



FRANCES BAARD
District Municipality / Distriksmunisipaliteit
Masepala Wa Sedika / U Masepala We Sithili

ANNUAL REPORT 2021/22

Comprehensive report on the activities and financial performance
of the FBDM

Frances Baard District Municipality

Annual Report 2021/2022



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ACRONYMS

AFS	-	Annual Financial Statements
CBO	-	Community-based Organisation
CDW	-	Community Development Worker
COGHSTA	-	Department of Cooperative Governance, Human Settlements & Traditional Affairs
DEDAT	-	Department of Economic Development and Tourism
DIGF	-	District Inter-governmental Forum
DoRA	-	Division of Revenue Act
EPWP	-	Expanded Public Works Project
FBDM	-	Frances Baard District Municipality
FTE	-	Full-time Equivalent
GIS	-	Geographic Information System
GRAP	-	Generally Recognised Accounting Practice
HH	-	Households
ICT	-	Information Communication Technology
IDP	-	Integrated Development Plan
KPA	-	Key Performance Area
KPI	-	Key Performance Indicator
LED	-	Local Economic Development
LGSETA	-	Local Government Sector Education & Training Authority
MFMA	-	Municipal Finance Management Act
MIG	-	Municipal Infrastructure Grant
MPAC	-	Municipal Public Accounts Committee
NCPA	-	Northern Cape Provincial Administration
NEAR	-	National Emergency Alarm Radio System
NGO	-	Non-government Organisation
NHNR	-	National Housing Needs Register
O&M	-	Operation and Maintenance
PIGF	-	Premier's Inter-governmental Forum
PMS	-	Performance Management System
SALGA	-	South African Local Government Association
SETA	-	Sector Education and Training Authority
SDBIP	-	Service Delivery & Budget Implementation Plan
SDF	-	Spatial Development Framework
SMME	-	Small, Medium & Micro Enterprises
SPM	-	Sol Plaatje Municipality
WSP	-	Workplace Skills Plan

Vision

An innovative municipality that aims to improve the quality of life of communities through integrated planning.

Mission

- To promote shared services and capacity building in local municipalities
- To promote effective community and stakeholder management
- To promote social and economic development, and;
- To utilize available resources economically and effectively

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”

Chapter 1 - Mayor's foreword and executive summary

1.1 Mayor's foreword



Ms HU Buda
Executive Mayor

We were inaugurated into office on 03 December 2021, and we hit the ground running.

During December 2021 and January 2022, we already engaged with stakeholders on the strategic direction for the next five years. Our deliberations culminated in a workshop on 20 January 2022 where we engaged with our local municipalities to finalise the strategic planning for the district which serves as framework for our term of office.

Our efforts during the strategic planning engagements enabled us to draft the district IDP 2022/23 - 2026/27. The draft IDP was tabled before Council in March 2022 and we hosted an IDP and budget representative forum in May 2022. This enabled us to adopt the final IDP for the next five years on 25 May 2022, along with the 2022/23 budget.

We have continued to cut down on expenditures in order to improve our investment of funds in capital programmes and operation and maintenance (O&M). However, we allocated R14m to category B municipalities and managed to fund nine projects from these funds. Through the adjustment budget, Council granted an additional amount of R6,5m for capital projects which was allocated as follows: R5m for procurement of fleet for the local municipalities and R1,5m for Magareng Local Municipality. Unfortunately, we could not purchase the fleet/machinery in the year under review due to the moratorium of National Treasury on the procurement processes and the full amount was rolled over to the 2022/23 financial year.

We received an EPWP incentive grant of R1,077m for the 2021/22 financial year where 71 job opportunities were created and thus allowing us to exceed the annual target of 14 Full Time Equivalents (FTE's) by achieving 27,84 FTE's.

We remain mindful that our smaller municipalities in the district are still having challenges with financial and technical capacity constraints and we are continuing to provide support in areas such as integrated development planning and financial management, amongst others.

It is a year after the Covid-19 pandemic reached its peak in our country and it will take us a while to recover, both on an economic and social level. We continue to support SMMEs through the identification of local economic development investment opportunities that focusses on promoting investment and business opportunities and we will continue with the development of an inclusive economy through the emerging farmer development and women empowerment programmes. We also allocated funds in the year under review towards fighting Gender-based Violence and Femicide (GBVF), which is a pandemic on its own, and we will continue with activities that raises awareness among community members.

We have a duty and responsibility to ensure a better life for our constituencies and as a Council we will remain steadfast to ensure that we never lose focus of that.

I wish to convey my sincere gratitude to the administration and Council of Frances Baard District Municipality, for without their invaluable inputs and efforts we would not have been able to achieve yet another unqualified audit without matters for the 2020/21 financial year.

To our partners in provincial and national government, thank you for the unfailing support. To our local councils and all stakeholders, we extend our warmest thanks, because of your support and contribution, our municipality has remained viable and still a main contributor to service delivery in the district.

1.2 Executive summary

Municipal Manager's Overview

We welcomed the new Council in December 2021, which was almost at mid-term. This was an exciting time as we managed the transition from the previous Council to the current one without any challenges as the new council started performing their responsibilities at the outset.

In this annual report, we share our account on our successes and shortcoming for the year under review.

Our main focus for the financial year was on the following:

- Building a district municipality which is efficient, effective and responsive but resilient under the current economic climate. We remain concerned with the decrease in our revenue, even though we have made allocation to our local municipalities on both the capital projects (R15 500) and for operation and maintenance (R11 000). These are totals of the original and the adjusted budget. This is obviously not sustainable if revenue continues to decline and we are challenged to create revenue raising mechanisms both in the medium and long term. We have strengthened our internal controls and systems to assist us in implementing our cost containment policy. The success of such a difficult exercise is dependent on the support, work and collective wisdom of all the constituent parts of the municipality on the disbursement and expenditure on the budget.
- Assisting our local municipalities to provide the much needed services to our communities. We report that there were roll overs on infrastructure projects for the year under review. This was a result of interruption on our procurement of some of our services because the Constitutional Court had to make a ruling on the validity of the preferential procurement regulations. The clarity on how to proceed on procurement took longer and affected our due processes.
- Promoting economic development within the district. We have put a lot of effort to assist our SMME's to continue to operate under difficulties caused by the covid-19 period
- The promotion of the culture of good governance. We did this through public participation, sound budgetary planning and strong performance management practices.

The Auditor-General has just issued the audit opinion and we acknowledge and appreciate the dedication of our team in ensuring a smooth and speedy external audit process. We are forever grateful to our Council and its committees for its dedication in playing their oversight and leadership role over the municipality. Special appreciation is to the executive management and the entire staff for their dedication and hard work in ensuring that we sustain the good performance of the municipality.



Municipal Manager
Ms Z.M Bogatsu

1.3 Municipal functions, population and environmental overview

The delivery efforts of the municipality remains focussed on assisting category B municipalities in terms of infrastructure for the provision of free basic services as well as operation and maintenance support. The district municipality continues to assist the smaller local municipalities with adhoc administrative, technical and financial management support.

We continue to strengthen our efforts to assist our local municipalities to deliver the much needed services to our communities. Frances Baard District Municipality continued to provide funding for operation and maintenance and capital projects in the year under review. Our assistance is not only through financial support but we provide our local municipalities with technical support (engineering technicians and the building inspectorate).

The district municipality have sound internal systems in place to promote and uphold accountable, efficient and effective operations. As the sphere of government closest to civil society, it is important that the district municipality sustains its developmental focus. The municipality prides itself in having sound financial management approaches as a cornerstone for effective and efficient performance.

The Frances Baard District is made up of the district municipality (category C municipality) and four local municipalities (category B municipality). Each of the local municipalities exercise and perform powers and functions to provide municipal services on an equitable and sustainable manner. We continue to assist our local municipalities in building the capacity that enables them to be in a position to discharge their mandate.

As the purpose of a district municipality is to respond to the needs and capacity gaps of local municipalities, the Constitution allows for the district municipality to play a different role in respect of each local municipality in its district. The division of functions and powers between a district municipality and the local municipalities in the district can be asymmetrical and will depend on need and capacity. A district municipality must distribute resources within a district according to needs, assist and capacitate local municipalities to enable them to provide, and sustain the provision of services in their areas; and thirdly, promote economic development in the district. This is done by implementing the shared-service model concept.

District-wide priority issues

1. Water and sanitation
2. Roads and storm water
3. Housing and Land Development
4. Electricity
5. Spatial transformation
6. Disaster Management
7. Environmental Health Management
8. Local Economic Development and Youth Development
9. Unemployment
10. Social and community services

According to the district IDP the priority areas for the local municipalities in the Frances Baard district are as follows:

Municipal area	Top four priority areas
Dikgatlong	1. Water and sanitation, 2. Roads and stormwater, 3. Housing and land and 4. Electricity.
Magareng	1. Water and sanitation, 2. Unemployment, 3. Land development and 4. Education.
Phokwane	1. Land and housing, 2. Roads and stormwater, 3. Health services and 4. Unemployment.
Sol Plaatje	1. Roads (paving and resealing), 2. Stormwater channels upgrade (across the city but specifically in Galeshewe), 3. Electricity - upgrade of substations and electrification of houses and 4. Local economic development.
District-wide	The district-wide priorities: 1. Water and sanitation, 2. Roads and stormwater, 3. Housing and land development and 4. Electricity.

The annual budget in respect of the 2021/22 financial year was prepared according to the approved IDP and budget process plan. The process plan followed after consultation with the local municipalities within the district to ensure alignment.

Geography

The total population of the Frances Baard District is 387,741, which represents 32.5% of the Northern Cape population. Sol Plaatje local municipality consists of the largest population in the district of 66%, followed by Phokwane at 16%; Dikgatlong at 12%; and Magareng with the least population of 6%. The district is the smallest in terms of geographical area in the province. It has four local municipalities in its jurisdiction, namely:

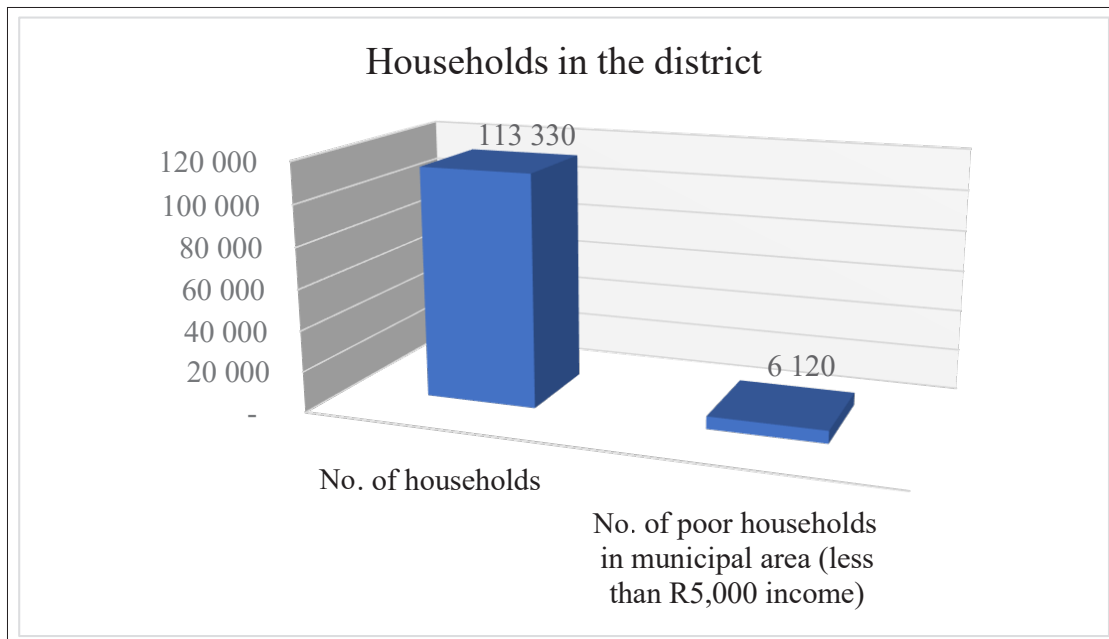
- Sol Plaatje local municipality;
- Dikgatlong local municipality;
- Magareng local municipality; and
- Phokwane local municipality.

The district’s seat is Kimberley in the Sol Plaatje Local Municipal area, with the provincial administration. It is bordered by three districts namely, John Taolo Gaetsewe, ZF Mgcawu and Pixley-ka-Seme as well as two provinces namely, North West province and the Free State.

Our district has the strongest economic potential as compared to the other four districts in the Northern Cape, accounting for 36% of the provincial GDP. The district economy consists of the primary sector (14% - agriculture and mining), secondary sector (9% - manufacturing, electricity and construction) and tertiary sector (77% - trade, transport, financial and social services). The economic growth of the district has also not been a steady one. The district is still characterized by high rate of unemployment which is at 39.4%. Phokwane stands at 47.8%, Magareng at 53.9%, Dikgatlong at 44% and Sol Plaatje at 36.2%.

Population Details			
Population			
Age	Male	Female	TOTAL
Age: 0 - 14	56 755	53 069	109 824
Age: 15 - 34	65 640	60 700	126 340
Age: 35 - 64	52 696	55 018	107 714
Age: 65+	17 141	26 724	43 865
TOTAL	192 231	195 511	387 741

Community Survey, 2016



Socio Economic Status										
Housing Backlog as proportion of current demand		Unemployment rate/		Not economically active		Proportion of HH with no income		Proportion of population in low-skilled employment	Illiterate people older than 14 years	
Incl SPM	Excl. SPM	Incl SPM	Excl. SPM	Incl SPM	Excl. SPM	Incl SPM	Excl. SPM	Excl. SPM	Incl. SPM	Excl. SPM
56%	38%	12%	4%	27%	10%	13%	5%	1%	11%	6%

The district demographic pattern presents the following challenges and opportunities:

Challenges	Opportunities
<ul style="list-style-type: none"> Increased growth in unemployment and poverty levels Increased dependency on social grants Increased number of indigents Decline in municipal revenue generation 	<p>The district has a youthful population (30% of the population is <19 years) that has the potential for learning and acquiring new skills that may reverse the bleak outlook of the district.</p>

Natural Resources			
Major Natural Resource	Relevance to Community	Challenges	Opportunities
Water	Usage of river to supply water for agriculture purposes and usage of river for outdoor activities (tourism)	Insufficient water rights allocated to small emerging farmers.	<ul style="list-style-type: none"> • Increase of farming activity in the district • Water sport activities/ tourism
Arable land	Farming	Skills of emerging farmers, funds to compete with commercial farmers	<ul style="list-style-type: none"> • Supply of malt to the Cape Malt plan • Supply of nuts for oils processing
Diamond, lime deposits & semi precious stones	Mining activity	Skills and funding	Small scale mining and processing of semi precious stones
Game	Game farming and establishment of tanneries	Transformation of industry	<ul style="list-style-type: none"> • Entry of blacks into game farming industry • Promotion of trophy hunting • Establishment of a tannery
Sun light	Establishment and fostering of alternative energy industry and supply of cheaper energy (electricity)	Skills of communities and accessibility to the technology	<ul style="list-style-type: none"> • Alternative energy implements • Cheaper electricity

1.4 Service Delivery Overview

• Capital Projects:

Initially an allocation of R14m was made to category B municipalities for capital projects in the 2021/22 financial year, which funded nine (9) projects across the district. An additional R6,5m was made through capital projects in the adjustment budget for procurement of fleet for the local municipalities and R1,5m for Magareng local municipality. Progress on some of the projects was affected by the interruption of procurement services due to the legal matter on the preferential procurement framework, which was the subject of the Constitutional Court scrutiny.

Sol Plaatje Local Municipality managed to spend the R3.5m allocated to eradicate the potholes in Kimberley by resurfacing streets. Phokwane local municipality could not complete all the capital projects in the financial year. Council approved a roll-over of R2,68m to the 2022/23 financial year to complete the projects. Due to the legal matter surrounding the preferential procurement framework, the purchasing of the equipment and vehicles for Dikgatlong local municipality could also not be completed in the financial year. A roll-over of R3,5m was approved for the 2022/23 financial year. Magareng local municipality received an additional R1,5 million for capital projects in March 2022.

The municipality however needed more funding for operations and maintenance and requested to use R1,5 million (VAT inclusive) on O&M projects. The remaining allocation was used to construct a 900m concrete palisade fence around the Warrenton Waste Water Treatment Works (WWTW); to do a feasibility study on the relocation of the WWTW and related bulk outfall lines and to construct a new internal water reticulation in Ditshotshwaneng, Rabaki & Sonderwater.

An additional R5m was approved by Council for the procurement of fleet/machinery for the local municipalities, however, due to the legal matter surrounding the preferential procurement framework, the funds were rolled over to the 2022/23 financial year.

Operation and Maintenance (O&M):

An amount of R7,1m was allocated for the O&M programme for the current financial year. With a further R5m approved in the adjustment budget. The funds were divided to have: R1,5m each for Magareng and Dikgatlong and R1m each for Phokwane and Sol Plaatje local municipalities. Magareng local municipality had to use R1,5m of its capital budget for O&M projects because of the unforeseeable and emergency related projects

- Rural Roads Asset Management System (RRAMS):

The purpose of the grant as stated in the Division of Revenue Act (DORA) is to assist municipalities in setting up their rural road asset management systems. Through this programme the extent and condition of all municipal streets are determined and reported to be used for planning for upgrading, refurbishment and maintenance of roads. The road and traffic data are collected in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA). The project started in the 2015/16 financial year. The district municipality has been allocated R2,58m for the implementation of RRAMS for 2021/2022 financial year. The district municipality has appointed a service provider on a three-year contract for the RRAMS programme, which will end in June 2024.

- EPWP:

We received an EPWP incentive grant of R1,077m for the 2021/22 financial year and set the target of 14 full time equivalents (FTE). The following projects were implemented within the district through the EPWP programme:

- Youth Entrepreneurship Development Programme (YEDP) - the program is ongoing and created a total of 10.06 FTE for the year under review;
- Brick Production, Dikgatlong local municipality - this project included works in the maintenance of basic infrastructure services, including the production of interlocking bricks and kerbs using raw materials and labour. A total of 5.58 FTE was generated; and
- Operation and maintenance of municipal amenities, Magareng local municipality - this project included works in the maintenance of roads and stormwater structures within the road reserve including, grass cutting, fencing, cleaning/clearing of blocked stormwater structures, clearing of the vacuum sewer system and general cleaning using manual labour. Forty (40) participants were employed, and 12.20 FTE was generated.

- Housing:

The review of the Human Settlements Sector Plans and Chapters of the IDP for the Dikgatlong, Magareng and Phokwane municipalities was completed, as well as the integrated plan and chapter for Frances Baard for the 2022/23 year. This review was the last for this cycle and a new document will be compiled in the 2022/23 financial year for implementation in 2023/24. The housing unit also assisted with quality control on the Delpoortshoop: Phase 2 (46) project and the Barkly West: Buffer Zone (50). Both projects were in the second phase.

- Environmental Health:

The district municipality renders municipal health services (MHS) in three of the local municipalities, namely Phokwane, Magareng and Dikgatlong. The municipality has entered into an MOU with Sol Plaatje Municipality for rendering of MHS in the Sol Plaatje municipal area on behalf of FBDM. The appointment of an adequate number of Environmental Health Practitioners (EHPs) remains a challenge, as the National Environmental Health Norms and Standards prescribes a ration of 1: 10 000. The Environmental Health unit was audited in December 2021 for National Environmental Health Norms and Standards compliance and achieved 74% for environmental health services which was an improvement from the 2019/2020 audit where the unit achieved 64%.

- Disaster Management and Fire Fighting:

The municipality supports three local municipalities in its jurisdiction, namely Phokwane, Magareng and Dikgatlong to implement the provisions of the Disaster Management Act. The Sol Plaatje local municipality has its own disaster management unit which operates independently from the district municipality. Disaster management volunteers are trained on an annual basis and are deployed in cases of disastrous events and this year 20 volunteers were trained.

- Local economic development:

We performed the following on the year under review on LED:

- Thirty (30) SMMEs were assisted and/or supported with business skills and development support to improve their continuity and sustainability during and after the covid-19 pandemic. The training programme aimed at ensuring that participating entrepreneurs can translate business theory into business practice. The academic training curriculum was a Higher Certificate in Business Management, NQF level 5 and included business management, development, and mentoring. The annual Small Business Week took place from 24 - 26 November 2021 and serves as a platform to reflect on the state of entrepreneurship in the district and to encourage entrepreneurship, especially among our young people.

- The district municipality and three SMMEs attended SAITEX from 19 - 21 June 2022. SAITEX facilitates tangible international and local trade relationships, whilst providing a platform for the private sector to demonstrate the innovations, solutions, and services they have to offer Africa.
- Tourism

Our performance on the tourism function for the 2021/22 financial year entails the following:

- We rolled out a 2-day tourism tech savvy workshop on 02 - 03 September 2021 in partnership with Sol Plaatje Local Municipality, MLab, Galeshewe SMME Village, SEDA, DEDAT, Tourism Grading Council and the Northern Cape Innovation Forum. Through the training programme we aimed to equip tourism SMME's with new digital skills that will enable them to apply business technologies in their businesses and to boost business productivity and business data management as well as innovation. Various local tourism business owners attended the workshop, which focussed on following up on progress from the previously held workshop to measure the technology adoption rate of local tourism businesses and to improve their tourism grading status.
- Spatial Planning

In the 2021/22 financial year the district municipal planning tribunal received and processed ten (10) land development applications ranging from township establishments, consent application, closure of the public open space, rezoning, subdivisions, consolidations, infill developments, relaxation of building lines and the removal of the title deeds conditions.

- GIS

We implemented a land use survey for Magareng Local Municipality to study changes in land use to define the current state of land use in the municipality with specific emphasis on updating the land use scheme that was done for the municipality in 2015/16 and to update the land use register which feeds into the billing database.

1.5 Financial Overview

The objective of the municipality is to provide democratic and accountable government for our local communities; to ensure the provision of services to communities in a sustainable manner; to promote social and economic development, to promote a safe and healthy environment. However, the challenge remains limited resources allocated to municipalities to fulfil its mandate. Therefore, the responsibility is vested upon us to ensure that we apportion the limited resources to invest in capital projects at the local municipalities as well as maintaining their aging infrastructure assets, to enhance service delivery within the Frances Baard district.

The South African economy took almost two years to recover from the worst of the COVID-19 pandemic. After plummeting in the second quarter of 2020, when lockdown restrictions were at their most stringent. South African gross domestic product (GDP) clawed itself back to pre-pandemic levels in the first quarter of 2022 (Q1: 2022). South African gross domestic product (GDP) expanded by 1,9% in the first quarter of 2022, representing a second consecutive quarter of upward growth. After two consecutive quarters of positive growth, real gross domestic product (GDP) decreased by 0,7%1 in the second quarter of 2022 (Q2: 2022).

As much we as a country battled the COVID-19 pandemic for the past two years, and affected the economic growth, the municipality was still able to manage its financial affairs irrespective. The municipality had a surplus of R4,532,022 (2020/21: R7,705,822).

There was an increase on the allocations to our local municipalities in the 2021/22 budget as compared to the 2020/21 financial year. The funding was allocated to the local municipalities to assist with the operation & maintenance (O&M) and renewing their capital aging infrastructure assets to ensure enhancement of service delivery on the Frances Baard communities.

A net asset was realised of R151,448,636 (2020/21: R128,140,787), which indicates that the municipality's total assets were more than the total liabilities. The amount of net cash inflows for the year from operating activities decreased to R6,557,832 (2020/21: R10,080,761). The municipality has been able to pay the creditors within a 30-day period as required by the law.

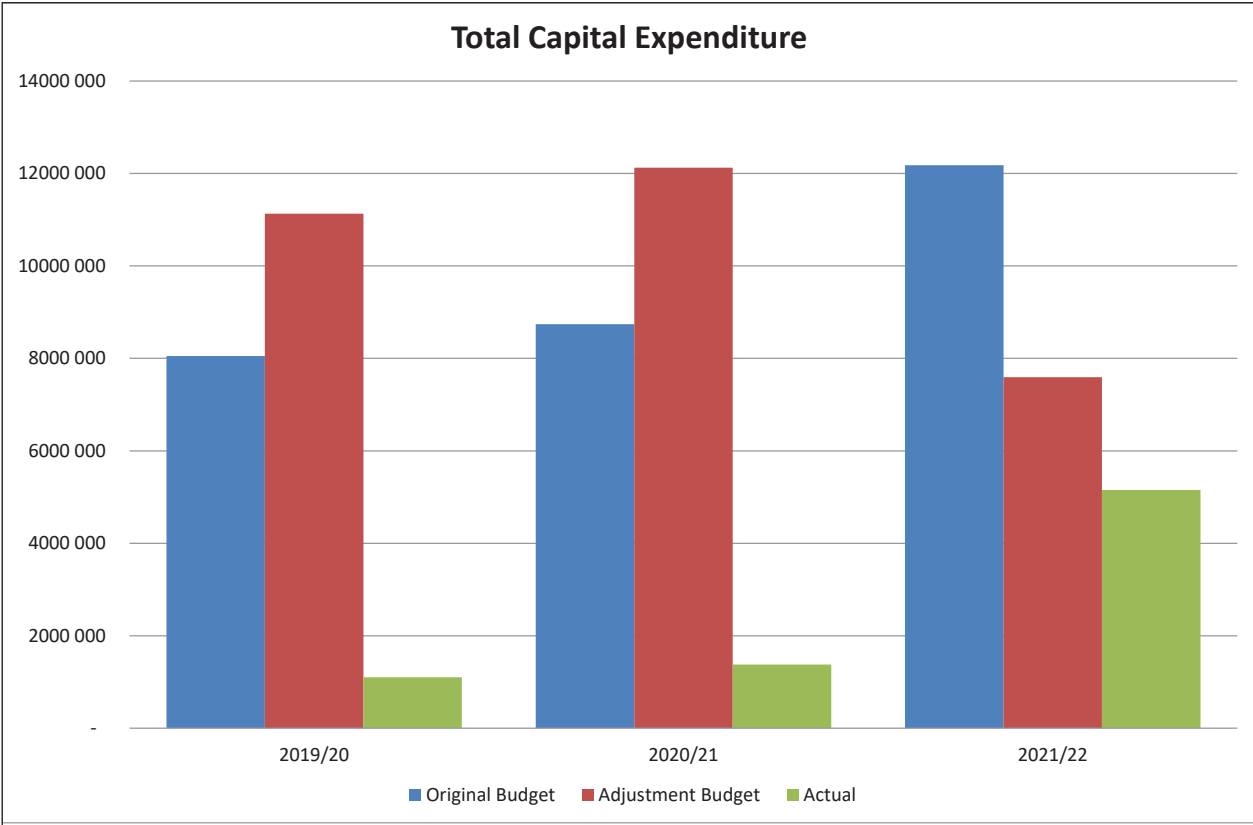
The municipality has always strived to maintain a healthy financial position and continues to monitor its financial status and as such is showing improved financial results on an annual basis. To verify the commitment made, the financial viability of the municipality is still being assessed by the Office of the Auditor-General Office for the 2021/22 financial year with the audit underway, however this is what has been disclosed in the 2021/22 AFS.

Financial Overview - 2021/22			
	R'000		
Details	Original Budget	Adjustment Budget	Actual
Income			
Grants	137 078	137 128	133 164
Taxes, Levies and tariffs			
Other	7 470	7 470	6 361
Sub-Total	144 548	144 598	139 525
Less Expenditure	161 602	165 428	134 993
Net Total*	(17 054)	(20 830)	4 532
*Note: surplus/(deficit)			

Operating Ratios	
Detail	%
Employee Cost	51.48%
Repairs & Maintenance	0.63%
Finance Charges & Depreciation	2.72%

The employee costs currently stand at 51,48% of the total budget of the municipality. It is important to highlight that since the municipality has a statutory mandate to support the local municipalities, it employed dedicated personnel with highly technical skills to live up to the challenge of supporting our local municipalities, included in the 51,48% reported.

Total Capital Expenditure 2019/20 - 2021/22			
	R'000		
Detail	2019/20	2020/21	2021/22
Original Budget	8 050	8 740	12 179
Adjustment Budget	11 130	12 126	7 592
Actual	1 101	1 375	5 153



The actual expenditure incurred on fixed assets represents an efficiency rate of 67.87%. There are savings realised on capital items budgeted due to projects rolled-over as well as projects completed with savings. There was a roll-over for the disaster management building in Jan Kempdorp, which is not yet completed.

1.6 Organisational Development Overview

The performance highlights presented in this report is indicative of our consistent progress across all departments in the municipality. This is as a result of an established performance management system which ensures that all employees, individually and collectively contribute to the achievement of our objectives.

However, we will not ease up on ensuring that we play our part in eradicating poverty through accelerated economic growth activities and basic service delivery support to our local municipalities. We know that continued attention to these areas is crucial to achieve our ultimate goal of improving the lives of the community of the district.

We have a high vacancy rate at senior management as we have been struggling to attract suitable candidates a matter which can be attributed to the current remuneration reforms. We are continuing to, within statutory limitations, find best suitable ways to fill all vacancies in the next financial year.

We completed phase 1 of the establishment of the satellite Fire Station in Jan Kempdorp and the project will enhance our fire fighting function in the district .Phase 2, which is the final phase, and will be completed in the next financial year. Our performance on the environmental health function is consistent and we registered a slight improvement from the previous financial year performance

We are continuing to build capacity of the workforce so that we can improve our effectiveness and be efficient. For the year under review, we spend 72% of the allocation made to bursaries o our employees and 34% on skills development. The low spending on skills development programmes is attributed to covid-19 in which there were some restrictions in the year under review.

We continue to We continue to invest in preparing our young graduates for the job market through our internship programme. We have an intake of 18 internship in the fields of finance, internal audit, legal and compliance, local economic development, tourism and performance management.

1.7 Statutory Annual Report Process

No.	Activity	Timeframe
1	Consideration of next financial year's budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved budget and IDP commences (In-year financial reporting).	
3	Finalise 4th quarter report for previous financial year	
4	Submit draft annual report to Internal Audit and Auditor-General	
5	Audit/Performance committee considers draft annual report of municipality and entities (where relevant)	August
6	Mayor tables the unaudited annual report	
7	Municipality submits draft annual report including consolidated annual financial statements and performance report to Auditor-General.	
8	Annual performance report as submitted to Auditor-General to be provided as input to the IDP Analysis Phase	
9	Auditor-General assesses draft annual report including consolidated annual financial statements and performance data	Sept. - Oct.
10	Municipalities receive and start to address the Auditor-General's comments	November
11	Mayor tables annual report and audited Financial Statements to Council complete with the Auditor-General's Report	
12	Audited annual report is made public and representation is invited	
13	Oversight committee assesses annual report	
14	Council adopts oversight report	December
15	Oversight report is made public	
16	Oversight report is submitted to relevant provincial councils	
17	Commencement of draft budget/ IDP finalisation for next financial year. Annual report and oversight reports to be used as input.	January

This annual report is intended to provide a summary of our achievements and reflect how the municipality has performed in terms of governance and financial management.

It also provides an overview of our financial position, especially the cash flow and how we are progressing to ensure that we remain a going concern. Our stakeholders and interested parties may use this information to make important decisions.

The IDP is a strategic document that clearly outlines the development objectives and provides a policy framework that guides management in decision-making relating to budgeting and planning. Our 4th generation IDP sets the tone of the vision of the current term of Council.

It is aligned to the budget through programmes and action plans to give operational effect to the objectives. The alignment of the IDP, budget, performance plans of directors, line managers and project management are creating the benefit of ensuring that the municipality has an effective system of performance management.

Chapter 2 - Political and Administrative Governance

2.1 Political Governance

The Executive Mayor as the political head of the municipality, working with the Speaker who is the chairperson of Council, are responsible for ensuring an effective governance within the statutory framework as well as within system and policies of the municipality.

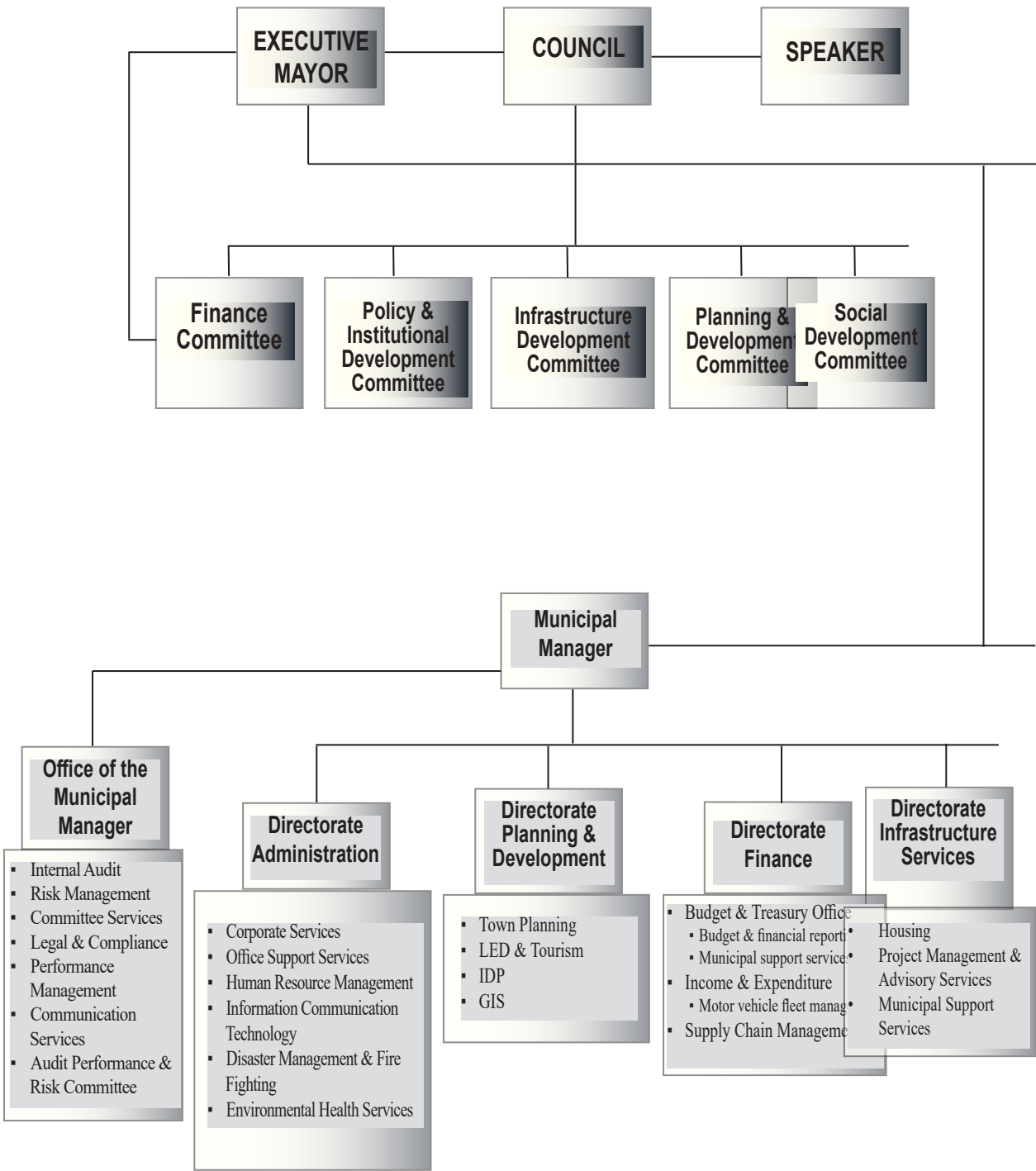
Political governance and transformation is one of the major determining factors in driving the vision of a district which is development focussed and therefore improves the quality of life of the people in its area of jurisdiction.

The council is empowered to address the existing and future needs of the district community and it does so through its resolutions. Council members embody the public welfare of our communities which means trying to provide basic services within its resource limitations and carry out the concerns expressed by the people affected by their decisions.

The Executive Mayor, with her mayoral committee, ensures that there is accountability by the administration through the five established section 80 committees (finance, policy and institutional development, social development, infrastructure development and planning and development).

The Municipal Public Accounts Committee (MPAC) remains the watchdog of the municipal resources and recommends its decisions to council for its resolutions. This grants council with the opportunity to keep both the administration and councillors accountable for the usage of the municipal resources and therefore promotes an environment of good governance and internal controls.

2.1.1 Governance Model



2.1.2 Audit, performance and risk committee

FRANCES BAARD DISTRICT MUNICIPALITY AUDIT, PERFORMANCE AND RISK COMMITTEE ANNUAL REPORT FOR THE PERIOD ENDING 30 JUNE 2022

1. PURPOSE

The Committee is honoured to present its report for the financial period ending 30 June 2022. The committee was functional throughout the year and had several engagements with management on matters related to financial management, internal control, risk management, performance management and governance. The committee would like to acknowledge the attendance and participation of the Accounting Officer and senior management as well as internal audit and chief risk officer in committee meetings.

2. LEGISLATIVE REQUIREMENTS

We are required to present Council with an annual report for the primary purpose of advising the Municipal Council, political office bearers and accounting officer on matter relating to section 166 (2) – (3) of the Municipal Finance Management Act and other applicable laws and regulations.

3. AUDIT COMMITTEE MEMBERS AND MEETINGS DETAIL

3.1 Committee structure and assessment

The established committee consists of 3 independent external members as listed below:

- | | |
|------------------|-------------|
| • Mr TDJ Mogoli | Chairperson |
| • Mr GR Botha | Member |
| • Mr T Mudamburi | Member |

The Committee Chairperson should assess the performance of individual Committee members, and the Council should evaluate the Committee’s chairperson based on several factors. These include:

- Expertise;
- Inquiring attitude,
- Objectivity, and independence;
- Judgment;
- Understanding of the public-sector business;
- Willingness to devote the time needed to prepare for and participate in Committee deliberations;
- Timely responses; and
- Attendance at meetings

Overall the Chairperson is satisfied that the current members, have displayed sufficiently, through behaviour and attitude, that the expectations set out in the Audit Committee Charter have been adhered to.

3.2 Meeting details

The committee is required as per the MFMA section 166(4)(b) to meet at least four times during a financial year.

The committee has met on the dates set out below in the table to execute its mandate in accordance with the agenda of the day.

Dates	TDJ Mogoli	G Botha	T Mudamburi
18 August 2021	✓	✓	✓
25 August 2021	✓	✓	✓
30 August 2021	✓	✓	✓
08 March 2022	✓	✓	✓
Total	4	4	4

4. AUDIT COMMITTEE RESPONSIBILITIES

The committee is pleased to report that it has complied with its responsibilities arising from Section 166(2) of the Municipal Finance Management Act, Section 41 of the Municipal Systems Act, Local Government Municipal Planning and Performance Management Regulation and relevant Treasury Regulations and circulars and other relevant legislation. The committee has formally adopted its terms of reference as its Audit, Risk and Performance Committee charter and has regulated its affairs in compliance with this charter and discharged their duties as contained therein.

AUDIT COMMITTEE COMMENTS

5.1 INTERNAL AUDIT

5.1.1 Staff

The committee took note that the internal audit unit is headed up a Chief Audit Executive (CAE) and supported by a number of staff members. The audit committee is satisfied that the staff complement is sufficient to perform its duties in respect of the Frances Baard District Municipality. The FBDM however provides an internal audit function to the local municipalities (Dikgatlong and Magareng) and based on the audit annual plan an amount of the work is outsourced. The long-term vision of this important support service will require the attention of the Council to consider the optimal human resource component and associated resources required to meet the continuous demands placed on effective governance.

5.1.2 Performance

The committee is satisfied that the internal audit unit performed its activities in all material respects in accordance with the approved internal audit plan for the financial year read with section 165 of the Municipal Finance Management Act. Quarterly internal audit reports reflecting the progress were adopted at the normal meetings held during the year. Where appropriate the audit committee expressed their views on the progress and we are overall satisfied with remedial actions taken by the CAE and Accounting Officer.

5.1.3 Training

The committee will continue to motivate and support the furthering of professional development in a bid to achieve the desired qualification for the approved positions of the internal audit unit.

5.2 EXTERNAL AUDIT/AUDITOR-GENERAL SOUTH AFRICA

The committee engaged with the external auditor on the 2021/22 audit cycle to consider the draft audit report and took note of the audit opinion expressed.

5.3 EFFECTIVENESS OF INTERNAL CONTROL

The committee is of the view, based on the independent evaluations conducted by internal audit during the year as well as reports submitted to the committee that a system of internal controls have been established by the accounting officer.

5.4 RISK MANAGEMENT

The committee is satisfied with the progress made with risk management in the district municipality. A separate risk management committee has not yet been established and the responsibility currently resides with the audit committee. As the risk management maturity level improve, so will the processes mature to have a risk management committee reporting to the audit committee in the future.

5.5 PERFORMANCE MANAGEMENT

The municipality established a performance management system incorporating the institution performance report and performance agreements of the accounting officer and senior management. Throughout the financial year management provided assurance on the reported performance information, supported by report by internal audit. Weaknesses on reported performance information were addressed by management throughout the year.

5.7 THE ANNUAL FINANCIAL STATEMENTS

5.7.1 Unaudited financial statements and related performance reports.

The committee reviewed the draft financial statements and related reports before submission to the Auditor general of South Africa by 18 August 2021, 25 August 2021 and 30 August 2021.

5.7.2 Changes in Accounting Policies and Practices

The committee considered any changes to the accounting standards (GRAP) and took note that the municipality did not early adopt any amendments to the standards. The impact of these amendments does not appear to be significant.

5.7.3 Compliance with laws and regulations.

The committee took note that the municipality complied in all material respect with laws and regulations. Assurance was obtained from management and internal audit throughout the financial year.

6. CONCLUSION

Whilst the audit committee strives to add value and strengthen the governance of the municipality, the benefit thereof can only be derived through concerted efforts by both Management and the Council to implement the resolutions and recommendations provided by the audit committee.

The committee would like to urge both Management and the Council to work as a collective to continue obtain a clean audit report without findings.



.....
Mr.T.D.J Mogoli CA(SA)
Chairperson of the Audit, Performance and Risk Committee

2.1.3 Political Structure



Ms U Buda
Executive Mayor



Ms KC Mothibi
Speaker



Mr AK Zalisa
Finance Committee



Ms LN Shushu
Policy & Institutional
Development Committee



Ms OM Ditakgwe
Social Development
Committee



Ms MD Tawana
Planning & Development
Committee



Mr ME Mokgathlanyane
Infrastructure
Development Committee



Mr I Ruiter
MPAC

See **Appendix A** - full list of councillors (including committee allocations and attendance at council meetings)

See **Appendix B** - committees and committee purposes

2.1.4 Political Decision-taking

Council remains the highest decision-maker in accordance with the Municipal Structures Act. Council has the following section 80 committees to assist with its oversight and decision-making:

- Finance;
- Social Development;
- Planning and Development;
- Infrastructure; and
- Policy and Institutional Development.

The Municipal Public Accounts Committee has the power to investigate any matter relating to the financial resources of the municipality and make clear recommendations to Council for its decision.

Council is also supported by the audit, performance and risk committee to arrive at its decisions. The committee provides an independent assessment of the activities of the control environment of the municipality.

The Speaker ensures the effectiveness and the functionality of Council and its committees. She is also the custodian of the decorum of all council sittings and the discipline of councillors.

