

# ANNUAL REPORT 2020/21

Comprehensive report on the activities and financial performance  
of the FBDM



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

Frances Baard District Municipality

# Annual Report 2020/2021



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# **PART I**

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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	-	
DIGF	-	District Inter-governmental Forum
DoRA	-	Division of Revenue Act
EPWP	-	Expanded Public Works Project
FBDM	-	Frances Baard District Municipality
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 Association
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



Mr PW Marekwa  
Executive Mayor

We continued to battle the Covid-19 pandemic this year and like many other countries, we will be battling to recover economically, for years to come. As a result we have had to change our way of both thinking about and doing things.

The 2020/21 financial year saw the tabling of the penultimate budget of the current council and it was a testament to exactly how much we have been affected by this pandemic.

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). Unfortunately, in the year under review we have not allocated any funds towards capital projects to our category B municipalities due to budget constraints. Instead we focused more on Operation and Maintenance (O&M) and the good news is that expenditure in the fourth quarter increased dramatically because our local municipalities claimed 100% of the operation and maintenance grant for the 2020/21 financial year.

We received an EPWP incentive grant of R1,1m for the 2020/21 financial year and managed to exceed the annual target of 14 Full Time Equivalents (FTE's) by achieving 30,17 FTE's, thereby effectively creating a total of 50 work opportunities. We also successfully completed the RRAMS project within time and budget and we can confidently say that the network is now up to date and free of any discrepancies. This indeed is very good news as the collection of associated road and bridge inventory data, condition assessments as well as traffic information, lays the basis that will be of great value to all the local municipalities in their effort to efficiently maintain and develop their road infrastructure. We need to remain mindful that our smaller municipalities in the district are still struggling with financial and technical capacity constraints, but despite this we are continuing to provide support in areas such as integrated development planning and financial management, amongst others.

The pandemic has indeed exacerbated the rise in unemployment over the last year and businesses are not surviving and will need more and more financial support from government. This does not bode well for SMMEs in our district. We have therefore identified through local economic development the packaging of 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.

As political leaders in our district it is our duty and responsibility to ensure a better life for our constituencies and as a Council we never lost focus of that. We realised that by ensuring that we support our local municipalities in the delivery of quality services to the communities in the district, we will be able to deliver on that promise.

I want to convey my sincere gratitude to the administration and Council of Frances Baard District Municipality, for without their invaluable inputs, we would have not achieved what we have achieved.

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

I take pleasure in tabling the 2020/21 financial year annual report to our district community, the Northern Cape Province and to our beautiful country South Africa. This annual report provides us with an opportunity to reflect on our achievements and shortcomings for the year under review. The year 2021 has been both challenging and exciting for us at Frances Baard District Municipality.

One of our critical mandates is to provide support to our local municipalities in the delivery of services to the communities. To this end we have implemented numerous infrastructure projects which were identified in the IDP's of the respective local municipalities. This was not without challenges as we still have a long way in supporting our local municipalities to improve service delivery for our communities.

We continue to evaluate and strengthen our shared services model in areas of audit, performance and risk committee, internal audit services, financial services, technical support services, information communication technology (ICT) services, town planning, performance management and integrated development planning. This enables all the municipalities within the district to share and leverage each other's best practice models. Most of the areas of the shared services are meant to assist in building the foundation for clean governance and improve service provisioning for our local municipalities.

The auditor general has audited us for the year under review and we are elated that we received an unqualified audit opinion, with no matters of emphasis, for the two financial years in a row. We do not take this achievement lightly as we know that it demands a lot from us to be consistent and continue to rebuild the public confidence regarding our accountability. Through our support and shared services model, we have assisted two of our local municipalities to improve their audit outcome and we have to do a lot to reach a stage of unqualified audit opinions for the entire district.

In submitting this annual report, I wish to acknowledge and appreciate the positive role that many of the colleagues play, across all levels of ranks, to ensure that we strive to execute our mandate in an effective, efficient and economical manner. Together we must strive to sustain and enhance the good work that we do as Team Frances Baard, whilst ameliorating and eliminating challenges as we start a new financial year.



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 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 & Land Development
4. Electricity
5. Township establishment
6. Disaster Management
7. Environmental Management
8. Health
9. Local Economic Development & Youth Development
10. Clean Audit

**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 are the four highest areas of focus.

The annual budget in respect of the 2020/21 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 district population is relatively young with 69% of the population aged 40 years and younger. Those between the ages of 41 and 65 account for 23% and only 7% of the population is of retirement age, i.e. 66 years and older. Even though our district has a highest population of 32,5% of the provincial population, it is the smallest in terms of geographical area. It has four local municipalities in its jurisdiction, namely:

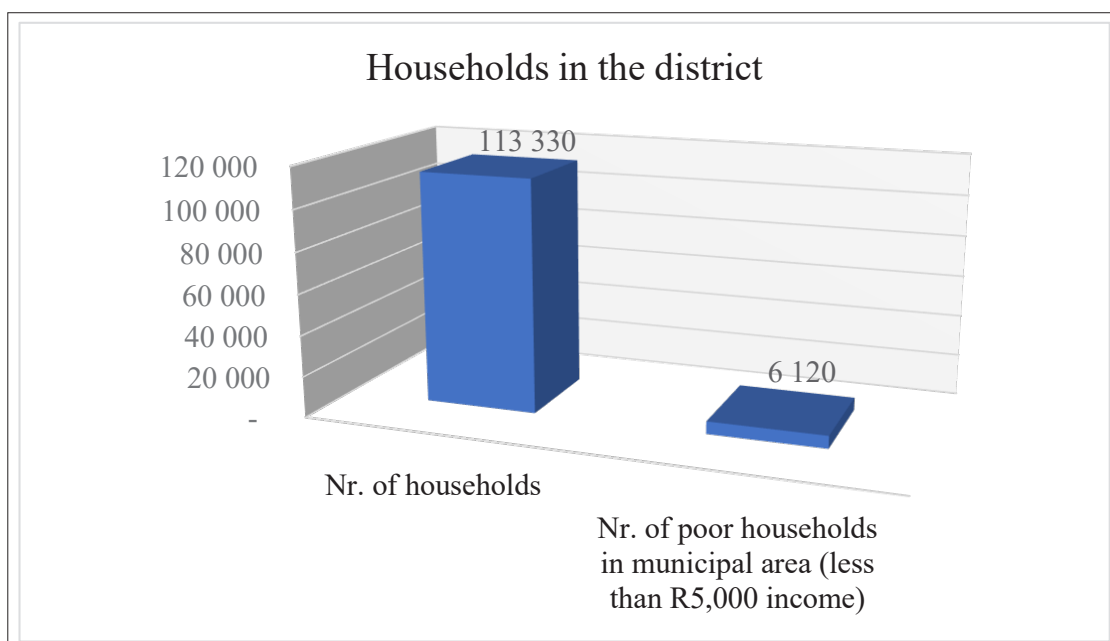
- Sol Plaatje local municipality;
- Dikgatlong local municipality;
- Magareng local municipality; and
- Phokwane local municipality.

The district shares its seat, Kimberley in the Sol Plaatje 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.

The Frances Baard District has the strongest economic potential in the Northern Cape, accounting for 36% of the provincial GDP. The economy of the district 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 (39.4%). Phokwane (47.8%), Magareng (53.9%), Dikgatlong (44%) and Sol Plaatje (36.2%). FBDM, through its local economic development initiatives seek to address such issues and improve the state of unemployment levels in the district. (*IDP Review 2019/20; Planning 2020/21*)

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
<b>TOTAL</b>	<b>192 231</b>	<b>195 511</b>	<b>387 741</b>

*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"> <li>Increased growth in unemployment and poverty levels</li> <li>Increased dependency on social grants</li> <li>Increased number of indigents</li> <li>Decline in municipal revenue generation</li> </ul>	<p>The district has a youthful population (30% of the population is &lt;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"> <li>• Increase of farming activity in the district</li> <li>• Water sport activities/ tourism</li> </ul>
Arable land	Farming	Skills of emerging farmers, funds to compete with commercial farmers	<ul style="list-style-type: none"> <li>• Supply of malt to the Cape Malt plan</li> <li>• Supply of nuts for oils processing</li> </ul>
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"> <li>• Entry of blacks into game farming industry</li> <li>• Promotion of trophy hunting</li> <li>• Establishment of a tannery</li> </ul>
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"> <li>• Alternative energy implements</li> <li>• Cheaper electricity</li> </ul>

## 1.4 Service Delivery Overview

Funding to the value of R10m was allocated for the operation and maintenance programme for the 2020/21 financial year. In January 2021, Council approved a further R6,5m towards O&M projects, bringing the total to R16.5m for the 2020/21 financial year. Dikgatlong, Magareng and Phokwane received R1,5 million each and Sol Plaatje an additional R2 million. For the 2020/21 financial year, the district municipality received an allocation of R2,6m for the implementation of the RRAMS in the district. The project was successfully completed within time and budget and the network is now up to date and free of any discrepancies.

Through the EPWP incentive grant the municipality created 30,17 full time equivalents (FTE's) which are more than the required minimum of 14 planned for the year, thereby achieving the planned 50 work opportunities. The following projects were implemented within the district through the EPWP programme:

- Youth Entrepreneurship Development Programme (YEDP);
- Operation and maintenance of municipal amenities - Magareng Local Municipality; and
- Operation and maintenance of municipal amenities - Dikgatlong Local Municipality.

In terms of housing activities, the HSSP for the 2020/21 financial year was not reviewed as the plan for 2019/20 was only approved in June 2020 and was not yet fully implemented, this was due mostly to the impact of the Covid-19 lockdown.

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 in order for the local municipality to render MHS in its area of jurisdiction 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 Covid-19 pandemic has had a devastating effect on human health and the economy globally. The municipality responded to the call of the President that municipalities must implement measures to mitigate the spread of the virus. The municipality have procured protective clothing for the emergency and front-line workers who were involved in the decontamination of public spaces, taxi-ranks, hospitals, clinics and offices of sector departments. Facial masks, antibacterial soap and sanitisers were also distributed to vulnerable communities in the district. The municipality allocated R1m to the fight against the pandemic, of which R337,292 was spent in the 2020/21

financial year. Various awareness campaigns were held in the district to sensitise the communities on the symptoms and preventative measures to curb the spread of the virus, putting emphasis on the importance of wearing facial masks, practicing social distancing and washing and sanitising of hands. The Department of Water and Sanitation also installed storage tanks in the communities which were daily filled with clean drinking water. Antibacterial soap and sanitisers were also distributed amongst the communities to curb the spread of the virus.

An amount of R633,316 was spent from the contingency fund to assist destitute families within the Phokwane, Magareng and Dikgatlong local municipalities for the financial year. No volunteer training took place, however, meetings were held with the disaster management volunteers in three local municipalities, namely Dikgatlong, Magareng and Phokwane. The purpose of the meetings were to update the volunteers on identified risks and to update their Level 1 and Level 3 First Aid training.

A service provider was appointed to design the fire engine bays at Jan Kempdorp. Final designed sketches were submitted before the architects could finalise the plans, which must be submitted the Phokwane Municipality for approval. The service provider prepared the tender documents for the project. It is planned that the construction phase will commence in January 2022. The District Disaster Management Plan and framework was also successfully reviewed.

Local economic development implemented the following projects in the 2020/21 financial year:

- **SMME Capacitation Programme** - the district municipality embarked on a series of SMME skills training and support services interventions aimed at addressing the underlying factors that affect the growth and development of local SMMEs. Small enterprises are underdeveloped and appropriate support is needed so that these enterprises can play a larger role in the economic activity of the district. Despite SMME funding and access to finance as major hindrances to their development, they also suffer from poor business and management skills which are a result of lack of adequate training and education which has resulted in a high rate of business failures
- **Entrepreneurship Week** - the annual Small Business Week took place from 16 - 20 November 2020 and serves as a platform to reflect on the state of entrepreneurship in the district and to encourage entrepreneurship, especially among our young people.
- **Machinery and Equipment Grant** - The purpose of the machinery and equipment grant is to support small businesses with machinery and equipment that can improve their business productivity and efficiency. The grant is an initiative by the municipality to develop enterprises by improving their efficiency and productivity. Eight (8) SMMEs, who met all the requirements, benefited this year.
- **Tourism awareness campaign** - FBDM in partnership with Sol Plaatje Municipality, MLab and the Northern Cape Innovation Forum hosted a tourism tech savvy workshop. The aim of the workshop was to empower tourism SMMEs with digital skills development and introduce business technologies that can improve business productivity and business data management. The revamped tourism website was also launched in December 2020.

In the 2020/21 financial year the district municipal planning tribunal received and processed 24 land development applications for Magareng, Dikgatlong and Phokwane local municipalities. The district municipality Spatial Development Framework (SDF) was reviewed in the year under review.

Through GIS the municipality implemented the following projects:

- **Land Use Survey for Dikgatlong Municipality** - through the project certain elements of the scheme was assessed which were not covered in the original study.
- **Land Audit and cadastral update for Frances Baard District** - In order for local municipalities to effectively perform their municipal functions they need to have access to a spatial register of all properties that lie within their municipal area. The spatial register is populated by conducting a land audit to create cadastral datasets and an updated property ownership list. The district municipality conducted the land audit and cadastral updates to establish land ownership and to determine whether disposed properties have been properly transferred.

## 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 fulfill 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 infrastructure assets, for enhanced service delivery within the Frances Baard district.

The country is still faced with the Covid-19 global pandemic, of which it under-went different lock down levels during the 2020 and 2021 year, these lockdown measures had profound economic implications. The country entered the pandemic after several years of low growth, in 2019 the economy grew by 0.2% and in 2018 it was 0.8%. The economic growth had declined about 5 per cent by the end of 2020 and is expected to rebound to 3 % in 2021. The persistence of the pandemic at the global and domestic levels will continue to constrain the economic recovery during the first half of 2021.

Considering the decline in the GDP due to the negative economic impact of the COVID-19 pandemic, which resulted in an increased government debt and the unemployment rate, the municipality had a surplus of R7,700,763 (2019/20: R20,025,279).

There was a decrease on the allocations to our local municipalities in the 2020/21 budget as compared to the 2019/20 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 R128,351,585 (2019/20: R120,650,822), 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 R10,132,546 (2019/20: R24,718,100). The municipality has been able to pay the creditors within a 30-day period as required by the law.

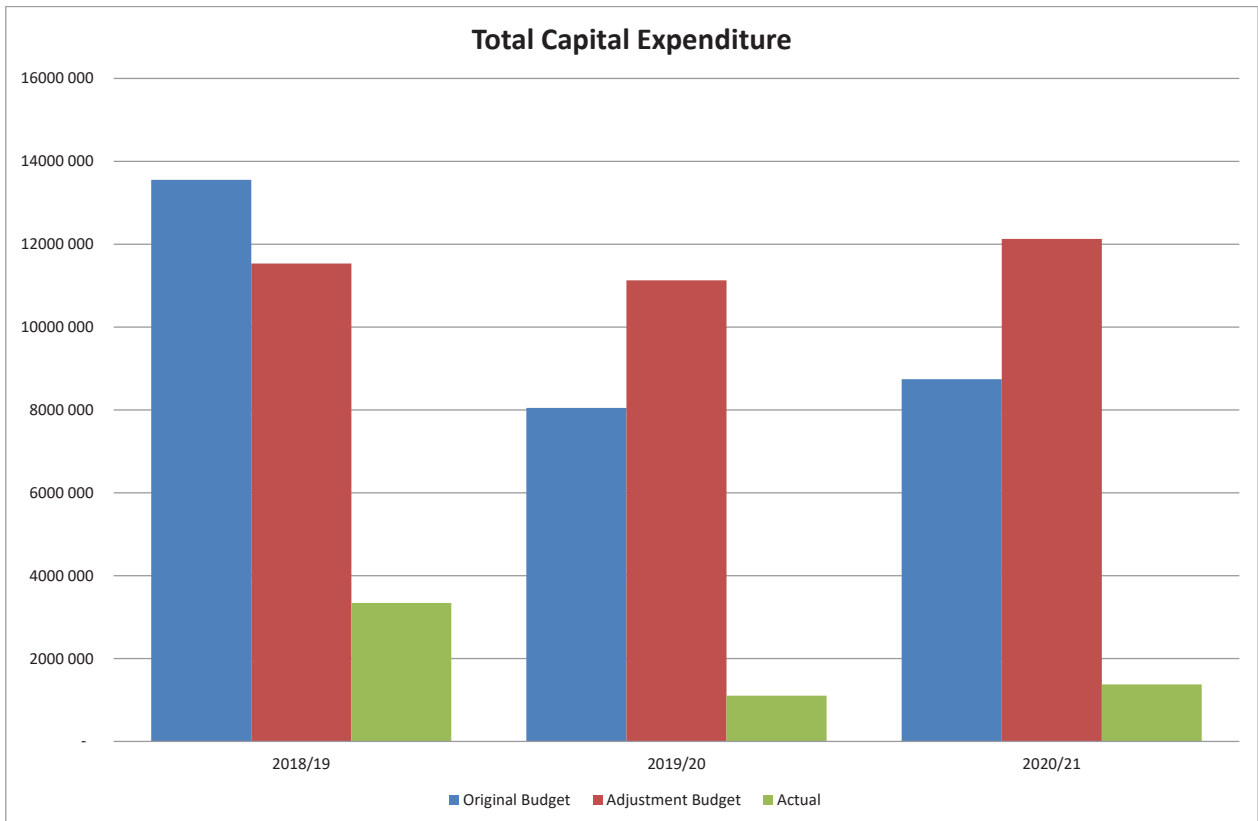
The municipality has always strives to maintain a healthy financial position and continues to monitor its financial status and as such is showing improved financial results on an annual basis. To verify the commitment made, the financial viability of the municipality is still being assessed by the Office of the Auditor-General Office for the 2020/21 financial year with the audit underway, however this is what has been disclosed in the 2020/21 AFS.

<b>Financial Overview - 2020/21</b>			
	<b>R'000</b>		
<b>Details</b>	<b>Original Budget</b>	<b>Adjustment Budget</b>	<b>Actual</b>
<b>Income</b>			
<b>Grants</b>	130 702	132 771	128 874
<b>Taxes, Levies and tariffs</b>			
<b>Other</b>	7 150	7 150	5 945
<b>Sub-Total</b>	137 852	139 921	134 818
<b>Less Expenditure</b>	128 517	128 926	127 117
<b>Net Total*</b>	9 335	10 995	7 701
*Note: surplus/(deficit)			

Operating Ratios	
Detail	%
Employee Cost	63,58%
Repairs & Maintenance	2,81%
Finance Charges & Depreciation	2,66%

The employee costs currently stand at 63,58% 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 63,58% reported.

Total Capital Expenditure 2018/19 - 2020/21			
	R'000		
Detail	2018/19	2019/20	2020/21
Original Budget	13 555	8 050	8 740
Adjustment Budget	11 534	11 130	12 126
Actual	3 343	1 101	1 375



The actual expenditure incurred on fixed assets represents an efficiency rate of 11.34%. There are savings realised on capital items budgeted for, particularly in the disaster management unit, finance unit and IT. This was due to the roll-over of the disaster management building in Jan Kempdorp, which is not yet completed as well as the procurement of the financial system.

## 1.6 Organisational Development Overview

We started the financial year 2020/21 with a clear mandate from our district community derived from the reviewed IDP and the budget. We had a duty to improve our institutional capacity in order to ensure that it is up to the task of implementing the SDBIP of the year under review.

The covid-19 pandemic challenged our operations as we had to learn to work under the new normal. In some instances our interactions with our stakeholders and the district community was limited but that prompted us to find new and unconventional ways of reaching them without creating space for the virus to spread. We adopted a risk assessment strategy for the workplace which assisted us to operate on a daily basis and perform our duties as required. In as much as we made plans and implemented procedures and protocols in which to protect our employees and minimise the risk of the spread of this virus in the work environment, we unfortunately recorded 22 (twenty two) cases of covid-19 for the financial year.

We continue to improve and strengthen our environmental health function with the intention to fully perform it in the near future. We have renewed the service level agreement which we concluded with Sol Plaatje Local Municipality for the rendering of the municipal health services. The renewal of this SLA will be over the MTREF period 2021/22 -24/25 and we will, during this period, continue to assess our readiness and capacity to implement the MHS as part of our statutory obligations.

A special gratitude goes to our essential services workers who continued to work around the clock to ensure that we confront this pandemic in our district. Our disaster management decontaminated public places and homes of affected families whenever cases were reported to us. Our environmental health practitioners also worked around the clock to ensure that the strict covid-19 protocols were adhered to from the time that cases of death were report up to the burial of covid-19 related deaths.

Skills development remains an important pillar in ensuring that we build our institutional capacity and to this end we continue to assess and improve our skills level. We spent 53% of the allocation on skills development and 100% on an allocation made specifically for bursaries for employees who are studying at institutions of higher learning for their national diplomas and bachelor's degrees.

Despite that our financial ability to assist our local municipalities have been declining over the years, the district municipality managed to pass a budget in which 11% of the total approved expenditure went towards operation and maintenance of infrastructure development and as identified in the IDP for the financial year under review. However, with prudent financial management and investments the projected prospects for the outer years will look slightly better.

Through our risk management we also continue to mitigate all risks on fraud and corruption, and to this end have no incident of fraud or corruption detected or prosecuted for this year under review. It is our view that we are a going concern, with a greater portion of our total budget dedicated to the support provided to local municipalities in order to improve their capacity to provide services.

## 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	Sept. - Oct.
9	Auditor-General assesses draft annual report including consolidated annual financial statements and performance data	
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 is 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.

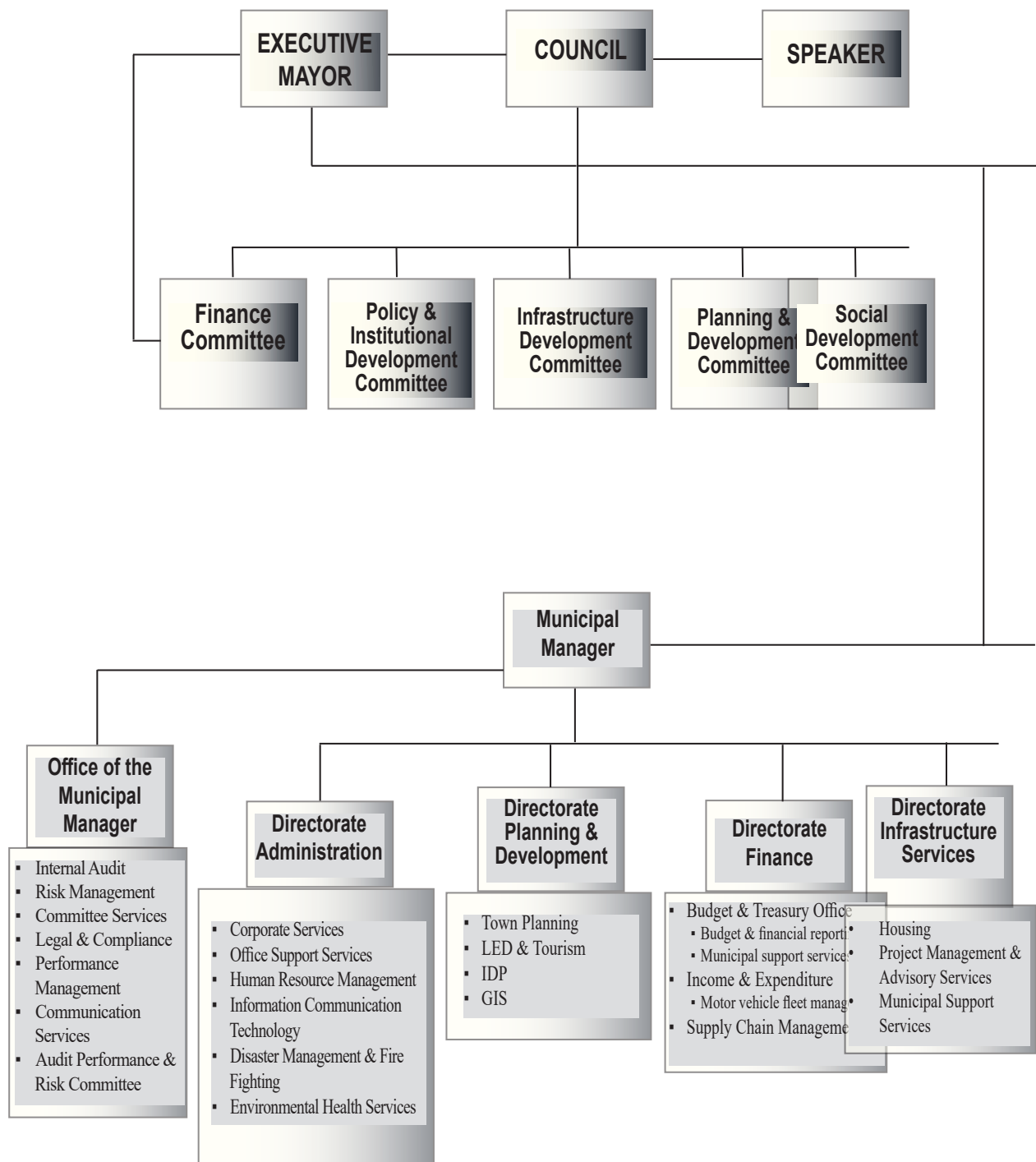
Political governance and transformation is one of the major determining factors in driving the vision of a district which is development focussed and therefore improves the quality of life of the people in its area of jurisdiction.

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 his 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 2021**

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#### **1. PURPOSE**

The Committee is honoured to present its report for the financial period ending 30 June 2021. 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 TD 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.

<b>Dates</b>	<b>TDJ Mogoli</b>	<b>G Botha</b>	<b>T Mudamburi</b>
19 October 2020	√	x	√
29 October 2021	√	√	√
10 November 2020	√	√	√
22 February 2021	√	√	√
06 May 2021	√	√	√
24 June 2021	√	√	√
<b>Total</b>	<b>6</b>	<b>5</b>	<b>6</b>

#### **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 audit committee had an opportunity to liaise with the external auditor during the audit cycle of 2020/21 and was party to the discussion of the audit strategy.

The audit committee is committed to improve the combined assurance model where the committee receives assurance from management, internal and external audit and any other assurance provider that may be necessary from time to time.

## **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. The level of assurance is reflected in more detail in the internal auditor's report and the audit committee has expressed themselves over weaknesses in implementation, monitoring and oversight during the discussion of those detailed reports.

## **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.

The risk assessment reports were presented to the committee and recommended for approval by Council. We took note of the reports presented on the strategic risk register as well as the operational risk register of the business units and identified certain weaknesses from the register: An action plan to have risk owners report to the risk committee on mitigation strategies have been implemented.

## **5.5 IN-YEAR FINANCIAL MANAGEMENT REPORTS**

The committee received in-year financial management reports and considered the content thereof during our meetings. Management provided assurance on the reported financial information.

## **5.6 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 with an additional layer of reviews performed by a performance review committee. The audit committee was involved in the performance assessments of the accounting officer and senior managers. The audit committee took note of the targets not achieved for the 2020-21 financial year as well as the corrective steps taken by the accounting officer. The impact of local municipalities supported by the district municipality on performance remains a concern for the audit committee. Mitigation strategies to improve performance by local municipalities in terms of planning, implementation and reporting should be considered by council during the next strategic planning and mid-year review.

## **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 Review of the Auditor-General's report.

The committee will consider the draft audit report and may take note of the audit opinion expressed.

#### 5.7.3 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.

#### 5.7.4 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 Obtain a clean audit report without findings.



.....  
**Mr.T.D.J Mogoli CA(SA)**  
**Chairperson of the Audit, Performance and Risk Committee**  
**28 October 2021**

2.1.3

Political Structure



Mr PW Marekwa  
Executive Mayor



Ms U Buda  
Speaker



Ms EM Motsamai  
Finance Committee



Mr B Springbok  
Policy & Institutional  
Development Committee



Ms JK Msibi  
Social Development  
Committee



Ms BV Ximba  
Planning & Development  
Committee



Mr M E Mokgathanyane  
Infrastructure  
Development Committee



Ms ET Matika  
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 defectiveness 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 2020/21 financial year

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Monthly finance report: March 2020	<ul style="list-style-type: none"> <li>• Council resolved that the executive mayor write letters to the departments owing the municipality alerting the MEC's of the debt outstanding</li> <li>• Council approved the writing-off the intangible assets as per asset category identification.</li> <li>• Council approved that the assets be donated to local municipalities, NGO's or schools in the Frances Baard District in terms of the Asset Management and SCM policies.</li> <li>• Council resolved that a list of local municipalities, NGO's and / or schools in the Frances Baard District that have received donation from the municipality in the past should be provided in the next committee meeting.</li> </ul>	29 July 2020	The intangible assets were written off and removed from the assets register.	None
Review of the Environmental Management Framework: March 2020	<ul style="list-style-type: none"> <li>• Council noted the report</li> <li>• Council noted review of the Environmental Management Framework</li> <li>• Subject to 1 and 2 above, Council adopted the Environmental Management Framework.</li> </ul>	29 July 2020	No action required	None
Office of the Municipal Manager: 3rd Quarter Institutional Performance Report: June 2020	<ul style="list-style-type: none"> <li>• Council took note the institutional performance report for the period 01 January 2020 to 30 June 2020</li> <li>• Council adopted the institutional performance report for the period 01 January 2020 to 30 June 2020.</li> </ul>	29 July 2020	No action required	None

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
<p>Special Adjustments Budget in Respect of the 2019/20 Financial Year: June 2020</p>	<ul style="list-style-type: none"> <li>• Council resolved that the special adjustment budget of Frances Baard District Municipality for the financial year 2020/2021, and indicative for the projected outer years 2021/2022 and 2022/2023 be approved as set out in the following schedules: <ul style="list-style-type: none"> <li>2.1 Adjustment Budget Summary – Table B1 (Page 1);</li> <li>2.2 Budgeted Financial Performance (Revenue and Expenditure by standard Classification) –Table B2 (Page 2);</li> <li>2.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) Table B3 (Page 3);</li> <li>2.4 Budgeted Financial Performance (revenue and expenditure) – Table B4 (Page 4);</li> <li>2.5 Budgeted Capital Expenditure by vote and funding – Table B5 (Page 5);</li> <li>2.6 Budgeted Financial Position – Table B6 (Page 6);</li> <li>2.7 Budgeted Cash Flows Table B7 (Page 7);</li> <li>2.8 Cash backed reserves/accumulated surplus reconciliation – Table B8 (Page 8);</li> <li>2.9 Asset Management – Table B9 (Page 9);</li> <li>2.10 Basic service delivery measurement table B10 (Page 10)</li> </ul> </li> <li>• Council resolved that the other related supporting documentation to the approved budget be updated according to the adjustments made.</li> <li>• Council resolved that a hard and electronic copy of the complete special adjustment budget be submitted to National; Provincial Treasury and Department of Cooperative Governance, Human Settlement and Traditional Affairs respectively for information.</li> </ul>	<p>29 July 2020</p>	<p>The adjustment budget was adopted and implemented.</p>	<p>None</p>
<p>Development of the Substance abuse policy: June 2020</p>	<ul style="list-style-type: none"> <li>• Council resolved that the draft substance abuse policy be referred back to the LLF for inputs before the sitting of the next Mayoral Committee.</li> <li>• Council resolved that should the LLF fail to meet before the next Mayoral Committee, both the draft substance abuse policy and the Motor Vehicle Allowance Policy must be tabled in the next Mayoral Committee.</li> </ul>	<p>23 September 2020</p>	<p>Substance abuse and motor vehicle policy was adopted on 23/09/2020</p>	<p>The policy was referred back for consultation to include positions lower than T.A.S.K 14</p>

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Monthly Finance Report: May 2020	<ul style="list-style-type: none"> <li>Council resolved that the administration should continue with the debt collection matter through the State Attorney's office whilst seeking advice from the National Treasury on the possibility of writing-off of the debt of the former councillors as it is not economical to pursue the recovery for some unemployed former councillors.</li> <li>Council resolved that former councillors who are employed must still be pursued to recover their outstanding debt.</li> <li>Council resolved that should the current Councillors incur any debt with the municipality during their term of office suitable arrangements should be made for the repayment of the debt timeously</li> </ul>	23 September 2020	A letter was sent to National Treasury and received a response which is yet to be presented to Council.	None
Quarterly report on tourism promotion and development.	<ul style="list-style-type: none"> <li>Council approved that the Planning and Development Committee to embark on a site visit to local municipality as follows: <ul style="list-style-type: none"> <li>Magareng and Phokwane Local Municipality – 29 September 2020.</li> <li>Dikgatlong and Sol Plaatje Local Municipalities – 30 September 2020.</li> </ul> </li> </ul>	23 September 2020	FBDM had a meeting at Phokwane Municipality on the 17 March 2021,	The meetings could not take place due to unavailability's of members at other local municipalities.
Quarterly report on Human Resource	<ul style="list-style-type: none"> <li>Council resolved that the Executive Mayor liaise with the MEC of COGHSTA on the waiver request submitted to the MEC's office.</li> <li>Council approved the HR Strategy</li> </ul>	23 September 2020	The HR strategy was approved	<ul style="list-style-type: none"> <li>In September 2020, the executive mayor wrote a letter to the MEC requesting approval to apply to the Minister for the waiver of the upper-limits for the MM and senior manager's accountable to the MM.</li> <li>The minister in turn declined the application for waiver citing the municipality's limited budget. The HR strategy is currently on the implementation phase.</li> </ul>

