will be revised and implemented in the next financial year.	\$ \$
	Maintenance and upgrade of Website.	Website upgraded and maintained.	Admin.	Tourism No.	4 4 0.0%	Completed	n/a	\$ \$
	Maintenance and update of database.	Database maintained.	Admin.	Tourism No.	4 4 0.0%	Completed	n/a	\$ \$





# Municipal Performance

Objective	Activity	Indicator	Responsible		Unit of Measure	Year Target	Actual Performance	% Variance	Reason(S) For Deviation	Improvement Plan	Budget 2005/06	Final Actual Expenditure 2005/06
			Dept.	Unit							Budget 2005/06	Final Actual Expenditure 2005/06
<b>MUNICIPAL KPA 4: HUMAN RESOURCE DEVELOPMENT AND INSTITUTIONAL TRANSFORMATION.</b>												
To ensure an efficient and effective Information Management System.	Update the Website.	50% Functionality.	Admin.	IT	%	50	48	2.0%	The system had flaws in the backend, making it difficult to update information. Flaws were rectified by S. Provider and training provided to Comm Officer & IT Tech.	The Communications Officer and IT Technician now has access rights to update information. The Information Update Strategy will be concluded with all relevant internal Departments.	\$	\$
	Update the Intranet.	100% Maintenance.	Admin.	IT	%	100	98	2.0%	The IT Technician is in the process to review the information on the P:Drive. HOD's were consulted.	All Policies would converted to PDF and The Folders in the P: Drive will have classified access rights.	\$	\$
	Maintain the Intranet and Website.	100% Maintenance.	Admin.	IT	%	100	100	100.0%	Completed	n/a	\$	\$
	Maintain the Intranet and Website accessible to all users and stakeholders.	Intranet and website accessible online 24hrs 7days a week.	Admin.	IT	%	100	100	100.0%	Completed	n/a	\$	\$
	Make the GIS operational and accessible to all users and Stakeholders.	GIS accessible 24 hrs 7 days.	Admin.	IT	%	100	30	70.0%	The action plan for the GIS could not be completed due to staff limitations during the measurement period.	A new action plan will be implemented in the new financial year to ensure attainment of the set targets	\$	\$
	Produce customised maps and reports as required by users and stakeholders.	100 % per request.	Admin.	IT	%	100	95	5.0%	Busy with ITMSP, Website & Cadastrial: Roads, Rivers, Farms and Towns, Borders and Text Data were collected from NCDLGH in WGSS4 Projection. Received data has minor flaws.	Other sources (Stats SA, etc.) will be consulted for more data: i.e Social, Economic, etc.	\$	\$
	Connect the Computer Laboratory & Workshop to the main network.	100% connection.	Admin.	IT	%	100	100	100.0%	Completed	n/a	\$	\$
	Create new networks and e-mail accounts and administer existing systems.	100 % maintenance of e-mails.	Admin.	IT	%	100	100	100.0%	Completed	n/a	\$	\$
	Manage the maintain of all computer hardware and software.	4 days downtime.	Admin.	IT	%	100	95	5.0%	Some computers are awaiting replacement parts.	Extra parts, Computers and Printers will be put in stock for emergencies.	\$	\$
	Administer all software licences.	100 % of software licences administered.	Admin.	IT	%	100	90	10.0%	The Anti-Virus Software Licence (R17,000.00) is in 2005/2006 budget.	The adjustment budget will be requested from Council.	\$	\$
To ensure 100% compliance for submitting reports on time.	Ensure that reports are compiled and submitted to Council Committees and other Structures as may be required.	100 % compliance for submitting of reports.	Admin.	IT	%	100	80	20.0%	The Website report was requested by Dir Admin and could not be submitted, due to commitment in the ITMSP Tender and Website updates facilitation.	Report will be submitted in the new financial year.	\$	\$
	Manage sections: Human Resources, Office Support, Committee Services, grounds maintenance.	Quarterly report...	Admin.	Corp. Services	No.	4	4	0.0%	Completed	n/a	\$	\$
\$ : System does not allow the financial breakdown of indicator.	Variance = 0.0% ( Target reached )											Negative Variance = %

Objective	Activity	Indicator	Responsible		Cmt of Year	Target %	Actual %	Var %	Reason(S) For Deviation	Improvement Plan		Budget 2005/06	Final Actual Expenditure 2005/06	
			Dept.	Unit										
<b>MUNICIPAL KPA 5 : SUSTAINED FINANCIAL VIABILITY FOR MAXIMUM DEVELOPMENT SUPPORT.</b>														
To ensure 100% effective financial management of departmental functions in terms of the prescriptions of the MFMA.	Ensure meeting of managerial and reporting deadlines per legislation and policies (Monthly, Quarterly & Annually).	100 % compliance of managerial and reporting deadlines.	Finance	General	%	100	90	10.0%	Internal monitoring and reporting on budget expenditure are not up to standard i.r.o. of the first quarter.	Develop and implement a new system for internal monitoring as well as reporting as per MFMA requirements. Counselling will continue to take place with regard to the Assistant Accountant Budget & Treasury Office who is responsible for the budget expenditure control monitoring in the office of Budget & Treasury. Individual performance plan will be amended to incorporate budget control and monitoring as part thereof i.t.o. the 2006/07 financial year.	\$	\$		
	Implementing effective communication within the Finance Department.	Monthly meetings.	Finance	General	No.	12	11	8.3%	One meeting could not be held due to time constraints and hectic schedules.	Meetings will be determined and re-scheduled for the 2006/07 financial year.	\$	\$		
	Monitor personnel performance and development.	Quarterly assessment reports.	Finance	General	No.	4	4	0.0%	Completed	n/a	\$	\$		
	Ensure that every subordinate do have an updated job description.	Ensure 100 % updated job descriptions as per organogram.	Finance	General	%	4	4	0.0%	Completed	n/a	\$	\$		
	Ensure that every subordinate do have a performance plan and that performances are assessed quarterly.	Quarterly assessments on performances.	Finance	General	No.	100	100	0.0%	Completed	n/a	\$	\$		
	Assessment and reporting - FMG & MFMA Steering Committees.	Convene at least quarterly assessment and reporting meetings.	Finance	General	No.	4	3	25.0%	Due to Municipal Election no meetings took place during the third quarter with regard to FMG & MFMA reporting. Reporting on FMG & MFMA part of the newly established Finance Committee responsibilities.	Future assessment reports will be submitted to Finance Committee to exercise Council's oversight roll and responsibility with regard to MFMA implementation.	\$	\$		
To increase the RSC revenue base of Council by 20%.	Verification and updating of levypayer files annually.	Number of estimated files updated.	Finance	General	No.	5300	3410	35.7%	Updating of levy payer info stop after first quarter due abolishment of RSC Levies. Only focuses on the verification and recovery of outstanding levies due.	Not applicable as from 2006/07 financial year due to abolishment of RSC levies	\$	\$		
	Assess RSC exemptions annually and update levy payer's data on the system.	Number of exemption files assessed.	Finance	General	No.	200	0	100.0%	No assessment at year end due to the abolishment of RSC Levies as from 01 July 2006	Not applicable as from 2006/07 financial year due to abolishment of RSC levies	\$	\$		
	Monthly monitoring & reporting on actual RSC Levies collected vs budget.	100% as per budget estimates.	Finance	General	%	100	99	0.3%	Due to change in accounting policy RSC Levy collection reflects 90% collection rate on interim income statement (July 2006), whilst actual receipts for the year reflects 99,73%.	n/a	\$	\$		
	Monitoring and reporting on internal levy inspectors' implementation of programme.	Monthly monitoring and reporting on internal levy inspectors' implementation of programme.	Finance	General	No.	12	5	58.3%	RSC Levy inspectors transferred as from December 2005 to assist with the administration of RSC Levies. Three people from RSC levy section has been redeployed to other departments.	Not applicable as from 2006/07 financial year due to abolishment of RSC levies	\$	\$		
	Ensure safekeeping and security of data and records.	Number of backups made.	Finance	General	No.	252	252	0.0%	Completed	n/a	\$	\$		
	Promptly deposits of monies received and daily / monthly reconciliations.	Daily reconciliation of all monies received.	Finance	General	No.	252	252	0.0%	Completed	n/a	\$	\$		
	Monitor and liaise with external collection agencies.	Monthly reporting.	Finance	General	No.	12	12	0.0%	Completed	n/a	\$	\$		
	Conduct monthly meetings with external contract agent.	Number of monthly meetings with external contract agent.	Finance	General	No.	12	12	0.0%	Completed	n/a	\$	\$		
	Conduct quarterly meetings with stakeholders o share and follow up information - SARS, Municipalities, Government, etc.	Quarterly meetings with stakeholders.	Finance	General	No.	4	3	25.0%	Unavailability of some of the stakeholders resulted in not having a meeting at the scheduled time during the third quarter.	Not applicable as from 2006/07 financial year due to abolishment of RSC levies.	\$	\$		

Objective	Activity	Indicator	Responsible Dept.	Unit	Measure	Year Target	Actual Performance	% Variance	Reason(S) For Deviation	Improvement Plan	Budget 2005/06	Final Actual Expenditure 2005/06
											\$	\$
<b>MUNICIPAL KPA 5 : SUSTAINED FINANCIAL VIABILITY FOR MAXIMUM DEVELOPMENT SUPPORT.</b>												
To reduce outstanding debt by 50% - RSC Levies, Sundry Debtors & Water Services at Koopmansfontein.												
Review credit control and indgent policy to enhance effectiveness thereof.	Annual review of policy.	Finance	General	No.	1	1	0.0%				\$	\$
Monthly calculation of all revenue due.	Monthly calculation of all revenue due by issue monthly statements.	Finance	General	No.	12	12	0.0%	Completed	n/a		\$	\$
Timorous preparation and delivery of monthly accounts (RSC / Debtors).	Timorous preparation and delivery of monthly accounts.	Finance	General	No.	12	12	0.0%	Completed	n/a		\$	\$
Maintain accounting system for RSC levies / Debtors (Month-ends / Security).	100% Compliance on the maintenance of accounting system for RSC levies / Debtors.	Finance	General	%	100	95	5.0%	Problems experienced during the upgrade of computer server & network in July 2005 resulted that printers and personal computers were not working for a few days.		Not applicable as from 2006/07 financial year due to abolishment of RSC levies.		
Monitor monthly debtor age analysis and submit report accordingly.	Monthly monitoring and reporting on debtor age analysis.	Finance	General	No.	12	12	0.0%	Completed	n/a		\$	\$
To ensure 100% compliance with MFMA in terms of expenditure and supply chain management.	100 % compliance.	Finance	General	%	100	75	25.0%	Upgrade of computer server & network resulted in delayed creditor payments during July 2005. Ordering process regarding the requesting of quotations as per supply chain policy needs attention. Implementation of approved supply chain management policy needs further refinement.		To establish a SCM unit within the first quarter of the new financial year who will be responsible for the entire procurement process and implementation of SCM policy. FBDM has been identified as a pilot by NJ to assist with regard to the roll-out and implementation of SCM.		
Establish and implement an effective system of expenditure control as per MFMA requirement and related Council policies.											\$	\$
Establishment of Supply Chain Management Office.	Appointment of staff for the Supply Chain Management Office.	Finance	General	No.	2	0	100.0%	The vacant positions of Assistant Accountant: Supply Chain Management and Clerk has not been filled to date.		Positions likely to be filled during the first quarter of the new financial year as part of the approval of the reviewed orgnogram and placing of RSC personnel.		
Monthly monitoring and reporting on actual cash and investments available.	Monthly monitoring and reporting.	Finance	General	No.	12	12	0.0%	Completed	n/a		\$	\$
Development of inventory and stores management policy.	Development of policy.	Finance	General	No.	1	0	100.0%	No separate policy required as the inventory and stores management policy forms part of the Supply Chain Management and Asset Management policies. Policies needs to be reviewed to ensure all aspects of inventory and stores management are covered in the respective policies.		Policies to be reviewed as part of the budget process i.o. the 2007/08 financial year.		
Daily updating of the accounting system, month- ends & security.	100% Compliance on daily backups of accounting system, month-end & security.	Finance	General	%	100	95	5.0%	Some delay was experienced during July 2005 with the upgrade of computer server. Network. Still not able to make own back-ups of the Omni Accounting System as the back-ups are done by SAT and kept at the Tourism Centre for safekeeping.		GIS / IT Manager will consult with service provider as part of the initial upgrade of computer server to enable the Expenditure Section to make own back-ups at month / year ends.		
Production of trial balance within 5 working days of month-end for Budget & Treasury purposes.	Produce trial balance within 5 working days of the new month.	Finance	General	No.	12	12	0.0%	Completed	n/a		\$	\$

Objective	Activity	Indicator	Responsible Dept.	Unit	Unit of Measure	Year Target	Actual Performance	Improvement Plan	Budget 2005/06	Final Actual Expenditure 2005/06
<b>MUNICIPAL KPA 5 : SUSTAINED FINANCIAL VIABILITY FOR MAXIMUM DEVELOPMENT SUPPORT.</b>										
To implement effective asset and risk management.										
	Development of an asset and maintenance policy.	Development of policy.	Finance	Pool Veh.	No.	1	1	0.0%	Completed	n/a
	Monthly updating of system - Acquisitions & Disposals.	Monthly update Of "BAUD" asset register.	Finance	Pool Veh.	No.	12	12	0.0%	Reconciliation is perform on a monthly basis to reflects variances between "BAUD" system and ledger accounts. Variances due to problems on "BAUD" system	Awaiting new release to correct deviations between system and ledger accounts.
	Perform monthly reconciliation of "BAUD" system vs general account.	Monthly reconciliation..	Finance	Pool Veh.	No.	12	9	25.0%	Non-compliance due to some corrections and amendments to be made on "BAUD" Asset System as a result of incorrect allocation of acquisition at year end - June 2005. System error also occurs during January 2006 which resulted that recon for the respective month could not be performed.	Some corrections have been made by the service provider in August 2005 while the other outstanding problems will be resolved with new release on the "BAUD" system in coming financial year.
	Quarterly stocktake of registered assets.	Quarterly stocktake.	Finance	Pool Veh.	No.	4	3	25.0%	Stocktake i.o. the first quarter has been delayed due to corrections / amendments to be made on the "BAUD" Asset System.	Due to the delay in first quarter the stocktake counts have been reduced to three and not four as was originally planned for the year under review.
	Secure sufficient insurance coverage i.r.o. damages or losses to assets.	Annually awarding of tender for insurance coverage.	Finance	Pool Veh.	No.	1	1	0.0%	Completed	n/a
	Monitoring and reporting on the usage of motor vehicles.	Preparation of monthly report.	Finance	Pool Veh.	No.	12	12	0%	Completed	n/a
To implement a budget reform process and reporting in terms of dates that are prescribed by the MFMA.										
	Ensure compliance to the prescriptions of the MFMA, DORA and LGTA.	100% Compliance as per prescribed legislation - MFMA, DORA and LGTA.	Finance	Budget Office	%	100	90	10.0%	Weaknesses were identified during the first quarter regarding non-compliance on monthly budget expenditure control monitoring and reporting by Assistant Accountant Budget & Treasury Office.	Develop and implement new system for internal monitoring as well as reporting as per MFMA requirements. Counselling will continue to take place with regard to the Assistant Accountant Budget & Treasury Office who is responsible for the budget expenditure control monitoring in the office of Budget & Treasury. Individual performance plan will be amended to incorporate budget control and monitoring as part thereof i.r.o. the 2006/07 financial year.
	Quarterly Report to Statistics SA, NT & other stakeholders.	100% Compliance as per prescribed legislation - MFMA, DORA and LGTA.	Finance	Budget Office	%	100	100	0.0%	Completed	n/a
	MID-YEAR Reporting : Submit a report to Council, the Executive Mayor, NT & Provincial Treasury by means of a mid-year budget & performance assessment, reflecting information required by S.72(1)(i) (iii),(iv),(v)(b)(2)and(3).	Submission of Mid-year report.	Finance	Budget Office	No.	1	1	0.0%	Completed	n/a
	Year-end Reports : Preparing annual financial statements in accordance with S122(1) containing disclosures as required by S.124 and S.125.	Completion of Financial Statements as per MFMA requirement.	Finance	Budget Office	No.	1	1	0.0%	Completed	n/a
	The Annual Report :Tabling annually to full Council.	Table annual report within seven months after the end of the financial year.	Finance	Budget Office	No.	1	1	0.0%	Completed	n/a
	Preparation and approval of Annual Budget / Service Delivery and Budget Implementation Plan (SDBIP) in terms MFMA requirements.	Approval of Annual Budget / Service Delivery and Budget Implementation Plan (SDBIP) as per MFMA requirement.	Finance	Budget Office	No.	1	1	0.0%	Completed	n/a