Council resolutions taken for the 2021/22 financial year

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Infrastructure Unit: Report on sewer spillage on R31 - Sol Plaatje Local Municipality	1. Council noted contents of the report.	28 July 2021	The report was submitted to council to inform council of the situation on the R31 road. It was for council to take note.	
Writing-off of grader (BYW 567 NC) and caravan (CDC 041 NC)	1. Council noted the contents of the report. 2. Council approve the writing-off of the Grader (BYW 567 NC). 3. Council resolved that administration to evaluate how the caravan (CDC 041 NC) can be utilised as it is still in a good condition.	28 July 2021	The assets were written off, grader donated to Magareng Local Municipality and caravan will be utilised by the district municipality.	
Report on the positions under road maintenance - the grader operator (vacant) and the assistant grader operator (filled)	1. Council noted the contents of the report. 2. Council resolved that the grader operator position be made redundant since it is already vacant, and the assistant grader operator be moved to the finance department to occupy the vacant position of Stores Assistant.	28 July 2021	The positions are not being filled and the grader operator assistant has been moved to the finance unit.	
Request for adoption of media policy.	Council noted and adopted the Media Policy.	28 July 2021	No action required	
Request for adoption of branding policy.	Council noted and adopted the Branding Policy.	28 July 2021	No action required	
Request for adoption of communication policy	Council noted and adopted the Communication Policy.	28 July 2021	No action required	
Request for adoption of fraud and risk management policies and strategies	1. Council noted and adopted the risk management policy. 2. Council noted and adopted the risk management strategy. 3. Council noted and adopted the fraud prevention and whistle blowing policy. 4. Council noted and adopted the fraud prevention strategy.	28 July 2021	No action required	
Amendment of finance policies	1. Council approved the amendment of the virement policy and supply chain management policy of the Frances Baard District Municipality; and 2. Council approved the effective implementation of the virement policy and supply chain management policy.	28 July 2021	No action required	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Writing-off redundant assets	<ol style="list-style-type: none"> Council approved the writing-off the attached list of redundant assets per asset category identification; Council noted, subject to recommendation 1 above, that the assets be donated to local municipalities, non-profit organisations and/or schools in the Frances Baard District in term of the Asset Management and Supply Chain Management policies. 	28 July 2021	The assets were written off and donated to NGO's within the district.	
IDP and budget process plan for the 2021/22 financial year	Council approved the proposed IDP and budget process plan in respect of the 2021/22 financial year	26 August 2021	No action required	
The District Integrated Development Planning Framework	Council noted and adopted the District IDP Framework (2022/23 -2027/28).	26 August 2021	No action required	
Monthly Finance Report: June 2021	Council resolved that all matters relating to the filling of vacant positions be referred to the Policy and Development Committee for comprehensive consideration and recommendations to Council.	29 September 2021	The matters on vacancies are part of the human resources report to the Policy & Institutional Development Committee	
Quarterly report on the progress of infrastructure projects in category B municipalities	<ol style="list-style-type: none"> Council noted the contents of the report. Council resolved that the Infrastructure Committee embark on oversight visits to all projects that were funded by FBDM in the previous financial to establish if there is progress made on them. 	29 September 2021	An oversight was arranged for the committee	
Monthly Finance Report: July 2021 Change of insurance model for property, plant and equipment – from carrying value to replacement value	<ol style="list-style-type: none"> Council noted the contents of the report. Council approved the insurance model change from carrying value to replacement value with effect from 1 January 2022. 	29 September 2021	The change of the insurance model was implemented.	
Writing-off redundant assets	<ol style="list-style-type: none"> Council approved the writing-off of the attached list of redundant assets per asset category identification. Council resolved that, subject to recommendation 1 above, that the assets be donated to local municipalities, non-profit organisations and/or schools in the Frances Baard District in term of the Asset Management and Supply Chain Management policies. 	29 September 2021	The assets were written off and donated to NGO's within the district.	
ARCGIS Desktop Standard Licence Ver 10 - Gis Unit	Council approved that the ARCGIS Desktop Standard Licence Ver 10 be written-off and removed from the asset register of the municipality.	29 September 2021	The system was approved for write-off and removed from the assets register.	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Approval of the 2021/22 Audit, Performance And Risk Committee Charter	Council approved the audit, performance and risk committee charter for 2021/22 financial period.	29 September 2021	No action required	
Establishment of committees	<ol style="list-style-type: none"> 1. Council resolved to maintain the current committee system. 2. Council resolved to defer the establishment of Committee of Councillors to the next council meeting to allow each political party to prepare names of their Councillors to be allocated to different committees. 	03 December 2021	<p>Was deferred to the meeting of 03 February 2022 and implemented based on the council decision taken during that meeting</p> <ul style="list-style-type: none"> • All councillors submitted their written declaration of interest, even though beyond the 60 days period. • No action needed • no action needed 	
Declaration of interest	<ol style="list-style-type: none"> 1. Council resolved that all Councillors submit a completed declaration of interest form to the Municipal Manager, within 60 days from the date of this meeting, with their written financial interests in the municipal prescribed format. 2. Council noted the regulation with regard to declaration of gifts. 3. Council noted the provision of items 5 and 7 of the Code of Conduct for Councillors as contained in Schedule 1 of the Municipal Systems Act, 2000. 	03 December 2021		
Delegation of powers to the executive mayor, other political structures and/or administration	Council approves system of delegations of the municipality and that a review be prepared and submitted to the relevant committee for processing before tabling in council.	03 December 2021	The review process is still in progress	
Code of Conduct for Councillors	Council noted and approved the Code of Conduct for Councillors.	03 December 2021	No action required	
Rules of Order	Council approved the standing rules of order for the regulation of business of sitting of Council and matters connected therewith.	03 December 2021	No action required	
Remuneration of councillors in terms of the Remuneration of the Public Office Bearers Act, No 20 of 1998	<ol style="list-style-type: none"> 1. Council noted the upper limits as published by the Minister responsible for local government in the government gazette 43246 of 24 April 2020. 2. Council approved the Executive Mayor, Speaker, Members of the Mayoral Committee and the Chairperson of the Municipal Public Accounts Committee as full-time 	03 December 2021	No action required	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Council and committee meetings: 2021/2022	<ol style="list-style-type: none"> Council noted the council meeting schedule for 2021/2022. Council approved the schedule of meetings for the ordinary sittings of council and its committees as outlined in Annexure 6. 	03 December 2021	No action required	
Appointment of statutory committees: audit, performance and risk committee	<ol style="list-style-type: none"> Council took note of the audit, performance and risk committee appointed for a three-year fixed term which terminates in June 2022. The following members serve on the audit , performance and risk committee: <ul style="list-style-type: none"> ▪Mr. T.D.J Mogoli (chairperson); ▪Mr. T. Mudamburi; and ▪Mr. G Botha. 	03 December 2021	No action required	
Appointment of statutory committees: financial misconduct disciplinary board	Council noted the appointment of the disciplinary board which is serving a three-year term of office.	03 December 2021	No action required	
Appointment of the District Municipal Planning Tribunal	Council noted and approved the need to urgently finalise the appointment of the District Municipal Planning Tribunal for a period of five-years.	03 December 2021	Finalised. The gazette notice of the members and operation date was published on the 06 June 2022.	
Second quarter & mid-term municipal performance report	<ol style="list-style-type: none"> Council considered and approved the second quarter performance report for the period of 01 July 2020 to 30 September 2020. Council considered and approved the mid-term performance report for the period of 01 July 2020 to 31 December 2020. 	26 January 2022	No action required	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Mid-Year Budget And Performance Report: Adjustments budget in respect of the 2020/21 financial year	<ol style="list-style-type: none"> Council considered the content of the report; Council approved of the adjustment budget as per recommended resolution tabled; Council resolved that the adjustment budget of Frances Baard District Municipality for the financial year 2020/21, and indicative for the projected outer years 2021/22 and 2022/23 be approved as set out in the following schedules: <ol style="list-style-type: none"> Adjustment Budget Summary – Table B1 (Page 1); Budgeted Financial Performance (Revenue and Expenditure by standard Classification) <ol style="list-style-type: none"> Table B2 (Page 2-3); Budgeted Financial Performance (revenue and expenditure by municipal vote) Table B3 (Page 4-5); Budgeted Financial Performance (revenue and expenditure) – Table B4 (Page 6); Budgeted Capital Expenditure by vote and funding – Table B5 (Page 7-8); Budgeted Financial Position – Table B6 (Page 9); Budgeted Cash Flows Table B7 (Page 10); Cash backed reserves/accumulated surplus reconciliation – Table B8 (Page 11); Asset Management – Table B9 (Page 12-13); and Basic service delivery measurement table B10 (Page 14). Council resolved that the other related supporting documentation to the approved budget be updated according to the adjustments made; and Council resolved that a hard and electronic copy of the complete adjustment budget be submitted to National Treasury, Provincial Treasury and Department of Cooperative Governance, Human Settlement and Traditional Affairs respectively for information. Council resolved to allocate from the savings a further R6,5 million to local municipalities for operation & maintenance broken down as follows: R2 million (Sol Plaatje Local Municipality), R1,5 million (Dikgatlong Local Municipality), R1,5 million (Magareng Local Municipality) and R1,5 million (Phokwane Local Municipality). 	26 January 2022	The mid-term report and adjustment budget were approved, submitted to Treasury, and implemented.	
Appointment of additional member	Council approves the Municipal Manager must follow the required processes to appoint an additional member for the Oversight Committee.	26 January 2022	Not implemented, no interest from possible candidates	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Establishment of committees	<p>RESOLVED</p> <p>1. Council maintained the current committee system as follows.</p> <p>Finance Committee</p> <ol style="list-style-type: none"> 1. Cllr A K. Zalisa African National Congress - Chairperson 2. Cllr M. Kaars Democratic Alliance 3. Cllr K.C Kok Economic Freedom Fighters 4. Cllr. G.V Fish Patriotic Alliance 5. Cllr. W.A.S Hendricks African National Congress 6. Cllr. M.K Molatudi African National Congress <p>Infrastructure Development Committee:</p> <ol style="list-style-type: none"> 1. Cllr M. Mokgathanyane African National Congress - Chairperson 2. Cllr C. Whitaker Democratic Alliance 3. Cllr K.J Botma Economic Freedom Fighters 4. Cllr H. van den Berg Freedom Front Plus 5. Cllr. W.A.S Hendricks African National Congress 6. Cllr. Diloke African National Congress <p>Policy and Institutional Development Committee:</p> <ol style="list-style-type: none"> 1. Cllr O.E Makoko African National Congress - Chairperson 2. Cllr W.A Van Rooyen Democratic Alliance 3. Cllr. J.G Dipahe African National Congress 4. Cllr R.V Raphotho Economic Freedom Fighters <p>Planning and Development Committee:</p> <ol style="list-style-type: none"> 1. Cllr N. Shushu African National Congress - Chairperson 2. Cllr T.E Joubert Freedom Front Plus 3. Cllr. T.H Bopape African National Congress 4. Cllr D.K Leeuw Economic Freedom Fighters 5. Cllr E.K Adams Patriotic Alliance 6. Cllr A. Gallant African National Congress <p>Social Development Committee:</p> <ol style="list-style-type: none"> 1. Cllr D. Tawana African National Congress - Chairperson 2. Cllr D. Harmse Democratic Alliance 3. Cllr E. Davies Phokwane Service Delivery Forum 4. Cllr T.M van Wyk Economic Freedom Fighters 5. Cllr. L.O Amose African National Congress 	03 February 2022	No action required	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation																								
Establishment of committees	<p>RESOLVED</p> <p>1. Council maintained the current committee system as follows.</p> <p>Municipal Public Accounts Committee:</p> <table><tr><td>1. Cllr. I. Ruiter</td><td>African National Congress - Chairperson</td></tr><tr><td>2. Cllr. T.G Diloke</td><td>African National Congress</td></tr><tr><td>3. Cllr. J.G Diphahle</td><td>African National Congress</td></tr><tr><td>4. Cllr. T.M Van Wyk</td><td>Economic Freedom Fighters</td></tr><tr><td>5. Cllr. R. V Raphoto</td><td>Economic Freedom Fighters</td></tr><tr><td>6. Cllr. M. Kaars</td><td>Democratic Alliance</td></tr><tr><td>7. Cllr. T.E Joubert</td><td>Freedom Front Plus</td></tr><tr><td>8. Cllr. E.K Adams</td><td>Patriotic Alliance</td></tr><tr><td>9. Cllr E. Davies</td><td>Phokwane Service Delivery Forum</td></tr></table> <p>2. Council considered and appointed councillors to each of the committee as recommended above in line with the principle of equitable representation by all political parties represented in council.</p> <p>3. There was a nomination of two names; Cllr. Ruiter and Cllr. Kaars for the chairperson of the MPAC and the outcome of the voting was as follows:</p> <table><tr><th>Name</th><th>No. of votes</th></tr><tr><td>Cllr. I Ruiter</td><td>17</td></tr><tr><td>Cllr. M. Kaars</td><td>11</td></tr></table> <p>4. Councillor I. Ruiter was declared as the chairperson of MPAC.</p>	1. Cllr. I. Ruiter	African National Congress - Chairperson	2. Cllr. T.G Diloke	African National Congress	3. Cllr. J.G Diphahle	African National Congress	4. Cllr. T.M Van Wyk	Economic Freedom Fighters	5. Cllr. R. V Raphoto	Economic Freedom Fighters	6. Cllr. M. Kaars	Democratic Alliance	7. Cllr. T.E Joubert	Freedom Front Plus	8. Cllr. E.K Adams	Patriotic Alliance	9. Cllr E. Davies	Phokwane Service Delivery Forum	Name	No. of votes	Cllr. I Ruiter	17	Cllr. M. Kaars	11	03 February 2022	No action required	
1. Cllr. I. Ruiter	African National Congress - Chairperson																											
2. Cllr. T.G Diloke	African National Congress																											
3. Cllr. J.G Diphahle	African National Congress																											
4. Cllr. T.M Van Wyk	Economic Freedom Fighters																											
5. Cllr. R. V Raphoto	Economic Freedom Fighters																											
6. Cllr. M. Kaars	Democratic Alliance																											
7. Cllr. T.E Joubert	Freedom Front Plus																											
8. Cllr. E.K Adams	Patriotic Alliance																											
9. Cllr E. Davies	Phokwane Service Delivery Forum																											
Name	No. of votes																											
Cllr. I Ruiter	17																											
Cllr. M. Kaars	11																											
Client service charter review	Council noted and approved the draft FBDM Client Service Charter Review.	03 February 2022	No action required																									
Frances Baard Municipality communication strategy 2021 - 2026	Council noted and approved the draft external communication strategy 2021- 2026.	03 February 2022	No action required																									

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Draft annual report for the financial year ended 30 June 2021	<ol style="list-style-type: none"> 1. Council is satisfied with the draft annual report tabled. 2. Council noted and read the MPAC oversight report and the Audit, Performance and Risk Committee report on the annual report together and approved both reports as the oversight report. 3. Council approved the 2020/21 draft annual report without reservations. 	30 March 2022	No action required	
Report on the investigations pertaining to the payment of accommodation for executive mayor and his driver	<ol style="list-style-type: none"> 1. Council accepted that the accommodation services were rendered effectively, and there was no financial loss suffered by the municipality. 2. Council approved the writing-off an amount of R42 079.30 VAT exclusive. 	30 March 2022	No action required	
Report on the investigations pertaining to deviation on tender for banking services	<p>Council resolved that the bank charges to the amount of R16 170.18 for 2020/21 financial year be written-off, as this a continuation of the council resolution 07/2020 where council agreed to write-off the irregular expenditure concerning ABSA account.</p> <p>Council noted the following:</p>	30 March 2022	No action required	
Report on the investigations pertaining to the payment of marketing material for hosting of the world health environmental health commemoration day	<ol style="list-style-type: none"> 1.1 A service was rendered effectively, and no financial loss was incurred by the municipality. However, lack of oversight on where revised quotations were supposed to be sourced has elevated the matter to be a finding. 1.2. The SCM batch checklist is important in identifying such human errors and should be thoroughly inspected by supervisor(s) including the acting CFO. 1.3. The Acting MM signed the deviation but did not approve it; this is a serious lack of oversight and needs to be rectified in future. 1.4. Had due care exercised to through scrutinization of payment batch, this type of irregular expenditure could have been avoided. 2. Council approved the writing-off of the R 69 200. 	30 March 2022	No action required	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Draft budget for the 2022/23 financial year	<p>1. Council resolved that the draft annual budget of the municipality for the financial year 2022/23 and indicative of the projected outer years 2023/24 and 2023/25 be approved as set out in the following schedules:</p> <p>1.1 Budget Summary – Table A1 (Pg. B 1);</p> <p>1.2 Budgeted Financial Performance (Revenue and Expenditure by standard Classification) – Table A2 (Pg. B2);</p> <p>1.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) – Table A3 (Pg. B3);</p> <p>1.4 Budgeted Financial Performance (revenue and expenditure) – Table A4 (Pg B4);</p> <p>1.5 Budgeted Capital Expenditure by vote, standard classification and funding – Table A5 (Pg. B5);</p> <p>1.6 Budgeted Financial Position – Table A6 (Pg. B6);</p> <p>1.7 Budgeted Cash Flows Table A7 (Pg. B7);</p> <p>1.8 Cash backed reserves/accumulated surplus reconciliation – Table A8 (Pg. B8);</p> <p>1.9 Asset Management – Table A9 (Pg. B9-10);</p> <p>1.10 Basic service delivery measurement table A10 (Pg. B11).</p> <p>2. Council approved that the further refinement of the draft budget with regards to prescribed supporting documentations and consideration of issues raised in the item before final adoption of the budget in May 2022.</p>	30 March 2022	The draft budget was approved and submitted to Treasury.	
Draft District Integrated Development Plan : Planning 2022/23 – 2026/27.	Council approved the fifth-generation draft district IDP (Planning 2022/23-2026/2027).	30 March 2022	No action required	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation																					
Election of the Executive Mayor due to a vacancy	1. Council appointed Cllr U. Buda as the Executive Mayor. 2. Executive Mayor U. Buda appointed her Mayoral Committee as follow:	30 March 2022	No action required																						
	<table><tr><th>Committee</th><th>Name</th><th>Position</th></tr><tr><td>Social Development Committee</td><td>Cllr. O.E Makoko</td><td>Chairperson</td></tr><tr><td>Policy & Institutional Development Committee</td><td>Cllr. N.L Shushu</td><td>Chairperson</td></tr><tr><td>Planning & Development Committee</td><td>Cllr. G.V Fish</td><td>Acting Chairperson until Cllr. Tawana's secondment to FBDM is finalized.</td></tr><tr><td>Finance Committee</td><td>Cllr A.K Zalisa</td><td>Chairperson</td></tr><tr><td>Infrastructure Development Committee</td><td>M.E Mokgathanyane</td><td>Chairperson</td></tr><tr><td>Municipal Public Accounts Committee</td><td>Cllr. I Ruiter</td><td>Chairperson</td></tr></table>				Committee	Name	Position	Social Development Committee	Cllr. O.E Makoko	Chairperson	Policy & Institutional Development Committee	Cllr. N.L Shushu	Chairperson	Planning & Development Committee	Cllr. G.V Fish	Acting Chairperson until Cllr. Tawana's secondment to FBDM is finalized.	Finance Committee	Cllr A.K Zalisa	Chairperson	Infrastructure Development Committee	M.E Mokgathanyane	Chairperson	Municipal Public Accounts Committee	Cllr. I Ruiter	Chairperson
	Committee				Name	Position																			
	Social Development Committee				Cllr. O.E Makoko	Chairperson																			
	Policy & Institutional Development Committee				Cllr. N.L Shushu	Chairperson																			
	Planning & Development Committee				Cllr. G.V Fish	Acting Chairperson until Cllr. Tawana's secondment to FBDM is finalized.																			
	Finance Committee				Cllr A.K Zalisa	Chairperson																			
Infrastructure Development Committee	M.E Mokgathanyane	Chairperson																							
Municipal Public Accounts Committee	Cllr. I Ruiter	Chairperson																							
Monthly Finance Report: February 2022	1. Council noted the contents of the report. 2. Council resolved that the Committee embark on an oversight visit to Dikgatlong on 24 May 2022.	25 May 2022	The report was adopted and councillor embarked on an oversight visit at Dikgatlong with Infrastructure unit.																						
Writing-off redundant assets	1. Council approved the writing-off of the attached list of redundant assets per asset category identification. 2. Council subject to recommendation 1 above, approved that the assets be donated to local municipalities, non-profit organisations and/or schools in the Frances Baard District in term of the Asset Management and Supply Chain Management policies. 3. Council approved that formal letter to be write to the following Councillors requesting them to arrange to pay off the debt of the laptops lost in their possession. ▪ Cllr. U Buda; ▪ Cllr. K.C Mothibi and ▪ Former Cllr J.K Msibi.	25 May 2022	The assets were written off and donated to NGO's within the district. 3. Formal letters to Executive Mayor and Speaker. Former councillors' debt was recovered from the backpay.																						

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Housing Unit: Human Settlements Sector Plan and chapter of the IDP for 2022/23	<ol style="list-style-type: none"> Council noted the Human Settlements Sector Plan and Chapter for the IDP for 2022/23. Council approved that a workshop on sector plan be arranged for all Councillors. 	25 May 2022	None	Workshop still to be implemented
Quarterly report on Integrated Development Plan & PMS: 01 January 2022 - 31 March 2022	Council noted the content of the report.	25 May 2022	No action required	
Quarterly report – infrastructure projects (01 January 2022 - 31 March 2022)	<ol style="list-style-type: none"> Council noted the content of the report. Council ratified that the Municipal Manager and the Acting Director facilitate a meeting between FBDM and Dikgatlong LM to discuss how FBDM can help Dikgatlong LM to improve their spending on the O&M funds before the end of the financial year. Council approved that the Chairperson: Infrastructure Development Committee and the Acting Director: Infrastructure Services to accompany the Mayoral Committee on an oversight visit to Dikgatlong LM on 24 May 2022. 	25 May 2022	The meeting convened and the municipality provided assistance to Dikgatlong Local Municipality to improve their spending	
Request to utilise capital allocation of Magareng local municipality for emergency procurement from operation & maintenance allocation	<ol style="list-style-type: none"> Council noted the contents of the report; Council approved the utilization of the capital allocation for the emergency procurement and appointment for installation of sewer pipes, sewer jetting and auxiliary equipment at Ikhtseng Workstation, from the operation & maintenance allocation; and Subject to approval of (2) above, Council approves the passing of a Special adjustment with 60 days after the expenditure was incurred, in compliance with section 29 of the MFMA. 	25 May 2022	Council approved the utilisation of the capital allocation for the emergency procurement and appointment for installation of sewer pipes, sewer jetting and auxiliary equipment at Ikhtseng Workstation, from the operation & maintenance allocation and was implemented as such.	
Performance agreement of the municipal manager and administration head of department for 2021/2022 financial year	Council noted the performance agreements of the Municipal Manager and Director: Administration for the 2021/2022 FY	25 May 2022	No action required	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Final draft district integrated development plan 2022/23-2026/27	Council approved and adopted the final draft district IDP 2022/23 - 2026/27	25 May 2022	No action required	
Annual budget for the 2022/23 financial year	<p>1. Council resolved that the annual budget of the municipality for the financial year 2022/23 as per budget related resolutions of the budget document and indicative for the projected outer years 2023/24 and 2024/25 be approved as set out in the following schedules:</p> <p>1.1 Budget Summary – Table A1 (Pg. B 1);</p> <p>1.2 Budgeted Financial Performance (Revenue and Expenditure by standard Functional Classification) – Table A2 (Pg. B2-B3);</p> <p>1.3 Budgeted Financial Performance (Revenue and Expenditure by municipal vote) – Table A3 (Pg. B4-B5);</p> <p>1.4 Budgeted Financial Performance (revenue and expenditure) – Table A4 (Pg B6-B7);</p> <p>1.5 Budgeted Capital Expenditure by vote, functional standard classification and funding – Table A5 (Pg. B8);</p> <p>1.6 Budgeted Financial Position – Table A6 (Pg. B9);</p> <p>1.7 Budgeted Cash Flows Table A7 (Pg. B10);</p> <p>1.8 Cash backed reserves/accumulated surplus reconciliation – Table A8 (Pg. B11);</p> <p>1.9 Asset Management – Table A9 (Pg. B12);</p> <p>1.10 Basic service delivery measurement table A10 (Pg. B13).</p> <p>2. Council noted the approved amended Integrated Development Plan for the budget year 2022/23 as a separate item to Council;</p> <p>3. Council approved the measurable performance objectives for revenue, expenditure and capital from each source reflected in Tables SA4 to SA6 for the budget year 2022/23; and</p> <p>4. Council noted that the SDBIP will be tabled to the Executive Mayor within the prescribed time frame as stipulated in the MFMA.</p> <p>5. Council approved that the budget allocation for Gender Based Violence be increased from R50 000.00 to R150 000.00</p>	25 May 2022	The annual budget was approved, and submitted to Treasury.	

2.2 Administrative Governance

As the accounting officer, the municipal manager remains the link between the administration and the political office bearers and ensures that the municipality performs its mandate as required by the constitution and enabling pieces of legislation. The municipal manager is supported by senior managers (HODs) who exercise fiduciary duty to support and advise the municipal manager on strategic management and administrative issues.

Council takes decisions flowing from recommendations made by the administration on matters that seeks its consideration and decision. Policies and strategies are work-shopped before councillors take decisions on such. The Municipal Public Accounts Committee (MPAC), Audit Committee and section 80 Committees all ensure that there is a focused oversight over the work performed by the administration. The accounting officer and executive management ensure that it complies with the principles of good governance and has improved its internal controls, procedures and processes. The effective functioning of the audit committee and the internal audit unit, as per King III and King IV Report guidelines and internal audit standards, is of utmost importance.

The governance model of the municipality is structured in such a way that it enables control measures, strengthens accountability and allows transparency and compliance to applicable legislation. There are clearly defined responsibilities among officials and politicians, and there is a clearly defined assurance provided through regular monitoring and oversight.

Adequate policies and procedures are in place and are meant to strengthen the implementation of statutory requirements, thus ensuring that the municipality operates efficiently and effectively. The municipality emphasises an environment of equitable, transparent and accountable practices and processes. The success of the municipality thus far is ensconced in its policies and procedures, as these provide clarity, give direction and improve accountability. Key internal controls focusses on leadership, financial management, governance and performance management.

The municipality sets priorities (strategic planning), takes decisions, strengthens accountability and engages in constructive interaction with the public and other institutions through its various forms of public and stakeholder engagements. The performance management processes of the municipality are sound and allow for improved accountability and achieving set objectives. All executive managers signed their performance agreements to comply with the legislative requirements. We take into account the need for placing a greater emphasis on monitoring and evaluation to ensure that we perform better than expected.

Supply chain governance in the municipality remains strong and the structures and systems implemented continue to guide and control procurement processes. The supply chain policy is also reviewed on a regular basis to ensure that the municipality adheres to supply chain regulations.

2.2.1 Top Administrative Structure

Tier 1



Ms ZM Bogatsu
Municipal Manager

Tier 2



Ms Onneile Moseki
Acting Chief Financial
Officer



Ms Kealeboga Gaborone
Director: Administration



Mr Rorisang Setshogoe
Acting Director:
Infrastructure Services



Mr Freddy Netshivhodza
Acting Director: Planning
& Development

Tier 3

Third Tier Structure	
Directorate	Director / Manager
Office of the Municipal Manager	Internal Audit Manager, Ms Philadelphia Moroke
	Communications & Media Relations, Ms Gerline Roman
	Office Manager: Committee Services & Administration, Vacant
	Manager: Legal & Compliance, Mr Kgosietsile Matlakala
	Chief Risk Officer: Mr Solomon Pitso
Finance	Assistant Director Budget & Treasury, Ms Onneile Moseki
	Chief Accountant Budget & Support Services, Mr Jan van Zyl
	Chief Accountant Supply Chain Management, Mr Philip Souden
	Chief Accountant Income & Expenditure, Ms Adele Groenewald-Shields
Infrastructure Services	Manager: Physical Infrastructure Development, Mr Rorisang Setshogoe
	Housing Manager, Mr Saligh Suliman
Planning & Development	Local Economic Development & Tourism Manager, Mr Lesego Ngwira
	GIS Manager, Mr Matthews Makinta
	Snr. Town Planner, Mr Freddy Netshivhodza
	Development Planner, Ms Ogomoditse Gopane
Administration	Human Resources Manager, Mr Tumelo Ndlazi
	Fire & Disaster Manager, Mr Clifford Jones
	Environmental Health Manager, Mr Kenneth Lucas
	Manager Archives, Records & Support Services, Mr Murvin Mabe
	ICT Manager, Mr Kagisho Moruri

2.3 Intergovernmental Relations

We are informed by section 42 of the Constitution to co-operate with organs of state in mutual trust and good faith, and do so through established structures for the promotion of inter-governmental relations. In ensuring provision for services to our local communities, implementation of government programmes and policies, it has become evident that close co-operation between the three spheres of government is essential.

FBDM has, therefore, adopted a shared services model with its local municipalities to ensure that the available budget and technical skills are utilised effectively for the benefit of the entire district. In complying with the intergovernmental relations legislative mandate, FBDM attends the following fora:

District Development Model

The District Development Plan (DDM) was adopted by cabinet on the 21st of August 2019 as integrated approach by which the three spheres of government and will private sector work jointly to ensure higher performance and accountability for coherent service delivery and development outcomes. The vision for the district model has been articulated through the slogan: *“One District, One Budget and One Plan”*.

In the absent of the district coordination hub, Frances Baard District Municipality (FBDM) was tasked with facilitation of technical and political meetings, secretariat, assist with the compilation of the one plan, progress reporting, and collating information on catalytic projects. The stakeholders are required to fully participate in developing and reviewing of the one plan. FBDM must ensure that the all-role players are consulted and informed of the DDM process.

The Executive Mayor, the Deputy Minister for Public Works and Infrastructure and the Members of Executive Council responsible for local government and sports and culture, respectively, serve as the champions of the Frances Baard district DDM. The meetings of the champions are preceded by the technical meeting to the DDM.

Provincial Intergovernmental Structure

We are part of Premier’s Intergovernmental Forum which is the meeting where the Premier co-ordinates the alignment of the provincial and municipal development and strategic planning, as well as sharing of matter of interest across the three spheres of government structures.

District Intergovernmental Structures

The Executive Mayor convenes the District Intergovernmental Relations Forum which comprises of all local municipalities within the district and all sector departments. The sitting of the DIGF is preceded by the Technical DIGF which is chaired by the Municipal Manager and serves as a support structure to the DIGF.

The District Aids Council is convened and chaired by the Executive Mayor and includes sector departments and all non-governmental organisations in the district. The Council monitors progress in the implementation of government comprehensive plan on HIV/AIDS.

LED Forum

The LED Forum is a platform (institutional arrangement) where stakeholders (individuals, private organizations, government, NGO’s, CBO’s), within the district gather, with an aim to share information and experiences, pool resources and solve problems which come up in the course of implementing LED projects.

The forum is a platform for dialogue on economic policies of government between, private sector, non-governmental organizations and academia. This will be in addition to discussing important issues affecting the municipality. Moreover, the forum contributes to the process of finding appropriate solutions, through conveying recommendations to decision makers in both the executive and legislative authorities and to the business associations and economic media.

District municipalities are better positioned to provide a co-ordinating and supporting role to the local municipalities within their broad geographic areas. They have the following direct responsibilities:

- Plan and co-ordinate LED strategies within the frameworks of IDP;
- Co-ordinate LED policies, strategies and projects within the district;
- Identify lead LED sectors that can kick-start development within districts by undertaking economic research and analysis;
- Promote joint marketing, purchasing and production activities;
- Promote networking of firms within the district;

- Collect and disseminate information to assist local municipalities with LED policies;
- Identify resource availability (e.g. grants, land, infrastructure, etc.);
- Maintain a strong relationship with the province; and
- Provide the necessary training to municipalities.

District Communications Forum

The District Communications Forum is for all communicators within the district to meet and recommend to the municipalities best practices that would ensure good communication within the district.

The main objectives of the district communications forum are as follows:

- To facilitate communications amongst three (3) spheres of government;
- Create opportunities to government officials to exchange competencies, knowledge and experience;
- Gather and compile relevant information for distribution amongst members;
- To encourage professionalism, co-operation and supports between spheres of government;
- To promote training and capacity building through workshops, conferences, study tours, presentations or any other means with regards to official matters; and
- In general to promote the interest of the South African government and the objectives as an entirety.

2.4 Public Accountability and Participation

Through our public participation programme we intend to create opportunities for the political principals to be actively involved in the dialogue with communities and sharing of information about what government, in particular, the district municipality is doing to improve and add to the improvement of the lives of the community.

The programme affords an opportunity for members of the public to have greater access to the decision-making processes of the municipality. It implies that members of the public or representatives of the affected community or the role players are actively involved in the planning process of the district municipality.

To accomplish this, the district municipality will collaborate with other role players and stakeholders such as the local municipalities and sector departments in the area of jurisdiction of the municipality. Through the public participation approach, the district municipality wishes to strengthen and enable good governance and sustained service delivery.

2.4.1 IDP Participation and Alignment

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 56 Managers?	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	

2.5 Corporate Governance

Both the municipal council and the administration play a vital role in ensuring a good corporate governance for the municipality. Council and its committees hold the administration accountable through monthly and quarterly reporting. Council is the highest decision making body and decisions taken by Council flow from recommendations made by the administration. Committees of council sit on a monthly basis to receive reports from the administration and this enables oversight. The Municipal Public Accounts Committee (MPAC), the Audit Committee ensure that there is a focused oversight over the work performed by the administration. The accounting officer and executive management ensure that it complies with the principles of good governance and has improved its internal controls, procedures and processes. Internal audit, risk management as well as the audit, performance and risk committee provides both management and council with an assurance in the areas of performance, risk and the management of the resources of the municipality.

2.5.1 Supply Chain Management

The municipality has put in place controls and system on supply chain management within the overall framework of the Municipal Finance Management Act and its regulation, as well as the Preferential Procurement Framework Act.

All bid committees are operational and we strive to ensure that we adhere to the constitutional principles of competition, transparency, fairness and equity in all our supply chain management activities.

Competency levels

The following officials possess minimum competencies as required in terms of sections 83, 107 and 119 of the MFMA:

1. The Accounting Officer;
2. The Acting Chief Financial Officer;
3. The Director: Administration;
5. The Manager: Supply Chain Management;
6. The Manager: Budget & Treasury Office;
7. The Manager: Income & Expenditure;
8. Accountant: Supply Chain Management;
9. Accountant: Income & Expenditure;
10. Administrator: Creditors; and
11. Clerk: Supply Chain Management.

2.5.2 Risk Management

The Frances Baard District Municipality and Sol Plaatje Local Municipality have a dedicated risk management function in terms of the MFMA Act of 1999, Section 62(1)(c)(i). The risk management units are positioned under the office of the Municipal Manager and therefore are providing strategic direction on the management of organisation's risks. FBDM is currently providing shared and support services to both Dikgatlong and Magareng local municipalities through a memorandum of agreement due to limited capacity. Phokwane Local Municipality is not part of this agreement.

The municipality has a fraud and risk management policy and strategies in place. Both are aligned to the King IV Report on Corporate Governance, ISO Standard 31 000, and Public Sector Risk Management Framework. The unit is accountable to the municipal manager and the Audit, Performance and Risk Committee (APRC) which sit on a quarterly basis to discuss risk registers and risk assessment reports. The committee has assessed the risk assessment reports and expressed themselves over management of identified risk including action plans to mitigate the risks. This journey has led towards improvement in reaching the risk management maturity level. A separate risk management working committee has not yet been established and the APRC is currently assigned to provide an oversight role on risk management processes.

The strategic and operational risk registers were updated quarterly and allowed unit managers to take control of action plans to mitigate identified risks. The unit managers are continuously monitoring the actions plans to reduce the impact and likelihood of residual risks.

The level of risk maturity for the municipality has increased significantly as evidenced by the senior managers taking control and being proactive in embedding mitigating action plans to address the identified risks. There were no cases of alleged incidents of fraud or corruption reported to the risk management unit during the financial year. The risk management unit has performed its advisory role to MPAC in respect of investigating Section 32 expenditure (MFMA Act). All reports which were presented to MPAC were finalised with recommendations to council for approval.

2.5.3 Website

Municipal Website: Content and currency of material		
Documents published on the Municipality's Website	Yes / No	Publishing date
Current annual and adjustment budgets and all budget-related documents	Yes	Jul 2021 - June 2022
All current budget-related policies	Yes	As and when reviewed
The previous annual report (2020/21)	Yes	May 2022
The annual report (2021/22) to be published	Yes	Apr 2023
All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (2021/22) and resulting scorecards	Yes	Aug 2021
All service delivery agreements (2021/22)	Yes	Jul 2021 (SDBIP)
All long-term borrowing contracts (2021/22)		Jun 2022
All supply chain management contracts above a prescribed value (above R200,000) for 2021/22	Yes	Jun 2022
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2021/22	Yes	List of disposed assets placed on website
Contracts agreed in 2021/22 to which sub-section (1) of section 33 apply, subject to sub-section (3) of that section	No	n/a
Public-private partnership agreements referred to in section 120 made in 2021/22	No	n/a
All quarterly reports tabled in the council in terms of section 52 (d) during 2021/22	Yes	Loaded directly after adoption by Council

All documentation relating to the financial status of the municipality that must be displayed on the website for 2021/22 have been successfully loaded. We do not deliver services directly to the public and our information does not draw as much attention as in the case of the local municipalities. The municipality encourages members of the community wishing to access information held by the municipality via the internet, to do so using the facilities at the Thusong Service Centres.

Chapter 3 - Service Delivery Performance

3.1 Infrastructure / Basic Services (KPA 1)

Goal	Objective	Outcome		
		Indicator	Unit of measure	Annual Target
Improved access to sustainable basic services in the district	To assist LM's with infrastructure upgrading, operations and maintenance	Prioritised project lists to guide the upgrading, operations, and maintenance of infrastructure in the district	Number of municipalities assisted with the finalization of prioritized project lists	4
		Spending of allocated funds to support infrastructure operations and maintenance in the LMs	Percentage of allocated budget spent annually	100%
		Timeous submission of project monitoring reports developed to support infrastructure operations and maintenance in the LMs	Number of monitoring reports submitted to council	4
	To create job opportunities for the unemployed through the promotion of EPWP principles	Number of Full-time equivalents (FTEs) created as per DORA and EPWP Incentive Agreement	Number of FTEs created	14
	To support improved infrastructure planning in the district	Establishment and development of an electronic system to assist RRAMS function in the district	Number of electronic systems developed to assist with RRAMS in the district	-
		Percentage progress on the implementation of the RRAMS project to support improved infrastructure planning in the LMs as per the approved business plan	Percentage implementation of the approved business plan	100%
	To support the provision of potable water, sanitation facilities, electricity and streets and storm water households in the district	Prioritised project lists for capital infrastructure projects in the district	Number of municipalities assisted with the finalization of prioritized project lists	4
		Spending of allocated funds to support capital infrastructure projects in the LMs	Percentage of allocated budget spent annually	100%

In the Frances Baard district all services to communities are provided directly by the local municipalities. The district municipality concentrates all its efforts on supporting the local municipalities, namely, Sol Plaatje, Dikgatlong, Magareng and Phokwane. This function is performed to provide support and guidance to local municipalities.

The support is wide ranging, especially in the three smaller local authorities that sometimes struggle with capacity challenges. This support is provided by a special unit in the Infrastructure Services Department which is headed by a manager for infrastructure support.

The manager has three engineering technicians as well as an EPWP coordinator and an administrative officer as support. The support provided to local municipalities is comprehensive and includes financial support, advisory services and operation and maintenance support.

3.1.1 Capital Programme

Originally an allocation of R14 million was made to Category B Municipalities for capital projects in the 2021/22 financial year. Nine (9) projects in the local municipalities were originally funded through this allocation. Through the adjustment budget, Council granted an additional amount of R6,5 million for capital projects which will be allocated as follows; R5 million for procurement of fleet for the local municipalities and R1,5 million for Magareng LM. Magareng however required more funding for operation and maintenance projects and council approved a re-allocation towards the O&M grant from the capital grant. The following is a summary on the progress of these projects:

Municipality	Allocation	Amount spent	Rolled over to 2022/23
R '000			
Dikgatlong	3 500	0	3 500
Magareng	3 696	3 696	0
Phokwane	3 500	822	2 678
Sol Plaatje	3 500	3 500	0
Frances Baard	5 000	0	5 000
TOTAL	19 196	8 018	11 178

3.1.2 Operation and Maintenance

Originally funding to the value of R7,1m has been allocated for the operation and maintenance programme for the 2021/22 financial year. In the adjustment budget Council approved a further R5m for operation and maintenance projects in the district. It was divided as follows; R1,5m each for Magareng and Dikgatlong and R1m each for Phokwane and Sol Plaatje local municipalities. Magareng requested to use R1,5m (VAT inclusive) of their capital budget for O&M projects and this was approved by our council. Phokwane did not spend their full allocation. The following is a breakdown of the financial year:

Municipality	Project Description	Allocation	Amount spent
R '000			
Dikgatlong	Operation and Maintenance	3 300	3 300
Magareng	Operation and Maintenance	4 604	4 603
Phokwane	Operation and Maintenance	2 800	2 631
Sol Plaatje	Operation and Maintenance	2 700	2 700
TOTAL		13 404	13 234

3.1.3 Project Management & Advisory Services (KPA 1)

Employees: Programme Management & Advisory Services					
Job Level	2020/21	2021/22			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8*	1	0	0	0	0
9 - 13	2	2	2	0	0
14 - 18	5	5	5	0	0
19 - 26	0	0	0	0	0
Total	8	7	7	0	0

Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

* Grader operator positions demolished

Financial Performance 2021/22: Programme Management & Advisory Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2 983	3 653	3 653	3 401	7%
Expenditure:					
Employees	4 317	6 837	5 769	5 272	9%
Repairs and maintenance	–	–	–	–	–
Other ¹	(4 317)	24 056	34 746	23 272	33%
Total Operational Expenditure	–	30 893	40 515	28 545	30%
Net Operational Expenditure	(2 983)	27 240	36 862	25 144	32%

1. Includes the major cost drivers i.e. printing, advertising, accommodation, travelling, motor vehicle usage, etc.

Special Projects Expenditure 2021/22: Programme Management & Advisory Services					
R '000					
Special Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value ²
Total All	3 653	0	3 401	-7%	3 401
Implementation of the Rural Roads Asset Management System (RRAMS)	2 576	0	2 324	-11%	2 324
Expanded Public Works Programme	1 077	0	1 077	0%	1 077

The projects listed above are explained as follows:

Rural Roads Asset Management System (RRAMS)

This system, which is funded through a conditional grant, is intended to assist municipalities in setting up their rural road asset management systems. This enables them to determine the extent and condition of all municipal streets are determined and use the acquired information for planning for the upgrade, refurbishment and maintenance of roads.

The development of a RRAMS and the collection of associated road and bridge inventory data, condition assessments as well as traffic information, laid the basis that will be of great value to all the Local Municipalities in their effort to efficiently maintain and develop their road infrastructure. This information will aid when securing funding to improve their overall road network, the economy and ultimately improve the lives of the total population under its jurisdiction. It can confidently be said that the network is now up to date, correct and free of any discrepancies.

The allocation for 2021/22 financial year and the project is for a period of three years ending in 2023/24 financial year. Phatsimo Management Consulting has been appointed as the implementing agent.

Expanded Public Works Programme (EPWP) Projects

The EPWP programme created a total of 71 work opportunities and 27.84 FTEs.

- **Youth Entrepreneurship Development Programme (YEDP) (R417,000)**

The youth entrepreneurship development programme seeks to capacitate young graduates in career development and workplace experience and professionalism enhancement. FBDM employs graduates for periods of up to twenty-four (24) months, in the following sectors; Local Economic Development (LED), Performance Management Systems (PMS) and Tourism. The project is based at the main offices of the Frances Baard District Municipality. This programme currently employs 11 graduates on the programme. The programme is on-going, and it is reported monthly on the EPWP Reporting System. To date the YEDP has generated 11 work opportunities, which created cumulatively a total of 10.06 FTE for 2021/2022 financial year. Frances Baard District Municipality has paid a total of R1,07m for intern stipends, of which a portion of R417,000 was paid from the EPWP budget. The project commenced on 01 July 2021 and ran until 30 June 2022.

- **Brick Production, Dikgatlong (R360,000)**

This project includes works in the maintenance of basic infrastructure services, including the production of interlocking bricks and kerbs using raw materials and labour. This project used a concrete mix design of water, cement, building sand and crushed stone, mixed and poured into a mould, compressed and vibrated. This process was followed by the bricks being sun dried and cured for 21 days.

The project is based in Dikgatlong Local Municipality and commenced on the 8th of March 2022. This project created a total of 20 work opportunities which generated 5.58 FTE throughout the financial year.

² The total project value indicates the total cost of the project upon completion and the amounts in the actual expenditure column is what was spent thus far. Projects implemented over a number of years will show actual expenditure less than the total project value. It indicates that the project is running over more than one year and will be completed in the outer years.

The budget for the brick production project totaled R 360,000 of the incentive grant of which R 145,128 was used to dispense salaries, R 12,813 on signage and PPE and R 202,059 was spent on materials, machinery and equipment.

- **Operation and maintenance of municipal amenities, Magareng (R300,000)**

This project includes works in the maintenance of roads and stormwater structures within the road reserve including, grass cutting, fencing, cleaning/clearing of blocked stormwater structures, clearing of the vacuum sewer system and general cleaning using manual labour. The project is based in Magareng Local Municipality in and around the Warrenton area. This project employed a total of 40 participants and generated a total of 12.20 FTE for the 2021/2022 financial year. A total of R 300,000 was budgeted for this project of which R 277,300 was used for salaries and R 22,700 for PPE.

Project description	Budget (R '000)	Actual expenditure (R '000)	Labour			Project status
			M	F	D	
EPWP Projects						
Youth entrepreneurship development programme	417	417	3	8	0	Project is completed with full spending.
Brick Production Dikgatlong	360	360	16	4	0	Project is complete. An additional amount of R28 833.42 was spent from the Dikgatlong O&M budget to augment the grant.
Operation and maintenance of municipal amenities, Magareng	300	300	19	21	0	This project is completed. An additional amount of R46 595.75 was spent from the Magareng O&M budget to augment the grant.
TOTAL	1,077	1,077	38	33	0	

3.1.4 Housing (KPA 1)

The Housing Unit at the district municipality continued to support the three local municipalities, i.e. Dikgatlong, Magareng and Phokwane municipalities in terms of subsidy administration through our administrative staff and quality assurance through our building inspector towards the provision of human settlements.

An added service that we provided to the Magareng and Dikgatlong municipalities was the processing and recommendation for approval or correction of building plans. This is part of the building control process to ensure that all structures erected conforms to the building regulations and bi-laws. As well as identify all structures erected that does not conform or is not registered.