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Consideration of motor vehicle allowance policy	<p>1. Council having considered the following proposed amendments as agreed upon by labour and management;</p> <ul style="list-style-type: none"> <li>• That the policy will not specify the positions that qualify for a fixed allowance but rather set a principle as a qualification criterion; and</li> <li>• That the fixed allowance is not only a benefit to managers but to any other employee, who by the nature of their work, are required to travel at least three (3) times in a week.</li> </ul> <p>2. Employees who qualify for the motor vehicle allowance should apply to the Accounting officer for approval.</p> <p>3. Council approved the above-mentioned amendments made to the approved motor vehicle policy; subject to above.</p> <p>4. The Municipal Manager to write a formal letter to the unions to solicit their approval that employees who are required to travel for more than three (3) times a week, consistently, and are below the Task level 14 must receive an allowance of R6 000.00 which is R72 000.00 per annum.</p> <p>The written responses were submitted to the Executive Mayor before the council meeting of 23 September 2020 for tabling in Council.</p> <p>5. Subject to 1 and 2 above, Council resolved that the implementation date of the policy be from 01 October 2020.</p>	23 September 2020	The policy was amended as per the council resolution but further engagement with employee representatives at the LLF with regards positions lower than T.A.S.K 14 and other issues within the policy	Further consultation with employee representatives through the LLF is still ongoing.
Quarterly report – Infrastructure Projects	Council resolved that the Executive Mayor initiate a bilateral meeting with Dikgatlong and FBMD to come up with a way forward on how the district municipality may assist Dikgatlong in future.	23 September 2020	The district informed Dikgatlong that should there be a need for assistance, especially on SCM, they should inform the district.	None
Second quarter and mid-term municipal i n s t i t u t i o n a l performance report	<ul style="list-style-type: none"> <li>• Council considered and approved the second quarter performance report for the period of 01 July 2020 to 30 September 2020.</li> <li>• Council considered and approved the mid-term performance report for the period of 01 July 2020 to 31 December 2020.</li> </ul>	23 September 2020	No action required	None

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
<p>Mid-Year budget and performance Report: Adjustment Budget in Respect of the 2020/21 financial year</p>	<p><b>Resolution</b></p> <ol style="list-style-type: none"> <li>1. Council approved of the adjustment budget as per recommended resolution tabled;</li> <li>2. 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"> <li>2.1 Adjustment Budget Summary – Table B1 (Page 1);</li> <li>2.2 Budgeted Financial Performance (Revenue and Expenditure by standard Classification) – Table B2 (Page 2-3);</li> <li>2.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) Table B3 (Page 4-5);</li> <li>2.4 Budgeted Financial Performance (revenue and expenditure) – Table B4 (Page 6);</li> <li>2.5 Budgeted Capital Expenditure by vote and funding – Table B5 (Page 7-8);</li> <li>2.6 Budgeted Financial Position – Table B6 (Page 9);</li> <li>2.7 Budgeted Cash Flows Table B7 (Page 10);</li> <li>2.8 Cash backed reserves/accumulated surplus reconciliation – Table B8 (Page 11);</li> <li>2.9 Asset Management – Table B9 (Page 12-13); and</li> <li>2.10 Basic service delivery measurement table B10 (Page 14).</li> </ol> </li> <li>3. Council resolved that the other related supporting documentation to the approved budget be updated according to the adjustments made; and</li> <li>4. 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.</li> <li>5. Council Resolved to allocate from the savings a further R6,5 million to local municipalities for operation &amp; 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).</li> </ol>	25 January 2021	Approved budget is implemented.	None

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Vacancy on oversight committee: appointment of additional member	Council approves the Municipal Manager must follow the required processes to appoint an additional member for the Oversight Committee.	25 January 2021	The vacancy for an additional member for the oversight committee was advertised	We could not find suitably qualified candidates as a result the vacancy must be re-advertised.
Council and Committee Meetings 2021	Council considered and approved the proposed meeting schedule for 2021 calendar year.	25 January 2021	No action required	None
Second Quarter and Mid Term Municipal Institutional Performance Report	Council considered and approved the second quarter performance report for the period of 1 July to 30 September 2020	24 February 2021	No action required	None
Mid-year budget and performance report: adjustments budget in respect of the 2020/21 financial year	Council considered the content of the report	24 February 2021	Approved and implemented.	None
Adjustments budget in respect of the 2019/20 financial year	Council considers the approval of the adjustment budget as per recommended resolution tabled	26 February 2021	Approved and implemented.	None
Amended service delivery and budget implementation plan	Council noted and approved the amended service delivery and budget implementation plan for the 2019/2020 financial year.	26 February 2021	No action required	None
Report on the Barkly West waterfront project	Council noted the contents of the report of technical steering committee.	26 February 2021	FBDM advertised for a new service provider to complete the snags on the project and the retention funds will be used for this completion.	None
Assurance report on verification of section 72 report	<ul style="list-style-type: none"> <li>Council noted the contents of this report</li> <li>Council adopted the report of Internal Audit</li> </ul>	26 February 2021	No action required	None
Mid-year budget and performance report: adjustments budget in respect of the 2019/20 financial year	Council considers the approval of the adjustment budget as per recommended resolution tabled	26 February 2021	Approved and implemented.	None
Request for filling of vacant seats in committees	Council considered and approved the report.	31 March 2021	Vacancies were filled	None

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Draft annual report for the financial year ended 30 June 2020	<ul style="list-style-type: none"> <li>Council considered the draft annual report for the 2019/20 financial year.</li> <li>Council resolved that the draft annual report be made public through a notice for the public to make comments for a period of Fourteen (14) Days.</li> </ul>	31 March 2021	Draft annual report was advertised in local newspaper on 09 April 2021	None
Draft district integrated development plan review 2020/21; planning 2021/22.	<ul style="list-style-type: none"> <li>Council approved the draft district IDP (Review 2020/21; Planning 2021/22).</li> <li>Council resolved that the draft district IDP (Review 2020/21 – Planning 2021/22) be made public through a notice for the public to make comments for a period of twenty – one (21) Days</li> </ul>	31 March 2021	District draft IDP was made public in the DFA on the 09 April 2021 as well as distributed to the local municipalities for inputs and comments.	None
Infrastructure unit: supplementary report	<ul style="list-style-type: none"> <li>Council ratified the site visits of the committee members to the municipalities on the dates that will be arranged by the administration</li> <li>The chairperson of the infrastructure services must initiate a meeting with the Dikgatlong local municipality and the consultant appointed for the oxidation project to find an amicable solution for the project to continue</li> </ul>	26 May 2021	The meeting was arranged with the infrastructure committee (FBDM), Dikgatlong and the consultant appointed for the oxidation ponds. The meeting took place on the 1st April 2021.	None
Monthly finance report: January 2021	<ul style="list-style-type: none"> <li>Council approved that the finance department compile a report on all activities and expenditures incurred during commemorative days and table report to the next finance committee meeting</li> <li>Council approved that the committee re-look the list of all debtors of the municipality to ascertain if the administration has done enough in collecting debt</li> </ul>	26 May 2021	Approved and submitted to relevant stakeholders.	None
Writing off redundant computer and office equipment, furniture, stationery and tonneau cover of bakkie	<ul style="list-style-type: none"> <li>Council approved write-off of the attached list of assets category identification</li> <li>Council approves that the finance committee separate the list of assets to be written off into two categories; assets that are still reusable and assets that are redundant (not usable), and only donate the usable assets to local municipalities, non-profit organizations and/schools</li> </ul>	26 May 2021	Assets were written off and disposed per the policy.	None

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
<p>Audit report for the financial year ended 30 June 2020</p>	<ul style="list-style-type: none"> <li>Council noted the unqualified audit report with no findings as expressed by the Auditor General for the 2019/20 financial year</li> <li>Council resolved that the audited financial statements, annual performance report and Auditor General's report be included in the annual report for submission during May 2021 to council as per legislative requirements</li> <li>Council resolved that the Municipal Manager must ensure that the final printer's proof of annual report must be submitted to the relevant senior manager of the Auditor General of South Africa for verification purposes.</li> </ul>	<p>26 May 2021</p>	<p>Approved and implemented.</p>	<p>None</p>
<p>Draft budget for the 2021/22 financial year</p>	<ul style="list-style-type: none"> <li>Council resolve that the draft annual budget of the municipality for the financial year 2021/22 and indicative of the projected outer years 2022/23 and 2023/24 be approved as set out in the following schedules: <ul style="list-style-type: none"> <li>Budget summary – Table A1 (page B1)</li> <li>Budgeted financial performance (revenue and expenditure by standard classification) – Table A2 (Page B2)</li> <li>Budgeted financial performance (revenue and expenditure by municipal vote) – Table A3 (Page B3)</li> <li>Budgeted financial performance (revenue and expenditure) – Table A4 (Page B4)</li> <li>Budgeted capital expenditure by vote, standard classification and funding – Table A5 (Page B5)</li> <li>Budgeted financial position – Table A6 (Page B6)</li> <li>Budgeted cashflow – Table A7 (Page B7)</li> <li>Cash backed reserves/accumulated surplus reconciliation – Table A8 (Page B8)</li> <li>Asset Management - Table A9 (Page B9)</li> <li>Basic service delivery measurement – Table A10 (Page B10)</li> </ul> </li> <li>Council approved the 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 2021</li> </ul>	<p>26 May 2021</p>	<p>Approved, distributed to relevant stakeholders and implemented.</p>	<p>None</p>

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Human settlements sector plan and chapter of the IDP for 2021/22	<ul style="list-style-type: none"> <li>Council resolved that the Human settlements sector plan for 2020/21 be included in the IDP as its human settlement chapter</li> <li>Council approved the Frances Baard District Municipality Human Settlements Chapter of the IDP for 2020/21</li> <li>Council resolved that the Human Settlements Sector Plan for 2020/21 be included in the IDP as its human settlement chapter</li> </ul>	26 May 2021	Included into IDP	None
Third quarter municipal institutional performance report	Council adopted the third quarter municipal institutional performance report for the period 01 January to 31 March 2021	28 June 2021	No action required	None
District IDP review 2020/21; planning 2021/22	Council approved and adopted the district IDP review 2020/21; planning 2021/22	28 June 2021	No action required	None
MPAC oversight report on the annual report for the financial year ended 30 June 2020	<ul style="list-style-type: none"> <li>Council considered the draft annual report and the MPAC oversight report</li> <li>Council approved the 2019/20 annual report without reservations</li> </ul>	28 June 2021	None	

## 2.2 Administrative Governance

The municipal manager (accounting officer) 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), Oversight Committee, 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 Saligh Suliman  
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 Philladelphia 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 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:

### National Intergovernmental Structures

Frances Baard District Municipality (FBDM) participates quarterly in the Technical Implementation forum which is known as Mintech, which prepares the report to the Implementation forum or MinMEC and then submit the final reports to Cabinet committee. The MinTech involves the Heads of Departments that contribute towards the implementation of the Outcome 7 which states "Vibrant, equitable and sustainable rural communities contributing to food security for all" that forms part of the 12 outcomes. The 12 outcomes emanated from National Development Plan 2030 and are being implemented through the Medium Term Strategic Framework 2014-2019 over the period of five years.

The MinTech focuses on joint planning, coordination, implementation, monitoring and evaluation of the rural development programmes. The district is the main stakeholder that facilitates and champions the implementation of the rural development programmes within its local municipalities. The programmes must contribute towards inclusivity, elimination of poverty, food security and reduction of the inequality within the communities. Based on the NDP emphasis which states that all citizens and sectors of the society must actively participate in their own development and assume the leadership roles. All departments and other spheres which have a substantial contribution to make to an outcome must participate in the forums. Thus, the FBDM continuously attends the Technical Implementation forums to promote intergovernmental relations and provision of the quality services to the community within its area of the jurisdiction.

- **National Accreditation Task Team**

The purpose of this meeting is to monitor and report on progress with the implementation of the accreditation programme. The meeting includes the Capacity and Compliance Audit Team Panel members. The meeting meets quarterly prior to the Technical Minmec to review progress.

- **Implementation Forum**

The purpose of this meeting is to develop the delivery agreement and oversee the implementation of Outcome 8 in Provinces.

It brings together stakeholders and role players and ensures effective coordination and problem solving, and that the delivery agreement is achieved. The primary aim is the monitoring and reporting of progress with implementing the delivery agreement and to ensure continuous improvement. The forum report to the Minister's Implementation Forum and is responsible for preparing the content and reports for the Minister's Implementation Forum. The meeting is held jointly with the Technical Minmec.

### Provincial Intergovernmental Structure

FBDM attends the Premier's Inter-governmental Forum, which is attended by all MEC's of provincial departments, district mayors, local mayors and SALGA. The PIGF is the forum in which the Premier co-ordinates the alignment of the provincial and municipal development and strategic planning

### 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 creates 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

The municipal council and the administration play a critical 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. The Municipal Public Accounts Committee (MPAC), Oversight Committee and the Audit Committee and 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. 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 supply chain management of the municipality is implemented in line with the Municipal Finance Management Act, its regulations and the policy. The municipality strives at all times for competition, fairness and equity in its supply chain management. Supply chain is an area inherently prone to risk and this necessitated an improvement on segregation of duties through bid committees and instilling the values of ethics and low risk on fraud. The bid committees assists the accounting officer to adhere to the systems of supply chain management.

The municipality has strengthened its internal controls on the following:

- 1) Demand management;
- 2) Acquisition management;
- 3) Logistics management; and
- 4) Disposal management.

#### 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 the terms of 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 a shared and support services to both Dikgatlong and Magareng local municipalities through a memorandum of agreement due 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 Code IV of 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 risk registers of the municipality were completed timeously 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 fraud or corruption reported to the risk management unit during 2019/2020 financial year. Risk management unit has performed its advisory role to MPAC in respect of investigating Section 32 expenditure (MFMA Act).

## 2.5.3 Website

<b>Municipal Website: Content and currency of material</b>		
<b>Documents published on the Municipality's Website</b>	<b>Yes / No</b>	<b>Publishing date</b>
Current annual and adjustment budgets and all budget-related documents	Yes	Jul 2020 - June 2021
All current budget-related policies	Yes	As and when reviewed
The previous annual report (2019/20)	Yes	Jun 2020
The annual report (2020/21) to be published	Yes	Apr 2021
All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (2019/20) and resulting scorecards	Yes	Aug 2020
All service delivery agreements (2020/21)	Yes	Jul 2020 (SDBIP)
All long-term borrowing contracts (2020/21)		Jun 2021
All supply chain management contracts above a prescribed value (above R200,000) for 2020/21	Yes	Jun 2021
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 2020/21	Yes	List of disposed assets placed on website
Contracts agreed in 2020/21 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 2020/21	No	n/a
All quarterly reports tabled in the council in terms of section 52 (d) during 2020/21	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 2020/21 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) reated 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	1
	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%
		Monitoring of projects	Number of monitoring reports	4

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 problems. 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

The district municipality did not allocate any funding towards capital projects for 2020/2021 financial year.

### 3.1.2 Operation and Maintenance

Funding to the value of R10m was originally allocated for the operation and maintenance programme for the 2020/21 financial year. In January 2021 Council approved a further R6,5m towards operation and maintenance projects, bringing the total to R16.5m for the 2020/21 financial year. Dikgatlong, Magareng and Phokwane received R1,5m each and Sol Plaatje an additional R2m. After a slow start, expenditure in the fourth quarter increased dramatically and the local municipalities claimed 100% of the operation and maintenance grant for the 2020/21 financial year. The following is a breakdown of the amounts spent:

Municipality	Project Description	Allocation	Amount spent
Dikgatlong	Operation and Maintenance	4,000,000	4,000,000
Magareng	Operation and Maintenance	4,000,000	4,000,000
Phokwane	Operation and Maintenance	4,000,000	4,000,000
Sol Plaatje	Operation and Maintenance	4,500,000	4,500,000
<b>TOTAL</b>		<b>16,500,000</b>	<b>16,500,000</b>

### 3.1.3 Project Management & Advisory Services (KPA 1)

Employees: Programme Management & Advisory Services					
Job Level	2019/20	2020/21			
	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*	2	2	1	0,14	7%
9 - 13	2	2	2	0,00	0
14 - 18	5	5	5	0,00	0
19 - 26	0	0	0	0,00	0
<b>Total</b>	<b>9</b>	<b>9</b>	<b>8</b>	<b>0,14</b>	<b>2%</b>

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.

\* 2 unfunded post (The grader in use by the district municipality had a major breakdown and Council weighed up the two options whether to repair the grader or increase O&M allocations to local municipalities to hire their own grader. Council resolved not to repair but to increase O&M funds. This led to the two grader operator positions to become redundant. However, the positions will remain on the organogram.)

Financial Performance 2020/21: Programme Management & Advisory Services						R'000
Details	2019/20	2020/21				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	3 023	2 983	4 441	2 983	33%	
Expenditure:						
Employees	3 544	4 658	4 556	4 317	5%	
Repairs and maintenance	–	–	–	–	-	
Other <sup>1</sup>	22 503	12 736	19 206	(4 317)	122%	
<b>Total Operational Expenditure</b>	<b>26 047</b>	<b>17 394</b>	<b>23 762</b>	<b>–</b>	<b>100%</b>	
<b>Net Operational Expenditure</b>	<b>23 024</b>	<b>14 411</b>	<b>19 321</b>	<b>(2 983)</b>	<b>115%</b>	

Special Projects Expenditure 2020/21: Programme Management & Advisory Services						R '000
Special Projects	2020/21					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value <sup>2</sup>	
<b>Total All</b>	<b>3 644</b>	<b>0</b>	<b>2 604</b>	<b>-40%</b>	<b>2 604</b>	
Implementation of the Rural Roads Asset Management System (RRAMS)	2 543	0	1 503	-69%	1 503	
Extended Public Works Programme	1 101	0	1 101	0%	1 101	

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 projects listed above are explained as follows:

### 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.

Bigen Africa/EAS JV has been appointed as the service provider on the project for 3 years, starting 2018/19 to 2020/21 financial year. For the current financial year, the district municipality received an allocation of R2,5m for the implementation of the RRAMS in the district.

The RRAMS project was completed successfully within time and in budget. The development of a RAMS 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.

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

Project description	Budget (R '000)	Actual expenditure (R '000)	Project status
<b>RRAMS Projects</b>			
Rural road asset management system	2 543	1 503	This was a 3-year project and it has successfully been completed
<b>TOTAL</b>	<b>2 543</b>	<b>1 503</b>	

### 3.1.4 Expanded Public Works Programme

Frances Baard District Municipality received an EPWP incentive grant of R1,101,000 for the 2020/21 financial year. Expenditure and employment created under the following projects was reported against the allocated grant:

For the 2020/21 financial year the target was 14 Full Time Equivalents (FTE's). A total of 50 work opportunities were created which generated a total of 30,17 FTEs with a total expenditure of R1,2m which translates to 215,47% and 105,13% percentage respectively in terms of FTEs and expenditure of the allocation.

- **Youth Entrepreneurship Development Programme (YEDP) (R501,000)**

The youth entrepreneurship development programme seeks to capacitate young graduates in career development and additionally offers 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 started on 1 November 2014 and is continued with the intake commencing on 1 June 2020.

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 YDEP has generated 19 Work Opportunities, which created a total of 9.56 FTE's for 2020/2021.

Frances Baard District Municipality has paid a total of R 874 774.60 for intern stipends, of which a portion R 686 545.80 has been paid from the EPWP budget.

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

This project includes works in the maintenance of basic infrastructure services, including water reticulation, sanitation and dams, bolder and rock removal and clearing of illegal dumping sites using manual labour as well as other municipal amenities. The project is based in Dikgatlong Local Municipality, and the commencement was delayed due to community unrest. This project started on 18 January 2021. The project employed 10 EPWP participants creating a total of 4.57 FTEs and generating a total expenditure of R 102 215.00, which is 34.07% of the total budget. The under expenditure is due to delayed start of the project and the remaining funds was used with the two remaining projects.

- **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 and started on the 1 October 2020. To date this project has created a total of 21 work opportunities which has generated a total of 16,03 FTEs with the total expenditure of R 368 700.00 which translates to 122.90% expenditure.

Project description	Budget (R '000)	Actual expenditure (R '000)	Labour			Project status
			M	F	D	
<b>EPWP Projects</b>						
Youth entrepreneurship development programme	501	687	3	16	0	Project is progressing well and is ongoing
Operation and maintenance of municipal amenities, Dikgatlong	300	102	6	4	0	This project is complete
Operation and maintenance of municipal amenities, Magareng	300	369	8	13	0	This project is complete
<b>TOTAL</b>	<b>1,101</b>	<b>1,157<sup>1</sup></b>	<b>17</b>	<b>33</b>	<b>0</b>	

1 In addition to the EPWP grant, FBDM contributed funding through the O&M programme to successfully complete all the EPWP projects for the FY

### 3.1.5 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 thru our administrative staff and quality assurance thru 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.

It also further strengthens and allows the municipality to plan for future developments, taking into consideration the available services such as water, sanitation, electricity as well as land. The major impact of this service is the revenue enhancement of the municipalities and increasing the number of rate payers.

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 and 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	2019/20	2020/21			
	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*	6	9	4	2,74	30%
14 - 18**	1	4	1	1,64	41%
19 - 26	0	0	0	0,00	0
<b>Total</b>	<b>7</b>	<b>13</b>	<b>5</b>	<b>4,38</b>	<b>34%</b>
8 posts unfunded					

Financial Performance 2020/21: Housing Services					
R'000					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	2 142	3 239	2 181	1 964	90%
Repairs and maintenance		–	–	–	0%
Other <sup>1</sup>	(2 142)	1 030	988	71	7%
<b>Total Operational Expenditure</b>	<b>–</b>	<b>4 269</b>	<b>3 170</b>	<b>2 035</b>	<b>64%</b>
<b>Net Operational Expenditure</b>	<b>–</b>	<b>4 269</b>	<b>3 170</b>	<b>2 035</b>	<b>64%</b>

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 five 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;
- Completed 88% of the preparation of the Infill developments in Phokwane Municipality;
- Partly completed 36% activities of the Magareng SDF review and
- Reviewed the FBDM SDF.

### **Geographic Information System (GIS) (KPA 3)**

GIS provides spatial information to all stakeholders for planning and resource allocation purposes. For the financial year 2020/21 conducted the following:

- Land Use Survey for Dikgatlong Municipality
- Land audit and Cadastral Update for Frances Baard District Municipality
- GIS Training Phokwane Municipality
- Provision to the public and government departments.

### **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 support to the women empowerment programme;
- Provided support to the SMME with machinery and equipment grant;
- Provided support to the Magareng Tourism Association to promote tourism;
- Hosted the tourism association and quarterly forums;
- School business plan competition was cancelled due to Covid 19;
- Conducted the digitalization with the Tourism SMMEs in the district;
- Conducted tourism awareness campaign in the district;
- Conducted N12 tourism promotional campaigns;
- Received Environment Authorisation for Ganspan Waterfowl Nature reserve from the Department of Environment and also applied for the water use license with the Department of Water and Sanitation still waiting for the approval.

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		
		Indicator	Unit of measure	Target
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	1
	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	2019/20	2020/21			
	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	0	1	1	0,00	0
14 - 18	2	3	3	0,33	11%
19 - 26	0	0	0	0,00	0
<b>Total</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>0,33</b>	<b>8%</b>

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 2020/2021: Spatial Planning Services					
Details	R'000				
	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	–	1 500	1 500	–	–
Expenditure:					
Employees	1 058	2 609	1 126	857	76%
Repairs and Maintenance	–	–	–	–	0%
Other <sup>1</sup>	1 344	669	964	352	37%
<b>Total Operational Expenditure</b>	<b>2 402</b>	<b>3 278</b>	<b>2 090</b>	<b>1 209</b>	<b>58%</b>
<b>Net Operational Expenditure</b>	<b>2 402</b>	<b>1 778</b>	<b>590</b>	<b>1 209</b>	<b>205%</b>

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

Special Projects Expenditure 2020/2021: Spatial Planning Services					
R' 000					
Special Projects	2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>552</b>	<b>0</b>	<b>397</b>	<b>-39%</b>	<b>397</b>
District Municipal Planning Tribunal (DMPT).	70	0	28	-150%	28
Phokwane Infill Development	170	0	136	-25%	136
Frances Baard District Municipality SDF review	232	0	232	0%	232
Magareng SDF review	80	0	1	-7900%	1

### 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 2020/21 financial year the total number of the applications received from applicants were 16. The type of the applications received include 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.

### Phokwane Infill Development

The district municipality is 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 approval by the District Municipal Planning Tribunal (DMPT) and submission to the Surveyor-General for approval and registration will be concluded in the 2021/22 Financial Year. The delay in appointment of the environmentalist by Phokwane Municipality delayed the project.

### Frances Baard District Municipality SDF review

Frances Baard District Municipality reviewed 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 district area of jurisdiction. The final Spatial Development Framework was adopted by Council on the 23rd of June 2021 and also gazetted on 9 August 2021.

### Magareng SDF Review.

FBDM is assisted with the review of Magaraneg Local Municipality (MLM) 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 cancellation of the public participation processes delayed the project and as such part of the project will be completed in the second quarter of 2021/22.

### 3.2.2 Geographic Information System (GIS) (KPA 3)

GOAL	OBJECTIVES	OUTCOME		
		Indicator	Unit of measure	Target
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	2019/20	2020/21			
	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	0	1	1	0,10	10%
14 - 18	1	1	1	0,00	0
19 - 26	0	0	0	0,00	0
<b>Total</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>0,10</b>	<b>5%</b>

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 2020/2021: Geographic Information System Services						R'000
Details	2019/20	2020/21				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	–	–	–	–	–	
Expenditure:						
Employees	1 058	2 609	1 126	857	24%	
Repairs and Maintenance	–	–	–	–	–	
Other <sup>1</sup>	286	669	964	352	63%	
<b>Total Operational Expenditure</b>	<b>1 344</b>	<b>3 278</b>	<b>2 090</b>	<b>1 209</b>	<b>42%</b>	
<b>Net Operational Expenditure</b>	<b>1 344</b>	<b>3 278</b>	<b>2 090</b>	<b>1 209</b>	<b>42%</b>	

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

Special Projects Expenditure 2020/2021: Geographic Information System Services					
R' 000					
Special Projects	2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	890	0	599	-49%	599
Land-use survey for Dikgatlong Municipality	390	0	300	-30%	300
Land audit and cadastral update for FBDM	500	0	299	-67%	299

### Land Use Survey for Dikgatlong Municipality

This project was initially planned for implementation in the 2019/20 financial year but due to delays in the appointment of a service provider, as a result of the Covid-19 pandemic, implementation was only accomplished in the 2020/21 financial year. Through the project certain elements of the scheme was assessed which were not covered in the original study. The project was successfully completed with all deliverables and reports received.

### Land Audit and cadastral update for Frances Baard District

In order for local municipalities to effectively perform their municipal functions they need to have access to a spatial register of all properties that lie within their municipal area. The spatial register is populated by conducting a land audit to create cadastral datasets and an updated property ownership list. The district municipality conducted the land audit and cadastral updates to establish land ownership and to determine whether disposed properties have been properly transferred. The land audit was completed to schedule and all deliverables together with the close-out report was received.

### 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		
		Indicator	Unit of measure	Target
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	2019/20	2020/21			
	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	2	2	2	0,00	0
9 - 13	3	3	3	0,00	0
14 - 18	2	2	2	0,00	0
19 - 26	0	0	0	0,00	0
Interns*	6	8	8		
<b>Total</b>	<b>7</b>	<b>7</b>	<b>7</b>		

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 2019/20 financial year.*

Financial Performance 2020/21 Local Economic Development Services						R'000
Details	2019/20	2020/21				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	–	–	–	–	–	
Expenditure:						
Employees	2 146	3 141	3 273	2 726	83%	
Repairs and Maintenance	–	–	–	–	-	
Other <sup>1</sup>	2 734	4 361	4 247	3 089	73%	
<b>Total Operational Expenditure</b>	<b>4 880</b>	<b>7 503</b>	<b>7 521</b>	<b>5 815</b>	<b>77%</b>	
<b>Net Operational Expenditure</b>	<b>4 880</b>	<b>7 503</b>	<b>7 521</b>	<b>5 815</b>	<b>77%</b>	

Special Projects Expenditure 2020/2021: Local Economic Development Services						R' 000
Special Projects	2020/21					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	2 166	0	2 015	-7%	2 015	
Global Entrepreneur Awareness Expo (GEW)	536	0	536	0%	536	
Business management & leadership training	780	0	629	-24%	629	
Women empowerment programme	50	0	50	0%	50	
SMMEs support through the machinery & equipment grant	800	0	800	0%	800	

In the 2020/2021 financial year a few of our flagship projects could not be implemented due to the Covid-19 pandemic namely, packaging of investment promotion, development of business clusters, establishment of district investment desk, participate at SAITEX and YEDP training programme.

- **Global Entrepreneur Awareness Expo (GEW)**

The project is aimed at promoting entrepreneurship and provide training and motivation to businesses. We hosted GEW successfully during 2020 at the Mayibuye Community Centre and in local municipal areas.

Over 200 SMMEs attended and participated in the event.

- **Business Management & Leadership Training**

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.

- **Women Empowerment Programme**

The project focuses on empowering women in the Transportation sector. Sixteen (16) women in construction participated in the programme.

- **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 during challenging times of Covid-19.

<b>Jobs Created during 2020/21 by LED Initiatives (Excluding EPWP projects)</b>				
<b>Total Jobs created / Top 3 initiatives</b>	<b>Jobs created No.</b>	<b>Jobs lost/displaced by other initiatives No.</b>	<b>Net total jobs created in year No.</b>	<b>Method of validating jobs created/lost</b>
Total (all initiatives)				
2018/19	129	0	129	Registers
2019/20	0	0	0	0
2020/21	7	0	7	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.

<b>GOAL</b>	<b>OBJECTIVES</b>	<b>OUTCOME</b>		
		<b>Indicator</b>	<b>Unit of measure</b>	<b>Target</b>
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 2020/2021: Tourism					
					R' 000
Special Projects	2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	565	0	154	-267%	154
Restoration of Ganspan-pan (EIR and EMP report)	220	0	19	-1058%	19
Awareness Campaign	170	0	46	-270%	46
Tourism Promotion	100	0	71	-41%	71
Magareng Tourism Association	75	0	18	-317%	18

The 2020/2021 financial year a few of our flagship projects could not be implemented due to the covid 19 pandemic namely, Schools business plan competition, Indaba Expo and Tourism Association. However, the following projects were implemented in the 2020/21 financial year:

- Restoration of Ganspan - An application was submitted for water use license at the Department Water Affairs.
- Awareness Campaigns - Campaigns were successfully held in the Dikgatlong, Magareng and Phokwane local municipalities during September 2020.
- N12 Promotion Campaign - The campaign was successfully held during December 2020 at the Pumla Garage ( Magarneg), Shell Ultra (Sol Plaatje).
- Tourism promotion - Tourism promotional material has been procured to promote tourism in the district.
- Magareng Tourism Association - We supported Magareng Tourism Association with the development of a brochure and the design of a corporate logo for the association.

### 3.3 Corporate Services

#### 3.3.1 Environmental Health (KPA 3)

GOAL	OBJECTIVES	OUTCOME		
		Indicator	Unit of measure	Target
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	620
		Surface swabs to analyze for diseases and other health risks	Number of surface swabs collected for analysis	170
		Food handlers trained in environmental health requirements	Number of food handlers trained	360
		Inspections to determine health safety at non-food premises	Number of inspections at non-food premises to determine health safety	300
	To implement and monitor environmental planning and management in the Frances Baard District	Successful awareness campaigns conducted	Number of awareness campaigns	84
		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	2019/20	2020/21			
	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	0	0	0	0,00	0
9 - 13	0	0	0	0,00	0
14 - 18 *	8	8	8	0,00	0
19 - 26	0	0	0	0,00	0
<b>Total</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>0,00</b>	<b>0</b>

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 2020/21: Environmental Health Services					
					R'000
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	–	–	–	–	–
Expenditure:					
Employees	4 277	5 467	5 666	5 217	7,92%
Repairs and Maintenance	–	–	–	–	-
Other <sup>1</sup>	1 818	4 460	5 414	2 743	49,34%
<b>Total Operational Expenditure</b>	<b>6 095</b>	<b>9 927</b>	<b>11 080</b>	<b>7 960</b>	<b>28,16%</b>
<b>Net Operational Expenditure</b>	<b>6 095</b>	<b>9 927</b>	<b>11 080</b>	<b>7 960</b>	<b>28,16%</b>

Special Projects 2020/21: Environmental Health Services					
					R' 000
Special Projects	2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>482</b>	<b>0</b>	<b>229</b>	<b>-110%</b>	<b>229</b>
Environmental calendar days	15	0	13	-15%	13
Environmental health awareness campaigns	43	0	30	-43%	30
Water quality monitoring	424	0	186	-128%	186

**a) Environmental calendar days**

Seven environmental health calendar days were celebrated to sensitise and to educate and to mobilise communities for action for the protection of the environment. These days are used as platforms for raising environmental issues such as water pollution, global warming, climate change and the importance of conserving present resources like water for the benefit of current and future generations. Learners and community members were also encouraged to take ownership of their immediate environment.