# Municipal Performance - Key Performance Area (KPA) 6

Objective	Activity	Indicator	Responsible		Actual Year Target Performance		Reason(S) For Deviation	Improvement Plan	Budget 2005/06	Final Actual Expenditure 2005/06
			Dept.	Unit	Unit of Measure	% Variance				
<b>MUNICIPAL KPA 6 : PARTICIPATORY GOVERNANCE.</b>										
To prepare agendas and deliver them at least 48 hours before meetings.	Preparation and delivery of agendas.	100% for 90 meetings.	Admin.	Comm. Ser.	%	100	100	0.0%	Completed	n/a
To compile minutes within 3 working days after meetings.	Compilation of minutes as per Council guidelines.	100% for 90 meetings.	Admin.	Comm. Ser.	%	100	100	0.0%	Completed	n/a
To develop and monitor the implementation of a useful and user-friendly IDP for the District Municipality in 2005/06.	IDP: Drafting of new IDP document for District Municipality.	Submit IDP to Council before end of May 2006 which will be 100 % compliant.	Office MM.	IDP/PMS	%	100	100	0.0%	Completed	n/a
	IDP: Monitor and report on the implementation of the IDP.	Report quarterly on IDP implementation.	Office MM.	IDP/PMS	No.	4	4	0.0%	Completed	n/a
To increase public participation through democratic processes.	Attendance of "Council Meets the People" initiatives by HOD's, managers and officials.	60 % of senior managers in attendance.	Admin. Manage. sections	IDP related sections	%	60	60	0.0%	Completed	n/a
	DMA committee meetings and quarterly reporting.	Scheduled quarterly meetings and reports.	Admin. DMA Admin. Manage.	DMA Admin.	No.	4	4	0.0%	Completed	n/a
To render an effective internal audit function in the district municipality and to assist category "B" municipalities in performing internal audit functions.	Appointment and re-appointment of audit committee members.	Appointment of 3 AC members.	Office MM	Int. Audit	No.	3	3	0.0%	Completed	n/a
	Audit committee remuneration: In terms of the MFMA the audit committee must have at least 4 meeting during the financial year.	Meetings of Audit Committee.	Office MM	Int. Audit	No.	4	4	0.0%	Completed	n/a
	Preparation of audit committee information packs.	Preparation of four information packs.	Office MM	Int. Audit	No.	4	4	0.0%	Completed	n/a
	Performs a risk assessment workshop: Identify high risk areas for the municipality and the results may be used to draft a risk based internal audit plan.	Risk assessment workshop.	Office MM	Int. Audit	No.	1	1	0.0%	Completed	n/a
	Consultancy Fees: Performance of internal audit projects, drafting and discussion of internal audit reports. (For District and category "B" municipalities).	As per audit plan approved by audit committee.	Office MM	Int. Audit	%	100	90	10.0%	Management requested, via the Audit Committee, that the audit plan be adjusted to affect the following changes: The MFMA Review should be re-scheduled for the 2006/07 and that internal audit should perform an audit on DORA. Request as per Auditor General Report.	Non required, audit of DORA to be completed during the first 2 weeks of July.
		Variance = 0.0% (Target reached)	Positive Variance = +%	Negative Variance = -%						













**CHAPTER 4**

**AUDITED STATEMENTS & RELATED FINANCIAL  
INFORMATION**

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**FRANCES BAARD  
DISTRICT MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS  
30 JUNE 2006**



**FRANCES BOARD DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2006**

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# GENERAL INFORMATION

## **GENERAL INFORMATION**

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### **1. GRADING**

#### *Grade 4 – Category C.*

Council is accorded the same grading as the largest Category B municipality in the district, namely Sol Plaatje Municipality, which is a Grade 4 local authority

### **2. AUDITORS**

#### *2.1. External Auditors*

The Office of the Auditor-General  
Private Bag X5013  
KIMBERLEY

#### *2.2. Internal Auditors*

Internal audit function has been implemented during March 2004, based on an external audit service provider required to establish a self-sufficient in-house function in accordance with Council policy. Following the details of service provider:

Gobodo Chartered Accountants (SA)  
P.O. Box 4242  
CAPE TOWN

#### *2.3. Members of the Audit Committee*

Mr. DW Beukes                      Chairperson

Ms. S Matthews  
Mr. M van Niekerk

**3. BANKERS**

Absa Bank  
80 Bultfontein Rd  
KIMBERLEY

Type of Account:  
Account Number:

Current Account  
940 000 327

**4. REGISTERED OFFICE**

Frances Baard District Municipality  
51 Drakensberg Avenue  
CARTERS GLEN 8301

Private Bag X6088  
KIMBERLEY 8300

**5. GENERAL ACTIVITIES**

Council undertakes the spectrum of a Category C municipality activities allocated by legislation, as well as the district roads maintenance function on behalf of the Northern Cape Provincial Department of Transport, Roads & Public Works.

**6. COUNCILLORS**

Council's structure is based on the Executive Mayoral System, Incorporating:

*District Management Area; and  
Category B Municipalities—*

- Sol Plaatje : Grade 4
- Phokwane : Grade 2
- Dikgatlong : Grade 2
- Magareng : Grade 2

**6.1. Executive Mayor of District Municipality:**

Mr. A Florence

Proportional

**6.2 Speaker of District Municipality**

Ms. M Chwarisang

Sol Plaatje Municipality

**6.3 Members of the Mayoral Committee:**

Mr. A Florence	(Chairperson)	Proportional
Mr. P Everyday		Proportional
Mr. PN Jammer		Dikgatlong Municipality
Mr. W Johnson		Magareng Municipality
Ms. DM Moeletsi		Phokwane Municipality
Ms. MM Moloi		Proportional

**6.4 Ordinary Council Members:**

Mr. MA Africa	Sol Plaatje Municipality
Ms. MJ Beylleveld	Sol Plaatje Municipality
Ms. KJ de Kock	Sol Plaatje Municipality
Mr. EJ Damoense	Sol Plaatje Municipality
Mr. AK Jabetla	Sol Plaatje Municipality
Mr. GP Kock	Sol Plaatje Municipality
Ms. MM Mogwazeni	Sol Plaatje Municipality
Ms. KG Mthukwane	Sol Plaatje Municipality
Ms. RD Gopane	Dikgatlong
Mr. MS Mooketsi	Phokwane
Mr. MA Gabanele	District Management Area
Ms. HE Booysen	Proportional
Ms. MHattingh	Proportional
Mr. TS Kgaladi	Proportional
Mr. LJ Letebele	Proportional
Mr. BM Maribe	Proportional
Mr. LO Mothomme	Proportional
Mr. DJ Stubbe	Proportional

Council's senior management structure consists of the Municipal Manager and heads of the three main departments. The Office of the Municipal Manager includes management functions pertaining to municipal systems improvement and integrated development planning functions.

*Municipal Manager*

Mr. TJ Nosi  
B.Admin; B.Admin(Hons)

*Director: Administration*

Ms. NG Kgantsi  
B.Admin

*Director: Technical Services*

Mr. PJ van der Walt  
B.Sc.Eng; M.Eng.(Civil); ECSA

*Director: Finance*

Mr. P.J van Biljon  
B.A; Nat Dipl.; (AIMFO)

**6. CERTIFYING OF FINANCIAL STATEMENTS**

I am responsible for the preparation of these financial statements, which are set out on pages FR-1 to FR-11, AP-1 to AP-8 and FS-1 to FS-35, in terms of section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 16 of these financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this act.

# CHIEF FINANCIAL OFFICER



## **1. INTRODUCTION**

The main aim of the Department of Finance is to ensure that the Frances Baard District Municipality is financially sustainable to fulfill its developmental role.

In order to do this, Council follows a practice of sound, conservative budgeting aimed at enhancing financial resources through maximised revenue collection and controlling costs to the minimum necessary expenditure. Council also utilizes all possible sources of external financing to supplement its own infrastructure investment strategies, including the use of State grants and loan funding from the Development Bank of Southern Africa.

Integrated Development Planning (IDP) is the corner stone of facilitating sustainable development in the District. Given the nature of the Integrated Development Plan, it was necessary to revise and update financial strategies on a continuous basis. Pre-determined key performance indicators in the IDP and operational outcomes have informed and driven the financial planning process about what is financially affordable given the financial targets and expenditure limits determined by National Treasury.

The outcome of the key strategic goals and priorities with regard to the impact on the community is the reduction of backlogs in infrastructure e.g., increased access to free basic services, increased community participation in affairs of the municipality, customer care, job creation and poverty alleviation, increased economic growth, safe and healthy environment.

Despite the many challenges the financial position has shown improvement and good progress was made in some of the key service delivery areas in the year under review. According to a survey done by CSIR over the period 1995 to 2003 the District Municipality has performed amongst the top eight metropolitan and district municipalities in the country which delivered the strongest local economic growth. The Frances Baard District (consisting of Sol Plaatje, Dikgatlong, Magareng and Phokwane Municipalities) performed the fifth best with an economic growth of 3,7%.

The Community Wealth (Reserves and Unappropriated Surplus) has grown from approximately R34,88 million to approximately R61,63 million for the financial year under review. All of the provisions and resources are cash backed.

Council holds a substantial amount of conditional grants and receipts. Due to the fact that most of the national grants will be directly allocated to the Category B municipalities in the next financial year, it is envisaged that most of the remaining unspent grants will be expended before the end of the next financial year according to already approved business plans in respect of infrastructure related projects.

## 2. OPERATING RESULTS

Council has achieved a significant operating surplus to the amount of R12,15m before taking into account appropriations to the amount of R13,63m for the past financial year. The positive results are mainly due to increased levies collections, high returns on invested cash reserves, increased grant funding receipts and savings on expenditure like salaries, contracted services, general expenses and infrastructure project allocations. The operating results for the year ended 30 June 2006 are as follows:

<i><b>Revenue &amp; Expenditure</b></i>	<i><b>Actual 2005 R</b></i>	<i><b>Actual 2006 R</b></i>	<i><b>Variance 2005/06 %</b></i>	<i><b>Budget 2006 R</b></i>	<i><b>Variance Actual / Budget %</b></i>
Operating Income for the year	76,674,007	74,667,314	-2.62%	62,493,335	-19.48%
Operating Expenditure for the year	(64,524,615)	(58,542,565)	-9.27%	-70,896,618	17.43%
Plus / (Less): Extraordinary Items - Engen Interest	(1,733,912)	(1,684,464)	-2.85%	-	-
Plus / (Less): Change in Estimates - Adjustments i.r.o. Provision for Bad Debt & Leave	2,649,329	(2,286,440)	-	-	-
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>13,064,809</b>	<b>12,153,845</b>		<b>-8,403,283</b>	
Accumulated Surplus / (Deficit) at the beginning of the year Appropriations for the year	2,946,267 11,960,292	27,971,368 13,629,515	13.96%	8,450,825	-61.28%
<b>Accumulated Surplus / (Deficit) at the end of the year</b>	<b>27,971,368</b>	<b>53,754,728</b>		<b>47,542</b>	

Details of the operating results per classification and object of income and expenditure are included in the statement of performance and appendix E(1), whilst the detailed operating results per National Treasury functional classification are reflected in appendix D.

Council's performance, when compared to the budget, must be seen in the context of conservative budgeting practices influenced by other external factors such as the inability of some Category B Municipalities to implement grant & subsidy allocated projects.

Comments relating to budgeted income and expenditure as per National Treasury functional classifications are as follows:

## **2.1**

### *Executive and Council:*

	<i>Actual</i>		<i>Variance</i>		<i>Budget</i>		<i>Variance</i>	
	<i>2005</i>	<i>R</i>	<i>2006</i>	<i>%</i>	<i>R</i>	<i>2006</i>	<i>Actual / Budget %</i>	
<i>Revenue &amp; Expenditure</i>								
Revenue	2,517,445		1,916,193	-23.88%			-100.00%	
Expenditure	8,465,518		8,463,571	-0.02%		9,665,365	12.43%	
<b>SURPLUS / (DEFICIT)</b>	<b>(5,948,073)</b>		<b>(6,547,378)</b>	<b>10.08%</b>		<b>(9,665,365)</b>	<b>32.26%</b>	

Executive and Council consists of Council activities, the office of the Municipal Manager, Internal Audit unit and Communications section and reflects a net deficit of R6,54m compared to the approved deficit of R9,66m. The under-expenditure to the amount of R3,11m can mainly be attributed to the ad hoc grant receipts for financial support to category B municipalities which were not promulgated as part of the DoRA allocations nor budgeted in the 2005/06 financial year.

The expenditure for Executive & Council also reflects under-expenditure to the amount R1,20m which is mainly due to the following reasons:

- Budgeted for fulltime Mayoral Committee and full benefits like pension as well as medical aid to all councillors which was not utilised by all.
- Approved vacant positions in the office of the Municipal Manager and the Internal Audit Unit budgeted but not filled during the year under review.
- Affiliation fees to SALGA over budgeted by R102k.

## 2.2

### *Finance & Administration:*

<b>Revenue &amp; Expenditure</b>	<b>Actual 2005 R</b>	<b>Actual 2006 R</b>	<b>Variance 2005/06 %</b>	<b>Budget 2006 R</b>	<b>Variance Actual / Budget %</b>
Revenue	46,300,198	49,604,269	7.14%	45,760,900	-8.40%
Expenditure	11,273,396	13,158,804	16.72%	14,671,776	10.31%
<b>SURPLUS / (DEFICIT)</b>	<b>35,026,801</b>	<b>36,445,466</b>	<b>4.05%</b>	<b>31,089,124</b>	<b>-17.23%</b>

The vote of Finance & Administration reflects a positive deviation of R5,35m or 17,23% compared to the approved budget. The following factors mainly contributed to the positive variance:

#### *Revenue:*

RSC Levies reflects a R2,78m or 7,40% growth increase compared to the previous year income. Council contracted external levies inspection services to assist with the collection of outstanding levies, which resulted in additional revenue of R5,93m for the year. Council collected R40,41m or 101,02% of the approved budget for RSC Levies.

Interest earned on external investments reflected a positive deviation of R3,31m compared to the approved amount of R2,28m. The significant deviation is mainly due to higher than planned levels of cash reserves throughout the year. High cash reserve levels are attributed to increase of income and reserves as well as to delayed expenditure patterns.

#### *Expenditure:*

Expenditure reflects a saving to the amount of R1,51m or 10,31% compared to the approved budget for Finance and Administration. Main reasons for the under expenditure are:

- A number of new and approved vacant positions in the Departments of Finance and Administration have been budgeted for the full year whilst they have not been filled accordingly.
- Due to the final settlement of the Engen claim in June 2006 to the amount of R4,6m and change in the pro rata calculations of interest according to market related interest rates a saving to the amount of R1,17m on the budget i.r.o. Provision of Interest on Engen Claim was effected.

## 2.3

### *Planning & Development:*

<i>Revenue &amp; Expenditure</i>	<i>Actual</i>		<i>Variance</i>		<i>Budget</i>		<i>Variance</i>	
	<i>2005</i>	<i>2006</i>	<i>2005/06</i>	<i>%</i>	<i>2006</i>	<i>R</i>	<i>Actual /</i>	<i>Budget %</i>
Revenue	26,965,813	22,000,515	-18,41%		15,650,565		-40,57%	
Expenditure	41,660,083	33,495,078	-19,60%		38,669,818		13,38%	
<b>SURPLUS / (DEFICIT)</b>	<b>(14,694,270)</b>	<b>(11,494,563)</b>	<b>-21.78%</b>		<b>(23,019,253)</b>		<b>50.07%</b>	

#### *Revenue:*

The positive deviation of 40,57% on revenue compared to the approved budget is mainly due to unspent grants from the previous financial year expended in the 2005/06 financial year. The total value of grants and subsidies received has been adjusted to match the nature of the grant in question:

- Unconditional grants are fully reflected as revenue; while
- Conditional grants are reflected as revenue equivalent to the expenditure incurred in terms of the grant.

#### *Expenditure:*

The main reasons for the under expenditure to the amount of R5,17m on the vote of Planning and Development are:

- Vacant positions budgeted for the full year under Tourism and Local Economic Development whilst these positions were vacant due to resignations of the Tourism Manager, LED Manager and LED Admin clerk during the course of the financial year.
- Infrastructure projects in the Department of Technical Services reflects a under spending to the amount of R5,23m due to the late approval of business plans on some of the MIG projects as well as the lack of co-operation and capacity at the local municipalities to speed up the process of implementation of allocated projects. Delayed expenditure on current infrastructure projects from own funding has resulted in the roll-over of projects to the value of R5,63m for the financial year under review.

## 2.4 Health:

<i>Revenue &amp; Expenditure</i>	<i>Actual 2005 R</i>	<i>Actual 2006 R</i>	<i>Variance 2005/06 %</i>	<i>Budget 2006 R</i>	<i>Variance Actual / Budget %</i>
Revenue	70,000	75,000	7.14%	75,000	0.00%
Expenditure	1,182,113	1,260,232	6.61%	1,950,910	35.40%
<b>SURPLUS / (DEFICIT)</b>	<b>(1,112,113)</b>	<b>(1,185,232)</b>	<b>6.57%</b>	<b>(1,875,910)</b>	<b>36.82%</b>

The environmental health section reflects a total saving to the amount of R690k or 36.82% compared to the approved budget due to the vacant position of the Environmental Health Manager and special projects to the amount of R224k not completed according to the approved service delivery and budget implementation plan.

## 2.5 Community & Social Services:

<i>Revenue &amp; Expenditure</i>	<i>Actual 2005 R</i>	<i>Actual 2006 R</i>	<i>Variance 2005/06 %</i>	<i>Budget 2006 R</i>	<i>Variance Actual / Budget %</i>
Revenue	-	-	0.00%	-	0.00%
Expenditure	557,948	557,775	-0.03%	784,253	28.88%
<b>SURPLUS / (DEFICIT)</b>	<b>(557,948)</b>	<b>(557,775)</b>	<b>-0.03%</b>	<b>(784,253)</b>	<b>28.88%</b>

The under expenditure to the amount of R226k or 28.88% compared to the approved budget is mainly attributed to special community projects not spent according to identified and pre-determined projects.

## 2.6 Public Safety:

<b>Revenue &amp; Expenditure</b>	<b>Actual 2005 R</b>	<b>Actual 2006 R</b>	<b>Variance 2005/06 %</b>	<b>Budget 2006 R</b>	<b>Variance Actual / Budget %</b>
Revenue	820,551	1,061,028	29.31%	935,000	-13.48%
Expenditure	1,385,558	1,593,786	15.03%	2,219,476	28.19%
<b>SURPLUS / (DEFICIT)</b>	<b>(565,006)</b>	<b>(532,757)</b>	<b>-5.71%</b>	<b>(1,284,476)</b>	<b>58.52%</b>

Fire Fighting and Disaster Management section reflects an under expenditure to the amount of R626k compared to the approved budget. The main reason for the variation is the fact that an amount of R452k was budgeted for the development of a disaster management plan under consultancy, whilst the actual funding source was from MSIG grant funding which resulted in a duplication of budgeting.