The services as contained in the service level agreement concluded between the district and the three local municipalities continue to be available as outlined in the table below:

Function	Brief Description
Projects initiation, planning and approval	This involves the identification of new projects, conducting feasibility studies, preparing business plans for funding and facilitating the approval process
Project/Programme Management and contract administration	Management of the different housing programmes being implemented; monitoring the overall performance against the project plan and cash flow; ensuring that contractual obligations are fulfilled by all parties involved
Subsidy administration	Administration of the Housing Subsidy System on behalf of the Municipalities; provide a list of approved beneficiaries to the contractor; rectify any errors on the system; assist applicants with the completion of subsidy forms; conduct housing consumer education sessions to capacitate and create awareness amongst the communities
Quality Assurance	Enforcement of the National building regulations, norms, and standards in respect of all buildings
Housing backlog identification and quantification	Through the National Housing Needs Register (NHNR), identify and quantify the housing backlog per municipality
Capacity Development	Provide capacity to communities through the Housing Consumer Education programme. Municipal housing officials are also capacitated, more specifically on housing administration and project management

GOAL	OBJECTIVES	OUTCOME		
		Indicator	Unit of measure	Annual Target
Facilitate the creation of sustainable human settlements in the district	To facilitate the reduction of the housing backlog	Reviewed Human Settlements Sector Plans	Number of Human Settlement Plans annually	4
		Facilitate the subsidy application process	Number of progress reports submitted	12
	Monitoring of human settlements development in 3 local municipalities	Reporting on the accreditation programme	Number of accreditation reports to COGHSTA	12
			Number of accreditation reports to National Department of Human Settlements	4
	To capacitate human settlements consumers on human settlements requirements, processes and services	Workshops to educate stakeholders about responsibilities and human settlements processes	Number of workshops presented annually	--

Employees: Housing Services					
Job Level	2020/21	2021/22			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0.00	0
4 - 8	0	0	0	0.00	0
9 - 13*	4	9	4	0.55	6.09
14 - 18**	1	4	1	0.00	0
19 - 26	0	0	0	0.00	0
Total	5	13	5	0.55	4
8 posts unfunded					

Financial Performance 2021/22: Housing Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	1 964	3 177	3 072	3 037	99%
Repairs and maintenance	–	–	–	–	0%
Other ¹	71	1 123	738	617	84%
Total Operational Expenditure	2 035	4 301	3 810	3 654	96%
Net Operational Expenditure	2 035	4 301	3 810	3 654	96%

1. Includes the major cost drivers i.e. printing, advertising, accommodation, travelling, motor vehicle usage, etc.

3.2 Planning and Development

The planning and development department has four units which are geared at ensuring proper planning within the district.

Spatial Planning (KPA 3)

- Frances Baard District Municipality is responsible for planning for the development of sustainable human settlements and bring about spatial transformation in the district. Ours is to strive for developments of the settlement patterns that are integrated, compact, and densified. It is, therefore, in supporting the preparation and implementation of spatial development frameworks in each local municipality and complying with the provision of the Spatial Planning and Land Use Management Act; the district has facilitated the preparation of the following planning instruments:
- The establishment of the District Municipal Planning Tribunal (DMPT) - has been effectively operational since November 2016 for a period of five years and came to end 15 November 2021. The new members were appointed and the DMPT has been re-established and gazetted on the 06 June 2022.
- Completed the review of the Dikgatlong SDF.
- Completed 68.50% Tuck shop and Tavern bylaws for Dikgatlong, Phokwane, and Magareng Local Municipalities.
- Completed 50% of the preparation of the Infill developments in Phokwane Municipality.
- Partly completed 25% activities of the Magareng SDF review and will be completed in the 2022/23 financial year.

Geographic Information System (GIS) (KPA 3)

- GIS provides spatial information to all stakeholders for planning and resource allocation purposes. For the financial year 2021/22 conducted the following:
- Land Use Survey for Magareng Municipality
- GIS Training for Dikgatlong, Phokwane Magareng and Magareng Local Municipalities.
- Provided support to Dikgatlong, Phokwane, Magareng and Sol Plaatje Local Municipalities.

Local Economic Development (LED) and Tourism (KPA 2)

- The district municipality renders dedicated assistance to local municipalities in terms of local economic development and tourism. The following has been facilitated:
- Hosted the Global Entrepreneurship Week to promote SMMEs development;
- Capacitated SMMEs on a Business Management & Leadership training;
- Provided training for Women in transportation sector;
- Promoted investment and business opportunities at South African International Trade Exhibition (SAITEX). We took 3 SMMEs from Dikgatlong, Phokwane and Sol Plaatje to the Exhibition;
- Reviewed LED Strategy;
- Provided support to the 9 SMME with machinery and equipment grant;
- Conducted a survey for Phokwane Municipality on informal traders;
- Provided support to the Magareng Tourism Association to promote tourism;
- Hosted the tourism association and quarterly forums;
- Produced tourism promotional DVD;
- Conducted School business plan competition;
- Conducted the digitalization with the Tourism SMMEs in the district;
- Conducted tourism awareness campaign in the district;
- Conducted N12 tourism promotional campaigns;
- Updated tourism website.

In discharging its legislative mandate, the district municipality encounters operational challenges. These include:

- Infrastructure dilapidation and poor capital investment which impede on economic development and job creation.
- Lack of capacity: There is limited capacity in the local municipalities to facilitate the implementation of the spatial planning projects.
- Limited buy-in: This causes delays in project implementation and negatively affects expenditure of the allocated budget for the projects.
- High grant dependency: Grant dependency in most local municipalities undermines the future sustainability of municipalities.
- Local municipalities lacks resources and are embedded with weak institutional capacity to implement and enforce the approve plans.

3.2.1 Spatial Planning (KPA 3)

GOAL	OBJECTIVES	OUTCOME		Target
		Indicator	Unit of measure	
Facilitate the development of sustainable human settlements through effective town and regional planning	To facilitate the development of urban and rural areas in accordance with the relevant legislation.	Processed land development applications received	Percentage of land development applications received from LMs	100%
		SDFs reviewed	Number of SDFs reviewed	2
	To facilitate the development of Brown and Green field development	Completed Infill developments	Number of infill developments completed	-
	To facilitate the development of land use management policies	Development of by-laws for 3x local municipalities	Percentage progress in the development of by-laws for three LMs	--
		Land Use Schemes reviewed	Number of Land Use Schemes reviewed	--

Employees: Spatial Planning Services					
Job Level	2020/21	2021/22			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	1	1	1	0	0
14 - 18	3	3	3	0	0
19 - 26	0	0	0	0	0
Total	4	4	4	0	0

Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance 2021/2022: Spatial Planning Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	—	4 000	4 000	—	-
Expenditure:					
Employees	857	9 453	8 509	8 631	101%
Repairs and Maintenance	—	—	—	—	0%
Other ¹	352	8 199	7 269	1 952	27%
Total Operational Expenditure	1 209	17 652	15 778	10 583	67%
Net Operational Expenditure	1 209	13 652	11 778	10 583	90%

1. Includes the major cost drivers i.e. printing, advertising, accommodation, travelling, motor vehicle usage, etc.

Special Projects Expenditure 2021/2022: Spatial Planning Services					
R' 000					
Special Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	634	0	547	-16%	547
District Municipal Planning Tribunal (DMPT).	50	0	42	-19%	42
Phokwane Infill Development	34	0	34	0%	34
Dikgatlong Municipality SDF review	400	0	400	0%	400
Magareng SDF review	30	0	0	-100%	0
Development of the Tuckshop and Tavern bylaws for Dikgatlong, Phokwane, and Magareng Local Municipalities.	120	0	70	-72%	70

District Municipal Planning Tribunal (DMPT)

Frances Baard District Municipality and the three local municipalities namely, Phokwane, Dikgatlong and Magareng have agreed to establish a District Municipal Planning Tribunal to receive and dispose of land development applications. In the 2021/22 financial year twenty-nine (29) applications were received from applicants. The types of applications received include township establishments, consent application for temporary departure to erect tires storage, closure of the public open space, rezoning, subdivisions, consolidations, infill developments, relaxation of building lines and the removal of the title deeds conditions. The District Municipal Planning Tribunal (DMPT) was established in 2013 and was fully operational for the five-year term of office of Council which came to an end on 15 November 2021. The new members were appointed and the DMPT has been established and gazetted to inform the public in June 2022.

Phokwane Infill Development

The district municipality assisted Phokwane local municipality with infill development on the Erven 51280 & 21950 Valspan, Jan Kempdorp; The project involved closure of the public open space, sub-division, re-zoning, and a cadastral survey of 39 erven. The DMPT approved the project in August 2022 and the environmental authorization was issued on 22 July 2022. Submission to the Surveyor-General for registration will be concluded in the 2022/23 financial year. The delay in issuing of the Environmental Authorization delayed the completion of the project.

Dikgatlong SDF Review

We assisted Dikgatlong Municipality to review the 2014 Spatial Development Framework in compliance with the provisions Spatial Planning and Land Use Management Act (SPLUMA) 2013, Municipal System Act of 2000 and the Department of Agriculture Land Reform & Rural Development (DALRRD) SDF's Guidelines of 2017. The spatial development framework is a policy framework that guides the desired spatial form, spatial direction for the development and land use management within the Dikgatlong area of jurisdiction. The final spatial development framework has been completed and delivered to Dikgatlong Municipality.

Magareng SDF Review.

FBDM is assisted with the review of the spatial development framework (SDF) which was adopted by Council in 2014. The SDF must comply with the provisions of the Spatial Planning and Land Use Management Act (SPLUMA) 2013, National Environmental Management Act (Act 107 of 1998) and the MSA. In addition, the SDF must also comply with Department of Agriculture Land Reform & Rural Development (DALRRD) SDF Guidelines of 2017 that seek to align the preparation of SDFs with the National Development Plan's (NDP) spatial outcomes. As well as to provide a framework for evaluating the effectiveness of SDFs as a spatial transformation instrument. The draft SDF was presented to the Project Steering Committee (PSC). Following their analysis, the PSC requested further research to be made on the SDF before approval and as such part of the project will be completed in the second quarter of 2022/23.

Development of Tuckshop and Tavern bylaws for Dikgatlong, Phokwane, and Magareng Local Municipalities.

There are problems of unlawful activities particularly with regards to tuckshops and taverns within the local municipalities and no bylaws which clearly states the conditions of development and function of these businesses. The tuckshop and tavern bylaws aim to provide the municipalities with a tool to regularize the informal or illegal businesses and provide a platform where they can be formalised and registered. The bylaws also aims to allow community members to become more involved in developments that occur in their areas. The bylaws will require establishments operating as tuckshops and taverns must have a Consent Use Applications for a period of 3-5 years, after which the taverns will have to rezone from residential to business use and tuckshops must renew their applications. The draft bylaws have been concluded, however, the communities required more time to engage further on the proposed by-laws and as a result the bylaws will be finalised in the first quarter of the 2022/23 financial year.

3.2.2 Geographic Information System (GIS) (KPA 3)

GOAL	OBJECTIVES	OUTCOME		Target
		Indicator	Unit of measure	
Provision of reliable spatial information as a planning and management tool to enhance service delivery	To promote the use of GIS as a tool in the district	Access and maintenance of GIS in the district	Percentage access and maintenance of GIS in the district	100%
		Promote training and awareness of GIS in the district	Number of local municipalities trained and informed on GIS	4

Employees: Geographic Information System Services					
Job Level	2020/21	2021/22			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	1	1	1	0	0
14 - 18	1	1	1	0	0
19 - 26	0	0	0	0	0
Total	2	2	2	0	0
Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

Financial Performance 2021/2022: Geographic Information System Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	—	—	—	—	—
Expenditure:					
Employees	857	2 609	1 449	1 430	1%
Repairs and Maintenance	—	—	—	—	-
Other ¹	352	820	771	527	32%
Total Operational Expenditure	1 209	3 428	2 220	1 957	12%
Net Operational Expenditure	1 209	3 428	2 220	1 957	12%

1. Includes the major cost drivers i.e. printing, advertising, accommodation, travelling, motor vehicle usage, etc.

Special Projects Expenditure 2021/2022: Geographic Information System Services					
R' 000					
Special Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	220	0	198	-11%	198
Land-use survey for Magareng Municipality	220	0	198	-11%	198

Land Use Survey for Magareng Municipality

The project focussed on studying land use changes to define the current state of land use in the municipality with specific emphasis on the following:

- Update the land use scheme that was done for the municipality in 2015/16; and
- Update the land use register which feeds into the billing database.

3.2.3 Local Economic Development (KPA 2)

FBDM aims at creating and enabling environment for LED and SME’s to do well in the district and create the necessary employment that we need in the District, partnering with various stakeholders, most importantly communities is very key in making sure that project materialised in our communities. LED plays a major role in making sure that we stimulate economy, create, and support new enterprises, redistribution of available resources so that we can alleviate the triple challenges of poverty, unemployment and inequality.

GOAL	OBJECTIVES	OUTCOME		Target
		Indicator	Unit of measure	
Facilitate growth, development and diversification of the district economy by optimising all available resources	To support the development of a diverse economy	Completion of programmes aimed at the diversification of the district economy	Percentage completion of planned diversification programmes	100%
	To support the development of learning and skilful economies	Completion of programmes aimed at developing learning and skilful economies	Percentage completion of planned programmes	100%
	To facilitate the development of enterprises	Completion of programmes aimed at developing enterprises	Percentage completion of planned programmes	100%
	To facilitate the development of inclusive economies	Completion of programmes aimed at developing inclusive economies	Percentage completion of planned programmes	100%

Employees: Local Economic Development / Tourism Services					
Job Level	2020/21	2021/22			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	2	2	2	0	0
9 - 13	3	3	3	0	0
14 - 18	2	2	2	0	0
19 - 26	0	0	0	0	0
Interns*	8	10	10		
Total	7	7	7	0	0

Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. * The interns are not counted as part of the permanent staff for the unit. Eight (8) interns were terminated during the 2021/22 financial year.

Financial Performance 2021/22 Local Economic Development Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	2 726	3 266	2 674	2 460	92%
Repairs and Maintenance	–	–	–	–	-
Other ¹	3 089	3 801	3 334	2 190	66%
Total Operational Expenditure	5 815	7 067	6 008	4 649	77%
Net Operational Expenditure	5 815	7 067	6 008	4 649	77%

Special Projects Expenditure 2021/2022: Local Economic Development Services					
R' 000					
Special Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2 790	0	1 793	-56%	1 793
Global Entrepreneur Awareness Expo (GEW)	680	0	667	-2%	667
SME Capacitation Program	780	0	650	-20%	650
YEDP Training Program	530	0	471	-13%	471
SMMEs support through the machinery & equipment grant	800	0	5	-15900%	795

• Global Entrepreneur Awareness Expo (GEW)

The project is aimed at promoting entrepreneurship and provide training and motivation to businesses. The event was successfully hosted in the month of November 2021 over three days. Global Entrepreneurship Week is a massive campaign to celebrate and empower entrepreneurs in every country and community especially those individuals who face structural barriers or may have never considered the idea of launching their own start-up businesses.

- SME Capacitation Program**

The aim of the project is to capacitate SMMEs in the district by providing training and mentorship programmes in order to have a meaningful participation within the economy. The programme is to assist local SMEs to grow and become sustainable enterprises in Frances Baard District Municipality.

- YEDP Training Programme**

The YEDP is a developmental and capacity building programme which focuses on; and develops young unemployed graduates who have the potential and aspiration to be entrepreneurs and or LED practitioners. The programme addresses challenges of capacity building, skills development and entrepreneurial development amongst the youth. The district municipality initiated this project to increase the pool of LED practitioners in the district through exposing commerce graduates to the LED field, SMME development and available business opportunities.

- SMMEs support through the Machinery & Equipment Grant**

The aim of the project is to support SMMEs in the district through the Machinery and Equipment Grant, to enable them to be more competitive. The interview process with the local SMME’s were completed but the process of securing a service provider could not commence due to a court judgement over the validity of the preferential procurement regulations and that is why only R 5,334 of the total budget was spent.

Jobs Created during 2021/22 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
2019/20	0	0	0	0
2020/21	7	0	7	Registers
2021/22	6	0	6	Registers

3.2.3.1 Tourism (KPA 2)

We continued to promote and market all our tourism attractions during this challenging times of Covid-19. The tourism sector is the hardest hit sector and continue to suffer the impact of Covid-19. This sector has experience massive job losses and restrictions on attending flagship tourism exhibitions.

GOAL	OBJECTIVES	OUTCOME		Target
		Indicator	Unit of measure	
Ensure the development of a vibrant tourism sector that facilitates sustainable economic, environmental and social benefits in the district	To promote tourism in the Frances Baard District	Upgrading, restoration and promoting of tourist attractions	Percentage upgrading, restoration and promoting of tourist attractions	100%
		Facilitate strategic partnerships and participation of tourism role-players	Percentage implementation of annual action plans to facilitate strategic partnerships and participation of tourism role-players	100%

Special Projects Expenditure 2021/2022: Tourism					
					R' 000
Special Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1 422	135	759	-87%	759
Tourism & Business Studies School Business Plan competition	627	75	450	-39%	450
Awareness Campaign	70	60	11	-536%	11
Tourism Promotion	175	0	98	-79%	98
Tourism Promotional DVD	550	0	200	-175%	200

The following projects were successfully implemented during the 2021/22 financial year:

- Awareness Campaign – FBDM hosted tech savvy workshops in Kimberley during the month of September to equip tourism SMMEs with the necessary knowledge and skills to digitalise their businesses
- N12 Promotion Campaign - The campaign was successfully held during December 2021 at Shell Ultra (Sol Plaatje) and during the Easter period 2022 at Pumla petrol station (Magareng)
- Tourism promotion - Tourism promotional material has been procured and adverts placed in renowned tourism publications to promote tourism in the district.
- Tourism Promotional DVD – the promotional dvd was developed to enhance the image of the Frances Baard District as a tourism destination
- Tourism and Business Studies Business Plan Competition – a total number of 7 schools participated in the 2021 tourism and business studies business plan competition, the award ceremony was hosted on 03 December in Kimberley.
- Tourism Association – we hosted quarterly tourism association meetings in the district to ensure that we build and maintain relationships with our tourism stakeholders.
- Tourism website – the tourism unit partnered with the ICT unit for the development of the tourism website, the design and lay-out of the website was done in-house. The two units are responsible for the maintenance and continuous update of the website.

3.3 Corporate Services

3.3.1 Environmental Health (KPA 3)

GOAL	OBJECTIVES	OUTCOME		Target
		Indicator	Unit of measure	
To render and support sustainable municipal health, environmental planning and management in the district	To monitor and enforce national environmental health norms and standards in the Frances Baard District	Water samples to monitor water quality	Number of water samples collected and analysed	480
		Inspections at food premises to determine food safety	Number of inspections at food premises	650
		Surface swabs to analyze for diseases and other health risks	Number of surface swabs collected for analysis	180
		Food handlers trained in environmental health requirements	Number of food handlers trained	400
		Inspections to determine health safety at non-food premises	Number of inspections conducted at non-food premises to determine health safety	320
	To implement and monitor environmental planning and management in the Frances Baard District	Successful awareness campaigns conducted	Number of awareness campaigns	120
		Environmental calendar days successfully celebrated	Number of environmental calendar days celebrated	7
		Updating of atmospheric emissions inventory	Number of atmospheric emissions inventory updates performed	4
		Review and implementation of the Environmental Management Framework complying with prescripts	Percentage completion and implementation of the EMF	--
		Air quality ambient monitoring reports to assess air quality in the district	Number of monitoring reports	4

Employees: Environmental Health Services					
Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	0	0	0	0	0
14 - 18 *	8	8	8	0	0
19 - 26	0	0	0	0	0
Total	8	8	8	0	0

Employees and Posts numbers are as at 30 June. Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance 2021/22: Environmental Health Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	5 217	6 400	5 824	5 680	2.47%
Repairs and Maintenance	–	–	–	–	-
Other ¹	2 281	5 389	5 449	4 361	19.96%
Total Operational Expenditure	7 498	11 789	11 272	10 041	10.93%
Net Operational Expenditure	7 498	11 789	11 272	10 041	10.93%

Special Projects 2021/22: Environmental Health Services					
R' 000					
Special Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	623	454	461	-35%	461
Environmental calendar days	15	0	10	-50%	10
Environmental health awareness campaigns	114	0	22	-418%	22
Water quality monitoring	494	454	429	-15%	429

a) Environmental calendar days

Environmental calendar days are celebrated to educate the communities on the importance of conserving present resources like water for the benefit of current and future generations. Seven environmental calendar days were celebrated in the district in which the communities and learners participated. The communities were also encouraged to take ownership of their immediate environment.

b) Environmental health awareness campaigns

Communities live, play and work in the environment. If the environment is not managed and conserved in a responsible manner, it will have a negative impact on human and animal life. The Environmental Health Unit conducted campaigns in the communities to sensitise them on the impacts that certain activities may have on the environment, the following campaigns were conducted in collaboration with other stakeholders in the district:

- Sanitation awareness campaigns**

Awareness campaigns were conducted in communities and schools to sensitise them on the importance of health and hygiene. During these campaigns it was also demonstrated to communities how to wash their hands thoroughly with water and soap. Anti-bacterial soap were also distributed amongst the communities.

- Air quality awareness campaigns**

Air quality campaigns were conducted in the communities and at schools to create awareness on the air pollution with specific reference to the causes, different air pollutants, effects of air pollution on the environment and human health and how to mitigate air pollution. Campaigns were conducted at schools and in communities to create awareness on the facts about air pollution, its causes and impacts thereof.

¹ Includes major cost drivers i.e. printing, advertising, accommodation, travelling, motor vehicle usage, etc.

- **Waste management awareness campaigns**

Littering is one of the main challenges in the district, it pollutes the environment, reduces tourism and is expensive to clean up. Campaigns were held in collaboration with NGOs and CDWs to pick up the waste in the communities. Hot spot areas where illegal dumping occurs, were cleaned and the waste was disposed on the landfill sites. The aim of these campaigns is to help to reduce pollution, deter future littering, increase environmental awareness and build pride in the communities.

- c) **Water quality monitoring**

Water quality is monitored through regular sampling and results together with recommendations to address failures are forwarded to local municipalities and stakeholders. Re-sampling is done in case of failures and awareness campaigns are conducted in affected communities. Collection of water samples is done in accordance to the South African National Standards for Drinking Water, 2016 to ensure compliance.

3.3.2 Disaster Management & Fire Fighting (KPA 3)

The implementation of the Disaster Management Act (Act 57 of 2005) and Disaster Management Amended Act (16 of 2015) place the responsibility on the district municipality and local municipalities to implement the disaster management function and to provide measures to reduce the risk of disaster through adaptation to climate change and developing of early warning mechanisms; according to the guidelines of the National Disaster Management Framework, 2005 within the following key performance areas and enablers:

- Building integrated institutional capacity for disaster risk management.
- Disaster risk assessment.
- Disaster risk reduction; and
- Response and recovery.

The Frances Baard District Municipality (FBDM) supports three local municipalities in its jurisdiction, namely Phokwane, Magareng and Dikgatlong to implement the provision of the Disaster Management Act.

In addition, disaster management volunteers are trained on an annual basis and are deployed in cases of disastrous events. The municipality has dedicated contingency funds which are meant to assist destitute families in cases of disasters.

The Sol Plaatje local municipality has its own disaster management unit which operates independently from the district municipality. Disaster practitioners appointed by the district municipality have been placed at Phokwane, Magareng and Dikgatlong local municipalities. This was done to ensure that disaster management activities can be implemented with uniformity and to assist the local municipalities in case of any disaster or incident.

Implementation of the firefighting function is currently in the planning phase for the Phokwane local Municipality. The disaster management unit is working closely with the Fire Protection Associations (FPA's) within the jurisdiction of Frances Baard District Municipality. The district municipality is assisting the FPA's with the supply of veldfire fighting units and inspect and maintain the units on an annual basis. Veldfires occurred in the Magareng, Dikgatlong and Phokwane municipal area which damaged 100 000 hectares of land and grazing. The veldfire could not easily be extinguished due to the high speed of winds. The veldfires spread up to the Free State province (Boshof). Damages were also caused to Eskom powerlines and livestock of farmers. The South African National Defence Force assisted with aerial support to extinguish these veldfires.

GOAL	OBJECTIVE	OUTCOME		
		Indicator	Unit of measure	Target
Promotion and implementation of an effective and efficient disaster management and fire-fighting service in the Frances Baard District	To support local municipalities with the implementation of Disaster Management Legislation	Training of volunteers in Disaster risk Management	Number of volunteers trained	20
		Disaster Management Forums established at local municipalities	Number of Disaster Management Forums established at local municipalities	--
		Review of disaster management plans	Number of disaster management plans reviewed	4x plans reviewed
	To assist local municipalities by implementing Response and Recovery Mechanisms as per National Disaster Management Framework	Assist communities after disastrous events	Percentage response to requests on disastrous incidents in the local municipalities	100%
	To develop institutional capacity and acquire resources for firefighting services for 3 local municipalities in the district	Secure facilities and maintain firefighting equipment for 3x LMs	Percentage securing and maintenance of firefighting equipment for 3 LMs	100%
	To ensure effective internal security measures	Secure and maintain council's security systems	Number of security systems maintained	4

• **Volunteers**

Through the recruitment of disaster management volunteers, the capacity and support given to local municipalities has increased. Twenty (20) volunteers were trained for the period under review.

Municipal Area	Number recruited
Phokwane	15
Magareng	15
Dikgatlong	15

Other activities for 2020/21

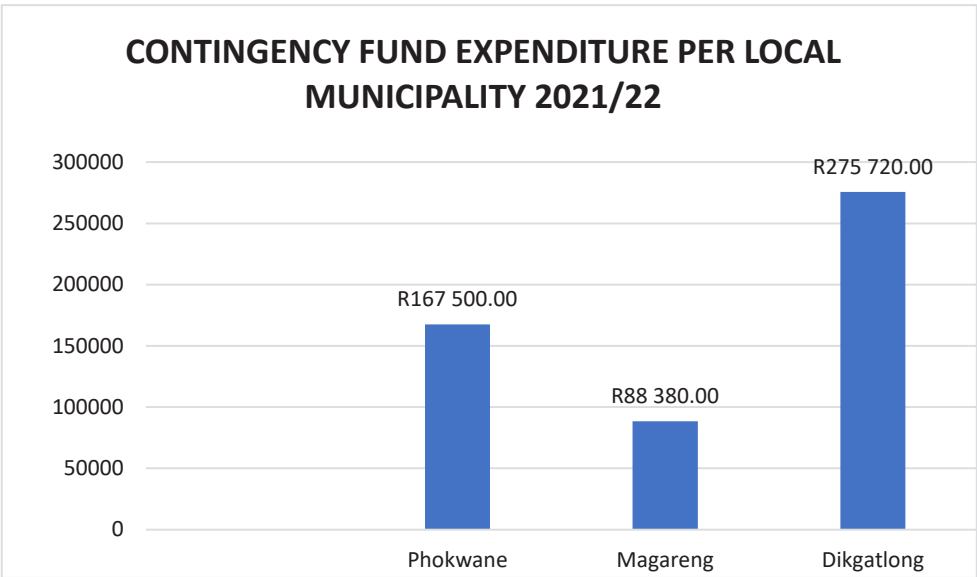
- 100% of the contingency fund for response and recovery was spent to assist community members with rehabilitation and social relief to communities residing within Dikgatlong, Magareng and Phokwane local municipalities. The expenditure of the contingency fund depends on the number of requests received from the local municipalities. There was an increase in shack fires, weather related incidents and veldfires.
- All planned safety awareness and education campaigns were conducted with communities within the Magareng, Dikgatlong and Phokwane local municipalities to mitigate the number of domestic shack fires and the destruction it causes; and
- We fully spent the disaster conditional grant. The spending of the grant depends upon the number of requests for assistance received from the local municipalities.

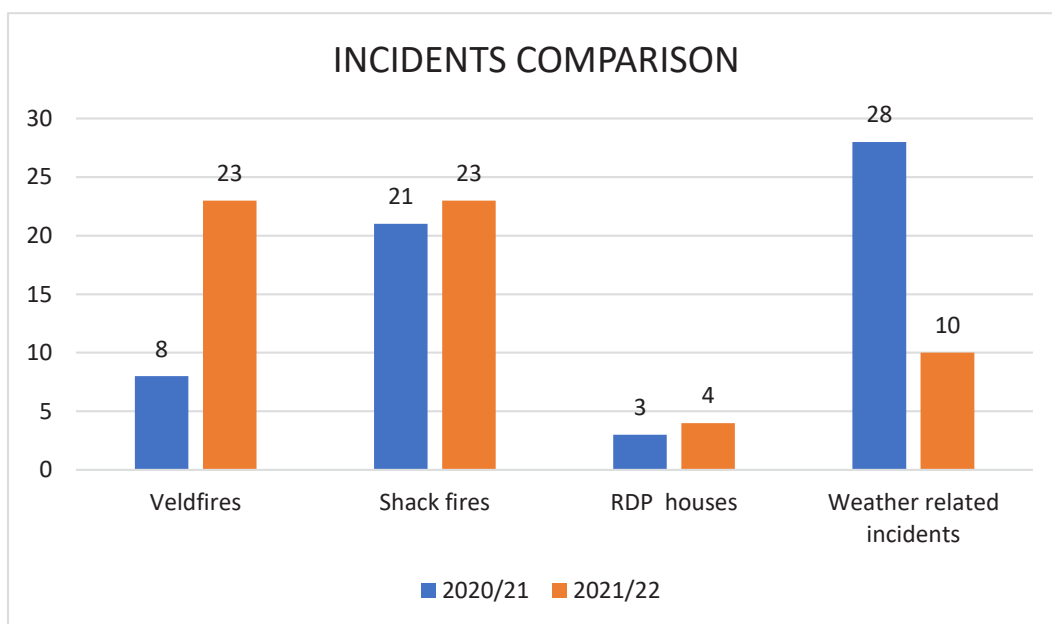
Types of fires experienced in 2021/22	Number
Shack fires	23
Veld fires	26
Structural fires (RDP houses, privately owned / businesses)	4
Weather related incidents	10

• **Contingency Fund**

A contingency fund policy was adopted to assist vulnerable and poor communities during any disastrous events. The safeguarding of many communities in rural areas (as identified in the District Disaster Management Plan) is important to the district municipality and needs to be in line with national and provincial government policies. Thereby ensuring effective and efficient management of resources which will make a significant contribution towards alleviating the effects of disasters/incidents.

The contingency fund is only utilised when a local municipality submits a request for assistance to destitute families within their jurisdiction. Assistance was provided to destitute families for an amount of R 541,600,00 for purposes of replacement of damaged housing structures.





The graph above shows that there was an increase in veld fires, shack fires and RDP houses incidents. Assistance was given to destitute families in the Magareng, Phokwane and Dikgatlong local municipalities.

Achievements

- **Integrated institutional capacity for disaster risk management in the district**

There has been an increase in the capacity and support to local municipalities because of the recruitment of disaster management volunteers (15 for Magareng; 15 for Dikgatlong; and 15 for Phokwane municipalities). Local Municipal Disaster Management Advisory Forums has been established in Magareng, Dikgatlong and Phokwane Local Municipalities.

- **Effective and efficient response and recovery to assist destitute families**

All requests (100%) received from local municipalities to assist destitute communities were responded to. The contingency fund was used for rehabilitation and social relief of disaster-stricken communities residing within the affected areas of Dikgatlong, Magareng and Phokwane municipalities.

- **Disaster Risk Reduction (Awareness Campaigns)**

Safety awareness and education campaigns were conducted with all communities living within informal settlements where shack fires occur on a regularly basis. These awareness programmes were held at Magareng, Dikgatlong and Phokwane local municipalities to mitigate the number of domestic/shack fires and the destruction to life and property. The Provincial Disaster Management Centre, other sector departments together with the Frances Baard District Municipality embarked on an awareness campaign within the district. The programmes presented were as follows:

1. Fire safety in and around the house.
2. The importance to have emergency evacuation plans for schools and creches.

Employees: Fire Fighting & Disaster Management Services					
Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0.00	0
4 - 8	5	5	4	0.05	1%
9 - 13	4	8	3	2.36	29.50%
14 - 18	1	1	1	0.00	0
19 - 26	0	0	0	0.00	0
Total	10	14	8	2.41	17%

Employees and Posts numbers are as at 30 June. Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance 2021/22: Fire Fighting & Disaster Management Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	—	259	—	—	—
Expenditure:					
Fire fighters	—	—	—	—	
Other employees	4 788	7 340	5 649	5 052	89%
Repairs and Maintenance	—	—	—	—	-
Other ¹	3 457	3 558	3 523	2 885	82%
Total Operational Expenditure	8 245	10 898	9 173	7 937	87%
Net Operational Expenditure	8 245	10 639	9 173	7 937	87%

Capital Expenditure 2021/22: Fire Fighting & Disaster Management Services					
R' 000					
Capital Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Establishment of Fire Station at Jan Kempdorp. Building of two fire engine bays at Jan Kempdorp	3 065	800	134	-2187%	134
Installation of new access control system	500	0	490	-2%	490

¹ Includes major cost drivers i.e. printing, advertising, accommodation, travelling, motor vehicle usage, etc.

Building of two fire engine bays at Jan Kempdorp

The project was divided into two (2) phases which was the design/planning (tender phase) and construction phase of the fire engine bays at Jan Kempdorp. Final designed sketches were submitted. The procurement processes for phase two will be finalised in the new financial year and the construction will start in the second quarter of 2022/23 financial year.

Installation of new access control system

A new system was installed as the old system was outdated and too expensive to maintain.

Special Projects 2021/22: Fire Fighting & Disaster Management Services					
Special Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	583	708	599	3%	599
Volunteer Training	83	58	58	-43%	58
Contingency Fund	500	650	541	8%	541

3.4 Corporate policy offices and other services

3.4.1 Executive and council

We are a mayoral executive system municipality which is comprised of section 80 committees (Finance, Policy & Institutional Development, Social Development, Infrastructure Development and Economic Development). Council for 2021/22 was made up of 27 members - 15 female, 12 male (old council); 29 members - 12 female, 17 male (new council). The number of councillors increased by two in the 2021 local government elections.

The Executive Mayor is the political head of the municipality and fulfils an oversight role collectively with a 29-member council (inaugurated on 03 December 2021).

She appointed her Mayoral Committee to assist her to perform and ensure integration of the work of the municipality across all committees and departments. The Speaker is the chairperson of Council and presides over the meetings of council and is also responsible for the discipline of councillors in terms of the Code of Conduct of Councillors. The Speaker ensures the effective functioning of the business of council and its committees.

The committees of Council meet on a monthly basis, except for the months of August and October, and formulate their respective recommendations to council.

Employees: The Executive and Council					
Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0.00	0
4 - 8	1	1	1	0.00	0
9 - 13	8	8	7	0.07	0.90%
14 - 18	2	2	2	0.00	0
19 - 26	0	0	0	0.00	0
Total	11	11	10	0.07	1%

Financial Performance 2021/22: The Executive and Council					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	489	–	520	514	99%
Expenditure:					
Employees	587	1 239	1 311	589	45%
Remuneration of Councillors	7 000	6 962	6 962	6 948	100%
Repairs and Maintenance	–	–	–	–	-
Other ¹	2 553	3 052	2 924	2 738	94%
Total Operational Expenditure	10 141	11 253	11 197	10 275	92%
Net Operational Expenditure	9 652	11 253	10 677	9 761	91%

3.4.2 Human Resource Services (KPA 3)

Goal	Objectives	Outcome		
		Indicator	Unit of measure	Target
To provide a fully effective Human Resources Management & Development function in FBDM and offer support to local municipalities	To develop the human resource strategy	A developed human resource strategy	Number of HR strategies developed	--
	To comply with legislative requirements relating to human resource management and development	Percentage compliance with human resources management and development reporting requirements	Percentage compliance with HRM &D reporting requirements	100%
	To provide support on human resource management and development function to local municipalities	Established HR forum	Number of HR forums established	0
		Reports on the support provided to local municipalities	Number of reports	4

Employees: Human Resource Services					
Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	2	2	2	0	0
14 - 18	3	3	3	0	0
19 - 26	0	0	0	0	0
Total	5	5	5	0	0

Employees and posts numbers are as at 30 June. Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. ‘senior management’) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

¹ Includes major cost drivers i.e. printing, advertising, accommodation, travelling, motor vehicle usage, etc.

Financial Performance 2021/22: Human Resource Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	3 227	3 347	3 551	3 351	94%
Repairs and Maintenance	–	–	–	–	–
Other ¹	1 287	2 462	2 387	1 004	42%
Total Operational Expenditure	4 514	5 809	5 938	4 355	73%
Net Operational Expenditure	4 514	5 809	5 938	4 355	73%

3.4.3 Information and Communication Technology (ICT) Services (KPA 3)

Goal	Objectives	Outcome		
		Indicator	Unit of measure	Target
To render an enabling ICT environment and support within the district	To implement and maintain a shareable ICT environment within the District	Implementation and maintenance of ICT systems within the district	Percentage implementation and maintenance	100% maintenance
	To support the improvement of ICT in three local municipalities	Reports on support provided to local municipalities towards the establishment of ICT governance structure	Number of reports produced	4
		Reports on technical support provided to local municipalities	Number of reports on technical support provided	4

Employees: ICT Services					
Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	2	2	2	0	0
14 - 18	1	1	1	0	0
19 - 26	0	0	0	0	0
Interns	2	2	2	0	0
Total	3	3	3	0	0

Employees and posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

¹ Includes major cost drivers i.e. printing, advertising, accommodation, travelling, motor vehicle usage, etc.

Capital Expenditure 2021/22: ICT Services					
R' 000					
Capital Projects	2021/22				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	894	800	907	1%	907
Disk based backup server	700	800	779	10%	779
New laptops	160	0	113	-42%	113
Desktop replacement	34	0	15	-127%	15

Financial Performance 2021/22: ICT Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	—	—	—	—	-
Expenditure:					
Employees	1 869	2 133	2 246	2 166	96%
Repairs and Maintenance	—	—	—	—	—
Other ¹	2 289	2 556	2 616	2 332	89%
Total Operational Expenditure	4 158	4 689	4 862	4 498	93%
Net Operational Expenditure	4 158	4 689	4 862	4 498	93%

3.4.4 Records Management (KPA 3)

We strive to remain compliant with the records related legislation with minimal challenges. Our only main challenge is the lack of our own records center for disposal and appraisal of records and we depend on Provincial Archives. We also have a responsibility to render records management support to our local municipalities to build their capacity.

Goal	Objectives	Outcome		
		Indicator	Unit of measure	Target
Provide sound records management and office support services	To comply with the Provincial Archives Act at Frances Baard District Municipality and support LMs towards compliance	Provision of records management and advisory services in the district	Percentage implementation of the annual records management and advisory plan	100%
		Reports on the support provided to local municipalities	Number of reports	4
	To provide effective and efficient office support functions	Effective and efficient office support services	Number of progress reports on office support services	12
	To provide effective and cost-efficient office support services	Maintenance of municipal building	Percentage maintenance of the municipal building	100%

3.4.5 Financial Services (KPA 5)

The Department of Finance is mainly responsible for the effective and efficient oversight and management of the municipality's assets, liabilities, revenue and expenditure according to prescribed legislation.

Budget & Treasury, Revenue & Expenditure and Supply Chain Management

GOAL	OBJECTIVES	OUTCOME		
		Indicator	Unit of measure	Target
<ul style="list-style-type: none"> Facilitation of effective and efficient system of budgeting and reporting, in compliance with applicable legislation. To provide an effective system of sound financial management in revenue and expenditure in compliance with applicable legislation. Provide an effective and efficient supply chain management system for the district municipality 	To ensure compliance to all accounting and legislative reporting requirements	Compliance to budgeting and reporting requirements	Percentage compliance to legislation	100%
	To provide financial management support to local municipalities in the district	Provide financial management support to local municipalities	Number of local municipalities supported	2
	To ensure implementation of supply chain management policies and related prescripts	Compliance with Treasury's supply chain management system	Percentage compliance	100%
	To ensure sound financial management practices according to National Treasury guidelines	Percentage compliance to legislation	Percentage compliance	100%

Employees: Financial Services					
Job Level	2020/21	2021/22			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0.00	0
4 - 8 *	3	5	4	0.00	0
9 - 13	6	8	6	0.05	0.60%
14 - 18	6	6	5	0.26	4%
19 - 26	0	0	0	0.00	0
Interns	5				
Total	15	19	15	0.31	2
<p>Employees and posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p> <p>* 1 x unfunded post</p>					

Financial Performance 2021/22: Financial Services					
R'000					
Details	2020/21	2021/22			
	Actual	Original Budget	Adjustment Budget"	Actual	Variance to Budget
Total Operational Revenue	131 346	136 636	136 686	135 611	99%
Expenditure:					
Employees	16 282	15 749	14 458	13 857	96%
Repairs and Maintenance	—	—	—	—	-
Other ¹	4 659	5 245	6 311	5 742	91%
Total Operational Expenditure	20 941	20 993	20 867	19 599	94%
Net Operational Expenditure	(110 405)	(115 643)	(115 819)	(116 012)	100%

3.4.6 Integrated Development Planning (KPA 3)

Our (IDP) remains our strategic document and a compass which steers the developmental path which the district needs to take. It articulates the priorities which are aligned to those of the four local municipalities in the district council. The alignment is the work of all our stakeholders, in both the public and the private sector. These outcomes and priorities synthesise the expressed interests and needs of the constituent parts of the municipality as tabulated in the Municipal Structures Act.

Goal	Objectives	Outcome		
		Indicator	Unit of measure	Target
To attain credible and implementable IDPs in the district	To develop and review the district municipality's IDP in compliance with legislation	Annual development and review of the IDP	P e r c e n t a g e development and review of the district IDP	100%
	To support the local municipalities in the preparation and review of their IDPs	Support local municipalities in the development and review of their IDPs	Percentage support to local municipalities	100%

3.4.7 Communication & Media (KPA 4)

More and more the emphasis for communication at local government level has shifted towards participatory communication. It is important to keep the community involved in all stages of development projects and thereby getting their buy-in and understanding. Aligning messages of government is important and closer cooperation between municipalities and the other spheres of government has grown in importance to ensure that one government message is taken to the communities. However, communication is still under-prioritised in the district in terms of recognition that service delivery issues go together with effective communication and participation programmes. Except for the Sol Plaatje local municipality, all local municipalities have insufficient staff for communication in the district and there is still poor planning and budgeting practices for communication activities.

¹ Includes major cost drivers i.e. printing, advertising, accommodation, travelling, motor vehicle usage, etc.

Goal	Objectives	Outcome		
		Indicator	Unit of measure	Target
Create, strengthen and maintain a positive opinion of the district through effective channels of communication	To keep the public informed on government activities in the district	Communication strategy to regulate internal and external communication in the district	Percentage implementation of annual action plan	100%
		Communication strategies to regulate internal and external communication in two local municipalities	Number of local municipalities assisted with the development of communication strategies	-
	To improve internal communication through the implementation of the internal communication strategy	Successfully implemented internal communication plan	Percentage implementation of the internal communication plan	100%

3.4.8 Legal & Compliance (KPA 4)

The legal and compliance function occupies a strategic position and provides professional legal guidance; monitoring compliance with the applicable regulatory framework within which municipalities operate; develops and review contracts and other legal documents. It is also responsible for the implementation of the municipality's litigation management strategy. This strategy recognizes the fact that the role of an in-house municipal legal services unit has evolved to become a proactive and innovative partner with local municipalities within the district.

Goal	Objectives	Outcome		
		Indicator	Unit of measure	Target
To provide an effective and professional legal and compliance service in the district	To provide legal and compliance services in the district	Legal advisory and compliance services in the district	Percentage provision of legal advisory and compliance services	100%
	Provision of sound legal binding contracts in the district	Provision of legal contract services in the district	Percentage provision of legal contract services	100%

3.4.9 Internal Auditing (KPA 4)

Internal audit is an integral component of internal control, risk management and is party to the structures of those charged with governance. The objective of internal audit in discharging its duties is providing the necessary assurance and advisory services to the municipality including Magareng and Dikgatlong local municipalities. Audit plans are developed annually to carry out audits which are informed by risk assessments in addressing the underlying non-compliance and lack of controls amongst the risk universe. The audits conducted places management in a position to assess whether the controls of the municipality are sufficient and effective; and to implement recommended actions where there is a need for improvement.

Goal	Objectives	Outcome		
		Indicator	Unit of measure	Target
Provision of internal audit services in the FBDM and the two local municipalities	To evaluate the adequacy and effectiveness of control processes and assessment of compliance with legislation in FBDM and the two local municipalities	Internal audits completed according to internal audit plans	Percentage implementation of the annual audit plans	100%

3.4.10 Risk Management (KPA 4)

Goal	Objectives	Outcome		
		Indicator	Unit of measure	Target
Mitigation of risks, prevention and management of fraud and corruption in the district	To manage risk activities in the district	Implementation of annual risk management plans for FBDM	Percentage implementation of RM plan	100% Implementation of the approved annual risk implementation plan
		Development and implementation of RM policies and strategies for 2LMs	Percentage of RM policies and strategies developed for 2LMs	--
			Percentage implementation of the risk management plan in 2LMs	100% Implementation of the approved annual risk implementation plan
	To prevent and manage fraud and corruption in the district	Implementation of fraud and corruption programme for FBDM	Percentage implementation of the fraud and corruption programme for FBDM	100%
		Development and implementation of fraud and corruption policies and strategies for 2LMs	Percentage development of fraud and corruption policies and strategies in 2LMs	--
			Percentage implementation of the fraud awareness programme in the 2LMs	100% Implementation of the fraud awareness programme

3.4.11 Youth Development (KPA 4)

Our strategic intention is to mainstream youth development in all policies, programmes and plans. This provides the framework against which Frances Baard District Municipality, as well as other sectors of society in the district, to develop and implement programmes and projects that facilitates and advocates for the inclusion of youth in mainstream socio-economic life.

Goal	Objectives	Outcome		
		Indicator	Unit of measure	Target
Mainstream youth development, promote the advancement of youth economic empowerment and the provision of skills and training	To facilitate and coordinate youth development in the district	Coordination of stakeholders	Number of engagement platforms facilitated	4
		Youth Development Programmes	Number of youth development programmes coordinated	6

3.4.12 Special Programmes (KPA 4)

Goal	Objectives	Outcome		
		Indicator	Unit of measure	Target
Advancing special programmes among the marginalised community groups in the district	To facilitate and coordinate special programmes in the district	Facilitation and coordination of special programmes in the district	Percentage completion of annual planned programmes to coordinate and facilitate special programmes in the district	100%

3.4.13 Committee Services (KPA 4)

Goal	Objectives	Outcome		
		Indicator	Unit of measure	Target
To provide efficient and effective coordination and support for council and its committees	To ensure the effective and efficient functioning of council and its committees	Fully functional council and its committees	Percentage facilitation of council and committee meetings	100%

3.4.14 Performance Management (KPA 3)

We have an established performance management system. The municipality also ensures that it implements and maintains a performance management system resource capacity and in line with our priorities, objectives, indicators and targets contained in our IDP.