**b) Environmental health awareness campaigns**

Communities live, play and work in the environment and various factors may have a detrimental effect on human health if not managed in a responsible manner. In order to address challenges and factors that may have negative impacts on the environment and human life, the Environmental Health Unit conducted eighty four campaigns in the communities to sensitise them on the impacts that certain activities may have on the environment. To raise awareness and understanding about critical health issues and to mobilise support for action, the following campaigns were conducted in collaboration with other stakeholders in the district:

- **Sanitation awareness campaigns**

During the Covid-19 pandemic the Environmental Health Unit conducted various campaigns in communities and at schools to sensitise the learners and community members on the symptoms and preventative measures to curb the spread of the virus. During these campaigns it was also demonstrated to the communities how to wash their hands for at least 20 seconds effectively with water and soap. Anti-bacterial soap and sanitisers were also distributed amongst the communities. Shop owners were also instructed to provide sanitisers at the entrances of the shops in order for the clients to sanitise their hands before entering the premises.

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

- **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, impacts, how to avoid it and how to stop it. Inspections are conducted regularly at industries to ensure that their emissions fall within the prescribed limits.

- **Waste management awareness campaigns**

Littering, which is one of the main challenges in the district, 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. Strategic areas where illegal dumping occurs, were cleaned and the waste was disposed off 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**

Approximately 600 water samples were collected at various sampling points in the district to test compliance with the South African National Standards for Drinking Water, 2016. During the Covid-19 pandemic, the Department of Water and Sanitation installed additional water tanks in the communities in order to provide clean drinking water also for hand washing to curb the spread of the disease. Samples were also collected from these tanks to ensure compliance.

### 3.3.2 Disaster Management & Fire Fighting (KPA 3)

The implementation of the Disaster Management Act is the responsibility of the district municipality and is implemented according to the guidelines of the National Disaster Management Framework, 2005 within the following key performance areas:

- 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.

The disaster management plans for the district and local municipalities have been reviewed in this financial year. 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.

The Frances Baard District was affected by disasters for the period under review. Disasters declared were as follows:

- Covid 19 pandemic;
- Drought; and
- Heavy rains and gail force winds due to tropical storm “Eliose”.

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 also inspect and maintain the units on an annual basis.

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. No volunteers were trained for the period under review.

Municipal Area	Number recruited
Phokwane	10
Magareng	10
Dikgatlong	10

**Other activities for 2020/21**

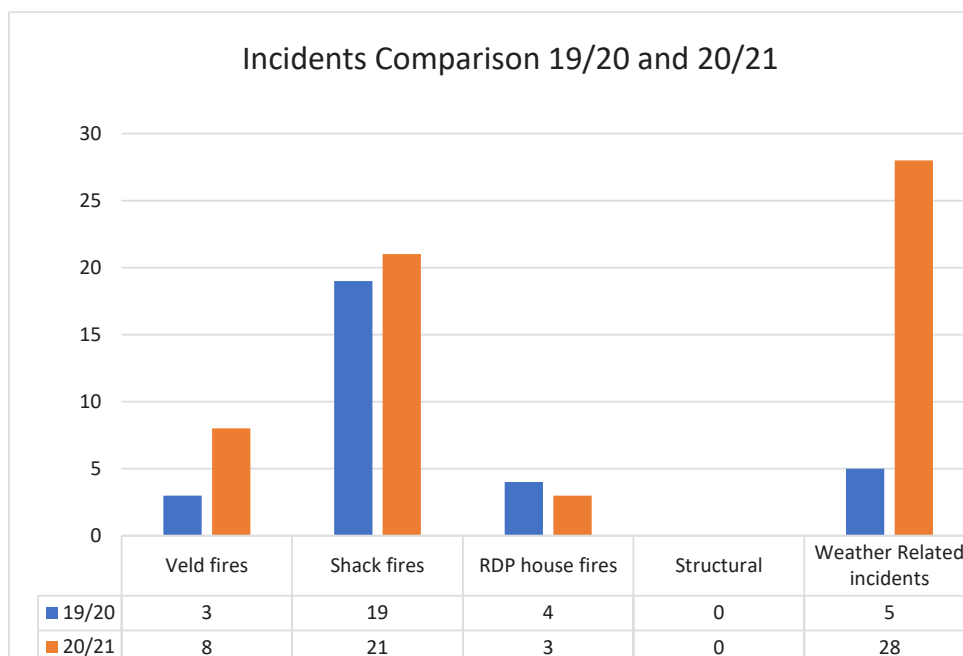
- 100% of the contingency fund for response and recovery was spent to assist community members with rehabilitation and social relief to communities residing within Dikgatlong, Magareng and Phokwane local municipalities. The expenditure of the contingency fund depends on the number of requests received from the local municipalities. There was an increase in shack fires.
- 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 2020/21	Number
Shack fires	21
Veld fires	11
Structural fires (RDP houses, privately owned / businesses)	3
Weather related incidents	28

- **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 633,319,00 for purposes of replacement of damaged housing structures.



The graph above shows that there was an increase in veld fires, shack fires and weather related incidents. Assistance were 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 (10 for Magareng; 10 for Dikgatlong; and 10 for Phokwane municipalities). Local Municipal Disaster Management Advisory Forums has been established in Magareng, Dikgatlong and Phokwane Local Municipalities.

- **Review of the District Disaster Management Plans**

The following Disaster Management Plans were reviewed:

- Frances Baard District;
- Phokwane Local Municipality;
- Dikgatlong Local Municipality;
- Magareng Local Municipality; and
- Sol Plaatje.

- **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. A national disaster was declared on the Covid-19 pandemic on 22 March 2020, which affect a national lockdown as from 26 March 2020. The disaster management unit did also respond to Covid-19 requests.

- **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. Gas safety.

Employees: Fire Fighting & Disaster Management Services					
Job Level	2019/20	2020/21			
	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	8	5	1,64	21%
9 - 13	3	5	4	0,79	16%
14 - 18	1	1	1	0,00	0
19 - 26	0	0	0	0,00	0
<b>Total</b>	<b>9</b>	<b>14</b>	<b>10</b>	<b>2,43</b>	<b>17%</b>

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 2020/21: Fire Fighting & Disaster Management Services					
R'000					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	246	259	259	–	0%
Expenditure:					
Fire fighters	–	–	–	–	
Other employees	4 303	6 368	5 914	4 788	81%
Repairs and Maintenance	–	–	–	–	–
Other <sup>1</sup>	2 864	3 849	4 086	3 457	85%
<b>Total Operational Expenditure</b>	<b>7 167</b>	<b>10 217</b>	<b>10 000</b>	<b>8 245</b>	<b>82%</b>
<b>Net Operational Expenditure</b>	<b>6 921</b>	<b>9 958</b>	<b>9 741</b>	<b>8 245</b>	<b>85%</b>

Capital Expenditure 2020/21: Fire Fighting & Disaster Management Services					
R' 000					
Capital Projects	2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>2 885</b>	<b>1 200</b>	<b>494</b>	<b>-484%</b>	<b>494</b>
Establishment of Fire Station at Jan Kempdorp. Building of two fire engine bays at Jan Kempdorp	2 365	700	0	-100%	0
Review of the District Disaster Management Plan and Framework	520	500	494	-5%	494

<sup>1</sup> 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 tender phase could not be expedited due to the Covid-19 lockdown period, which meant that the construction phase had to be rolled over to the 2021/22 financial year.

### Review of the District Disaster Management Plan and Framework

The review process will include the disaster plans for Magareng, Dikgatlong and Phokwane. A service provider was appointed to review the disaster management plans for the above-mentioned municipalities and the disaster framework for the district municipality. The project was completed.

Special Projects 2020/21: Fire Fighting & Disaster Management Services					
R' 000					
Special Projects	2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>600</b>	<b>600</b>	<b>633</b>	<b>5%</b>	<b>633</b>
Volunteer Training	80	0	0	-100%	0
Contingency Fund	520	600	633	18%	633

## 3.4 Corporate policy offices and other services

### 3.4.1 Executive and council

Frances Baard District Municipality is a mayoral executive system which is comprised of section 80 committees (Finance, Policy & Institutional Development, Social Development, Infrastructure Development and Economic Development). Council for 2020/21 was made up of 27 members - 15 female, 12 male.

The Executive Mayor is the political head of the municipality and fulfils an oversight role collectively with a 27-member council. Thirteen (13) of these councillors are representatives of the category B municipalities in the district and 14 councillors (including the mayor) were elected through proportional representation.

The Mayoral Committee's main function is to 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 August and October, and formulate recommendations based on their portfolios.

Employees: The Executive and Council					
Job Level	2019/20	2020/21			
	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	1	1	1	0	0%
9 - 13	8	8	8	0	0%
14 - 18	2	2	2	0	0%
19 - 26	0	0	0	0	0%
<b>Total</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>0</b>	<b>0%</b>

Financial Performance 2020/21: The Executive and Council					
					R'000
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	–	–	500	489	98%
Expenditure:					
Employees	741	1 116	1 249	587	47%
Remuneration of Councillors	6 802	8 756	8 756	7 000	80%
Repairs and Maintenance	–	–	–	–	–
Other <sup>1</sup>	2 608	3 890	4 523	2 553	56%
<b>Total Operational Expenditure</b>	<b>10 151</b>	<b>13 763</b>	<b>14 528</b>	<b>10 141</b>	<b>70%</b>
<b>Net Operational Expenditure</b>	<b>10 151</b>	<b>13 763</b>	<b>14 028</b>	<b>9 652</b>	<b>69%</b>

### 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	2019/20	2020/21			
	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%
<b>Total</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>0%</b>

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 2020/21: Human Resource Services						R'000
Details	2019/20	2020/21				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	–	–	–	–	–	
Expenditure:						
Employees	3 032	3 098	3 178	3 227	102%	
Repairs and Maintenance	–	–	–	–	–	
Other <sup>1</sup>	1 150	2 352	2 352	1 287	55%	
<b>Total Operational Expenditure</b>	<b>4 182</b>	<b>5 450</b>	<b>5 530</b>	<b>4 514</b>	<b>82%</b>	
<b>Net Operational Expenditure</b>	<b>4 182</b>	<b>5 450</b>	<b>5 530</b>	<b>4 514</b>	<b>82%</b>	

### 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% implementation
	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	2019/20	2020/21			
	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	0	0	0	0,00	0
9 - 13	2	2	2	0,26	13%
14 - 18	1	1	1	0,00	0
19 - 26	0	0	0	0,00	0
Interns	2	2	2	0,25	12%
<b>Total</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>0,26</b>	<b>9%</b>

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.

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

Capital Expenditure 2020/21: ICT Services					
R' 000					
Capital Projects	2020/21				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	<b>1 200</b>	<b>480</b>	<b>588</b>	<b>-104%</b>	<b>588</b>
WiFi access points	200	350	293	32%	293
Backup system	700	0	0	-100%	0
Computer new	30	0	29	-3%	29
UPS cabling	180	0	169	-7%	169
Laptop replacement	30	130	97	-69%	97
Intercom	60	0	0	-100%	0

Financial Performance 2020/21: ICT Services					
R'000					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	–	–	–	–	–
Expenditure:					
Employees	1 716	1 998	1 906	1 869	98%
Repairs and Maintenance	–	–	–	–	–
Other <sup>1</sup>	1 696	2 692	2 692	2 289	85%
<b>Total Operational Expenditure</b>	<b>3 412</b>	<b>4 690</b>	<b>4 598</b>	<b>4 158</b>	<b>90%</b>
<b>Net Operational Expenditure</b>	<b>3 412</b>	<b>4 690</b>	<b>4 598</b>	<b>4 158</b>	<b>90%</b>

### 3.4.4 Records Management (KPA 3)

Frances Baard District Municipality continues to be compliant with the records related legislation with minimal challenges. Challenges emanate from the fact that we do not have our own records centre for disposal and appraisal of records, as a result, FBDM depends on Provincial Archives for the appraisal of records. FBDM is vested with the responsibility to render records management support to Sol Plaatje, Magareng, Dikgatlong and Phokwane local municipalities to build capacity in the local municipalities. All local municipalities to appoint permanent records managers to ensure compliance to the Provincial Archive Act. It is in response to this call that the FBDM has developed a records management support plan on how to assist the local municipalities. This entails processes of status quo assessment, challenges, recommendations, and remedial action to be taken by the municipality in addressing the challenges identified.

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"> <li>Facilitation of effective and efficient system of budgeting and reporting, in compliance with applicable legislation.</li> <li>To provide an effective system of sound financial management in revenue and expenditure in compliance with applicable legislation.</li> <li>Provide an effective and efficient supply chain management system for the district municipality</li> </ul>	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	2019/20	2020/21			
	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 **	4	4	3	0,55	14%
9 - 13 *	6	8	6	1,10	14%
14 - 18	6	6	6	0,00	0
19 - 26	0	0	0	0,00	0
Interns	5	5	5	0,00	0
<b>Total</b>	<b>16</b>	<b>18</b>	<b>15</b>	<b>1,64</b>	<b>9%</b>

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 2020/21: Financial Services					
					R'000
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget <sup>1</sup>	Actual	Variance to Budget
<b>Total Operational Revenue</b>	136 893	131 652	133 221	131 346	99%
Expenditure:					
Employees	13 134	16 655	15 209	16 282	107%
Repairs and Maintenance	–	–	–	–	–
Other <sup>1</sup>	5 387	6 629	6 707	4 659	69%
<b>Total Operational Expenditure</b>	<b>18 521</b>	<b>23 284</b>	<b>22 014</b>	<b>20 941</b>	<b>95%</b>
<b>Net Operational Expenditure</b>	<b>(118 372)</b>	<b>(108 368)</b>	<b>(111 207)</b>	<b>(110 405)</b>	<b>99%</b>

### 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	Percentage 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.

<sup>1</sup> 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	2
	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)

FBDM established the legal and compliance unit in 2014. The unit 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. The Legal Services 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. It has changed from being passive into being 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)

The mandatory responsibilities of internal audit are set out in section 165 of the MFMA and section 45 of the MSA of 2000. 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 effectiveness of the established 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 management plan)

### 3.4.11 Youth Development (KPA 4)

FBDM reflects, political and strategic intentions on the mainstreaming of 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, can develop and implement programmes and projects that will facilitate 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	5

### 3.4.12 Special Programmes (KPA 4)

Goal	Objectives	Outcome		
		Indicator	Unit of measure	Target
Advancing special programmes among the marginalized 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)

Frances Baard District Municipality has an established performance management which is in line with chapter 6 of the Municipal Systems Act no 32 of 2000, as amended, and the performance management regulations of August 2006. The municipality also ensures that it implements and maintains a performance management system (PMS) which is commensurate with its resources; best suited for its circumstances and in line with the priorities, objectives, indicators and targets contained in its 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 2020/21

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 (2020/21) and in line with the objectives stated in the SDBIP (2020/21) and the IDP of 2020/21 (page 83-102).

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Key Performance Area IDP Objectives	Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification PoE	Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	ANNUAL REPORT FOR 2020/21 FY IMPROVEMENT PLANS		
KPA 1. SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.												
1.1 Programme Management and Advisory Services												
1	To assist LM's 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 LMs for 2020/21	Developed prioritised project list 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 2019/20 (R15 000 000)	Total spending of annual allocated budget (R16 500 000,00)	Amount spent (R)	Quarterly Reports on spending	R16 500 000,00	R16 500 000,00	R0.00	N/A	N/A
		1.3	Number of project monitoring reports developed to support infrastructure operations and maintenance in the LM's (O&M)	2019/20 monitoring reports	4 Monitoring reports	Number of monitoring reports	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	32.93 FTEs 2019/20	14 FTEs	Number of FTEs	Quarterly Reports	14	30,17	+16,17	N/A	The operation and maintenance of municipal amenities projects in Dikgatlong and Magareng LMs were delayed thus extending the projects' duration
3	To support improved infrastructure planning in the district	3.1	Percentage development of the electronic system to assist RRAMS function in the district	Established electronic system	100% Development	% Development	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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<b>KPA 1. SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.</b>											
<b>1.1 Programme Management and Advisory Services</b>											
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 to guide the upgrading, operations and maintenance of infrastructure (Capital)	Infrastructure needs list of LM's for 2020/21	Developed prioritised project list for the LM's for 2021/22	Number of municipalities assisted	FBDM Council Resolution to secure funding	4	4	0	N/A	N/A	
	Amount spent on support for operations and maintenance of infrastructure in the LMs (Capital)	Allocation for 2019/20 (R8 000 000)	Total spending of annual allocated budget (R566 603.00)	Amount spent (R)	Quarterly Reports on spending	R566 603.00	R0,00	-R566 603.00	The attempt to procure the services to complete the project for the replacement of the asbestos/steel pipes was not successful	The procurement of the services on the completion of the asbestos/steel water pipes project in Dikgatlong was unsuccessful. The project will be implemented in the 2021/2022 financial year.	
	Number of project monitoring reports developed to support infrastructure operations and maintenance in the LMs (Capital)	2019/20 monitoring reports	4 Monitoring reports	Number of monitoring reports	Quarterly monitoring reports	4	4	0	N/A	N/A	
<b>1.2 Housing</b>											
5 To Facilitate the reduction of the housing backlog	Number of human settlements sector plans reviewed.	Reviewed human settlements sector plans and chapters	4	Number of plans reviewed	Draft sector plans	4	0	-4	FBDM opted not to review the HSSP in the 2020/21 F/Y, as the 2019/20 plans were only approved in June 2020 and not fully implemented	The HSSP review will be completed in the 2021/22 Financial Year	
	Number of progress reports submitted for the facilitation of the subsidy application process	12 reports submitted	12 reports submitted	Number of reports	Monthly reports	12	12	0	N/A	N/A	
6 Monitoring of human settlements development in 3 LMs	Number of reports on the accreditation programme submitted	16 reports submitted	16 reports submitted	Number of reports submitted	Monthly/Quarterly Reports	16	16	0	N/A	N/A	
						Deviation = 0% (Target Reached)		Full Compliance: 0% Deviation		Over-Performance: + % Deviation	
						Positive Deviation = + %		Under-Performance: - % Deviation			
						Negative Deviation = - %					

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											Deviation
KPA 2. Local Economic Development											
2.1 Local Economic Development Unit											
8	To support the development of a diverse economy	8.1	Percentage completion of programmes aimed at the diversification of the district economy	74% implemented 2019/20 planned programmes	3x programmes	% progress	Quarterly Reports	100.00%	20.00%	-80.00%	1) The Exhibitions were cancelled due to the impact of Covid 19 and the unsuccessful bidding process. 2) To reduce the number of advertisements in order to meet the allocated budget
9	To support the development of learning and skilful economies	9.1	Percentage completion of programmes aimed at developing learning and skilful economies	53% implemented 2019/20 planned programmes	3x programmes	% progress	Quarterly Reports	100.00%	100.00%	0.00%	N/A
10	To facilitate the development of enterprises	10.1	Percentage completion of programmes aimed at developing enterprises	60% implemented 2019/20 planned programmes	1x programme	% progress	Quarterly Reports	100.00%	90.00%	-10.00%	The procurement of the machinery and equipment was a challenge because of the non availability of some of the equipment in the market.
11	To facilitate the development of inclusive economies	11.1	Percentage completion of programmes aimed at the developing inclusive economies	100% implemented 2019/20 planned programmes	2X programmes	% progress	Quarterly Reports	100.00%	65.00%	-35.00%	The 2020/21 FY emerging farmer project was unable to take place due to the roll-over of the 2019/20 FY emerging farmer project.  The 2020/2021 emerging farmer project was reported as a savings
2.2 Tourism Unit											
12	To promote tourism in the Frances Baard District	12.1	Percentage completion of programmes aimed at upgrading, restoration and promotion of tourist attractions	85% implemented 2019/20 planned programmes	Implementation of 6x programmes	% progress	Quarterly Reports	100.00%	83.33%	-16.67%	The indaba trade exhibition was cancelled due to covid 19.
		12.2	Percentage implementation of annual action plan to facilitate strategic partnerships and participation of role players	4 quarterly association engagements	Tourism association	% progress	Quarterly Reports	100.00%	112.50%	+12.50%	One additional Tourism association engagement was held in Magareng LM for the inauguration of all new members
Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %											
							Full Compliance: 0% Deviation	Under-Performance: - % Deviation	Over-Performance: + % Deviation		

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			Annual Targets	Annual Targets		Verification PoE	Annual Target				
<b>3. Institutional Development and Transformation</b>											
<b>3.1 Environmental Health Management</b>											
13 To monitor and enforce national environmental health norms and standards in the Frances Baard district	13.1	Number of water samples collected and analysed to monitor water quality	460 samples collected in 2019/20	480 samples collected	Number of samples collected and analysed	Quarterly reports	480	551	+71	Additional water samples had to be collected because of the increase of water sources in the form of water tanks, as provided by the Department of Water and Sanitation	N/A
	13.2	Number of inspections at food premises to determine food safety	450 inspections conducted in 2019/20	620 inspections completed	Number of inspections conducted	Quarterly reports	620	672	+52	More food premises were inspected to ensure compliance with the Covid-19 regulations	N/A
	13.3	Number of surface swabs collected to analyse for diseases and other health risks	150 swabs collected in 2019/20	170 swabs collected	Number of surface swabs collected & analysed	Quarterly reports	170	169	-1	One surface swab sample was damaged	N/A
	13.4	Number of food handlers trained on environmental health requirements	242 food handlers trained in 2019/20	360 food handlers trained	Number of food handlers trained	Quarterly reports	360	469	+109	Additional food handlers were trained to ensure compliance with Covid-19 protocols	N/A
	13.5	Number of inspections at non-food premises	180 inspections conducted in 2019/20	300 inspections	Number of inspections conducted	Quarterly reports	300	363	+63	Additional premises were evaluated to ensure compliance with Covid-19 protocols	N/A
			Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %			Full Compliance: 0% Deviation			Under-Performance: - % Deviation Over-Performance: + % Deviation		

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Key Performance Area IDP Objectives	Key Performance Indicators			Baseline	Annual Targets	Unit of Measure	Verification PoE	Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS	
	KPA 3. Institutional Development and Transformation continued...												
14 To implement and monitor environmental planning and management in the Frances Baard District	14.1	Number of awareness campaigns implemented	72 awareness campaigns hosted in 2019/20	84 awareness campaigns implemented	Number of campaigns implemented	Quarterly reports		84	90	+6	Additional campaigns were held to raise awareness on Covid-19	N/A	
	14.2	Number of environmental calendar days celebrated	5 environmental calendar days celebrated	7 environmental calendar days celebrated	Number of days celebrated	Quarterly reports		7	8	+1	Additional calendar campaigns were held to increase awareness on Covid-19	N/A	
	14.3	Number of atmospheric emissions inventory updates performed	100% updated atmospheric emissions inventory	4 updates performed	Number of updates performed	Quarterly reports		4	4	0	N/A	N/A	
	14.4	Number of ambient air quality monitoring reports	4 monitoring reports	4 monitoring reports	Number of reports	Quarterly reports		4	4	0	N/A	N/A	
	15 To support local municipalities with the implementation of Disaster Management Legislation	15.1	Number of volunteers trained on disaster risk management.	30 volunteers trained	20 volunteers trained	Number of volunteers trained	Quarterly reports		20	0	-20	Training could not take place as there were no responsive qualified trainers for the project.	N/A
15.2	Percentage progress on the review of 4x Disaster management plans	2012/13 reviewed district disaster management plan	100% reviewed disaster management plans	% Progress	Quarterly reports		100.00%	100.00%	100.00%	0.0%	N/A	N/A	
16 To assist local municipalities by implementing response and recovery mechanisms as per national disaster management framework	16.1	Percentage response to requests on disastrous incidents in the local municipalities.	100% response to all requests received	100% response to all requests received	% Assistance received	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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Key Performance Area IDP Objectives	Key Performance Indicators				Annual Targets	Unit of Measure	Verification PoE	Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
	Baseline		Annual Targets									
KPA 3. Institutional Development and Transformation continued...												
17 To develop institutional capacity and acquire resources for fire fighting services for 3 LMs	17.1	Percentage maintenance of fire fighting equipment in the 3LMs	Maintained fire fighting equipment in 2018/19	100%	% Maintenance	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A	
	17.2	Percentage progress on the establishment of the fire fighting satellite station (phase 1)	Identified building for the fire station	100% Completed phase 1	% Progress	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A	
	18.1	Percentage implementation of the security maintenance plan	100% maintenance in 2019/20	100% maintenance	% Maintenance	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A	
3.3 Human Resource Management												
19 To comply with legislative requirements relating to human resource management and development	19.1	Percentage compliance with Human Resource Management & Development reporting requirements	100% Achieved	100%	% Compliance	Quarterly reports	88.88%	100.00%	-11,12%	1)The local labour forums were unable to form a quorum. 2) There was no employee wellness programme for the first quarter in adherence to Covid-19 regulations.	N/A	
	20.1	Number of reports on the support provided to LMs	3 Reports developed in 2019/20	Quarterly report	Number of reports	Quarterly reports	4	4	0	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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KPA 3. Institutional Development and Transformation continued...										
3.4 Records Management										
21 To comply with the provincial archives act at FBDM and support the LMs towards compliance by 2022	21.1	Percentage compliance with the provincial archives act in FBDM	100%	% Compliance	Quarterly reports	100.00%	90.63%	-9,37%	Due to Covid-19 restrictions and employee wellness on Covid-19, FBDM suspended the induction programme for newly appointed staff.	N/A
	21.2	Number of reports on the support provided to LMs	4 Quarterly reports	Number of reports	Quarterly reports	4	4	0	N/A	N/A
	22 To provide effective and efficient office support functions	22.1	Number of progress reports on office support functions	12 Reports	Number of reports	Monthly reports	12	12	0	N/A
23 To provide effective and cost efficient office support services	23.1	Percentage implementation of the municipal buildings maintenance plan	100% maintenance projects completed	% maintenance projects completed	Maintenance Reports	100.00%	100.00%	0.00%	N/A	N/A
3.5 Information Communication Technology (ICT)										
24 To implement and maintain a sharable ICT environment within the district	24.1	Percentage implementation of the ICT systems plan	100% implementation of the 2019/20 planned projects	% Implementation	Quarterly reports	100.00%	96.66%	-3,34%	There were no responsive bids for the procurement of the ICT backup system	N/A
	25 To support the improvement of ICT in three LMs	25.1	Number of reports on support provided to LMs towards the establishment of ICT governance structure	Status report	Quarterly reports	4	4	0	N/A	N/A
	25.2	Number of reports produced on the technical support provided to LMs	4 reports	Number of reports	Quarterly reports	4	4	0	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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		Baseline	Annual Targets	Unit of Measure	Verification PoE	Annual Target	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS				
<b>3.6 Integrated Development Planning (IDP)</b>												
26	To develop and review the district municipality's IDP in compliance with legislation	26.1	Percentage progress in the review of the district municipal IDP	100% reviewed 2019/20 district IDP	100% reviewed 2020/21 district IDP	Adopted IDP	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
		27.1	Percentage support to local municipalities in the review of their IDPs	100% implementation of the 2019/20 Process plan	100% implementation of the 2020/21 Process plan	Implemented process plan	Quarterly Reports/Process Plan	100.00%	100.00%	0.00%	N/A	N/A
<b>3.7 Spatial Planning</b>												
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 SDF	2014/15 approved SDF	2x SDFs reviewed	% progress	Reviewed SDFs	73.31%	-26.69%	0.00%	Part of the deliverables have been rolled over to the 2021/22 FY and will be completed in the second quarter i.e. draft and final SDF report as well as the 60 days of public comments	Cancellation of the public participation process by Magareng Municipality delayed the completion of the project
29	To facilitate development of the Brown and Green field development.	29.1	Percentage progress on the completion of one infill development	100% completed infill development in Phokwane Municipality area	100% completed infill development	% progress	Quarterly reports	85.75%	-14.25%	0.00%	The delay in the appointment of the Environmentalist by Phokwane Municipality delayed the completion of the project. Approval of the project by the DMPT and submission to the Surveyor General is solely dependent on the approval of the Environmental Impact Assessment (EIA)	#REF!
Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %												

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					PoE	Annual Target				

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 2019/20 FY	100% implementation of planned GIS activities and projects	% progress	Quarterly reports	100.00%	0.00%	N/A	N/A
		30.2	Number of local municipalities trained and informed on GIS	100% Workshops conducted in 2019/20 FY	4 workshops hosted	Number	Quarterly reports	4	0	N/A	N/A

3.9 Performance Management Systems											
31	To maintain a functional performance management system in FBDM	31.1	Percentage compliance with performance management system in FBDM	100%	100% Compliance	% Compliance	Quarterly reports and appraisals	100.00%	-12.50%	The Performance Evaluations of the Municipal Manager was unable to take place due to unavailability of panel members	The new date for the evaluation was confirmed by all panel members. The evaluations will take place in July 2021
		32.1	Percentage support with performance management system to 3LMs	100% Support provided	100% Support	% Support	Quarterly reports	100.00%	0.00%	N/A	N/A

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	96% Implementation of the action plan	100% implementation of the action plan	% Progress on implementation of action plan	Action plan activities implemented	100.00%	-0.93%	Distribution of newsletter was not completed by end of June 2021	Timeous collection of source information
		33.2	Percentage development of two local municipalities communication strategies	0	100% development of two communication strategies	% Progress	Quarterly Reports	100.00%	0.00%	N/A	N/A

Deviation = 0% (Target Reached)								Full Compliance: 0% Deviation	Under-Performance: - % Deviation	Over-Performance: + % Deviation
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					Annual Target	PoE				
<b>4.1 Communication and Media</b>										
34 To improve internal communication through the implementation of the internal communication strategy	34.1	100%	100% implementation of 2019/20 communication plan	% Implementation	Internal communication action plan implemented	100.00%	100.00%	0.00%	N/A	N/A
<b>4.2 Risk Management</b>										
35 To manage risk activities in the district	35.1	2019/20 Risk Registers	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	35.2	Draft 2019/20 Risk Register for LMs	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	Approved FBDM Fraud Prevention Strategy, Policy and Plan	100% implementation of fraud prevention programme	% progress	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
36 To prevent and manage fraud and corruption in the district	36.2	Draft fraud management plan	100% implementation of fraud management plan	% 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

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	4. Good Governance and Public Participation continued...											
4.3 Internal Audit												
37	To evaluate the adequacy of control processes and assessment of compliance with legislation in FBDM and 2 LMs	37.1	Percentage implementation of the approved internal audit plans (FBDM and 2LMs)	98% implemented 2019/20 audit plans	100% Implementation of the audit plans	% Implementation	Quarterly reports	100.00%	100.00%	0.0%	N/A	N/A
4.4 Legal and Compliance Services												
38	To provide legal services and compliance services in the district	38.1	Percentage provision of legal and compliance services in the district	100% legal and compliance services provided in 2019/20	100%	% Compliance	Litigation register	100.00%	100.00%	0.00%	N/A	N/A
39	Provision of sound legal binding contracts in the district	39.1	Percentage provision of legal contract services	100% legal contract services provided	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	40.1	Percentage facilitation of council and committee meetings to ensure a fully functional council and its committee oversight and administrative systems	100% facilitation in 2019/20	100% facilitation of committee and council meetings	% Progress	Signed agendas and minutes of Council and committee meetings	68.66%	100.00%	-31.34%	Some of the scheduled Council and Committee meetings were unable to sit due to the impact of the covid-19 restrictions.	N/A
			Deviation = 0% (Target Reached)			Full Compliance: 0% Deviation			Under-Performance: -% Deviation			Over-Performance: +% Deviation
			Positive Deviation = +%						Negative Deviation = -%			

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	Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification PoE	Annual Target	Actual Performance	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS			
<b>4. Good Governance and Public Participation continued...</b>												
<b>4.6 Youth Services</b>												
41 To facilitate and coordinate youth development in the district	41.1	Number of stakeholder engagement platforms facilitated	50% implemented 2019/20 planned projects	4 Platforms	Number of platforms	Quarterly Reports	4	4	0	N/A	N/A	
	41.2	Number of youth development programmes coordinated	37.5% implemented 2019/20 programmes implemented	5 Youth development programmes	Number of platforms	Quarterly Reports	5	3	-2	The career exhibitions were unable to take place due to COVID-19 regulations.	N/A	
<b>4.7 Special Programmes</b>												
42 To facilitate and coordinate special programmes in the district	42.2	Percentage facilitation and coordination of special programmes in the district as per the annual action plan	50% implemented 2019/20 programmes	100% implementation of approved programmes	% progress	Quarterly Reports	100.00%	100.00%	0.00%	N/A	N/A	
<b>5.1 Budget and Treasury</b>												
43 To ensure compliance to all accounting and legislative reporting requirements	43.1	Percentage compliance to budgeting and reporting requirements	100% compliance in 2019/20	100%	% Compliance	Monthly/Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A	
44 Ensure sound financial management practices according to national Treasury guidelines	44.1	Percentage compliance to legislation	100% compliance in 2019/20	100%	% compliance	Monthly/Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A	
45 To provide financial management support to the local municipalities in the district	45.1	Percentage support to two local municipalities.	100% support provided	100% support provided	% support	Monthly/Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A	
46 To ensure implementation of supply chain management policies and related prescripts	46.1	Percentage compliance with National treasury supply chain management system	100% compliance in 2019/20	100%	% Compliance	Monthly/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**

**SUMMARY OF MUNICIPAL PERFORMANCE: 01 JUNE 2020 - 30 JUNE 2021.**

Number of Key Performance Indicators Measured For The 2020/21 Financial Year	
1. Overall achievement (including over achievement/ exceeded targets)	68
2. Targets not achieved	51
3. Targets Exceeded (out of the achieved indicators)	17
	8
	100%
	75.00%
	25.00%
	11.76%

### 3.4.16 Year-on-year comparison report of FBDM's institutional performance for 2019/20 and 2020/21

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 2019/20 & 2020/21 financial years. The indicators are aligned to the objectives formulated in the IDP 2019/20 (page 81-99) and 2020/21 (page 83-102) and SDBIP of 2019/20 & 2020/21. The SDBIPs and IDPs can be read on the FBDM website.