## 2.7 Water Service – Koopmansfontein

<b>Revenue &amp; Expenditure</b>	<b>Actual 2005 R</b>	<b>Actual 2006 R</b>	<b>Variance 2005/06 %</b>	<b>Budget 2006 R</b>	<b>Variance Actual / Budget %</b>
Revenue	-	10,308	100.00%	71,870	85.66%
Expenditure	-	13,320	100.00%	71,870	81.47%
<b>SURPLUS / (DEFICIT)</b>	<b>-</b>	<b>(3,011)</b>	<b>100.00%</b>	<b>-</b>	<b>-100.00%</b>

The deviation of the actual revenue and expenditure compared to the approved budget is due to the fact that it is the first budget for water consumption in Koopmansfontein and the anticipated consumption according to the approved budget did not realize.

## 3. APPROPRIATIONS

Appropriations for the year amount to a net inflow of R13,63m which can mainly be attributed to the settlement of the Engen Claim and consequent adjustment on the provision account to the amount of R13,80m. (*Details of appropriation movements are included in the statement of changes in net assets*)

#### 4. POST-BALANCE SHEET EVENTS

No other significant events have occurred between the balance sheet date and the time of issuing this report.

#### 5. CAPITAL EXPENDITURE AND FINANCING

	<i>Actual 2006 R</i>	<i>Budget 2006 R</i>	<i>Variance / Budget %</i>	<i>Actual 2005 R</i>
<b><u>Capital Expenditure</u></b>				
Executive & Council	3,943	-	-100.00%	28,465
Finance & Administration	882,512	600,392	-46.99%	681,510
Planning & Development	101,071	15,000	-573.81%	28,121
Health	-	-	0.00%	-
Community & Social Services	-	-	0.00%	10,825
Public Safety	279,837	1,144,363	75.55%	26,982
Water Services	-	-	0.00%	-
<b>TOTAL CAPITAL EXPENDITURE:</b>	<b>1,267,363</b>	<b>1,759,755</b>	<b>100.00%</b>	<b>775,902</b>
<b><u>Financing of Fixed Assets</u></b>				
Capital Replacement Reserve	716,921	1,599,244	55.17%	
Government Grants & Subsidies	550,442	160,511	-242.93%	616,591
Public Contributions & Donations				
External Loans				
Other: Revenue (Own Funds)				159,311
<b>TOTAL FUNDING OF CAPITAL EXPENDITURE:</b>	<b>1,267,363</b>	<b>1,759,755</b>	<b>27.98%</b>	<b>775,902</b>

Actual expenditure incurred on fixed assets represents an increase of R491k or (63,34%) in comparison with the 2004/05 financial year.

The actual capital expenditure reflects 27,98% or R492k less than the approved budget and can mainly be attributed to the delay by the responsible Provincial Department in providing proper specifications for the building of a Disaster Management Centre. Amended expenditure according to the broad guideline specifications has been provided in the next financial year.

Council attained a capital efficiency ratio of 72,02% which needs to be closely monitored and improved in the coming financial years.

*(A complete analysis of capital expenditure per asset classification is included in appendix B)*

## **6. EXTERNAL LOANS**

External loans outstanding as at 30 June 2006 amounted to R7,11m as set out in Appendix A.

Some financial ratios relevant to external loans are:

	<i><b>2005/06</b></i>	<i><b>2004/05</b></i>
Interest Bearing Debt to Revenue	9,35%	15,77%
Average Interest Paid to Debt	15,87%	15,77%
Capital Charges to Operating Expenditure	1,89%	1,74%

## **7. CASH AND INVESTMENTS**

Council's cash and investments to the amount of R76,46m reflected an increase of R11,02m or 16,84% compared to the previous financial year. Investments to the amount of R500k are ceded as collateral security on housing loans for officials of Council.

*(Refer to notes 10 & 11)*

## **8. OUTSTANDING DEBTORS**

Overall debtors including the short term portion of long term debtors reflect a decrease of R589k compared to the previous financial year. The 6,73% decrease can mainly be attributed to the effective implementation of credit control policy and debt management procedures for the year under review. Provision for bad debts increased by R2,41m as an agreement by the Department of Roads, Transport and Public Works to settle outstanding debt came to an end at 30 June 2006. New arrangements with regard to the settlement of outstanding debt have not been finalized with the relevant Department at reporting date. *(Details with regard to the breakdown of debtors per category is set out in Notes 8 & 9)*

Some financial ratios relevant to debtors are:

	<u>2005/06</u>	<u>2004/05</u>
Debt to Revenue	9,35%	11,43%
Outstanding Water Consumer Debtors to Revenue	1,93%	-
Days Debtors Outstanding – Koopmansfontein Water	7 Days	-

## 9. OUTSTANDING CREDITORS

Decrease of outstanding creditors to the amount of R16,14m or 39,79% can mainly be attributed to the settlement of the Engen claim (R4,6m) and the adjustment on the creditors control account for the over provision of capital and interest calculation to the amount of R13,80m.

Unspent government grants reflect an increase of 4, 41% mainly due to problems experienced with the implementation of projects as mentioned under the vote Planning and Development.

Some financial ratios relevant to creditors are:

	<u>2005/06</u>	<u>2004/05</u>
Creditors system efficiency	100%	100%

A trademark of the District Municipality is its commitment and ability to fully settle its creditors' accounts within the required terms of 30 days or as per applicable legislative requirement. This statement is supported by the constant 100% payment levels to creditors.

(*Details with regard to outstanding creditors is set out in Notes 2 & 3*)

## 10. RATIO ANALYSIS / BENCHMARKS

Financial viability and sustainability is one of the key performance areas of the District Municipality as determined in the IDP. In order to ensure that the District Municipality maintains a healthy financial position, appropriate financial ratios / benchmarks are used to assist the District Municipality in assessing its financial wealth.

The appropriate financial ratios / benchmarks to assets the District Municipality's financial position are:

<u>Liquidity</u>	<u>2005/06</u>	<u>2004/05</u>
Liquidity - Current Ratio	3,40: 1	1, 79: 1
Cash to Current Liabilities	3,05: 1	1,58: 1
Total Asset Turnover	7,51 Times	9,58 Times
Grant Dependency (Actual receipts per DoRA allocation)	37,42%	45,36%
<u>Efficiency</u>	<u>2005/06</u>	<u>2004/05</u>
Personnel costs to operating expenditure	26,49%	21,92%

## 11.

### EXPRESSION OF APPRECIATION

I am grateful to the Executive Mayor, the Speaker, Councillors, the Municipal Manager, Heads of Departments and staff for their support and co-operation received during the past financial year.

A special word of appreciation to the staff involved with the compilation of the financial statements for their dedication and hard work, as well as to all the staff in the Directorate Finance for their full support and commitment in the operations of the Directorate.

**P.J. VAN BILJON  
CHIEF FINANCIAL OFFICER**

# ACCOUNTING POLICIES



**ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE  
FINANCIAL STATEMENTS**

---

**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, except for the revaluation of land and buildings, which are carried at fair value.

**1.1. GAMAP / GRAP**

These annual financial statements have been prepared in accordance with Generally Accepted Municipal Accounting Practice (GAMAP) and Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with section 122(3) of the Municipal Finance Management Act, (Act No.56 of 2003). These accounting policies are consistent with those of the previous financial year without any exceptions.

The Municipality may have transactions, events or balances that are outside the ambit of the accounting standards referred to above but which are included in Standards of International Public Sector Standards issued by the International Federation of Accountants – Public Sector Committee, International Accounting Standards issued by the International Accounting Standards Board or Generally Accepted Accounting Practice as issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants Accounting Committee. The Municipality has not complied with the measurement, recognition and requirements of those accounting standards.

The Principal accounting policies adopted in the preparation of these annual financial statements are set out below.

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

**2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

**3. GOING CONCERN ASSUMPTION**

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

## 4. RESERVES

### 4.1 Capital Replacement Reserve (CRR)

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

The amount transferred to the CRR is based on the municipality's need to finance capital projects included in the Integrated Development Plan.

### 4.2 Government Grant Reserve

When property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus / (deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with the directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus / (deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus / (deficit).

When a item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus / (deficit).

### 4.3 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation reserve is realised as revaluated buildings are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus / (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus / (deficit) while gains or losses on disposal, based on revaluated amounts, are charged to the Statement of Financial Performance.

## 5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation and accumulated impairment losses, except land and buildings, which are revaluated as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary or non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

#### **5.1. Asset Classification**

- (a) Council owns and utilises assets for its core administrative needs and its mandated functions, which assets consist of the head office premises and buildings, as well as movable assets used in its operations.
- The GAMAP classification of “Other Assets” is applicable to all Council’s assets.
- (b) Council policy classifies assets as resources having an expected economic lifetime of more than three years and which are acquired at a minimum cost of R2 000. Such assets are capitalised and are subject to depreciation at the applicable rates.

Assets acquired at less than R2 000 are written off in the year of purchase and treated as inventory items with no carrying value.

- (c) All movable assets and inventory items are duly recorded and accounted for in the asset tracking system. The conceptual asset register includes a separate listing of fixed properties registered to Council’s ownership, most of which are in the process of being transferred to succeeding authorities.
- (d) No existence and amount of restrictions on title, property, plant and equipment has been pledged as security for liabilities.
- (e) The carrying value of assets has been reviewed to determine whether the current value is more than the realized value. No impairments were realized.

#### **5.2. Allocations to Participating Bodies**

Council makes allocations to participating bodies within its area of jurisdiction. Such allocations are primarily for infrastructure development in terms of Section 12(6)(b) of the Regional Services Councils Act, 1985 (Act No. 109 of 1985).

Allocations to participating bodies are treated as grants-in-kind as the assets created in this way are the property of the beneficiary body. Council has neither right of possession nor control over such assets. Allocations to participating bodies are dealt with as follows:

- Amounts allocated in approved budgets reflect as actual expenditure written off through the operating accounts.

- Projects which do not commence by the prescribed date are terminated and the funds kept for reallocation in the next budget .
- Projects which have duly commenced but which can not be completed on the accounting date are carried forward to the next financial year.
- Infrastructure development financed by external loans is treated on the same basis as grant funding. The sum total of external loan commitments may not exceed 25% of annual levies revenue.

### **5.3. Depreciation**

Assets are depreciated in accordance with GAMAP / GRAP guidelines. Depreciation is calculated on cost , using the straight line method over the estimated useful lives of assets.

The depreciation rates are based on the following estimated asset lives:

• Buildings	30 years	3.3%
• Furniture & Fittings	10 years	10.0%
• Computer equipment	3 years	33.0%
• Other movable assets	5 years	20.0%

The gain or loss arising on the disposal or retirement on 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.

### **6. REVALUATION OF LAND AND BUILDINGS**

Land and buildings are stated at revaluated amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses on the buildings.

### **7 INVESTMENTS**

Investments are stated at cost and made according to Council's approved policy at accredited banking institutions determined by the Reserve Bank of South Africa.

**8. INVENTORIES**

Stores and materials held by Council are solely for use in the Roads Agency's operations and have been transferred to the relevant accounts. The balance sheet value of stores and materials, shown on the Roads Agency balance sheet as from June 2003, is determined by physical count and calculated at applicable cost.

**9. ACCOUNTS RECEIVABLE**

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within twelve months from the reporting date is classified as current.

**10. TRADE CREDITORS**

Trade creditors are stated at their nominal value.

**11. REVENUE RECOGNITION**

Service charges relating to water sales at Koopmansfontein are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Interest and rentals are recognised on a time proportion basis.

Revenue from Regional Service Levies, both those based on turnover and remuneration, is recognised on the payment due basis. Where declarations have not been submitted, estimated levies based on average data is accrued. Estimates are reviewed regularly to ensure that average data is appropriate.

Revenue for agency services is recognised on a monthly basis in accordance with the agency agreement.

Other revenue is recognised when all conditions associated with the service rendered have been met.

**12. CONDITIONAL GRANTS AND SUBSIDIES**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### **13. PROVISIONS**

Council's provisions for future liabilities include:

- *Personnel leave benefits*, based on the total leave days due on the reporting date, calculated at salary scales applicable at the reporting date. No provision is made for leave obligations in respect of Roads Agency personnel as this liability does not apply to Council.

### **14. CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments 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 purpose of the cash flow statement, cash and cash equivalents comprise of cash on hand, deposits held on call with banks and investments in financial instruments and the net value of bank overdrafts.

Bank overdrafts are recorded based on facility utilised. Finance charges on bank overdraft are expensed as incurred.

### **15. 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 in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **16. IRREGULAR EXPENDITURE**

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

### **17. 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 in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**18. COMPARATIVE INFORMATION**

**18.1 *Current year comparatives***

Budgeted amounts have been included in the annual financial statements for the current year only.

**18.2 *Prior year comparatives***

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

**19. CONTINGENT LIABILITIES**

Contingent liabilities existent at the reporting date include housing loan guarantees issued by arrangement with Council's bankers. An investment has been ceded to the bank for global security against individual guarantees issued for collateral security provided for approved employees.

Other known contingent liabilities are reflected in the financial statements.

**20. AGENCY SERVICES**

Council performs a cost-based roads maintenance service on behalf of the Department of Transport, Roads and Public Works of the Northern Cape Province.

Financial reporting on agency services is excluded from these statements as the principal requires reports to be submitted for processing on their independent system.

Inter-authority obligations relevant to the agency service on the reporting date are reflected in the balance sheet.

**21. SEGMENTAL INFORMATION**

The principle segments have been identified according to service operation (Internal Structure) and by classification of revenue and expenditure as per functional grouping of activity cost determined by National Treasury.

**22. 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 fundamental errors, and the treatment of assets financed by external grants.



# **FINANCIAL STATEMENTS**

## **30 JUNE 2006**

# FRANCES BAARD DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED ON 30 JUNE 2006

	Note	2006 R	2005 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>			
Capital Replacement Reserve		<b>61,635,827</b>	<b>34,888,884</b>
Government Grant Reserve		2,864,544	1,982,221
Fixed Property Revaluation		1,011,938	777,945
Accumulated Surplus / (Deficit)		4,004,617	4,157,350
		53,754,728	27,971,368
<b>Non-current Liabilities</b>			
Long-term Liabilities	1	<b>6,961,253</b>	<b>7,112,522</b>
		6,961,253	7,112,522
<b>Current Liabilities</b>			
Creditors	2	<b>24,960,200</b>	<b>40,582,066</b>
Unspent Conditional Grants and Receipts	3	3,658,098	19,985,789
Current Portion of Long-term Liabilities	1	21,150,613	20,465,554
		151,490	130,722
		<b>93,557,281</b>	<b>82,583,472</b>
<b>TOTAL: NET ASSETS AND LIABILITIES</b>			
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant and Equipment	4	<b>8,442,325</b>	<b>8,384,099</b>
Investments	5	8,362,549	8,038,117
Long-term Receivables	6	5,722	5,722
		74,055	340,260
<b>Current Assets</b>			
VAT	9	<b>85,114,956</b>	<b>74,199,373</b>
Consumer Debtors	7	943,717	1,253,892
Other Debtors	8	199	3,793
Current Portion of Long-term Debtors	6	7,537,758	7,245,633
Call Investment Deposits	10	171,301	256,774
Bank Balances and Cash	11	73,800,000	63,950,000
		2,661,980	1,489,281
		<b>93,557,281</b>	<b>82,583,472</b>



## FRANCES BAARD DISTRICT MUNICIPALITY

### STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED ON 30 JUNE 2006

	Pre-GAMAP Reserves and Funds R	Capital Replacement Reserve R	Government Grant Reserve R	Revaluation Reserve R	Accumulated surplus (Deficit) R	Total R
<b>2005</b>						
Balance at 1 July 2004	8,404,098		497569	4,460,992	2,946,267	16,308,277
Correction of error	(8,404,098)	1,982,221		(150,909)	6,421,877	(150,909)
Implementation of GAMAP (Note 24)						-
Change in accounting policy						-
Restated balance	-	<b>1,982,221</b>	<b>497,569</b>	<b>4,310,083</b>	<b>9,368,144</b>	<b>16,158,017</b>
Surplus/(deficit) for the year						
Transfer to Capital Replacement Reserve						
Property, plant and equipment purchased			616,591			616,590,93
Capital grants used to purchase Property Plant & Equipment			(336,215)	(152,733)	488,948	-
Asset disposals						
Offsetting of depreciation						
<b>BALANCE AT 30 JUNE 2005</b>	<b>0</b>	<b>1,982,221</b>	<b>777,945</b>	<b>4,157,350</b>	<b>27,971,368</b>	<b>34,888,884</b>
<b>2006</b>						
Correction of error						-
Change in accounting policy						-
<b>RESTATED BALANCE</b>						<b>34,888,884</b>
Surplus/(deficit) for the year	0	<b>1,982,221</b>	<b>777,945</b>	<b>4,157,350</b>	<b>27,971,368</b>	
Prior Year Adjustment - Revenue					12,153,845	12,153,845
Prior Year Adjustment - Expenditure					850,958	850,958
Transfer from Engen Claim Liability					(58,243)	(58,243)
Transfer to Capital Replacement Reserve			1,599,244 (716,921)		13,800,383 (1,599,244)	13,800,383
Property, plant and equipment purchased				550,442	716,921	-
Capital grants used to purchase Property Plant & Equipment					(550,442)	-
Donated/contributed Property Plant & Equipment						-
Asset disposals						-
Offsetting of depreciation						-
<b>BALANCE AT 30 JUNE 2006</b>	<b>0</b>	<b>2,864,544</b>	<b>1,011,938</b>	<b>4,004,617</b>	<b>53,754,728</b>	<b>61,635,827</b>

## FRANCES BAARD DISTRICT MUNICIPALITY

### **CASH FLOW STATEMENT FOR THE YEAR ENDED ON 30 JUNE 2006**

	Note	2006 R	2005 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other			
Cash paid to suppliers and employees		64,862,964 (57,760,329)	72,940,160 (62,257,469)
Cash generated from/(utilised in) operations		7,102,635	10,682,691
Dividends received		5,900,502	4,961,739
Interest received		(1,104,528)	(1,121,742)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>24</b>	<b>11,898,609</b>	<b>14,522,688</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment			
Proceeds on disposal of property, plant and equipment		(1,267,363) 188,575	(939,232) 21,498
Increase in investment properties		(351,678)	-
Increase / (decrease) in non-current receivables			(723,250)
Increase in non-current investments			
(Increase) / decrease in call investment deposits			
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b></b>	<b>(1,430,467)</b>	<b>(1,640,984)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised / (repaid)			
Increase in consumer deposits		(130,501)	(113,249)
Increase in unspent grants & subsidies		685,058	1,523,995
Decrease / (increase) in short-term loans			
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b></b>	<b>11,022,699</b>	<b>14,292,450</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at the beginning of the year		65,439,281	51,146,831
Cash and cash equivalents at the end of the year	25	76,461,980	65,439,281