Goal	Objectives	Outcome		
		Indicator	Unit of measure	Target
To improve PMS in the district	To maintain a functional Performance Management System in FBDM	Maintain a PMS for the FBDM	Percentage compliance with PMS in the FBDM	100%
	To support performance management in 3 (three) local municipalities in district	Support to LMs with PMS	Percentage assistance with PMS to three local municipalities	100%

3.4.15 Municipal institutional performance report 2021/22

In compliance with section 46 of the MSA of 2000, the table below refers to the performance of the municipality (targets and indicators), for 1 financial year (2021/22) and in line with the objectives stated in the SDBIP (2021/22) and the IDP of 2021/22 (page 85-104).

FRANCES BAARD DISTRICT MUNICIPALITY												
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2021/2022 FY												
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2021 TO 30 JUNE 2022)												
ANNUAL REPORT FOR 2021/2022 FY												
Key Performance Area	Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification		Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS	
					PoE							
KPA 1. SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.												
1.1 Programme Management and Advisory Services												
1	To assist LMs with infrastructure upgrading, operations and maintenance	1.1	Number of municipalities assisted with the finalisation of prioritised project lists to guide the upgrading, operations and maintenance of infrastructure in the district (O&M)	Infrastructure needs list of LM's for 2021/22	4x Developed prioritised project lists for the LMs for 2021/22	Number of municipalities assisted	Council Resolution	4	4	0	N/A	N/A
		1.2	Amount spent on support for operations and maintenance of infrastructure in the LMs (O&M)	Allocation for 2020/21 (R16 500 000)	Total spending of annual allocated budget (R13 404 347,83)	Amount spent (R)	Quarterly Reports on spending	R13 404 347,83	R13 233 926,76	-R170 421,07	Phokwane and Magareng LM did not spend the entire allocation for the financial year. This resulted in a low expenditure of the allocated funds.	N/A
		1.3	Timeous submission of project monitoring reports developed to support infrastructure operations and maintenance in the LMs (O&M)	2020/21 monitoring reports	4 Monitoring reports submitted to Council	Number of monitoring reports submitted	Quarterly monitoring reports	4	4	0	N/A	N/A
2	To create job opportunities for the unemployed through the promotion of EPWP principles	2.1	Number of Full-Time Equivalents (FTEs) created as per the EPWP incentive agreement	30.24 Created in the 2020/2021	14 FTEs	Number of FTEs created	Quarterly Reports	14	27,84	+13,84	Additional jobs were created in Dikgatlong and Magareng LM during the 2021/22 financial year ,which increased the overall number of FTEs	N/A
					Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %			Full Compliance: 0% Deviation		Under-Performance: - % Deviation		Over-Performance: + % Deviation

FRANCES BAARD DISTRICT MUNICIPALITY												
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2021/2022 FY												
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2021 TO 30 JUNE 2022)												
Key Performance Area		Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification		Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
IDP Objectives	PoE											
KPA 1. SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.												
3	To support improved infrastructure planning in the district	Percentage progress on the implementation of the RRAMS project to support improved infrastructure planning in the LMs as per the approved business plan	3.1	Established electronic system	100% Implementation of the approved business plan	% Progress on implementation	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
4	To support the provision of potable water, sanitation facilities, electricity and streets and storm water households in the district	Number of municipalities assisted with the finalisation of prioritised project lists for capital infrastructure projects in the district	4.1	Infrastructure needs list of LM's for 2021/22	4x Developed prioritised project lists for the LMs for 2021/22	Number of municipalities assisted	Council Resolution	4	4	0	N/A	N/A
		Amount spent on support for capital infrastructure projects in the LMs	4.2	Allocation for 2020/21 (R566 603.00)	Total spending of annual allocated budget (R19 195 652,17)	Amount spent (R)	Quarterly Reports on spending	R19 195 652,17	R8 017 255,65	-R11 178 396,52	Procurement in all organs of state (as of 16 February 2022), was put in abeyance following the Constitutional Court judgement handed down to National Treasury regarding the validity of the preferential procurement regulations of 2017. This affected the progress of projects in the municipalities. Subject to this, Phokwane and Dikgatlong LMs requested a rollover of R2 678 400.00 and R3 500 000.00 respectively. FBDM also had to roll over R5million for the procurement of fleet for the local municipalities	Since the current regulations are now valid until February 2023, the interrupted services in 2021/22 will be completed in the first two quarters of the 2022/23 F/Y
						Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %		Full Compliance: 0% Deviation		Under-Performance: - % Deviation		Over-Performance: + % Deviation

FRANCES BAARD DISTRICT MUNICIPALITY												
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2021/2022 FY												
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2021 TO 30 JUNE 2022)										ANNUAL REPORT FOR 2021/2022 FY		
Key Performance Area	IDP Objectives	Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification		Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
						PoE						
KPA 1. SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.												
	To support the provision of potable water, sanitation facilities, electricity and streets and storm water households in the district	4.3	Timeous submission of project monitoring reports developed to support capital infrastructure projects in the LMs	2020/21 monitoring reports	4 Monitoring reports submitted to Council	Number of monitoring reports submitted	Quarterly monitoring reports	4	4	0	N/A	N/A
1.2 Housing												
5	To facilitate the reduction of the Housing backlog by facilitating integrated human settlement in the district	5.1	Number of human settlements sector plans reviewed	0	4x Sector plans reviewed	Number of sector plans reviewed	Draft sector plans	4	4	0	N/A	N/A
		5.2	Number of progress reports submitted to Council for the facilitation of the subsidy application process	4	4 reports submitted	Number of reports submitted	Quarterly reports	4	4	0	N/A	N/A
6	Monitoring of human settlements development in 3 LMs	6.1	Number of reports on the accreditation programme submitted COGHSTA and NDHS	16	16 reports submitted	Number of reports submitted	Monthly / Quarterly Reports	16	16	0	N/A	N/A
					Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %		Full Compliance: 0% Deviation			Under-Performance: - % Deviation		Over-Performance: + % Deviation

FRANCES BAARD DISTRICT MUNICIPALITY																				
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2021/2022 FY																				
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2021 TO 30 JUNE 2022)								ANNUAL REPORT FOR 2021/2022 FY												
Key Performance Area IDP Objectives		Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification		Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS								
						PoE														
KPA 2. Local Economic Development																				
2.1 Local Economic Development Unit																				
7	To support the development of a diverse economy	7.1	Percentage completion of programmes aimed at the diversification of the district economy	33.3% Implemented 2020/21 planned programmes	3x programmes	% Progress on completion	Quarterly Reports	100.00%	100.00%	0.00%	N/A	N/A								
8	To support the development of learning and skilful economies	8.1	Percentage completion of programmes aimed at developing learning and skilful economies	90% Implemented 2020/21 planned programmes	3x programmes	% Progress on completion	Quarterly Reports	100.00%	100.00%	0.00%	N/A	N/A								
9	To facilitate the development of enterprises	9.1	Percentage completion of programmes aimed at developing enterprises	100% Implemented 2020/21 planned programmes	1x programme	% Progress on completion	Quarterly Reports	100.00%	90.00%	-10.00%	Procurement in all organs of state (as of 16 February 2022), was put in abeyance following the Constitutional Court judgement handed down to National Treasury regarding the validity of the preferential procurement regulations of 2017. FBDM could not conclude the last phase of the SMME support programme, as it involved the procurement of machinery and equipment for the SMMEs	The procurement will be completed in the 2022/23 FY.								
10	To facilitate the development of inclusive economies	10.1	Percentage completion of programmes aimed at developing inclusive economies	50% Implemented 2020/21 planned programmes	1x programmes	% Progress on completion	Quarterly Reports	100.00%	100.00%	0.00%	N/A	N/A								
					Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %			Full Compliance: 0% Deviation		Under-Performance: - % Deviation		Over-Performance: + % Deviation								

FRANCES BAARD DISTRICT MUNICIPALITY												
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2021/2022 FY												
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2021 TO 30 JUNE 2022)												
Key Performance Area IDP Objectives		Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification		Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
							PoE					
KPA 2. Local Economic Development												
2.2 Tourism Unit												
To promote tourism in the Frances Baard District	11.1	Percentage completion of programmes aimed at upgrading, restoration and promotion of tourist attractions	90% Implemented 2020/21 planned programmes	5x programmes	% Progress on completion	Quarterly Reports		100.00%	100.00%	0.00%	N/A	N/A
	11.2	Percentage implementation of annual action plan to facilitate strategic partnerships and participation of role players	100% Implemented 2020/21 planned programmes	100% Implementation of the action plan	% Implementation	Quarterly Reports		100.00%	100.00%	0.00%	N/A	N/A
3. Institutional Development and Transformation												
3.1 Environmental Health Management												
To monitor and enforce national environmental	12.1	Number of water samples collected analysed to monitor water quality	460	480 samples collected	Number of samples collected and analysed	Quarterly reports		480	457	-23	Environmental Health Practitioners could not access water points which had controlled access.	N/A
	12.2	Number of inspections at food premises to determine food safety	450	650 inspections completed	Number of inspections conducted	Quarterly reports		650	644	-6	Owners of some facilities were unavailable during inspections.	N/A
					Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %		Full Compliance: 0% Deviation			Under-Performance: - % Deviation		Over-Performance: + % Deviation

FRANCES BAARD DISTRICT MUNICIPALITY											
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2021/2022 FY											
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2021 TO 30 JUNE 2022)								ANNUAL REPORT FOR 2021/2022 FY			
Key Performance Area	Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification		Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
						PoE					
3. Institutional Development and Transformation											
3.1 Environmental Health Management											
	12.3	Number of surface swabs collected to analyse for diseases and other health risks	150	180 swabs collected	Number of surface swabs collected & analysed	Quarterly reports	180	132	-48	No swabs were collected in the third quarter due to unavailability of materials by the laboratory	N/A
	12.4	Number of food handlers trained on environmental health requirements	242	400 food handlers trained	Number of food handlers trained	Quarterly reports	400	399	-1	The targeted number of food handlers to be trained was not achieved due to non-attendance of the target participants.	N/A
	12.5	Number of inspections conducted at non-food premises to determine health safety	180	320 inspections	Number of inspections conducted	Quarterly reports	320	325	+5	Additional non-food premises were evaluated in the second quarter to ensure compliance with Covid-19 requirements.	N/A
				Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %				Full Compliance: 0% Deviation		Under-Performance: - % Deviation	Over-Performance: + % Deviation

FRANCES BAARD DISTRICT MUNICIPALITY												
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Key Performance Area		Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification		Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
IDP Objectives						PoE						
KPA 3. Institutional Development and Transformation continued...												
3.1 Environmental Health Management												
13	To implement and monitor environmental planning and management in the Frances Baard district	13.1	Number of awareness campaigns implemented	72	120 awareness campaigns implemented	Number of campaigns implemented	Quarterly reports	120	98	-22	Awareness campaigns which targeted learners, experienced a low attendance due to the school examination calendar.	N/A
		13.2	Number of environmental calendar days celebrated	7	7 environmental calendar days celebrated	Number of days celebrated	Quarterly reports	7	6	-1	There was a poor attendance at the celebrations of environmental calendar days due to school examination calendar affected the targeted number	N/A
		13.3	Number of atmospheric emissions inventory updates performed	4	4 updates performed	Number of updates performed	Quarterly reports	4	4	0	N/A	N/A
		13.4	Number of ambient air quality monitoring reports	4	4 monitoring reports	Number of reports	Quarterly reports	4	4	0	N/A	N/A
3.2 Disaster Management												
14	To support local municipalities with the implementation of Disaster Management Legislation	14.1	Number of volunteers trained on disaster risk management	0	20 volunteers trained	Number of volunteers trained	Quarterly reports	20	20	0	N/A	N/A
		Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %							Full Compliance: 0% Deviation	Under-Performance: - % Deviation	Over-Performance: + % Deviation	

FRANCES BAARD DISTRICT MUNICIPALITY												
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							PoE					
3.2 Disaster Management												
15 To assist local municipalities by implementing response and recovery mechanisms as per national disaster management framework	15.1	Percentage response to requests on disastrous incidents in the local municipalities.	100%	100% response to all requests received	% Assistance	Quarterly reports		100.00%	100.00%	0.00%	N/A	N/A
	16.1	Percentage maintenance of fire fighting equipment in the 3LMs as per request	100%	100% maintenance	% Maintenance	Quarterly reports		100.00%	100.00%	0.00%	N/A	N/A
	16.2	Percentage completion of the annual skid units inspections in 3LMS	100%	Completed inspections	% Completion	Annual inspection report		100.00%	100.00%	0.00%	N/A	N/A
16 To develop institutional capacity and acquire resources for fire fighting services for 3 LMS	16.3	Percentage progress on the establishment of the fire fighting satellite station (completion of phase 2)	100% completed phase 1	100% Completed phase 2	% Progress	Quarterly reports		100.00%	70.00%	-30.00%	Procurement in all organs of state (as of 16 February 2022), was put in abeyance following the Constitutional Court judgement handed down to National Treasury regarding the validity of the preferential procurement regulations of 2017. This affected the completion of Phase 2 of the establishment of the Phokwane fire-fighting station. FBDM could not continue with the procurement processes to appoint a service provider to start with the project	The tender was re-advertised and a suitable service provider will be appointed in the 2022/23 FY.
						Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %			Full Compliance: 0% Deviation		Under-Performance: - % Deviation	Over-Performance: + % Deviation

FRANCES BAARD DISTRICT MUNICIPALITY												
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2021/2022 FY												
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Key Performance Area	IDP Objectives	Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification		Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
						PoE						
3.2 Disaster Management												
17	To ensure effective internal security measures	17.1 Percentage implementation of the security maintenance agreements	100%	100%	% progress	Quarterly reports	100.00%	80.00%	-20.00%	The internal fire fighting equipment could not be serviced due to the difficulty of appointing a compliant service provider.	The servicing of the fire fighting equipment will be implemented in the 2022/23 FY.	
3.3 Human Resource Management												
18	To comply with legislative requirements relating to human resource management and development	18.1 Percentage implementation of the annual human resource development & management plan	81.9%	100%	Implementation of the HR plan	% Implementation	Quarterly reports	100.00%	105.55%	+5.55%	Two additional employee wellness programmes conducted to assist employees.	N/A
19	To provide support on HR management and development function to LMs	19.1 HR support plan for local municipal to local municipalities	100%	100%	% support	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A	
						Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %				Full Compliance: 0% Deviation	Under-Performance: - % Deviation	Over-Performance: + % Deviation

FRANCES BAARD DISTRICT MUNICIPALITY												
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Key Performance Area IDP Objectives		Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification		Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
							PoE					
KPA 3. Institutional Development and Transformation continued...												
3.4 Records Management												
20	To comply with the provincial archives act at FBDM and support the LMs towards compliance by 2022	20.1	Percentage implementation of the annual records management and advisory plan	100%	Implementation of the plan	%	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
		20.2	Percentage support to local municipalities	100%	100% support	%support	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
21	To provide effective and efficient office support functions	21.1	Percentage implementation of the office support plan	100%	100%	%	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
22	To provide effective and cost efficient office support services	22.1	Percentage implementation of the municipal buildings maintenance plan	100%	100% maintenance	% Maintenance	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
				Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %				Full Compliance: 0% Deviation		Under-Performance: - % Deviation		Over-Performance: + % Deviation

FRANCES BAARD DISTRICT MUNICIPALITY													
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2021/2022 FY													
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Key Performance Area IDP Objectives		Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification		Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS	
						PoE							
KPA 3. Institutional Development and Transformation continued...													
3.5 Information Communication Technology (ICT)													
23	To implement and maintain a sharable ICT environment within the district	23.1	Percentage implementation of the ICT systems plan	96.66%	100%	implementation of ICT systems	% Implementation	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
24	To support the improvement of ICT in three LMs	24.1	Percentage implementation of the local municipalities ICT annual support plan	100%	100%	implementation	% Implementation	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
3.6 Integrated Development Planning (IDP)													
25	To develop and review the district municipality's IDP in compliance with legislation	25.1	Percentage progress in the review of the district municipal IDP	100%	100%	reviewed 2021/22 district IDP	% Progress	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
26	To support the local municipalities in the preparation and review of their IDPs	26.1	Percentage support to local municipalities in the review of their IDPs	100%	100%	implementation of the 2021/22 Process plan and annual LM Plan	% progress	Quarterly Reports	100.00%	100.00%	0.00%	N/A	N/A
							Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %			Full Compliance: 0% Deviation Under-Performance: - % Deviation		Over-Performance: + % Deviation	

FRANCES BAARD DISTRICT MUNICIPALITY												
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Key Performance Area		Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification		Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
IDP Objectives	PoE											
KPA 3. Institutional Development and Transformation continued...												
3.7 Spatial Planning												
27	To facilitate the development of land use management policies	27.1	Percentage development of By-Laws for three LMs	0	100% Developed By-Laws	% Progress	Quarterly reports	100.00%	68.75%	-31,25%	The public participation process was prolonged as the communities required more time to engage further on the proposed by-laws.	The By-laws will be completed in the 2022/23 FY.
28	To facilitate the development of urban and rural areas in accordance with the relevant legislation	28.1	Percentage processing of land development applications received	100% processed applications received	100% processed applications received	% Progress	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
		28.2	Percentage progress on the review of the SDFs	73.31%	3x SDFs reviewed	% Progress	Reviewed SDFs	100.00%	53.94%	-46,06%	• Phokwane LM postponed the public participation meetings which interrupted the process towards the finalisation of the SDF. • The draft SDF for Magareng LM was presented to the Project Steering Committee (PSC). Following their analysis, the PSC requested further research to be made on the SDF before approval.	• The Phokwane SDF will be completed in the 2022/23 FY . • The Magareng SDF will be completed in the 2022/23 FY.
29	To facilitate development of the Brown and Green field development.	29.1	Percentage progress on the completion of one infill development	85.75% Completion of the Infill development in Phokwane Municipal area	100% completed infill development for the phokwane municipal area	% Progress	Quarterly reports	100.00%	50.00%	-50,00%	Phokwane LM submitted the EIA to the Department of Agriculture Land Reform and Rural Development, which is a prerequisite for the completion of the infill development. This delayed the application and affected the completion of the project.	The infill development project will be submitted to the DMPT in the first quarter of the new financial year.
		Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %			Full Compliance: 0% Deviation		Under-Performance: - % Deviation		Over-Performance: + % Deviation			

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IDP Objectives						PoE						
KPA 3. Institutional Development and Transformation continued...												
3.8 Geographic Information Systems												
30	To promote the use of GIS as a tool in the district	30.1	Percentage access and maintenance of GIS in the district.	100% completed GIS planned activities in 2020/21 FY	Land use survey for Magareng LM	% progress	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
		30.2	Number of local municipalities trained and informed on GIS	100% Workshops conducted in 2020/21 FY	4 workshops hosted	Number	Quarterly reports	4	4	0	N/A	N/A
3.9 Performance Management Systems												
31	To maintain a functional performance management system in FBDM	31.1	Percentage implementation of the performance management annual plan	87.50%	100% Implementation of the annual plan	% Implementation	Quarterly reports	100.00%	75.00%	-25.00%	The annual evaluations of the senior management was delayed by the sitting of the full complement of the panel	The annual evaluations will be conducted in the 2022/23 FY.
32	To support performance management in 3 LMs	32.1	Percentage support to three local municipalities on PMS	100%	100% implementation of the annual support plan	% Progress	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
					Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %			Full Compliance: 0% Deviation		Under-Performance: - % Deviation		Over-Performance: + % Deviation

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						PoE						
KPA 4. Good Governance and Public Participation												
4.1 Communication and Media												
33	To keep the public informed on government activities in the district	33.1	Percentage implementation of the annual communication strategy action plan	87.5%	100% implementation of the action plan	% Progress on implementation of action plan	Quarterly reports	100.00%	96.04%	-3.96%	<ul style="list-style-type: none">• The acquisition of the marketing material was not successful due to non-responsive bidders• Media houses did not attend a media briefing, resulting in a cancellation.• The external news letter was not distributed timeously due to the late or no submission of content by stakeholders.	<ul style="list-style-type: none">• A suitable service provider will be appointed in the 2022/23 FY .• Continuous follow-up with the media houses to encourage attendance.• Improve turn-around time by continuous follow-up with stakeholders to ensure timeous submission of content.
34	To improve internal communication through the implementation of the internal communication plan	34.1	Percentage implementation of the internal communication plan	100%	100% implementation of 2021/22 communication plan	% progress on the implementation of the communication plan	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
4.2 Risk Management												
35	To manage risk activities in the district	35.1	Percentage implementation of risk management plan for FBDM	100% Implementation of Risk Plan	100% implementation of approved annual risk implementation plan	% Progress	Quarterly Reports	100.00%	100.00%	0.00%	N/A	N/A
		35.2	Percentage implementation of risk management plan for two LMs	100% Implementation of Risk Plan	100% implementation of approved annual risk implementation plan	% Progress	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
36	To prevent and manage fraud and corruption in the district	36.1	Percentage implementation of fraud and corruption programme for FBDM	100% Implementation of Fraud Prevention Programme	100% implementation of fraud and corruption prevention programme	% Progress	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
		36.2	Percentage implementation of the fraud and corruption awareness programmes for two LMs	100% Implementation of Fraud	100% implementation of fraud and	% Progress	Fraud awareness report	100.00%	100.00%	0.00%	N/A	N/A
						Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %		Full Compliance: 0% Deviation		Under-Performance: - % Deviation		Over-Performance: + % Deviation

FRANCES BAARD DISTRICT MUNICIPALITY											
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2021/2022 FY											
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2021 TO 30 JUNE 2022)							ANNUAL REPORT FOR 2021/2022 FY				
Key Performance Area IDP Objectives		Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification		Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
							PoE				
4. Good Governance and Public Participation continued...											
4.3 Internal Audit											
37	To evaluate the adequacy and effectiveness of control processes and assessment of compliance with legislation in FBDM and 2 LMs	Percentage implementation of the approved internal audit plans (fbdm and 2LMs)	98% implemented 2020/21 audit plans	100% Implementation of the audit plans	% Implementation	Quarterly reports	100.00%	94.55%	-5.45%	The migration to the new financial system affected the scheduled SCM audit.	The SCM audit has been rescheduled to the 2022/23 FY.
4.4 Legal and Compliance Services											
38	To provide legal and compliance services in the district	Percentage provision of legal and compliance services in the district	100%	100%	% Compliance	Litigation register	100.00%	100.00%	0.00%	N/A	N/A
39	Provision of sound legal binding contracts in the district	Percentage provision of legal contract services	100%	100%	% Provision	Contract register	100.00%	100.00%	0.00%	N/A	N/A
4.5 Council and Committee Services											
40	To ensure an effective and efficient functioning of council and its committees	Percentage facilitation of council and committee meetings to ensure a fully functional council and its committee oversight and administrative systems	100%	100% facilitation of committees and council meetings	% Compliance	Signed agendas and minutes of Council and committee meetings	100.00%	89.83%	-10.17%	Some committees of council did not reach a quorum for their sitting.	N/A
				Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %			Full Compliance: 0% Deviation		Under-Performance: - % Deviation		Over-Performance: + % Deviation

FRANCES BAARD DISTRICT MUNICIPALITY										
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2021/2022 FY										
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2021 TO 30 JUNE 2022)							ANNUAL REPORT FOR 2021/2022 FY			
Key Performance Area	Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification	Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
					PoE					
4. Good Governance and Public Participation continued...										
4.6 Youth Services										
41	41.1	Number of stakeholder engagement platforms facilitated	100% completed	4 Platforms	Number of platforms	Quarterly Reports	4	4	0	N/A
	41.2	Percentage coordination of youth development programmes	100% completed	100% Coordination	% Progress	Quarterly Reports	100.00%	83.33%	-16.67%	The process of identification and selection of the beneficiaries for the skills development programme was delayed at the local municipalities. Therefore the youth skills development programme planned for the financial year could not be implemented.
4.7 Special Programmes										
42		To facilitate and coordinate special programmes in the district	Percentage facilitation and coordination of special programmes in the district as per the annual action plan	100%	100% Implementation of approved programmes	Quarterly Reports	100.00%	75.00%	-25.00%	The Human rights day and the freedom day programmes did not take place due to different and competing programmes of stakeholders
KPA 5. Municipal Financial Viability and Management										
5.1 Budget and Treasury										
43		To ensure compliance to all accounting and legislative reporting requirements	Percentage compliance to budgeting and reporting requirements	100%	100%	Monthly / Quarterly reports	100.00%	100.00%	0.00%	N/A
44		To ensure sound financial management practices according to National Treasury guidelines	Percentage compliance to legislation	100%	100%	Monthly / Quarterly reports	100.00%	100.00%	0.00%	N/A
45		To provide financial management support to the local municipalities in the district	Percentage implementation of the local municipalities annual financial management support plan	100%	100% implementation of the support plan	Quarterly reports	100.00%	100.00%	0.00%	N/A
46		To ensure implementation of supply chain management policies and related prescripts	Percentage compliance with National treasury supply chain management system	100%	100%	Monthly / Quarterly reports	100.00%	100.00%	0.00%	N/A
					Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %		Full Compliance: 0% Deviation		Under-Performance: - % Deviation	Over-Performance: + % Deviation

FRANCES BAARD DISTRICT MUNICIPALITY			
SUMMARY OF MUNICIPAL ANNUAL PERFORMANCE: 01 JULY 2021 - 30 JUNE 2022.			
Number of Key Performance Indicators Measured For The 2021/2022 Financial Year			
1. Overall achievement (including over achievement/ exceeded targets)	67	100%	
2. Targets not achieved	47	70.15%	
3. Targets Exceeded (out of the achieved indicators)	20	29.85%	
	3	4.48%	

3.4.16 Year-on-year comparison report of FBDM's institutional performance for 2020/21 and 2021/22

In compliance with section 46 of the MSA of 2000, the table below is in line with the requirements of section 46, it is a comparison of the performance targets / indicators of the 2020/21 & 2021/22 financial years. The indicators are aligned to the objectives formulated in the IDP 2020/21 (page 83-102) and 2021/22 (page 85-104) and SDBIP of 2020/21 & 2021/22. The SDBIPs and IDPs can be read on the FBDM website.

Objective Nr as per the 2021/22 SDBIP	KPI (DESCRIPTION)	2020/2021 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2021/22 SDBIP	KPI (DESCRIPTION)	2021/2022 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
KPA 1: SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.										
1.1 Programme Management and Advisory Services										
1	KPI 1.1: Number of municipalities assisted with the finalisation of prioritised project lists to guide the upgrading, operations and maintenance of infrastructure in the district (O&M)	4	4	N/A	1	KPI 1.1: Number of municipalities assisted with the finalisation of prioritised project lists to guide the upgrading, operations and maintenance of infrastructure in the district (O&M)	4	4	N/A	N/A
1	KPI 1.2: Amount spent on support for operations and maintenance of infrastructure in the LMs (O&M)	R16 500 000.00	R16 500 000.00	N/A	1	KPI 1.2: Amount spent on support for operations and maintenance of infrastructure in the LMs (O&M)	R13 404 347.83	R13 233 926.76	Phokwane and Magareng LM did not spend the entire allocation for the financial year. This resulted in a low expenditure of the allocated funds.	N/A
1	KPI 1.3: Number of project monitoring reports developed to support infrastructure operations and maintenance in the LMs (O&M)	4	4	N/A	1	KPI 1.3: Timeous submission of project monitoring reports developed to support infrastructure operations and maintenance in the LMs (O&M)	4	4	N/A	N/A
2	KPI 2.1: Number of Full-Time Equivalents (FTEs) created as per the EPWP incentive agreement	14	30.17	N/A	2	KPI 2.1: Number of Full-Time Equivalents (FTEs) created as per the EPWP incentive agreement	14	27.84	Additional jobs were created in Dikgatleng and Magareng LM during the 2021/22 financial year ,which increased the overall number of FTEs.	N/A
3	KPI 3.1: Percentage development of the electronic system to assist RRAMS function in the district	100.00%	100.00%	N/A	3	KPI 3.1: Percentage progress on the implementation of the RRAMS project to support improved infrastructure planning in the LMs as per the approved business plan	100.00%	100.00%	N/A	N/A
4	KPI 4.1: Number of municipalities assisted with the finalisation of prioritised project lists to guide the upgrading, operations and maintenance of infrastructure (Capital)	4	4	N/A	4	KPI 4.1: Number of municipalities assisted with the finalisation of prioritised project lists for capital infrastructure projects in the district	4	4	N/A	N/A
KPA 1: SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.										
1.1 Programme Management and Advisory Services										

Objective Nr as per the 2020/2021 SDBIP	KPI (DESCRIPTION)	2020/2021 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2021/22 SDBIP	KPI (DESCRIPTION)	2021/2022 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
KPA 1: SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.										
4	KPI 4.2:Amount spent on support for operations and maintenance of infrastructure in the LMs (Capital)	R566 603.00	R0.00	The project was completed.	4	KPI 4.2:Amount spent on support for capital infrastructure projects in the LMs	R19 195 652.17	R8 017 255.65	Procurement in all organs of state (as of 16 February 2022), was put in abeyance following the Constitutional Court judgement handed down to National Treasury regarding the validity of the preferential procurement regulations of 2017. This affected the progress of projects in the municipalities. Subject to this, Phokwane and Dikgatlong LMs requested a rollover of R2 678 400.00 and R3 500 000.00 respectively. FBDM also had to roll over R5million for the procurement of fleet for the local municipalities	Since the current regulations are now valid until February 2023, the interrupted services in 2021/22 will be completed in the first two quarters of the 2022/23 FY
4	KPI 4.3: Number of project monitoring reports developed to support infrastructure operations and maintenance in the LMs (Capital)	4	4	N/A	4	KPI 4.3: Timeous submission of project monitoring reports developed to support capital infrastructure projects in the LMs	4	4	N/A	N/A
1.2 Housing Unit										
5	KPI 5.1: Number of human settlements sector plans reviewed	8	0	The human settlement sector plans were reviewed in the 2021/22 FY.	5	KPI 5.1: Number of human settlements sector plans reviewed	4	4	N/A	N/A
5	KPI 5.2: Number of progress reports submitted for the facilitation of the subsidy application process	12	12	N/A	5	KPI 5.2: Number of progress reports submitted to Council for the facilitation of the subsidy application process	4	4	N/A	N/A
6	KPI 6.1: Number of reports on the accreditation programme submitted to National Dept of Human Settlements	16	16	N/A	6	KPI 6.1: Number of reports on the accreditation programme submitted to COGHSTA and NDHS	16	16	N/A	N/A

Objective Nr as per the 2020/2021 SDBIP	KPI (DESCRIPTION)	2020/2021 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2021/22 SDBIP	KPI (DESCRIPTION)	2021/2022 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
KPA 2: LOCAL ECONOMIC DEVELOPMENT (LED)										
2.1 Local Economic Development Unit										
8	KPI 8.1:Percentage completion of programmes aimed at the diversification of the district economy	100.00%	20.00%	FBDM attended the SAITEX exhibition in 2021/22 FY.	7	KPI 7.1:Percentage completion of programmes aimed at the diversification of the district economy	100.00%	100.00%	N/A	N/A
9	KPI 9.1:Percentage completion of programmes aimed at developing learning and skilful economies	100.00%	100.00%	N/A	8	KPI 8.1:Percentage completion of programmes aimed at developing learning and skilful economies	100.00%	100.00%	N/A	N/A
10	KPI 10.1:Percentage completion of programmes aimed at developing enterprises	100.00%	90.00%	The machinery and equipment project was completed in the first quarter of 2021/22 FY. The machinery and equipment were procured and delivered to the beneficiaries.	9	KPI 9.1:Percentage completion of programmes aimed at developing enterprises	100.00%	90.00%	Procurement in all organs of state (as of 16 February 2022), was put in abeyance following the Constitutional Court judgement handed down to National Treasury regarding the validity of the preferential procurement regulations of 2017. FBDM could not conclude the last phase of the SWME support programme, as it involved the procurement of machinery and equipment for the SWMEs	The procurement will be completed in the 2022/23 FY.
11	KPI 11.1:Percentage completion of programmes aimed at the developing inclusive economies	100.00%	65.00%	The emerging farmer project was completed with a saving.	10	KPI 10.1:Percentage completion of programmes aimed at the developing inclusive economies	100.00%	100.00%	N/A	N/A

Objective Nr as per the 2020/2021 SDBIP	KPI (DESCRIPTION)	2020/2021 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2021/22 SDBIP	KPI (DESCRIPTION)	2021/2022 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
KPA 2: LOCAL ECONOMIC DEVELOPMENT (LED)										
2.2 Tourism Unit										
12	KPI 12.1: Percentage completion of programmes aimed at upgrading, restoration and promotion of tourist attractions	100.00%	83.33%	The INDABA trade exhibition was cancelled due to Covid-19 restrictions.	11	KPI 11.1: Percentage completion of programmes aimed at upgrading, restoration and promotion of tourist attractions	100.00%	100.00%	N/A	N/A
KPA 3: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.										
3.1 Environmental Health Management										
13	KPI 13.1: Number of water samples collected analysed to monitor water quality	480	551	N/A	12	KPI 12.1: Number of water samples collected analysed to monitor water quality	480	457	Environmental Health Practitioners could not access water points which had controlled access.	N/A
13	KPI 13.2: Number of inspections at food premises to determine food safety	620	672	N/A	12	KPI 12.2: Number of inspections at food premises to determine food safety	650	644	Owners of some facilities were unavailable during inspections.	N/A
13	KPI 13.3: Number of surface swabs collected to analyse for diseases and other health risks	170	169	N/A	12	KPI 12.3: Number of surface swabs collected to analyse for diseases and other health risks	180	132	No swabs were collected in the third quarter due to unavailability of materials by the laboratory	N/A
13	KPI 13.4: Number of food handlers trained on environmental health requirements	360	469	N/A	12	KPI 12.4: Number of food handlers trained on environmental health requirements	400	399	The targeted number of food handlers to be trained was not achieved due to non-attendance of the target participants.	N/A
13	KPI 13.5: Number of inspections at non-food premises	300	363	N/A	12	KPI 12.5: Number of inspections conducted at non-food premises to determine health safety	320	325	Additional non-food premises were evaluated in the second quarter to ensure compliance with Covid-19 requirements.	N/A

Objective Nr as per the 2020/2021 SDBIP	KPI (DESCRIPTION)	2020/2021 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2021/22 SDBIP	KPI (DESCRIPTION)	2021/2022 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
KPA 3: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.										
3.1 Environmental Health Management										
14	KPI 14.1: Number of awareness campaigns implemented	84	90	N/A	13	KPI 13.1: Number of awareness campaigns implemented	120	98	EHPs contracted Covid-19 in the second quarter which affected their capacity to implement the campaigns.	N/A
14	KPI 14.2: Number of environmental calendar days celebrated	7	8	N/A	13	KPI 13.2: Number of environmental calendar days celebrated	7	6	The capacity of the function was affected due to justifiable and statutory leave in the unit (Maternity and long hospitalisation).	N/A
14	KPI 14.3: Number of atmospheric emissions inventory updates performed	4	4	N/A	13	KPI 13.3: Number of atmospheric emissions inventory updates performed	4	4	N/A	N/A
14	KPI 14.4: Number of ambient air quality monitoring reports	4	4	N/A	13	KPI 13.4: Number of ambient air quality monitoring reports	4	4	N/A	N/A
3.2 Disaster Management										
15	KPI 15.1: Number of volunteers trained on disaster risk management.	20	0	The procurement for the training of volunteers was re-advertised in the 2021/22 FY and a compliant service provider was appointed. Training concluded.	14	KPI 14.1: Number of volunteers trained on disaster risk management.	20	20	N/A	N/A
15	KPI 15.2: Percentage progress on the review of 4x Disaster Management Plans.	100.00%	100.00%	N/A	15	KPI 15.1: Percentage response to requests on disastrous incidents in the local municipalities.	100.00%	100.00%	N/A	N/A
16	KPI 16.1: Percentage response to requests on disastrous incidents in the local municipalities.	100.00%	100.00%	N/A	16	KPI 16.1: Percentage maintenance of fire fighting equipment in the 3LMs as per request	100.00%	100.00%	N/A	N/A

Objective Nr as per the 2020/2021 SDBIP	KPI (DESCRIPTION)	2020/2021 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2021/22 SDBIP	KPI (DESCRIPTION)	2021/2022 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
KPA 3: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.										
17	KPI 17.1: Percentage maintenance of fire fighting equipment in the 3LMs	100.00%	100.00%	N/A	16	KPI 16.2: Percentage completion of the annual skid units inspections in 3LMS	100.00%	100.00%	N/A	N/A
17	KPI 17.2: Percentage establishment of the fire fighting satellite station (phase1)	100.00%	100.00%	N/A	16	KPI 16.3: Percentage progress on the establishment of the fire fighting satellite station (completion of phase 2)	100.00%	70.00%	Procurement in all organs of state (as of 16 February 2022), was put in abeyance following the Constitutional Court judgement handed down to National Treasury regarding the validity of the preferential procurement regulations of 2017. This affected the completion of Phase 2 of the establishment of the Phokwane fire-fighting station. FBDM could not continue with the procurement processes to appoint a service provider to start with the project	The tender was re-advertised and a suitable service provider will be appointed in the 2022/23 FY.
18	KPI 18.1: Percentage maintenance and securing of Council's security systems	100.00%	100.00%	N/A	17	KPI 17.1: Percentage implementation of the security maintenance agreements	100.00%	80.00%	The internal fire fighting equipment could not be serviced due to the difficulty of appointing a compliant service provider.	The servicing of the fire fighting equipment will be implemented in the 2022/23 FY.
3.3 Human Resource Management										
19	KPI 19.1: Percentage compliance with HRM &HRD reporting requirements	100.00%	88.88%	Since the ease of covid 19 restrictions, the municipality continued to conduct employee wellness programmes in the 2021/22 financial year.	18	KPI 18.1: Percentage implementation of the annual human resource development & management plan	100.00%	105.55%	Two additional employee wellness programmes conducted to assist employees.	N/A
20	KPI 20.1: Number of reports on the support provided to LMs	4	4	N/A	19	KPI 19.1: Percentage implementation of the annual HR support plan for local municipal to local municipalities	100.00%	100.00%	N/A	N/A

Objective Nr as per the 2020/2021 SDBIP	KPI (DESCRIPTION)	2020/ 2021 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2021/22 SDBIP	KPI (DESCRIPTION)	2021/2022 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
KPA 3: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.										
3.4 Records Management and Office Support										
21	KPI 21.1: Percentage compliance with the provincial archives act in FBDM	100.00%	90.63%	Due to Covid-19 restrictions on contacts and infections in the workplace, FBDM suspended the induction programme for newly appointed staff in the 2020/21 FY.	20	KPI 20.1: Percentage implementation of the annual records management and advisory plan	100.00%	100.00%	N/A	N/A
21	KPI 21.2: Number of reports on the support provided to LMs	4	4	N/A	20	KPI 20.2: Percentage support to local municipalities	100.00%	100.00%	N/A	N/A
22	KPI 22.1: Number of progress reports on office support functions	12	12	N/A	21	KPI 21.1: Percentage implementation of the office support plan	100.00%	100.00%	N/A	N/A
23	KPI 23.1: Percentage implementation of the municipal buildings maintenance plan	100.00%	100.00%	N/A	22	KPI 22.1: Percentage implementation of the municipal buildings maintenance plan	100.00%	100.00%	N/A	N/A
3.5 Information Communication Technology (ICT)										
24	KPI 24.1:Percentage implementation of ICT systems within the district.	100.00%	96.66%	The ICT backup system was rolled over and it was procured in the 2021/22 FY.	23	KPI 23.1: Percentage implementation of the ICT systems plan	100.00%	100.00%	N/A	N/A
25	KPI 25.1: Number of reports on support provided to LMs towards the establishment of ICT governance structure	4	4	N/A	KPI 25.1 was reviewed and reported under KPI 24.1 in the 2021/22 FY					
25	KPI 25.2: Number of reports produced on the technical support provided to LMs	4	4	N/A	25	KPI 24.1: Percentage implementation of the local municipalities ICT annual support plan	100.00%	100.00%	N/A	N/A

Objective Nr as per the 2020/2021 SDBIP	KPI (DESCRIPTION)	2020/2021 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2021/22 SDBIP	KPI (DESCRIPTION)	2021/2022 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
KPA 3: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.										
3.6 Integrated Development Planning (IDP)										
26	KPI 26.1:Percentage progress in the review of the district municipal IDP.	100.00%	100.00%	N/A	25	KPI 25.1: Percentage progress in the review of the district municipal IDP	100.00%	100.00%	N/A	N/A
27	KPI 27.1:Percentage support to local municipalities in the review of their IDPs	100.00%	100.00%	N/A	26	KPI 26.1: Percentage support to local municipalities in the review of their IDPs	100.00%	100.0%	N/A	N/A
3.7 Spatial Planning										
No target set for KPI 27.1 (Percentage development of By-Laws for three LMs) in the 2020/21 FY										
28	KPI 28.1: Percentage processing of land development applications received	100.00%	100.00%	N/A	27	KPI 27.1: Percentage development of By-Laws for three LMs	100.00%	68.75%	The public participation process was prolonged as the communities required more time to engage further on the proposed by-laws.	The By-laws will be completed in the 2022/23 FY.
28	KPI 28.2: Percentage progress on the review of the SDF	100.00%	73.31%	Part of the project deliverables have been rolled over to the 2021/22 FY and will be completed in the second quarter i.e. Draft and Final SDF reports as well as 60 days of public comments.	28	KPI 28.2: Percentage progress on the review of the SDFs	100.00%	53.94%	• Phokwane LM postponed the public participation meetings which interrupted the process towards the finalisation of the SDF. • The draft SDF for Magareng LM was presented to the Project Steering Committee (PSC). Following their analysis, the PSC requested further research to be made on the SDF before approval.	• The Phokwane SDF will be completed in the 2022/23 FY. • The Magareng SDF will be completed in the 2022/23 FY.
29	KPI 29.1:Percentage progress on the completion of one infill development	100.00%	85.75%	The project has been rolled over to the 2021/22 FY and will be completed in 2021/22.	29	KPI 29.1: Percentage progress on the completion of one infill development	100.00%	50.00%	Phokwane LM submitted the EIA to the Department of Agriculture Land Reform and Rural Development, which is a prerequisite for the completion of the infill development. This delayed the application and affected the completion of the project.	The infill development project will be submitted to the DMPT in the first quarter of the new financial year.

Objective Nr as per the 2020/2021 SDBIP	KPI (DESCRIPTION)	2020/2021 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2021/22 SDBIP	KPI (DESCRIPTION)	2021/2022 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
KPA 3: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.										
3.8 Geographical Information System (GIS)										
30	KPI 30.1: Percentage access and maintenance of GIS in the district.	100.00%	100.00%	N/A	30	KPI 30.1: Percentage access and maintenance of GIS in the district.	100.00%	100.00%	N/A	N/A
30	KPI 30.2: Number of local municipalities trained and informed on GIS	4	4	N/A	30	KPI 30.2: Number of local municipalities trained and informed on GIS	4	4	N/A	N/A
3.9 Performance management System (PMS)										
31	KPI 31.1: Percentage compliance with performance management system in FBDM.	100.00%	87.50%	The new date for the evaluation was confirmed by all panel members and the evaluations took place in July 2021.	31	KPI 31.1: Percentage implementation of the performance management annual plan	100.00%	75.00%	The annual evaluations of the senior management was delayed by the sitting of the full complement of the panel	The annual evaluations will be conducted in the 2022/23 FY.
32	KPI 32.1: Percentage support with performance management system to 3LMS	100.00%	100.00%	N/A	32	KPI 32.1: Percentage support to three local municipalities on PMS	100.00%	100.00%	N/A	N/A
KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
4.1 Communication and Media										
33	KPI 33.1: Percentage implementation of the annual communication strategy action plan	100.00%	99.07%	The distribution of the external news letter was completed in the beginning of the 2021/22 FY.	33	KPI 33.1: Percentage implementation of the annual communication strategy action plan	100.00%	96.04%	<ul style="list-style-type: none">The acquisition of the marketing material was not successful due to non-responsive biddersMedia houses did not attend a media briefing, resulting in a cancellation.The external news letter was not distributed timeously due to the late or no submission of content by stakeholders.	<ul style="list-style-type: none">A suitable service provider will be appointed in the 2022/23 FY .Continuous follow-up with the media houses to encourage attendance.Improve turn-around time by continuous follow-up with stakeholders to ensure timeous submission of content.
33	KPI 33.2: Percentage development of two local municipalities' communication strategies	100.00%	100.00%	N/A	No target set for the 2021/22 FY					

Objective Nr as per the 2020/2021 SDBIP	KPI (DESCRIPTION)	2020/2021 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2021/22 SDBIP	KPI (DESCRIPTION)	2021/2022 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
34	KPI 34.1: Percentage implementation of the internal communication plan	100.00%	100.00%	N/A	34	KPI 34.1: Percentage implementation of the internal communication plan	100.00%	100.00%	N/A	N/A
4.2 Risk management										
35	KPI 35.1: Percentage implementation of risk management policies and strategies in FBDM to identify and mitigate risks	100.00%	100.00%	N/A	35	KPI 35.1: Percentage implementation of risk management plan for FBDM	100.00%	100.00%	N/A	N/A
35	KPI 35.2: Percentage implementation of risk management policies and strategies for two LMs	100.00%	100.00%	N/A	35	KPI 35.2: Percentage implementation of risk management plan for two LMs	100.00%	100.00%	N/A	N/A
36	KPI 36.1: Percentage implementation of fraud prevention policies and strategies in FBDM	100.00%	100.00%	N/A	36	KPI 36.1: Percentage implementation of fraud and corruption programme for FBDM	100.00%	100.00%	N/A	N/A
36	KPI 36.2: Percentage implementation of fraud management plan for two LMs	100.00%	100.00%	N/A	36	KPI 36.2: Percentage implementation of fraud and corruption awareness programmes for two LMs	100.00%	100.00%	N/A	N/A
4.3 Internal Audit										
37	KPI 37.1: Percentage implementation of the approved internal audit plans (fbdm and 2LMs)	100.00%	100.00%	N/A	37	KPI 37.1: Percentage implementation of the approved internal audit plans (FBDM and 2LMs)	100.00%	94.55%	The migration to the new financial system affected the scheduled SCM audit.	The SCM audit has been rescheduled to the 2022/23 FY.