Objective Nr as per the 2019/20 SDBIP	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2020/21 SDBIP	KPI (DESCRIPTION)	2020/2021 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.	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 LM's	R15 000 000.00	R12 651 644.75	FBDM assisted the local municipalities to compile the claims to avoid late submissions and incomplete documents.	1	KPI 1.2: Amount spent on support for operations and maintenance of infrastructure in the LM's (O&M)	R16 500 000.00	R16 500 000.00	N/A	N/A
1	KPI 1.3: Number of project monitoring reports developed to support infrastructure operations and maintenance in the LM's.	4	4	N/A	1	KPI 1.3: Number of project monitoring reports developed to support infrastructure operations and maintenance in the LM's (O&M)	4	4	N/A	N/A
2	KPI 2.1: Number of jobs created through EPWP incentive agreement	100	103	N/A	No target for the 2020/21 financial year.					
No target for the 2019/20 financial year.										
3	KPI 3.1: Percentage development of the electronic system to assist RRAMS function in the district	100.00%	100.00%	N/A	2	KPI 2.1: Number of Full-Time Equivalents (FTEs) created as per the EPWP incentive agreement	14	30,17	The operation and maintenance of municipal amenities project in Dilgalong and Magareng LM was delayed thus increasing the length of the project	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 development of the electronic system to assist RRAMS function in the district	100.00%	100.00%	N/A	N/A

Objective Nr as per the 2019/20 SDBIP	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2020/21 SDBIP	KPI (DESCRIPTION)	2020/2021 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										
4	KPI 4.1: Number of municipalities assisted with the finalisation of prioritised project lists to guide the upgrading, operations and maintenance of infrastructure.	4	0	Council did not approve budget for the Capital Projects for the 2020/21 FY	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	N/A
4	KPI 4.2: Amount spent on support for operations and maintenance of infrastructure in the LM's	R8 000 000.00	R7 194 005.09	FBDM will assist the local municipalities to compile the claims to avoid late submissions and incomplete documents	4	KPI 4.2: Amount spent on support for operations and maintenance of infrastructure in the LM's (Capital)	R566 603.00	0.00	The attempt to procure the services to complete the project for the replacement of the asbestos/steel pipes was not successful	The procurement of the services on the completion of the asbestos/steel water pipes project in Dikgatlong was unsuccessful. The project will be implemented in the 2021/22 F/Y.
4	KPI 4.3: Number of project monitoring reports developed to support infrastructure operations and maintenance in the LM's	4	4	N/A	4	KPI 4.3: Number of project monitoring reports developed to support infrastructure operations and maintenance in the LM's (Capital)	4	4	N/A	N/A
1.2 Housing Unit										
5	KPI 5.1: Number of human settlements sector plans reviewed	8	8	N/A	5	KPI 5.1: Number of human settlements sector plans reviewed	8	0	FBDM opted not to review the HSSP in the 2020/21 FY, as the 2019/20 plans were only approved in June 2020 and not fully implemented.	The HSSP review will be completed in the 2021/22 F/Y
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 for the facilitation of the subsidy application process	12	12	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 National Dept of Human Settlements	16	16	N/A	N/A
7	KPI 7.1: Number of consumer education workshops conducted	8	1	The Indicator was reviewed during the 2019/20 IDP review, and as such will no longer be implemented.	KPI 17.1 has been removed from the 2020/2021 FY SDBIP					

Objective Nr as per the 2019/20 SDBIP	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2020/21 SDBIP	KPI (DESCRIPTION)	2020/2021 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%	58.75%	1)The printing of brochures were completed in the 1st quarter of 2020/2021 financial year. 2)The 2020/2021 Expos were also cancelled due to Covid -19.	8	KPI 8.1:Percentage completion of programmes aimed at the diversification of the district economy	100.00%	20.00%	1) The Exhibitions were cancelled due to the impact of Covid 19 and the unsuccessful bidding process.	1) FBDM will participate on the virtual platform for SAITEX in the 2021/22 FY 2) To reduce the number of advertisements in order to meet the allocated budget
9	KPI 9.1:Percentage completion of programmes aimed at developing learning and skilful economies	100.00%	76.66%	Training of interns was completed in 2020/21 financial year.	9	KPI 9.1: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 developing enterprises	100.00%	60.00%	The Machinery and Equipment support to SMMEs project was completed in the first quarter of the 2020/21 financial year.	10	KPI 10.1:Percentage completion of programmes aimed at developing enterprises	100.00%	90.00%	The procurement of the machinery and equipment was a challenge because of the non-availability of some of the equipment in the market.	The machinery and equipment will be delivered in the first quarter of the 2021/22 FY
11	KPI 11.1:Percentage completion of programmes aimed at the developing inclusive economies	100.00%	100.00%	N/A	11	KPI 11.1:Percentage completion of programmes aimed at the developing inclusive economies	100.00%	65.00%	The 2020/21 FY emerging farmer project was unable to take place due to the rollover of the 2019/20 FY emerging farmer project	The 2020/2021 emerging farmer project was reported as a savings
2.2 Tourism Unit										
12	KPI 12.1:Percentage completion of programmes aimed at upgrading, restoration and promotion of tourist attractions	100.00%	71.66%	1) Diamonds and Dorings; School Business Plan Competition workshops; Indaba Trade Expo were cancelled, in adherence to the Covid-19 regulations	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.	FBDM will participate in the next indaba trade exhibition.

Objective Nr as per the 2019/20 SDBIP	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2020/21 SDBIP	KPI (DESCRIPTION)	2020/2021 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
<b>2.2 Tourism Unit</b>										
12	KPI 12.2: Percentage implementation of annual action plan to facilitate strategic partnerships and participation of role players	100.00%	100.00%	N/A	12	KPI 12.2: Percentage implementation of annual action plan to facilitate strategic partnerships and participation of role players	100.00%	112.50%	One additional Tourism association engagement was held in Magareng LM for the inauguration of all new members	N/A
<b>KPA 3: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.</b>										
<b>3.1 Environmental Health Management</b>										
13	KPI 13.1: Number of water samples collected analysed to monitor water quality	460	526	N/A	13	KPI 13.1: Number of water samples collected analysed to monitor water quality	480	551	Additional water samples had to be collected because of the increase of water sources in the form of water tanks, as provided by the Department of Water and Sanitation	N/A
13	KPI 13.2: Number of inspections at food premises to determine food safety	450	604	N/A	13	KPI 13.2: Number of inspections at food premises to determine food safety	620	672	More food premises were inspected to ensure compliance with the Covid-19 regulations	N/A
13	KPI 13.3: Number of surface swabs collected to analyse for diseases and other health risks	150	151	N/A	13	KPI 13.3: Number of surface swabs collected to analyse for diseases and other health risks	170	169	One surface swab sample was damaged	N/A
13	KPI 13.4: Number of food handlers trained on environmental health requirements	180	292	N/A	13	KPI 13.4: Number of food handlers trained on environmental health requirements	360	469	Additional food handlers were trained to ensure compliance with Covid-19 protocols	N/A
13	KPI 13.5: Number of inspections at non-food premises	180	211	N/A	13	KPI 13.5: Number of inspections at non-food premises	300	363	Additional premises were evaluated to ensure compliance with Covid-19 protocols	N/A

Objective Nr as per the 2019/20 SDBIP	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2020/21 SDBIP	KPI (DESCRIPTION)	2020/2021 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	72	106	N/A	14	KPI 14.1: Number of awareness campaigns implemented	84	90	Additional campaigns were held to raise awareness on Covid-19	N/A
14	KPI 14.2: Number of environmental calendar days celebrated	5	4	N/A	14	KPI 14.2: Number of environmental calendar days celebrated	7	8	Additional calendar campaigns were held to increase awareness on Covid-19	N/A
14	KPI 14.3: Number of atmospheric emissions inventory updates performed	4	4	N/A	14	KPI 14.3: 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	2	The air quality monitoring equipment (calibrator) has been repaired.	14	KPI 14.4: Number of ambient air quality monitoring reports	4	4	N/A	N/A
14	KPI 14.5: Percentage progress in the review of the Environmental Management Framework (EMF)	100.00%	100.00%	N/A	Project completed in 2019/20 FY					
3.2 Disaster Management										
15	KPI 15.1: Number of volunteers trained on disaster risk management.	20	20	N/A	15	KPI 15.1: Number of volunteers trained on disaster risk management.	20	0	Training could not take place as there were no responsive qualified trainers for the project.	N/A

Objective Nr as per the 2019/20 SDBIP	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2020/21 SDBIP	KPI (DESCRIPTION)	2020/2021 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
<b>3.2 Disaster Management</b>										
15	KPI 15.2: Number of disaster management plans reviewed	4	0	the project has been rolled over to the 2020/2021 Financial Year	15	KPI 15.2: Percentage progress on the review of 4x Disaster Management Plans.	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 response to requests on disastrous incidents in the local municipalities.	100.00%	100.00%	N/A	N/A
17	KPI 17.1: Percentage maintenance of fire fighting equipment in the 3LMs	100.00%	100.00%	N/A	17	KPI 17.1: Percentage maintenance of fire fighting equipment in the 3LMs	100.00%	100.00%	N/A	N/A
17	KPI 17.2: Percentage establishment of the fire fighting satellite station (phase1)	100.00%	0.00%	The project has been rolled over to the 2020/2021 Financial Year.	17	KPI 17.2: Percentage establishment of the fire fighting satellite station (phase1)	100.00%	100.00%	N/A	N/A
18	KPI 18.1: Percentage maintenance and securing of Council's security systems	100.00%	100.00%	N/A	18	KPI 18.1: Percentage maintenance and securing of Council's security systems	100.00%	100.00%	N/A	N/A
<b>3.3 Human Resource Management</b>										
19	KPI 19.1: Percentage compliance with HRM & D reporting requirements	100.00%	100.00%	N/A	19	KPI 19.1: Percentage compliance with HRM & HRD reporting requirements	100.00%	88.88%	1) The local labour forums were unable to form a quorum. 2) There was no employee wellness programme for the first quarter in adherence to Covid-19 regulations.	N/A
20	KPI 20.1: Number of reports on the support provided to LMS	4	5	An additional support initiative for Magareng local municipality was conducted	20	KPI 20.1: Number of reports on support provided to LMS	4	4	N/A	N/A

Objective Nr as per the 2019/20 SDBIP	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2020/21 SDBIP	KPI (DESCRIPTION)	2020/2021 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%	100.00%	N/A	21	KPI 21.1: Percentage compliance with the provincial archives act in FBDM	100.00%	90.63%		N/A
21	KPI 21.2: Number of reports on the support provided to LMs	4	4	N/A	21	KPI 21.2: Number of reports on the support provided to LMs	4	4	N/A	N/A
22	KPI 22.1: Number of progress reports on office support functions	12	12	N/A	22	KPI 22.1: Number of progress reports on office support functions	12	12	N/A	N/A
23	KPI 23.1: Percentage Maintenance of municipal buildings	100.00%	100.00%	N/A	23	KPI 23.1: 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%	100.00%	N/A	24	KPI 24.1: Percentage implementation of the ICT systems plan	100.00%	96.66%	There were no responsive bids for the procurement of the ICT backup system	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	25	KPI 25.1: Number of reports on support provided to LMs towards the establishment of ICT governance structure	4	4	N/A	N/A
25	KPI 25.2: Number of reports produced on the technical support provided to LMs	4	4	N/A	25	KPI 25.2: Number of reports produced on the technical support provided to LMs	4	4	N/A	N/A

Objective Nr as per the 2019/20 SDBIP	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2020/21 SDBIP	KPI (DESCRIPTION)	2020/2021 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	26	KPI 26.1: 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	27	KPI 27.1: Percentage support to local municipalities in the review of their IDPs	100.00%	100.00%	N/A	N/A
3.7 Spatial Planning										
28	KPI 28.1:Percentage processing of land development applications received	100.00%	100.00%	N/A	28	KPI 28.1: Percentage processing of land development applications received	100.00%	100.00%	N/A	N/A
28	KPI 28.2:Percentage progress on the review of the SDF	100.00%	36.75%	The project has been rolled over to the 2020/21 financial year.	28	KPI 28.2: Percentage progress on the review of the SDF	100.00%	73.31%	Cancellation of the public participation process by Magareng Municipality delayed the completion of the project	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
29	KPI 29.1:Percentage progress on the completion of one infill development	100.00%	87.50%	The general plan was submitted to the Surveyor General's office in July 2020.	29	KPI 29.1:Percentage progress on the completion of one infill development	100.00%	85.75%	The delay in the appointment of the environmentalist by Phokwane local municipality delayed the completion of the project. Approval of the project by the DMPT and submission to the Surveyor General solely dependant on the approval of the Environmental Impact Assessment (EIA).	The project has been rolled over to the 2021/22 FY and will be completed in the third quarter. Environmentalist has commenced with the EIA study

Objective Nr as per the 2019/20 SDBIP	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2020/21 SDBIP	KPI (DESCRIPTION)	2020/2021 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
<b>KPA 3: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.</b>										
<b>3.8 Geographical Information System (GIS)</b>										
30	KPI 30.1: Percentage access and maintenance of GIS in the district.	100.00%	73.33%	The project has been rolled over to the 2020/2021 financial year	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	3	The workshops will be conducted virtually in the 2020/2021 financial year	30	KPI 30.2: Number of local municipalities trained and informed on GIS	4	4	N/A	N/A
<b>3.9 Performance management (PMS)</b>										
31	KPI 31.1: Percentage compliance with performance management system in FBDM.	100.00%	75.00%	The annual performance evaluations of the MM and Director were completed in the first quarter of 2020/21 F/Y	31	KPI 31.1: Percentage compliance with performance management system in FBDM.	100.00%	87.50%	The Performance Evaluations of the Municipal Manager was unable to take place due to unavailability of panel members	The new date for the evaluation was confirmed by all panel members. The evaluations will take place in July 2021
32	KPI 32.1: Percentage support with performance management system to 3LMS	100.00%	100.00%	N/A	32	KPI 32.1: Percentage support with performance management system to 3LMS	100.00%	100.00%	N/A	N/A

Objective Nr as per the 2019/20 SDBIP	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective Nr as per the 2020/21 SDBIP	KPI (DESCRIPTION)	2020/2021 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
<b>KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>										
<b>4.1 Communication and Media</b>										
33	KPI 33.1: Percentage implementation of the annual communication strategy action plan	100.00%	79.70%	1) The marketing material was procured in the 2020/21 financial year.	33	KPI 33.1: Percentage implementation of the annual communication strategy action plan	100.00%	99.07%	Distribution of newsletter was not completed by end of June 2021	Timeous collection of source information
					33	KPI 33.2: Percentage development of two local municipalities' communication strategies	100.00%	100.00%	N/A	N/A
					34	KPI 34.1: Percentage implementation of the internal communication plan	100.00%	100.00%	N/A	N/A
<b>4.2 Risk management</b>										
35	KPI 35.1: Percentage implementation of risk management policies and strategies in FBDM.	100.00%	100.00%	N/A	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	N/A
35	KPI 35.2: Percentage implementation of risk management policies and strategies for 2LMS	100.00%	100.00%	N/A	35	KPI 35.2: Percentage implementation of risk management policies and strategies 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 prevention policies and strategies in FBDM	100.00%	100.00%	N/A	N/A
36	KPI 36.2: Percentage implementation of fraud management plan	100.00%	100.00%	N/A	36	KPI 36.2: Percentage implementation of fraud management plan for two LMS	100.00%	100.00%	N/A	N/A
<b>4.3 Internal Audit</b>										
37	KPI 37.1: Percentage implementation of the approved internal audit plans (fbdm and 2LMS)	100.00%	93.75%	N/A	37	KPI 37.1: Percentage implementation of the approved internal audit plans (FBDM and 2LMS)	100.00%	100.00%	N/A	N/A

as per the 2019/20 SDBIP	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		MITIGATION STEPS TAKEN	as per the 2020/21 SDBIP	KPI (DESCRIPTION)	2020/2021 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
<b>KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>										
<b>4.4 Legal and Compliance Services</b>										
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
<b>4.5 Council and committee services</b>										
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%	100.00%	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%	68.66%	Some of the scheduled Council and Committee meetings were unable to sit due to the impact of the Covid-19 restrictions.	N/A
<b>4.6 Youth Services</b>										
41	KPI 41.1: Number of stakeholder engagement activities facilitated	100.00%	100.00%	N/A	41	KPI 41.1: Number of stakeholder engagement activities facilitated	4	4	N/A	N/A
41	KPI 41.2: Number of youth development programmes coordinated	100.00%	100.00%	N/A	41	KPI 41.2: Number of youth development programmes coordinated	5	3	The career exhibition was unable to take place due to COVID-19 regulations	N/A

as per the 2019/20 SDBIP	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		MITIGATION STEPS TAKEN	Objective in as per the 2020/21 SDBIP	KPI (DESCRIPTION)	2020/2021 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
		TARGET	ACTUAL PERFORMANCE				TARGET	ACTUAL PERFORMANCE		
<b>KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>										
<b>4.7 Special Programmes</b>										
42	KPI 42.1: Percentage facilitation and coordination of special programmes in the district as per the annual action plan	100.00%	37.50%	All programmes in the fourth quarter were cancelled in adherence to the Covid-19 regulations.	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	N/A
<b>KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT</b>										
<b>5.1 Budget and Treasury</b>										
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
43	KPI 43.2: 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
44	KPI 44.1: Percentage support to two local municipalities.	100.00%	100.00%	N/A	45	KPI 45.1: Percentage financial management support provided to local municipalities	100.00%	100.00%	N/A	N/A
45	KPI 45.1: 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			
<b>SUMMARY OF MUNICIPAL PERFORMANCE: 01 JUNE 2019 - 30 JUNE 2020.</b>			
Number of Key Performance Indicators	69	100%	100%
1. Overall achievement (including	46	66.67%	75.00%
2. Targets not achieved	23	33.33%	25.00%
3. Targets Exceeded	8	11.59%	11.76%

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

# Chapter 4 -

## Organisational Development Performance

### 4.1 Introduction

FBDM continues to appreciate that the Human Resource function is not just about the administrative effectiveness but also about the development of an organization's employees to drive and support its strategic objectives.

While the administrative functions are the basic building blocks that keep order and maintain a level of creditability within the organization, there is emphasis in understanding the role that HR plays in building a competitive advantage for the organisation. It is our believe that the greater the congruence between strategy and HR, the more effective the organization will be. The financial year 2019/2020 sees the municipality fully involved with the development of the Human Resource strategy. The strategy seeks to acknowledge what HR does now, determine what it needs to do to provide value to the organisation's business goals, identify plans to bridge the gaps and provide continuous monitoring and evaluation on the implementation.

The organization's people ultimately determine the effectiveness of strategy development, implementation, and subsequent competitive success. A strategic approach that is aligned with HR ensures that an organization's employees, skills, and abilities contribute to the achievement of its business goals. Through an allocated budget of about R1.4million, FBDM ensured that it creates adequate opportunities for personnel development through skills programmes and the employee bursary scheme.

The declaration of the state of National disaster in March 2020 brought about the need for close attention to the basic conditions of employment primarily in relation to the health and wellness of the employees and councillors. This led to the development of Risk-based Strategy and subsequently the establishment of the Covid-19 steering committee as well as the Basic Conditions committee, as a sub-committee of the Local Labour Forum.

The municipality has had to deal with two disciplinary cases in the 2020/2021 financial year with the aim of correcting work-related behaviour. All related cases were finalised within the financial year.

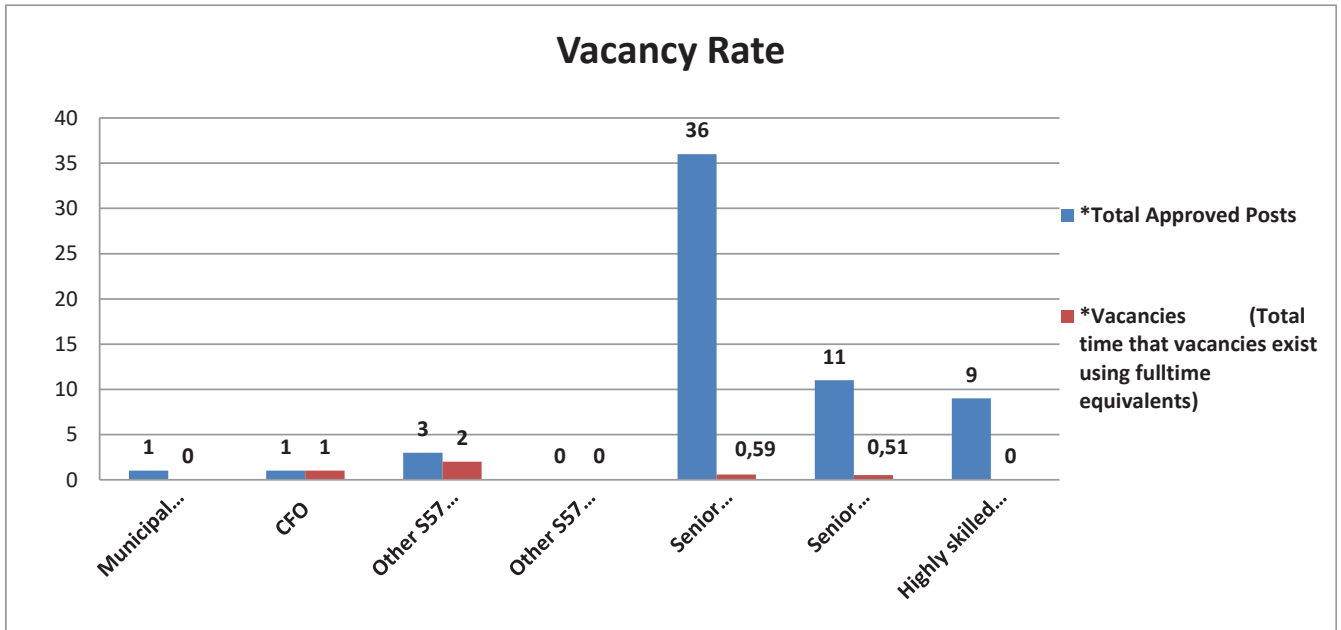
There has been evident growth in the focus of employee health and wellness where the municipality has invested more time and resources in corporate wellness programmes for both councillors and officials.

Employees					
Description	2019/20	2020/21			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Municipal Manager & Section 56 Managers	2	5	2	3	33%
Housing Services	7	13	5	8	34%
Programme Management & Advisory Services (incl. secretary)	9	9	8	1	2%
Town & Regional Planning Services (includes secretary to Director)	2	4	4	1	8%
Integrated Development Planning (IDP)	1	2	2	0	0%
Geographic Information System Services	1	2	2	1	5%
Local Economic Development Services	7	7	7	0	0%
Environmental Health Services	8	8	8	0	0%
Fire Fighting & Disaster Management	9	14	10	4	17%
Executive & Council	11	11	11	0	0%
Office of Municipal Manager	10	10	8	2	7%
Corporate & Human Resource Services	30	30	29	1	2%
ICT Services	3	3	3	1	13%
Financial Services	16	16	12	3	9%
<b>Totals</b>	<b>116</b>	<b>134</b>	<b>111</b>	<b>25</b>	<b>130%</b>

Description	Incumbents
Political office bearers	27
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: 2020/21			
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	2	66,67
Other S57 Managers (Finance posts)	0	0	0
Senior management: Levels 13-17 (excluding Finance Posts)	36	0,59	1,64
Senior management: Levels 13-18 (Finance posts)	11	0,51	4,64
Highly skilled supervision: levels 9-12 (excluding Finance posts)	9	0	0
Highly skilled supervision: levels 9-12 (Finance posts)	4	2	50
<b>Total</b>	<b>65</b>	<b>6,1</b>	<b>9,38</b>



Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate
2018/19	12	22	183%
2019/20	13	9	69%
2020/21	20	14	70%

## 4.2 Managing the municipal employee costs

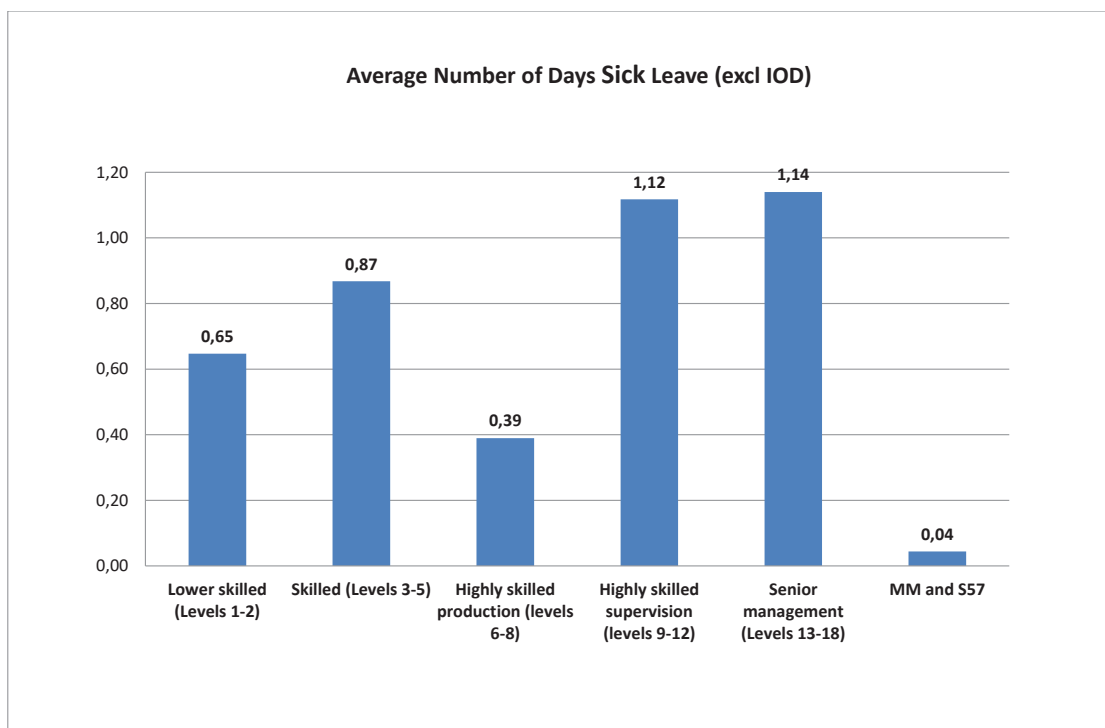
The National Treasury norm of 35% on personnel budget serves as a framework/guideline for municipalities to implement in order to assist or curb unnecessary high spending on workforce expenditure. During 2020/2021, FBDM had exceeded the norm by 29%. This 64% (R80,8m) comprises of the remuneration of both councillors and officials.

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
None				

### 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	13	1	7,69	2,6	6
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
<b>Total</b>	<b>13</b>	<b>1</b>	<b>7,69</b>	<b>2,6</b>	<b>6</b>

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	88	0%	19	21	0,65	33
Skilled (Levels 3-5)	118	7%	19	19	0,87	58
Highly skilled production (levels 6-8)	53	0%	14	14	0,39	45
Highly skilled supervision (levels 9-12)	152	0%	34	34	1,12	198
Senior management (Levels 13-18)	155	0%	46	46	1,14	255
MM and S57	6	0%	1	2	0,04	26
<b>Total</b>	<b>572</b>	<b>7%</b>	<b>133</b>	<b>136</b>	<b>4,21</b>	<b>615</b>
* 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	220	100%
	Male	0	0	0	0
<b>Total</b>		<b>2</b>	<b>2</b>	<b>220</b>	
Has the statutory municipal calculator been used as part of the evaluation process ?					Yes

#### 4.4 Capacitating the municipal workforce

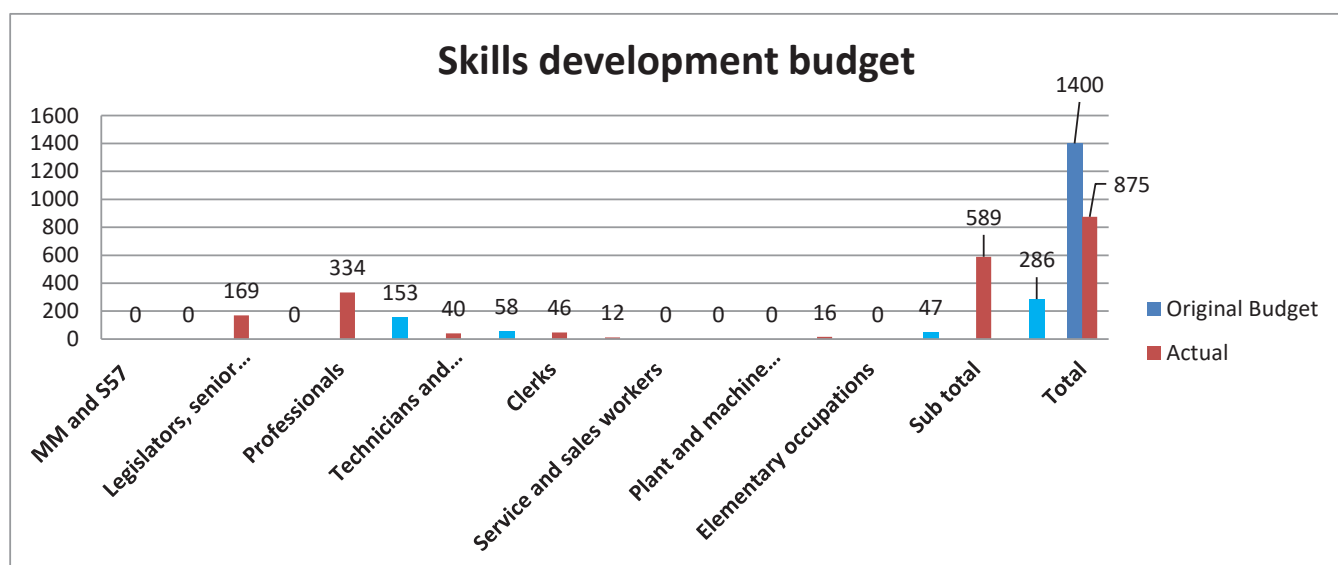
Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4) (a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4) (a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: 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
<b>Supply Chain Management Officials</b>						
Heads of supply chain management units	1	0	1	0	0	1
Supply chain management senior managers	0	0	0	0	0	0
<b>TOTAL</b>	<b>24</b>	<b>0</b>	<b>24</b>	<b>2</b>	<b>0</b>	<b>20</b>
* 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 2020/21				
			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	24	0	160	9		169
	Male	25	0	0	0		0
Professionals	Female	28	0	204	130		334
	Male	15	0	4	149		153
Technicians and associate professionals	Female	5	0	40	0		40
	Male	6	0	58	0		58
Clerks	Female	41	0	46	0		46
	Male	18	0	12	0		12
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	2	0	16	0		16
Elementary occupations	Female	7	0	0	0		0
	Male	6	3	47	0		47
Sub total	Female	107	0	450	139	589	
	Male	71	0	137	149	286	
<b>Total</b>		<b>178</b>	<b>0</b>	<b>587</b>	<b>288</b>	<b>1,400</b>	<b>875</b>

\*% 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 2020/21 financial year.