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

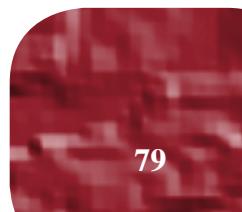
	2005 R	2006 R
<b>1 LONG-TERM LIABILITIES</b>		
Local Registered Stock Loans	-	-
Annuity Loans	-	-
Capitalised Lease Liability	-	-
Government Loans : Other	7,112,743	7,243,244
<b>Sub-total</b>	<b>7,112,743</b>	<b>7,243,244</b>
<b>Less : Current portion transferred to current liabilities</b>		
Local Registered Stock Loans	-	-
Annuity Loans	-	-
Capitalised Lease Liability	-	-
Government Loans : Other	151,490	130,722
<b>Total External Loans</b>	<b>6,961,253</b>	<b>7,112,522</b>
<b>2 CREDITORS</b>		
Leave Provision	724,433	851,407
Other Creditors	2,933,665	2,418,463
RSC Claim Liability - Engen Petroleum Ltd	-	16,715,919
<b>Total creditors at year end</b>	<b>3,658,098</b>	<b>19,985,789</b>
<b>2.1 Leave Provision</b>		
Balance at beginning of year	851,407	1,091,365
Net movement	(126,974)	(239,958)
<b>Total: Leave Provision</b>	<b>724,433</b>	<b>851,407</b>

*Annual leave provision is based on the total number of leave days due on 30 June, at individual salary values effective on the reporting date.*

*Council does not make provision for leave benefits due to the Roads Agency personnel.*

**Obligations for accumulated leave at the reporting date amount to:**

*Roads Agency obligations are dealt with as part of the annual operating subsidy provided by the principal. No accumulated obligations are accounted for in the Agency financial reports.*



## FRANCES BAARD DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	<b>2006</b> R	<b>2005</b> R
<b>2.2 Other Creditors</b>		
Payments received in advance	19,574	274,815
Retentions	548,053	744,285
Creditors Control	20,581	556
Sundry Creditors	1,529,172	640,773
ABSA Fleet Card	12,881	19,420
Debtors Control: Works Recovery - Unallocated	-	68,741
Salary Control:- Workmen's Compensation	6	88,066
Salary Control: - SARS SITE / PAYE	2,750	-
Salary Control: - Skills Development Levy	5,402	-
Salary Control: - Medical Aid Fund	438	-
Salary Control: - Group Life Insurance	8,320	-
Salary Control: - Pension Fund	38	-
Salary Control: - KGA Deductions	46	-
Suspense Account	295,677	581,803
Staff Bonus Provision	392,814	581,803
<b>Total: Other Creditors</b>	<b>2,933,665</b>	<b>2,418,463</b>
<b>2.3 RSC Claim Liability - Engen Petroleum Ltd</b>		
Total Claim Component	11,889,263	11,889,263
Interest: Previous Years	4,826,656	3,092,744
Interest: Current Year	1,684,464	1,733,912
Less: Settlement Paid	(4,600,000)	-
Less: Transfer to Accumulated Surplus	(13,800,383)	-
<b>Total: RSC Claim Liability - Engen Petroleum Ltd</b>	<b>-</b>	<b>16,715,919</b>

*Levies based on turnover of operating units situated in the Durban Metropolitan area - incorrectly Allocated. Payment made to Durban. Difference now subject to refund claim.*

*(Interest calculated at market related rates-prime rate)*

*The matter has been resolved by payment of a settlement amount of R4,6m. The remainder of the provision made over previous years were transferred to the unappropriated surplus.*

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

**2006**  
**R**

### 3 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

#### 3.1 Conditional Grants from other spheres of Government

3.1.1	Equitable Share	2,883,132	2,783,740
3.1.2	Financial Management Grant	466,456	662,857
3.1.3	Municipal Systems Improvement Grant	1,966,326	3,983,924
3.1.4	DWAf - Sanitation (Mvula Trust)	1,495,912	1,222,899
3.1.5	DWAf - Infrastructure	-	-
3.1.6	Department of Transport: Expanded Works Program	604,792	5,274,905
3.1.7	District Aids Council	62,550	62,746
3.1.8	NEAR Control Centre	-	81,049
3.1.9	MDU Development Support	55,020	-
3.1.10	NCPA Firefighting Equipment	536,763	100,000
3.1.11	NCPA - Sewerage System: Dikgatlong	6,005,990	632,640
3.1.12	NCPA - Eradication of Bucket System	1,054,152	1,419,631
3.1.13	DWAf - Development Holpan (Project NC145)	1,503,337	174,627
3.1.14	NCPA - Municipal Support Program	1,025,374	161,328
3.1.15	DWAf - Warrenton (Project NC 148)	674,253	4,807,499
3.1.16	MIG - Projects	1,290,925	-
3.1.17	CMIP - Capacity Building Infrastructure Support	90,000	40,000
3.1.18	NCPA - O & M Electricity Grant	128,975	72,550
3.1.19	SETA - Skills Grant	290,000	-
3.1.20	Drought Relief Funds	305	1,610
3.2	Koopmansfontein Craft Project		

#### Summary of Movements - External Funds

Balance unspent at beginning of year

Current year receipts

Gross Funding

Conditions met – transferred to Government Grant Reserve

Conditions met – transferred to revenue

Unspent Portion at Year end

20,465,554	18,941,560
27,859,195	34,781,604
<b>48,324,749</b>	<b>53,723,163</b>
-	(588,079)
(27,174,137)	(32,669,530)
<b>21,150,613</b>	<b>20,465,554</b>

The following allocations were made to the municipality according to the stipulations of the Division of Revenue Act. Revenue received are recognised as revenue to the extent that the conditions or obligations are met. Conditions still to be met are transferred to liabilities. No allocations were delayed or withheld.

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2005	2006
	R	R
<b>3.1.1      Equitable Share</b>		
Balance unspent at beginning of year	1,133,122	2,783,740
Current year receipts	2,461,883	2,552,040
<b>Gross Funding</b>	<b>3,595,005</b>	<b>5,335,780</b>
Conditions met – transferred to Government Grant Reserve	(20,075)	-
Conditions met – transferred to revenue	(79,1190)	(2,452,648)
<b>Unspent Portion at Year end</b>	<b>2,783,740</b>	<b>2,883,132</b>
 <i>Department of Provincial &amp; Local Government</i>		
<i>Objective: To assist municipalities to provide basic infrastructure and services to low-income households.</i>		
 <b>3.1.2      Financial Management Grant</b>		
Balance unspent at beginning of year	1,047,997	662,857
Current year receipts	2,500,000	2,000,000
<b>Gross Funding</b>	<b>3,547,997</b>	<b>2,662,857</b>
Conditions met – transferred to Government Grant Reserve	(547,930)	-
Conditions met – transferred to revenue	(2,337,210)	(2,196,401)
<b>Unspent Portion at Year end</b>	<b>466,456</b>	<b>662,857</b>
 <i>National Treasury</i>		
<i>Objective: To finance the reform programme for municipal budgeting and financial management practices.</i>		
 <b>3.1.3      Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of year	3,983,924	3,382,877
Current year receipts	1,000,000	3,825,000
<b>Gross Funding</b>	<b>7,207,877</b>	<b>4,983,924</b>
Conditions met – transferred to revenue	(3,223,954)	(3,017,597)
<b>Unspent Portion at Year end</b>	<b>1,966,326</b>	<b>3,983,924</b>

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2005	
	R	R
<b>3.1.4 DWAF - Sanitation (Mvula Trust)</b>		
Balance unspent at beginning of year	2,484,737	1,222,899
Current year receipts	2,483,916	3,041,781
<b>Gross Funding</b>	<b>4,968,653</b>	<b>4,264,680</b>
Conditions met – transferred to revenue	(3,745,754)	(2,768,768)
<b>Unspent Portion at Year end</b>	<b>1,222,899</b>	<b>1,495,912</b>
 <i>Department of Water Affairs &amp; Forestry</i> <i>Objective: To provide adequate water and sanitation facilities to farm workers in the rural areas of the district.</i>		
 <b>3.1.5 DWAF - Infrastructure</b>		
Balance unspent at beginning of year	89,349	-
Current year receipts	-	-
<b>Gross Funding</b>	<b>89,349</b>	<b>89,349</b>
Conditions met – transferred to revenue	(89,349)	-
<b>Unspent Portion at Year end</b>	<b>-</b>	<b>-</b>
 <i>Department of Water Affairs &amp; Forestry</i> <i>Objective: To provide adequate water and sanitation facilities to farm workers in the rural areas of the district.</i>		
 <b>3.1.6 Department of Transport: Expanded Works Program</b>		
Balance unspent at beginning of year	5,274,905	-
Current year receipts	-	6,352,000
<b>Gross Funding</b>	<b>6,352,000</b>	<b>5,274,905</b>
Conditions met – transferred to revenue	(1,077,095)	(4,670,112)
<b>Unspent Portion at Year end</b>	<b>5,274,905</b>	<b>604,792</b>
 <i>Department of Transport, Roads and Public Works</i> <i>Objective: To maintain and support job creation opportunities within the district in order to relieve poverty.</i>		

## FRANCES BAARD DISTRICT MUNICIPALITY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

		2005 R	2006 R
<b>3.1.7</b>	<b>District Aids Council</b>		
	Balance unspent at beginning of year	136,861	62,746
	Current year receipts	-	-
	<b>Gross Funding</b>	<b>136,861</b>	<b>62,746</b>
	Conditions met – transferred to revenue	(74,116)	(196)
	<b>Unspent Portion at Year end</b>	<b>62,550</b>	<b>62,746</b>
 <b>3.1.8</b>	 <i>Department of Health - Northern Cape Province</i> <i>Objective: To finance the costs of District Aids Councils in the campaign against Aids. Also to provide HIV/AIDS prevention care programs and services in the region.</i>		
	Balance unspent at beginning of year	81,049	15,600
	Current year receipts	499,000	470,000
	<b>Gross Funding</b>	<b>580,049</b>	<b>485,600</b>
	Conditions met – transferred to revenue	(580,049)	(404,551)
	<b>Unspent Portion at Year end</b>	<b>81,049</b>	-
 <b>3.1.9</b>	 <i>Department of Housing &amp; Local Government - Northern Cape Province</i> <i>Objective: To maintain effective functioning of the NEAR control centers and provide additional funds for the training of NEAR personnel.</i>		
	Balance unspent at beginning of year	-	5,200
	Current year receipts	-	-
	<b>Gross Funding</b>	<b>5,200</b>	<b>5,200</b>
	Conditions met – transferred to revenue	(5,200)	-
	<b>Unspent Portion at Year end</b>	<b>-</b>	<b>-</b>

*Municipal Development Unit - Northern Cape Province.*  
*Objective: Compilation of a manual for task teams involved in roads and storm water operations and maintenance.*

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

**2005**  
R

<b>3.1.10</b>	<b>NCPA Firefighting Equipment</b>	
	Balance unspent at beginning of year	-
	Current year receipts	516,000
	<b>Gross Funding</b>	<b>516,000</b>
	Conditions met – transferred to revenue	(416,000)
	<b>Unspent Portion at Year end</b>	<b>100,000</b>

*Department of Housing & Local Government - Northern Cape Province*

*Objective: To enhance municipalities' capacity to deal with fire hazards.*

<b>3.1.11</b>	<b>NCPA - Sewerage System: Dikgatlong</b>	
	Balance unspent at beginning of year	827,980
	Current year receipts	-
	<b>Gross Funding</b>	<b>827,980</b>
	Conditions met – transferred to revenue	(95,340)
	<b>Unspent Portion at Year end</b>	<b>536,640</b>

*Department of Housing & Local Government - Northern Cape Province*

*Objective: To provide improved quality sewerage connector lines in the residential areas of Proteahof and De Beershoogte.*

<b>3.1.12</b>	<b>NCPA - Eradication of Bucket System</b>	
	Balance unspent at beginning of year	1,054,152
	Current year receipts	7,059,757
	<b>Gross Funding</b>	<b>8,113,909</b>
	Conditions met – transferred to revenue	(2,107,918)
	<b>Unspent Portion at Year end</b>	<b>6,005,990</b>

*Department of Housing & Local Government - Northern Cape Province*

*Objective: To eliminate the use of bucket sanitation systems in the district over a three-year period.*

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

		2005	2006
		R	R
<b>3.1.13</b>	<b>DWAF - Development Holpan (Project NC145)</b>		
	Balance unspent at beginning of year	1,613,705	1,503,337
	Current year receipts – included in public health vote	-	-
	<b>Gross Funding</b>	<b>1,613,705</b>	<b>1,503,337</b>
	Conditions met – transferred to revenue	(110,368)	(83,706)
	<b>Unspent Portion at Year end</b>	<b>1,503,337</b>	<b>1,419,631</b>
 <i>Department of Housing &amp; Local Government - Northern Cape Province</i>			
<i>Objective: To administer funding for the upgrading of the bulk water supply to Holpan and rudimentary reticulation for 200 erven</i>			
 <b>3.1.14</b>	<b>NCPA - Municipal Support Program</b>		
	Balance unspent at beginning of year	2,345,760	1,025,374
	Current year receipts	-	600,000
	<b>Gross Funding</b>	<b>2,345,760</b>	<b>1,625,374</b>
	Conditions met – transferred to revenue	(1,320,386)	(1,450,747)
	<b>Unspent Portion at Year end</b>	<b>1,025,374</b>	<b>174,627</b>
 <i>Department of Housing &amp; Local Government - Northern Cape Province</i>			
<i>Objective: To assist municipalities to prevent cash flow problems and to institute proper cash flow management procedures</i>			
 <b>3.1.15</b>	<b>DWAF - Warrenton (Project NC 148)</b>		
	Balance unspent at beginning of year	674,253	674,253
	Current year receipts	-	-
	<b>Gross Funding</b>	<b>674,253</b>	<b>674,253</b>
	Conditions met – transferred to revenue	(512,925)	(512,925)
	<b>Conditions still to be met</b>	<b>674,253</b>	<b>161,328</b>
 <i>Department of Housing &amp; Local Government - Northern Cape Province</i>			
<i>Objective: To administer funding for the extension of the existing reticulation network of Ikhuiseng to supply water to 241 erven</i>			

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

		2005	2006
3.1.16	<b>MIG - Projects</b>		
	Balance unspent at beginning of year	2,313,907	1,290,925
	Current year receipts	9,759,537	10,200,237
	<b>Gross Funding</b>	<b>12,073,444</b>	<b>11,491,162</b>
	Conditions met – transferred to Government Grant Reserve	(20,075)	-
	Conditions met – transferred to revenue	(10,762,445)	(6,683,662)
	<b>Unspent Portion at Year end</b>	<b>1,290,925</b>	<b>4,807,499</b>
3.1.17	<b>CMIP - Capacity Building Infrastructure Support</b>		
	<i>Department of Provincial &amp; Local Government</i>		
	<i>Objective: To provide service delivery infrastructure to households in poorer residential areas.</i>		
	Balance unspent at beginning of year	- 37,048	- 37,048
	Current year receipts	- -	- -
	<b>Gross Funding</b>	<b>37,048</b>	<b>37,048</b>
	Conditions met – transferred to revenue	(37,048)	-
	<b>Unspent Portion at Year end</b>	<b>-</b>	<b>-</b>
3.1.18	<b>NCPA - O &amp; M Electricity Grant</b>		
	<i>Department of Housing &amp; Local Government - Northern Cape Province</i>		
	<i>Objective: To be used for the purchasing of a computer with printer, software, cupboard, desk and chair for Dikgatlong and Magareng Municipalities</i>		
	Balance unspent at beginning of year	40,000	-
	Current year receipts	50,000	40,000
	<b>Gross Funding</b>	<b>90,000</b>	<b>40,000</b>
	Conditions met – transferred to revenue	0	-
	<b>Unspent Portion at Year end</b>	<b>90,000</b>	<b>40,000</b>

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2005	
	R	
<b>3.1.19 SETA - Skills Grant</b>		
Balance unspent at beginning of year	72,550	-
Current year receipts	128,975	72,550
<b>Gross Funding</b>	<b>201,524</b>	<b>72,550</b>
Conditions met – transferred to revenue	(72,550)	-
<b>Unspent Portion at Year end</b>	<b>128,975</b>	<b>72,550</b>
 <i>Sector Education and Training Authority</i>		
<i>Objective: To be used for training and capacity building of employees as per approved Skills Work Plan.</i>		
 <b>3.1.20 DPLG Drought Relief Funds</b>		
Balance unspent at beginning of year	-	-
Current year receipts	290,000	-
<b>Gross Funding</b>	<b>290,000</b>	<b>-</b>
Conditions met – transferred to revenue	-	-
<b>Unspent Portion at Year end</b>	<b>290,000</b>	<b>-</b>
 <i>Department of Provincial and Local Government</i>		
<i>Objective: To assist municipalities to fund emergency water services supply to communities affected by drought</i>		
 <b>3.2 Other Conditional Receipts</b>		
<b>Koopmansfontein Craft Project</b>		
Balance unspent at beginning of year	205	-
Current year receipts	1,405	205
<b>Gross Funding</b>	<b>1,610</b>	<b>205</b>
Conditions met – transferred to revenue	-	-
<b>Unspent Portion at Year end</b>	<b>1,610</b>	<b>205</b>
 <i>Koopmansfontein Craft Project</i>		
<i>Objective: To enable the local community to generate funds to become self sufficient. The funds received from sales are held in trust by the FBDM until a Private Corporate Entity has been established to manage the funds.</i>		