Objective Nr as per the 2020/2021 SDBIP	KPI (DESCRIPTION)	2020/2021 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2021/22 SDBIP	KPI (DESCRIPTION)	2021/2022 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
4.4 Legal and Compliance Services										
38	KPI 38.1: Percentage provision of legal and compliance services in the district.	100.00%	100.00%	N/A	38	KPI 38.1: Percentage provision of legal and compliance services in the district	100.00%	100.00%	N/A	N/A
39	KPI 39.1: Percentage provision of legal contract services	100.00%	100.00%	N/A	39	KPI 39.1: Percentage provision of legal contract services	100.00%	100.00%	N/A	N/A
4.5 Council and committee services										
40	KPI 40.1: Percentage facilitation of council and committee meetings to ensure a fully functional council and its committee oversight and administrative systems	100.00%	89.83%	N/A	40	KPI 40.1: Percentage facilitation of council and committee meetings to ensure a fully functional council and its committee oversight and administrative systems	100.00%	89.83%	Some committees of council did not reach a quorum for their sitting.	N/A
4.6 Youth Services										
41	KPI 41.1: Number of stakeholder engagement platforms facilitated	4	4	N/A	41	KPI 41.1: Number of stakeholder engagement platforms facilitated	4	4	N/A	N/A
41	KPI 41.2: Number of youth development programmes coordinated	5	3	N/A	41	KPI 41.2: Percentage coordination of youth development programmes	100.00%	83.33%	The process of identification and selection of the beneficiaries for the skills development programme was delayed at the local municipalities. Therefore the youth skills development programme planned for the financial year could not be implemented.	The identification process for unemployed youth will be completed in the 2022/23 FY.

Objective Nr as per the 2020/2021 SDBIP	KPI (DESCRIPTION)	2020/2021 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2021/22 SDBIP	KPI (DESCRIPTION)	2021/2022 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
4.7 Special Programmes										
42	KPI 42.1: Percentage facilitation and coordination of special programmes in the district as per the annual action plan	100.00%	100.00%	N/A	42	KPI 42.1: Percentage facilitation and coordination of special programmes in the district as per the annual action plan	100.00%	75.00%	The Human rights day and the freedom day programmes did not take place due to different and competing programmes of stakeholders	N/A
KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
5.1 Budget and Treasury										
43	KPI 43.1: Percentage compliance to budgeting and reporting requirements.	100.00%	100.00%	N/A	43	KPI 43.1: Percentage compliance to budgeting and reporting requirements.	100.00%	100.00%	N/A	N/A
44	KPI 44.1: Percentage compliance to legislation	100.00%	100.00%	N/A	44	KPI 44.1: Percentage compliance to legislation	100.00%	100.00%	N/A	N/A
45	KPI 45.1: Percentage financial management support provided to local municipalities	100.00%	100.00%	N/A	45	KPI 45.1: Percentage provision of financial management support to local municipalities	100.00%	100.00%	N/A	N/A
46	KPI 46.1: Percentage compliance with National treasury supply chain management system	100.00%	100.00%	N/A	46	KPI 46.1: Percentage compliance with National treasury supply chain management system	100.00%	100.00%	N/A	N/A

FRANCES BAARD DISTRICT MUNICIPALITY			
SUMMARY OF MUNICIPAL PERFORMANCE: 01 JUNE 2020 - 30 JUNE 2021. (ANNUAL)			
Number of Key Performance Indicators Measured For	68		100%
1. Overall achievement (including overperformance)	51		75.00%
2. Targets not achieved	17		25.00%
3. Targets Exceeded	8		11.76%

FRANCES BAARD DISTRICT MUNICIPALITY			
SUMMARY OF MUNICIPAL PERFORMANCE: 01 JUNE 2021 - 30 JUNE 2022. (ANNUAL)			
Number of Key Performance Indicators Measured For The	67		100%
1. Overall achievement (including overperformance)	47		70.15%
2. Targets not achieved	20		29.85%
3. Targets Exceeded	3		4.48%

Chapter 4 - Organisational Development Performance

4.1 Introduction

FBDM is on a process of reviewing and/ or adopt their human resource management policies and procedures in accordance with the provisions of section 67 of the Systems Act to ensure that such policies and procedures are in conformity with the Regulations. This is informed by the promulgated Local Government: Municipal Staff Regulations and Guidelines setting out amongst others, uniform standards for municipal staff establishments, organisational design principles and metrics in fulfilment of these regulatory powers in Government Gazette No. 45181 with effect from 1 July 2022, except for Chapter 2 and 4 which come into effect on 1 July 2023. The objectives of the Regulations are to:

- Professionalise local public administration through the setting of uniform standards for municipal staff systems and procedures.
- Create a career local public administration that is fair, efficient, effective, economic and transparent.
- Create a development oriented public administration governed by good human resource management and career development practices.
- Strengthen the capacity of municipalities to perform their functions through the setting of uniform norms and standards for, inter alia, staff establishment, job competency framework, recruitment, selection and appointment, performance management, capacity building and skills development.
- Ensure an accountable local public administration that is responsive to the needs of local communities.
- Promote probity and integrity in local government by ensuring that municipal staff members adhere to professional ethics.
- Establish a coherent HR governance regime that will ensure adequate checks and balances, including enforcement of compliance with the legislation.

Our municipality has been selected to participate in the pilot and validation phase of the municipal prototype staff establishments according to different powers and functions and categories of municipalities.

The Human Resource function is not just about the administrative support function but also about the development of an organization's employees to drive and support its strategic objectives. FBDM regards its employees as human capital and an invaluable resource for the achievement of its strategic goals. For this resource to operate efficiently, optimally and be fully effective, FBDM is investing in its employees through bursaries, education and training help them to grow their careers and improve their skills and knowledge

The municipality has sound labour relations between the employer and the employee through regular engagements with employee and employer representatives through the functional Local Labour Forum to eliminate labour unrest and promote a peaceful working environment. There were no disciplinary cases in the 2021/2022 financial year.

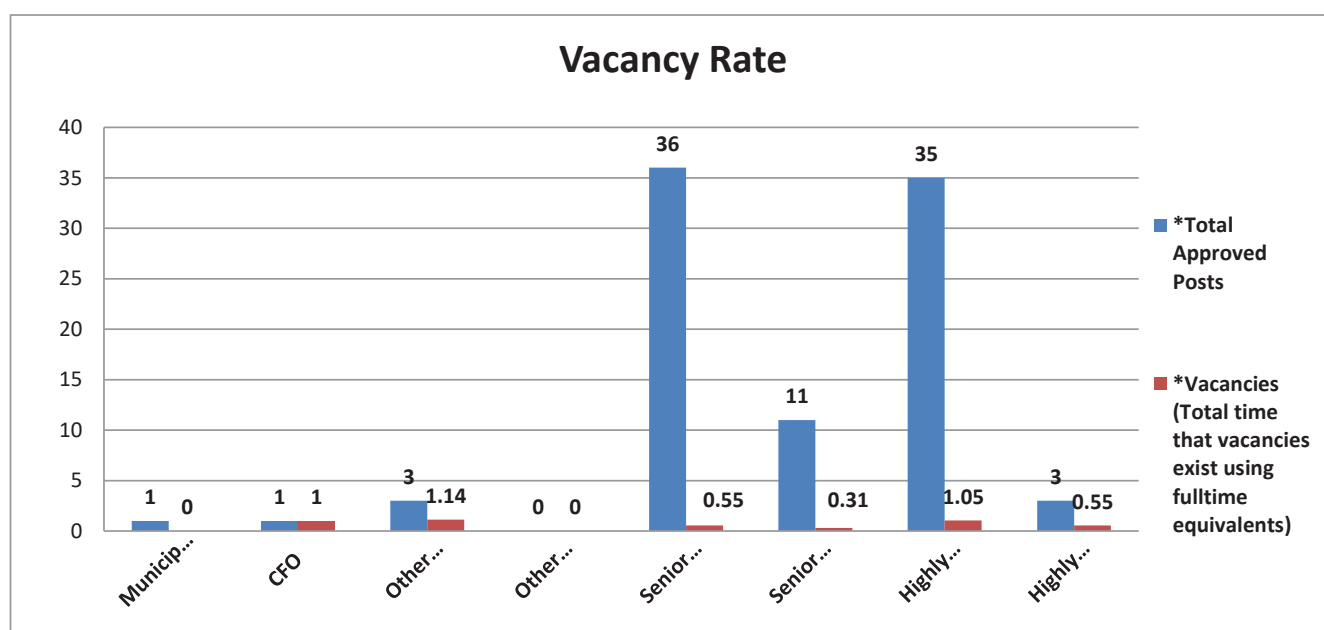
The municipality remains attentive to an effective recruitment and selection process. The staff establishment was reviewed in the 2021/2022 financial year to ensure that it provides for human capital that appropriately supports the achievement of the objectives as set out in the IDP.

Employees					
Description	2020/21	2021/22			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Municipal Manager & Section 56 Managers	2	5	1	4	34%
Housing Services	5	13	5	8	4%
Programme Management & Advisory Services (incl. secretary)	8	7	7	0	0%
Town & Regional Planning Services (includes secretary to Director)	4	4	4	0	0%
Integrated Development Planning (IDP)	2	2	2	0	0%
Geographic Information System Services	2	2	2	0	0%
Local Economic Development Services	7	7	7	0	0%
Environmental Health Services	8	8	8	0	0%
Fire Fighting & Disaster Management	10	14	8	6	17%
Executive & Council	11	11	10	1	1%
Office of Municipal Manager	8	11	10	1	5%
Corporate & Human Resource Services	29	29	26	3	3%
ICT Services	3	3	3	0	0%
Financial Services	15	19	15	4	2%
Totals	114	135	108	27	66%

Description	Incumbents
Political office bearers	29
Internship programme	21

Interns per unit			
Description	Incumbents	Description	Incumbents
LED	4	Internal Audit	2
Tourism	4	Legal Services	1
PMS/IDP	3	IT	2
Finance	5		

Vacancy Rate: 2021/22			
Designations	Total Approved Posts	Vacancies (Total time that vacancies exist using full-time equivalents)	Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0
CFO	1	1	100
Other S57 Managers (excluding Finance Posts)	3	1,14	38.00
Other S57 Managers (Finance posts)	0	0	0
Senior management: Levels 13-17 (excluding Finance Posts)	36	0,55	1,53
Senior management: Levels 13-18 (Finance posts)	11	0,31	2,82
Highly skilled supervision: levels 9-12 (excluding Finance posts)	35	1,05	3,00
Highly skilled supervision: levels 9-12 (Finance posts)	3	0,55	18,33
Total	90	4,60	5,11



Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate
	No.	No.	
2019/20	13	9	69%
2020/21	20	14	70%
2021/22	15	23	153%

4.2 Managing the municipal employee costs

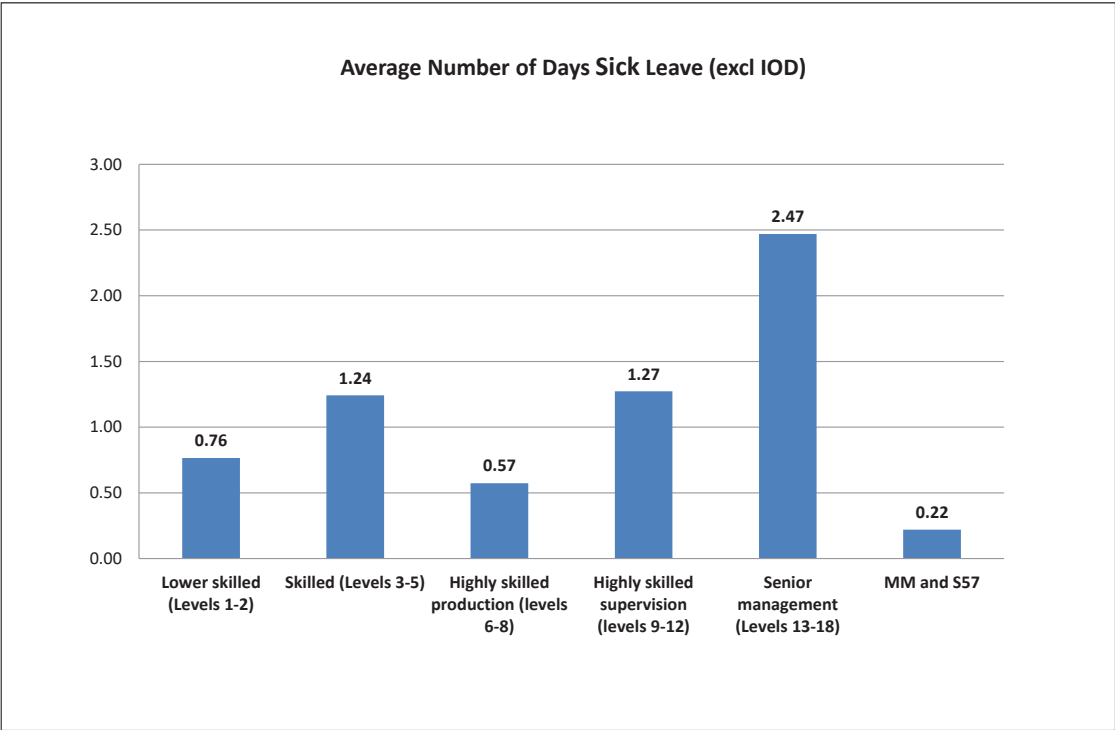
Managing the municipal employee costs The National Treasury norm of 35% on personnel budget serves as a framework/guideline for municipalities to implement in order to assist or curb unnecessary high spending on workforce expenditure. During 2021/2022, FBDM had exceeded the norm by 16%. This 51.3% (R85.2m) comprises of the remuneration of both councillors and officials.

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	

4.3 Injuries, sickness and suspensions

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R '000
Required basic medical attention only	11	2	18.18%	2.2	15
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	11	2	18.18%	2.2	15

Number of days and cost of sick leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification (3 days or more) %	Employees using sick leave No.	Total employees in post* No.	**Average sick leave per Employees Days	Estimated cost R' 000
Interns	104	0%	19	21	0.76	39
Skilled (Levels 3-5)	169	2.95%	16	19	1.24	95
Highly skilled production (levels 6-8)	78	0%	10	13	0.57	74
Highly skilled supervision (levels 9-12)	173	0%	27	35	1.27	246
Senior management (Levels 13-18)	336	0%	32	46	2.47	736
MM and S57	30	0%	1	2	0.22	44
Total	890	2.95%	105	136	6.54	1,234
* Number of employees in post at the beginning of the year						
** Average is calculated by taking sick leave in column 3 divided by total employees in column 4						



Number and period of suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
None				

Disciplinary action taken on cases of financial misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
None			

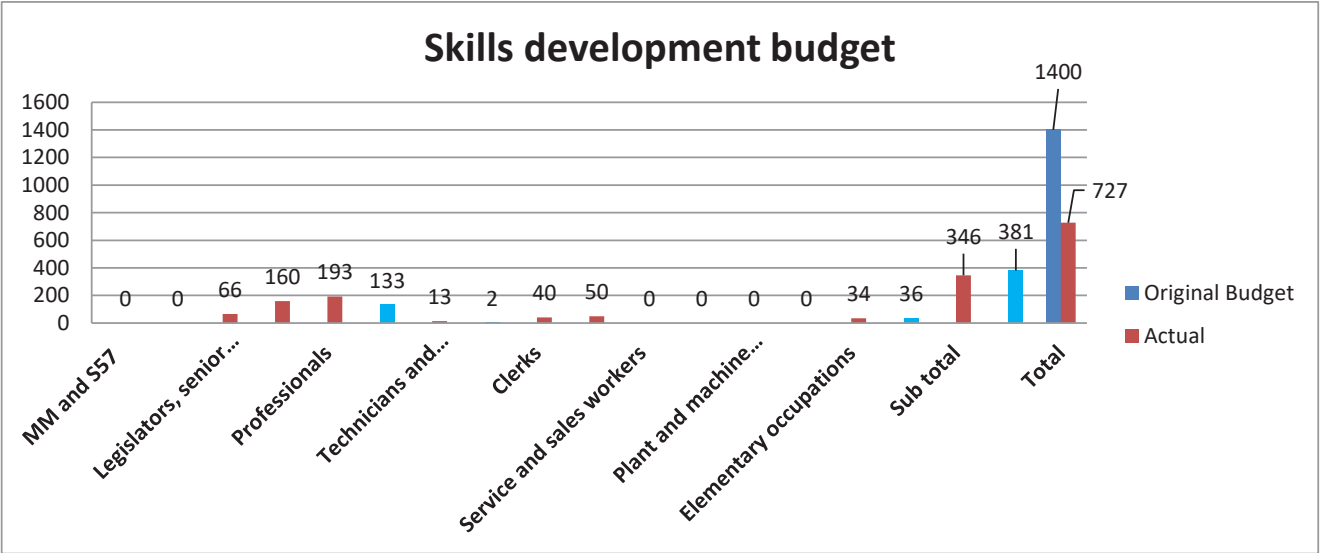
Performance rewards by gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2019/20 (R)	Proportion of beneficiaries within group %
%MM and S57	Female	2	2	264	100%
	Male	1	1	111	100%
Total		3	3	375	
Has the statutory municipal calculator been used as part of the evaluation process ?					Yes

4.4 Capacitating the municipal workforce

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4) (a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4) (a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4) (f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4) (e))
Financial Officials	0	0	0	0	0	0
Accounting officer	1	0	1	1	0	1
Chief financial officer	0	0	0	0	0	0
Senior managers	1	0	1	1	0	1
Any other financial officials	21	0	21	0	0	17
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	0	0	1
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	24	0	24	2	0	20
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						

Skills Development Expenditure R'000							
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development for 2021/22				
			Learnerships	Skills programmes & other short courses	Other forms of training	Total	
		No.	Actual	Actual	Actual	Original Budget	Actual
MM and S57	Female	2	0	0	0	1,400	0
	Male	0	0	0	0		0
Legislators, senior officials and managers	Female	20	0	50	16		66
	Male	31	0	137	23		160
Professionals	Female	29	0	86	107		193
	Male	18	0	56	77		133
Technicians and associate professionals	Female	4	0	0	13		13
	Male	6	0	0	2		2
Clerks	Female	23	0	40	0		40
	Male	15	0	0	50		50
Service and sales workers	Female	0	0	0	0		0
	Male	0	0	0	0		0
Plant and machine operators and assemblers	Female	0	0	0	0		0
	Male	0	0	0	0		0
Elementary occupations	Female	8	0	34	0		34
	Male	9	0	36	0		36
Sub total	Female	86	0	210	136		346
	Male	79	0	229	152		381
Total		165	0	439	288	1,400	727
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.						%*	

Note: The total original budget is made up of training and bursaries. The training budget was R1,1m and the bursaries budget R300,000 for the 2021/22 financial year.



The district successfully developed and submitted the Workplace Skills Plan (WSP) for 2021/2022 on the 30 April 2021. The WSP consists of the Annual Training report for 2020/2021 and the training plan for 2021/2022.

The municipality committed, about one percent of the it’s wage bill for skills development programmes. The WSP, informs the Local Government Sector Education & Training Authority (LGSETA) what accredited and Continuous Professional Development (CPD) training the organisation will provide to the employees in the next 12 months. Furthermore, through the WSP skills programmes, learnership and internship programmes for the employees and unemployed youth are identified.

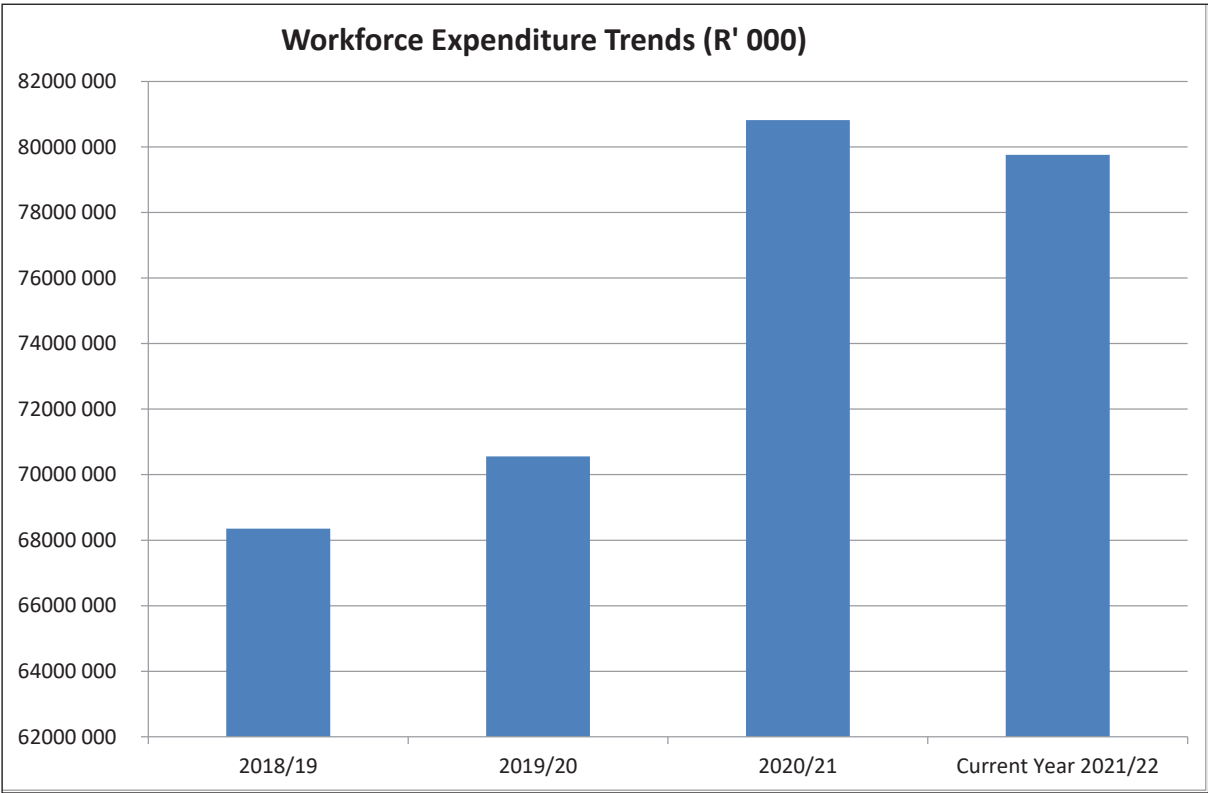
This is based on the operational requirements of the organisation, its industry and the critical skills identified by the SETA. All training that was conducted was informed by the plan developed to ensure transparency and efficiency in ensuring that the budget is sufficient to conduct such programmes.

Training plans and the effectiveness of implementation

The development of a WSP document begins with a skills audit exercise wherein employees submit their training needs for the ensuing financial year. Training needs are costed by the skills development facilitator and the budget office for accuracy before it is included in the final WSP document.

4.5 Managing the workforce expenditure

The district municipality exceeded the 35% norm (salary bill) for employee cost due to its outward looking approach by attracting and appointing highly skilled / dedicated personnel to support the local municipalities within the district area, in order to address the challenge of scares skills / expertise such as engineers, IDP professionals, internal auditors, risk management professionals, finance related personnel, etc



Number of employees whose salaries were increased due to their positions being upgraded		
Beneficiaries	Gender	Total
Lower skilled (TASK 1- 3)	Female	None
	Male	None
Skilled (TASK 4 - 8)	Female	None
	Male	None
Highly skilled production (TASK 9 - 13)	Female	None
	Male	None
Highly skilled supervision (TASK 14 -18)	Female	None
	Male	None
Senior management (TASK 19 - 26)	Female	None
	Male	None
MM and S57	Female	None
	Male	None
Total		0

Employees whose salary levels exceed the grade determined by job evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None				

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. Appointed	Reason for appointment when no established post exist
None				

Chapter 5 - Financial Performance

5.1 Introduction

The overall financial viability of the municipality is still being assessed by the Auditor-General for the 2021/22 financial year. The unaudited financial statements indicate a decrease of R 4 532 022 which is due to the accurate allocation of funds to projects through the implementation of cost containment during the planning process and proper implementation of internal controls.

The main source of revenue remains operating grants from government, as the municipality is highly dependent upon these allocations. The growth in income is limited to the current inflation rate and an increase in the GDP that is expected to be less than 1%. Despite the fact that the low economic growth has a negative impact on the revenue of the municipality, the municipality still managed to allocate funds in various projects of the local municipalities particularly on the infrastructure projects, to insure a sustainable high level of involvement in the district.

Considering that the municipality relies heavily on grant funding to finance its operations, it still succeeded in building the capacity of the local municipalities in its area of jurisdiction to assist them to perform their functions and exercise their powers. Notwithstanding the negative economic growth forecast, the municipality was able to spend R 25 070 194 (2020/21: R 19 454 458) towards infrastructure assets, repairs & maintenance, advisory services and creation of job opportunities to make a difference within the communities in the district. The spending relates to the allocations made to the local municipalities from the district.

The liquidity ratio which is used to measure the municipality's ability to pay its bills is calculated by dividing the current assets by the municipality's current liabilities, the current norm is 1:3. The increase in the liquidity ratio from 5.49 (2020/21) to 5.87 (2021/22) is due to an increase in cash levels at year-end and the reduction in the current liabilities. The municipality is therefore in a position to comfortably pay its current liabilities with the cash available at year end and is an indication that the municipality will be able to meet its short to medium term commitments.

The cost coverage gives an indication of how many months the cash and other liquid assets available to the municipality, excluding utilisation of grants, can cover the expenditure of the municipality. The increase in the current year is a result of the increase in cash and investments. The increase in cash and investment of R 103 179 504 is due to savings projects and the vacant director's positions.

Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid on the loan by the total operating expenditure. There was no increase in the capital charges to operating expenditure.

5.2 Summary of financial performance

Financial Summary						
						R' 000
Description	2020/21	Current Year: 2021/22			2021/22 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Financial Performance						
Property rates	–	–	–	–	–	–
Service charges	–	–	–	–	–	–
Investment revenue	5 067	7 150	7 150	5 869	-21.83%	-21.83%
Transfers recognised - operational	128 874	137 078	137 128	133 164	-2.94%	-2.98%
Other own revenue	889	320	320	492	34.97%	34.97%
Total Revenue (excluding capital transfers and contributions)	134 830	144 548	144 598	139 525	-3.60%	-3.64%
Employee costs	70 650	84 113	78 199	72 813	-15.52%	-7.40%
Remuneration of councillors	7 000	6 962	6 962	6 948	-0.21%	-0.21%
Debt impairment	–	10	10	–		
Depreciation & asset impairment	3 388	3 644	3 644	4 622	21.16%	21.16%
Finance charges	–	–	–	–	–	–
Materials and bulk purchases	1 251	2 190	2 261	1 045	-109.60%	-116.34%
Transfers and grants	19 454	25 213	36 911	25 070	-0.57%	-47.23%
Other expenditure	25 381	39 470	37 440	24 495	-61.14%	-52.85%
Total Expenditure	127 124	161 602	165 428	134 993	-19.71%	-22.54%
Surplus/(Deficit)	7 706	(17 054)	(20 830)	4 532	476.31%	559.61%
Transfers recognised - capital	–	–	–	–	–	–
Contributions recognised - capital & contributed assets	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	7 706	(17 054)	(20 830)	4 532	476.31%	559.61%
Share of surplus/ (deficit) of associate	–	–	–	–	–	–
Surplus/(Deficit) for the year	7 706	(17 054)	(20 830)	4 532	476.31%	559.61%
Capital expenditure & funds sources						
Capital expenditure	(1 375)	(12 179)	(7 592)	5 153	336.36%	247.34%
Transfers recognised - capital	–	–	–	750	–	–
Public contributions & donations	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–
Internally generated funds	(1 375)	(12 179)	(7 592)	4 402	376.65%	272.46%
Total sources of capital funds	(1 375)	(12 179)	(7 592)	5 153	336.36%	247.34%

Financial Summary						
						R' 000
Description	2020/21	Current Year: 2021/22			2021/22 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial position						
Total current assets	115 445	93 649	94 460	125 463	25.36%	24.71%
Total non current assets	60 583	68 737	64 151	78 119	12.01%	17.88%
Total current liabilities	31 603	27 998	27 998	21 346	-31.16%	-31.16%
Total non current liabilities	23 774	28 911	28 911	30 787	6.10%	6.10%
Community wealth/equity	120 651	9 770	5 995	151 449	93.55%	96.04%
Cash flows						
Net cash from (used) operating	10 081	(2 962)	(2 962)	6 558	145.17%	145.17%
Net cash from (used) investing	(5 001)	(12 179)	(12 179)	(3 314)	-267.53%	-267.53%
Net cash from (used) financing	–	–	–	–	–	–
Cash/cash equivalents at the year end	99 935	85 299	85 299	103 180	17.33%	17.33%
Cash backing/surplus reconciliation						
Cash and investments available	78 267	48 779	73 946	112 930	56.81%	34.52%
Application of cash and investments	34 344	32 040	37 241	–	–	–
Balance - surplus (shortfall)	43 923	16 739	36 705	54 963	69.55%	33.22%
Asset management						
Asset register summary (WDV)	41 896	42 647	42 390	69 202	38.37%	38.74%
Depreciation & asset impairment	3 105	3 629	3 629	4 622	21.49%	21.49%
Renewal of Existing Assets	–	–	–	–	–	–
Repairs and Maintenance	3 588	7 220	7 406	1 045	-590.83%	-608.63%
Free services						
Cost of Free Basic Services provided	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–
Households below minimum service level						
Water:	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–
Energy:	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1						

Financial Performance of Operational Services						
						R '000
Description	2020/21	2021/22			2021/22 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	–	–	–	–	–	–
Waste Water (Sanitation)	–	–	–	–	–	–
Electricity	–	–	–	–	–	–
Waste Management	–	–	–	–	–	–
Housing	2 035	4 221	3 730	3 590	-17.56%	-3.88%
Component A: sub-total	2 035	4 221	3 730	3 590	-17.56%	-3.88%
Waste Water (Stormwater Drainage)	–	–	–	–	–	–
Roads	–	–	–	–	–	–
Transport	–	–	–	–	–	–
Component B: sub-total	–	–	–	–	–	–
Planning	37 579	51 554	58 932	43 637	-18.14%	-35.05%
Local Economic Development	–	–	–	–	–	–
Component B: sub-total	37 579	51 554	58 932	43 637	-18.14%	-35.05%
Planning (Strategic & Regulatory)	–	–	–	–	–	–
Local Economic Development	–	–	–	–	–	–
Component C: sub-total	–	–	–	–	–	–
Community & Social Services	–	–	–	–	–	–
Environmental Protection	8 500	11 474	10 957	9 733	-17.89%	-12.57%
Health	–	–	–	–	–	–
Security and Safety	–	–	–	–	–	–
Sport and Recreation	–	–	–	–	–	–
Corporate Policy Offices and Other	79 154	94 353	91 808	78 033	-20.92%	-17.65%
Component D: sub-total	87 654	105 828	102 766	87 766	-20.58%	-17.09%
Total Expenditure	127 267	161 602	165 428	134 993	-19.71%	-22.54%

5.3 Grants

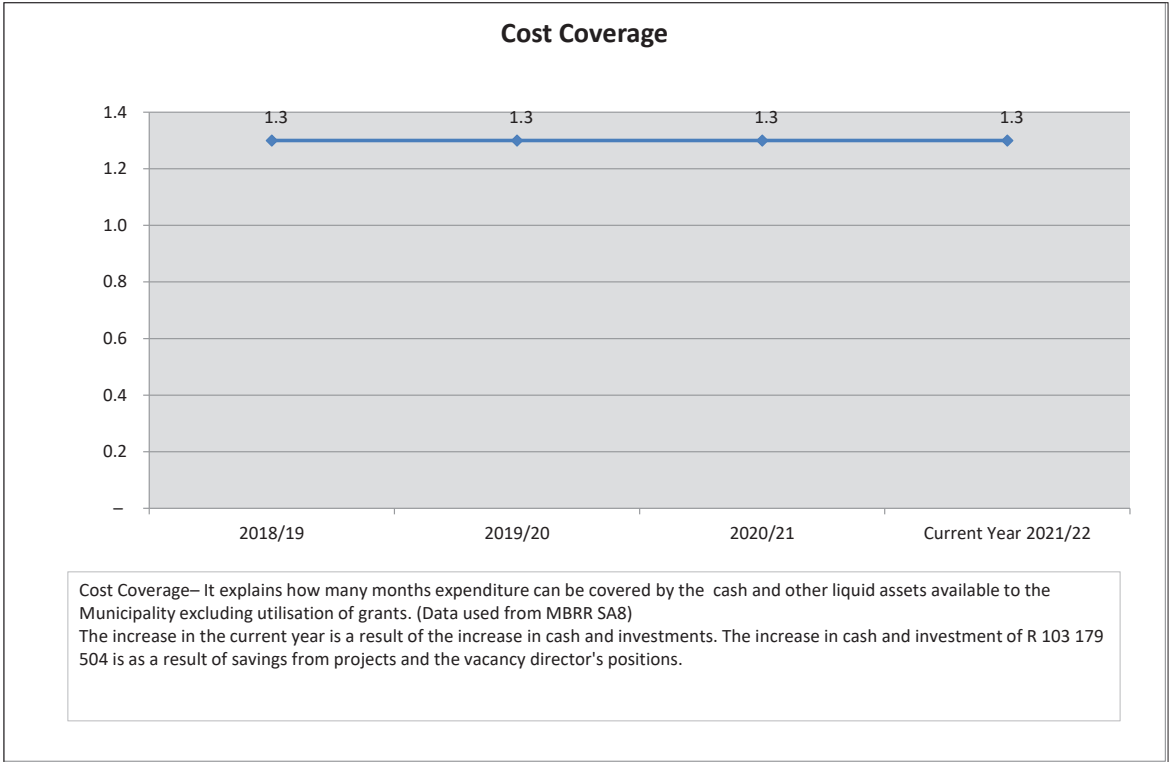
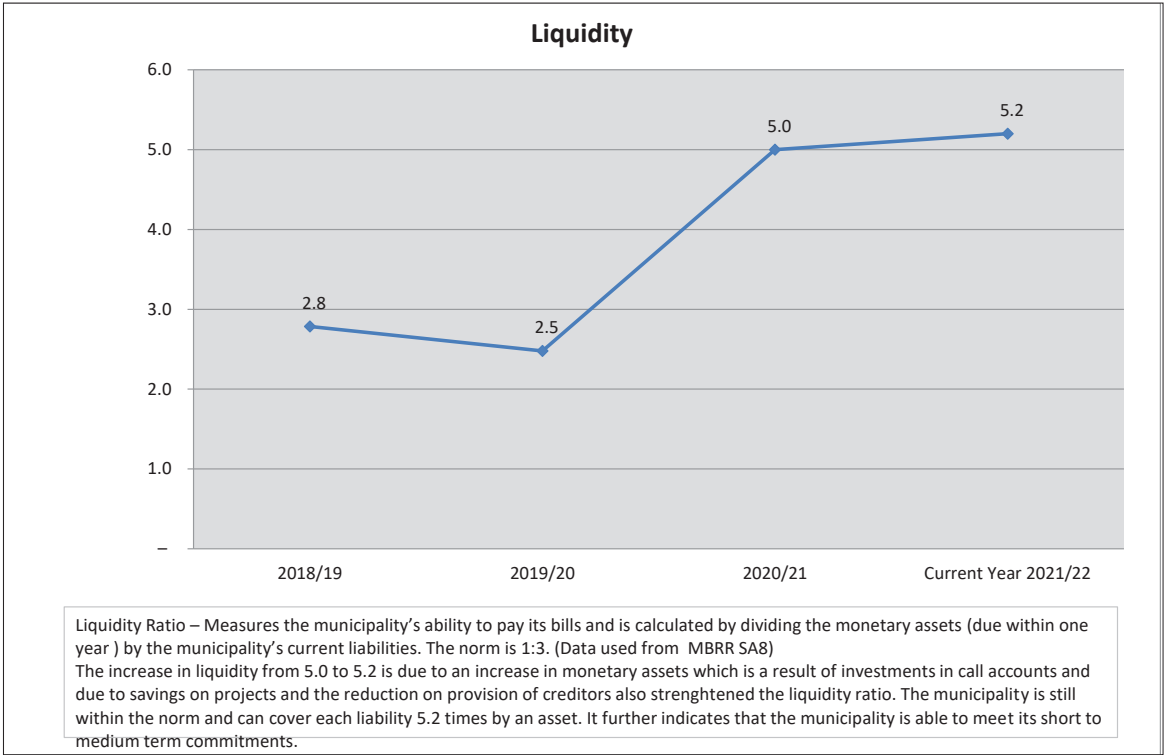
Grant Performance						
R' 000						
Description	2020/21	2021/22			2021/22 Variance	
	Actual	Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	(128 340)	(132 988)	(132 988)	(132 477)	-0.39%	-0.39%
Local Government Equitable Share	(124 736)	(128 076)	(128 076)	(128 076)	0.00%	0.00%
Expanded Public Works Programme Integrated Grant	(1 101)	(1 077)	(1 077)	(1 077)	-	-
Local Government Financial Management Grant	(1 000)	(1 000)	(1 000)	(1 000)	0.00%	0.00%
Municipal Disaster Recovery Grant	-	(259)	(259)	-	-	-
Municipal Systems Improvement Grant	-	-	-	-	-	-
Rural Road Asset Management Systems Grant	(1 503)	(2 576)	(2 576)	(2 324)	-10.85%	-10.85%
Provincial Government:	489	-	-	514	100.00%	100.00%
Capacity Building	-	-	-	-	-	-
Disaster and Emergency Services	-	-	-	-	-	-
Expanded Public Works Programme	-	-	-	-	-	-
Health	-	-	-	-	-	-
Housing Projects	-	-	-	-	-	-
Specify (Add grant description)	489	-	-	514	100.00%	100.00%
District Municipality:	-	-	-	-	-	-
Other grant providers:	-	-	-	174	-	-
Education Training and Development Practices SETA	45	-	-	174	100.00%	100.00%
Northern Cape Economic Development Agency	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-
Total Operating Transfers and Grants	(127 851)	(132 988)	(132 988)	(131 789)	-1%	-1%

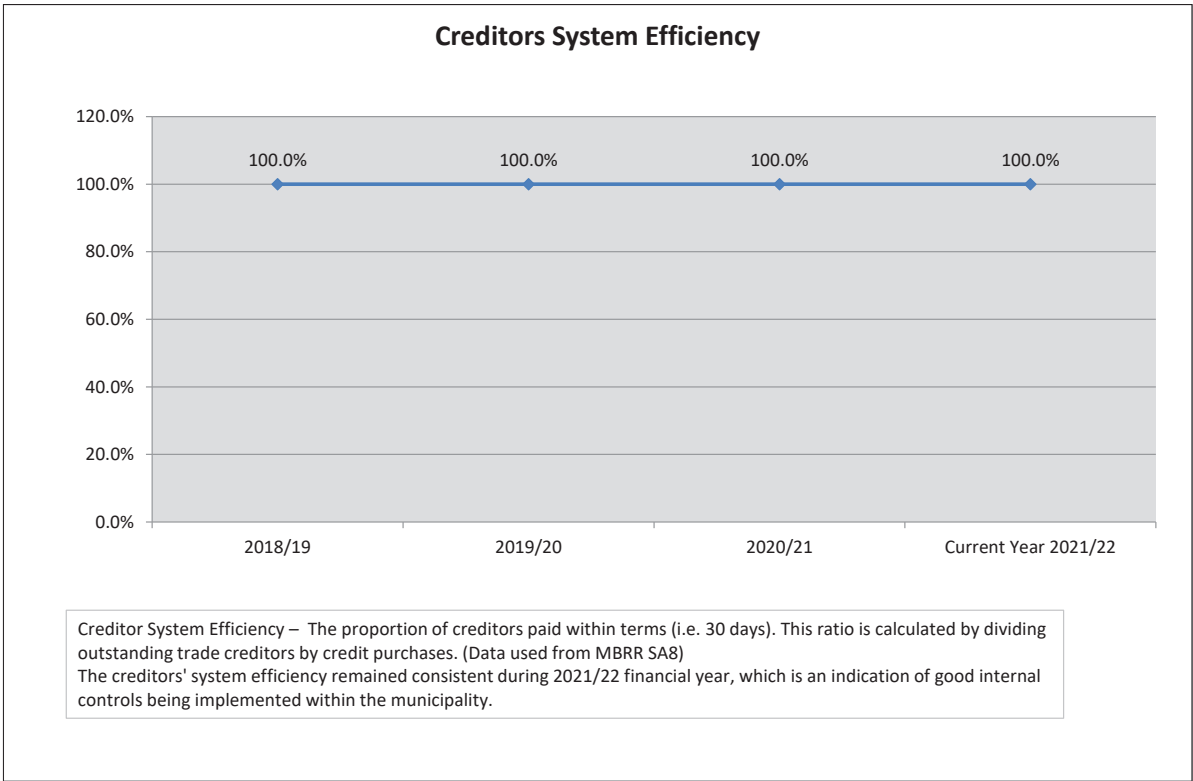
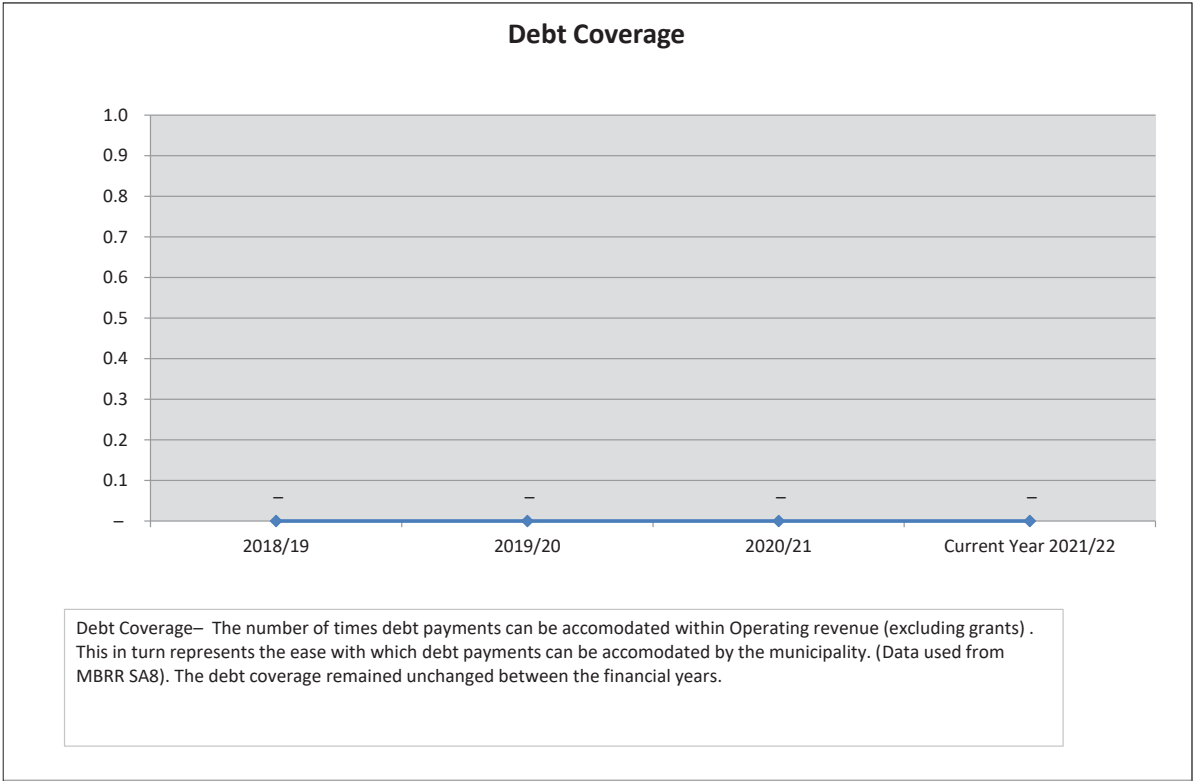
Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2020/21	Actual Grant 2021/22	2021/22 Municipal Contribution	Date Grant terminates	Date municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
NCPA - Housing Accreditation Grant	-	-	4 300 705	Ongoing	Ongoing	To enable the district municipality to obtain full accreditation to administer national housing programmes in terms of the delegation of functions from Department of Cooperative Governance, Human Settlements & Traditional Affairs.
SETA - Skills Grant	44 799	173 565	-	Ongoing	Ongoing	To be used for training and capacity building of employees as per approved Skills Work Plan.
Municipal Disaster Recovery Grant	-	259 000	650 000	Ongoing	Ongoing	To assist the district municipality with any disaster that might occur.
Health	488 700	-	514 050	July 2021	June 2022	To assist the district municipality with aids programmes within the district.
Expanded Public Works Programme	1 270 000	-	-	July 2021	June 2022	To assist the district municipality with cleaning programmes.
Covid-19 Grant	-1 031 708	-	720 000	July 2021	June 2022	To assist the district municipality with Covid-19 expenditure.