The district successfully developed and submitted the Workplace Skills Plan (WSP) for 2020/2021 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 its 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.

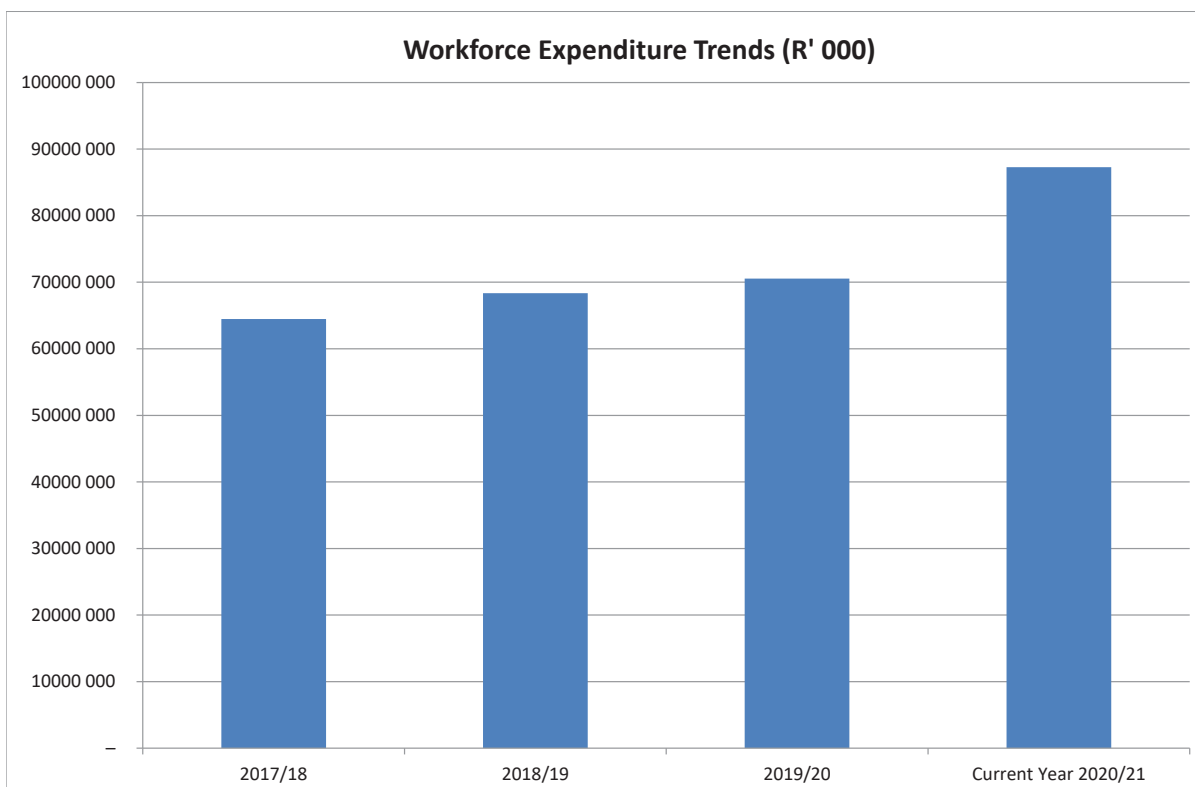
All service providers used for training are accredited and through the assessment of the impact of training 99% of training provided has positively contributed to skills, knowledge and productivity of employees. All senior managers meet the MFMA Competency Regulations.

- 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 scarce skills / expertise such as engineers, IDP professionals, internal auditors, risk management professionals, finance related personnel, etc.



<b>Number of employees whose salaries were increased due to their positions being upgraded</b>		
<b>Beneficiaries</b>	<b>Gender</b>	<b>Total</b>
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
<b>Total</b>		<b>0</b>

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

<b>Employees appointed to posts not approved</b>				
<b>Department</b>	<b>Level</b>	<b>Date of appointment</b>	<b>No. Appointed</b>	<b>Reason for appointment when no established post exist</b>
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 2020/21 financial year. The unaudited financial statements indicate a decrease of R 7 700 763 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 18 530 078 (2019/20: R 13 733 560) 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 3.6 (2019/20) to 5.5 (2020/21) is due to an increase in cash levels at year-end and the reduction in the provision of creditors. 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 99 935 425 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	2019/20	Current Year: 2020/21		2020/21 Variance			
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget	
<b>Financial Performance</b>							
Property rates	–	–	–	–	–	–	
Service charges	–	–	–	–	–	–	
Investment revenue	7 399	5 750	5 750	5 067	-13,47%	-13,47%	
Transfers recognised - operational	124 350	130 702	132 771	128 874	-1,42%	-3,02%	
Other own revenue	8 456	1 400	1 400	877	-59,63%	-59,63%	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>140 206</b>	<b>137 852</b>	<b>139 921</b>	<b>134 818</b>	<b>-2,25%</b>	<b>-3,79%</b>	
Employee costs	63 754	80 665	78 527	73 823	-9,27%	-6,37%	
Remuneration of councillors	6 802	8 756	8 756	7 000	-25,08%	-25,08%	
Debt impairment	3	50	50	–			
Depreciation & asset impairment	3 801	3 706	3 706	3 381	-9,62%	-9,62%	
Finance charges	–	–	–	–	–	–	
Materials and bulk purchases	1 114	345	345	1 251	72,42%	72,42%	
Transfers and grants	21 909	13 443	20 113	19 454	30,90%	-3,38%	
Other expenditure	22 798	39 114	39 406	22 208	-76,13%	-77,44%	
<b>Total Expenditure</b>	<b>120 180</b>	<b>146 080</b>	<b>150 903</b>	<b>127 117</b>	<b>-14,92%</b>	<b>-18,71%</b>	
<b>Surplus/(Deficit)</b>	<b>20 025</b>	<b>(8 228)</b>	<b>(10 982)</b>	<b>7 701</b>	<b>206,84%</b>	<b>242,60%</b>	
Transfers recognised - capital	–	–	–	–	–	–	
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>20 025</b>	<b>(8 228)</b>	<b>(10 982)</b>	<b>7 701</b>	<b>206,84%</b>	<b>242,60%</b>	
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	
<b>Surplus/(Deficit) for the year</b>	<b>20 025</b>	<b>(8 228)</b>	<b>(10 982)</b>	<b>7 701</b>	<b>206,84%</b>	<b>242,60%</b>	
<b>Capital expenditure &amp; funds sources</b>							
<b>Capital expenditure</b>	<b>(1 101)</b>	<b>(8 740)</b>	<b>(12 126)</b>	<b>(1 375)</b>	<b>-535,80%</b>	<b>-782,09%</b>	
Transfers recognised - capital	–	–	–	–	0,00%	0,00%	
Public contributions & donations	–	–	–	–	0,00%	0,00%	
Borrowing	–	–	–	–	0,00%	0,00%	
Internally generated funds	(1 101)	(8 740)	(12 126)	(1 375)	-535,80%	-782,09%	
<b>Total sources of capital funds</b>	<b>(1 101)</b>	<b>(8 740)</b>	<b>(12 126)</b>	<b>(1 375)</b>	<b>-535,80%</b>	<b>-782,09%</b>	

Financial Summary							R' 000
Description	2019/20	Current Year: 2020/21			2020/21 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
<b>Financial position</b>							
Total current assets	115 445	74 703	24 065	119 706	37,59%	79,90%	
Total non current assets	60 583	70 197	73 583	60 241	-16,53%	-22,15%	
Total current liabilities	31 603	29 554	166 902	21 674	-36,36%	-670,06%	
Total non current liabilities	23 774	36 664	36 664	29 922	-22,53%	-22,53%	
Community wealth/equity	120 651	80 343	77 589	128 352	37,40%	39,55%	
<b>Cash flows</b>							
Net cash from (used) operating	24 718	137 569	137 569	10 133	-1257,69%	-1257,69%	
Net cash from (used) investing	(1 430)	(7 482)	(8 740)	(5 053)	-48,08%	-72,98%	
Net cash from (used) financing	–	3	–	–	–	–	
<b>Cash/cash equivalents at the year end</b>	<b>94 856</b>	<b>204 036</b>	<b>202 774</b>	<b>99 935</b>	<b>-104,17%</b>	<b>-102,91%</b>	
<b>Cash backing/surplus reconciliation</b>							
Cash and investments available	78 267	48 779	73 946	110 135	55,71%	32,86%	
Application of cash and investments	34 344	32 040	37 241	–	–	–	
<b>Balance - surplus (shortfall)</b>	<b>43 923</b>	<b>16 739</b>	<b>36 705</b>	<b>36 705</b>	<b>54,40%</b>	<b>0,00%</b>	
<b>Asset management</b>							
Asset register summary (WDV)	41 896	42 647	42 390	50 838	16,11%	16,62%	
Depreciation & asset impairment	3 105	3 629	3 629	3 381	-7,33%	-7,33%	
Renewal of Existing Assets	–	–	–	–	–	–	
Repairs and Maintenance	3 588	7 220	7 406	3 570	-102,25%	-107,46%	
<b>Free services</b>							
Cost of Free Basic Services provided	–	–	–	–	–	–	
Revenue cost of free services provided	–	–	–	–	–	–	
<b>Households below minimum service level</b>							
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	2019/20	2020/21			2020/21 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
<b>Operating Cost</b>							
Water	–	–	–	–	–	–	
Waste Water (Sanitation)	–	–	–	–	–	–	
Electricity	–	–	–	–	–	–	
Waste Management	–	–	–	–	–	–	
Housing	3 003	4 269	3 170	2 035	-109,83%	-55,79%	
Component A: sub-total	3 003	4 269	3 170	2 035	-109,83%	-55,79%	
Waste Water (Stormwater Drainage)	–	–	–	–	–	–	
Roads	–	–	–	–	–	–	
Transport	–	–	–	–	–	–	
Component B: sub-total	–	–	–	–	–	–	
Planning	38 080	39 351	45 369	37 414	-5,18%	-21,26%	
Local Economic Development	–	–	–	–	–	–	
Component B: sub-total	38 080	39 351	45 369	37 414	-5,18%	-21,26%	
Planning (Strategic & Regulatory)	–	–	–	–	–	–	
Local Economic Development	–	–	–	–	–	–	
Component C: sub-total	–	–	–	–	–	–	
Community & Social Services	–	–	–	–	–	–	
Environmental Protection	6 095	9 927	11 080	7 960	-24,70%	-39,19%	
Health	–	–	–	–	–	–	
Security and Safety	–	–	–	–	–	–	
Sport and Recreation	–	–	–	–	–	–	
Corporate Policy Offices and Other	72 998	93 807	93 485	79 708	-17,69%	-17,28%	
Component D: sub-total	79 093	103 734	104 566	87 668	-18,32%	-19,27%	
<b>Total Expenditure</b>	<b>120 175</b>	<b>147 354</b>	<b>153 104</b>	<b>127 117</b>	<b>-15,92%</b>	<b>-20,44%</b>	

### 5.3 Grants

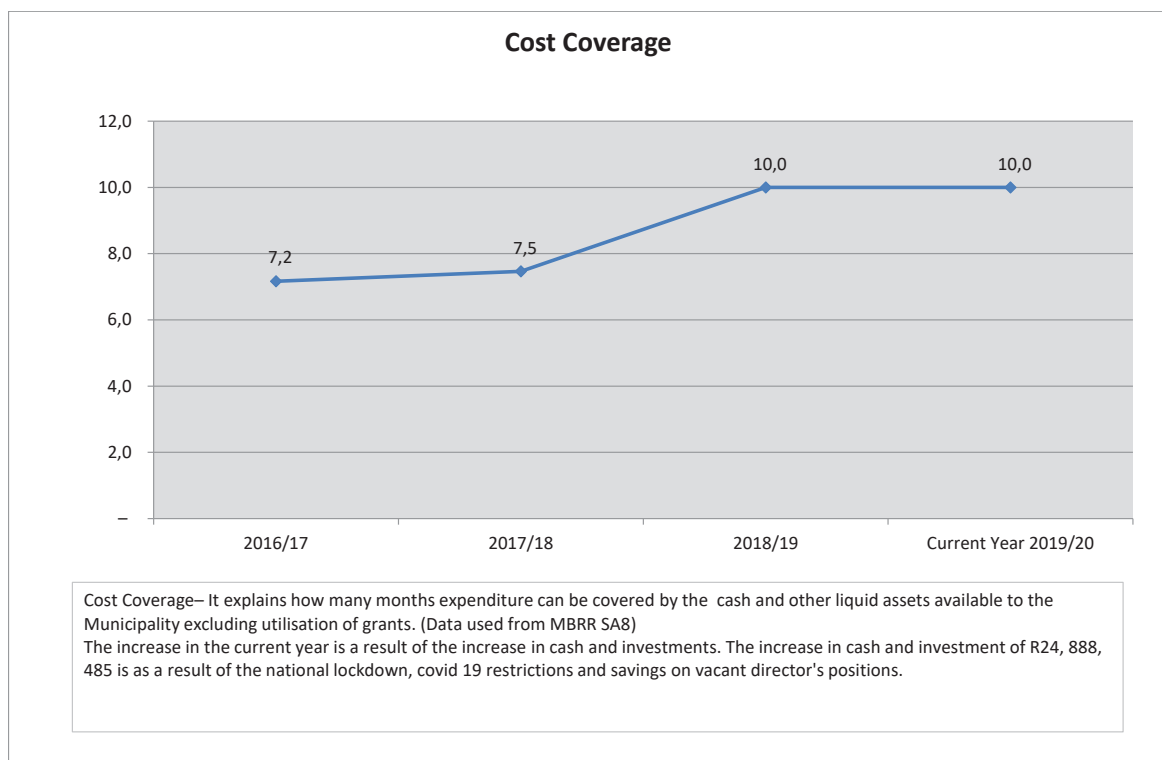
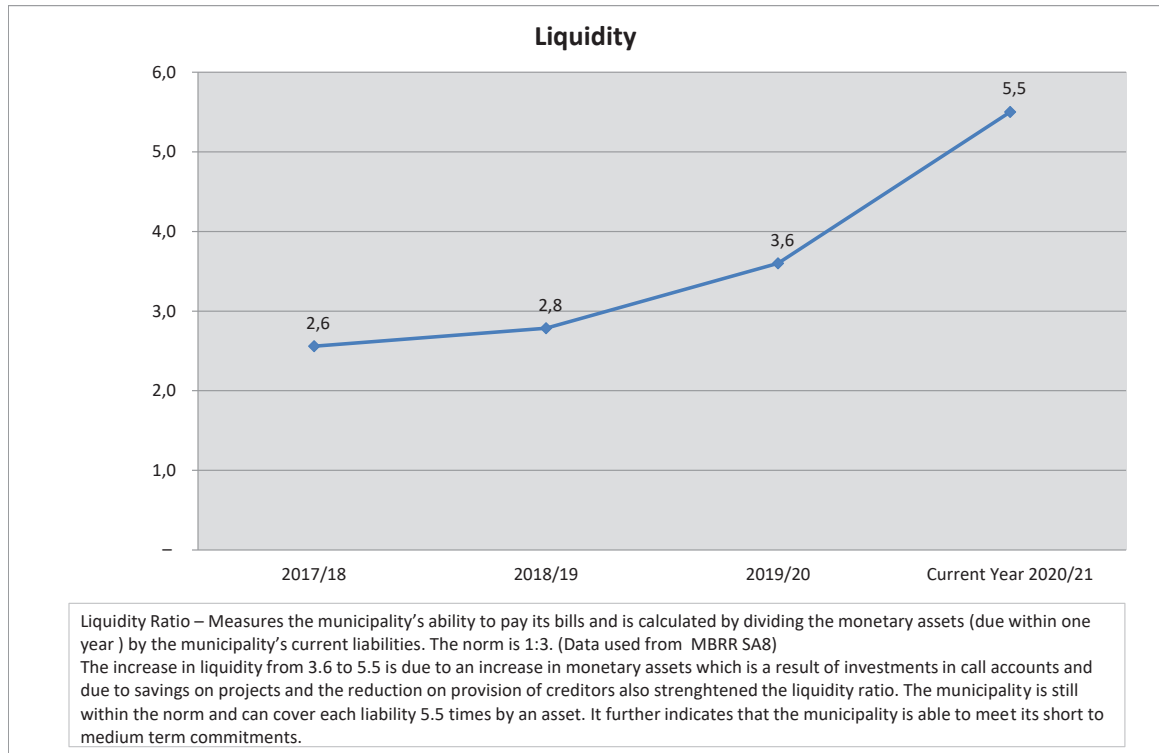
Grant Performance							R' 000
Description	2019/20	2020/21			2020/21 Variance		
	Actual	Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
<b>Operating Transfers and Grants</b>							
<b>National Government:</b>	<b>122 954</b>	<b>129 601</b>	<b>131 070</b>	<b>128 340</b>	<b>-0,98%</b>	<b>-0,98%</b>	
Local Government Equitable Share	120 606	124 299	125 768	124 736	0,35%	0,35%	
Expanded Public Works Programme Integrated Grant	–	1 500	1 500	1 101	–	–	
Local Government Financial Management Grant	748	1 000	1 000	1 000	0,00%	0,00%	
Municipal Disaster Recovery Grant	259	259	259	–	–	–	
Municipal Systems Improvement Grant	–	–	–	–	–	–	
Rural Road Asset Management Systems Grant	1 341	2 543	2 543	1 503	-69,22%	-69,22%	
<b>Provincial Government:</b>							
	<b>1 313</b>	<b>–</b>	<b>500</b>	<b>489</b>	<b>100,00%</b>	<b>100,00%</b>	
Capacity Building	–	–	–	–	–	–	
Disaster and Emergency Services	–	–	500	489	–	–	
Expanded Public Works Programme	1 270	–	–	–	–	–	
Health	13	–	–	–	–	–	
Housing Projects	–	–	–	–	–	–	
Specify (Add grant description)	30	–	–	–	–	–	
<b>District Municipality:</b>							
	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	
<b>Other grant providers:</b>							
	<b>–</b>	<b>–</b>	<b>–</b>	<b>45</b>	<b>–</b>	<b>–</b>	
Education Training and Development Practices SETA	96	100	100	45	-123,22%	-123,22%	
Northern Cape Economic Development Agency	–	–	–	–	–	–	
Unspecified	–	–	–	–	–	–	
<b>Total Operating Transfers and Grants</b>	<b>124 267</b>	<b>129 601</b>	<b>131 570</b>	<b>128 874</b>	<b>-1%</b>	<b>-1%</b>	

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2019/20	Actual Grant 2020/21	2020/21 Municipal Contribution	Date Grant terminates	Date municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
<b>Parastatals</b>						
NCPA - Housing Accreditation Grant	-	-	4 269 230	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	95 650	44 799	100 000	Ongoing	Ongoing	To be used for training and capacity building of employees as per approved Skills Work Plan.
Municipal Disaster Recovery Grant	-	259 000	520 000	Ongoing	Ongoing	To assist the district municipality with any disaster that might occur.
Health	13 200	-	-	July 2020	June 2021	To assist the district municipality with aids programmes within the district.
Expanded Public Works Programme	1 270 000	-	-	July 2020	June 2021	To assist the district municipality with cleaning programmes.
Covid-19 Grant	-	-	720 000	July 2020	June 2021	To assist the district municipality with Covid-19 expenditure.

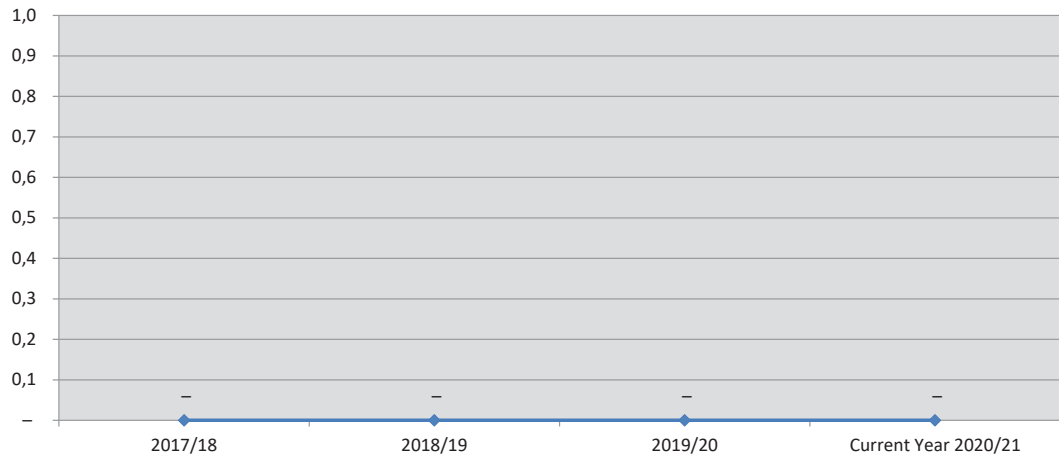
Repair and Maintenance Expenditure: 2020/21				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and maintenance expenditure	345	345	1 251	-72,42%

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

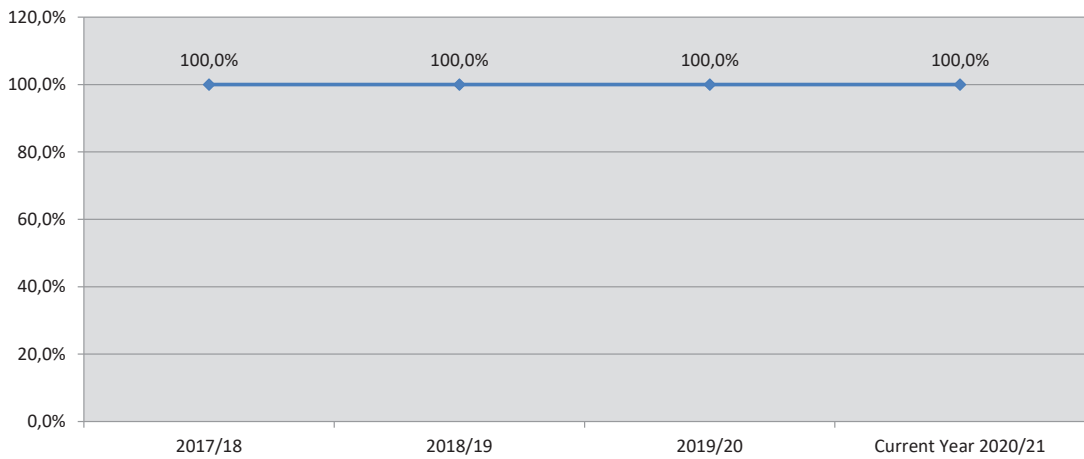


### Debt Coverage



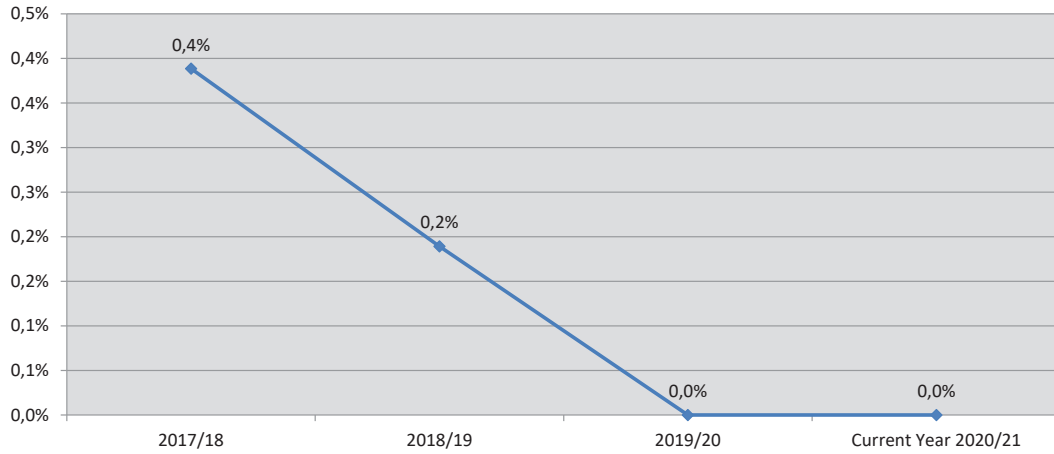
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality. (Data used from MBRR SA8). The debt coverage remained unchanged between the financial years.

### Creditors System Efficiency



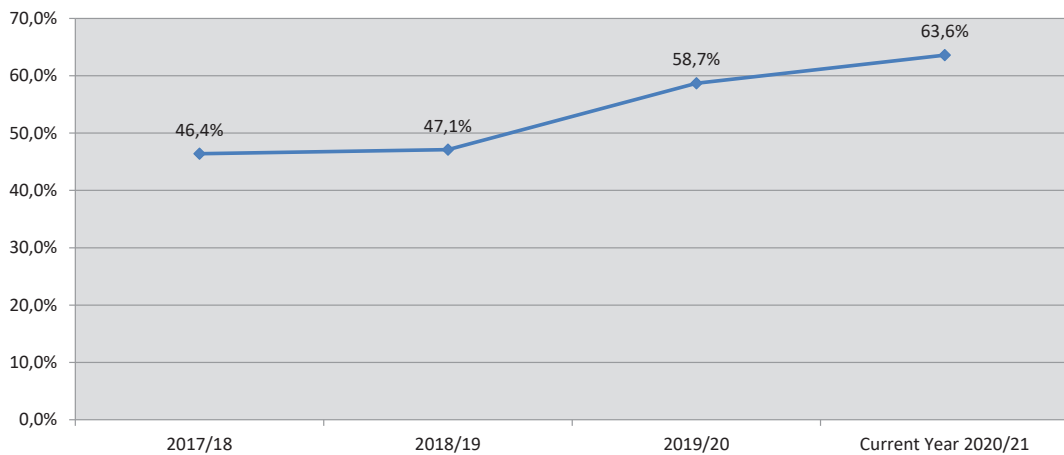
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by dividing outstanding trade creditors by credit purchases. (Data used from MBRR SA8)  
The creditors' system efficiency remained consistent during 2020/21 financial year, which is an indication of good internal controls being implemented within the municipality.

### Capital Charges to Operating Expenditure



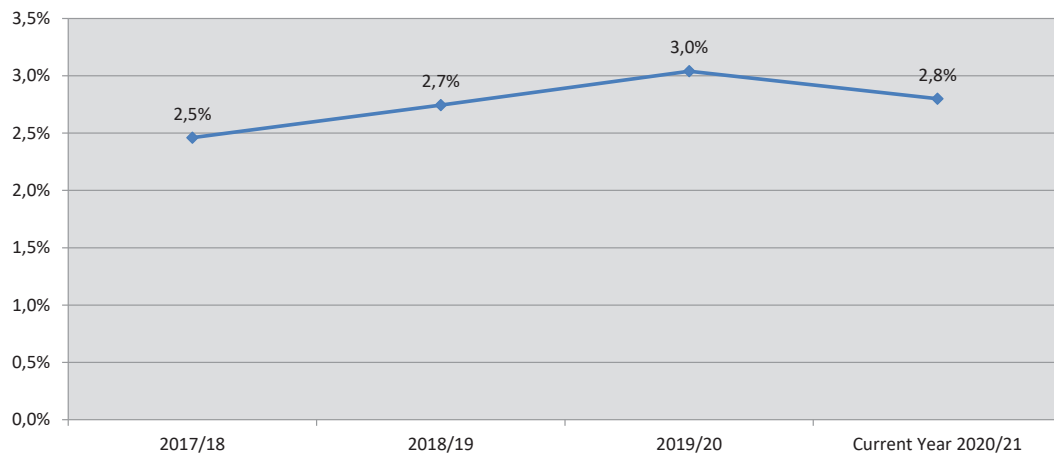
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure. (Data used from MBRR SA8)  
 The capital charges to operating expenditure remained the same in the 2020/21 financial year.

### Employee Costs



In terms of National Treasury's Circular employee costs must not exceed 35%. As at 30 June 2021, the employee costs were 63.6% 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)  
There was a slight decrease in repairs & maintenance for the 2020/21 financial year from 3% to 2.8%.

## 5.5 Cash flow management and investments

The district municipality's cash and cash equivalents amounts to R99.9m which is an increase of R 5m as compared to the previous financial year. The district municipality's cash flow improved due to savings resulting from projects. The other contributors to the positive cash flow management of the municipality was as a result of the municipality generating a positive cash flow from operating activities such as vacancies at senior management level.

<b>Cash Flow Outcomes</b>				
<b>R'000</b>				
<b>Description</b>	<b>2019/20</b>	<b>Current Year: 2020/21</b>		
	<b>Audited Outcome</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Actual</b>
<b>Cash flow from operating activities</b>				
<b>Receipts</b>				
Ratepayers and other	8 504	3 834	3 834	3 199
Government - operating	125 918	130 160	130 160	129 376
Government - capital	–	–	–	–
Interest	7 399	–	–	5 067
Dividends	–	–	–	–
<b>Payments</b>				
Suppliers and employees	(80 850)	1 032	1 032	(127 509)
Finance charges	–	–	–	–
Transfers and Grants	(36 254)	–	–	–
<b>Net cash from/(used) operating activities</b>	<b>24 718</b>	<b>135 026</b>	<b>135 026</b>	<b>10 133</b>
<b>Cash flows from investing activities</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	18	–	–	(67)
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	1 254	1 258	–	(1 711)
Decrease (increase) in non-current investments	(1 600)	–	–	(1 900)
<b>Payments</b>				
Capital assets	(1 101)	(8 740)	(8 740)	(1 375)
<b>Net cash from/(used) investing activities</b>	<b>(1 430)</b>	<b>(7 482)</b>	<b>(8 740)</b>	<b>(5 053)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts</b>				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–
<b>Payments</b>				
Repayment of borrowing	–	–	–	–
<b>Net cash from/(used) financing activities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net increase/ (decrease) in cash held</b>	<b>23 288</b>	<b>127 544</b>	<b>126 285</b>	<b>5 080</b>
Cash/cash equivalents at the year begin:	71 567	73 946	73 946	94 856
Cash/cash equivalents at the year end:	94 856	201 489	200 231	99 935

## 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) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction
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 2021
GRAP 2 (Revised)	Cash Flow Statements	1 April 2021
GRAP 3 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2021
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates	1 April 2021
GRAP 9 (Revised)	Revenue from Exchange Transactions	1 April 2021
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics	1 April 2021
GRAP 11 (Revised)	Construction Contracts	1 April 2021
GRAP 12 (Revised)	Inventories	1 April 2021
GRAP 13 (Revised)	Leases	1 April 2021
GRAP 14 (Revised)	Events after the reporting date	1 April 2021
GRAP 16 (Revised)	Investment Property	1 April 2021
GRAP 17 (Revised)	Property, Plant and Equipment	1 April 2021
GRAP 18 (Revised)	Segment Reporting	1 April 2021

Standard	Description	Effective Date
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets	1 April 2021
GRAP 20 (Revised)	Related Parties	1 April 2021
GRAP 21 (Revised)	Impairment of non-cash-generating assets	1 April 2021
GRAP 23 (Revised)	Revenue from Non-Exchange Transactions	1 April 2021
GRAP 24 (Revised)	Presentation of Budget Information in Financial Statements	1 April 2021
GRAP 25 (Revised)	Employee Benefits	1 April 2021
GRAP 26 (Revised)	Impairment of cash-generating assets	1 April 2021
GRAP 27 (Revised)	Agriculture	1 April 2021
GRAP 31 (Revised)	Intangible Assets	1 April 2021
GRAP 32 (Revised)	<b>Service concession arrangements: Grantor</b> - No significant impact is expected as the municipality does not participate in such business transactions.	1 April 2021
GRAP 100 (Revised)	Non-current Assets held for Sale and Discontinued Operations	1 April 2021
GRAP 104 (Revised)	Financial Instruments	1 April 2021

Standard	Description	Effective Date
GRAP 32	<b>Service concession arrangements: Grantor</b> - No significant impact is expected as the municipality does not participate in such business transactions.	01 April 2021
GRAP 105	<b>Transfer of functions between entities under common control</b> - No significant impact is expected as the municipality does not participate in such business transactions.	01 April 2021
GRAP 106	<b>Transfer of functions between entities not under common control</b> No significant impact is expected as the municipality does not participate in such business transactions.	01 April 2021
GRAP 107	<b>Mergers</b> - No significant impact is expected as the municipality does not participate in such business transactions.	01 April 2021
GRAP 108	<b>Statutory receivables</b> - No significant impact is expected as the municipality does not participate in such business transactions.	01 April 2021
GRAP 109	<b>Accounting by principals and agents</b> - No significant impact is expected as the municipality does not participate in such business transactions.	01 April 2021

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 2019/20

The district municipality achieved an unqualified audit opinion with two matters of emphasis.