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	<b>2005</b> n	<b>2006</b> n
<b>4 PROPERTY PLANT &amp; EQUIPMENT</b>		
<b>4.1 Other Assets</b>		
Value at cost at the beginning of the year	<b>12,752,638</b>	<b>13,458,912</b>
Cost	7,961,031	8,830,635
Revaluation	4,791,607	4,628,277
<b>Movements for the year</b>	<b>706,274</b>	<b>770,419</b>
Acquisitions	939,233	1,068,109
Disposals	(69,629)	(277,614)
Other movements-cost	-	(20,075)
Other movements-revaluation	(163,330)	-
<b>Value at cost at the end of the year</b>	<b>13,458,912</b>	<b>14,229,332</b>
Cost	8,830,635	9,601,055
Revaluation	4,628,277	4,628,277
<b>Accumulated depreciation at the beginning of the year</b>	<b>(4,541,426)</b>	<b>(5,420,795)</b>
Cost	(4,210,811)	(4,949,868)
Revaluation	(330,615)	(470,927)
<b>Movements for the year</b>	<b>(879,369)</b>	<b>(654,330)</b>
Depreciation- cost	(815,210)	(779,209)
Depreciation- revaluation	(152,733)	(152,733)
Disposals	69,627	277,612
Other movements-cost	6,526	-
Other movements-revaluation	12,421	-
<b>Accumulated depreciation at the end of the year</b>	<b>(5,420,795)</b>	<b>(6,075,125)</b>
Cost	(4,949,868)	(5,451,465)
Revaluation	(470,927)	(623,660)
<b>Carrying value at the end of the year</b>	<b>8,154,207</b>	<b>8,038,117</b>
Cost	4,149,590	3,880,768
Revaluation	4,004,617	4,157,350

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	<b>2005</b> <b>R</b>	<b>2006</b> <b>R</b>
<b>4.2 Community Assets</b>		
Value at cost at the beginning of the year		
Cost		
Revaluation		
<b>Movements for the year</b>		
Acquisitions	<b>219,330</b>	
Disposals	199,254	
Other movements-cost	-	
Other movements-revaluation	20,075	
<b>Value at cost at the end of the year</b>	<b>219,330</b>	
Cost	219,330	
Revaluation	-	
<b>Accumulated depreciation at the beginning of the year</b>		
Cost		
Revaluation		
<b>Movements for the year</b>		
Depreciation- cost	<b>-10,987,68</b>	
Depreciation- revaluation	(10,988)	
Disposals	-	
Other movements-cost	-	
Other movements-revaluation	-	
<b>Accumulated depreciation at the end of the year</b>	<b>(10,988)</b>	
Cost	(10,988)	
Revaluation	-	
<b>Carrying value at the end of the year</b>	<b>208,342</b>	
Cost	208,342	
Revaluation	-	
<b>Carrying value of total assets</b>	<b>8,362,549</b>	
Other assets	8,154,207	
Community assets	8,038,117	
	208,342	

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

		2006 R	2005 R
<b>5 INVESTMENTS</b>			
Unlisted			
Preference shares of 1c each, with a premium of 99c		3,433	3,433
Preference shares of R1.00 each		2,289	2,289
<b>TOTAL INVESTMENTS</b>		<b>5,722</b>	<b>5,722</b>
<i>Shares held in the agricultural co-operative society, acquired through purchase of operational materials. Although Council trades with GWK and receives a discount on its trading account, Council does not have any proprietary interest in the cooperative society.</i>			
<b>6 LONG-TERM RECEIVABLES</b>			
Car loans		<b>74,055</b>	<b>340,260</b>
van der Walt PJ		-	66,075
Nel JA		46,665	89,754
Basson F		-	2,857
Janse van Rensburg SPF		-	53,079
Olivier R		-	38,968
Mdee F		27,389	89,527
Long Term Portion of Long Term Debt		74,055	340,260
Short Term Portion of Long Term Debt		171,301	256,774
<b>Long Term Debt at Reporting Date</b>		<b>245,356</b>	<b>597,034</b>
<i>Long-term debtors reflect only the long-term portion of the total debt owed for financing loans in terms of the approved motor vehicle loan scheme. Phasing out as no new loans are allowed after 1st July 2004 in terms of section 164 of the Municipal Finance Management Act. (MFMA)</i>			
<b>7 CONSUMER DEBTORS</b>			
Water service			
Balances due at the end of the financial year		431	3,793
Less: Provision for bad debt		233	-
<b>TOTAL CONSUMER DEBTORS</b>		<b>199</b>	<b>3,793</b>

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

**2005**  
**R**

### Summary of Debtors by Customer Classification

<b>Consumers</b>	
Current (0 – 30 days)	685
31 – 60 Days	-
61 – 90 Days	395
91 – 120 Days	2,714
121 – 365 Days	-
+ 365 Days	-
<b>Sub-total</b>	<b>3,793</b>
Less: Provision for bad debts	-
<b>TOTAL CONSUMER DEBTORS</b>	<b><u>3,793</u></b>
<b>8 OTHER DEBTORS</b>	<b>7,245,633</b>
8.1 Sundry Debtors - Other	6,896,408
8.2 Recoverable Expenditure - Fraudulent Transactions	641,350
<b>8.1 Sundry Debtors - Other</b>	<b>7,537,758</b>
Debtors Control Account	
- Advanced - payments: Debtors Control Account	
Regional Services Levies	
Sundry Debtors: Prepaid Expenses-Creditors Control Account	
Sundry Debtors: Interest on Investment	
Recoverable Expenditure	
Salary Control:- Payments	
Salary Control:- Motor vehicle insurance	
Salary Control:- Traffic Fines	
Salary Control:- Garnishing Orders	
Salary Control:- Continued Medical Aid	
Suspense Account	
NCPA Roads Agency Services	
Government subsidies: Health	
<b>Total Other Debtors</b>	<b>8,249,997</b>
Less: Provision for Bad Debt	1,353,588
<b>Total Other Debtors</b>	<b>7,245,633</b>

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
<b>8.2 Recoverable Expenditure - Fraudulant Transactions</b>		
Recoverable unauthorised expenditure	1,707,950	-
Less: Provision for bad debt	1,066,600	-
<b>Total Recoverable Expenditure - Fraudulant Transactions</b>	<b><u>641,350</u></b>	<b><u>-</u></b>

Fraudulent transactions to the total value of R1,978,497-72 have been discovered in August 2006 after a proper investigation was completed by SHG Forensics (Pty) Ltd and of which an amount of R1,707,950-00 reflects for the financial year under review.

A portion to the value of R641,350 is likely to be recovered from council's insurance and the pension fund of the official involved. - Accountant Expenditure. The recovery of the remainder amount is therefore regarded as doubtful and an amount of R1,066,600-00 has been provided under the provision for bad debts.

Refer to note 26, for more detail.

	9 VAT	10 CALL INVESTMENT DEPOSITS
VAT Receivable	<b><u>943,717</u></b>	<b><u>1,253,892</u></b>
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date through out the year.		
<b>Other Deposits</b>		
<b>Short Term Investments</b>		
Absa Bank	29,500,000	<b>73,800,000</b>
First Rand	9,000,000	63,950,000
NBS	-	<b>62,500,000</b>
Standard Bank	14,000,000	
Old Mutual Bank	20,000,000	
<b>Term Deposits</b>		
Absa Bank [Collateral]	1,300,000	<b>1,450,000</b>
Absa [Leave Provision]	500,000	500,000
	800,000	950,000

Council provide collateral security for housing loans issued by commercial banks in favour of certain of Council's personnel. This security is provided by a block investment of R500,000 ceded to ABSA against which the bank issues letters of guarantee to the home loan financing institutions.

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

		2006 R	2005 R
<b>11 BANK, CASH AND BALANCES</b>	The Municipality has the following bank accounts: :-		
<b>11.1 Current Account (Primary Bank Account)</b>			
ABSA Bank Kimberley (Central Business District) Account Number 940 000 327			
Cash book balance at end of year	2,658,180	1,485,481	
	<u>3,800</u>	<u>3,800</u>	
	<b><u>2,661,980</u></b>	<b><u>1,489,281</u></b>	
<b>11.2 Petty Cash &amp; Floats</b>			
	<u>10,308</u>	<u>10,308</u>	
<b>TOTAL CASH ON HAND</b>			
	<b><u>10,308</u></b>	<b><u>-</u></b>	
<b>12 SERVICE CHARGES</b>			
Sale of water	-	-	
Total Service Charges	<u>10,308</u>	<u>-</u>	
<b>13 REGIONAL SERVICES COUNCIL LEVIES</b>			
<b>Cash Receipts</b>		<b><u>36,820,800</u></b>	<b><u>38,394,117</u></b>
Regional Service Levy	15,457,454	12,638,063	
Regional Establishment Levy	21,363,346	25,756,054	
<b>Plus: Provision for RSC Levies Debtors</b>		<b><u>3,585,733</u></b>	<b><u>3,625,806</u></b>
Regional Service Levy	1,054,952	1,185,223	
Regional Establishment Levy	2,530,780	2,440,583	
<b>Less: Adjustment - Previous year Provision for RSC Levies Debtors</b>		<b><u>-</u></b>	<b><u>4,397,940</u></b>
Regional Service Levy	-	1,029,919	
Regional Establishment Levy	-	3,368,021	

*Levy rates were last revised on 01 July 1993*

*Establishment levies are based on business turnover at an effective rate of 0,132%  
Services levies are based on employers remuneration cost at an effective rate of 0,33%*

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2005 R	2006 R
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### 14 GOVERNMENT GRANTS AND SUBSIDIES

Equitable Share	791,190
Financial Management Grant	2,337,210
Municipal Systems Improvement Grant	3,223,954
DWAF - Sanitation (Mvula Trust)	3,835,103
Department of Transport: Expanded Works Program	1,077,095
District Aids Council	196
NEAR Control Centre	74,116
MDU Development Support	404,551
NCPA Firefighting Equipment	-
NCPA - Sewerage System: Dikgatlong	5,200
NCPA - Eradication of Bucket System	480,980
DWAF- Development Holpan (Project NC145)	95,877
NCPA - Municipal Support Program	2,107,918
DWAF - Warrenion (Project NC 148)	83,706
MIG - Projects	1,450,747
CMIP - Capacity Building Infrastructure Support	512,925
SETA - Skills Grant	6,683,662
Environmental Health	72,550
	75,000
<b>Total Government Grant and Subsidies</b>	<b>27,249,137</b>
	<b>32,711,019</b>

*The unspent portions of the conditional grants are treated as current liabilities and disclosed per Note 3 above.*

*Only the actual expenditure amounts are transferred to the relevant operating statement to cover the expenditure incurred in terms of the grant conditions*

### 15 OTHER INCOME

Commission: Insurance Payments	4,579
Fines	5,268
Salary allocation to Roads Agency (30%) - Director Technical Services	25,745
SALGA: Traveling costs recovered	150,373
Salary allocation to Roads Agency - Transferred personnel	9,464
Water Koopmansfontein: Free Basic Water	130,365
Other	-
	3,427
	4,884
<b>Total Other Income</b>	<b>325,411</b>
	<b>188,708</b>

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	<b>2005</b> <b>R</b>	<b>2006</b> <b>R</b>
<b>16 EMPLOYEE RELATED COSTS</b>		
Employee related costs – Salaries and Wages	9,161,548	9,401,401
Employee related costs – Contributions for UIF, pensions and medical aids	2,760,133	3,036,793
Travel, motor car, accommodation, subsistence and other allowances	1,339,343	2,037,095
Housing benefits and allowances	558,780	401,339
Compulsory cost:- Skills Levy; Workmens Compensation; Industrial Council Contributions	184,393	197,995
Group Insurance	140,378	124,572
Performance bonus	-	249,461
<b>Total Employee Related Costs</b>	<b><u>15,448,656</u></b>	<b><u>14,144,575</u></b>
<i>There were no advances to employees. Loans to employees are set out in note 6.</i>		
<b>Social contributions:</b>		
Council makes defined contributions to several pension funds in the following proportions:		
<i>Cape Joint Pension Fund</i>	9,00	18,00
<i>Cape Joint Retirement Fund</i>	9,00	18,00
<i>SAMWU National Pension Fund</i>	9,00	18,00
<i>Pension Fund for Municipal Councillors</i>	13,75	15,00
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration (Total cost to Employer)	598,417	634,319
Performance Bonuses	-	73,306
<b>Total</b>	<b><u>707,625</u></b>	<b><u>598,417</u></b>
<b>Remuneration of the Chief Finance Officer</b>		
Annual Remuneration (Total cost to Employer)	479,933	508,729
Performance Bonuses	-	58,718
<b>Total</b>	<b><u>567,447</u></b>	<b><u>479,933</u></b>
<b>Remuneration of executive directors</b>		
<b>Administration and technical services</b>		
Annual Remuneration (Total cost to Employer)	479,933	508,729
Performance Bonuses	-	58,718
<b>Total</b>	<b><u>567,447</u></b>	<b><u>479,933</u></b>

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2005 R	2006 R
<b>17 REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	344,723	
Speaker	232,877	
Mayoral Committee Members	581,681	
Councillors	738,171	
Councillors' pension contribution	117,731	
Other Obligatory Contributions (Skills Levy,etc.)	10,718	
<b>Total Councillors' Remuneration</b>	<b>2,014,596</b>	<b>2,025,902</b>
<b>In-kind Benefits</b>		
<i>The Executive Mayor and Speaker are full time.</i>		
<i>Each is provided with a cellphone (excluding use for private calls), office and secretarial support at the cost of the Council.</i>		
<i>The Executive Mayor makes use of a Council owned vehicle for ceremonial duties</i>		
<b>18 INTEREST ON EXTERNAL BORROWINGS</b>		
External Loans	1,104,528	
Finance Leases	-	
Bank Overdrafts	-	
<b>Total Interest on External Borrowings</b>	<b>1,104,528</b>	<b>1,121,742</b>
<b>19 BULK PURCHASES</b>		
Water	3,609	
<b>Total Bulk Purchases</b>	<b>3,609</b>	<b>-</b>
<b>20 GRANTS AND SUBSIDIES PAID TO OTHER MUNICIPALITIES</b>		
<b>20.1 Dikgatlong Municipality</b>	<b>19,124,248</b>	
Streets & Storm water	3,164,151	
Sanitation	9,496,145	
Water	468,318	
Development of erven	2,076,064	
Electricity	3,919,570	
<b>20.2 Magareng Municipality</b>	<b>2,413,183</b>	
Cemeteries	257,124	
Water	1,167,555	
Streets & Storm water	267,249	
Machinery & Equipment	156,394	
	438,190	

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2005 R	2006 R
<b>20.3</b>	<b>Phokwane Municipality</b>	<b>6,520,216</b>
	Electricity	2,440,729
	Streets & Storm water	557,934
	Water	1,390,712
	Sanitation	853,047
	Development of erven	1,277,795
<b>20.4</b>	<b>Sol Plaatje Municipality</b>	<b>2,709,408</b>
	Sanitation	4,177
	Public transport	27,336
	Streets & Storm water	2,391,081
		-
		286,814
<b>20.5</b>	<b>District Management Areas</b>	<b>2,042,398</b>
	Cemeteries	-
	Other	-
	Electricity	249,142
	Housing	242,137
	Water	-
	Sanitation	6,190,493
		<b>6,681,772</b>
		<b>5,210,562</b>
		<b>20,658,100</b>
		<b>32,359,552</b>
	Dikgatlong Municipality	6,811,338
	Magareng Municipality	2,413,183
	Phokwane Municipality	2,709,408
	Sol Plaatje Municipality	2,042,398
	District Management Areas	6,681,772
		<b>Summary of infrastructure grants paid to other municipalities</b>
	Dikgatlong Municipality	19,124,248
	Magareng Municipality	861,833
	Phokwane Municipality	6,520,216
	Sol Plaatje Municipality	642,693
	District Management Areas	5,210,562
		<b>Council makes allocations to participating bodies within its area of jurisdiction. Such allocations are primarily for infrastructure development and are treated as grants in kind. Assets with regard to property, plant and equipment funded becomes the property of the participating body who controls the asset. (Unspent portion of Council's contribution amounted to R5,63m whilst the unspent portion of conditional grants reflects under Note 3 above)</b>
<b>21</b>	<b>GRANTS PAID TO OTHER ORGANS OF STATE</b>	<b>100,000</b>
	Northern Cape Tourism Authority	100,000
		100,000

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2005 R	2006 R
<b>22 OTHER SPECIAL PROJECTS</b>		
Council	200,156	183,269
Municipal Manager	1,463,453	2,517,445
Communications	82,630	-
Other Infrastructure Projects	4,930,265	717,269
IDP / PMS Projects	19,754	43,741
Tourism Projects	206,036	-
PIMMS Center	2,146,356	2,104,481
Local Economic Development	535,905	693,282
Environmental Health Projects	482,481	256,819
Community Development	269,465	51,123
Disaster Management	93,580	-
<b>Summary of Grants and Subsidies Paid</b>		
Grants and subsidies paid to other municipalities (Note 20)	32,359,552	
Grants paid to other organs of state (Note 21)	100,000	
Other special projects (Note 22)	6,567,429	
<b>Total Grants and Subsidies</b>	<b>31,188,183</b>	<b>39,026,981</b>
<b>23 CHANGE IN ACCOUNTING POLICY – IMPLEMENTATION OF GAMAP</b>		
<i>The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP:-</i>		
<b>23.1 Statutory Funds</b>		
<b>Balance previously reported:</b> -		
Capital Development Fund	-	6,421,877
Land Trust Fund	-	-
Parking Development Fund	-	-
Total	<b>-</b>	<b>6,421,877</b>
<b>Implementation of GAMAP</b>		
Transferred to the Capital Replacement Reserve	-	-
Transferred to the Capitalisation Reserve	-	-
Transferred to Accumulated Surplus/(Deficit)	-	-
<b>Total</b>	<b>-</b>	<b>6,421,877</b>