Repair and Maintenance Expenditure: 2021/22				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and maintenance expenditure	2 190	2 261	1 045	116.34%

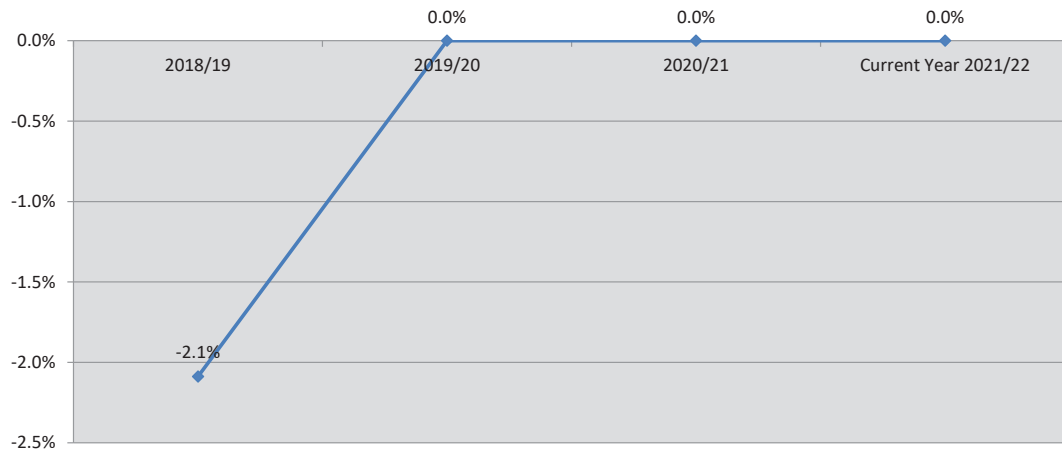
The repairs and maintenance budget will be sufficient to cater for the repairs needed by the district municipality as the municipality does not have infrastructure assets.

5.4 Financial ratios based on key performance indicators



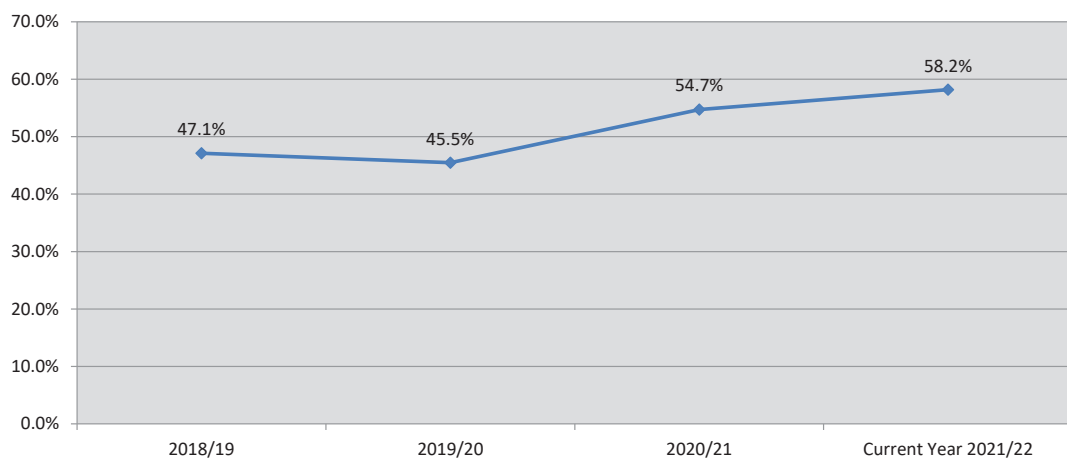


Capital Charges to Operating Expenditure



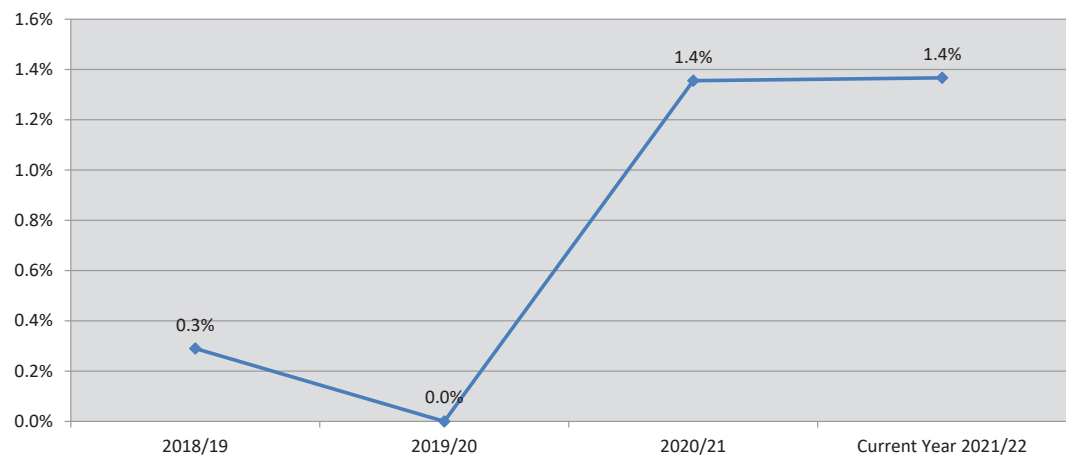
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure. (Data used from MBRR SA8)
The capital charges to operating expenditure remained the same in the 2021/22 financial year.

Employee Costs



In terms of National Treasury's Circular employee costs must not exceed 35%. As at 30 June 2022, the employee costs were 58.2% of the total operating expenditure. Included in the actual employee costs are salaries of LED & Tourism interns and disaster practitioners situated at the local municipalities, who are on the FBDM payroll. The municipality further has Environmental, Housing and Infrastructure officials who go out to the local municipalities on a daily basis to perform tasks for the local municipalities, all of these officials are remunerated by FBDM.

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance. (Data used from MBRR SA8)
The repairs & maintenance for the 2021/22 remained unchanged.

5.5 Cash flow management and investments

The district municipality's cash and cash equivalents amounts to R103.2m which is an increase of R 3m as compared to the previous financial year. The main contributors to the positive cash flow management of the municipality were because of the municipality generating a positive cash flow from operating activities such as vacancies at senior management level as well as savings resulting from projects.

Cash Flow Outcomes				
R'000				
Description	2020/21	Current Year: 2021/22		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flow from operating activities				
Receipts				
Ratepayers and other	3 554	320	320	201
Government - operating	129 376	137 078	137 078	133 403
Government - capital	–	–	–	–
Interest	5 067	7 150	7 150	5 869
Dividends	–	–	–	–
Payments				
Suppliers and employees	(127 917)	(147 510)	(147 510)	(132 915)
Finance charges	–	–	–	–
Transfers and Grants	–	–	–	–
Net cash from/(used) operating activities	10 081	(2 962)	(2 962)	6 558
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	–	–	–	–
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	(1 726)	–	–	1 389
Decrease (increase) in non-current investments	(1 900)	–	–	450
Payments				
Capital assets	(1 375)	(12 179)	(12 179)	(5 153)
Net cash from/(used) investing activities	(5 001)	(12 179)	(12 179)	(3 314)
Cash flows from financing activities				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–
Payments				
Repayment of borrowing	–	–	–	–
Net cash from/(used) financing activities	–	–	–	–
Net increase/ (decrease) in cash held	5 080	(15 141)	(15 141)	3 244
Cash/cash equivalents at the year begin:	94 856	100 440	100 440	99 935
Cash/cash equivalents at the year end:	99 935	85 299	85 299	103 180

5.6 GRAP Compliance

“GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.”

Accounting principles and policies applied in the financial statements

• Basis of preparation

The approach by the district municipality is not to wait till the last moment to adopt and implement new GRAP interpretations / directives issued by the Accounting Standards Board (ASB) but rather to start early by implementing any new developments and amendments issued during the financial year. The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

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

The municipality has complied with the all the applicable and effective GRAP standards, as the Auditor General was required in terms of the PAA and general notices issued in terms thereof, to general performed procedures to identify any findings in terms of compliance with legislation (include GRAP). No significant findings were reported on non-compliance by the municipality, which is a confirmation that the municipality is compliant with all the applicable and effective GRAP standards.

The standards are summarised as follows:

GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 27	Agriculture
GRAP 31	Intangible assets

IGRAP 1	Applying the probability test on initial recognition of exchange revenue
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC102)	Income Taxes
IAS 19 (AC116)	Employee Benefits
SIC – 21 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members’ Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction
IAS19	
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

The municipality resolved to early adopt the following GRAP standards which have been issued and are effective.

Standard	Description	Effective Date
GRAP 1 (Revised)	Presentation of Financial Statements	1 April 2022
GRAP 2 (Revised)	Cash Flow Statements	1 April 2022
GRAP 3 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2022
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates	1 April 2022
GRAP 9 (Revised)	Revenue from Exchange Transactions	1 April 2022
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics	1 April 2022
GRAP 11 (Revised)	Construction Contracts	1 April 2022
GRAP 12 (Revised)	Inventories	1 April 2022
GRAP 13 (Revised)	Leases	1 April 2022
GRAP 14 (Revised)	Events after the reporting date	1 April 2022
GRAP 16 (Revised)	Investment Property	1 April 2022
GRAP 17 (Revised)	Property, Plant and Equipment	1 April 2022
GRAP 18 (Revised)	Segment Reporting	1 April 2022

Standard	Description	Effective Date
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets	1 April 2022
GRAP 20 (Revised)	Related Parties	1 April 2022
GRAP 21 (Revised)	Impairment of non-cash-generating assets	1 April 2022
GRAP 23 (Revised)	Revenue from Non-Exchange Transactions	1 April 2022
GRAP 24 (Revised)	Presentation of Budget Information in Financial Statements	1 April 2022
GRAP 25 (Revised)	Employee Benefits	1 April 2022
GRAP 26 (Revised)	Impairment of cash-generating assets	1 April 2022
GRAP 27 (Revised)	Agriculture	1 April 2022
GRAP 31 (Revised)	Intangible Assets	1 April 2022
GRAP 32 (Revised)	Service concession arrangements: Grantor - No significant impact is expected as the municipality does not participate in such business transactions.	1 April 2022
GRAP 100 (Revised)	Non-current Assets held for Sale and Discontinued Operations	1 April 2022
GRAP 104 (Revised)	Financial Instruments	1 April 2022

Standard	Description	Effective Date
GRAP 32	Service concession arrangements: Grantor - No significant impact is expected as the municipality does not participate in such business transactions.	1 April 2022
GRAP 105	Transfer of functions between entities under common control - No significant impact is expected as the municipality does not participate in such business transactions.	1 April 2022
GRAP 106	Transfer of functions between entities not under common control No significant impact is expected as the municipality does not participate in such business transactions.	1 April 2022
GRAP 107	Mergers - No significant impact is expected as the municipality does not participate in such business transactions.	1 April 2022
GRAP 108	Statutory receivables - No significant impact is expected as the municipality does not participate in such business transactions.	1 April 2022
GRAP 109	Accounting by principals and agents - No significant impact is expected as the municipality does not participate in such business transactions.	1 April 2022

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP. The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

Chapter 6 - Auditor-General Report

INTRODUCTION

The district municipality remains committed to a clean administration and as a result the municipality received an unqualified audit opinion with no matters of emphasis. The municipality is committed to aligning itself with the National Government's strategic objectives.

Key controls have been improved to address the weaknesses raised by the Auditor-General in the management report in order to maintain the status quo.

Auditor-General opinion of financial statements 2020/21

The district municipality achieved an unqualified audit opinion with no matters of emphasis.

Auditor-General Report on Financial Performance 2020/21	
Audit Report Status*:	Unqualified audit opinion
Non-Compliance Issues	Remedial Action Taken
None	None
Note:*The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)	

Auditor-General opinion of financial statements 2021/22


The district municipality achieved an unqualified audit opinion with no matters of emphasis.

Auditor-General Report on Financial Performance 2021/22	
Audit Report Status*:	Unqualified audit opinion
Non-Compliance Issues	Remedial Action Taken
None	None
Note:*The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)	

Comments on MFMA section 71 responsibilities:

Section 71 of the MFMA requires municipalities to submit financial performance reports monthly to the National Treasury at specified intervals throughout the year. The reports were sent to National Treasury as per the reporting requirements.

Signed (Acting Chief Financial Officer)


.....

Date: 30 November 2022

Glossary

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
Level 3 accreditation	The accreditation of a municipality involves the delegation and assignment of certain clearly defined functions in respect of the administration of National Housing Programmes, leading to eventual assignment of all the functions by formal proclamation of assignment by the Premier in the Government Gazette.
National key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.

Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <ul style="list-style-type: none"> a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes <i>of the department or functional area concerned</i>

APPENDICES

Appendix A - Councillors; Committee Allocation & Council Attendance

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cllr P Marekwa *	FT	Executive Mayor	ANC	100%	0%
Cllr U Buda * / ***	FT	Speaker / Executive Mayor	ANC	86%	13%
Cllr KC Mothibi ***	FT	Speaker	ANC	100%	0%
Cllr. BV Ximba *	FT	Planning & Development, Mayoral	ANC	80%	0%
Cllr. ME Motsamai *	FT	Social, Mayoral	ANC	100%	0%
Cllr. ME Mokgathanyane (Chairperson) * / ***	FT	Infrastructure Development, Mayoral	ANC	100%	0%
Cllr. M Kaars **	PT	Finance, MPAC	DA	66%	13%
Cllr. B Springbok *	FT	Policy & Institutional Development	ANC	67%	0%
Cllr. PJF Louw *	PT	Infrastructure Development	DA	83%	17%
Cllr. AK Zalisa (Chairperson) * / ***	FT	Finance	ANC	73%	0%
Cllr. MJ Beylefeld *	PT	Infrastructure Development	DA	100%	0%
Cllr DM Macinga *	PT	Infrastructure Development	ANC	33%	0%
Cllr. TD Setlholo *	PT	Infrastructure Development	ANC	83%	0%
Cllr. D Benjamin (Harmse) * / ***	PT	Social Development	DA	86%	0%
Cllr. MA Mahutie *	PT	Policy & Institutional Development, MPAC	ANC	50%	0%
Cllr KM Sebegu *	PT	Social Development, MPAC	ANC	33%	0%
Cllr E Niemann *	PT	Policy & Institutional Development	DA	100%	0%
Cllr MC Mkhonza *	PT	Policy & Institutional Development, Social Development, MPAC	EFF	67%	17%
Cllr KC Phiri *	PT	Finance, MPAC	DA	33%	17%
Cllr MK Molatudi * / ***	PT	Social Development	ANC	93%	0%
Cllr L Steenkamp *	PT	Policy & Institutional Development, Finance	ANC	100%	0%
Cllr F Thulo *	PT	Planning & Development, Infrastructure Development, Finance	EFF	100%	0%
Cllr JK Msibi *	FT	Social Development	ANC	100%	0%
CLLR M Moshweu *	PT	Social	ANC	67%	0%
Cllr MK Tivane *	PT	Social Development	ANC	33%	17%
Cllr. ET Matika *	FT	MPAC (Chairperson)	ANC	100%	0%
Cllr TP Mathe	PT	Planning & Development,	ANC	83%	17%

* Term of office completed

** Resigned during the FY.

*** Term of office commenced on 3 December 2021

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cllr LO Amose ***	PT	Social Development	ANC	66%	11%
Cllr KC Kock ***	PT	Finance	EFF	78%	11%
Cllr. TH Bopape ***	PT	Planning & Development,	ANC	78%	0%
Cllr. TG Diloke ***	PT	Infrastructure Development, MPAC	ANC	89%	0%
Cllr. HJ van den Berg ***	PT	Infrastructure Development	FF+	100%	0%
Cllr. LDK Leeuw ***	PT	Planning & Development	EFF	67%	0%
Cllr. KJ Botman ***	PT	Infrastructure Development	EFF	67%	11%
Cllr. A Gallant ***	PT	Planning & Development	ANC	100%	0%
Cllr. WAS Hendricks ***	PT	Infrastructure Development, Finance	ANC	78%	11%
Cllr. E Davies ***	PT	Social Development, Policy & Institutional Development, MPAC	PSDF	78%	11%
Cllr GV Fish ***	PT	Finance	PA	100%	0%
Cllr. JG Diphahle ***	PT	Policy & Institutional Development, MPAC	ANC	100%	0%
Cllr. TE Joubert ***	PT	Planning & Development, MPAC	FF+	89%	0%
Cllr. OE Makoko ****	PT	Policy & Institutional Development, MPAC	ANC	33%	0%
Cllr RV Raphoto ***	PT	Policy & Institutional Development, MPAC	EFF	67%	11%
Cllr LN Shushu ***	FT	Policy & Institutional Development (Chairperson)	ANC	89%	11%
Cllr I Ruiter ***	FT	MPAC (Chairperson)	ANC	100%	0%
Cllr WA van Rooyen ***	PT	Policy & Institutional Development	DA	67%	0%
Cllr MD Tawana ***	FT	Planning & Development (Chairperson)	ANC	89%	0%
Cllr CP Whittaker ***	PT	Infrastructure Development	DA	100%	0%
Cllr TM van Wyk ***	PT	Social Development, MPAC	EFF	67%	11%
Cllr CC Lewis *****	PT	Finance, MPAC	DA	100%	0%
Cllr OM Ditakgwe *****	FT	Social Development (Chairperson)	ANC	100%	0%
Cllr. W Harmse *	PT	Social Development, MPAC	ANC	33%	0%
Cllr EK Adams ***	PT	Planning & Development, MPAC	PA	66%	22%

* Term of office completed

** Resigned during the FY.

*** Term of office commenced on 3 December 2021

**** Deceased

***** Replaced Cllr Kaars in May 2022

***** Replaced Cllr Makoko in May 2022

Appendix B - Committees & Committee Purposes

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Finance Committee	To deal with all financial matters
Planning and Development Committee	To deal with planning and development matters such as Spatial Planning, IDP, GIS, LED
Infrastructure Development Committee	To deal with infrastructure matters, both new and maintenance of existing infrastructure
Policy and Institutional Development Committee	To deal with all council policies and consider reports on matters such as HR and ICT
Social Development Committee	To deal with social matters and consider reports on environmental health and housing
Municipal Public Accounts Committee (MPAC)	To exercise oversight over the executive functionaries of council and to ensure good governance in the municipality

Appendix C - Functions of Municipality

Municipal Functions	
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*
Constitution Schedule 4, Part B functions:	
Air pollution	Yes
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	No
Fire fighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	Yes
Municipal public transport	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Stormwater management systems in built-up areas	Yes
Trading regulations	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	No
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	No
Control of public nuisances	No
Control of undertakings that sell liquor to the public	No
Facilities for the accommodation, care and burial of animals	No
Fencing and fences	No
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	No
Local amenities	No
Local sport facilities	No
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	No
Municipal roads	No
Noise pollution	Yes
Pounds	No
Public places	No
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	No
Street lighting	No
Traffic and parking	No

Appendix D - Recommendations of the Municipal Audit Committee 2021/22

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2021/22	Recommendations adopted (enter Yes) If not adopted (provide explanation)
18/08/2021	Review of the Annual financial statements: It was recommended that the final version for submission to AGSA should be shared with the committee	Yes, recommendations were adopted.
	Management to look into impairing R389 000 that has not been received from COGHSTA or treating this amount as a non-current asset. Management is encouraged enquire as to whether this amount will be received in future in order to determine the method for recording it.	
	APRC recommended the accounting policies to be included as note 1 and to remove numbering on the sub- headings to these policies.	
	Note 5. VAT Receivable <ul style="list-style-type: none"> To reassess the note as the current year amount does not agree to the cash flow amount. To provide a reconciliation calculation for the note. Management to reassess the narratives provided which refers to VAT Payables 	
	Note 8. Operating lease receivables: Management to consider the relevance of disclosing a statement on the narratives that relate to the municipality as lessor.	
	Note 9. Current portion of long-term receivables: APRC recommends that management consider an arrangement to transfer back the liability to the Department of Roads.	
	Note 10. Property, Plant and Equipment: It was recommended that the note should have a separate column for work in progress of the building.	
	Note 16. Provisions <ul style="list-style-type: none"> Current provision on Performance bonus needs to be reassessed. Actuaries' information needs to be updated. Ex-gratia pension calculation should be corrected 	
	Note 22. Accumulated Surplus : APRC advised Management to assess if this is a restatement or a correction of error.	
	Note 27. Employee Related Costs : Long Service Awards figures to be corrected.	
	Note 33. Transfers and Subsidies paid: Allocations in-kind and monetary allocations to be combined.	
25/08/2021	Note 34. General Expenditure: Toll gate fees line item should be reassessed to ensure that is according to MSCOA. Management to consider moving the amount to other line items.	Yes, recommendations were adopted.
	Note 36. Correction of prior period error: Note to be updated and disclosed properly.	
	The committee recommended that the decision management makes to disclose R389 000 must be substantiated with sufficient evidence.	
25/08/2021	APRC recommended that note to the financial statement headers be included on all pages relating to the notes.	Yes, recommendations were adopted.
	Note 8. Operating lease receivables: The committee recommended that management obtain the guidance of National Treasury to get the correct disclosure.	

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2020/21	Recommendations adopted (enter Yes) If not adopted (provide explanation)
25/08/2021	Note 10. Property, Plant and Equipment: It was recommended that management show a line item for all work in progress figures and that Machinery and Equipment be moved to other assets.	Yes, recommendations were adopted.
	Note 30. Impairment Losses: Note to be corrected.	
	Note 33. General Expenditure: APRC recommended that the items bought should be reassessed to review the need to capitalize the items to PPE.	
	Note 38.6. Deviations from, and ratification of minor breaches of, the Procurement Processes: Management to rectify narration provided.	
	Note 44. Contingent Liabilities: Management to rework the narration provided for 'Opinion Appointed Adv C.Towell	
	Note 49. Comparative figures: Management to change the narration.	
	Note 50. Going concern assessment: Management to change the forecast for the year from 30 June 2021 to 30 June 2022.	
	Note 51. Segment Reporting: Management to remove note.	
30/08/2021	Note 10. Property, Plant and Equipment: National Treasury to confirm that Other Assets is an acceptable presentation of the note which includes all movable assets and all immovable assets have been indicated separately.	Yes, recommendations were adopted.
	Note 51. Assessment on impact COVID-19: Management to adjust, where necessary, the note together with the PMS report.	
08/03/2022	Review of the 2020-21 draft Annual Report. Chapter one: The APRC highlighted that there is a grammatical error in the Municipal Manager's overview.	Yes, recommendations were adopted.
	Chapter five: The APRC recommended that the "Statement of Financial Performance" on page 94 should be described as the "Summary of the Statement of Financial Performance" as the format does not align with the GRAP requirements.	
	Appendices D: Management to correct the financial period stated.	
	The APRC recommended that the page numbers stated on the approval of the annual financial statements (page 1-80) should be in line with the Annual Report page numbers.	

Appendix E - Disclosures of Financial Interests

Disclosures of Financial Interests		
Period 1 July 2021 to 30 June 2022 of 2021/22		
Position	Name	Description of Financial interests* (Nil / Or details)"
(Executive) Mayor	Mr P Marekwa	Nil / None
	Ms U Buda	
Member of MayCo / Exco	Mr K Zalisa	Nil / None
	Ms BV Ximba	Nil / None
	Ms M Motsamai	Nil / None
	Mr M Mokgatlhanyane	Nil / None
	Mr B Springbok	Nil / None
	Ms JK Msibi	Nil / None
	Ms ET Matika	Nil / None
	Ms OM Ditakgwe	Nil / None
	Ms MD Tawana	Nil / None
	Ms LN Shushu	Nil / None
	Mr I Ruiter	Nil / None
	Ms KC Mothibi	Nil / None
Councillor	Mr M Mosweu	Nil / None
	Mr M Kaars	Nil / None
	Ms D Benjamin	Nil / None
	Mr PJF Louw	Nil / None
	Mr C Mkhonza	Nil / None
	Mr W Harmse	Nil / None
	Mr TE Joubert	Nil / None
	Ms D Setlholo	Nil / None
	Ms L Steenkamp	Nil / None
	Ms KM Sebeggo	Nil / None
	Mr F Thulo	Nil / None
	Ms M Beylefeld	Nil / None
	Ms D Niemann	Nil / None
	Mr C Phiri	Nil / None
	Ms M Molatudi	Nil / None
	Mr DM Macinga	Nil / None
	Ms MA Mahutie	Nil / None
	Ms MK Tivane	Nil / None
	Ms LO Amose	Nil / None
	Mr KC Kock	Nil / None
	Mr TH Bopape	Nil / None
	Ms TG Dilohe	Nil / None
	Mr HJ van den Berg	Nil / None
	Mr LDK Leeuw	Nil / None
	Ms KJ Botman	Nil / None
	Ms A Gallant	Nil / None
	Mr WAS Hendricks	Nil / None
	Ms E Davies	Nil / None

Disclosures of Financial Interests		
Period 1 July 2021 to 30 June 2022 of 2021/22		
Position	Name	Description of Financial interests* (Nil / Or details)"
Councillor	Mr OE Makoko	Nil / None
	Mr RV Raphoto	Nil / None
	Mr JG Diphahe	Nil / None
	Ms GV Fish	Nil / None
	Mr WA van Rooyen	Nil / None
	Mr EK Adams	Nil / None
	Mr CP Whittaker	Nil / None
	Mr TM van Wyk	Nil / None
	Ms CC Lewis	Nil / None

Appendix E - Disclosures of Financial Interests

Disclosures of Financial Interests		
Period 1 July 2021 to 30 June 2022 of 2021/22		
Position	Name	Description of Financial interests* (Nil / Or details)"
Municipal Manager	Z.M. Bogatsu	Nil / None
Chief Financial Officer	O Moseki (Acting)	Nil / None
Other S57 Officials	KG Gaborone	Nil / None

Appendix F (i) - Revenue collection performance by vote and by source

Revenue Collection Performance by Vote						
						R' 000
Vote Description	2020/21	Current Year: 2021/22			2021/22 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Vote 1 - Executive & Council	489	–	–	514	–	–
Vote 2 - Budget & Treasury	–	–	–	135 611	–	–
Vote 3 - Corporate Services	131 170	136 636	136 686	(30)	-100.02%	-100.02%
Vote 4 - Planning & Development	–	259	259	–	-100.00%	-100.00%
Vote 5 - Project Management Services	3 212	7 653	7 653	3 401	-55.56%	-55.56%
Total Revenue by Vote	134 872	144 548	144 598	139 495	-3.50%	-3.53%

Appendix F (ii) - Revenue collection performance by vote and by source

Revenue Collection Performance by Source						
R '000						
Description	2020/21	2021/22			2021/22 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	—	—	—	—	—	—
Property rates - penalties & collection charges	—	—	—	—	—	—
Service Charges - electricity revenue	—	—	—	—	—	—
Service Charges - water revenue	—	—	—	—	—	—
Service Charges - sanitation revenue	—	—	—	—	—	—
Service Charges - refuse revenue	—	—	—	—	—	—
Service Charges - other	—	—	—	—	—	—
Rentals of facilities and equipment	609	200	200	218	8.34%	8.34%
Interest earned - external investments	5 132	7 150	7 150	5 869	-21.83%	-21.83%
Interest earned - outstanding debtors	—	—	—	—	—	—
Dividends received	—	—	—	—	—	—
Fines	—	—	—	—	—	—
Licences and permits	—	—	—	—	—	—
Agency services	—	—	—	—	—	—
Transfers recognised - operational	128 874	137 078	137 128	133 164	-2.94%	-2.98%
Other revenue	268	120	120	274	56.18%	56.18%
Gains on disposal of PPE	(11)	—	—	—		
Total Revenue (excluding capital transfers and contributions)	134 872	144 548	144 598	139 525	-3.60%	-3.64%

Appendix G - Conditional Grants received: excluding MIG

Conditional Grants: excluding MIG						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant	–	–	–	–	–	–
Public Transport Infrastructure and Systems Grant	–	–	–	–	–	–
Other Specify:						
Local Government Equitable Share	-128 076	-128 076	-128 076	–	–	–
Finance Management	-1 000	-1 000	-1 000	–	–	–
Municipal Disaster Recovery Grant	-259	-259	–	–	–	–
Municipal Systems Improvement	-4 000	-4 000	-	-	-	–
Roads asset management	-2 576	-2 576	-2 324	-10.85%	-10.85%	–
Kgotso Pula Nala	-	-	-	-	-	–
NEAR Control Centre	-	-	-	-	-	–
SETA - Skills Grant	-	-	-	-	-	–
NCPA - EPWP	-1 077	-1 077	-1 077	-	-	–
Tourism Grant	-	-	-	-	-	–
NCPA- District Aids Council	-	-	-	-	-	–
Public Contributions	-	-	-	-	-	–
NCPA- Housing Grants	-	-	-	-	-	–
NCPA - Firefighting Equipment	-	-	-	-	-	–
Covid-19 Grant	-	-	-	-	-	–
Total	-136 988	-136 988	-132 477	-3.41%	-3.41%	–

Appendix H (i) - Capital expenditure - New Assets Programmes

Capital Expenditure - New Assets Programme*							
Description	2020/21	2021/22			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class	—	—	—	—	—	—	—
Heritage assets - Total	—	—	—	—	—	—	—
Buildings	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Investment properties - Total	—	—	—	—	—	—	—
Housing development	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Other assets	—	4 368	2 856	1 064	4 548	—	—
General vehicles						—	—
Specialised vehicles						—	—
Plant & equipment	—	357	1 007	37	341	—	—
Computers - hardware/ equipment	—	872	972	893	69	—	—
Furniture and other office equipment	—	74	77	—	138	—	—
Abattoirs						—	—
Markets						—	—
Civic Land and Buildings						—	—
Other Buildings	—	3 065	800	135	4 000	—	—
Other Land	—	—	—	—	—	—	—
Surplus Assets - (Investment or Inventory)	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—
Computers - software & programming	—	—	—	—	—	—	—
Total Capital Expenditure on new assets	—	4 368	2 856	1 064	4 548	—	—
Specialised vehicles	—	—	—	—	—	—	—
Refuse	—	—	—	—	—	—	—
Fire	—	—	—	—	—	—	—
Conservancy	—	—	—	—	—	—	—
Ambulances	—	—	—	—	—	—	—

Appendix H (ii) - Capital expenditure - Upgrade / Renewal Programmes

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2020/21	2021/22			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	—	—		—	—	—	—
Housing development	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Other assets	461	2 083	88	696	1 710	—	—
General vehicles	—	—	—	—	—	—	—
Specialised vehicles	—	—	—	—	—	—	—
Plant & equipment	—	78	83	13	210	—	—
Computers - hardware/ equipment	461	—	—	—	—	—	—
Furniture and other office equipment	—	5	5	3	—	—	—
Abattoirs	—	—	—	—	—	—	—
Markets	—	—	—	—	—	—	—
Civic Land and Buildings	—	—	—	—	—	—	—
Other Buildings	—	—	—	—	—	—	—
Other Land	—	—	—	—	—	—	—
Surplus Assets - (Investment or Inventory)	—	—	—	—	—	—	—
Other	—	2 000	—	680	1 500	—	—
Intangibles	—	5 000	4 000	2 866	—	—	—
Computers - software & programming	—	5 000	4 000	2 866	—	—	—
Other (list sub-class)	—	—	—	—	—	—	—
Total Capital Expenditure on renewal of existing assets	461	7 083	4 088	3 562	1 710	—	—
Specialised vehicles	—	—	—	—	—	—	—
Refuse	—	—	—	—	—	—	—
Fire	—	—	—	—	—	—	—
Conservancy	—	—	—	—	—	—	—
Ambulances	—	—	—	—	—	—	—

* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

Appendix I - Declaration of loans and grants made by the municipality

Declaration of Loans and Grants made by the municipality: 2021/22				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value ¹ 2021/22	Total amount per grant per local municipality
Dikgatlong Municipality	Operation and maintenance of electrical networks	Grant	R 861,646	R 3,300,000
Dikgatlong Municipality	Operation and maintenance of streets and stormwater drainage	Grant	R 668,866	
Dikgatlong Municipality	Operation and maintenance of water infrastructure	Grant	R 322,670	
Dikgatlong Municipality	Operation and maintenance of wastewater infrastructure	Grant	R 1,446,818	
Magareng Municipality	Operation and maintenance of streets and stormwater drainage	Grant	R 436,316	R 4,602,716
Magareng Municipality	Operation and maintenance of water infrastructure	Grant	R 793,489	
Magareng Municipality	Operation and maintenance of wastewater infrastructure	Grant	R 3,372, 911	
Phokwane Municipality	Operation and maintenance of water infrastructure	Grant	R1,383,813	R 2,631,211
Phokwane Municipality	Operation and maintenance of wastewater infrastructure	Grant	R 1,247,398	
Sol Plaatje Municipality	Maintenance of streets & stormwater	Grant	R 1,481.513	R 2,700,000
Sol Plaatje Municipality	Maintenance of waste water infrastructure	Grant	R 573,958	
Sol Plaatje Municipality	Operation and maintenance of wastewater infrastructure	Grant	R 644,529	
Magareng Municipality	Feasibility study to relocate Warrenton wastewater treatment works	Grant	R 262,758	R 3,695,652
Magareng Municipality	Internal water reticulation in Ditshotshwaneng, Rabatji & Sonderwater	Grant	R 2,389,484	
Magareng Municipality	Fencing of wastewater treatment works	Grant	R 1,043,410	
Phokwane Municipality	High mast lights – capital project	Grant	R 821,603	R 821,603

1 Roll overs were granted on most of the capital grants for 2021/22

PART II
ANNUAL FINANCIAL
STATEMENTS



Frances Baard District Municipality
Annual Financial Statements
for the year ended June 30, 2022

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

General Information

Country of origin and legal form	South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)
Jurisdiction	The Frances Baard District Municipality includes the following local municipalities: Sol Plaatje; Phokwane; Dikgatlong; and Magareng.
Nature of business and principal activities	Frances Baard Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)
Capacity of district authority	Medium capacity DC9
Management structure	The municipality's senior management structure consists of the Municipal Manager and heads of the four main departments. The Office of the Municipal Manager includes management functions pertaining to municipal systems improvement and integrated development planning functions.
Municipal Manager	Ms ZM Bogatsu
Chief Finance Officer (CFO)	Ms O Moseki (Acting)
Registered office	51 Drakensberg Avenue Carters Glen Kimberley 8301
Legal representative	Mr K Matlakala
External auditors	Auditor-General of South Africa
Internal auditors	The Internal Audit unit was fully staffed and operational during the financial year. The use of external service providers is limited to cases where internal capacity is insufficient to conduct specialized investigations.
Members of the audit committee	Mr T Mogoli - Chairperson (Term ended 26 June 2022) Mr G Botha - Member Mr T Mudamburi - Member
Principal banker	First National Bank (FNB)
Mayoral committee Executive Mayor Councillors	Ms U Buda - Executive Mayor Ms KC Mothibi - Speaker Mr M Mokgatlhanyane - Proportional Ms MD Tawana - (Sol Plaatje Local Municipality) Ms LM Shushu - Proportional Ms OM Ditakgwe - Proportional Mr AK Zalisa - Proportional Mr I Ruiters - (Sol Plaatje Local Municipality) Ms D Harmse - Proportional

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

General Information

Ms CC Lewis - Proportional
Ms KJ Botman - Proportional
Ms GV Fish - Proportional
Mr RV Raphoto - Proportional
Mr TE Joubert - Proportional
Ms MK Molatudi - Sol Plaatje Local Municipality
Ms A Gallant - Sol Plaatje Local Municipality
Mr KC Kock - Sol Plaatje Local Municipality
Mr JG Diphahle - Sol Plaatje Local Municipality
Mr TH Bopape - Sol Plaatje Local Municipality
Mr CP Whittaker - Sol Plaatje Local Municipality
Mr HJ van der Berg - Sol Plaatje Local Municipality
Mr WA van Rooyen - Sol Plaatje Local Municipality
Mr E Adams - Sol Plaatje Local Municipality
Ms TG Dilohe - Phokwane Local Municipality
Ms E Davies - Phokwane Local Municipality
Mr TM van Wyk - Phokwane Local Municipality
Mr LDK Leeuw - Dikgatlong Local Municipality
Mr WAS Hendricks - Dikgatlong Local Municipality
Ms LO Amose - Magareng Local Municipality

Other heads of departments

Ms K Gaborone - Director: Administration
Mr F Netshivhoza (Acting) - Director: Planning & Development
Mr R Setshoge (Acting) - Director: Infrastructure Services

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Index

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Abbreviations used:

MFMA	Municipal Finance Management Act
DoRA	Division of Revenue Act
ITA	The Income Tax Amendment Act
VAT	Value Added Tax Amendment Act
MSA	Municipal Structures Act
MSA	Municipal Systems Act
MPPMR	Municipal Planning & Performance Management Regulations
HA	Housing Act
SDLAA	Skills Development Levies Amendment Act
EEA	Employment Equity Act
UIF	Unemployment Insurance Act

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Officer's Responsibilities and Approval

As the accounting officer I am required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and am responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is my responsibility to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. They are also based on the appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I acknowledge that I am ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, there are standards set for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

I am of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2023 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for the independent review and reporting on the municipality's annual financial statements.

The annual financial statements set out on page 5, which have been prepared on the going concern basis.



Ms ZM Bogatsu
Municipal Manager

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Frances Baard District Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Frances Baard District Municipality set out on pages 145 to 243 which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Frances Baard District Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Underspending of the budget

7. As disclosed in the statement of comparison of budget and actual amounts for the year ended 30 June 2022, the municipality materially underspent the budget by R31 042 263 on employee cost, transfers and subsidies and general expenditure.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the usefulness and

reliability of the reported performance information against predetermined objectives presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

15. I performed procedures to evaluate the usefulness and reliability of the reported performance information on selected performance indicators in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice.
16. I performed the procedures in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an opinion or an assurance conclusion.
17. My procedures address the usefulness and reliability of the reported performance information on the selected performance indicators, which must be based on the municipality's approved performance planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I performed procedures to determine whether the reported performance information was properly presented and whether the performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the selected performance indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I selected the following material performance indicators contained in the *KPA 1: Sustainable Municipal Infrastructure development and basic service delivery* presented in the municipality's annual performance report for the year ended 30 June 2022 set out on pages 45 to 49. I selected the indicators that measure the municipality's performance on its primary mandated functions and which are of significant national, community or public interest.

Performance indicators
KPI 1.1: Number of municipalities assisted with the finalisation of prioritised project lists to guide the upgrading, operations and maintenance of infrastructure in the district (O&M).
KPI 1.2: Amount spent on support for operations and maintenance of infrastructure in the LMs (O&M).
KPI 1.3: Timeous submission of project monitoring reports developed to support infrastructure operations and maintenance in the LMs (O&M).
KPI 2.1: Number of Full-Time Equivalents (FTEs) created as per the EPWP incentive agreement.
KPI 3.1: Percentage progress on the implementation of the RRAMS project to support improved infrastructure planning in the LMs as per the approved business plan.

Performance indicators

KPI 4.1: Number of municipalities assisted with the finalisation of prioritised project lists for capital infrastructure projects in the district.

KPI 4.2: Amount spent on support for capital infrastructure projects in the LMs.

KPI 4.3: Timeous submission of project monitoring reports developed to support capital infrastructure projects in the LMs.

20. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected material performance indicators.

Other matter

21. I draw attention to the matter below.

Achievement of planned targets

22. Refer to the annual performance report on pages 76 to 91 for information on the achievement of planned targets for the year of targets.

Report on the audit of compliance with legislation

Introduction and scope

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting office is responsible for the municipality's compliance with legislation.
24. I performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
25. I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the district municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and adequately available to report in an understandable manner. The selection is done through an established AGSA process. The selected legislative requirements are included in the annexure to this auditor's report.
26. I did not identify any material findings on compliance with the selected legislative requirements.

Other information

27. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, the other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor General

Kimberley

12 December 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all

relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation - selected legislative requirements

5. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Financial Management Act (MFMA)	<p>Section 1 (a), (b) & (d) of the definition: irregular expenditure</p> <p>Section 1 Definition of SDBIP</p> <p>Sections 11(1); 13(2); 14(1); 14(2)(a); 14(2)(b); 15</p> <p>Sections 24(2)(c)(iv); 29(1); 29(2)(b); 32(2)</p> <p>Sections 32(2)(a); 32(2)(a)(i); 32(2)(a)(ii); 32(2)(b)</p> <p>Sections 32(6)(a); 32(7); 53(1)(c)(ii); 54(1)(c)</p> <p>Sections 62(1)(d); 62(1)(f)(i); 62(1)(f)(ii); 62(1)(f)(iii)</p> <p>Sections 63(2)(a); 63(2)(c); 64(2)(b); 64(2)(c); 64(2)(e)</p> <p>Sections 64(2)(f); 64(2)(g); 65(2)(a); 65(2)(b); 65(2)(e)</p> <p>Sections 72(1)(a)(ii); 95(a); 112(l)(iii); 112(1)(j)</p> <p>Sections 116(2)(b); 116(2)(c)(ii); 117; 122(1); 122(2)</p> <p>Sections 126(1)(a); 126(1)(b); 127(2); 127(5)(a)(i)</p> <p>Sections 127(5)(a)(ii); 129(1); 129(3); 133(1)(a)</p> <p>Sections 133(1)(c)(i); 133(1)(c)(ii); 170; 171(4)(a); 171(4)(b)</p>
MFMA: Municipal budget and reporting regulations, 2009	Regulations 71(1); 71(2); 72
MFMA: Municipal investment regulations, 2005	Regulations 3(1)(a); 3(3); 6; 7; 12(2); 12(3)
MFMA: Municipal regulations on financial misconduct procedures and criminal proceedings, 2014	Regulations 5(4); 6(8)(a); 6(8)(b); 10(1)
MFMA: Municipal supply chain management (SCM) regulations, 2017	<p>Regulations 5; 12(1)(b); 12(1)(c); 12(3); 13(b); 13(c); 13(c)(i)</p> <p>Regulations 16(a); 17(1)(a); 17(1)(b); 17(1)(c); 19(a)</p> <p>Regulations 21(b); 22(1)(b)(i); 22(2); 27(2)(a); 27(2)(e)</p> <p>Regulations 28(1)(a)(i); 28(1)(a)(ii); 29(1) (a) and (b)</p> <p>Regulations 29(5)(a)(ii); 29(5)(b)(ii); 32; 36(1)</p> <p>Regulations 38(1) (c); 38(1)(d)(ii); 38(1)(e); 38(1)(g)(i)</p> <p>Regulations 38(1)(g)(ii); 38(1)(g)(iii)</p> <p>Regulations 43; 44; 46(2)(e); 46(2)(f)</p>

Legislation	Sections or regulations
Municipal Systems Act 32 of 2000 (MSA)	Sections 25(1); 26(a); 26(c); 26(i); 26(h); 27(1) Sections 29(1)(b)(ii); 29(2)(a); 29(2)(c); 34(a); 34(b); Sections 38(a); 41(1)(a); 41(1)(b); 41(1)(c)(ii); 42; 43(2) Sections 56(a); 57(2)(a); 57(4B); 57(6)(a) Sections 66(1)(a); 66(1)(b); 67(1)(d); 74(1) Sections 93B(a); 93B(b); 93C(a)(iv); 93C(a)(v); 96(b)
MSA: Municipal planning and performance management regulations, 2001	Regulations 2(1)(e); 2(3)(a); 3(3); 3(4)(b); 3(5)(a); 7(1); 8 Regulations 9(1)(a); 10(a); 12(1); 15(1)(a)(i); 15(1)(a)(ii)
MSA: Municipal performance regulations for municipal managers and managers directly accountable to municipal managers, 2006	Regulations 2(3)(a); 4(4)(b); 8(1); 8(2); 8(3)
MSA: Regulations on appointment and conditions of employment of senior managers, 2014	Regulations 17(2); 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2); 5(3); 5(6); 8(4)
Annual Division of Revenue Act (DoRA)	Sections 11(6)(b); 12(5); 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB regulations	Regulations 17; 25(7A)
Municipal Property Rates Act 6 of 2004 (MPRA)	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 2(1)(a); 2(1)(f)
Preferential Procurement regulations (PPR), 2011	Regulations 4(1); 4(3); 4(4); 4(5) Regulations 5(1); 5(2); 5(3); 5(5) Regulations 6(1); 6(2); 6(3); 6(4); 6(5) Regulations 7(1); 10; 11(2); 11(4); 11(5); 11(8)
Preferential Procurement regulations (PPR), 2017	Regulations 5(1); 5(3); 5(6); 5(7) Regulations 6(1); 6(2); 6(3); 6(5); 6(6); 6(8) Regulations 7(1); 7(2); 7(3); 7(5); 7(6); 7(8) Regulations 8(2); 8(5); 9(1); 10(1); 10(2); 11(1)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Statement of Financial Position as at June 30, 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Inventories	2	357,534	375,693
Investments	5	9,750,000	10,200,000
Operating lease receivable	13	12,206	-
Receivables from exchange transactions	3	8,124,310	6,005,257
Statutory Receivables	4	389,000	389,000
VAT receivable	6	2,974,152	1,776,354
Current Portion Long-term Receivables	8	676,000	858,000
Cash and cash equivalents	7	103,179,504	99,935,425
		125,462,706	119,539,729
Non-Current Assets			
Investment property	11	-	543,750
Property, plant and equipment	9	68,082,372	50,855,211
Intangible assets	10	2,695,220	155,968
Heritage assets	12	631,417	631,417
Operating lease receivable	13	38,964	45,817
Long-term receivables	8	6,671,000	8,060,000
		78,118,973	60,292,163
Total Assets		203,581,679	179,831,892
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	6,832,736	6,622,881
Consumer deposits	17	2,990	1,725
Employee benefit obligation	14	13,149,934	12,982,407
Unspent conditional grants and receipts	16	1,360,210	2,162,319
		21,345,870	21,769,332
Non-Current Liabilities			
Employee benefit obligation	14	30,787,173	29,921,773
Total Liabilities		52,133,043	51,691,105
Net Assets		151,448,636	128,140,787
Reserves			
Revaluation reserve	18	44,466,748	26,940,553
Accumulated surplus	19	106,981,888	101,200,234
Total Net Assets		151,448,636	128,140,787

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment	21	218,206	620,676
Other income	22	273,869	268,438
Interest received	23	5,868,867	5,067,423
Total revenue from exchange transactions		6,360,942	5,956,537
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	24	133,164,477	128,873,594
Total revenue	20	139,525,419	134,830,131
Expenditure			
Employee related costs	25	(72,813,172)	(70,649,599)
Remuneration of councillors	26	(6,948,091)	(7,000,238)
Depreciation and amortisation	27	(4,622,291)	(3,388,092)
Inventory consumed	29	(1,045,080)	(1,250,827)
Transfers and Subsidies	30	(25,070,194)	(19,454,158)
Loss on Disposal of Property, Plant and Equipment	31	(83,624)	(72,805)
Actuarial losses	32	(1,566,538)	(3,173,383)
General Expenses	33	(22,844,407)	(22,135,207)
Total expenditure		(134,993,397)	(127,124,309)
Surplus for the year		4,532,022	7,705,822

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	27,204,514	93,446,308	120,650,822
Adjustments			
Prior year adjustments 54	-	(203,654)	(203,654)
Balance at June 30, 2020	27,204,514	93,242,654	120,447,168
Changes in net assets			
Surplus for the year	-	7,705,822	7,705,822
Depreciation offsets	(263,961)	263,961	-
Total changes	(263,961)	7,969,783	7,705,822
Opening balance as previously reported	26,940,553	101,212,436	128,152,989
Adjustments			
Prior year adjustments 54	-	(12,202)	(12,202)
Balance at June 30, 2021	26,940,553	101,200,234	128,140,787
Changes in net assets			
Revaluation of Land and Buildings	18,775,827	-	18,775,827
Net income (losses) recognised directly in net assets	18,775,827	-	18,775,827
Surplus for the year	-	4,532,022	4,532,022
Total recognised income and expenses for the year	18,775,827	4,532,022	23,307,849
Depreciation offset	(1,249,632)	1,249,632	-
Total changes	17,526,195	5,781,654	23,307,849
Balance at June 30, 2022	44,466,748	106,981,888	151,448,636
Note(s)	18		

* Details on the movement of the Funds and Reserves are set out in Note 18 and Note 19.