Auditor-General Report on Financial Performance 2019/20	
<b>Audit Report Status*:</b>	Unqualified audit opinion
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
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 2020/21

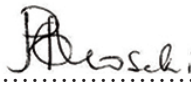
The district municipality achieved an unqualified audit opinion with no matters of emphasis.

Auditor-General Report on Financial Performance 2020/21	
<b>Audit Report Status*:</b>	Unqualified audit opinion
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
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: 28 February 2021

## 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"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
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:	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. Section 1 of the MFMA defines a “vote” as: 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	Mayoral Committee	PR	100%	0%
Cllr U Buda	FT	Speaker	PR	86%	14%
Cllr. BV Ximba	FT	Planning & Development, Mayoral	PR	79%	7%
Cllr. ME Motsamai	FT	Finance, Mayoral	PR	100%	0%
Cllr. ME Mokgatlhanyane	FT	Infrastructure Development, Mayoral	PR	100%	0%
Cllr. PD Bishop*	PT	MPAC, Policy & Institutional Development	Sol Plaatje	21%	0%
Cllr. M Kaars	PT	Finance, MPAC	PR	86%	14%
Cllr. B Springbok	FT	Policy & Institutional Development	PR	64%	7%
Cllr. PJF Louw	PT	Infrastructure Development	PR	86%	14%
Cllr. AK Zalisa	PT	Planning & Development, MPAC	Magareng	43%	7%
Cllr. MJ Beylefeld	PT	Infrastructure Development	Sol Plaatje	100%	0%
Cllr DM Macinga	PT	Infrastructure Development	Dikgatlong	35%	7%
Cllr. TD Setlholo	PT	Infrastructure Development	Sol Plaatje	93%	0%
Cllr. D Benjamin	PT	Social Development	PR	86%	0%
Cllr. MA Mahutie	PT	Policy & Institutional Development, MPAC	Dikgatlong	64%	7%
Cllr KM Sebege	PT	Social Development, MPAC	Sol Plaatje	57%	0%
Cllr E Niemann	PT	Policy & Institutional Development	Sol Plaatje	93%	0%
Cllr MC Mkhonza	PT	Policy & Institutional Development, Social Development, MPAC	PR	86%	7%
Cllr KC Phiri	PT	Finance, MPAC	Sol Plaatje	50%	21%
Cllr MK Molatudi	PT	Social Development	Sol Plaatje	92%	0%
Cllr L Steenkamp	PT	Policy & Institutional Development, Finance	Sol Plaatje	100%	0%
Cllr F Thulo	PT	Planning & Development, Infrastructure Development, Finance	Sol Plaatje	100%	0%
Cllr JK Msibi	FT	Social Development	PR	100%	0%
CLLR M Moshweu	PT	Finance	Sol Plaatje	86%	0%
Cllr MK Tivane**	PT	Social Development	Phokwane	40%	20%
Cllr. TP Mathe**	PT	Planning & Development	Phokwane	70%	20%
Cllr. ET Matika***	FT	MPAC (Chairperson)	Sol Plaatje	100%	0%
Cllr. W Harmse**	PT	Social Development, MPAC	Phokwane	50%	20%

\* Passed away during the FY

\*\* Seconded during the FY from Phokwane

\*\*\* Seconded during the FY from Sol Plaatje

## Appendix B - Committees & Committee Purposes

<b>Committees (other than Mayoral / Executive Committee) and Purposes of Committees</b>	
<b>Municipal Committees</b>	<b>Purpose of Committee</b>
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

<b>Municipal Functions</b>	
<b>MUNICIPAL FUNCTIONS</b>	<b>Function Applicable to Municipality (Yes / No)*</b>
<b>Constitution Schedule 4, Part B functions:</b>	
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 wastewater 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 2019/20

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2020/21	Recommendations adopted (enter Yes) If not adopted (provide explanation)
19/10/2020	<b>Review of the annual financial statements</b> <ul style="list-style-type: none"> <li>Management to include a comment on the impact of Covid-19 and to reflect on what the municipality has done so far</li> </ul>	Yes, recommendations were adopted.
	Management to indicate on the heading of each page that the 2019 financial year has been restated, should it be the case as implied in note 36.	
	The figure pertaining to Note 36 Correction of error be detailed.	
	Management was advised to re-phrase the explanation given for property, plant and equipment to ensure that this does not have any impact on the PPE note.	
	Management was advised to indicate on the explanation for inventory consumed that a saving of R 44 948 was as a result of national lockdown.	
	Accounting policies Par 3.2 Revaluation model: The first para-graph to be removed since for the year under review the building was not valued.	
	VAT Receivable to be recognised in terms of GRAP standards that addresses services in kind and VAT 201 & VAT 202.	
	Management to consider renaming current investment deposits to call accounts	
	Note 10. Property, Plant and Equipment: Management to provide a more detailed reason for delayed project 1: Additional offices.	
	Note 11. Intangible Assets: Management was advised to re-phrase the statement to be in line with IGRAP 16.	
	Note 13. Heritage Assets: 13.5 Expenditure incurred to repair and maintain: The amount disclosed to be reviewed as there is no movement from the prior year.	
	Note 14. Long-term receivables: The amount disclosed on the note to be adjusted.	
	Note 16. Provisions: Amounts disclosed on the note to be corrected.	
	Note 17. Payables from exchange transactions: Amounts disclosed on the note to be corrected.	
	Note 23.4 Reconciliation per grant source: The wording “conditions to be met” to be rephrased as Unspent.	
	Note 23.4.5 Public Corporations: The note to be removed.	
Note 38.2 Irregular, Fruitless and Wasteful expenditures: To ensure that the register is up to date.		
Note 36. Correction of prior year errors: APRC advised that since a reclassification is not an error therefore note 36.2 and 36.3 should be corrected.		

<b>Municipal Audit Committee Recommendations</b>		
<b>Date of Committee</b>	<b>Committee recommendations during 2020/21</b>	<b>Recommendations adopted (enter Yes) If not adopted (provide explanation)</b>
<b>29/10/2020</b>	Employee Benefit Liabilities: To refer to the GRAP Standards which allow only certain circumstances to qualify for off-sets but point out that it is more likely to recognize that gain as in-come than expenditure.	Yes, recommendations were adopted.
	<b>Statement of financial performance</b> APRC advised management to look at the template of statement of financial performance to ensure that is updated correctly regarding the financial surplus / deficit and revaluation fair value movement or actuarial gains and losses.	
	Note 10: Property Plant and Equipment: APRC advised that management ensure that supporting evidence is available for Other Assets.	
	Note 10: Impairment loss: APRC advised management to provide AGSA with supporting documentation on how they deter-mined the impairment loss disclosed.	
	Note 10.8 Expenditure incurred for repairs and maintenance: APRC advised that any repairs done to the new building should be carefully capitalized because it is expenditure that is still being spent to get the asset ready for use.  To ensure that the R1 667 831 is classified as an Assets Under Construction if the amount relate to the new building, and to ensure that the amount does not include improvements which would constitute additions or enhancement rather than repair and maintenance.	
	Note 39: Accumulated Surplus: Note to be corrected and up-dated.	
	Note 39.1: Reclassification of Revenue: APRC advised that note 39.1 should be removed since there was no reinstatement or reclassification of any item as per comparison for this year.	
<b>10/11/2020</b>	<b>Review of the 2020-21 audit strategy</b> APRC reiterated that they did not expect for the municipality to be punished for evidence of which the municipality was not custodians.	Yes, recommendations were adopted.
	APRC indicated that the municipality have made amendments to the SDBIP and the Auditor General must accept what is submitted as evidence.	
	APRC indicated that the third-party confirmation should provide validity to Auditor General, but it cannot be the problem of the Municipality.	
	APRC cautioned that the Accounting Officer cannot determine how fast to obtain the information especially when the information has to be collected from the third party; and it will be unacceptable to get audit findings based on what is not in the control of the municipality purely because of the delay by the third party.	
	APRC indicated that the engagement letter should be agreed to what is in the control of the municipality, and third party information should not necessarily be subjected to cut-off arrangement because this will be unfair to the municipality.	

<b>Municipal Audit Committee Recommendations</b>		
<b>Date of Committee</b>	<b>Committee recommendations during 2020/21</b>	<b>Recommendations adopted (enter Yes) If not adopted (provide explanation)</b>
<b>22/02/2021</b>	Review of 2019 – 20 Draft Audit report: The APRC advised that section 121 of the MFMA should not be relied on to justify the finding because the annual report had not even been issued.	Yes, recommendations were adopted.
	KPA 1: Sustainable municipal infrastructure and basic service delivery: APRC suggested that the finding can be rectified if it only relates to management not having included the strategic objectives in the comparison report and the annual performance report.	
<b>06/05/2021</b>	<b>2019-20 FBDM Draft Annual Report</b> To remain with the index page of the AFS, but change the numbering provided on the index page.	Yes, recommendations were adopted.
	<b>Audit Action Plan:</b> Management to discuss the findings with the external auditors before the drafted audit action plan can be finalised for implementation. <b>Performance Management Report: Quarter 3</b> <ul style="list-style-type: none"> <li>• KPI 8.1: To look at possibilities of doing exhibitions virtually.</li> <li>• KPI 13.1: Reason for deviation to be rephrased.</li> <li>• KPI 17.1: Addresses two activities, as and when maintenance is requested and an annual maintenance. APRC recommends annual reporting in cases of ad-hoc maintenance.</li> <li>• KPI 19.1: Improvement plan needs to be re-worked.</li> <li>• KPI 43.1: Reason for deviation to be re-worked.</li> </ul>	
<b>24/06/2021</b>	<b>Year-end preparations</b> <ul style="list-style-type: none"> <li>• Management should ensure that whatever decisions taken regarding disclosures on the Annual Financial Statements this should be substantiated with the requirements of the GRAP standards.</li> <li>• To include a date for internal audit to review the set of AFS and to ensure submission to APRC by 13 August 2021.</li> <li>• Management needs to ensure that prior period errors if it exists, this need to be properly disclosed.</li> </ul>	Yes, recommendations were adopted.
	<b>Draft SDBIP 2021/22</b> <ul style="list-style-type: none"> <li>• KPI 15.1 Management to reconsider the significance of including volunteer training in the SDBIP and IDP if performance is only going to be measured in one quarter.</li> <li>• All KPI's should be consistent.</li> <li>• KPI 43 to 46 on Budget and Treasury needs to be re-evaluated as they are too generic.</li> </ul>	

## Appendix E - Disclosures of Financial Interests

Disclosures of Financial Interests		
Period 1 July 2020 to 30 June 2021 of 2020/21		
Position	Name	Description of Financial interests* (Nil / Or details)"
<b>(Executive) Mayor</b>	Mr P Marekwa	Nil / None
<b>Member of MayCo / Exco</b>	Ms U Buda	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
<b>Councillor</b>	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
	Ms TP Mathe	Nil / None
	Ms D Setlholo	Nil / None
	Ms L Steenkamp	Nil / None
	Ms KM Sebego	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
Mr K Zalisa	Nil / None	

## Appendix E - Disclosures of Financial Interests

Disclosures of Financial Interests		
Period 1 July 2020 to 30 June 2021 of 2020/21		
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	2019/20	Current Year: 2020/21			2020/21 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget	
Vote 1 - Executive & Council	13	-	500	489	0,00%	0,00%	
Vote 2 - Budget & Treasury	136 888	131 652	133 221	131 346	-0,23%	-1,41%	
Vote 3 - Corporate Services	276	259	259	(30)	-111,58%	-111,58%	
Vote 4 - Planning & Development	-	1 500	1 500	-	-100,00%	-100,00%	
Vote 5 - Project Management Services	3 023	4 441	4 441	2 983	-32,83%	-32,83%	
<b>Total Revenue by Vote</b>	<b>133 374</b>	<b>136 245</b>	<b>135 617</b>	<b>140 176</b>	<b>2,88%</b>	<b>3,36%</b>	

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

Revenue Collection Performance by Source						
R '000						
Description	2019/20	2020/21		2020/21 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	603	1 000	1 000	609	-64,32%	-64,32%
Interest earned - external investments	7 399	5 750	5 750	5 067	-13,47%	-13,47%
Interest earned - outstanding debtors	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–
Fines	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–
Agency services	–	–	–	–	–	–
Transfers recognised - operational	124 350	130 702	132 771	128 874	-1,42%	-3,02%
Other revenue	7 853	400	400	268	-49,01%	-49,01%
Gains on disposal of PPE	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>140 200</b>	<b>137 852</b>	<b>139 921</b>	<b>134 818</b>	<b>-2,25%</b>	<b>-3,79%</b>

## 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	-	-	-	-	-	-	
<b>Other Specify:</b>							
Local Government Equitable Share	124 299	125 768	124 736	0,35%	-0,83%	-	
Finance Management	1 000	1 000	1 000	0,00%	0,00%	-	
Municipal Disaster Recovery Grant	259	259	-	-	-	-	
Municipal Systems Improvement	1 500	1 500	-	-	-	-	
Roads asset management	2 543	2 543	1 502	-69,22%	-69,22%	-	
Kgotso Pula Nala	-	-	-	-	-	-	
NEAR Control Centre	-	259	-	-	-	-	
SETA - Skills Grant	100	100	45	-123,22%	-123,22%	-	
NCPA - EPWP	1 001	1 101	1 101	9,08%	0,00%	-	
Tourism Grant	-	-	-	-	-	-	
NCPA- District Aids Council	-	500	489	100,00%	-2,31%	-	
Public Contributions	-	-	-	-	-	-	
NCPA- Housing Grants	-	-	-	-	-	-	
NCPA - Firefighting Equipment	-	-	-	-	-	-	
Covid-19 Grant	-	-	-	-	-	-	
<b>Total</b>	<b>130 702</b>	<b>133 030</b>	<b>128 873</b>	<b>-1,42%</b>	<b>-3,23%</b>	<b>-</b>	

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

Capital Expenditure - New Assets Programme*							
Description	2019/20	2020/21			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	396	4 109	5 408	913	4 368	400	–
General vehicles	–	–	–	–	–	–	–
Specialised vehicles	–	–	–	–	–	–	–
Plant & equipment	86	125	574	82	357	400	–
Computers - hardware/equipment	170	1 110	1 260	491	872	–	–
Furniture and other office equipment	5	509	509	340	74	–	–
Abattoirs	–	–	–	–	–	–	–
Markets	–	–	–	–	–	–	–
Civic Land and Buildings	–	–	–	–	–	–	–
Other Buildings	135	2 365	3 065	–	3 065	–	–
Other Land	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–
Computers - software & programming	–	–	–	–	–	–	–
Total Capital Expenditure on new assets	396	4 109	5 408	913	4 368	400	–
Specialised vehicles	–	–	–	–	–	–	–
Refuse	–	–	–	–	–	–	–
Fire	–	–	–	–	–	–	–
Conservancy	–	–	–	–	–	–	–
Ambulances	–	–	–	–	–	–	–

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

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2019/20	2020/21			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties</b>	–	–	–	–	–	–	–
Housing development	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–
<b>Other assets</b>	<b>705</b>	<b>60</b>	<b>60</b>	<b>461</b>	<b>2 083</b>	–	–
General vehicles	–	–	–	–	–	–	–
Specialised vehicles	–	–	–	–	–	–	–
Plant & equipment	21	60	60		78	–	–
Computers - hardware/ equipment	621	–	–	461	–	–	–
Furniture and other office equipment	64	–	–	–	5	–	–
Abattoirs	–	–	–	–	–	–	–
Markets	–	–	–	–	–	–	–
Civic Land and Buildings	–	–	–	–	–	–	–
Other Buildings	–	–	–	–	–	–	–
Other Land	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)	–	–	–	–	–	–	–
Other	–	–	–	–	2 000	–	–
<b>Intangibles</b>	–	<b>3 000</b>	<b>5 000</b>	–	<b>5 000</b>	–	–
Computers - software & programming	–	3 000	5 000	–	5 000	–	–
Other (list sub-class)	–	–	–	–	–	–	–
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>705</b>	<b>3 060</b>	<b>5 060</b>	<b>461</b>	<b>7 083</b>	–	–
<b>Specialised vehicles</b>	–	–	–	–	–	–	–
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: 2020/21				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2020/21 R' 000	Total Amount committed over previous and future years
Dikgatlong Municipality	Maintenance of electrical infrastructure	Grant	192	1 800
Dikgatlong Municipality	Maintenance of streets & stormwater	Grant	2 178	
Dikgatlong Municipality	Maintenance of water infrastructure	Grant	1 630	
Magareng Municipality	Maintenance of electrical infrastructure	Grant	96	1 800
Magareng Municipality	Maintenance of streets & stormwater	Grant	1 039	
Magareng Municipality	Maintenance of waste water infrastructure	Grant	991	
Magareng Municipality	Maintenance of water infrastructure	Grant	1 874	
Phokwane Municipality	Maintenance of electrical infrastructure	Grant	479	1 800
Phokwane Municipality	Maintenance of streets & stormwater	Grant	670	
Phokwane Municipality	Maintenance of waste water infrastructure	Grant	203	
Phokwane Municipality	Maintenance of water infrastructure	Grant	2 648	
Sol Plaatje Municipality	Maintenance of streets & stormwater	Grant	4 084	1 700
Sol Plaatje Municipality	Maintenance of waste water infrastructure	Grant	416	

**PART II**  
**ANNUAL FINANCIAL**  
**STATEMENTS**

# FRANCES BAARD DISTRICT MUNICIPALITY



[These financial statements have been audited]

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## FRANCES BAARD DISTRICT MUNICIPALITY

### Annual Financial Statements for the year ended 30 June 2021

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The reports and statements set out below comprise the annual financial statements presented to the council:

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## FRANCES BAARD DISTRICT MUNICIPALITY

### Annual Financial Statements for the year ended 30 June 2021

#### General information

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<b>Country of origin and legal form</b>	South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)	
<b>Jurisdiction</b>	The Frances Baard Municipality includes the following areas: Sol Plaatjie Phokwane Dikgatlong Magareng	
<b>Nature of business</b>	Frances Baard Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)	
<b>Capacity of district authority</b>	Medium capacity	
<b>Municipal demarcation code</b>	DC9	
<b>Management structure</b>	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.	
<b>Municipal manager</b>	Ms ZM Bogatsu	
<b>Chief financial officer</b>	Ms O Moseki (Acting)	
<b>Other heads of departments</b>	Director: Administration Director: Planning & Development Director: Infrastructure Services	Ms KG Gaborone Mr F Netshivhoza (Acting) Mr S Suliman (Acting)
<b>Registered office</b>	51 Drakensberg Avenue Carters Glen Kimberley	
<b>Legal representative</b>	Mr K Matlakala	
<b>External auditors</b>	Auditor-General of South Africa Private Bag X5013 Kimberley	
<b>Internal auditors</b>	The Internal Audit section 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.	
<b>Members of the audit committee</b>	Mr T Mogoli Mr T Mudamburi Mr G Botha	Chairperson Member Member

**FRANCES BAARD DISTRICT MUNICIPALITY**

**Annual Financial Statements for the year ended 30 June 2021**

**General information**

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<b>Principal banker</b>	FNB FNB Kimberley Regional Office Buttfontein Rd, New Park Kimberley 8301	
<b>Relevant legislation</b>	Municipal Finance Management Act Division of Revenue Act The Income Tax Amendment Act Value Added Tax Amendment Act Municipal Structures Act Municipal Systems Act Municipal Planning and Performance Management Regulations Housing Act Skills Development Levies Amendment Act Employment Equity Act Unemployment Insurance Act Basic Conditions of Employment Act Supply Chain Management Regulations	
<b>Executive Mayor</b>	Mr P Marekwa	Proportional
<b>Speaker</b>	Ms U Buda	Proportional
<b>Mayoral Committee</b>	Mr M Mokgathanyane Ms J Msibi Mr B Springbok Ms M Motsamai Ms BV Ximba	Proportional Proportional Proportional Proportional Proportional
<b>MPAC Chairperson</b>	Ms ET Matika	Sol Plaatje Municipality
<b>Part Time Councillors</b>	Mr M Mosweu Mr M Kaars Ms D Benjamin Mr P Louw Mr C Mkhonza Ms T Mathe Mr W Harmse Ms D Setholo Ms L Steenkamp Ms KM Sebego Mr F Thulo Ms M Beylefeld Ms D Niemann Mr C Phiri Ms M Molatudi Mr D M Macinga Ms M A Mahutie Ms M Tivane Mr K Zalisa	Proportional Proportional Proportional Proportional Proportional Phokwane Municipality Phokwane Municipality Proportional Proportional Sol Plaatje Municipality Sol Plaatje Municipality Sol Plaatje Municipality Sol Plaatje Municipality Sol Plaatje Municipality Sol Plaatje Municipality Dikgatlong Municipality Dikgatlong Municipality Phokwane Municipality Magareng Municipality

## FRANCES BAARD DISTRICT MUNICIPALITY

### Annual Financial Statements for the year ended 30 June 2021

#### Approval of Annual Financial Statements

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The Municipal Finance Management Act (Act 56 of 2003) requires that I maintain adequate accounting records and remain responsible for the content and integrity of the annual financial statement and related financial information. I am responsible for the preparation of these annual financial statements for the year ended 30 June 2021 which are set out on pages 137 to 226, which I have signed on behalf of the municipality. The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standard Board.

I, as the Accounting Officer, 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 us to meet these responsibilities, I have set standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

In light of this review and the current financial position, I am satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

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

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Officer Bearers Act 20 of 1998 and the Minister of Co-operative Governance's determination in accordance with this Act.

The annual financial statements set out on pages 137 to 226, which have been prepared on the going concern basis, were approved by the accounting officer and are signed off on 30 November 2021:



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*Ms. ZM Bogatsu*  
**Municipal Manager**

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30-Nov-21  
**Date**

# 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 137 - 226, which comprise the statement of financial position as at 30 June 2021, 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 2021, 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 of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2020 (Act No. 4 of 2020) (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 2021, the municipality materially underspent the budget by R25 936 626.

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

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## Report on the audit of the annual performance report

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### 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 on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures 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.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the municipality's annual performance report for the year ended 30 June 2021:

Objectives	Pages in the annual performance report
KPI 1-Sustainable Municipal Infrastructure development and basic service delivery	72

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not identify any material findings on the usefulness and reliability of the reported performance information for this objective:
- KPI 1-Sustainable Municipal Infrastructure development and basic service delivery

**Other matter**

19. I draw attention to the matter below.

**Achievement of planned targets**

20. Refer to the annual performance report on pages 72 to 83 for information on the achievement of planned targets for the year of targets.

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**Report on the audit of compliance with legislation**

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**Introduction and scope**

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters

in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

22. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

### Other information

23. 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 objective presented in the annual performance report that have been specifically reported in this auditor's report.
24. 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.
25. 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 objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
26. 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

27. 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

30 Novemebr 2021



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objective 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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021**

	Note	Actual 2021 R	Restated 2020 R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>119,706,050</b>	<b>115,444,551</b>
Inventories	2.	375,696	380,752
Receivables from Exchange Transactions	3.	6,159,910	4,045,813
Receivables from Non-exchange Transactions	4.	389,000	389,000
VAT Receivable	5.	1,782,330	6,600,550
Investments	6.	10,200,000	8,300,000
Cash and Cash Equivalents	7.	99,935,425	94,855,647
Operating Lease Receivables	8.	5,689	-
Current Portion of Long-term Receivables	9.	858,000	872,788
<b>Non-Current Assets</b>		<b>60,241,301</b>	<b>60,582,797</b>
Property, Plant and Equipment	10.	50,837,960	52,750,684
Intangible Assets	11.	155,968	296,948
Investment Property	12.	543,750	557,813
Heritage Assets	13.	631,417	631,417
Operating Lease Receivable	8.	12,206	11,372
Long-term Receivables	14.	8,060,000	6,334,564
<b>Total Assets</b>		<b><u>179,947,351</u></b>	<b><u>176,027,348</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>21,673,992</b>	<b>31,602,871</b>
Consumer Deposits	15.	1,725	3,450
Provisions	16.	12,982,407	11,049,275
Payables from Exchange Transactions	17.	6,527,541	18,889,826
Unspent Conditional Grants and Receipts	18.	2,162,319	1,660,320
<b>Non-Current Liabilities</b>		<b>29,921,774</b>	<b>23,773,655</b>
Employee Benefit Liabilities	19.	29,817,963	23,674,031
Non-current Provisions	20.	103,811	99,624
<b>Total Liabilities</b>		<b><u>51,595,766</u></b>	<b><u>55,376,526</u></b>
<b>Total Assets and Liabilities</b>		<b><u>128,351,586</u></b>	<b><u>120,650,823</u></b>
<b>NET ASSETS</b>		<b>128,351,585</b>	<b>120,650,822</b>
Reserves	21.	26,940,553	27,204,514
Accumulated Surplus)	22.	101,411,032	93,446,308

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

	Note	Actual 2021 R	Restated 2020 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>			
Transfers and Subsidies	23.	128,873,595	124,349,644
<b>Revenue from Exchange Transactions</b>			
Other Revenue	24.	268,438	7,853,378
Rental from Fixed Assets	25.	608,649	603,057
Interest, Dividends and Rent on Land Earned	26.	5,067,423	7,399,488
<b>Total Revenue</b>		<b><u>134,818,105</u></b>	<b><u>140,205,566</u></b>
<b>EXPENDITURE</b>			
Employee Related Costs	27.	73,822,982	63,753,995
Remuneration of Councillors	28.	7,000,237	6,802,016
Depreciation and Amortisation	29.	3,381,127	3,800,809
Bad Debts Written Off	30.	-	2,665
Inventory Consumed	31.	1,250,827	1,113,918
Transfers and Subsidies Paid	32.	19,454,158	21,909,203
Operational Costs	33.	22,135,205	22,739,580
Loss on Disposal of Property, Plant and Equipment	34.	72,805	58,103
<b>Total Expenditure</b>		<b><u>127,117,342</u></b>	<b><u>120,180,288</u></b>
<b>SURPLUS FOR THE YEAR</b>		<b><u>7,700,763</u></b>	<b><u>20,025,279</u></b>
<b>Refer to Budget Statement for explanation of budget variances</b>			

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021**

	Reserves	Accumulated Surplus	Total Net Assets
	R	R	R
<b>2020</b>			
Balance at 30 June 2019	27,468,475	73,136,387	100,604,862
Change in Accounting Policy	-	-	-
Correction of Error (Note 35.)	-	-	-
<b>Restated Balance</b>	<b>27,468,475</b>	<b>73,136,387</b>	<b>100,604,862</b>
Surplus / (Deficit) for the year	-	20,025,279	20,025,279
Other Transfers to/from Accumulated Surplus	-	20,682.0	20,682
Transfers to/from Accumulated Surplus	(263,961)	-	(263,961)
Transfers to/from Reserves	-	-	-
Depreciation Offsets	-	263,961	263,961
<b>Balance at 30 June 2020</b>	<b>27,204,514</b>	<b>93,446,308</b>	<b>120,650,822</b>
<b>2021</b>			-
Surplus / (Deficit) for the year	-	7,700,763	7,700,763
Other Transfers to/from Accumulated Surplus	-	-	-
Transfers to/from Accumulated Surplus	(263,961)	-	(263,961)
Transfers to/from Reserves	-	-	-
Depreciation Offsets	-	263,961	263,961
<b>Balance at 30 June 2021</b>	<b>26,940,553</b>	<b>101,411,032</b>	<b>128,351,585</b>

Details on the movement of the Funds and Reserves are set out in Note 21. and Note 22.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021**

	Note	Actual 2021 R	Restated 2020 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Transfers and Subsidies		129,375,593	125,917,650
External Interest and Dividends Received		5,067,423	7,399,488
Other Receipts		3,198,751	8,504,048
<b>Payments</b>			
Employee Related Costs		(65,550,043)	(69,268,475)
Remuneration of Councillors		(7,000,237)	(6,802,016)
Suppliers Paid		(26,975,739)	(4,779,055)
Other Payments		(27,983,201)	(36,253,539)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>36</b>	<b><u>10,132,546</u></b>	<b><u>24,718,100</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(1,374,713)	(1,101,264)
Proceeds on Disposal of Property, Plant and Equipment		(67,407)	18,000
Decrease / (Increase) in Current Investments		(1,900,000)	(1,600,000)
Decrease / (Increase) in Long-term Receivables		(1,710,648)	1,253,648
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b><u>(5,052,768)</u></b>	<b><u>(1,429,616)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Borrowings		-	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b><u>5,079,778</u></b>	<b><u>23,288,485</u></b>
Cash and Cash Equivalents at Beginning of Period		94,855,647	71,567,162
Cash and Cash Equivalents at End of Period		99,935,425	94,855,647

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

30 June 2021

Description	Original Budget	Budget Adjustments variance	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	%	%
<b>FINANCIAL POSITION</b>									
<b>Current Assets</b>									
Inventories	430,700	-	430,700	-	430,700	375,696	(55,004)	87%	87%
Receivables from Exchange Transactions	11,580,889	-	11,580,889	-	11,580,889	6,159,910	(5,420,979)	53%	53%
Receivables from Non-exchange Transactions	-	-	-	-	-	389,000	389,000	0%	0%
VAT Receivable	-	-	-	-	-	1,782,330	1,782,330	0%	0%
Investments	-	-	-	-	-	10,200,000	10,200,000	0%	0%
Cash and Cash Equivalents	199,741,402	3,455,220	203,196,622	-	203,196,622	99,935,425	(103,261,197)	49%	50%
Operating Lease Receivables	-	-	-	-	-	5,689	5,689	0%	0%
Current Portion of Long-term Receivables	868,000	-	868,000	-	868,000	858,000	(10,000)	99%	99%
<b>Non-Current Assets</b>									
Property, Plant and Equipment	58,178,227	1,385,780	59,564,007	-	59,564,007	50,837,960	(8,726,047)	85%	87%
Intangible Assets	3,222,960	2,000,000	5,222,960	-	5,222,960	155,968	(5,066,992)	3%	5%
Investment Property	571,875	-	571,875	-	571,875	543,750	(28,125)	95%	95%
Heritage Assets	631,420	-	631,420	-	631,420	631,417	(3)	100%	100%
Long-term Receivables	7,593,000	-	7,593,000	-	7,593,000	8,060,000	467,000	106%	106%
<b>Total Assets</b>	<b>282,818,473</b>	<b>6,841,000</b>	<b>289,659,473</b>	<b>-</b>	<b>289,659,473</b>	<b>179,947,351</b>	<b>(109,712,122)</b>	<b>62%</b>	<b>64%</b>
<b>Current Liabilities</b>									
Consumer Deposits	350	-	350	-	350	1,725	1,375	493%	493%
Provisions	12,528,938	-	12,528,938	-	12,528,938	12,982,407	453,469	104%	104%
Payables from Exchange Transactions	17,024,694	-	17,024,694	-	17,024,694	6,527,541	(10,497,153)	38%	38%
Unspent Conditional Grants and Receipts	-	-	-	-	-	2,162,319	2,162,319	0%	0%
Current Portion of Long-term Liabilities	-	-	-	-	-	-	-	0%	0%
<b>Non-Current Liabilities</b>									
Long-term Liabilities	-	-	-	-	-	-	-	0%	0%
Employee Benefit Liabilities	-	-	-	-	-	29,817,963	29,817,963	0%	0%
Non-current Provisions	36,663,840	-	36,663,840	-	36,663,840	103,811	(36,560,029)	0%	0%
<b>Total Liabilities</b>	<b>66,217,822</b>	<b>-</b>	<b>66,217,822</b>	<b>-</b>	<b>66,217,822</b>	<b>51,595,766</b>	<b>(14,622,056)</b>	<b>78%</b>	<b>78%</b>
<b>Total Assets and Liabilities</b>	<b>216,600,651</b>	<b>6,841,000</b>	<b>223,441,651</b>	<b>-</b>	<b>223,441,651</b>	<b>128,351,586</b>	<b>(95,090,065)</b>	<b>57%</b>	<b>59%</b>
<b>Net Assets (Equity)</b>									
Reserves	18,200,160	(3,385,780)	14,814,380	-	14,814,380	26,940,553	12,126,173	182%	148%
Accumulated Surplus / (Deficit)	60,869,020	(245,660)	60,623,360	-	60,623,360	101,411,032	40,787,672	167%	167%
<b>Total Net Assets</b>	<b>79,069,180</b>	<b>(3,631,440)</b>	<b>75,437,740</b>	<b>-</b>	<b>75,437,740</b>	<b>128,351,585</b>	<b>52,913,845</b>	<b>170%</b>	<b>162%</b>

## FRANCES BAARD DISTRICT MUNICIPALITY STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

### **Financial Position: Explanation of Variances between Approved Budget and Actual**

Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Proper procedures to budget for Financial Position have not been developed and implemented. Furthermore, the system utilised does not carry budget for Financial Position and no budgetary control can be performed.