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2005 R	2006 R
<b>23.2</b>	<b>Loans Redeemed and Other Capital Receipts</b> <b>Balance previously reported</b>	<b><u>1,982,221</u></b>
		<b><u>-</u></b>
		<b><u>1,982,221</u></b>
<b>Implementation of GAMAP</b>		
	Transferred to Asset Financing Fund	-
	Transferred to Donations and Public Contribution Reserve	1,982,221
	Transferred to Accumulated Surplus/(Deficit)	-
	<b>Total</b>	<b><u>1,982,221</u></b>
		<b><u>-</u></b>
		<b><u>1,982,221</u></b>
		<b><u>1,982,221</u></b>
<b>24</b>	<b>CASH GENERATED BY OPERATIONS</b>	
	<b>Surplus for the year</b>	<b>16,124,749</b>
	<b>Adjustment for:-</b>	<b>12,149,391</b>
	Depreciation	942,930
	Gain on disposal of property, plant and equipment	(188,575)
	Contribution to provisions – non-current	0
	Contribution to provisions – current	0
	Internal Motor vehicle charges	3,244
	Contribution to bad debt provision	2,286,440
	Appropriation receipts	33,395
	Investment income	(5,726,869)
	Extraordinary items -Interest Engen	1,684,464
	Other non-cash activities	(1,708,558)
	Interest paid	1,104,528
		<b><u>14,555,748</u></b>
		<b><u>14,505,600</u></b>
	<i>Operating surplus before working capital changes:</i>	
	(Increase) / Decrease in Inventories	-
	(Increase) / Decrease in Debtors	3,594
	(Increase) / Decrease in Other Debtors	(292,125)
	(Decrease) / Increase in Conditional Grants and Receipts	685,058
	(Decrease) / Increase in Creditors	(3,234,337)
	(Increase) / Decrease in VAT Receivables	(91,103)
		<b><u>180,671</u></b>
		<b><u>11,898,609</u></b>
		<b><u>14,522,688</u></b>
<b>25</b>	<b>CASH AND CASH EQUIVALENTS</b>	
	Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :	
	Bank balances and cash	<b><u>76,461,980</u></b>
	Bank overdraft	<b><u>-</u></b>
	<i>Total cash and cash equivalents</i>	<b><u>76,461,980</u></b>
		<b><u>65,439,281</u></b>
		<b><u>-</u></b>
		<b><u>65,439,281</u></b>

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
<b>26 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>26.1 Unauthorised expenditure</b>		
Reconciliation of unauthorized expenditure		
Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation		
	<b>1,707.950</b>	<b>-</b>
<i>Unauthorised expenditure to the amount of R9 879 was considered and approved by council...</i>		
<i>The Accountant Expenditure involved was immediately suspended and the outcome of the internal disciplinary hearing is pending. The matter was handed over to SHG Forensics (Pty) Ltd for investigation and accordingly reported to the SA Police for prosecution. Council is in process to determine the exact amount for recovery from the insurance and official involved.</i>		
<b>26.2 Fruitless and wasteful expenditure</b>		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure current year	46,659	(46,659)
Condoned or written off by Council	-	-
To be recovered – contingent asset (see note 40)	-	-
Fruitless and wasteful expenditure awaiting condonement		
	<b>-</b>	<b>-</b>
<i>Fruitless expenditure was investigated and approved by council. No further steps were deemed necessary.</i>		
<b>26.3 Irregular expenditure</b>		
<i>According to the municipality's records, no irregular expenditure occurred for the year under review.</i>		
<b>27 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>27.1 Contributions to organized local government</b>		
Opening balance	-	-
Council subscriptions	97,584	(97,584)
Amount paid – current year	169,105	(169,105)
Amount paid – previous years	-	-
<i>Balance unpaid (included in creditors)</i>		
	<b>-</b>	<b>-</b>

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
<b>27.2 Audit fees</b>		
Opening balance	-	-
Current year audit fee	222,023	(222,023)
Amount paid – current year	-	-
Amount paid – previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>27.3 PAYE and UIF</b>		
Opening balance	-	-
Current year payroll deductions	2,569,537	(2,569,537)
Amount paid – current year	-	-
Amount paid – previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<i>The balance represents PAYE deduction for June 2006 after month end on salary system. Amount has been paid over during July 2006.</i>		
<b>27.4 Pension and Medical Aid Deductions</b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	4,665,871	(4,651,360)
Amount paid – current year	-	-
Amount paid – previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<i>The advance deductions were made in respect of an employee who went on maternity leave. The amount will be paid over in monthly installments to the relevant institutions.</i>		
<b>27.5 Non-Compliance with Chapter 11 of the Municipal Finance Management Act</b>		
<i>Supply Chain Management Policy has been adopted by Council with an effective date of 1st January 2006 for implementation. To ensure adherence and full implementation of the Supply Chain Management Policy a number of challenges still needs to be address in the next financial year. Following some challenges to be addressed:</i>		
- Establishment of an effective Supply Chain Management Unit		
- Review, develop and implementation of new procurement procedure aligned with SCM policy		
- Develop systems to monitor and report on supply chain management as required in terms of the policy		
- Development of a proper supplier contract register.		
- Ongoing update of the SCM supplier database and verification of information received		

# FRANCES BAARD DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	<b>2005</b>	<b>2006</b>
	R	R

### 28 RETIREMENT BENEFIT INFORMATION

*At present Council is paying, out of own funds, pensions to eight persons from the former Divisional Council Vaalrivier who retired before 31 December 1990.*

*It is an unfunded post-employment benefit and the amount recognised as an expense on the operating account amounted to R57,208 for the year under review.*

**APPENDIX A**

**FRANCES BAARD DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2006**

		Loan Number	Redeemable	Balance at 01/07/2005	Received during the period	Redeemed written off during the period	Balance at 30/06/2006	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
<b>EXTERNAL LOANS</b>									
<b>LONG-TERM LOANS</b>									
Registered Stock Loans		R		R	R	R	R		
Total Long-Term Loans		-	-	-	-	-	-	-	-
<b>ANNUITY LOANS</b>									
Annuity Loans		-	-	-	-	-	-	-	-
Total Annuity Loans		-	-	-	-	-	-	-	-
<b>GOVERNMENT LOANS</b>									
DBSA Loan:- Hartswater:- Sewerage Scheme	13,515	31/12/2020	7,243,244	-	-	130,501	7,112,743	7,500,000	-
Total Government Loans			7,243,244			130,501	7,112,743	7,500,000	
<b>LEASE LIABILITY</b>									
Lease Liability		-	-	-	-	-	-	-	-
Total Lease Liability		-	-	-	-	-	-	-	-
<b>TOTAL EXTERNAL LOANS</b>									
Total External Loans		7,243,244	-	-	130,501	7,112,743	-	7,500,000	

**APPENDIX B**

**FRANCES BAARD DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006**

	Balance at 01/07/2005	Cost / Revaluation			Accumulated Depreciation			Carrying Value
		Additions	Under Construction	Disposals	Balance at 01/07/2005	Additions	Disposals	
<b>COMMUNITY ASSETS</b>								
Land & Buildings	20,076	86,600	-	-	106,676	-	-	106,676
Security Measures		112,654	-	-	112,654	-	10,988	101,667
<b>Total: Community Assets</b>	<b>20,076</b>	<b>199,254</b>	<b>-</b>	<b>-</b>	<b>219,330</b>	<b>-</b>	<b>10,988</b>	<b>208,343</b>
<b>OTHER ASSETS</b>								
Land & Buildings	9,100,471	96,407	-	-	9,196,877	2,882,444	245,720	-
Office Equipment	393,088	6,801	-	-	3,594	396,295	237,928	3,594
Furniture & Fittings	246,538	3,078	-	-	249,616	80,613	41,977	276,311
Plant & Machinery	18,205	229,716	-	-	247,921	15,771	9,631	-
Emergency Equipment	213,286	161,525	-	-	374,811	197,078	9,177	-
Motor Vehicle	1,796,256	330,432	268,485	1,858,203	990,347	278,870	268,484	206,255
Computer Equipment	1,670,992	240,151	5,535	1,905,607	1,016,612	323,788	5,534	1,000,733
<b>Total: Other Assets</b>	<b>13,438,836</b>	<b>1,068,109</b>	<b>-</b>	<b>277,614</b>	<b>14,229,331</b>	<b>5,420,795</b>	<b>931,942</b>	<b>277,612</b>
<b>TOTAL ASSETS</b>	<b>13,458,912</b>	<b>1,267,363</b>	<b>-</b>	<b>277,614</b>	<b>14,448,661</b>	<b>5,420,795</b>	<b>942,930</b>	<b>277,612</b>
								<b>6,086,113</b>
								<b>8,362,548</b>

## APPENDIX C

## FRANCES BAARD DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2006

	Cost			ACCUMULATED DEPRECIATION			Carrying Value		
	Balance at 01/07/2005	Additions	Under Construction	Disposals / Adjustments	Balance at 30/06/2006	Balance at 01/07/2005	Additions	Disposals / Adjustments	Balance at 30/06/2006
Executive and Council	122,361	3,943	-	5,941 *	132,244	71,786	18,230	(1,061) *	88,955
Finance & Admin	12,793,941	882,512	-	57,116 *	13,455,954	4,955,290	868,076	22,590 *	5,68,344
Planning & Development	262,536	101,071	-	(42,537) *	321,070	169,632	26,732	(20,275) *	144,980
Health	17,935	-	-	4,848 *	22,783	10,047	2,843	4,847 *	17,737
Community & Social Services	19,183	-	-	(11,625) *	7,558	7,559	2,019	(5,676) *	3,902
Housing	-	-	-	(13,742) *	-	-	-	(425) *	-
Public Safety	242,957	279,837	-	509,052	206,481	25,030	-	-	231,087
Sport & Recreation	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-
Road Transport	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>13,458,912</b>	<b>1,267,363</b>	-	<b>277,614 *</b>	<b>14,448,661</b>	<b>5,420,795</b>	<b>942,930</b>	<b>277,612 *</b>	<b>6,086,113</b>
									<b>8,362,548</b>

\* Internal Transfers

**APPENDIX D**

**FRANCES BAARD DISTRICT MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2006**

Actual Income 2005 R	Actual Expenditure 2005 R	Surplus / (Deficit) 2005 R		Actual Income 2006 R	Actual Expenditure 2006 R	Surplus / (Deficit) 2006 R
		2005 R	2005 R			
2,517,445	(8,465,518)	(5,948,073)	Executive and Council	1,916,193	(8,463,571)	(6,547,378)
46,300,198	(11,273,396)	35,026,801	Finance & Admin	49,604,269	(13,158,804)	36,445,466
26,965,813	(41,660,083)	(14,694,270)	Planning & Development	22,000,515	(33,495,078)	(11,494,563)
70,000	(1,182,113)	(1,112,113)	Health	75,000	(1,260,232)	(1,185,232)
-	(557,948)	-	Community & Social Services	-	(557,775)	(557,775)
-	-	Housing	-	-	-	-
820,551	(1,385,558)	(565,006)	Public Safety	1,061,028	(1,593,786)	(532,757)
-	-	-	Sport & Recreation	-	-	-
-	-	-	Environmental Protection	-	-	-
-	-	-	Waste Management	-	-	-
-	-	-	Road Transport	-	-	-
-	-	-	Water	10,308	(13,320)	(3,011)
-	-	-	Electricity	-	-	-
-	-	-	Other	-	-	-
<b>76,674,007</b>	<b>(64,524,615)</b>	<b>12,149,391</b>	<b>SUB TOTAL</b>	<b>74,667,314</b>	<b>(58,542,565)</b>	<b>16,124,749</b>
<b>76,674,007</b>	<b>(64,524,615)</b>	<b>12,149,391</b>	Less: Inter-Departmental Charges	-	-	-
<b>76,674,007</b>	<b>(64,524,615)</b>	<b>12,149,391</b>	<b>TOTAL</b>	<b>74,667,314</b>	<b>(58,542,565)</b>	<b>16,124,749</b>

**APPENDIX E1**

**FRANCES BAARD DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2006**

					Explanation of Significant variances greater than 10 % versus Budget	
		Actual R	Budget R	Variance R	Variance %	
<b>REVENUE</b>						
Service charges		10,308	35,435	(25,127)	-243.75%	Over budget in respect of the 2005/06 financial year
Regional Services Levies - turnover	23,894,127	27,000,000	(3,105,873)	-13.00%	Total income for RSC Levies (Establishment & Services Levies) reflects a	
Regional Services Levies - remuneration	16,512,406	13,000,000	3,512,406	21.27%	99.36% collection rate versus the budgeted amount	
Rental of facilities and equipment	23,496	23,496	0	0.00%	Not applicable	
Interest earned - external investments	5,594,266	2,280,000	3,314,266	59.24%	Under budget due to conservative budgeting practices	
Interest earned - outstanding debtors	269,875	608,600	(338,725)	-125.51%	Over budget in respect of the 2005/06 financial year	
Income for agency services	599,712	610,000	(10,288)	-1.72%	Deviation not significant	
Government grants and subsidies	27,249,137	18,697,000	8,552,137	31.38%	Positive variance as per expenditure occurred in respect of grants received	
Other income	325,411	238,804	86,607	26.61%	Under budget due to salary recovery from Roads Agency i.r.o. of	
Gains on disposal of property, plant and equipment	188,575	-	188,575	100.00%	transferred personnel to the amount of R130k	
<b>Total Revenue</b>	<b>74,667,314</b>	<b>62,493,335</b>	<b>12,173,979</b>	<b>16.30%</b>	Not budgeted	
<b>EXPENDITURE</b>						
Employee related costs	15,448,656	17,963,973	(2,515,317)	-16.28%	Approved vacant positions not filled during the year under review	
Remuneration of Councillors	2,014,596	3,074,087	(1,059,491)	-52.59%	Budgeted for full time mayoral committee and full Councillor benefits that	
Bad debts	484	14,561	(14,077)	-2909.90%	did not realised	
Collection costs	889,415	395,000	494,415	55.59%	Overspending due to higher collection rate by external levy inspectors	
Depreciation	942,930	991,814	(48,884)	-5.18%	Not applicable	
Repairs and maintenance	936,031	1,024,803	(88,772)	-9.48%	Not applicable	
Interest on external borrowings	1,104,528	1,113,005	(8,477)	-0.77%	Not applicable	
Bulk purchases	3,609	33,725	(30,116)	-834.48%	Over budget in respect of the 2005/06 financial year	
Contracted services	2,140,677	4,130,592	(1,989,915)	-92.96%	Projects not completed as per Service Delivery and Budget	
Grants and subsidies paid	31,580,883	34,707,500	(3,126,617)	-9.90%	Implementation Plans (IT - Master Systems Recovery Plan, Disaster	
General expenses - other	3,480,755	4,584,528	(1,103,773)	-31.71%	Management Plan duplicated in terms of the funding source - revenue and	
Loss on disposal of property, plant and equipment	1	-	1	100.00%	MSIG grant)	
<b>Total Expenditure</b>	<b>58,542,565</b>	<b>68,033,588</b>	<b>(9,491,023)</b>	<b>-16.21%</b>	Under expenditure due to rollovers and unspent grants at year end.	
					Over estimates in respect of interest calculations on the Engen claim	
					Not applicable	

**APPENDIX E2**

**FRANCES BAARD DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY PLANT AND EQUIPMENT) FOR THE YEAR  
ENDED 30 JUNE 2006**

Revenue	Actual R	Budget R	Variance R	Variance %	Explanation of Significant variances greater than 10 % versus budget
<b>COMMUNITY ASSETS</b>					
Land & Buildings	86,600	-	86,600	100.00%	Amount budgeted under infrastructure projects - Technical Services
Security Measures	112,654	180,247	(67,593)	-60.00%	Saving due to over budget in respect of 2005/06 financial year
<b>Total: Community Assets</b>	<b>199,254</b>	<b>180,247</b>	<b>19,007</b>	<b>9.54%</b>	
<b>OTHER ASSETS</b>					
Land & Buildings	96,407	781,810	(685,403)	-710.95%	Establishment of Disaster Management Centre rollover to the next capital budget due to delay on the project
Office Equipment	6,801	-	6,801	100.00%	Amount not significant
Furniture & Fittings	3,078	18,092	(15,014)	-487.78%	Saving due to the fact that all items purchased were less than the amount of R2,000 to be recognised as a capital expenditure
Plant & Machinery	229,716	-	229,716	100.00%	Purchase and implementation of telephone system funded from the FMG grant - Rollover from the previous year
Emergency Equipment	161,525	242,806	(81,281)	-50.32%	Saving in respect of the budgeted amount
Motor Vehicle	330,432	390,000	(59,568)		Saving due to conservative budgeting practices
Computer Equipment	240,151	146,800	93,351	38.87%	Upgrade of computer system funded from the FMG grant - Rollover from the previous year
<b>Total Other Assets</b>	<b>1,068,109</b>	<b>1,579,508</b>	<b>0</b>	<b>-47.88%</b>	
<b>TOTAL ASSETS</b>	<b>1,267,363</b>	<b>1,759,755</b>	<b>-492,392</b>	<b>-38.85%</b>	

**REPORT OF THE AUDITOR-GENERAL TO THE FRANCES BAARD DISTRICT COUNCIL ON THE FINANCIAL STATEMENTS OF FRANCES BAARD DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2006**

**1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 13 to 48 for the year ended 30 June 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 126 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

**2. SCOPE**

The audit was conducted in accordance with the International Standards on Auditing read with General Notice 1512 of 2006, issued in Government Gazette no. 29326 of 27 October 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

**3. BASIS OF ACCOUNTING**

The municipality is required to prepare financial statements on the basis of accounting determined by the National Treasury, as described in the addendum to this report.

**4. QUALIFICATION**

**4.1 Value added tax**

There was no evidence that VAT reconciliations were reviewed by a senior official. This resulted in a difference of R624 496 between the VAT reconciliation of 30 June 2006 and the general ledger balance at that date. The existence, valuation, accuracy and completeness of the VAT control account's balance of R943 717 (debit) could not be confirmed.

## **4.2 Creditors**

A suspense account amounting to R295 677 was not cleared at year-end. This resulted in the possible overstatement of creditors and understatement of expenses. Furthermore no supporting documentation could be provided to confirm the accuracy and existence of a net amount of R46 257 included in the balance.