Frances Baard District Municipality
Annual Financial Statements for the year ended June 30, 2022

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Transfers and subsidies		133,402,565	130,956,799
External Interest and Dividends Received		5,868,867	5,067,423
Other receipts		201,110	3,554,433
		<u>139,472,542</u>	<u>139,578,655</u>
Payments			
Employee related costs		(71,805,706)	(65,570,087)
Remuneration of councillors		(6,948,091)	(7,000,237)
Suppliers paid		(25,195,695)	(26,987,192)
Other payments		(28,965,218)	(29,940,378)
		<u>(132,914,710)</u>	<u>(129,497,894)</u>
Net cash flows from operating activities	34	<u>6,557,832</u>	<u>10,080,761</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(2,286,530)	(1,374,713)
Purchase of other intangible assets	10	(2,866,223)	-
Decrease / (Increase) in Current Investments		450,000	(1,900,000)
Decrease / (Increase) in Long-term Receivables		1,389,000	(1,726,270)
		<u>(3,313,753)</u>	<u>(5,000,983)</u>
Net cash flows from investing activities		<u>(3,313,753)</u>	<u>(5,000,983)</u>
Net increase/(decrease) in cash and cash equivalents		<u>3,244,079</u>	<u>5,079,778</u>
Cash and cash equivalents at the beginning of the year		99,935,425	94,855,647
Cash and cash equivalents at the end of the year	7	<u>103,179,504</u>	<u>99,935,425</u>

The accounting policies on pages 15 to 33 and the notes on pages 34 to 90 form an integral part of the annual financial statements.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Net Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Variance %
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Rental of facilities and equipment	200,000	-	200,000	218,206	18,206	9.10%
Other income	120,000	-	120,000	273,869	153,869	128.22%
Interest received - investment	7,150,000	-	7,150,000	5,868,867	(1,281,133)	17.92%
Total revenue from exchange transactions	7,470,000	-	7,470,000	6,360,942	(1,109,058)	

Revenue from non-exchange transactions

Transfer revenue

Government grants & subsidies	137,078,000	311,490	137,389,490	133,164,477	(4,225,013)	3.08%
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Total revenue	144,548,000	311,490	144,859,490	139,525,419	(5,334,071)	
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Expenditure

Employee Related Cost	(84,190,340)	5,991,340	(78,199,000)	(72,813,172)	5,385,828	6.88%
Remuneration of councillors	(6,962,390)	-	(6,962,390)	(6,948,091)	14,299	0.21%
Depreciation and amortisation	(3,648,115)	-	(3,648,115)	(4,622,291)	(974,176)	26.70%
Bad debts written off	(10,000)	-	(10,000)	-	10,000	100%
Inventory	(2,190,476)	(70,400)	(2,260,876)	(1,045,080)	1,215,796	53.78%
Transfers and Subsidies	(25,213,001)	(11,698,000)	(36,911,001)	(25,070,194)	11,840,807	32.08%
General Expenses	(38,386,693)	1,726,658	(36,660,035)	(22,844,407)	13,815,628	37.69%
Total expenditure	(160,601,015)	(4,050,402)	(164,651,417)	(133,343,235)	31,308,182	
Operating surplus	(16,053,015)	(3,738,912)	(19,791,927)	6,182,184	25,974,111	
Loss on disposal of assets and liabilities	(1,104,922)	-	(1,104,922)	(83,624)	1,021,298	92.43%
Actuarial gains/losses	-	-	-	(1,566,538)	(1,566,538)	0%

	(1,104,922)	-	(1,104,922)	(1,650,162)	(545,240)	
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Surplus before taxation	(17,157,937)	(3,738,912)	(20,896,849)	4,532,022	25,428,871	
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(17,157,937)	(3,738,912)	(20,896,849)	4,532,022	25,428,871	
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Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 5% between the approved budget and the actual amount on the various items disclosed in the Statement of Financial Performance are explained below:

Other revenue

Other revenue increased due to insurance claims received .

Rental from Fixed Assets:

The rental of facilities and equipment received was less than expected due to the Department of Transport & Liason vacating our building in January 2022. The department has outstanding balance with the municipality.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Net Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Variance %
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Figures in Rand

Interest, Dividends and Rent on Land Earned:

The income from external investments declined due to the reduced interest rates.

Employee Related Costs

Variance on the employee related costs is due to the vacant positions which have not been filled for the duration of the financial year including Directors - Finance, Infrastructure Services and Planning & Development.

Depreciation and Amortisation:

The depreciation & amortisation on assets is less than expected due to other assets which were anticipated to be disposed off during the financial year.

Impairment Losses:

No debtors were impaired for the year, as debtors are deemed to be able to repay the municipality. An assessment was made of debtors at the end of the year, and a provision was made for write-off.

Contracted Services:

Contracted Services and Repairs and Maintenance actual expenditures are reflected under operational cost in line with mSCOA mapping.

Inventory Consumed:

Savings realised on the consumption of inventory due to the implementation of cost containment measures.

Operational Costs:

Operational cost and Contracted Services expenditures are combined due to mSCOA mapping.

Loss on Disposal of Property, Plant and Equipment:

Loss on Disposal of Property, Plant and Equipment expenditure is for assets which were disposed off and donated to NGOs during the financial year.

Reason for adjustment to original budget

Please refer to the adjustment budget and the special adjustment budget for reasons on variances from the original budget.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Net Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Variance %
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	380,753	-	380,753	357,534	(23,219)	6.10%
Investments	-	-	-	9,750,000	9,750,000	0%
Operating lease asset	-	-	-	12,206	12,206	0%
Receivables from exchange transactions	14,306,850	75,671	14,382,521	8,124,310	(6,258,211)	-43.51%
Statutory Receivables	-	-	-	389,000	389,000	0%
VAT receivable	-	-	-	2,974,152	2,974,152	0%
Current Portion Long-term Receivables	872,788	-	872,788	676,000	(196,788)	22.55%
Cash and cash equivalents	78,012,625	1,823,584	79,836,209	103,179,504	23,343,295	29.24%
	93,573,016	1,899,255	95,472,271	125,462,706	29,990,435	

Non-Current Assets

Investment property	529,687	-	529,687	-	(529,687)	93.55%
Property, plant and equipment	56,546,595	(3,778,655)	52,767,940	68,082,372	15,314,432	29.02%
Intangible assets	4,886,996	(1,000,000)	3,886,996	2,695,220	(1,191,776)	30.66%
Heritage assets	631,417	-	631,417	631,417	-	0%
Operating lease asset	-	-	-	38,964	38,964	0%
Long-term receivables	6,334,564	-	6,334,564	6,671,000	336,436	5.31%
	68,929,259	(4,778,655)	64,150,604	78,118,973	13,968,369	
Total Assets	162,502,275	(2,879,400)	159,622,875	203,581,679	43,958,804	

Liabilities

Current Liabilities

Payables from exchange transactions	13,978,968	(2,877,621)	11,101,347	6,832,734	(4,268,613)	38.45%
Consumer deposits	3,450	-	3,450	2,990	(460)	13.33%
Employee benefit obligation	-	-	-	13,149,934	13,149,934	
Unspent conditional grants and receipts	-	-	-	1,360,210	1,360,210	0%
Provisions	13,939,618	(1,791,260)	12,148,358	-	(12,148,358)	8.24%
	27,922,036	(4,668,881)	23,253,155	21,345,868	(1,907,287)	

Non-Current Liabilities

Employee benefit obligation	28,910,646	-	28,910,646	30,787,173	1,876,527	6.18%
Total Liabilities	56,832,682	(4,668,881)	52,163,801	52,133,041	(30,760)	

Net Assets

	105,669,593	1,789,481	107,459,074	151,448,638	43,989,564	
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Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Revaluation reserve	26,676,595	-	26,676,595	44,466,750	17,790,155	66.69%
Accumulated surplus	78,992,998	1,789,481	80,782,479	106,981,888	26,199,409	32.43%

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Net Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Variance %
Figures in Rand						
Total Net Assets	105,669,593	1,789,481	107,459,074	151,448,638	43,989,564	

Financial Position: Explanation of Variances between Approved Budget and Actual

'Reasons for Variances greater than 5% between the approved budget and the actual amount on the various items disclosed in the Statement of Financial Position are explained below:

Receivables from Exchange Transactions:

The year to date movement comprises of prepaid subscriptions and other services debtors balances for the year.

Cash and Cash Equivalents:

The variance is due to projects which are rolled-over to the 2022/23 financial year and savings on completed projects.

Operating Lease Receivables:

'Operating lease receivables forms part of exchange receivables as the budget template does not make provision for a split in the receivables, which causes a misalignment between the AFS template and the budget template.

Property, Plant and Equipment:

The variance is as a result of additions to PPE of the municipality and increases as a result of revaluation of land and buildings.

Intangible Assets:

The variance is due to additions of the new financial system.

Investment Property

The movement is due to transfer to Property, Plant & Equipment.

Long-term Receivables:

Due to the actuarial valuation performed at the end of the year, the variation in the long-term receivables was more than anticipated.

Consumer Deposits:

The variance is due to the accumulating deposits of the consumers who did not provide the banking accounts for refund during the financial year.

Payables from Exchange Transactions:

The variance is due to the fact that most projects/activities were paid before year end.

Unspent Conditional Grants and Receipts:

The portion for unspent grants is budgeted for under payables from non-exchange transactions, hence the variance. The municipality anticipated that it would spend all its grant allocations, however there is an unspent on the RRAMS and Covid-19 grant.

Employee benefits liabilities:

Due to the actuarial valuation performed at the end of the year, the variation in the employee benefits was more than anticipated.

Reserves:

The variance is due to the implementation of the revaluation of land and buildings.

Accumulated Surplus / (Deficit):

Combination of reasons stated above

Reason for adjustment to original budget

Please refer to the adjustment budget and the special adjustment budget for reasons on variances from the original budget.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Net Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Variance %
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Grants	137,078,000	(957,470)	136,120,530	133,402,565	(2,717,965)	1.99%
Interest income	7,150,000	-	7,150,000	5,868,867	(1,281,133)	17.92%
Other receipts	320,000	-	320,000	201,110	(118,890)	37.15%
	144,548,000	(957,470)	143,590,530	139,472,542	(4,117,988)	

Payments

Suppliers	(152,632,203)	(7,361,446)	(159,993,649)	(132,914,710)	27,078,939	16.93%
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Net cash flows from operating activities	(8,084,203)	(8,318,916)	(16,403,119)	6,557,832	22,960,951	
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Cash flows from investing activities

Movement in investments (incl. Controlled entities, JVs & Assoc)	-	-	-	450,000	450,000	0.0%
Decrease / (Increase) in Long-term Receivables	1,258,436	(1,258,436)	-	1,389,000	1,389,000	100%
Purchase of other asset	(12,179,060)	12,179,060	-	(5,152,753)	(5,152,753)	0%
Net cash flows from investing activities	(10,920,624)	10,920,624	-	(3,313,753)	(3,313,753)	

Cash flows from financing activities

Other cash item	3,100	(3,100)	-	-	-	
Net increase/(decrease) in cash and cash equivalents	(19,004,827)	2,601,708	(16,403,119)	3,244,079	19,647,198	
Cash and cash equivalents at the beginning of the year	100,440,403	(14,070,721)	86,369,682	99,935,425	13,565,743	15.71%
Cash and cash equivalents at the end of the year	81,435,576	(11,469,013)	69,966,563	103,179,504	33,212,941	

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 5% between the approved budget and the actual amount on the various items disclosed in the Cash Flow Statement are explained below:

Interest income:

Variance is due to lower interest rate received than anticipated during the financial year.

Other Receipts:

VAT is accounted for under other receipts.

VAT Receivable / Payable:

There is a variance in the budget as the adjustment budget includes the VAT receivable as part of Receivables from Exchange Transactions. No provision is made on the budget template to separate VAT receivables.

Suppliers Paid:

The variance is due savings on operational cost and contracted services due to cost containment measures implemented to ensure elimination of none priority spending, as well as projects which are rolled-over to the 2022/23 financial year.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Net Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Variance %
Figures in Rand						

Purchase of Property, Plant and Equipment:
The variance is due to purchases of property, plant and equipment and intangible assets.

Reason for adjustment to original budget
Please refer to the adjustment budget and the special adjustment budget for reasons on variances from the original budget.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

Figures in Rand	Note(s)	2022	2021
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1.1 BASIS FOR PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

1.1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.1.2 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2019 and 30 June 2020 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

1.1.3 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.1.4 Revenue Recognition

Accounting Policy 1.10 on Revenue from Exchange Transactions and Accounting Policy 1.10 on Revenue from Non-exchange

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

(continued)

Transactions describes the conditions under which revenue will be recorded by the management of the municipality. In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Accounting Policy 1.8 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

Impairment of Trade Receivables:

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

1.1.5 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 1.3, and 1.5, the municipality depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.1.6 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, and Inventories

Accounting Policy 7 on Impairment of Assets, Accounting Policy 1.5 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment and impairment testing of Intangible Assets.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

Estimated impairments during the year to Plant and Equipment, and Intangible Assets are disclosed in Notes 10. and 11. to the Annual Financial Statements, if applicable.

1.1.7 Defined Benefit Plan Liabilities

As described in Accounting Policy 1.12, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

(continued)

1.1.8 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.1.9 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 5% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.1.5 Going Concern Assumption

The Annual Financial Statements have been prepared on a Going Concern Assumption.

1.1.6 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP Standards have been amended and/or issued but are not yet effective and have not been early adopted by the municipality:

GRAP 25 Employee Benefits (Effective date to be determined)

GRAP 104 Financial Instruments (Effective 1 April 2025)

GRAP7 The limit on a define benefit asset, minimum funding requirement and their interaction (Effective date to be determined)

GRAP 21 The effect of past decisions on materiality (Effective 1 April 2023)

1.2 NET ASSETS

1.2.1 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to the Revaluation Reserve. Subsequent adjustments to the Revaluation Reserve are made in accordance with GRAP 17 (Property, Plant and Equipment).

1.2.2 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 delegated powers.

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

The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the Investment Policy of the municipality.

The CRR may only be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.

Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.

If a profit is made on the sale of assets other than land, the profit on these assets is reflected in Surplus or Deficit and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

(continued)

1.3 PROPERTY, PLANT AND EQUIPMENT

1.3.1 Initial Recognition

Property, Plant and Equipment are initially recognised at cost.

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

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

1.3.2 Subsequent Measurement

Plant and Equipment

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Revaluation Model:

Buildings and Land

The municipality opted to adopt the application of the Revaluation Model for its land and buildings based on the conclusion that this is the more prudent approach for the municipality to follow. The assets are revalued every 5 years.

Subsequent to initial recognition land and buildings are carried at a revalued amount based on municipal valuations, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by experienced valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

1.3.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the Straight-line Method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. 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 is depreciated separately.

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

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

(continued)

Assets Class	Years
Land and Buildings	
Land	Indefinite
Buildings	5 - 50
Other	
Computer Equipment	5 - 27
Emergency Equipment	5 - 27
Furniture and Fittings	4 - 30
Motor Vehicles	5 - 15
Office Equipment	5 – 27
Plant and Machinery	5 – 30
Security Assets	10 – 50
Roads and Pavements	5 – 50
Carpots	5 – 50

1.3.4 Land

Land is stated at fair value and is not depreciated as it is deemed to have an indefinite useful life.

1.3.5 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

1.3.6 Derecognition

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

1.4 HERITAGE ASSETS

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

Accounting Policies

(continued)

1.4.1 Initial Recognition

Heritage Assets are initially recognised at cost.

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

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

1.4.2 Subsequent Measurement

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

1.4.3 Derecognition

The gain or loss arising from the derecognition of an item of Heritage Assets is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

1.5 INTANGIBLE ASSETS

1.5.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

For internally generated Intangible Assets, all research expenditure is recognised as an expense as it is incurred and costs incurred on development projects are recognised as Intangible Assets in accordance with GRAP 31 (Intangible Assets). Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually.

Intangible Assets are initially recognised at cost.

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

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

1.5.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

(continued)

Amortisation is charged on a Straight-line Method over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

The amortisation rates are based on the following estimated useful lives:

Assets Class	Years
Computer Software	3 - 10
Computer Software Licenses	3 - 10

1.5.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

1.6 INVESTMENT PROPERTY

1.6.1 Initial Recognition

At initial recognition, the municipality measures Investment Property at cost. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

1.6.2 Subsequent Measurement

The municipality reviewed its application of the Fair Value Model and concluded that based on a lack of commercial substance for such valuations, the more prudent approach for the municipality would be to carry these assets at their cost prices. The municipality has no intention of selling its land and buildings and thus the Cost Model would represent the value of all land and buildings more fairly. The change has resulted in the municipality's Annual Financial Statements providing reliable and more relevant information about the value of Buildings and Land, based on the intended use of these assets in line with all valuation method of all other assets.

Investment Property is measured using the Cost Model and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the Straight-line Method over the useful life of the property, which is estimated at 5 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is recognised in Surplus or Deficit.

1.6.3 Derecognition

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

(continued)

1.7 IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets.

All other assets are classified as Non-cash Generating Assets.

1.7.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment of assets measured per the revaluation method reduces the Revaluation Surplus for that asset. The decrease shall be debited directly to a Revaluation Surplus to the extent of any credit balance existing in the Revaluation Surplus in respect of that asset.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase and would be credited directly against the Revaluation Surplus to the extent of any previous impairments recognised against said reserve in respect of that asset.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

1.7.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use.

Accounting Policies

(continued)

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

1.8 FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement.

Initial Recognition

Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

The fair values of quoted investments are based on current bid prices.

If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

(continued)

1.8.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Investment Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value
Current Portion of Long-term Receivables	Financial Assets at Amortised Cost

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

1.8.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Long-term Liabilities	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Taxes and Transfers Payable	Financial Liabilities at Amortised Cost
Current Portion of Long-term Liabilities	Financial Liabilities at Amortised Cost

Trade and Other Receivables (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as Financial Assets at Amortised Cost.

1.8.3 Initial and Subsequent Measurement

1.8.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an Effective Yield Basis.

Accounting Policies

(continued)

Financial Assets measured at Cost

Financial Assets at Cost are initially measured at the transaction amount and transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at cost less any impairment.

Financial Assets measured at Fair Value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

1.8.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as Other Financial Liabilities (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the Effective Interest Rate Method. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

1.8.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

1.8.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

Frances Baard District Municipality

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Accounting Policies

(continued)

1.8.4.2 Financial Assets at Cost

If there is objective evidence that an impairment loss has been incurred on an investment in a Residual Interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the Financial Asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

1.8.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

1.8.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

1.9 INVENTORIES

1.9.1 Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

1.9.2 Subsequent Measurement

1.9.2.1 Consumable Stores, Raw Materials, Work-in-Progress and Finished Goods

Consumable stores distributed at no charge or for a nominal charge are valued at the lower of cost and current replacement cost. The cost is determined using the weighted average Method.

Accounting Policies

(continued)

1.9.2.2 Other Arrangements

Redundant and slow-moving Inventories identified are written down from cost to current replacement cost, if applicable.

1.10 REVENUE RECOGNITION

1.10.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

1.10.2 Revenue from Exchange Transactions

1.10.2.1 Rentals Received

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

1.10.2.2 Finance Income

Interest earned on investments is recognised in Surplus or Deficit on the Time-proportionate Basis that takes into account the effective yield on the investment.

1.10.2.3 Sale of Goods (including Houses)

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

The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;

The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

The amount of revenue can be measured reliably;

It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and

The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.10.3 Revenue from Non-exchange Transactions

1.10.3.1 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Accounting Policies

(continued)

1.10.3.2 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

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.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

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

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

Unspent conditional grants are recognised as a liability when the grant is received.

When grant conditions are met an amount equal to the conditions met are transferred to revenue in the statement of financial performance.

The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the statement of financial performance.

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

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in Surplus or Deficit.

1.10.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual unauthorised, irregular, fruitless and wasteful expenditure was incurred.

1.11 PROVISIONS

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Accounting Policies

(continued)

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

1.12 EMPLOYEE BENEFIT LIABILITIES

1.12.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

1.12.2 Provision for Staff Leave

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

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

Accumulated leave is vesting.

1.12.3 Staff Bonuses Accrued

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

1.12.4 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 56 employees, is recognised as it accrues to Section 56 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.12.5 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

(continued)

1.12.5.1 Defined Contribution Plans

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.12.5.2 Defined Benefit Plans

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

(continued)

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the statement of financial performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the statement of financial performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

Provision for Staff Leave

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

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

Accumulated leave is vesting.

1.13 LEASES

1.13.1 The Municipality as Lessor

Rental revenue from Operating Leases is recognised on a Straight-line Basis over the term of the relevant lease.

1.14 GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;

Expect to be repaid in future; or

Expect a financial return, as would be expected from an investment.

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

(continued)

1.15 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

1.16 UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, 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 the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised

Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

1.17 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 or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

1.18 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

1.19 MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing municipalities and municipal entities.

1.20 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

1.21 STATUTORY RECEIVABLES

The municipality recognised and disclosed its Statutory Receivables in its books at year-end. The transactions relates to all the legislative transactions which were due to the municipality at year end.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Accounting Policies

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1.22 COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in Surplus or Deficit, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

The municipality discloses capital expenditure budgeted for but not yet committed.

1.23 RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises of the Councillors and Senior Managers.

1.24 EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

1.25 BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2021 to 30 June 2022.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
2. Inventories		
Consumable stores	357,534	375,693
Reconciliation		
Opening balance	375,696	380,752
Purchases	226,696	259,115
Issues	(244,858)	(264,171)
Closing balance	357,534	375,696

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

Stores issues amounted to R244,858 for the current year (2021: R264,171)

No Inventories have been pledged as collateral for liabilities of the municipality

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
3. Receivables from exchange transactions		
Gross balances		
Service debtors	6,634,931	4,497,580
Prepayments and Advances	1,271,219	1,224,172
Other Debtors	306,281	371,626
	8,212,431	6,093,378
Less: Allowance for impairment		
Trade debtors	(88,121)	(88,121)
Prepayments and Advances	-	-
	(88,121)	(88,121)
Net balance		
Service Debtors	6,546,810	4,409,459
Prepayments and Advances	1,271,219	1,224,172
Other Debtors	306,281	371,626
	8,124,310	6,005,257
Service Debtors Ageing		
Current (0 -30 days)	884,743	318,693
31 - 60 days	253,459	179,493
61 - 90 days	174,548	106,709
90+ days	5,234,060	3,804,564
	6,546,810	4,409,459
Prepayments and Advances Ageing:		
Current (0 -30 days)	1,271,219	1,224,172
31 - 60 days	-	-
61 - 90 days	-	-
90+ days	-	-
	1,271,219	1,224,172
Other Debtors Ageing		
Current (0 -30 days)	306,281	371,626
31 - 60 days	-	-
61 - 90 days	-	-
90+ days	-	-
	306,281	371,626
Services Debtors By Type		
Provincial Departments	5,911,811	4,247,759
Councillors	153,044	107,640
Officials	5,979	5,979
Medical Aid debtor	1,871	2,271
Private business	562,226	133,931
	6,634,931	4,497,580
Summary of debtors by customer classification		
Service debtors		
Current (0 -30 days)	884,743	318,691
31 - 60 days	253,459	179,493
61 - 90 days	174,548	106,709

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
3. Receivables from exchange transactions (continued)		
90+ days	5,322,181	3,892,685
	6,634,931	4,497,578
Less: Allowance for impairment	(88,121)	(88,121)
	6,546,810	4,409,457
Prepayments and Advances:		
Current (0 -30 days)	1,271,219	1,224,172
31 - 60 days	-	-
61 - 90 days	-	-
90+ days	-	-
	1,271,219	1,224,172
Less: Allowance for impairment	-	-
	1,271,219	1,224,172
Other Debtors		
Current (0 -30 days)	306,281	371,626
31 - 60 days	-	-
61 - 90 days	-	-
91 - 120 days	-	-
	306,281	371,626
Less: Allowance for impairment	-	-
	306,281	371,626
Total Debtors		
Current (0 -30 days)	2,476,545	1,914,489
31 - 60 days	253,459	179,495
61 - 90 days	174,548	106,709
90+ days	5,307,879	3,892,685
	8,212,431	6,093,378
Less: Allowance for impairment	(88,121)	(88,121)
	8,124,310	6,005,257
As at 30 June 2022 Receivables of R5,647,167 (30 June 2021 - R4,090,768) were past due on accounts older than 90 days, R88,121 (30 June 2021 - R88,121) was assessed to be impaired in accordance with the municipal policy. The age analysis of these Receivables are as follows:		
The amount of R4,245,422 for 2020/21 is restated to R4,090,768 due to restatement on service debtors.		
t		
Total debtor past due but not impaired		
Current (0 -30 days)	-	-
31 - 60 days	238,559	179,493
61 - 90 days	174,548	106,709
90+ days	5,234,060	3,804,566
	5,647,167	4,090,768
Reconciliation of allowance for impairment		
Balance at beginning of the year	88,121	88,121
Contributions to allowance	-	-
Debt impairment written off against allowance	-	-
Reversal of allowance	-	-
	88,121	88,121

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
4. Statutory Receivables		
Recovery of disaster grant DORA	389,000	389,000
Reconciliation		
Gross Balances	389,000	389,000
Provision for impairment	-	-
	389,000	389,000
Total Statutory Receivables	389,000	389,000

An amount of R389 000 was gazetted in the 2019/20 Northern Cape Provincial Gazette. The Disaster Grant was due from Department of Co-operative Governance, Human Settlements and Traditional Affairs and has not yet being received. The Northern Cape Provincial Government has not issued any gazettee reversing the allocation. Such amount has been recognised as a debtor, and management has considered the amount not be impaired.

None of the statutory receivables is pledged as security.

5. Investments

At amortised cost

Fixed term deposit	9,750,000	10,200,000
Fixed deposit at Nedbank until 30 June 2022		
Reconciliation		
Opening Balance	10,200,000	8,300,000
Invested	(450,000)	1,900,000
Withdrawn	-	-
	9,750,000	10,200,000

2022	Cashbook	Bank statement	Difference
Nedbank	9,750,000	9,750,000	-
2021	Cashbook	Bank statement	Difference
Nedbank	10,200,000	10,200,000	-

None of the investments is pledged as security.

6. VAT receivable

VAT	2,974,152	1,776,354
Reconciliation		
VAT Payable Control	(18,971,490)	(14,652,807)
VAT Credit Output	14,050	(14,855)
Output VAT	(4,631,001)	(4,615,367)
VAT Payable	(23,588,441)	(19,277,052)
VAT Receivable	26,562,593	21,059,383
	2,974,152	1,776,354

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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6. VAT receivable (continued)

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

None of the VAT receivable is pledged as security.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3,300	3,300
Bank balances	13,199,195	6,432,376
Current Investments - Short-term deposits	89,977,009	93,499,749
	103,179,504	99,935,425

The list of municipal bank accounts

Bank accounts	Bank statement balances		Cash book balances	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
FNB - Kimberley Regional Office - Primary Account:	13,207,195	6,432,376	13,199,195	6,432,376

7.1 Current Investment Deposits

Call accounts	89,977,009	93,499,749
Total Current Investment Deposits	89,977,009	93,499,749

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 3.05 % to 4.0% (2021: 2.20 % to 3.75 %) per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 4.97% to 5.60 % (2021: 3.52 % to 6.67 %) per annum.

7.2 Notice Deposits

Deposits attributable to Unspent Conditional Grants	1,360,210	2,162,319
Deposits attributable to Capital Replacement Reserve.	7,957,082	7,957,082
Deposits attributable to Payables	6,832,738	6,622,884
Deposits attributable to Current Provisions	13,149,934	12,982,407
Deposits attributable to Consumer Deposits	2,990	1,725
Deposits available for Operations	60,674,055	63,773,332
Total Deposits attributable to Commitments of the Municipality	89,977,009	93,499,749

Deposits attributable to Payables amount changed due to the restatement of the 2020/21 creditors balance.

Deposits available for Operations changed due to the restatement of the 2020/21 creditors balance.

7.3 Bank Accounts

Cash in bank	13,199,195	6,432,376
Bank overdraft	-	-
Total bank accounts	13,199,195	6,432,376

Primary Bank Account

FNB - Kimberley Regional Office - Primary Account:

Cash book balance at end of year	13,199,195	6,432,376
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FNB - Kimberley Regional Office - Primary Account:

Bank statement balance at end of year	13,207,195	6,432,376
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The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
7. Cash and cash equivalents (continued)		
2022	Cashbook	Bank statement
ABSA	24,001,920	24,001,920
FNB	30,975,089	30,975,089
Nedbank	17,500,000	17,500,000
Standard Bank	17,500,000	17,567,864
	89,977,009	90,044,873
2021	Cashbook	Bank statement
ABSA	15,001,000	15,001,000
FNB	18,998,749	18,998,749
Nedbank	29,000,000	29,000,000
Standard Bank	30,500,000	30,500,000
	93,499,749	93,499,749
Cash on hand		
Cash Floats and Advances	3,300	3,300
Total Cash on hand in Cash Floats, Advances and Equivalents	3,300	3,300
Total cash and cash equivalents	103,179,504	99,935,425

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

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

8. Long-term receivables

8.1 Employee Benefits

Opening Balance	8,918,000	7,207,352
Interest cost	807,000	746,160
Payments made	(732,502)	(869,694)
Actuarial loss/(gain)	(1,645,498)	1,834,182
Total Long Term Receivables	7,347,000	8,918,000
Less: Current Portion transferred to Current Receivables:-Employee Benefits	(676,000)	(858,000)
Non-Current Portion of Long Term Receivables	6,671,000	8,060,000

Employee benefits receivables

The municipality managed an agency service on behalf of the Department of Roads and Public Works until 30 June 2011. The service has been transferred back to the department from 01 July 2011. As per the agreement, the municipality will continue payment of the post-service medical aid premiums of the retired employees to the service provider. The department will refund the employees portion of the instalment and the members will be responsible for the employee portion. Outstanding amounts are treated as receivables from non-exchange transactions. The receivables is valued by actuaries on a yearly basis which forms part of the analysis as per the employee benefits, refer to note 14.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	3,120,700	-	3,120,700	7,943,000	-	7,943,000
Buildings and Ancillary Assets	56,730,097	(2,009,632)	54,720,465	53,713,374	(21,116,878)	32,596,496
Plant and machinery	10,492,064	(7,424,629)	3,067,435	9,972,522	(6,456,602)	3,515,920
Furniture and fixtures	8,609,404	(7,237,353)	1,372,051	8,581,326	(6,787,486)	1,793,840
Motor vehicles	9,454,459	(8,324,664)	1,129,795	8,814,224	(8,040,400)	773,824
IT equipment	7,480,029	(5,260,127)	2,219,902	6,555,572	(4,640,856)	1,914,716
Work In Progress - Building	2,452,024	-	2,452,024	2,317,415	-	2,317,415
Total	98,338,777	(30,256,405)	68,082,372	97,897,433	(47,042,222)	50,855,211

Frances Baard District Municipality
Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers from Investment Property	Other Movement	Revaluations Increase	Revaluations Decrease	Depreciation	Impairment loss	Total
Land	7,943,000	-	-	150,000	-	-	(4,972,300)	-	-	3,120,700
Buildings and Ancillary Assets	32,596,496	-	-	385,475	21,116,877	2,631,248	-	(2,009,631)	-	54,720,465
Plant and machinery	3,515,920	519,542	(1,870)	-	-	-	-	(966,157)	-	3,067,435
Furniture and fixtures	1,793,840	28,078	(182)	-	-	-	-	(449,685)	-	1,372,051
Motor vehicles	773,824	679,844	(39,609)	-	-	-	-	(284,264)	-	1,129,795
IT equipment	1,914,716	924,457	(31,989)	-	-	-	-	(587,282)	-	2,219,902
Work In Progress - Building	2,317,415	134,609	-	-	-	-	-	-	-	2,452,024
	50,855,211	2,286,530	(73,650)	535,475	21,116,877	2,631,248	(4,972,300)	(4,297,019)	-	68,082,372

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Depreciation	Impairment loss	Total
Land	7,955,000	-	-	-	-	-	-	(12,000)	7,943,000
Buildings and Ancillary Assets	22,399,496	-	-	11,276,645	(283,150)	108,724	(905,219)	-	32,596,496
Plant and machinery	4,121,985	306,965	(105)	-	-	4,806	(917,731)	-	3,515,920
Furniture and fixtures	1,606,289	380,718	(4,668)	-	-	216,360	(404,859)	-	1,793,840
Motor vehicles	1,314,519	-	-	-	-	-	(540,695)	-	773,824
IT equipment	1,725,462	687,031	(624)	-	-	23,347	(520,500)	-	1,914,716
Work In Progress - Building	13,594,060	-	-	(11,276,645)	-	-	-	-	2,317,415
	52,716,811	1,374,714	(5,397)	-	(283,150)	353,237	(3,289,004)	(12,000)	50,855,211

9.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality.

9.2 Carrying Amount of Property, Plant and Equipment retired from active use and not classified as a Discontinued Operation

No Property, Plant and Equipment were retired from active use and not classified as a Discontinued Operation during the financial year.

9.3 Assets pledged as security

The municipality did not pledge any of its assets as security.

9.4 Impairment of Property, Plant and Equipment

No impairment losses have been recognised on Property, Plant and Equipment of the municipality at the reporting date.

9.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

There are changes in the estimated useful life of various assets during the financial year due to the reassessment of useful live. The changes resulted in the decrease in current year depreciation by R276 921.

9.6 Land and Buildings carried at Fair Value

The municipality's Land and Buildings are accounted for according to the fair value model. Revaluation is done every five years, the last revaluation was done in 2016/17 financial year. For the year under review the municipality's land and buildings were revalued and therefore the fair value adjustments for those assets will be taken into consideration.

9.7 Transfer of Investment Property

Investment property was transferred to PPE during the financial year at carrying value. The building will be accounted for at carrying value until the next revaluation is done.

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Revaluations

The effective date of the revaluations was Thursday, July 1, 2021. Revaluations were performed by an independent valuer, Mr Daniel Benjamin Grobler registered as a Professional Valuer, with the SACPV (South African Council of the Professional Valuers Profession) in terms of Section 20(2) (a) of the Act on Valuers , and is not connected to the municipality.

The valuation was performed using the depreciated replacement approach.
Discount rate

Other information

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

Cumulative expenditure recognised in the carrying value of property, plant and equipment
Buildings

2,452,024 2,317,415

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Project 1: Disaster Management Centre - Delayed
Project experienced some delays and went beyond the projected completion date. These delays are beyond the control of the municipality, as the municipality was experiencing difficulty to remove the Department of Transport, Safety and Liason from the building in order to complete the project. The department moved out of the building at the end of January 2022. The amount has been assessed for impairment.

2,452,024 2,317,415

2,452,024 2,317,415

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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9. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	-	-	2,317,415	2,317,415
Additions/capital expenditure	-	-	134,609	134,609
	-	-	2,452,024	2,452,024

Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	-	-	13,594,060	13,594,060
Additions/capital expenditure	-	-	-	-
Transferred to completed items	-	-	(11,276,645)	(11,276,645)
	-	-	2,317,415	2,317,415

9.8 Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance under Contracted services and General expenses

Information and Communication Infrastructure	15,926	15,255
Computer Equipment	48,906	9,829
Furniture and Office Equipment	432,952	686,886
Machinery and Equipment	224,693	294,855
Other Assets - Buildings	548,880	442,094
Transport Assets	169,083	107,424
	1,440,440	1,556,343

Frances Baard District Municipality
Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

Figures in Rand

10. Intangible assets

	2022		2021			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	4,049,620	(1,354,400)	2,695,220	1,551,883	(1,395,915)	155,968

10.1 Reconciliation of intangible assets - 2022

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	155,968	2,866,223	(9,975)	(316,996)	2,695,220

Notes to the Annual Financial Statements

Figures in Rand

10. Intangible assets (continued)

10.2 Reconciliation of intangible assets - 2021

Computer software

	Opening balance	Disposals	Amortisation	Total
	296,948	(55,955)	(85,025)	155,968

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 28).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

10.3 Significant Intangible Assets

There are no significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 31.

10.4 Intangible Assets with Indefinite Useful Lives and change in accounting estimates

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

There are changes in the estimated useful life of some intangible assets during the financial year due to the reassessment of useful live. The changes resulted in the decrease in current year depreciation by R10 959.

10.5 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

10.6 Work-in-Progress

The municipality had no capital projects for Intangible Assets which were not completed at year-end.

10.7 Delayed Projects

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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10. Intangible assets (continued)

10.7 Expenditure incurred to repair and maintain intangible assets

Expenditure incurred to repair and maintain intangible assets included in Statement of Financial Performance under Contracted services and General expenses

Licenses fees	3,505,880	1,889,546
Website Maintenance	129,253	123,814
	3,635,133	2,013,360

11. Investment property

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	-	-	-	600,000	(56,250)	543,750

11.1 Reconciliation of investment property - 2022

	Opening balance	Additions	Transfers	Fair value adjustments	Depreciation	Total
Investment property	543,750	-	(535,474)	-	(8,276)	-

11.2 Reconciliation of investment property - 2021

	Opening balance	Additions	Fair value adjustments	Depreciation	Total
Investment property	600,000	-	-	(56,250)	543,750

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

11.3 Investment Property carried at Fair Value

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

11.4 Impairment of Investment Property

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

11.5 Work-in-Progress

The municipality had no capital projects for Investment Property which were not completed at year-end.

11.6 Delayed Projects

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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11. Investment property (continued)

11.7 Maintenance of investment property

The municipality did not repair any of its investment property in the 2021/22 financial year.

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental revenue from Investment property	217,216	222,626
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Frances Baard District Municipality Annual Financial Statements for the year ended June 30, 2022 **Notes to the Annual Financial Statements**

Figures in Rand

12. Heritage assets

	2022		2021	
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation
				Accumulated impairment losses
Art Collections, antiquities and exhibits	631,417	-	631,417	-
			631,417	

12.1 Reconciliation of heritage assets 2022

	Opening balance	Additions	Disposals	Transfers	Impairment losses recognised	Total
Art Collections, antiquities and exhibits	631,417	-	-	-	-	631,417

12.2 Reconciliation of heritage assets 2021

	Opening balance	Additions	Disposals	Transfers	Impairment losses recognised	Total
Art Collections, antiquities and exhibits	631,417	-	-	-	-	631,417

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

Frances Baard District Municipality
Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

Figures in Rand

12. Heritage assets (continued)

12.3 Impairment of Heritage Assets

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

12.4 Heritage Assets measured after recognition using the Cost Model

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

12.5 Work-in-Progress

The municipality had no capital projects for Heritage Assets which were not completed at year-end.

12.6 Delayed Projects

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

Expenditure incurred to repair and maintain heritage assets

12.7 Expenditure incurred to repair and maintain heritage assets included in Statement of Financial Performance
Contracted services

- -

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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13. Operating lease asset (receivable)

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Non-current assets	38,964	45,817
Current assets	12,206	-
	51,170	45,817

Reconciliation of Operating Lease Receivables

Balance at beginning of year	45,817	24,485
Operating Lease Installment reversal/adjustment	-	14,809
Operating Lease Revenue effected	5,353	6,523
	51,170	45,817

The following amounts are due as shown below:

Up to 1 year	12,206	-
2 to 5 years	38,964	45,817
	51,170	45,817

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an increase of R5,353 (2021: increase of R21,331) in current year income.

13.1 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to Property owned by the municipality with lease terms of 60 months (2019/20: 60 months), the new lease came into term on the 1 October 2019.

The operating lease contract contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The amounts under heading the following amounts are due as shown below for 2021 financial year was incorrectly disclosed, the below is the details:

<u>2021</u>	<u>Error</u>	<u>2021</u>
<u>Previously Stated</u>		<u>Restated</u>
Up to 1 year R5,689	R-5,689	R0
2 to 5 years R12,206	R33,611	R45,817.

Amounts receivable under Operating Leases

13.2 At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	223,238	206,962
2 to 5 years	500,535	723,773
	723,773	930,735

The following restrictions have been imposed by the municipality in terms of the lease agreements:

(i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.

(ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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13. Operating lease asset (receivable) (continued)

(iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement

(iv)The amounts receivable under Operating Leases for 2021 financial year was incorrectly disclosed the below is the details:

<u>2021</u>	<u>Error</u>	<u>2021</u>
<u>Previously Stated</u>		<u>Restated</u>
Up to 1 year R164,851	R42,111	R206,962
2 to 5 years R370,322	R353,451	R723,773.

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
14. Employee benefit obligations		
Defined benefit plan		
14.1 Employee Benefit Liabilities		
Post-retirement Health Care Benefits Liability	29,999,999	28,967,999
Long Service Awards Liability	3,431,963	3,102,963
Total Employee Benefit Liabilities	33,431,962	32,070,962
Less: Current Portion of Employee Benefit Liabilities	-	-
Current - Post-retirement Health Care Benefits Liability	(2,161,000)	(2,094,000)
Current - Long Service Awards Liability	(575,000)	(159,000)
	30,695,962	29,817,962
Non-current liabilities	30,787,173	29,921,773
Current liabilities	13,149,934	12,982,407
	43,937,107	42,904,180

14.2 Post-retirement Health Care Benefits Liability

Liability		
Opening balance	28,967,999	23,729,969
Interest cost	2,652,000	2,506,711
Current service cost	589,000	587,370
Actual employer benefit payments	(2,068,464)	(2,087,086)
Actuarial loss/ (gain) recognised in the year	(140,536)	4,231,035
Balance at end of Year	29,999,999	28,967,999
Less: Current Portion of Liability	(2,161,000)	(2,094,000)
Non-Current Portion of Liability	27,838,999	26,873,999

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2022 by Mr. Chanan Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	75	76
In-service Non-members (Employees)	16	20
Continuation Members (Retirees, widowers and orphans)	36	38
Total Members	127	134

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

In-service Members	6,453,000	7,259,999
In-service Non-members	267,000	305,000
Continuation Members	23,280,000	21,403,000
Total Liability	30,000,000	28,967,999

Frances Baard District Municipality

Annual Financial Statements for the year ended June 30, 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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14. Employee benefit obligations (continued)

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Hosmed
- Samwumed

The Interest Cost for the year ending 30 June 2022 is estimated to be R2,652,000 whereas the cost for the ensuing year is estimated to be R3,329,000 (30 June 2021: R2,506,711 and R2,652,000 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	1	Yield Curve	Yield Curve
Health Care Cost Inflation Rate	1	Equal to CPI + 1	Equal to CPI + 1
Net Effective Discount Rate	1	Yield Curve Based	Yield Curve Based
Expected Rate of Salary Increase		4.90%	6.50%
Expected Retirement Age - Females		63	63
Expected Retirement Age - Males		63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Opening balance	28,967,990	23,729,960
Interest cost	2,652,000	2,506,711
Current service cost	589,000	587,370
Actual employer benefit payments	(2,068,464)	(2,087,086)
Actuarial loss/ gain recognised in the year	(140,536)	4,231,035
Total Recognised Benefit Liability	29,999,990	28,967,990

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

Present value of fund obligations	27,657,102	28,967,999
Unfunded Accrued Liability	27,657,102	28,967,999
Total Benefit Liability	27,657,102	28,967,999

The history of fair values are as follows:

	2022	2021	2020	2019	2018
Present Value of Defined Benefit Obligation	29,999,990	28,967,999	23,729,970	31,091,999	28,513,999
Experienced adjustments on Plan Liabilities	1,031,991	5,238,030	(7,362,030)	2,578,000	(1,919,000)

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

Increase:	-	-
Effect on the aggregate of the current service cost and the interest cost	1	3,731,000
Effect on the defined benefit obligation	1	33,640,000
Decrease:	-	-
Effect on the aggregate of the current service cost and the interest cost	(1)	(2,845,000)
Effect on the defined benefit obligation	(1)	(26,959,000)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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14. Employee benefit obligations (continued)

The effect of a 15% movement in the withdrawal rate is as follows:

The municipality expects to make a contribution of R2,161,000 (2021: R2,094,000) to the Defined Benefit Plans during the next financial year.