Receivables from Exchange Transactions:

The year to date movement comprises of Subscriptions and other services debtors.

Cash and Cash Equivalents:

The variance is due to a decrease in the investments and rental income.

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.

Intangible Assets:

The variance is due to non procurement of the financial system which is rolled over to the 2021/22 financial year.

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 material variance is due to the easing of the lockdown regulations during the financial year which led to more bookings of lecture rooms than anticipated.

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, therefore 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.

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**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

30 June 2021

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
<b>FINANCIAL PERFORMANCE</b>									
<b>Revenue from Non-exchange Transactions</b>									
Transfers and Subsidies	R 130,702,000	2,069,000	132,771,000	-	R 132,771,000	128,873,595	(3,897,405)	97%	99%
<b>Revenue from Exchange Transactions</b>									
Other revenue	400,000	-	400,000	-	400,000	268,438	(131,562)	67%	67%
Rental from Fixed Assets	1,000,110	-	1,000,110	-	1,000,110	608,649	(391,461)	61%	61%
Interest, Dividends and Rent on Land Earned	5,750,000	-	5,750,000	-	5,750,000	5,067,423	(682,577)	88%	88%
<b>Total Revenue</b>	137,852,110	2,069,000	139,921,110	-	139,921,110	134,818,105	(5,103,005)	96%	98%
<b>Expenditure</b>									
Employee Related Costs	80,665,280	(2,138,030)	78,527,250	-	78,527,250	73,822,982	(4,704,268)	94%	92%
Remuneration of Councillors	8,755,900	-	8,755,900	-	8,755,900	7,000,237	(1,755,663)	80%	80%
Depreciation and Amortisation	3,706,280	-	3,706,280	-	3,706,280	3,381,127	(325,153)	91%	91%
Impairment Losses	50,000	-	50,000	-	50,000	-	(50,000)	0%	0%
Contracted Services	23,155,760	484,810	23,640,570	-	23,640,570	-	(23,640,570)	0%	0%
Inventory Consumed	1,618,690	927,620	2,546,310	-	2,546,310	1,250,827	(1,295,483)	49%	77%
Transfers and Subsidies Paid	13,443,400	6,669,200	20,112,600	-	20,112,600	19,454,158	(658,442)	97%	145%
Operational Costs	15,658,218	(243,160)	15,415,058	-	15,415,058	22,135,205	6,720,147	144%	141%
Loss on Disposal of Property, Plant and Equipment	300,000	-	300,000	-	300,000	72,805	(227,195)	24%	24%
<b>Total Expenditure</b>	147,353,528	5,700,440	153,053,968	-	153,053,968	127,117,342	(25,936,626)	83%	86%
<b>Surplus/(Deficit for the Year)</b>	<b>(9,501,418)</b>	<b>(3,631,440)</b>	<b>(13,132,858)</b>	-	<b>(13,132,858)</b>	<b>7,700,762</b>	<b>20,833,620</b>	-	-

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

**Financial Performance: Explanation of Variances between Approved Budget and Actual**

Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Proper procedures to budget for Financial Position have not been developed and implemented. Furthermore, the system utilised does not carry budget for Financial Position and no budgetary control can be performed.

**Other revenue**

Other revenue declined due to loss on employee benefits realised.

**Rental from Fixed Assets:**

The rental of facilities and equipment was less than expected due to the low demand for the services and restrictions during the National Lockdown. Interest, Dividends and Rent on Land Earned:

The income from external investments declined due to the drop in the interest rates received.

**Employee Related Costs:**

The 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 and Planning & Development.

**Remuneration of Councillors:**

The variance is due to the change in the remuneration as gazetted and the change in the portfolio of Councillors. During the year there were vacancies due to the res: Depreciation and Amortisation:

The depreciation & amortisation on assets was more than expected as assets could not be disposed as planned due to the National Lockdown and the delay in the completion of the Disaster Management Center.

**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 and National Lockdown.

**Operational Costs:**

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

**Loss on Disposal of Property, Plant and Equipment:**

The loss on disposal of PPE was lower than anticipated due to the write-off of assets being lower than budgeted during the 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**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

30 June 2021

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
<b>CAPITAL EXPENDITURE PER FUNCTION</b>									
Executive and Council	R 500,000	-	500,000	-	500,000	333,344	(166,656)	67%	67%
Finance and Administration	5,502,100	2,212,280	7,714,380	-	7,714,380	737,268	(6,977,112)	10%	13%
Community and Social Services	2,477,790	700,000	3,177,790	-	3,177,790	8,702	(3,169,088)	0%	0%
Environmental Protection	250,000	469,000	719,000	-	719,000	282,655	(436,345)	39%	113%
Planning and Development	10,500	4,500	15,000	-	15,000	12,745	(2,255)	85%	121%
<b>Total Capital Expenditure</b>	<b>8,740,390</b>	<b>3,385,780</b>	<b>12,126,170</b>	<b>-</b>	<b>12,126,170</b>	<b>1,374,713</b>	<b>(10,751,457)</b>	<b>11%</b>	<b>16%</b>
<b>Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual</b>									
Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:									
<p>Proper procedures to budget for Financial Position have not been developed and implemented. Furthermore, the system utilised does not carry budget for Financial Position and no budgetary control can be performed.</p> <p>Executive and Council:  Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.</p> <p>Finance and Administration:  Savings is due to the roll over of the financial system and IT projects.</p> <p>Community and Social Services:  Savings realised due to roll over of the Jan Kemp dorp building project to the 2021/22.</p> <p>Planning and Development:  Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.</p> <p>Environmental Protection:  Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.</p> <p>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.</p>									

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

30 June 2021

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R
<b>CASH FLOW</b>									
<b>Cash Flows from/(used in) Operating Activities</b>									
Transfers and Subsidies	-	-	-	-	-	129,375,593	129,375,593	0%	0%
External Interest and Dividends Received	-	-	-	-	-	5,067,423	5,067,423	0%	0%
Other Receipts	134,535,903	-	134,535,903	-	134,535,903	3,198,751	(131,337,152)	2%	2%
Employee Related Costs	(1,031,660)	-	(1,031,660)	-	(1,031,660)	(65,550,043)	(64,518,383)	0%	0%
Remuneration of Councillors	-	-	-	-	-	(7,000,237)	(7,000,237)	0%	0%
External Interest and Dividends Paid	-	-	-	-	-	-	-	0%	0%
Suppliers Paid	-	-	-	-	-	(26,975,739)	(26,975,739)	0%	0%
Other Payments	-	-	-	-	-	(27,983,201)	(27,983,201)	0%	0%
VAT Receivable / Payable	-	-	-	-	-	-	-	0%	0%
<b>Cash Flows from/(used in) Investing Activities</b>									
Purchase of Property, Plant and Equipment	(8,740,390)	-	(8,740,390)	-	(8,740,390)	(1,374,713)	7,365,677	0%	0%
Proceeds on Disposal of Property, Plant and Equipment	-	-	-	-	-	(67,407)	(67,407)	0%	0%
Decrease / (Increase) in Long-term Receivables	2	7,593,000	7,592,998	-	7,592,998	(1,710,648)	(9,303,646)	0%	0%
<b>Cash Flows from/(used in) Financing Activities</b>									
Proceeds from Borrowings	-	-	-	-	-	-	-	0%	0%
Repayment of Borrowings	-	-	-	-	-	-	-	0%	0%
Increase / (Decrease) in Short-term Loans	-	-	-	-	-	-	-	0%	0%
<b>Cash and Cash Equivalents at End of the Year</b>	<b>124,763,855</b>	<b>7,593,000</b>	<b>132,356,851</b>	<b>-</b>	<b>132,356,851</b>	<b>6,979,778</b>	<b>(125,377,073)</b>	<b>5%</b>	<b>6%</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

**Cash Flow: Explanation of Variances between Approved Budget and Actual**

Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Proper procedures to budget for Cash Flow have not been developed and implemented. Furthermore, the system utilised does not carry budget for Cash Flow and no budgetary control can be performed.

**External Interest and Dividends Received:**

Interest on external investments was budgeted for under other revenue.

**Other Receipts:**

Transfers and subsidies, interest received are all budgeted for under other receipts.

**VAT Receivable / Payable:**

The 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.

**Employee Related Costs:**

Variance is due to employee related cost are budgeted for under suppliers and employees.

**Remuneration of Councillors:**

Variance is due to remuneration of councillors budgeted for under suppliers and employees.

**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 and the restriction on the National Lockdown.

**Other Payments:**

The variance is due to cost containment measures implemented to ensure elimination of none priority spending and the restriction on national lockdown.

**Purchase of Property, Plant and Equipment:**

The variance is due to roll overs of projects.

**Decrease / (Increase) in Long-term Receivables:**

Due to the actuarial valuation performed at the end of the year a variation occurred between the actual and budgeted figure for long-term receivables.

**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**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**  
**RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:**

Description	2020/21	2019/20
	<b>R</b>	<b>R</b>
<b>Net surplus/(deficit) per the statement of financial performance</b>	<b>7,700,763</b>	<b>20,025,279</b>
<b>Revenue from Non-exchange Transactions</b>		
Transfers and Subsidies	1,828,405	4,592,356
<b>Revenue from Exchange Transactions</b>		
Sales of Goods and Rendering of Services	131,562	(7,053,378)
Rental from Fixed Assets	391,461	549,953
Interest, Dividends and Rent on Land Earned	682,577	(2,049,488)
Gains on Disposal of Property, Plant and Equipment	-	-
<b>Expenditure</b>		
Employee Related Costs	(6,842,298)	(12,420,491)
Remuneration of Councillors	(1,755,663)	(509,404)
Depreciation and Amortisation	(325,153)	171,935
Impairment Losses	(50,000)	(335)
Finance Costs	-	-
Contracted Services	(23,155,760)	(24,091,740)
Inventory Consumed	(367,863)	(557,552)
Grants and Subsidies Paid	6,010,758	1,498,483
Operational Costs	6,476,987	7,060,170
Statutory Payments other than Taxes	-	-
Loss on Disposal of Property, Plant and Equipment	(227,195)	(241,897)
<b>Net surplus/deficit per approved budget</b>	<b>(9,501,418)</b>	<b>(13,026,110)</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**1. ACCOUNTING POLICIES**

**1.1 BASIS OF 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 Utilisation of Transitional Provisions**

**GRAP 108 Statutory Receivables**

GRAP 108 Statutory Receivables became effective on 1 April 2019 and, in accordance with the transitional provisions for the Standard provided in Directive 3, entities are not required to change their accounting policies in respect of the classification and measurement of statutory receivables for reporting periods beginning on a date within three years following the date of first adoption of GRAP 108. Entities shall comply with the disclosure requirements of GRAP 108 as and when statutory receivables are classified and measured in accordance with the Standard of GRAP.

The municipality is taking advantage of the transitional provisions by not classifying or measuring its Statutory Receivables in accordance with GRAP 108, and, therefore, no disclosures required by GRAP 108 has been made.

The estimate Statutory Receivables that exists in the municipality's books at year-end are those relating to VAT.

The municipality intends to fully apply the requirements of GRAP 108 by 30 June 2022.

**1.1.2 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.

**1.1.3 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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**1.1.4 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:

**1.1.4.1 Revenue Recognition**

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

**1.1.4.2 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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**1.1.4.3 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.

**1.1.4.4 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.

**1.1.4.5 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.

**1.1.4.6 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
- GRAP 104                    Financial Instruments

**1.2 NET ASSETS**

**1.2.6.1 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).

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**1.2.6.2 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.

**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 buildings and land 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 Buildings and Land 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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**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:

	Asset Class	Years
	<b>Community</b>	
	Security Measures	5 - 10
	<b>Land and Buildings</b>	
	Land	Indefinite
	Buildings	5-50
	<b>Other</b>	
	Computer Equipment	5 - 27
	Emergency Equipment	5 - 27
	Furniture and Fittings	4 - 30
	Motor Vehicles	5 - 15
	Office Equipment	5 - 27
	Plant and Machinery	4 - 17

**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.

**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).

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**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.

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:

	Asset Class	Years
	Computer Software	10
	Computer Software Licences	10

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**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.

**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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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.

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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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.

**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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**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.

**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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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.

**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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**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.

**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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**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:

- (a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) The amount of revenue can be measured reliably;
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- (e) 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.

**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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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.

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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**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 accrue 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.

**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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**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.

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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**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:

- (a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- (b) Expect to be repaid in future; or
- (c) 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.

**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).

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**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.

**1.1 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.

**1.17 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.

**1.18 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.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the First-In-First-Out Method as defined by GRAP 12 (Inventories).

**1.19 CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

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

**1.20 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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**1.21 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.

**1.22 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.

**1.23 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 2020 to 30 June 2021.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>2. INVENTORIES</b>		
Consumables	375,696	380,752
<b>Total Inventories</b>	<b>375,696</b>	<b>380,752</b>
<b>Reconciliation:</b>		
Opening balance	380,752	362,518
Purchases	259,115	364,162
Issues	(264,171)	(345,929)
Closing Balance	375,696	380,752

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 R264 171 for the current year (2020: R345 929)

No Inventories have been pledged as collateral for Liabilities of the municipality.

**3. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	<b>Gross Balances</b>	<b>Provision for Impairment</b>	<b>Net Balances</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>As at 30 June 2021</b>			
Service Debtors:	4,652,233	88,121	4,564,112
Other Service Charges	4,652,233	88,121	4,564,112
Provincial Departments	4,402,412		
Councillors	107,640		
Officials	5,979		
Medical Aid Debtor	2,271		
Private Business	133,931	-	-
Prepayments and Advances	1,224,172	-	1,224,172
Rent	-	-	-
Subscriptions	1,224,172	-	1,224,172
Other Debtors	371,626	-	371,626
<b>Total Receivables from Exchange Transactions</b>	<b>6,248,030</b>	<b>88,121</b>	<b>6,159,910</b>

Other service charges is made up of monthly charge for Dikgatlong refund on medical aid, post medical aid recovered from public works, billing recovered from government departments for using land which has not been transferred over to these government departments and debt recovered from employees, i.e. failed courses.

Prepayments and advances consist of SALGA subscription and advance insurance premiums for the 2020/21 financial year.

Other debtors consist of accrued interest from investment accounts and disaster grant (COGHSTA) gazetted but not paid over to the municipality.

	<b>Gross Balances</b>	<b>Provision for Impairment</b>	<b>Net Balances</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>As at 30 June 2020</b>			
Service Debtors:	2,732,509	88,121	2,644,389
Other Service Charges	2,732,509	88,121	2,644,389
Prepayments and Advances	1,203,969	-	1,203,969
Rent	-	-	-
Subscriptions	1,203,969	-	1,203,969
Other Debtors	197,455	-	197,455
<b>Total Receivables from Exchange Transactions</b>	<b>4,133,934</b>	<b>88,121</b>	<b>4,045,813</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The impairment on debtors of R88,121 is based on long outstanding debtors, who owe the municipality for more than 120 days. Refer to Note 30. for detail on impairment provision.

**3.1 Ageing of Receivables from Exchange Transactions**

**As at 30 June 2021**

	<b>Current</b>	<b>Past Due</b>			<b>Total</b>
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Other Service Charges:</b>					
Gross Balances	318,691	179,493	106,709	4,047,340	4,652,233
Less: Provision for Impairment		-	-	88,121	88,121
<b>Net Balances</b>	<b>318,691</b>	<b>179,493</b>	<b>106,709</b>	<b>3,959,219</b>	<b>4,564,112</b>
<b>Prepayments and Advances:</b>					
Gross Balances	1,224,172	-	-	-	1,224,172
<b>Net Balances</b>	<b>1,224,172</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,224,172</b>
<b>Other Debtors</b>					
Gross Balances	371,626	-	-		371,626
<b>Net Balances</b>	<b>371,626</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>371,626</b>
<b>Total</b>	<b>1,914,488</b>	<b>179,493</b>	<b>106,709</b>	<b>3,959,219</b>	<b>6,159,910</b>

As at 30 June 2021 Receivables of R4 245 422 were past due on accounts older than 90 days, R88 121 was assessed to be impaired in accordance with the municipal policy. The age analysis of these Receivables are as follows:

	<b>Past Due</b>			<b>Total Past Due</b>
	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>				
Gross Balances	179,493	106,709	4,047,340	4,333,542
Less: Provision for Impairment	-	-	88,121	88,121
<b>Net Balances</b>	<b>179,493</b>	<b>106,709</b>	<b>3,959,219</b>	<b>4,245,422</b>

**As at 30 June 2020**

	<b>Current</b>	<b>Past Due</b>			<b>Total</b>
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>Other Service Charges:</b>					
Gross Balances	414,410	287,303	72,803	1,957,993	2,732,509
Less: Provision for Impairment	-	-	-	88,121	88,121
<b>Net Balances</b>	<b>414,410</b>	<b>287,303</b>	<b>72,803</b>	<b>1,869,872</b>	<b>2,644,389</b>
<b>Prepayments and Advances:</b>					
Gross Balances	1,203,969	-	-	-	1,203,969
<b>Net Balances</b>	<b>1,203,969</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,203,969</b>
<b>Other Debtors</b>					
Gross Balances	197,455	-	-	-	197,455
<b>Net Balances</b>	<b>197,455</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197,455</b>
<b>Total</b>	<b>1,815,835</b>	<b>287,303</b>	<b>72,803</b>	<b>1,869,872</b>	<b>4,045,813</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

As at 30 June 2020 Receivables of R2 229 979 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total Past Due
	31 - 60 Days	61 - 90 Days	+ 90 Days	
<b>All Receivables:</b>				
Gross Balances	287,303	72,803	1,957,993	2,318,099
Less: Provision for Impairment	-	-	88,121	88,121
<b>Net Balances</b>	<b>287,303</b>	<b>72,803</b>	<b>1,869,872</b>	<b>2,229,979</b>

**4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2021</b>			
Recovery of disaster grant DoRA	389,000	-	389,000
<b>Total Receivables from Non-exchange Transactions</b>	<b>389,000</b>	<b>-</b>	<b>389,000</b>

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2020</b>			
Recovery of disaster grant DoRA	389,000	-	389,000
<b>Total Receivables from Non-exchange Transactions</b>	<b>389,000</b>	<b>-</b>	<b>389,000</b>

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.

**5. VAT RECEIVABLE**

VAT Receivable is the Net Receivable from all VAT Control Accounts and must agree to the VAT201 Return.

Vat Payable.	(19,277,052)	(10,003,571)
VAT Payable Control	(14,652,807)	(5,412,719)
VAT Credit Output	(8,879)	1,106
Output VAT	(4,615,367)	(4,591,958)
Vat Receivable.	21,059,383	16,604,121
<b>Total Vat Receivable</b>	<b>1,782,330</b>	<b>6,600,550</b>

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

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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**6. INVESTMENTS**

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
Total Bank deposits	10,200,000	8,300,000
	<u>10,200,000</u>	<u>8,300,000</u>
Current Investments Movement during year:		
Opening Balance	8,300,000	6,700,000
Invested	1,900,000	1,600,000
Redeemed/withdrawn	-	-
<b>Closing Balance</b>	<u><b>10,200,000</b></u>	<u><b>8,300,000</b></u>

Fixed deposit at Absa until 24 June 2021

**Difference Between Cashbook and Bankstatements**  
ABSA

<b>2020/21</b>		
<b>Cashbook</b>	<b>Bankstatement</b>	<b>Difference</b>
10,200,000	10,200,000	-

**Difference Between Cashbook and Bankstatements**  
NEDBANK

<b>2019/20</b>		
<b>Cashbook</b>	<b>Bankstatement</b>	<b>Difference</b>
8,300,000	8,300,000	-

**7. CASH AND CASH EQUIVALENTS**

Current Investments	93,499,749	78,066,381
Bank Accounts	6,432,376	16,785,966
Cash and Cash Equivalents	3,300	3,300
	<u>99,935,425</u>	<u>94,855,647</u>
<b>Total Bank, Cash and Cash Equivalents</b>	<b>99,935,425</b>	<b>94,855,647</b>
	<u>-</u>	<u>-</u>
<b>Net Bank, Cash and Cash Equivalents</b>	<u><b>99,935,425</b></u>	<u><b>94,855,647</b></u>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

**7.1 Current Investment Deposits**

Call Accounts	93,499,749	78,066,381
	<u>93,499,749</u>	<u>78,066,381</u>
<b>Total Current Investment Deposits</b>	<b>93,499,749</b>	<b>78,066,381</b>

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 2.20 % to 3.75 % (2020: 3.20 % to 7.10 %) per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 3.52 % to 6.67 % (2020: 3.20 % to 7.10 %) per annum.

Deposits attributable to Unspent Conditional Grants	2,162,319	1,660,320
Deposits attributable to Capital Replacement Reserve.	7,957,082	7,957,082
Deposits attributable to Payables	6,527,541	18,889,826
Deposits attributable to Current Provisions	12,982,407	11,049,275
Deposits attributable to Consumer Deposits	1,725	3,450
Deposits available for Operations	63,868,675	38,506,428
	<u>93,499,749</u>	<u>78,066,381</u>
<b>Total Deposits attributable to Commitments of the Municipality</b>	<b>93,499,749</b>	<b>78,066,381</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**7.2 Bank Accounts**

	2021 R	2020 R
Cash in Bank	6,432,376	16,785,966
Bank Overdraft	-	-
<b>Total Bank Accounts</b>	<b>6,432,376</b>	<b>16,785,966</b>

The Municipality has the following bank accounts:

**Primary Bank Account**

ABSA - Northern Cape Provincial BNKG - Primary Account:

Cash book balance at beginning of year	16,785,966	5,062,861.91
Cash book balance at end of year	-	16,785,966

FNB - Kimberley Regional Office - Primary Account:

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	6,432,376	-

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.

**Difference Between Cashbook and Bankstatements**

ABSA  
 FNB  
 NEDBANK  
 Standard Bank  
**Total Investments**

2020/21		
Cashbook	Bankstatement	Difference
15,001,000	15,001,000	-
18,998,749	18,998,749	-
29,000,000	29,000,000	-
30,500,000	30,500,000	-
93,499,749	93,499,749	-

**Difference Between Cashbook and Bankstatements**

ABSA  
 FNB  
 NEDBANK  
 Standard Bank  
**Total Investments**

2019/20		
Cashbook	Bankstatement	Difference
14,301,000	14,301,000	-
25,065,381	25,065,381	-
35,000,000	35,000,000	-
12,000,000	12,000,000	-
86,366,381	86,366,381	-

**7.3 Cash and Cash Equivalents**

Cash Floats and Advances	3,300	3,300
<b>Total Cash on hand in Cash Floats, Advances and Equivalents</b>	<b>3,300</b>	<b>3,300</b>
<b>Total cash and cash equivalents</b>	<b>99,935,425</b>	<b>94,855,647</b>

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. OPERATING LEASE RECEIVABLES**

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:

Balance at beginning of year	11,372	909
Operating Lease Installment reversal/adjustment	-	(909)
Operating Lease Revenue effected	6,523	11,372
<b>Total Operating Lease Receivables</b>	<b>17,895</b>	<b>11,372</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The following amounts are due as shown below:

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
Up to 1 year	5,689.00	-
2 to 5 years	12,206.00	11,372.00
<b>Total Operating Lease Arrangements</b>	<b>17,895.00</b>	<b>11,372.00</b>

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 R6,523 (2020: increase of R11,372) in current year income.

### 8.1 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.

### 8.2 Amounts receivable under Operating Leases

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	164,851	152,640
2 to 5 years	370,322	353,173
<b>Total Operating Lease Arrangements</b>	<b>535,173</b>	<b>505,813</b>

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.
- (iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

## 9. CURRENT PORTION OF LONG-TERM RECEIVABLES

Employee Benefits - Roads Members	858,000	872,788
<b>Total Current Portion of Long-term Receivables</b>	<b>858,000</b>	<b>872,788</b>

Current portion of long-term receivables relate to post medical aid payments which the municipality made on behalf of retired Roads members, which is claimed back from the Department of Roads & Public Works on a monthly basis.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**10. PROPERTY, PLANT AND EQUIPMENT**

30 June 2021

**Reconciliation of Carrying Value**

Description	Land	Buildings	Other	Work under construction (Buildings)	Total
	R	R	R		R
<b>Carrying values at 30 June 2020</b>	<b>7,955,000</b>	<b>22,459,339</b>	<b>8,742,286</b>	<b>13,594,060</b>	<b>52,750,684</b>
Cost	7,955,000	645,427	32,505,385	13,594,060	54,699,871
- Completed Assets	7,955,000	645,427	32,505,385	-	41,105,811
- Under Construction	-	-	-	13,594,060	13,594,060
Revaluation	-	42,046,433	-	-	42,046,433
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation:		-20,232,521	-23,763,099	-	-43,995,620
- Cost	-	-	-23,763,098	-	-23,763,098
- Revaluation	-	-20,232,521	-	-	-20,232,521
Acquisition of Assets					
- Cost: Internal Funding	-	-	1,374,713	-	1,374,713
- Capital Under Construction: Internal Funding	-	-	-	-	-
- Transferred from Capital Under Construction	-	-	-	-	-
- Revaluation	-	-	-	-	-
Increases/Decreases in Revaluation	-	-	-	-	-
Depreciation:		-898,255	-2,383,785	-	-3,282,040
- Based on Cost	-	-	-2,383,785	-	-2,383,785
- Based on Revaluation	-	-898,255	-	-	-898,255
Carrying value of Disposals:			-5,398	-	-5,398
- Cost	-	-	-344,669	-	-344,669
- Revaluation	-	-	-	-	-
Accumulated Depreciation			339,271	-	339,271
- Based on Cost	-	-	339,271	-	339,271
- Based on Revaluation	-	-	-	-	-
Impairment Losses	-	-	-	-	-
Capital under Construction - Completed	-	11,276,645	-	-11,276,645	-
Other Movements	-12,000	-174,426	186,426	-	0
- Cost	-12,000	-	295,150	-	283,150
- Revaluation	-	-283,150	-	-	-283,150
- Accumulated Depreciation	-	108,724	-108,723	-	1
<b>Carrying values at 2021</b>	<b>7,943,000</b>	<b>32,663,303</b>	<b>7,914,242</b>	<b>2,317,415</b>	<b>50,837,960</b>
Cost	7,943,000	11,922,071	33,830,578	2,317,415	56,013,065
- Completed Assets	7,943,000	11,922,071	33,830,578	-	53,695,650
- Under Construction	-	-	-	2,317,415	2,317,415
Revaluation	-	41,763,283	-	-	41,763,283
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation:		-21,022,052	-25,916,336	-	-46,938,388
- Cost	-	-	-25,916,336	-	-25,916,336
- Revaluation	-	-21,022,052	-	-	-21,022,052

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**10 PROPERTY, PLANT AND EQUIPMENT (Continued)**

30 June 2020

**Reconciliation of Carrying Value**

Description	Land	Buildings	Other	Work under construction (Buildings)	Total
	R	R	R		R
<b>Carrying values at 01 July 2019</b>	<b>8,000,000</b>	<b>22,598,204</b>	<b>9,834,289</b>	<b>14,964,195</b>	<b>55,396,687</b>
Cost	8,000,000	-	31,272,814	14,964,195	54,237,009
- Completed Assets	8,000,000	-	31,272,814	-	39,272,814
- Under Construction	-	-	-	14,964,195	14,964,195
Correction of error (Note 35.)	-	-	-	-	-
- Revaluation	-	-	-	-	-
- Transfer to investment assets	-	-	-	-	-
Revaluation	-	42,048,300	-	-	42,048,300
Accumulated Depreciation:	-	(19,450,096)	(21,438,526)	-	(40,888,622)
- Cost	-	-	(21,438,526)	-	(21,438,526)
- Revaluation	-	(19,450,096)	-	-	(19,450,096)
Acquisition of Assets					
- Cost: Internal Funding	-	-	966,655	-	966,655
- Capital Under Construction: Internal Funding	-	-	-	134,609	134,609
Depreciation:	-	(784,274)	(2,886,888)	-	(3,671,163)
- Based on Cost	-	-	(2,886,888)	-	(2,886,888)
- Based on Revaluation	-	(784,274)	-	-	(784,274)
Carrying value of Disposals:	(45,000)	(17)	(31,085)	-	(76,103)
- Cost	(45,000)	-	(593,401)	-	(638,401)
- Revaluation	-	(1,867)	-	-	(1,867)
- Accumulated Depreciation	-	1,849	562,315	-	564,165
- Based on Cost	-	-	562,315	-	562,315
- Based on Revaluation	-	1,849	-	-	1,849
Impairment Losses	-	-	-	-	-
Capital under Construction - Completed	-	-	-	(1,504,744)	(1,504,744)
Other Movements	-	645,427	859,316	-	1,504,743
<b>Carrying values at 30 June 2020</b>	<b>7,955,000</b>	<b>22,459,339</b>	<b>8,742,286</b>	<b>13,594,060</b>	<b>52,750,684</b>
Cost	7,955,000	645,427	32,505,385	13,594,060	54,699,871
- Completed Assets	7,955,000	645,427	32,505,385	-	41,105,811
- Under Construction	-	-	-	13,594,060	13,594,060
Revaluation	-	42,046,433	-	-	42,046,433
Accumulated Depreciation:	-	(20,232,521)	(23,763,098)	-	(43,995,620)
- Cost	-	-	(23,763,098)	-	(23,763,098)
- Revaluation	-	(20,232,521)	-	-	(20,232,521)

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**2021**  
**R**

**2020**  
**R**

**10. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**10.1 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.

**10.2 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.

**10.3 Assets pledged as security**

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

**10.4 Impairment of Property, Plant and Equipment**

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

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

There was no change (2019/20: R0) in the estimated useful life of various assets of the municipality for the financial year.

**10.6 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, and therefore no fair value was determined for the year under review. The last revaluation was done on 2016/17 financial year.

**10.7 Delayed Projects**

Project Details	Delayed or Halted		
Project 1: Additional Offices (Infrastructure unit)	Delayed	-	11,276,645
<b>Reason:</b> Project experienced some delays and went beyond the projected completion date. These delays are beyond the control of the municipality, which is issue of electrical and certificate of occupation. The projects will be however be completed within the cost limits of the original contract amounts.			
Project 2: Disaster Management Centre	Delayed	2,317,415	2,182,806
<b>Reason:</b> Project experienced some delays and went beyond the projected completion date. These delays are beyond the control of the municipality, as the municipality is experiencing difficulty to remove the Department of Transport, Safety and Liason from the building in order to complete the project.			

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**10.8 Expenditure incurred for repairs and maintenance**

**2021**  
**R**

**2020**  
**R**

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

Information and Communication Infrastructure	15,255	14,654
Computer Equipment	9,829	3,830
Furniture and Office Equipment	686,886	407,124
Machinery and Equipment	294,855	331,635
Other Assets - Buildings	442,094	511,631
Transport Assets	107,424	116,833
<b>Total Expenditure related to Repairs and Maintenance Projects</b>	<b><u>1,556,343</u></b>	<b><u>1,385,707</u></b>

**Total Repairs and Maintenance related to assets of Frances Baard District Municipality**

<b><u>1,556,343</u></b>	<b><u>1,385,707</u></b>
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**11. INTANGIBLE ASSETS**

At Cost less Accumulated Amortisation and Accumulated Impairment Losses

<b><u>155,968</u></b>	<b><u>296,948</u></b>
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The movement in Intangible Assets is reconciled as follows:

At Cost less Accumulated Amortisation and Accumulated Impairment Losses

<b><u>155,968</u></b>	<b><u>296,948</u></b>
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The movement in Intangible Assets is reconciled as follows:

	<b>Software Purchased</b>	<b>Total</b>
<b>Carrying values at 01 July 2020</b>	<b>296,948</b>	<b>296,948</b>
Cost	1,704,958	1,704,958
Accumulated Amortisation	(1,408,010)	(1,408,010)
Acquisitions:	-	-
Amortisation:	(85,025)	(85,025)
Purchased	(85,025)	(85,025)
Disposals:	(55,954)	(55,954)
At Cost	(153,075)	(153,075)
At Accumulated Amortisation	97,121	97,121
<b>Carrying values at 30 June 2021</b>	<b>155,968</b>	<b>155,968</b>
Cost	1,551,883	1,551,883
Accumulated Amortisation	(1,395,915)	(1,395,915)

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Software Purchased</b>	<b>Total</b>
<b>Carrying values at 01 July 2019</b>	<b>412,698</b>	<b>412,698</b>
Cost	1,704,958	1,704,958
Accumulated Amortisation	(1,292,260)	(1,292,260)
Acquisitions:	-	-
Purchased Internal Funding	-	-
Amortisation:	(115,751)	(115,751)
Purchased	(115,751)	(115,751)
Disposals:	-	-
<b>Carrying values at 30 June 2020</b>	<b>296,948</b>	<b>296,948</b>
Cost	1,704,958	1,704,958
Accumulated Amortisation	(1,408,010)	(1,408,010)

The amortisation for the 2020 financial year was incorrectly disclosed as R155 880 in stead of R115 751. This resulted in the carrying value incorrectly disclosed as R256 818 (296 948) and accumulated amortisation as 1 448 140 (1 408 010).