## **4.3 Expenditure**

Financial management discipline requires that internal controls should be monitored throughout the year to ensure that controls are implemented as designed. As a result of a breakdown in internal controls and the monitoring thereof an investigation revealed alleged fraudulent payments which were subsequently disclosed as per note 8.2 and 26.1 of the financial statements.

## **4.4 Accounting policies and disclosures**

Management have an obligation to put in place controls to help identify and implement the appropriate accounting frameworks and policies to structure and govern its financial management responsibilities, as required by MFMA. During my audit I have noted a number of instances where management was not able to this. These are as follows:

### **4.4.1 Fixed assets**

The accounting policy and treatment of fixed assets by the municipality is not in accordance with the requirements of GAMAP 17: Property, Plant and equipment and IAS 16 (AC123): Property, plant and equipment.

The following are the most important requirements of the statement that have an effect on the recognition and disclosure of plant and equipment within the municipality:

- An entity is required to begin depreciating an item of property, plant and equipment when it is available for use and to continue depreciating it until it is derecognised, even if during that period the item is idle.
- After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.
- If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued.
- Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.
- None of these requirements were met by the municipality in the accounting policy and subsequent treatment and recognition of fixed assets in the financials statements

The accounting policy further states that: assets with a value below R2 000 are not capitalised. If an item meets the definition of “property, plant and equipment” it must be capitalised, irrespective of the cost price thereof. The asset must be accounted for in terms of the recognition, measurement, presentation and disclosure requirements in IAS 16 (AC 123): Property, plant and equipment. Nowhere in GAAP / GRAP / IFRS does it allow for an item of property, plant and equipment with a minimal cost price to simply be expensed upon acquisition.

#### **4.4.2 Post retirement benefits**

The municipality is responsible for post retirement medical aid contributions for its employees. No provision or disclosure in terms of IAS 19 (AC116): Employee benefits and Par 56 of IAS 39(AC133): Financial Instruments: Disclosure and Presentation, has been made by the municipality.

#### **4.4.3 Financial instruments risk disclosure**

In term of IAS 39(AC133): Financial Instruments: Disclosure and Presentation the municipality’s credit, liquidity and interest rate risks should be disclosed in the financial statements. The disclosure has not been made.

#### **4.4.4 Long-term receivables**

The fair value of long-term debtors was not initially recognised and disclosed as required by paragraph 43 of GAAP, IAS 39. Long-term debtors were also not subsequently measured at amortised cost using the effective interest method as required by paragraph 46(a) of GAAP, IAS 39. Consequently, long-term debtors and surplus for the year are overstated by an unknown amount.

#### **4.4.5 Receivables**

The accounting policy indicate that revenue from regional service levies, is recognised on the payment due basis. Where declarations have not been submitted, estimated levies based on average data is accrued. However the municipality only recognised the revenue and debtors at year end based on actual amounts received after year. We could therefore not satisfy ourselves as to the completeness of debtors and revenue.

### **5. Qualified audit opinion**

In my opinion, except for the effect on the financial statements of the matters referred to in paragraph 4, the financial statements fairly present, in all material respects, the financial position of the Frances Baard District Municipality at 30 June 2006 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice.

Without further qualifying the audit opinion, attention is drawn to the following matters:

## **6.1 System of internal control**

In terms of Section 62 of the Municipal Finance Management Act, 2003 (Act. No. 56 of 2003), every municipality shall establish and maintain an effective system of internal control.

Below is summary of some concerns which substantiate my opinion that a proper internal control framework and financial accounting process have not been developed:

### **6.1.1 Employee cost**

- a) Due to non-adherence to the council policy on leave several instances were noted where leave was approved only after it was taken.
- b) The employee tax for the month of January 2006 was paid after the due date of 7th February 2006 resulting in a penalty of R21 602. However no payment has been made at year end for the penalty.

### **6.1.2 Expenditure**

- a) The accountant expenditure performed incompatible functions during the financial year as she was responsible for the following:
  - Processing expenditure transactions on the systems;
  - Review of bank reconciliations on monthly basis;
  - Review or clearing of the suspense account on monthly basis;
  - Processing of non routine journal entries on the general ledger;
  - System administrator for Equilibrium system (Accounting system for the municipality);
  - Completion of VAT 201 returns;
  - Compilation of VAT reconciliations, however no proof was attached that a senior official reviewed the reconciliations.This has resulted in a fraud as disclosed as per note 8.2 and 26.1 of the financial statements not being prevented and subsequently identified by internal controls.
- b) There was no proof that payments totalling R170 270 were approved and checked. The payment requests were not signed by the delegated officials as proof thereof. Note is taken of the fact that the payments were approved on invoices by delegated officials.
- c) There was no proof of review by senior official attached to the journals amounting to R22 782 709.

- d) The following weaknesses were noted with petty cash payments:
- One person signed for different people on the wages register. There was no proof that those people gave permission to the other person to receive wages on their behalf.
  - For some payments the wages register was not signed as proof that the payments were received by the beneficiaries.
  - For some payments there was no proof that beneficiaries were paid for actual time worked as no attendance register was attached.
- e) Due to payments made on the faxed copies of invoices, payments totaling R13 621 were duplicated, resulting in the overstatement of expenditure.

### **6.1.3 VAT**

Input VAT on entertainment was not consistently applied during the financial year as input VAT was claimed on some entertainment transactions and not claimed on others. Input VAT was also claimed on some fuel purchases. It was also noted that in some instances VAT was claimed on copies of invoices.

## **6.2 Non-compliance with laws and regulations**

### **6.2.1 Declaration of interest**

The Code of Conduct of Councillors, contained in Schedule 1 of the Local Government Systems Act No. 32 of 2000, states that: "When elected or appointed, a councillor must within 60 days declare in writing to the municipal manager the following financial interests held by that councillor". Out of the 24 Councillors elected, only 14 Councillors submitted their declarations of interest. Out of the 14 that submitted the declaration of interest, five councillors submitted their declarations after the 24th May 2006.

### **6.2.2 Supply Chain Management**

The municipality did not comply fully with requirements of regulation 7 of supply chain management regulations which require that a medium capacity municipality must establish a supply chain management unit by the January 2006.

The municipality did not procure the contract for the rental of photocopy machine for three years through the competitive bidding process as required by paragraph 10.6 of the supply chain management policy of the municipality which specifically indicate that all long term contracts should be procured through the competitive bidding process.

### **6.2.3 By-law**

Municipality did not have a by-law for the provision of water as required by section 21 (1) of the Water Service Act, 1997(Act No. 108 of 1997).

## **6.2.4 Monthly Budget Statement**

Monthly budget statements as required by section 71 of the MFMA were not always submitted timeously to the Mayor, as the reports for the month of November 2005, January, February and May 2006 were not submitted within the required 10 days after the end of each month. Consideration is taken of the effect of municipal elections for non submission in January and February.

## **6.2.5 Capital Expenditure**

No reports were submitted to Auditor General and MEC of Local Government and Housing as required by section 32(4) of the MFMA for the unauthorised expenditure amounting to R9 878 incurred for the capital expenditure not budgeted for.

### **6.3. Late finalisation of the audit report**

In terms of section 126(3)(b) of the MFMA I am required to submit my report to the accounting officer within three months of the receipt of the financial statements. In the interest of improving accountability and due to the process implemented by me to ensure consistency in the manner in which material audit findings are reported I have delayed the finalisation of my reports to no later than 22 December 2006 where the financial statement in question were received by 31 August 2006.

## **7. APPRECIATION**

The assistance rendered by the staff of Francis Baard District Municipality during the audit is sincerely appreciated.



A.L. Kimmie for Auditor-General

Kimberley

12 December 2006



**ADDENDUM TO THE REPORT OF THE AUDITOR-GENERAL TO FRANCES BAARD COUNCIL ON THE FINANCIAL STATEMENTS OF FRANCES BAARD DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2006**

*GRAP & GAMAP:*

**Basis of preparation**

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of:

- *General Notice 991 of 2005, issued in Government Gazette no. 28095 of 7 December 2005; and*
- *General Notice 992 of 2005, issued in Government Gazette no. 28095 of 15 December 2005.*

The standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

# REPORT OF THE AUDITOR-GENERAL TO THE COUNCIL ON FACTUAL FINDINGS ON PERFORMANCE MEASUREMENT AT FRANCES BAARD DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2006

## 1. ASSIGNMENT

The compilation, presentation and publishing of performance measurements and the implementation, management and internal control of supporting systems, are the responsibility of the accounting officer.

As required by section 45(b) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) my responsibility is to provide an assessment of the controls implemented by the accounting officer to develop and manage the municipality's performance management system, my role is not to assess or comment on the municipality's actual performance .

## 2. NATURE AND SCOPE

I have performed the procedures agreed upon and described below regarding the performance measurement system of Frances Baard District Municipality. The assignment was undertaken in accordance with the International Standard on Related Services (ISRS 4400) applicable to agreed upon procedures engagements.

The procedures were performed solely to evaluate the controls implemented and managed by the accounting officer regarding the municipality's performance measurement system against the criteria set out in:

- chapter 6 of the Municipal Systems Act, 2000;
- the Local Government: Municipal Planning and Performance Management Regulations, 2001 (No. R. 796)

The procedures performed during our assignment were based on the high-level overview checklist completed by the accounting officer and included a review of the following aspects:

1. Development of an integrated development plan
2. Development of a performance management system
3. Development and implementation of key performance indicators
4. Setting of targets for key performance indicators
5. Actual service delivery process
6. Internal monitoring of performance measurements
7. Internal control of the performance management system
8. Performance measurement and reporting
9. Revision of strategies and objectives

## **FACTUAL FINDINGS**

I report my findings below:

### **3.1 Development of integrated development plan**

The IDP of Frances Baard District Municipality does not include a detailed spatial development framework as required by section 26(e) of the Municipal Systems Act 32 of 2000.

The IDP of Frances Baard District Municipality also does not include a disaster management plan as required by section 26(g) of the Municipal Systems Act 32 of 2000.

### **3.2 Development and implementation of performance management systems**

The Performance Management System framework was not reviewed during the financial year as required by section 40 of the Municipal Systems Act 32 of 2000.

### **3.3 Development and implementation of key performance indicators**

Non-compliance with laws, rules and regulations was not identified.

### **3.4 Setting targets for key performance indicators**

Non-compliance with laws, rules and regulations was not identified.

### **3.5 Actual service delivery process**

The PMS framework of Frances Baard District Municipality does not include the basis of evaluation of service providers as required by DPLG.

### **3.6 Internal Monitoring**

The documented monitoring framework of internal monitoring of the PMS does not indicate the following information as prescribed by DPLG Regulations:

- Determines how that data is to be collected, stored, verified and analysed.
- Allocates specific tasks to the submission of reports on the data collected and analysed.
- Determines how reports on that data are to be compiled.

- Provides for the comparison of the municipality's current performance with its planned performance targets, its performance during the previous financial year and against baseline indicators.
- Provides for the comparison of the actual performance of the service providers of the municipality with their planned targets and with their performance during the previous financial year.

### **3.7 Internal control**

Non-compliance with laws, rules and regulations was not identified.

### **3.8 Performance measurement and reporting**

Non-compliance with laws, rules and regulations was not identified.

### **3.9 Revision of strategies and objectives**

The municipality's performance was not done in accordance with the 'best value review' - framework principles of'

Challenges: Assess whether the current level of performance is better than the previous year, using baseline indicators  
 Comparison: By way of benchmarking. (Are there other similar municipalities or organisations delivering the same services? Are they doing it better in terms of economy, efficiency, effectiveness and impact?)  
 Consult: Customer surveys or community feedback mechanisms.

### **4. STATEMENT**

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, I do not express any assurance on the performance measurements as at 30 June 2006

Had I performed additional procedures or had I performed an audit or review of the performance measurement in accordance with International Standards on Auditing or International standards on review engagements other matters might have come to my attention that would have been reported to you.

This report relates only to the purpose set forth in the first paragraph of this report and does not extend to the financial statements of Frances Baard District Municipality, taken as a whole.

**5. APPRECIATION**

The assistance rendered by the staff of Frances Baard District Municipality during the assignment is sincerely appreciated.



A.L. Kimmie for Auditor-General

Kimberley

30 November 2006



**A U D I T O R - G E N E R A L**

## **PERFORMANCE MANAGEMENT SYSTEM (PMS) & INTEGRATED DEVELOPMENT PLANNING (IDP) - ACTION PLAN**

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## **ACTION PLAN - PERFORMANCE MANAGEMENT SYSTEM (PMS) & INTEGRATED DEVELOPMENT PLANNING (IDP)**

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## ACTION PLAN -

### FINANCIAL ISSUES RAISED BY AUDITOR-GENERAL 2005/06

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## ACTION PLAN -

### FINANCIAL ISSUES RAISED BY AUDITOR-GENERAL 2005/06

Vat Added Tax	Action	Due Date	Responsible Unit(S)	Progress
1. There was no evidence that VAT reconciliations were reviewed by a senior official. This resulted in a difference of R 624,496. Between the VAT reconciliation of 30 June 2006 and the general ledger balance at that date. The existence, valuation, accuracy and completeness of the VAT control account's balance of R 943,717.(debit) could not be confirmed.	Month end procedures will be implemented in order to address independent checks reviews.	30 June 2007	Expenditure	

Creditors	Action	Due Date	Responsible Unit(S)	Progress
A suspense account amounting to R 295,677. was not cleared at year-end. This resulted in the possible overstatement of expenses. Furthermore no supporting documentation could be provided to confirm the accuracy and existence of a net amount of R 46,527. included in the balance.	Month end procedures will be implemented in order to address independent checks reviews.	30 June 2007	Expenditure	

Matters Affecting The Financial Statements	Action	Due Date	Responsible Unit(S)	Progress
.	.	.	.	.
1. Fixed Assets.	Review asset management policy and accounting system as required by GRAP Statements	31 May 2007	Budget & Treasury Office	
2. Post retirement benefits.	Passing a journal entry and disclosure on financial statements notes	31 May 2007	Budget & Treasury Office	
3. Financial instruments risk disclosure	Review of accounting policies and disclosure of notes as required by GRAP Statements	31 May 2007	Budget & Treasury Office	
4. Long-term receivables.	Review of accounting policies and disclosure of notes as required by GRAP Statements	31 May 2007	Budget & Treasury Office	

## ACTION PLAN - FINANCIAL ISSUES RAISED BY AUDITOR-GENERAL 2005/06

Emphasis Of Matter	Action	Due Date	Responsible Unit(S)	Progress
5. Receivables.	Review of accounting policies and disclosure of notes as required by GRAP Statements however the regional service levy income will longer be applicable for the year 2006/07.	31 May 2007	Budget & Treasury Office	
1. Employee cost	Monitoring and evaluation of the leave implementation procedures.	28 February 2007	Corporate services/ Human Resource Management	
1. Employee cost a) Due to non –adherence to the council policy on leave several instances were noted where leave was approved only after it was taken.	b) The employee tax for the month of January 2006 was paid after the due date of 7th February 2006 resulting in a penalty of R21,602. However no payment has been made at year end for the penalty			
2. Expenditure	Implementing accounting and internal control systems and procedures that will address the following aspects; reconciliation and review, authorization limits, restricting access, independent checks and segregation of duties and control procedures.	30 April 2007	Expenditure	
a) The accountant expenditure incompatible functions during the financial year as she was responsible for the following:				

## ACTION PLAN - FINANCIAL ISSUES RAISED BY AUDITOR-GENERAL 2005/06

<ul style="list-style-type: none"> <li>• Processing expenditure transactions on the systems.</li> <li>• Review of bank reconciliation on monthly basis.</li> <li>• Review or clearing of the suspense account on monthly basis.</li> <li>• Processing of non routine journal entries on the general ledger.</li> <li>• System administrator for Equilibrium system (Accounting system for the municipality)</li> <li>• Completion of VAT 201 returns.</li> <li>• Compilation of VAT reconciliations, however no proof was attached that a senior official reviewed the reconciliations.</li> </ul> <p>This has resulted in a fraud as disclosed as per note 8.2 and 26.1 of the financial statements not being prevented and subsequently identified by internal controls.</p>	<p>b) There was no proof that payments totaling R 170 270 were approved and checked. The payment requests were not signed by the delegated officials as proof thereof. Note is taken of the fact that the payments were approved on invoices by delegated officials.</p> <p>c) There was no proof of review by senior official attached to the journals amounting to R 22,782,709.</p> <p>d) The following weakness were noted with petty cash payments.</p> <ul style="list-style-type: none"> <li>• One person signed for different people on the wages register. There was no proof that those people gave permission to other person to receive wages on their behalf.</li> <li>• For some payments the wages register was not signed as proof that the payments were received by the beneficiaries.</li> <li>• For some payments there was no proof that beneficiaries were paid for actual time worked as no attendance register was attached.</li> <li>• Due to payments made on the faxed copies of invoices, payments totaling R13,621. were duplicated, resulting in the overstatement of expenditure.</li> </ul>		

## ACTION PLAN - FINANCIAL ISSUES RAISED BY AUDITOR-GENERAL 2005/06

3. VAT	Input VAT on entertainment was not consistently applied during the financial year as input VAT was claimed on some entertainment transactions and not claimed on others. Input VAT was also claimed on some fuel purchases. It was also noted that in some instances VAT was claimed on copies.	Implementing categorization of vat transaction through the charts of accounts on financial system	31 March 2007
4. Non-compliance with laws and regulations.	<p>a) Declaration of interest</p> <p>The Code of Conduct of Councillors, contained in Schedule 1 of the Local Government Systems Act No.32 of 2000, states that: 'When elected or appointed, a councilor must within 60 days declare in writing to the municipal manager the following financial interest held by that councilors. Out of the 24 Councillors elected , only 14 Councillors submitted their declarations of interest. Out of the 14 that submitted the declaration of interest , five councilors submitted their declarations after the 24th May 2006.</p>	We are busy establish the supply chain unit.	30 June 200
5. Supply Chain Management	The municipality did not comply fully with the requirements of regulation 7 of supply chain management regulations which require that a medium capacity municipality must establish a supply chain management unit by the January 2006	Supply Chain Unit/ Finance General	
	The municipality did not procure the contract for rental of photocopy machine for three years through the competitive bidding process as required by paragraph 10.6 of the supply chain management policy of the municipality which specifically indicate that all long term contracts should be procured through the competitive bidding process.		