Refer to Note 47, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

14.3 Long Service Awards Liability

Opening Balance	3,102,963	2,206,054
Increases	674,386	1,139,952
Other Reductions	(345,386)	(243,043)
Balance at end of year	3,431,963	3,102,963
Less: Current Portion of Liability	(575,000)	(159,000)
Total Non-Current - Long Service Awards Liability	2,856,963	2,943,963

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2022 by Chanan Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 91 (2021: 96) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2022 is estimated to be R335,000 whereas the cost for the ensuing year is estimated to be R342,000 (30 June 2021: R215,813 whereas the cost for the ensuing year is estimated to be R335,000).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Cost Inflation Rate	CPI+1	CPI+1
Expected Rate of Salary Increase	4.90%	5.91%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Opening balance	3,102,963	2,206,054
Increases	674,386	1,139,952
Payments Made	-	-
Other reductions	(345,386)	(243,043)
Reversals	-	-
	3,431,963	3,102,963

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

Present value of fund obligations	3,431,963	3,102,963
Unfunded Accrued Liability	3,431,963	3,102,963
Total Benefit Liability	3,431,963	3,102,963

Frances Baard District Municipality

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14. Employee benefit obligations (continued)

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

Current service cost	335,000	215,813
Interest cost	291,000	175,971
Expected return on reimbursement rights	-	-
Actuarial losses / (gains)	48,386	748,168
Total Post-retirement Benefit included in Employee Related Costs	674,386	1,139,952

The history of experienced adjustments is as follows:	2022	2021	2020	2019	2018
	3,431,963	3,102,963	2,206,054	2,110,964	1,990,899

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase		
Effect on the aggregate of the current service cost and the interest cost	676,000	421,169
Effect on the defined benefit obligation	3,648,000	3,315,000
Decrease		
Effect on the aggregate of the current service cost and the interest cost	(581,000)	(365,164)
Effect on the defined benefit obligation	(3,237,000)	(2,912,000)
	-	-

The municipality expects to make a contribution of R575,000 (2021: R159,000) to the defined benefit plans during the next financial year.

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(30,787,173)	(29,921,773)
Present value of the defined benefit obligation- current	(13,149,934)	(12,982,407)
	(43,937,107)	(42,904,180)
Non-current liabilities	(30,787,173)	(29,921,773)
Current liabilities	(13,149,934)	(12,982,407)
	(43,937,107)	(42,904,180)

The major categories of plan assets as a percentage of total plan assets are as follows:

Current Liabilities: Employee benefit obligation

Reconciliation - 2022	Opening Balance	Additions	Payments made	Reversed/ Reductions during the year	Total
Ex-gratia Pensions	31,400	-	-	(300)	31,100
Leave provision	10,231,680	8,215,145	(8,705,754)	-	9,741,071
Performance bonus provision	466,327	320,974	(145,538)	-	641,763
Employee benefit cost	2,094,000	67,000	-	-	2,161,000
Long service award	159,000	416,000	-	-	575,000
	12,982,407	9,019,119	(8,851,292)	(300)	13,149,934

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14. Employee benefit obligations (continued)

Reconciliation - 2021	Opening Balance	Additions	Payments made	Reversed/ Reductions during the year	Total
Ex-gratia Pensions	34,000	-	-	(2,600)	31,400
Leave provision	8,266,911	6,920,422	(4,955,653)	-	10,231,680
Performance bonus provision	486,371	200,000	(220,044)	-	466,327
Employee benefit cost	1,966,096	127,904	-	-	2,094,000
Long service award	295,897	-	-	(136,897)	159,000
	11,049,275	7,248,326	(5,175,697)	(139,497)	12,982,407

The movement in Non-current Employee benefit obligations are reconciled as follows:

Staff Benefit:

Ex-Gratia Pension

Opening balance	103,811	99,624
Increases	21,190	35,677
Payments made	(34,090)	(34,090)
Other reductions	-	-
Reversals	300	2,600
	91,211	103,811

Ex-gratia Pensions

Ex-gratia Pensions Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised

Leave Provision

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

Performance Bonus

Performanceaccrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

15. Payables from exchange transactions

Trade payables	4,758,038	3,960,304
Bonus	2,070,513	2,095,974
Retentions	-	566,603
Third Party Payments	4,185	-
	6,832,736	6,622,881

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

Frances Baard District Municipality

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16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Rural Road Asset Management System Grant (RRAMS)	252,138	1,040,197
National Revenue Fund - Fuel Levy & Equitable Share	1,031,708	1,031,708
Provincial Government	76,364	90,414
	1,360,210	2,162,319

Movement during the year

Balance at the beginning of the year	2,162,319	1,660,320
Additions during the year	5,326,565	6,657,799
Income recognition during the year	(5,088,477)	(4,574,595)
Repayment of unspent grant	(1,040,197)	(1,581,205)
	1,360,210	2,162,319

The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

17. Consumer deposits

Rental Properties	2,990	1,725
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Consumer deposits comprise deposits for properties rented out by the municipality.

No interest is paid on Consumer Deposits held.

18. Reserves

Opening balance	26,940,553	27,204,514
Transfers to/from Accumulated Surplus	(1,249,632)	(263,961)
Current year Revaluation	18,775,827	-
	44,466,748	26,940,553

Reserves

Revaluation Reserve	18,983,471	18,983,471
Capital Replacement Reserve	7,957,082	7,957,082
	26,940,553	26,940,553

18.1 Reconciliation of the Capital Replacement Reserve

Revaluation surplus beginning of period	7,957,082	7,957,082
Movements in the reserve for the year	-	-
	7,957,082	7,957,082

The Capital Replacement Reserve arises from cash backed accumulated surplus for the replacement of capital infrastructure/equipment.

Frances Baard District Municipality

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18. Reserves (continued)

18.2 Reconciliation of Revaluation Reserve

Revaluation surplus beginning of period	18,983,471	19,247,432
Transfers to/from Accumulated Surplus	(1,249,630)	(263,961)
Current year Revaluation	18,775,825	-
	36,509,666	18,983,471

The Revaluation Reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

Land and Buildings were revalued in 2020/21 financial year and the decrease/increases were recognised in the 2021/22 financial year.

19. Accumulated surplus

Reconciliation of Accumulated Surplus:

Opening Balance	101,200,235	93,444,499
Correction of Prior Period Error	-	(214,046)
Depreciation Offsets	1,249,630	263,960
Accumulated Surplus As Per Financial Performance	4,532,022	7,705,822
	106,981,887	101,200,235

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

20. Revenue

Rental of facilities and equipment	218,206	620,676
Other Income	273,869	268,438
Interest received - investment	5,868,867	5,067,423
Government grants & subsidies	133,164,477	128,873,594
	139,525,419	134,830,131

20.1 The amount included in revenue arising from exchanges of goods or services are as follows:

Rental of facilities and equipment	218,206	620,676
Other income	273,869	268,438
Interest received - investment	5,868,867	5,067,423
	6,360,942	5,956,537

20.2 The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue		
Government grants & subsidies	133,164,477	128,873,594

21. Rental of facilities and equipment

Premises

Rental of facilities and equipment	218,206	620,676
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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
21. Rental of facilities and equipment (continued)		
Rental income generated are at market related premiums.		
22. Other revenue		
Other income	273,869	268,438
23. Investment revenue		
Interest revenue		
Bank - Investment account	5,847,285	5,056,660
Bank - Operating account	21,582	10,763
	5,868,867	5,067,423

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24. Government grants & subsidies

Operating grants

National Revenue Fund: Equitable share	128,076,000	124,736,292
National Government: Rural Road Asset Management System Grant (RRAMS)	2,323,862	1,502,803
National Governments: Extended Public Works Programme (EPWP)	1,077,000	1,101,000
National Governments: Financial Management Grant (FMG)	1,000,000	1,000,000
Departmental Agencies and Accounts: SETA	173,565	44,799
Provincial Government	514,050	488,700
	133,164,477	128,873,594

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	5,088,477	4,574,595
Unconditional grants received	128,076,000	124,299,000
	133,164,477	128,873,595

24.1 National Revenue Fund - Fuel Levy & Equitable Share

Balance unspent at beginning of year	1,031,708	-
Current year receipts	128,076,000	125,768,000
Conditions met - transferred to Revenue	(128,076,000)	(124,736,292)
	1,031,708	1,031,708

This grant has been used to fund operational expenses within the municipality. Included in the Equitable share allocation is the Covid-19 share allocation of R1 469 000 which was received during the 2020/21 FY. The unspent amount is of Covid-19.

24.2 Rural Road Asset Management System Grant (RRAMS)

Balance unspent at beginning of year	1,040,197	1,329,138
Current-year receipts	2,576,000	2,543,000
Conditions met - transferred to revenue	(2,323,862)	(1,502,803)
Repayment of unspent grant	(1,040,197)	(1,329,138)
	252,138	1,040,197

Conditions still to be met - remain liabilities (see note 16).

The purpose of the grant is to assist the municipality in monitoring the conditions of the municipal roads within the district.

24.3 Provincial Government

Balance unspent at beginning of year	90,414	79,114
Current-year receipts	500,000	500,000
Conditions met - transferred to revenue	(514,050)	(488,700)
	76,364	90,414

Conditions still to be met - remain liabilities (see note 16).

The grants were used for operation and maintenance of clean up amenities, HIV/AIDS awareness (AIDS Grant) from provincial government.

Frances Baard District Municipality

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24. Government grants & subsidies (continued)

24.4 Financial Management Grant (FMG)

Balance unspent at beginning of year	-	252,000
Current-year receipts	1,000,000	1,000,000
Conditions met - transferred to revenue	(1,000,000)	(1,000,000)
Other	-	(252,000)
	-	-

Conditions still to be met - remain liabilities (see note 16).

The purpose of the grant is to assist the municipality in building in house capacity, promote and support reform to financial management and implementation of the Municipal Financial Management Act (MFMA) 56 of 2003.

24.5 Extended Public Works Programme (EPWP)

Current-year receipts	1,077,000	1,101,000
Conditions met - transferred to revenue	(1,077,000)	(1,101,000)
	-	-

Conditions still to be met - remain liabilities (see note 16).

The purpose of the grant is to expand job creation programs in the Frances Baard District.

24.6 SETA: Skills grant

Current-year receipts	173,565	44,799
Conditions met - transferred to revenue	(173,565)	(44,799)
	-	-

Conditions still to be met - remain liabilities (see note 16).

This grant has been used to fund training within the municipality No funds have been withheld.

Frances Baard District Municipality

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25. Employee related costs

Basic	50,831,782	47,964,856
Bonus	3,768,213	3,589,777
Medical aid - company contributions	2,628,932	2,524,881
UIF	255,864	221,881
Other payroll levies	16,418	15,682
Leave pay provision charge	1,002,260	2,599,313
Pension	6,288,555	6,092,370
Overtime payments	188,634	202,006
Long-service awards	335,000	215,813
Car allowance	3,103,098	3,103,310
Housing benefits and allowances	490,687	472,610
Cellular and Telephone	351,803	520,324
Group life insurance	818,926	595,545
Post retirement benefits movement - Current Service Cost	589,000	587,394
Post retirement benefits movement - Interest cost	2,144,000	1,943,837
	72,813,172	70,649,599

No advances were made to employees.

25.1 Remuneration of municipal manager - Ms ZM Bogatsu

Annual Remuneration	1,186,548	1,242,193
Car Allowance	192,592	230,631
Performance Bonuses	115,497	120,000
Contributions to UIF, Medical and Pension Funds	2,249	1,813
	1,496,886	1,594,637

25.2 Remuneration of chief finance officer - Ms. O Moseki (Acting)

Annual Remuneration	1,383,453	1,155,324
Car Allowance	149,040	87,904
Performance Bonuses	66,816	-
Contributions to UIF, Medical and Pension Funds	210,282	1,664
	1,809,591	1,244,892

25.3 Remuneration of Executive Director: Administration - Mr K.G Gaborone

Annual Remuneration	888,764	1,160,710
Car Allowance	-	18,119
Performance Bonuses	-	80,000
Contributions to UIF, Medical and Pension Funds	1,996	1,813
	890,760	1,260,642

25.4 Remuneration of Executive Director: Planning & Development - Mr F Netshivhodza (Acting)

Annual Remuneration	1,175,965	1,030,415
Car Allowance	149,040	72,867
Performance Bonuses	61,227	-
Contributions to UIF, Medical and Pension Funds	182,386	1,338
	1,568,618	1,104,620

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25. Employee related costs (continued)

25.5 Remuneration of Executive Director: Infrastructure Services- Mr S Suliman (Acting)

Annual Remuneration	-	841,325
Car Allowance	-	49,729
Contributions to UIF, Medical and Pension Funds	-	1,487
	-	892,541

25.7 Remuneration of Executive Director: Infrastructure Services- Mr R.R Setshogoe (Acting)

Annual Remuneration	937,573	57,272
Car Allowance	120,000	7,917
Performance Bonuses	77,434	-
Contributions to UIF, Medical and Pension Funds	160,859	10
	1,295,866	65,199

Total Remuneration of Section 56 Employees

Annual Remuneration	7,061,721	6,162,531
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Frances Baard District Municipality

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26. Remuneration of councillors

Executive Mayor	730,522	938,250
Mayoral Committee Members	3,315,428	3,386,996
Speaker	712,793	759,478
Other Councillors	2,189,348	1,915,514
	6,948,091	7,000,238

26.1 Remuneration Councillors: Reconciliation 2022

	Basic salary	Cellphone allowance	Travel allowance	Other allowances	Total
Executive Mayor	704,129	26,393	-	-	730,522
Speaker	670,983	41,810	-	-	712,793
Mayoral Committee Members	2,683,952	190,323	195,530	-	3,069,805
MPAC Chairperson	245,623	-	-	-	245,623
Other Councillors	1,913,244	252,531	23,573	-	2,189,348
	6,217,931	511,057	219,103	-	6,948,091

26.2 Remuneration Councillors: Reconciliation 2021

	Basic salary	Cellphone allowance	Travel allowance	Other allowance	Total
Executive Mayor	893,850	44,400	-	-	938,250
Speaker	715,078	44,400	-	-	759,478
Mayoral Committee Members	2,499,148	177,600	502,790	-	3,179,538
MPAC Chaiperson	176,628	-	30,830	-	207,458
Other Councillors	1,619,096	225,700	70,718	-	1,915,514
	5,903,800	492,100	604,338	-	7,000,238

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

27. Depreciation and amortisation

Property, plant and equipment	4,297,019	3,289,004
Investment property	8,276	14,063
Intangible assets	316,996	85,025
	4,622,291	3,388,092

27.1 Depreciation: Property, Plant and Equipment Reconciliation

Community Assets	-	141,294
Buildings	2,009,631	756,961
Other Assets	2,612,660	2,383,785
	4,622,291	3,282,040

28. Contracted services

Outsourced Services	3,994,124	4,877,490
Consultants and Professional Services	3,873,543	3,803,487
Contractors	5,675,639	4,515,064
Total Contracted Services	13,543,306	13,196,041

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29. Inventory consumed

Consumables	64,664	374,203
Materials and Supplies	980,416	876,624
	1,045,080	1,250,827

30. Transfer and subsidies paid

Capital Grants

Local Municipalities	8,017,256	-
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Operational Grants

Local Municipalities	16,243,854	18,530,078
Households	809,084	924,080
	17,052,938	19,454,158
	25,070,194	19,454,158

Capital Grants

Local Municipalities	8,017,256	-
Non-profit Institutions	-	-
	8,017,256	-

Operational Grants

Departmental Agencies and Accounts	-	-
Local Municipalities	16,243,853	18,530,078
Households	809,085	924,080
Non-profit Institutions	-	-
	17,052,938	19,454,158

The allocations made non-profit institutions consist of equipment given to schools during the tourism business competition held on a yearly basis.

31. Gains and losses on disposal of assets

Property, Plant and Equipment	(83,624)	(61,352)
Disposal of inventory	-	(11,453)
	(83,624)	(72,805)

The loss on disposal of PPE and inventory is assets/goods which were no longer in use for the municipality and were donated to either local municipalities or NGO's.

32. Actuarial gains and losses

Actuarial gains/losses	(1,566,538)	(3,173,383)
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The actuarial gains and losses relate to the employee benefit obligations. Refer to employee benefit obligations note 14.

Frances Baard District Municipality

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33. General expenses		
Advertising, Publicity and Marketing	654,983	545,369
External Audit Fees	2,189,390	1,930,241
Bank Charges, Facility and Card Fees	82,727	70,477
Cleaning Services	11,957	5,980
Infrastructure and Development	-	90,000
Legal costs	393,083	4,238
Entertainment	153,039	41,521
Honoraria (Voluntarily Workers)	-	2,400
Insurance Underwriting	630,330	598,068
Registration Fees	30,042	1,152
External computer service	522,758	411,284
Licences	21,000	28,910
Wet Fuel	1,477	1,645
Printing, Publications and Books	22,346	6,165
Event Promoters	193,759	72,332
Uniform and Protective Clothing	26,732	65,320
Maintenance of equipment	1,007,227	835,464
Maintenance of buildings and facilities	550,635	442,094
Business and Advisory	6,257,359	7,305,443
Security services	1,029,787	963,672
Maintenance of computer software	3,635,133	2,324,804
Employee Wellness	5,151	48,102
Professional Bodies, Membership and Subscription	869,416	920,005
Communication	38,700	36,364
Transport and freight	89	43
Disability Training	-	268,300
Travel and Subsistence	394,915	126,265
Municipal Services	2,069,021	2,785,590
Catering Services	183,572	337,291
Exhibit installations	-	105,128
Bursaries (employees)	287,308	300,000
Resettlement costs	69,575	155,858
Transport provided as part of Departmental activities	206,039	170,328
Burial Services	12,600	2,400
Stage and sound crew	48,160	73,064
Graphic designers	226,840	26,209
Skills training	-	297,500
Skills Development Levy	638,478	419,196
Workmen's Compensation Fund	380,779	316,985
	22,844,407	22,135,207

Calculation of Cash Flow:

Expenditure for Operational Costs	22,844,407	22,135,207
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Travel and subsistence

Accommodation	227,454	72,465
Daily allowance	42,437	5,413
Food and beverage (served)	32,601	6,303
Transport without operator	92,423	42,084
Transport with operator	-	-
	394,915	126,265

No other extra-ordinary expenses were incurred.

Calculation of Cash Flow

The line for transfer and subsidies of an amount of R19 454 158 for 2020/21 financial year is removed.

Frances Baard District Municipality

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34. Cash generated from operations		
Surplus	4,532,022	7,705,822
Adjustments for:		
Depreciation and amortisation	4,622,291	3,388,092
Loss on disposal of assets	83,624	72,805
Movements in operating lease assets and accruals	(5,353)	(35,142)
Contribution to Employee Benefits	5,836,464	7,197,212
Expenditure incurred from Post-retirement Employee Benefits	(2,068,464)	(2,087,086)
Contribution to Long Service Awards Liability	329,000	1,033,806
Contribution to Provisions - Current	(8,385,079)	(4,767,246)
Contribution to Provisions - Non-Current	21,490	38,277
Expenditure incurred from Employee Benefits - Current	5,333,610	6,700,378
Expenditure incurred from Provisions - Non-current	(34,090)	(34,090)
Changes in working capital (Decrease/Increase):		
Inventories	18,159	5,057
Receivables from exchange transactions	(2,119,053)	(2,114,097)
Current Portion Long-term Receivables	182,000	14,788
Payables from exchange transactions	209,853	(12,362,285)
Decrease/(Increase) in VAT Receivable	(1,197,798)	4,824,196
Unspent conditional grants and receipts	(802,109)	501,999
Increase/(Decrease) in Consumer deposits	1,265	(1,725)
	6,557,832	10,080,761
35. Auditors' remuneration		
Fees	2,189,390	1,930,241
36. Commitments		
Authorised capital expenditure		
Approved and Contracted for		
• Land and Buildings	154,800	309,600
• Other	-	-
	154,800	309,600
Approved but Not Yet Contracted for		
• Land and Buildings	4,000,000	3,065,290
• Other	3,984,000	9,113,770
	7,984,000	12,179,060
Total capital commitments		
Already contracted for	154,800	309,600
Not yet contracted for and authorised by accounting officer	7,984,000	12,179,060
	8,138,800	12,488,660
Total commitments		
Total commitments		
Authorised capital expenditure	8,138,800	12,488,660

This committed expenditure relates to property, plant and equipment and will be financed by internally generated funds.

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37. Contingencies		
Contingent liabilities		
Case 1 - State Attorney	100,000	100,000
Case 2 - Opinion - Appointed Adv C. Towell	77,533	-
	177,533	100,000

The municipality was engaged in the following transaction / event during the year under review involving Contingent Liabilities:

2022 Litigation and Claims

Case 1 State Attorney

Damages to infrastructure. filed plea:

MTN claims that they suffered damages as a result of employees of A-Municipality that were working in a project which led to the damage of their fibre cables.

Case 2 (i) Opinion. Appointed Adv.C.Towell:

In this matter the former senior manager for administration filed a High Court application requesting the court to review the decision of council that resolved that she be granted leave without pay for being absent from work without authorization. We awaiting matter to be set down for hearing.

Public Protector case was removed from the contingent liabilities as it was incorrectly disclosed as a contingent liability.

2021 Litigation and Claims

Case 1 State Attorney

Damages to infrastructure. filed plea:

(i) MTN claims that they suffered damages as a result of employees of A-Municipality that were working in a project which led to the damage of their fibre cables.

Contingent assets

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

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38. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note
Councillors	Refer to general information
Members of key management	Refer to employee costs

All Related Party Transactions are conducted at arm's length, unless stated

38.1 Services rendered to Related Parties

The municipality did not render any services during the year to anyone that can be considered as a related party.

38.2 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by Frances Baard District Municipality, during the financial year under review.

38.3 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Note 25 and 26, to the Annual Financial Statements.

38.4 Purchases from Related Parties

No transactions were entered into with businesses in which councillors, management and/or those charged with governance have an interest for the 2021/22 financial year

39. Going concern

We draw attention to the fact that at June 30, 2022, the municipality had an accumulated surplus (deficit) of R 106,981,888 and that the municipality's total assets exceed its liabilities by R 151,448,636.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The municipality's cash flow forecast for the year to 30 June 2023 has been reviewed and management is satisfied that the municipality can continue in operational existence for the foreseeable future. The accumulated surplus and cash & cash equivalents as at 30 June 2022 was taken into consideration during the review.

40. Events after the reporting date

No events having financial implications requiring disclosure occurred subsequent to 30 June 2022.

41. Unauthorised expenditure

Opening balance as previously reported	-	-
Add: Unauthorised expenditure - current	-	-
Add: Unauthorised expenditure - prior period	-	-
Less: Amount recovered - current	-	-
Less: Amount recovered - prior period	-	-
Less: Amount authorised - current	-	-
Less: Amount authorised - prior period	-	-
Closing balance	-	-

Disciplinary steps taken/criminal proceedings

Frances Baard District Municipality

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42. Fruitless and wasteful expenditure

Opening balance as previously reported	1,207	1,207
Add: Fruitless and wasteful expenditure identified - current	-	-
Add: Fruitless and wasteful expenditure identified - prior period	-	-
Less: Amount recovered - current	-	-
Less: Amount recovered - prior period	-	-
Less: Amount written off - current	-	-
Less: Amount written off - prior period	-	-
Closing balance	1,207	1,207

Fruitless and wasteful expenditure is presented exclusive of VAT

Fruitless and Wasteful Expenditure awaiting condonement.

43. Irregular expenditure

Opening balance as previously reported	127,449	-
Opening balance as restated	127,449	-
Add: Irregular Expenditure - current period	-	67,518
Add: Irregular Expenditure - prior period	-	111,279
Less: Amount recoverable - current period	-	-
Less: Amount recoverable - prior period	-	-
Less: Amount condoned/ written off - current period	(127,449)	(51,348)
Less: Amount condoned/ written off - prior period	-	-
Closing balance	-	127,449

Irregular expenditure is presented exclusive of VAT

Frances Baard District Municipality

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43. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

Three written quotations not sourced			69,200
Deviation from the functionality criteria			16,170
Three written quotations not sourced			42,079
			127,449

Disciplinary steps taken/criminal proceedings

Kenosi Solutions is under investigation. To be submitted to council for condonement.

ABSA Bank is under investigation. To be submitted to council for condonement.

Rennies is under investigation. To be submitted to council for condonement.

Amount written-off

The irregular expenditure relating to 2020/21 financial year was written off by council in the 2021/22 financial year.

Mile Plumbing Construction	-	51,348
Kenosi Solutions	69,200	-
ABSA Bank	16,170	-
Rennies	42,079	-
	127,449	51,348

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44. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he/she records the reasons for any deviations and reports them to the next meeting of the Council and includes a note to the annual financial statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Service	Supplier	Nature		
Repairs to 5 RDP Houses damaged by Gail Force Wind in Dikgatlong Local Municipality	Frances S Construction Trading Enterprise	Emergency/Im practical	161,750	-
Legal Assistance	Mjila and Partners		201,844	-
Annual maintenance charge of the of the Teammate software licence.	Wolters Kluwer	Sole supplier	18,513	17,543
Renovation of houses in Pampierstad	Sam and Alice investment	Emergency	-	377,000
			382,107	394,543

45. Financial instruments disclosure

Categories of financial instruments

2022

Financial assets

	At fair value	At amortised cost	Total
Long-term Receivables -Employee Benefits	-	6,671,000	6,671,000
Receivables from Exchange Transactions - Other Service Charges	-	6,635,150	6,635,150
Receivables from Exchange Transactions - Control, Clearing and Interface Accounts	-	306,281	306,281
Current Portion of Long-term Receivables - Employee benefits	-	676,000	676,000
Investments	-	9,750,000	9,750,000
Cash and cash equivalents - Call Deposits	-	89,977,009	89,977,009
Cash and cash equivalents - Bank Balances	-	13,199,195	13,199,195
Cash and cash equivalents - Cash Floats and Advances	3,300	-	3,300
	3,300	127,214,635	127,217,935

Financial liabilities

	At amortised cost	Total
Payables from Exchange Transactions - Bonus	2,070,513	2,070,513
Payables from Exchange Transactions - Trade Creditors	4,758,040	4,758,040
Third Party Payments	4,185	4,185
	6,832,738	6,832,738

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45. Financial instruments disclosure (continued)

2021

Financial assets

	At fair value	At amortised cost	Total
Long-term Receivables -Employee Benefits	-	8,060,000	8,060,000
Receivables from Exchange Transactions - Other Service Charges	-	4,497,580	4,497,580
Receivables from Exchange Transactions - Control, Clearing and Interface Accounts	-	371,626	371,626
Current Portion of Long-term Receivables - Employee benefits	-	858,000	858,000
Investments	-	10,200,000	10,200,000
Cash and cash equivalents - Call Deposits	-	93,499,749	93,499,749
Cash and cash equivalents - Bank Balances	-	6,432,376	6,432,376
Cash and cash equivalents - Cash Floats and Advances	3,300	-	3,300
	3,300	123,919,331	123,922,631

Financial liabilities

	At amortised cost	Total
Payables from Exchange Transactions - Bonus	2,095,974	2,095,974
Payables from Exchange Transactions - Retentions	566,603	566,603
Payables from Exchange Transactions - Trade Creditors	3,960,307	3,960,307
	6,622,884	6,622,884

2020/21 financial assets balance included an amount of R 1,224,171 for Receivables from Exchange Transactions - Prepayments and Advances, is removed.

No Financial Instruments of the municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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45. Financial instruments disclosure (continued)

Financial Instruments at Fair Value: 30 June 2022

	Level 1	Level 2	level 3	Total
Cash and Cash Equivalents	-	3,300	-	3,300
Total Financial Assets	-	3,300	-	3,300
Total Financial Instruments	-	3,300	-	3,300

Financial Instruments at Fair Value: 30 June 2021

	Level 1	Level 2	Level 3	Total
Cash and Cash Equivalents	-	3,300	-	3,300
Subtotal	-	3,300	-	3,300
Total Financial Instruments	-	3,300	-	3,300

The naming under the heading Financial Instruments at Fair Value: 30 June 2021 was incorrectly typed as short-term portion of Investments whereas it should have been Receivables from Non Exchange Transactions.

The municipality have implemented GRAP 108, therefore Receivables from Non-Exchange Transactions are recognised and disclosed as Statutory Receivables.

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46. Risk management

46.1 Capital Risk Management

Gearing Ratio

The gearing ratio is not applicable because the municipality does not have long-term debt.

- -

46.2 Financial risk management

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal Audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

46.3 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Liquidity Risk;
- Credit Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Frances Baard District Municipality

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46. Risk management (continued)

46.3.1 Liquidity risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 47.3.4 to the Annual Financial Statements.

46.3.2 Credit risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties, except for Councillors and Department of Roads and Public Works for which there is uncertainty about the collectivity. Councillors have been included in the Provision for Impairment of Consumer Debtors.

Counterparty and Location	Credit Limit 30 June 2022	Carrying Amount 2022	Credit Limit 30 June 2021	Carrying Amount 2021
Department of Safety & Liaison	55,234	-	-	64,039

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46. Risk management (continued)				
Department of Roads and Public Works	223,916	-	-	218,040
Department of Transport	5,632,880	-	-	3,965,678
Councillors	153,044	-	-	107,640
Officials	5,979	-	-	5,979
Venue Hire Customer	2,875	-	-	-
Medical Aid	1,871	-	-	2,271
Raillex	30,000	-	-	56,140
MTN	5,705	-	-	77,791
Sedibeng Water	499,986	-	-	-
Kopantsha budhle trading and construction	23,660	-	-	-
	6,635,150	-	-	4,497,578

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Maximum Credit and Interest Risk Exposure

Long term Receivables	7,347,000	8,918,000
Receivables from Exchange Transactions	8,124,310	6,005,257
Investments	9,750,000	10,200,000
Bank, Cash and Cash Equivalents	103,179,504	99,935,425
Maximum Credit and Interest Risk Exposure	128,400,814	125,058,682

Credit quality of Financial Assets:

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Long-term Receivables

Roads – Post Retirement Medical Aid	7,347,000	8,918,000
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Capital Risk Management

46.3.3 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

Interest rate risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

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46. Risk management (continued)

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 46.3.4 below:

Cash and Cash Equivalents:

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2022 would have increased / decreased by R2,031,083 (30 June 2021: R973,922).

This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

Frances Baard District Municipality

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46. Risk management (continued)

46.3.4 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 46.3.4 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Reconciliation	Average effective interest rate	Total	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	Over 5 years
Non-interest Bearing	0.00%	-	-	-	-	-	-
- Payables from Exchange transactions		8,192,948	8,192,948	-	-	-	-
		8,192,948	8,192,948	-	-	-	-
30 June 2021		-	-	-	-	-	-
Non-interest Bearing	0.00%	8,785,203	8,785,203	-	-	-	-
- Payables from Exchange transactions		8,785,203	8,785,203	-	-	-	-
		8,785,203	8,785,203	-	-	-	-

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Average effective interest rate	Total	6 months or less	6-12 months	1 - 2 years	2 - 5 years	over 5 years
30 June 2022		-	-	-	-	-	-
Non-interest Bearing	0.00%	15,474,632	12,139,132	3,335,500	-	-	-
- Long-term Receivables		6,671,000	3,335,500	3,335,500	-	-	-
- Trade Receivables from Exchange Transactions		8,124,310	8,124,310	-	-	-	-
- Cash and Cash Equivalents		3,300	3,300	-	-	-	-
- Current Portion of Long Term Receivables		676,000	676,000	-	-	-	-
Variable Interest Rate Instruments	3.75%	103,176,204	103,176,204	-	-	-	-
- Call Deposits		89,977,009	89,977,009	-	-	-	-
- Bank Account		13,199,195	13,199,195	-	-	-	-
Fixed Interest Rate Instruments		9,750,000	-	9,750,000	-	-	-
- Fixed Deposits	6.67%	9,750,000	-	9,750,000	-	-	-

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46. Risk management (continued)

		128,400,836	115,315,336	13,085,500	-	-	-
30 June 2021		-	-	-	-	-	-
Non-interest Bearing	0.00%	14,926,557	10,896,557	4,030,000	-	-	-
- Long-term Receivables		8,060,000	4,030,000	4,030,000	-	-	-
- Trade Receivables from		6,005,257	6,005,257	-	-	-	-
Exchange Transactions							
- Cash and Cash		3,300	3,300	-	-	-	-
Equivalents							
- Current Portion of Long		858,000	858,000	-	-	-	-
Term Receivables							
Variable Interest Rate	3.75%	99,932,125	99,932,125	-	-	-	-
Instruments							
- Call Deposits		93,499,749	93,499,749	-	-	-	-
- Bank Account		6,432,376	6,432,376	-	-	-	-
Fixed Interest Rate		10,200,000	-	10,200,000	-	-	-
Instruments							
- Fixed Deposits	6.67%	10,200,000	-	10,200,000	-	-	-
		125,058,682	110,828,682	14,230,000	-	-	-

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47. Additional disclosure in terms of Municipal Finance Management Act

47.1 Contributions to organised local government

Current year subscription / fee	856,553	906,695
Amount paid - current year	(856,553)	(906,695)
	-	-

The municipality made the above contributions to SALGA.

47.2 Audit fees

Current year subscription / fee	2,189,390	1,930,241
Amount paid - current year	(2,189,390)	(1,930,241)
	-	-

Any unpaid balances are included as part of creditors.

47.3 PAYE, Skills Development Levy and UIF

Opening balance	5,555	92,935
Current year subscription / fee	14,626,897	13,379,410
Amount paid - current year	(14,626,897)	(13,466,790)
	5,555	5,555

Any unpaid balances are included as part of creditors.

47.4 Pension and Medical Aid Deductions

Current year subscription / fee	16,456,510	17,372,493
Amount paid - current year	(16,450,582)	(17,372,493)
	5,928	-

Any unpaid balances are included as part of creditors.

47.5 VAT

VAT receivable	2,974,152	1,776,354
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Refer to note 6

47.6 Non-compliance with the Municipal Finance Management Act

None

48. Multi-employer retirement benefit information

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

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48. Multi-employer retirement benefit information (continued)

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R2,087,086 (2021: R1,892,808) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

48.1 Defined Contribution schemes

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

48.2 Cape Joint Retirement Fund:

The scheme is subject to an annual actuarial valuation which is not the responsibility of the Municipality. The last statutory valuation was performed as at 30 June 2018.

The statutory valuation performed as at 30 June 2018 revealed that the assets of the fund amounted to R23 318 184, R70 111 and R651 455 (30 June 2017: R21 359,334 in total) million, with funding levels of 100.4%, 100% and 128% (2017: 100.3%, 100% and 127.3%) for the Share Account, Preservation Account and the Pensions Account respectively. The contribution rate paid by the members (7.50%) and the municipalities (19.50%) is sufficient to fund the benefits accruing from the fund in the future.

48.3 Municipal Councillors Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2012.

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13.75%) and Council (15.00%) is sufficient to fund the benefits accruing from the fund in the future. The actuarial valuation of the fund was undertaken at 30 June 2005 and reported a funding ratio of 147.3%.

The statutory valuation performed as at 30 June 2012 revealed that the net assets of the fund were R1 183.5 (30 June 2009: R1 123.7) million, with a funding level of 99.5% (30 June 2009: 102.0%). The contribution rate paid by the members (13.75%) and Council (15.00%) is sufficient to fund the benefits accruing from the fund in the future.

The deficit of R6.4 (2009: surplus R22.5) million is regarded as relatively insignificant in the context of the fund. There is a strong possibility that SARS may reverse penalties and interest in the order of R10.3 million which will result in a fully funded position.

The next statutory valuation was due at 30 June 2009, but an extension has been granted until 31 December 2010.

As reported by the Actuaries, the Fund was following an appropriate investment strategy during the valuation period.

No further information could be obtained.

None of the above mentioned plans are State Plans.

Frances Baard District Municipality

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49. Assessment on impact of Covid 19

The assesement conducted on the impact of COVID-19 confirms that there was no effect on the operations and the financial position of the municipality.

50. In-kind donations and assistance

Mr. G Botha served on the audit committee for the 2021/22 financial year, he is a government employee and therefore is not entitled to receive any compensation for duties performed as a member of the audit committee.

51. Private Public Partnerships

The municipality was not a party to any Private Public Partnerships during the year under review.

52. Declaration of suppliers

Supplier	Capacity		
Puleng Juliet Pelembe	Worked with Seta, Sadtu and Inseta	-	297,500
Gary Jacobs	Spouse employed at Sol Plaatje Local Municipality	-	78,192
Tumelo Naomi-Faith Masire	Organising Training of government officials	-	536,000
Lucem Group	Free State Dept. Of Education - Wife is a teacher	379,046	-
Tshepo Zikhali Engineers	Wife, K.P. Zikhali Works for Dept. of Health as a Pharmacitical Assistant	93,720	-
Mosima IT Solutions	DR. T.C. Motaung - Spouse Department of Health Medical Officer	700,000	-
Steve Lawrence Productions	CSIR Video Production	173,043	-
		1,345,809	911,692

53. Segment information

General information

Identification of segments

For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide. The municipality has seven primary reportable segments:

The municipality operates within the following geographical areas:

Local Municipal Areas

Dikgatlong Local Municipality
Magareng Local Municipality
Phokwane municipality
Sol Plaatje Municipality

The municipality does however not monitor operating results for these geographical segments, and operational results are only monitored within the business units as previously disclosed.

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53. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2022

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Housing	Environmental Protection	Planning and Development	Total
Revenue								
Revenue from non-exchange transactions	514,050	129,249,565	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	3,400,862	133,164,477
venue from exchange transactions								
Sales of Goods and Rendering of Services	-	273,869	-	-	-	-	-	273,869
Rental from Fixed Assets	-	218,206	-	-	-	-	-	218,206
Interest, Dividends and Rent on Land Earned	-	5,868,867	-	-	-	-	-	5,868,867
Total segment revenue	514,050	135,610,507	-	-	-	-	3,400,862	139,525,419
Entity's revenue								139,525,419
Expenditure								
Employee related costs	12,797,153	27,266,488	2,618,284	5,051,526	3,037,327	5,679,520	16,362,874	72,813,172
Remuneration of councillors	6,948,091	-	-	-	-	-	-	6,948,091
Depreciation and amortisation	119,217	3,042,383	9,521	800,517	23,242	70,600	556,811	4,622,291
- Bad debts written off	-	-	-	-	-	-	-	-
Interest, Dividends and Rent on Land	-	-	-	-	-	-	-	-
Contracted services	1,040,350	5,479,323	101,808	1,289,474	456,890	546,237	4,629,224	13,543,306
Inventory consumed	139,044	749,138	-	5,442	28,892	74,081	48,483	1,045,080
Transfers and subsidies paid	-	-	-	432,660	-	3,257,746	21,379,787	25,070,193
Operational costs	2,163,234	6,200,175	46,602	91,524	43,823	104,385	651,359	9,301,102
Loss on disposal of Property, Plant and Equipment	3,697	221,281	232	(151,172)	7	798	8,781	83,624
Actuarial Losses	-	1,566,538	-	-	-	-	-	1,566,538
Total segment expenditure	23,210,786	44,525,326	2,776,447	7,519,971	3,590,181	9,733,367	43,637,319	134,993,397
Total segmental surplus/(deficit)	(22 696 736)	91 085 181	(2 776 447)	(7 519 971)	(3 590 181)	(9 733 367)	(40 236 457)	4,532,022

Frances Baard District Municipality

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53. Segment information (continued)

	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance of Actual Outcome against Final Budget	Actual Outcome as % of Final Budget
Capital Expenditure Per Function							
Executive and Council	48,170	-	48,170	19,775	-	28,395	58.95%
Finance and Administration	8,287,800	(2,975,000)	5,312,800	3,726,985	-	1,585,815	29.85%
Community and Social Services	3,764,490	(2,362,290)	1,402,200	624,609	-	777,591	55.46%
Environmental Services	60,600	-	60,600	22,661	-	37,939	62.61%
Planning and Development	18,000	750,420	768,420	758,723	-	9,697	1.26%
Total Capital Expenditure	12,179,060	(4,586,870)	7,592,190	5,152,753	-	2,439,437	-

Executive and Council

Savings realised on capital items budgeted due to implementation of cost containment.

Finance and Administration:

Savings is due to implementation of the cost containment.

Community and Social Services

Savings realised due to roll over of the Jan Kemp dorp building project to the 2022/23.

Planning and Development:

Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.

Environmental Protection:

Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.

54. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments. The prior period error was mainly necessitated by unadjusted prior period errors identified by management and the auditors during the audit.

Frances Baard District Municipality

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54. Prior-year adjustments (continued)

Statement of financial position

2021

	Note	As previously reported	Correction of error	Re-classification	Restated
Current Assets		-	-	-	-
Operating Lease (Current Asset)		5,689	(5,689)	-	-
Vat Receivable (Current Asset)		1,782,330	(5,976)	-	1,776,354
Payables from Exchange Transactions		6,527,541	95,343	-	6,622,884
Receivable from Non-exchange Transactions		389,000	-	(389,000)	-
Statutory Receivables		-	-	389,000	389,000
Receivables from Exchange Transaction		6,159,910	(154,653)	-	6,005,257
Non-Current Asset		-	-	-	-
Operating Lease (Non-Current Asset)		12,206	33,611	-	45,817
Property Plant and Equipment		50,837,960	17,251	-	50,855,211
Statement of Net Assets		-	-	-	-
Accumulated Surplus		101,411,032	(210,798)	-	101,200,234
		167,125,668	(230,911)	-	166,894,757

Statement of financial performance

2021

	Note	As previously reported	Correction of error	Re-classification	Restated
Rental of Facilities		608,649	12,027	-	620,676
Employee Related Cost		73,822,982	-	(3,173,383)	70,649,599
Actuarial Losses		-	-	3,173,383	3,173,383
Depreciation		3,381,127	6,965	-	3,388,092
Surplus for the year		77,812,758	18,992	-	77,831,750

Frances Baard District Municipality

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54. Prior-year adjustments (continued)

Cash flow statement

2021

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Receipts		-	-	-
Other Receipts		3,198,751	355,682	3,554,433
Transfers and Subsidies		129,375,593	1,581,206	130,956,799
Payments		-	-	-
Employee Related Costs		65,550,043	20,044	65,570,087
Other payments		27,983,201	1,957,177	29,940,378
		226,107,588	3,914,109	230,021,697
Cash flow from investing activities				
Proceeds on Disposal of Property, Plant and Equipment		67,407	(67,407)	-
Decrease / (Increase) in Long-term Receivables		1,710,648	15,622	1,726,270
		1,778,055	(51,785)	1,726,270

Risk Management

The gearing ratio has been removed as the municipality did not have any long-term debt.

55. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus per the statement of financial performance	4,532,022	7,705,822
Revenue from Non-exchange Transactions		
Transfers and Subsidies	4,225,013	1,828,405
Revenue from Exchange Transactions		
Other Income	(153,937)	131,562
Rental from Fixed Assets	(18,206)	391,461
Interest, Dividends and Rent on Land Earned	1,281,133	682,577
Gains on Disposal of Property, Plant and Equipment	-	-
Expenditure		
Employee Related Costs	(5,463,208)	(6,842,298)
Remuneration of Councillors	(14,299)	(1,755,663)
Depreciation and Amortisation	844,675	(325,153)
Impairment Losses	(10,000)	(50,000)
Contracted Services	-	(23,155,760)
Inventory Consumed	(1,215,796)	(367,863)
Grants and Subsidies Paid	(11,840,808)	6,010,758
Operational Costs	(13,815,628)	6,476,987
Loss on Disposal of Property, Plant and Equipment	(1,021,298)	(227,195)
Actuarial Losses	1,566,538	-
	(25,635,821)	(17,202,182)

56. Operating surplus

Operating surplus for the year is stated after accounting for the following:

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Notes to the Annual Financial Statements

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56. Operating surplus (continued)		
Loss on sale/ disposal of property, plant and equipment	(83,624)	(61,352)
Loss on disposal of inventory	-	(11,453)
Amortisation on intangible assets	316,996	85,025
Depreciation on property, plant and equipment	4,297,019	3,289,004
Depreciation on investment property	8,276	14,063
Employee costs	79,761,263	77,649,837

Notes

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