## ACTION PLAN -

## FINANCIAL ISSUES RAISED BY AUDITOR-GENERAL 2005/06

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		Will be implemented	30 June 2007	Budget & Treasury Office.
6. By-law	Municipality did not have a by –law for the provision of water as required by section 21(1) of the Water Service Act, 1997(Act. No 108 of 1997).			
7. Monthly Budget Statement	Monthly budget statements required by section 71 of the MFMA were not always submitted timeously to the Mayor, as the reports for the month of November 2005, January , February and May 2006 were not submitted within the required 10 days after the end of each month. Consideration is taken of the effect of municipal elections for non submission in January and February.	Monitoring of monthly reporting time line will be implemented as monitoring tool and control reporting.	28 February 2007	Budget & Treasury Office
8. Capital Expenditure	No reports were submitted to Auditor General and MEC of Local Government and Housing as required by section 32(4) of the MFMA for the unauthorized expenditure amounting to R 9,878. Incurred for the capital expenditure not budgeted for.	Implementing control measures for monitoring and evaluation of approved budget vs unbudgeted expenditure	28 February 2007	Expenditure

## **CHAPTER 5**

### **Functional Area - Service Delivery Reporting**

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Function	Sub-Function	Page
General Information		
Executive and Council		
Office of the Municipal Manager		
Finance		
Finance - Procurement		
Administration		
Health	Local Economic Development	
	Environmental Health	
	Community Development	
	Corporate Services	
	IT/GIS	
	Firefighting & Disaster Management	
Technical Services		



## **General Information**

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## General Information

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Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Provision and maintenance of infrastructure and basic services in the district.	Portable water provided to households in the district Sanitation provided to households in the district	1644 1206	1644
Provision of a stable social environment conducive to social development.	Assisted Magareng and Phokwane municipalities in the development of topographical maps for their individual spatial development frameworks Integrated Development Plans aligned and integrated with NSDP and PGDS	100% 100%	100%
Creation and promotion of a growing local economic development in the district	District LED strategy completed Affirmative Procurement given to HDI's	100% 15%	100% 30%
Human resources development and institutional transformation	WSP submitted to LG SETA Employment Equity Plan submitted to DOL	100% 100%	100%

## **Executive and Council**

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# Office of the Municipal Manager

Reporting Level	Detail		
	Total		
Overview:	The Administration of the municipality serves as the catalyst to the delivery of services as envisaged by Council. In order to give momentum to the Frances Baard District Municipality's Integrated Development Plan, and to provide the necessary support to Council. The Municipal Manager is the head of administration for the Frances Baard District Municipality together with the Director Administration, the Director Technical Services and the Director Finance. The Municipal Manager and his senior managers are appointed on five-year performance based contracts. The Municipal Manager and his senior managers provide the interface between the political and administrative arms of the municipality. As the administrative nexus, the Office of the Municipal Manager provides various functions which are predominantly outward focused with a view of providing strategic and advisory competencies to the district. This function consists of four sub-directorates namely Internal Auditing, PIMSS Centre, Communication and Office of the IDP/PMS Manager.		
	PIMSS Centre : the centre is responsible for the development, review and implementation of IDP's and PMS in the district municipality, facilitate the preparation of sector plans, facilitate the capacity building in Category B municipalities. Facilitate the implementation and review of PMS . Facilitate the management of the MSIG grant		
	Office of the IDP/PMS Manager: the manager is responsible for the development, review and implementation of IDP Communication : communication in the district municipality forms the essence of participative governance. The objectives of communication are i To raise and build awareness amongst a wide spectrum of stakeholders both internally and externally i To encourage and maintain stakeholder participation in the affairs of the municipality i to promote the image of the municipality through accurate branding and positioning which depicts the district municipality as a instrument of developmental local government		
	The Audit scope includes : Payroll Administration, Leave, Administration, Fixed Assets, Performance Management, Procurement, Recruitment, Regional Services Council Levy and Roads Agency		
Description of the Activity:	The function of Office of the Municipal Manager is administered as follows and includes:  The strategic objectives of this function are to:  The formation and development of an efficient, effective and accountable administration  The key issues for 2005/06 are:  i Ensure the reduction of the service backlog of basic infrastructure in the district by 10% • Ensure the implementation of infrastructure projects in the category B municipalities and the DMA • Ensure maintenance of municipal infrastructure in FBDM and the category B municipalities • Ensure provision of free basic services in the DMA • Ensure promotion and support of identified and approved Tourism and LED initiatives in the district i Support identified initiatives to create a stable social environment conducive for social development • Ensure the administration of continuous human resource development to discharge all functions of the municipality • Ensure the implementation and maintenance of all systems and programmes in the municipality • Ensure the development and monitoring of all approved programmes and the integrated development plans in the municipality • Ensure the implementation of all Council Resolutions • Ensure support to the category B municipalities in terms of Project Consolidation and other identified projects • Ensure the implementation of a shared internal audit service in the district and the category B municipalities • Ensure the development of an effective and efficient internal and external communications network with all stakeholders of the		

# Office of the Municipal Manager

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Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1 Number and cost to employer of all staff employed in the Office of the Municipal Manager:	R (000s)		
- Managerial (Managerial)	2	1115622	
- Professional (Specialists)	4	779431	
- Office (Clerical/Administrative)	2	227844	
- Contract Staff	3	1348521	
Note: total number to be calculated on full-time equivalent (FTE) basis, providing detail of race and gender according to the breakdown described above. Total cost to include total salary package			

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
5 IDPs reviewed and aligned with PGDS and NSDP : Successfully completed	5	5	100%
Development of topographical maps for Phokwane and Magareng Municipalities : successfully completed	100%	100%	100%
Implementation of the Internal Audit Services : successfully undertaken	100%	100%	100%
Implementation of the Communication Services: successfully undertaken	100%	100%	100%
Management of the municipality: 100% compliance	100%	100%	100%
Implementation of Council resolutions:100% compliance	100%	100%	100%
Implementation of national and provincial legislation applicable to the municipality: 100% compliance	100%	100%	100%
Implementation and participation in IGR structures: successfully undertaken	100%	100%	100%



# Finance - Procurement

Reporting Level	Detail			Total
Overview:	Procurement in the Frances Baard District Municipality is conducted in accordance with the prescripts of Chapter 11 of the MFMA and the Preferential Procurement Policy Act no 5 of 2000. The purpose and objective of the preferential procurement policy is to provide a framework within which to give effect to the principles of preferential procurement while insuring adherence to transparent economic, efficient and effective procurement practices.			
Description of the Activity:	The function of procurement within the municipality is administered as follows and includes:  The Department of Finance controls and manage all procurement of the municipality, however each department is responsible for its own procurement within the set limits of delegations. Any amount above R120000 is put to tender. The Adjudication and Tender Committees are responsible for the finalisation of the tender process.  The strategic objectives of this function are to:  To provide access to contracts by historically disadvantaged individuals To promote SMME participation To promote capacity development and skills transfer To promote job creation  The key issues for 200X/Y are:  Levy Inspection Services Institutional Development Plan Website Development Development of a Communication Strategy Koopmansfontein Infrastructure & Basic Services Development			
Analysis of the Function:	<Provide statistical information on (as a minimum)>			
1	Details of tender / procurement activities:  - Total number of times that tender committee met during year - Total number of tenders considered - Total number of tenders approved - Average time taken from tender advertisement to award of tender	10 10 10 6 weeks		
2	Details of tender committee:  Tender Evaluation Committee PiMSS Manager Manager : IED Manager : Physical Infrastructure Development Manager : Fire and Disaster Management Manager: IT/GIS Assistant Director: Finance			
	Tender Adjudication Committee Municipal Manager Director Finance: Director Technical Services: Director Administration:			
	Note: List details of each member of the tender committee			

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## Administration

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Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Human resources development and institutional transformation	Implemented of selected and approved HR and Institutional Transformation projects : Successfully completed Implemented and completed the selected and approved projects LED projects Implementation of non-infrastructure Social Development projects Democratic Governance : Total compliance Implementation of IT/MIS projects	100% 100% 100% 100% 100%	100% 100% 100% 100% 100%





# Community Development

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance		
	Current	Target	
Facilitation of access to services rendered by Government Departments and other stakeholders by the district community: Successfully undertaken	100%	100%	100%
Co-ordination of the reduction of HIV/Aids infections in the district: Successfully undertaken	100%	100%	100%
Participation and encouragement of community participation in Commemorative programmes: Successfully undertaken	100%	100%	100%
Participation and encouragement of community participation in Council programmes (Council Meets the People) : Successfully undertaken	100%	100%	100%
Support in the reduction of crime in the district : Successfully undertaken	100%	100%	100%

## Corporate Services

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Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance		Current	Target
	Actual	Target		
2	Number and total value of Personnel Planned for the financial year and current: - Current (financial year after year reported on) - Planned (future years)		116	15448656
3	Note: provide total project and project value as per initial or revised budget Total number and value of Personnel envisaged.		<Value>	
4	Total number and value of Personnel envisaged. Clerical : Note: total number and total value of housing provided during financial year Total Cost to the employer of new personnel employed in the past year <list each category separately>	R (000s)		
5	Total operating cost of housing function	N/A	6	654339
	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance			
To effectively manage all administrative services vested in the Department of Administration.	The drafting of HR policies and alignment with relevant legislation : successfully undertaken Submission of the Employment Equity report: Successfully completed Submission of the WSP to the LGW SETA: Successfully completed Statutory obligations :Successfully complied Implementation of PMS for all staff : Successfully undertaken	80% 100% 100% 100% 100%	100% 100% 100% 100% 100%	





## Technical Services

Reporting Level	Detail	Total	Cost
<b>Overview:</b>	The Directorate Technical Services consists of the following Sub Directorates: (1) Physical Infrastructure Development, (2) MIG Project Management Units (PMU) (3) Roads maintenance and (4) Mechanical Directorate Technical Services is managed as follows:		
<b>Description of the Activity:</b>	<p>The Sub-Directorate: Physical Infrastructure Development is responsible for the development of infrastructure in Category B municipalities and the DMA. It also provides basic services to rural settlements in the DMA. Funds allocated for infrastructure development in the Category B Municipalities either from the MIG or PIG grants as well as own capital budget are channeled through this Sub Directorate. A total of R15 543 940 was spent on infrastructure development of which R6 546 728 was from own revenue and the rest was grant funding. Most of these funds were spent on basic needs projects. Due to the lack of maintenance on Municipal infrastructure, a pilot site for operations and maintenance was established at District level. This pilot site is operated in co-operation with DWAF, DH&amp;LG, DBSA and SIDA. In total an amount of R2 693 751 was spent on upgrading of infrastructure and training personnel.</p>		
	<p>The Project Management Unit was established in the 05/06 financial year with the sole purpose of assisting municipalities with the implementation of Municipal Infrastructure Grant projects. The unit is responsible for managing MIG funding, co-ordination of projects, project feasibility studies and business plans, contract management, project management, monitoring and reporting and evaluation. The unit consist of a Technician, an Administrative Officer and a Community Liaison Officer. The PMU is funded through the MIG allocation of the District.</p>		
	<p>The Roads Maintenance section is an agency function for the Provincial Department of Transport, Roads and Public Works. Proclaimed roads are maintained by the district on behalf of the provincial department. The funding for this function has not kept pace with the growing demand and difficulties experienced in the maintenance of the district roads.</p>		
	<p>The Mechanical Support Function forms part of the roads agency. The primary aim is to offer mechanical support to the Roads Maintenance Section. Mechanical support is also provided to the eastern region of the Provincial Roads Maintenance section. To a lesser degree, mechanical assistance is provided to the DM in terms of its own vehicle fleet.</p>		
	<p>The strategic objectives of this directorate are:</p>		

## Technical Services

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Reporting Level	Detail	Total	Cost
<b>Analysis of the Function:</b>	<ul style="list-style-type: none"> <li>•To effectively manage all administrative services vested in the Department of Technical Services.</li> </ul>		
1	<ul style="list-style-type: none"> <li>•To effectively manage the Roads Agency Function</li> <li>•To effectively manage infrastructure development</li> <li>•To effectively implement National Key Performance Indicators</li> </ul> <p>The key issues for 2005/06 are:</p> <ul style="list-style-type: none"> <li>•Provide water &amp; sanitation to targets set by National Government</li> <li>•Completion of business plans or project plans</li> <li>•Sign SLA with Department of Transport Roads &amp; Public Works</li> </ul>		
2	<ul style="list-style-type: none"> <li>•Number of jobs created through the municipality's initiatives and capital projects</li> </ul>		
3	<ul style="list-style-type: none"> <li>- Professional (Engineers/Consultants)</li> <li>- Field (Supervisors/Foremen)</li> <li>- Office (Clerical/Administration)</li> <li>- Non-professional (blue collar, outside workforce)</li> <li>- Temporary</li> <li>- Contract</li> </ul>	4	<cost>
4		3	<cost>
5	<p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p> <p>Number of households with services, and type and cost of service:</p> <ul style="list-style-type: none"> <li>- Pit Latrine with ventilation (Urine diversion systems)</li> <li>- Water provision (In house)</li> </ul> <p>Note: if other types of services are available, please provide details</p> <p>Anticipated expansion of services:</p> <ul style="list-style-type: none"> <li>- Electricity supply (House connections)</li> </ul> <p>Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality</p> <p>Free Basic Service Provision:</p> <ul style="list-style-type: none"> <li>- Sanitation</li> <li>- Water provision (6kl per household per month)</li> </ul>	5	R (000s)
6	<ul style="list-style-type: none"> <li>- Pit Latrine with ventilation (Urine diversion systems)</li> <li>- Water provision (In house)</li> </ul>	37	100
7	<ul style="list-style-type: none"> <li>- Electricity supply (House connections)</li> </ul>	37	150
			R (000s)
		37	4200000
		37	0
		37	9
	<p>Frances Baard District Municipality provides free basic services (Water and sanitation) to RDP Standards to the communities residing in the DMA. Sol Plaatje, Magareng, Phokwane and Dikgatlong each provide sanitation to RDP standards while Magareng, Dikgatlong and Phokwane provide free basic water(6kl's) only to Indigents. Sol Plaatje provides 12kl to indigents. Of the 85 307 households in the district, 46 088 of these are registered indigents. In essence this indicates that 54% of the district is indigents.</p>		

## Technical Services

<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve</b>			<b>Current</b>	<b>Target</b>
Sol Plaatje: Contributions towards services to formalise Transit Residential Area	To be undertaken			0%	100%
Tidimalo: Streets and stormwater drainage	In progress			90%	100%
Phokwane: Town planning : 1 300 sites in Valspan, Ganspan & Pampierstad	In progress			95%	100%
Warrenton: Relocation of sewer plant (next phase)	Postponed			0%	100%
Frances Baard: Sanitation & water supply to farm workers, farm schools & informal settlements	In progress			80%	100%
Phokwane : Water provision to 840 sites in Valspan	Completed			100%	100%
Phokwane : Water provision to 200 sites in Pampierstad	Completed			100%	100%
Phokwane : Town planning in Ganspan	Awaiting final approval			95%	100%
Magareng : Upgrading of streets	In progress. Counterfunding for MIG			20%	100%
Magareng : Upgrading of water network	Delayed			0%	100%
Dikgatlong : Upgrading of gravel roads in Mataleeng	In progress			60%	100%
Sol Plaatje : Integrated Transport Plan	Completed			100%	100%
Sol Plaatje : Incubator centre and taxi terminus, Vergenoeg cemetery	Completed			100%	100%
Sol Plaatje : Extension of West End	Delayed			0%	100%
Frances Baard: Sanitation Facilities	In progress			80%	100%
Barkly West: Eradication of Buckets	In progress			70%	100%
Deportshoop: Eradication of Buckets	In progress			90%	100%
Koopmansfontein: Electrification	Completed			100%	100%
DMA : Electrical Scheme	Awaiting final approval			4%	100%

## Glossary

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CMIP	- Consolidated Municipal Infrastructure Projects
CRR	- Capital Replacement Reserve
CSIR	- Council for Scientific and Industrial Research
DMA	- District Management Area
DWAF	- Department of Water Affairs and Forestry
EPWP	- Expanded Public Works Programme
GAMAP	- Generally Accepted Municipal Accounting Practice
GRAP	- Generally Recognised Accounting Practice
IDP	- Integrated Development Plan
KPA	- Key Performance Area
KPI	- Key Performance Indicator
LED	- Local Economic Development
MFMA	- Municipal Finance Management Act
MIG	- Municipal Infrastructure Grant
NCPA	- Northern Cape Provincial Administration
NEAR	- National Emergency Alarm radio System
O & M	- Operation and Maintenance
PAYE	- Pay As You Earn
PMS	- Performance Management System
RSC	- Regional Services Council
SALGA	- South African Local Government Association
SARS	- South African Revenue Service
SDBIP	- Service Delivery & Budget Implementation Plan
SDF	- Spatial Development Framework
SETA	- Sector Education and Training Authorities
SITE	- Standard Income Tax on Employees

## Contact Information

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POSITION	NAME	TEL. NO.	E-MAIL
Executive Mayor	Moira Marais-Martin	053 - 838 0902	moira.maraismartin@fbdm.co.za
Speaker	Machubele B Maribe	053 - 838 0902	
Municipal Manager	Thabo Nosi	053 - 838 0998	thabo.nosi@fbdm.co.za
Chief Financial Officer	Hannes van Biljon	053 - 838 0944	hannes.vanbiljon@fbdm.co.za
Director: Technical Services	Peet van der Walt	053 - 838 0926	peet@fbdm.co.za
Director: Administration	Nomama Kgansti	053 - 838 0903	nomama.kgansti@fbdm.co.za
Local Economic Development	Phetole Sithole	053 - 838 0972	phetole.sithole@fbdm.co.za

## Notes

## Notes