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 29.).

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.

**11.1 Significant Intangible Assets**

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

**11.2 Intangible Assets with Indefinite Useful Lives**

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

The useful lives of the Intangible Assets remain unchanged from the previous year.

**11.3 Impairment of Intangible Assets**

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

**11.4 Work-in-Progress**

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

**11.5 Delayed Projects**

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

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**10.6 Expenditure incurred for repairs and maintenance**

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:		
Contracted Services	2,013,360	2,267,683
Licence fees	1,889,546	2,087,026
Website Maintenance	123,814	180,657
	<b>2,013,360</b>	<b>2,267,683</b>

**12. INVESTMENT PROPERTY**

At Fair Value		
At Cost less Accumulated Depreciation	<b>543,750</b>	<b>557,813</b>

The movement in Investment Property is reconciled as follows:

<b>Carrying values at 1 July 2020</b>	<b>557,813</b>	<b>571,875</b>
Cost	600,000	600,000
Fair Value	-	-
Accumulated Depreciation	(42,188)	(28,125)
Accumulated Impairment Losses	-	-
Depreciation during the Year	(14,063)	(14,063)
<b>Carrying values at 30 June 2021</b>	<b>543,750</b>	<b>557,813</b>
Cost	600,000	600,000
Accumulated Depreciation	(56,250)	(42,188)

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property	222,626	183,922
--	---------	---------

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.

**12.1 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.

**12.2 Impairment of Investment Property**

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**12.3 Work-in-Progress**

**2021**  
**R**

**2020**  
**R**

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

**12.4 Delayed Projects**

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

**12.5 Expenditure incurred for repairs and maintenance**

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

Contracted Services	-	-
Inventory Consumed	-	-
Labour	-	-
Other Operational Costs	-	-
	-	-
	-	-

13. HERITAGE ASSETS

30 June 2021

Reconciliation of Carrying Value

Description	Significant Land and Buildings	National Parks	Works of Art, Antiques and Collections	Sculptures and Monuments	Archives	Total
	R	R	R	R	R	R
<b>Carrying values at 01 July 2020</b>	-	-	-	631,417	-	631,417
Cost	-	-	-	631,417	-	631,417
Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
<b>Carrying values at 30 June 2021</b>	-	-	-	631,417	-	631,417
Cost	-	-	-	631,417	-	631,417
Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-

13. HERITAGE ASSETS

30 June 2020

Reconciliation of Carrying Value

Description	Significant Land and Buildings	National Parks	Works of Art, Antiques and Collections	Sculptures and Monuments	Archives	Total
	R	R	R	R	R	R
<b>Carrying values at 01 July 2019</b>	-	-	-	631,417	-	631,417
Cost	-	-	-	631,417	-	631,417
Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
<b>Carrying values at 30 June 2020</b>	-	-	-	631,417	-	631,417
Cost	-	-	-	631,417	-	631,417
Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-

13. HERITAGE ASSETS (Continued)

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  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**13.1 Impairment of Heritage Assets**

**2021  
R**

**2020  
R**

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

**13.2 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.

**13.3 Work-in-Progress**

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

**13.4 Delayed Projects**

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

**13.5 Expenditure incurred for repairs and maintenance**

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

Contracted Services

	-	-
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>
	-	-

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>14. LONG-TERM RECEIVABLES</b>		
Employee Benefits	8,918,000	7,207,352
Opening Balance	7,207,352	8,461,000
Current Cost	-	-
Interest Cost	746,160	717,000
Payments made	(869,694)	(793,693)
Actuarial loss/(gain)	1,834,182	(1,176,955)
Total Long Term Receivables	<u>8,918,000</u>	<u>7,207,352</u>
Less: Current Portion transferred to Current Receivables:-	858,000	872,788
Employee Benefits	<u>858,000</u>	<u>872,788</u>
<b>Non-Current Portion of Long Term Receivables</b>	<u><u>8,060,000</u></u>	<u><u>6,334,564</u></u>

**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 20.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>15. CONSUMER DEPOSITS</b>		
Other Deposits	1,725	3,450
Rental Properties	1,725	3,450
<b>Total Consumer Deposits</b>	<b>1,725</b>	<b>3,450</b>

**CONSUMER DEPOSITS - RENTAL PROPERTIES**

Consumer deposits comprise deposits for properties rented out by the municipality.

No interest is paid on Consumer Deposits held.

**16. PROVISIONS**

Performance Bonus	466,327	486,371
Current Portion of Employee Benefit Liabilities (See Note 19.):	2,253,000	2,261,993
Post-retirement Medical Aid Benefits Liability	2,094,000	1,966,096
Long-term Service Liability	159,000	295,897
Current Portion of Non-Current Provisions	10,263,080	8,300,911
Ex-gratia Pension	31,400	34,000
Leave	10,231,680	8,266,911
<b>Total Provisions</b>	<b>12,982,407</b>	<b>11,049,275</b>

The movement in provisions is reconciled as follows:

**Current Provisions:**

**Performance Bonus:**

Opening Balance	486,371	486,370
Increases	200,000	0
Reductions	(220,044)	0
<b>Balance at end of year</b>	<b>466,327</b>	<b>486,371</b>

**Performance Bonuses** accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

	<b>Medical Aid</b>	<b>Long-term Service</b>
	<b>R</b>	<b>R</b>
<b>30 June 2021</b>		
Opening Balance	1,966,096	295,897
Reversals	-	(136,897)
Current service cost	127,904	-
Actuarial loss/ (gain) recognised in the year	-	-
<b>Balance at end of year</b>	<b>2,094,000</b>	<b>159,000</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Medical Aid</b>	<b>Long-term</b>
	<b>R</b>	<b>Service</b>
		<b>R</b>
<b>30 June 2020</b>		
Opening Balance	2,215,000	92,000
Current service cost	(248,904)	-
Actual employer benefit payments	-	-
<b>Balance at end of year</b>	<u><u>1,966,096</u></u>	<u><u>92,000</u></u>

**Current Portion of Non-Current Provisions:**

**Staff Benefit Provisions:**

	<b>Leave Provision</b>	<b>Ex-gratia</b>
	<b>R</b>	<b>Pension</b>
		<b>R</b>
<b>30 June 2021</b>		
Opening Balance	8,266,911	34,000
Increases	(4,955,653)	-
Payments Made	6,920,422	-
Reversals	-	(2,600)
<b>Balance at end of year</b>	<u><u>10,231,680</u></u>	<u><u>31,400</u></u>

	<b>Leave Provision</b>	<b>Ex-gratia</b>
	<b>R</b>	<b>Pension</b>
		<b>R</b>
<b>30 June 2020</b>		
Opening Balance	6,689,165	32,000
Increases	5,445,560	2,000
Payments Made	(3,867,814)	-
<b>Balance at end of year</b>	<u><u>8,266,911</u></u>	<u><u>34,000</u></u>

**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** 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.

**Long Service Award** Long service awards are provided to employees who achieve certain pre-determined milestones of service within the

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**17. PAYABLES FROM EXCHANGE TRANSACTIONS**

	2021	2020
	R	R
Advance Payments	-	275
Bonus	2,095,974	1,924,330
Other Payables	-	29,179
Unallocated Deposits	-	29,179
Retentions	566,603	566,603
Trade Creditors	3,864,964	16,369,438
<b>Total Payables</b>	<b>6,527,541</b>	<b>18,889,826</b>

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.

**18. UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

**18.1 Conditional Grants from Government**

	<b>2,162,319</b>	<b>1,660,320</b>
National Government	2,071,905	1,581,206
Provincial Government	90,414	79,114
<b>Total Conditional Grants and Receipts</b>	<b>2,162,319</b>	<b>1,660,320</b>

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 23. for the reconciliation of Grants from Government and Note 24. for the reconciliation of Other Conditional Receipts. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "F" for more detail on Conditional Grants.

**19. EMPLOYEE BENEFIT LIABILITIES**

<b>Employee Benefit Liabilities</b>	32,070,963	25,936,024
Post-retirement Health Care Benefits Liability	28,967,999	23,729,969
Long Service Awards Liability	3,102,963	2,206,054
<b>Less: Current Portion of Employee Benefit Liabilities</b>	<b>(2,253,000)</b>	<b>(2,261,993)</b>
Post-retirement Health Care Benefits Liability	(2,094,000)	(1,966,096)
Long Service Awards Liability	(159,000)	(295,897)
<b>Non-Current Portion of Employee Benefit Liabilities</b>	<b>29,817,963</b>	<b>23,674,031</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

<b>19.1 Post-retirement Health Care Benefits Liability</b>	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>Non-Current Portion of Liability</b>		
Opening balance	23,729,969	31,091,999
Interest cost	2,506,711	2,678,000
Current service cost	587,370	741,000
Actual employer benefit payments	(2,087,086)	(1,892,808)
Actuarial loss/ (gain) recognised in the year	4,231,035	(8,888,222)
Balance at end of Year	28,967,999	23,729,969
Less: Current Portion of Liability	2,094,000	1,966,096
<b>Total Post-retirement Health Care Benefits Liability</b>	<b>26,873,999</b>	<b>21,763,873</b>

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 2021 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)	76	70
In-service Non-members (Employees)	20	23
Continuation Members (Retirees, widowers and orphans)	38	38
<b>Total Members</b>	<b>134</b>	<b>131</b>

The liability in respect of past service has been estimated as follows:

In-service Members	7,259,999	7,093,385
In-service Non-members	305,000	501,600
Continuation Members	21,403,000	16,134,985
<b>Total Liability</b>	<b>28,967,999</b>	<b>23,729,970</b>

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 2021 is estimated to be R2,506,711, whereas the cost for the ensuing year is estimated to be R2 652 000 (30 June 2020: R2,678,000 and R2,506,711 respectively).

**The principal assumptions used for the purposes of the actuarial valuations were as follows:**

Discount Rate	Yield Curve	
Health Care Cost Inflation Rate	Equal to CPI + 1	
Net Effective Discount Rate	Yield Curve Based	
Expected Rate of Salary Increase	6.50%	7.13%
Expected Retirement Age - Females	63	65
Expected Retirement Age - Males	63	65

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	<b>2021</b>	<b>2020</b>
	R	R
<b>Movements in the present value of the Defined Benefit Obligation were as follows:</b>		
Opening balance	23,729,969	31,091,999
Interest cost	2,506,711	2,678,000
Current service cost	587,370	741,000
Actual employer benefit payments	(2,087,086)	(1,892,808)
Actuarial loss/ (gain) recognised in the year	4,231,035	(8,888,222)
<b>Total Recognised Benefit Liability</b>	<b><u>28,967,999</u></b>	<b><u>23,729,969</u></b>

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

Present value of fund obligations	28,967,999	23,729,969
	<u>28,967,999</u>	<u>23,729,969</u>
Unfunded Accrued Liability	28,967,999	23,729,969
<b>Total Benefit Liability</b>	<b><u>28,967,999</u></b>	<b><u>23,729,969</u></b>

**The history of fair values are as follows:**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	R	R	R	R	R
Present Value of Defined Benefit Obligation	28,967,999	23,729,970	31,091,999	28,513,999	30,074,999
<b>Deficit</b>	<b><u>28,967,999</u></b>	<b><u>23,729,970</u></b>	<b><u>31,091,999</u></b>	<b><u>28,513,999</u></b>	<b><u>30,074,999</u></b>
Experienced adjustments on Plan Liabilities	5,238,030	(7,362,030)	2,578,000	(1,919,000)	2,356,040

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	3,506,205
Effect on the defined benefit obligation	1	32,523,000

**Decrease:**

Effect on the aggregate of the current service cost and the interest cost	(1)	(2,752,143)
Effect on the defined benefit obligation	(1)	(26,013,000)

The effect of a 15% movement in the withdrawal rate is as follows:

The municipality expects to make a contribution of R2 094 000 (2020: R1 966 000) to the Defined Benefit Plans during the next financial year.

Refer to Note 41., "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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

<b>19.2 Long Service Awards Liability</b>	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>Non-Current Portion of Liability</b>		
Opening Balance	2,206,054	2,110,964
Increases	1,139,952	408,126
Payments Made	-	(203,897)
Other Reductions	(243,043)	(109,139)
Reversals	-	-
Balance at end of Year	<u>3,102,963</u>	<u>2,206,054</u>
Less: Current Portion of Liability	159,000	295,897
<b>Total Long Service Awards Liability</b>	<b><u>2,943,963</u></b>	<b><u>1,910,157</u></b>

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 2021 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, 96 (2020: 93) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2021 is estimated to be R199 000, whereas the cost for the ensuing year is estimated to be R215 813 (30 June 2020: R199 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	5.91%	7.50%
Expected Retirement Age - Females	63	65
Expected Retirement Age - Males	63	65

**Movements in the present value of the Defined Benefit Obligation were as follows:**

Opening Balance	2,206,054	2,110,964
Increases	1,139,952	408,126
Payments Made	-	(203,897)
Other Reductinos	(243,043)	(109,139)
Reversals	-	-
Increases (Passage of Time/Discounted Rate)		
<b>Total Recognised Benefit Liability</b>	<b><u>3,102,963</u></b>	<b><u>2,206,054</u></b>

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

Present value of fund obligations	3,102,963	2,206,054
	<u>3,102,963</u>	<u>2,206,054</u>
Unfunded Accrued Liability	3,102,963	2,206,054
<b>Total Benefit Liability</b>	<b><u>3,102,963</u></b>	<b><u>2,206,054</u></b>

**FRANCES BAARD DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

<b>The amounts recognised in the Statement of Financial Performance are as follows:</b>	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
Current service cost	215,813	199,000
Interest cost	175,971	184,000
Expected return on reimbursement rights		
Actuarial losses / (gains)	748,168	(178,771)
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 27.)</b>	<b><u>1,139,952</u></b>	<b><u>204,229</u></b>

**The history of experienced adjustments is as follows:**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Present Value of Defined Benefit Obligation	3,102,963	2,206,054	2,110,964	1,990,899	1,953,000
<b>Deficit</b>	<b><u>3,102,963</u></b>	<b><u>2,206,054</u></b>	<b><u>2,110,964</u></b>	<b><u>1,990,899</u></b>	<b><u>1,953,000</u></b>

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

<b>Increase:</b>		
Effect on the aggregate of the current service cost and the interest cost	421,169	421,169
Effect on the defined benefit obligation	3,315,000	2,356,164
<b>Decrease:</b>		
Effect on the aggregate of the current service cost and the interest cost	365,164	(365,164)
Effect on the defined benefit obligation	(2,912,000)	(2,078,075)

The municipality expects to make a contribution of R159 000 (2021: R391,784) to the defined benefit plans during the next financial year.

**20. NON-CURRENT PROVISIONS**

Ex-gratia Pension	103,811	99,624
<b>Total Non-current Provisions</b>	<b><u>103,811</u></b>	<b><u>99,624</u></b>

**The movement in Non-current Provisions are reconciled as follows:**

**Staff Benefit Provisions:**

**Ex-Gratia Pension**

Opening Balance	99,624	108,000
Increases	35,677	27,713
Payments Made	(34,090)	(34,090)
Other Reductinos	0	-2,000
Reversals	2,600	0
<b>Balance at end of year</b>	<b><u>103,811</u></b>	<b><u>99,624</u></b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>21. RESERVES</b>		
Capital Replacement Reserve	7,957,082	7,957,082
Revaluation Reserve	18,983,471	19,247,432
<b>Total Reserves</b>	<b><u>26,940,553</u></b>	<b><u>27,204,514</u></b>

**22.1 Capital Replacement Reserve**

The Capital Replacement Reserve arises from cash backed accumulated surplus for the replacement of capital infrastructure/equipment.

**Reconciliation of the Capital Replacement Reserve:**

Opening Balance	7,957,082	7,957,082
<b>Balance at end of year</b>	<b><u>7,957,082</u></b>	<b><u>7,957,082</u></b>

**22.2 Revaluation Reserve**

The Revaluation Reserve arises on the revaluation of Land and Buildings and qualifying Community Assets. 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.

**Reconciliation of Revaluation Reserve**

Opening Balance	19,247,432	19,511,393
Transfers to/from Accumulated Surplus	(263,961)	(263,961)
<b>Balance at end of year</b>	<b><u>18,983,471</u></b>	<b><u>19,247,432</u></b>

**22. ACCUMULATED SURPLUS**

Accumulated Surplus / (Deficit) due to the results of Operations	101,411,032	93,446,308
<b>Total Accumulated Surplus</b>	<b><u>101,411,032</u></b>	<b><u>93,446,308</u></b>

**Reconciliation of Accumulated Surplus:**

Opening Balance	93,446,309	73,136,387
Correction of Prior Period Error	-	20,682
Depreciation Offsets	263,961	263,961
Accumulated Surplus As Per Financial Performance	7,700,763	20,025,279
<b>Total Accumulated Surplus</b>	<b><u>101,411,032</u></b>	<b><u>93,446,308</u></b>

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	2021 R	2020 R
<b>23. TRANSFERS AND SUBSIDIES RECEIVED</b>		
<b>Capital Grants</b>	-	-
Monetary Allocations	-	-
<b>Operational Grants</b>	128,873,595	124,349,644
Monetary Allocations	128,873,595	124,349,644
<b>Total Government Grants and Subsidies</b>	<b>128,873,595</b>	<b>124,349,644</b>
<b>23.1 Capital Grants</b>	<b>Monetary Allocations</b>	
	<b>2021</b>	<b>2020</b>
National Governments	-	-
<b>Total Capital Grants Received</b>	<b>-</b>	<b>-</b>
<b>23.2 Operational Grants</b>	<b>Monetary Allocations</b>	
	<b>2021</b>	<b>2020</b>
Departmental Agencies and Accounts: SETAs	44,799	95,650
National Governments	3,603,803	3,388,794
National Revenue Fund	124,736,292	120,606,000
ABSA	-	-
Provincial Government	488,700	259,200
<b>Total Operational Grants Received</b>	<b>128,873,595</b>	<b>124,349,644</b>
<b>23.3 Reconciliation per Grant Source</b>		
<b>23.3.1 National Governments</b>		
Balance unspent at beginning of year	1,581,206	-
Current year receipts	130,412,000	125,792,000
Conditions met - transferred to Revenue	(128,340,095)	(124,210,794)
Conditions still to be met - transferred to Current Liabilities (see Note 18.)	<b>2,071,905</b>	<b>1,581,206</b>
<p>These grants have been used to fund operations within the municipality, the grants consist of Equitable Share, EPWP, RRAMS and FMG received from National Government.</p>		
<b>23.3.2 National Revenue Fund - Fuel Levy &amp; Equitable Share</b>		
Current year receipts	125,768,000	120,606,000
Conditions met - transferred to Revenue	(124,736,292)	(120,606,000)
Conditions still to be met - transferred to Current Liabilities (see Note 18.)	<b>1,031,708</b>	<b>-</b>
<p>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.</p>		
<b>23.3.3 Rural Road Asset Management System Grant (RRAMS)</b>		
Opening balance	1,329,138	-
Current year receipts	2,543,000	2,670,000
Conditions met - transferred to Revenue	(1,502,803)	(1,340,862)
Repayment of unspent grant	<b>(1,329,138)</b>	<b>-</b>
Conditions still to be met - transferred to Current Liabilities (see Note 18.)	<b>1,040,197</b>	<b>1,329,138</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

<b>23.3.4 Financial Management Grant (FMG)</b>	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
Opening balance	252,068	-
Current year receipts	1,000,000	1,000,000
Conditions met - transferred to Revenue	(1,000,000)	(747,932)
	<b>(252,068)</b>	<b>-</b>
Conditions still to be met - transferred to Current Liabilities (see Note 18.)	<u>-</u>	<u>252,068</u>

<b>23.3.5 Extended Public Works Programme (EPWP)</b>		
Balance unspent at beginning of year	-	-
Current year receipts	1,101,000	1,270,000
Conditions met - transferred to Revenue	(1,101,000)	(1,270,000)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Current Liabilities (see Note 18.)	<u>-</u>	<u>-</u>

**23.3.9 Grant**

Balance unspent at beginning of year	-	-
Current year receipts	-	30,000
Conditions met - transferred to Revenue	-	(30,000)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Current Liabilities (see Note 18.)	<u>-</u>	<u>-</u>
The line for Covid-19 was hidden during the finalization of 19/20 Afs printing.	<u>-</u>	<u>-</u>

**23.3.10 SETA: Skills grant**

Balance unspent at beginning of year	-	-
Current year receipts	44,799	95,650
Conditions met - transferred to Revenue	(44,799)	(95,650)
Conditions still to be met - transferred to Current Liabilities (see Note 18.)	<u>-</u>	<u>-</u>

LGSETA: This grant has been used to fund training within the municipality No funds have been withheld.

**23.3.11 Provincial Government**

Balance unspent at beginning of year	79,114	92,314
Current year receipts	500,000	246,000
Conditions met - transferred to Revenue	(488,700)	(259,200)
Conditions still to be met - transferred to Current Liabilities (see Note 18.)	<u>90,414</u>	<u>79,114</u>

These grants were used for operation and maintenance of clean up amenities, HIV/AIDS awareness (AIDS Grant) from provincial government.

**23.3.12 Public Corporations**

Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to Revenue	-	-
Conditions still to be met - transferred to Current Liabilities (see Note 18.)	<u>-</u>	<u>-</u>

The grants are used for special projects within units such as Tourism and LED.

**24. Other Revenue**

Actuarial Gains	-	7,711,267
Sundry Revenue	268,438	142,111
<b>Total Other Revenue</b>	<u>268,438</u>	<u>7,853,378</u>

FRANCES BAARD DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

25. RENTAL FROM FIXED ASSETS	2021 R	2020 R
<b>Other Rental income</b>		
Ad-hoc Rental Income from Other Fixed Assets	608,649	603,057
<b>Total Rental of Facilities and Equipment</b>	<u><u>608,649</u></u>	<u><u>603,057</u></u>
Rental income generated are at market related premiums.		
<b>26. INTEREST RECEIVED</b>		
<b>External Investments:</b>		
Bank Account	10,763	134,763
Other Deposits	5,056,660	7,264,725
<b>Total Exchange Interest Earned</b>	<u><u>5,067,423</u></u>	<u><u>7,399,488</u></u>
<b>Total Interest, Dividends And Rent On Land Earned</b>	<u><u>5,067,423</u></u>	<u><u>7,399,488</u></u>
<b>26.1 Calculation of Cash Flow:</b>		
External Interest Income	5,067,423	7,399,488
<b>Total Receipts for Interest Received</b>	<u><u>5,067,423</u></u>	<u><u>7,399,488</u></u>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	2021 R	2020 R
<b>27. EMPLOYEE RELATED COSTS</b>		
Salaries and Wages	51,930,157	45,692,930
Basic	47,964,856	43,794,633
Long Service Awards	963,981	20,229
Long Service Awards	215,813	189,000
(Gain)/Loss on Long Service Awards for the year	748,168	(205,000)
Bonus	200,000	-
Leave Payments	2,599,313	1,689,221
Overtime	202,006	188,847
Allowances	7,486,020	6,617,455
Bonus	3,389,777	2,935,853
Cellular and Telephone	520,324	291,408
Housing Benefits	472,610	435,487
Scarcity Allowance	-	-
Travel or Motor Vehicle	3,103,310	2,954,706
Social Contributions	9,450,359	8,529,898
Bargaining Council	15,682	14,519
Group Life Insurance	595,545	478,622
Medical	2,524,881	2,330,465
Pension	6,092,370	5,495,398
Unemployment Insurance	221,881	210,893
Post-retirement Benefit	4,956,446	2,913,713
Current Service Cost	587,394	741,000
Interest Cost	1,972,199	2,172,713
Actuarial Gains and Losses	2,396,853	-
<b>Total Employee Related Costs</b>	<b><u>73,822,982</u></b>	<b><u>63,753,995</u></b>

No advances were made to employees.

**Remuneration of Section 56 Employees:**

**Remuneration of the Municipal Manager - Ms ZM Bogatsu**

Annual Remuneration	1,242,193	1,496,354
Bonus	-	-
Performance Bonus	120,000	-
Car and Other Allowances	230,631	25,896
Company Contributions to UIF, Medical and Pension Funds	1,813	-
<b>Total</b>	<b><u>1,594,637</u></b>	<b><u>1,522,251</u></b>

**Remuneration of the Acting Director Financial Services - Ms. O Moseki (Acting)**

Annual Remuneration	1,155,324	1,037,245
Bonus	-	-
Performance Bonus	-	-
Car and Other Allowances	87,904	14,693
Company Contributions to UIF, Medical and Pension Funds	1,664	-
<b>Total</b>	<b><u>1,244,891</u></b>	<b><u>1,051,938</u></b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

<b>Remuneration of the Executive Director Administration - Mrs. KG Gaborone</b>	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
Annual Remuneration	1,160,710	1,183,684
Performance Bonus	80,000	-
Car and Other Allowances	18,119	19,896
Company Contributions to UIF, Medical and Pension Funds	1,813	-
<b>Total</b>	<b><u>1,260,642</u></b>	<b><u>1,203,580</u></b>
<b>Remuneration of Acting Executive Director: Infrastructure Services - Mr S Suliman (Acting)</b>		
Annual Remuneration	841,325	223,274
Car and Other Allowances	49,729	4,357
Company Contributions to UIF, Medical and Pension Funds	1,487	-
<b>Total</b>	<b><u>892,541</u></b>	<b><u>227,630</u></b>
<b>Remuneration of Acting Executive Director: Infrastructure Services - Mr R.R Setshogoe (Acting)</b>		
Annual Remuneration	57,272	-
Car and Other Allowances	7,917	-
Company Contributions to UIF, Medical and Pension Funds	10	-
<b>Total</b>	<b><u>65,199</u></b>	<b><u>-</u></b>
<b>Remuneration of Acting Executive Director: Planning &amp; Development - Mr F Netshivhodza (Acting)</b>		
Annual Remuneration	1,030,415	930,452
Bonus	-	-
Car and Other Allowances	72,867	15,669
Company Contributions to UIF, Medical and Pension Funds	1,338	-
<b>Total</b>	<b><u>1,104,621</u></b>	<b><u>946,121</u></b>
<b>Summary of Remuneration of Section 56 Employees:</b>		
All Managers	6,162,531	4,951,521
<b>Total Remuneration of Section 56 Employees</b>	<b><u>6,162,531</u></b>	<b><u>4,951,521</u></b>

The annual performance evaluation of the senior managers was not conducted due to delay in compilation of the evaluation committee. This is a non-compliance with section 27 of The Regulation of the Municipal Performance.

**28. REMUNERATION OF COUNCILLORS**

Executive Mayor	938,250	938,250
Basic Salaries	893,850	893,850
Cellphone Allowances	44,400	44,400
Speaker	759,478	759,478
Basic Salaries	715,078	715,078
Cellphone Allowances	44,400	44,400
Mayoral Committee Members	3,179,538	2,613,295
Basic Salaries	2,499,148	2,613,295
Travel Allowances	502,790	-
Cellphone Allowances	177,600	-
MPAC Chairperson	207,458	319,386
Basic Salaries	176,628	319,386
Travel Allowances	30,830	-
Total for All Other Councillors	1,915,513	2,171,608
Basic Salaries	1,619,096	2,171,608
Travel Allowances	70,718	-
Cellphone Allowances	225,700	-
<b>Total Councillors' Remuneration</b>	<b><u>7,000,237</u></b>	<b><u>6,802,016</u></b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

<b>29. DEPRECIATION AND AMORTISATION</b>	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
Depreciation: Property, Plant and Equipment	3,282,040	3,670,995
Depreciation: Investment Property	14,063	14,063
Amortisation: Intangible Assets	85,025	115,751
<b>Total Depreciation and Amortisation</b>	<b><u>3,381,127</u></b>	<b><u>3,800,809</u></b>
<b>29.1 Depreciation: Property, Plant and Equipment</b>		
Community Assets	141,294	47,590
Buildings	756,961	784,274
Other Assets	2,383,785	2,839,131
	<b><u>3,282,040</u></b>	<b><u>3,670,995</u></b>
<b>30. Bad Debts Written Off</b>		
Bad Debts Written Off	-	2,665
<b>Total Bad Debts Written Off</b>	<b><u>-</u></b>	<b><u>2,665</u></b>
<b>30.1 Bad Debts Written Off</b>		
<b>Total Bad Debts Written Off</b>	<b><u>-</u></b>	<b><u>2,665</u></b>
<b>31. INVENTORY CONSUMED</b>		
Consumables	374,203	-
Materials and Supplies	876,624	1,113,918
	<b><u>1,250,827</u></b>	<b><u>1,113,918</u></b>
<b>32. TRANSFERS AND SUBSIDIES PAID</b>		
<b>Capital Grants</b>	-	7,594,005
Allocations In-kind	<u>-</u>	<u>-</u>
<b>Operational Grants</b>	19,454,158	14,315,197
Allocations In-kind	<u>-</u>	<u>-</u>
Monetary Allocations	<u>19,454,158</u>	<u>14,315,197</u>
<b>Total Transfers and Subsidies Paid</b>	<b><u>19,454,158</u></b>	<b><u>21,909,203</u></b>
<b>32.1 Capital Grants</b>		
	<b>Monetary Allocations</b>	
	<b>2021</b>	<b>2020</b>
Local Municipalities	-	7,594,005
Non-profit Institutions	-	-
<b>Total Capital Grants Paid</b>	<b><u>-</u></b>	<b><u>7,594,005</u></b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**32.2 Operational Grants**

	<b>Monetary Allocations</b>	
	<b>2021</b>	<b>2020</b>
Departmental Agencies and Accounts	-	13,900
Local Municipalities	18,530,078	13,733,560
Households	924,080	514,157
Non-profit Institutions	-	53,581
<b>Total Operational Grants Paid</b>	<b><u>19,454,158</u></b>	<b><u>14,315,197</u></b>

The allocations made non-profit institutions consist of equipment given to schools during the tourism business competition held on a yearly basis.

**33. GENERAL EXPENDITURE**

Advertising, Publicity and Marketing	545,369	526,119
Bank Charges, Facility and Card Fees	70,477	58,910
Bursaries (Employees)	300,000	207,419
Cleaning Services	5,980	3,940
Communication	36,364	31,330
Entertainment	41,521	136,246
External Audit Fees	1,930,241	1,984,445
External Computer Service	411,284	258,119
Honoraria (Voluntarily Workers)	2,400	4,000
Insurance Underwriting	598,068	546,727
Licences	28,910	21,577
Municipal Services	2,785,590	2,596,446
Printing, Publications and Books	6,165	74,855
Professional Bodies, Membership and Subscription	920,005	816,496
Registration Fees	1,152	83,048
Resettlement Cost	155,858	116,020
Skills Development Fund Levy	419,196	550,583
Transport Provided as Part of Departmental Activities	170,328	174,151
Travel and Subsistence	126,265	768,921
Uniform and Protective Clothing	65,320	47,601
Wet Fuel	1,645	1,139
Workmen's Compensation Fund	316,985	295,969
Burial Services	2,400	4,800
Business and Advisory	7,305,443	6,030,054
Catering Services	337,291	414,994
Employee Wellness	48,102	63,032
Event Promoters	72,332	390,521
Exhibit Installations	105,128	277,966
Graphic Designers	26,209	27,826
Infrastructure and Planning	90,000	110,000
Legal Cost	4,238	127,185
Litter Picking and Street Cleaning (Khotso Pula Nala)	-	982,519
Maintenance of Buildings and Facilities	442,094	512,066
Maintenance of Computer Software	2,324,804	2,282,338
Maintenance of Equipment	835,464	861,201
Security Services	963,672	1,038,287
Disability Training	268,300	-
Skills Training	297,500	-
Stage and Sound Crew	73,064	312,160
<b>Total General Expenditure</b>	<b><u>22,135,205</u></b>	<b><u>22,739,580</u></b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**33.1 Calculation of Cash Flow:**

		<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
Expenditure for Operational Costs	Note 33.	(22,135,205)	(22,739,580)
Expenditure for Transfers and Subsidies Paid	Note 32.	(19,454,158)	(21,909,203)
<b>Total for Other Payments</b>		<b><u>(41,179,242)</u></b>	<b><u>(44,648,783)</u></b>

**33.2 Travel and Subsistence**

		<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
<b>Domestic</b>		<b>126,265</b>	<b>768,921</b>
Accommodation		72,465	355,132
Daily Allowance		5,413	80,098
Food and Beverage (Served)		6,303	47,442
Transport without Operator		42,084	204,615
Transport with Operator		-	81,635
		<b><u>126,265</u></b>	<b><u>768,921</u></b>

No other extra-ordinary expenses were incurred.

**34. GAINS AND LOSSES**

Property, Plant and Equipment		(61,352)	(58,103)
<b>Total Gains / (Losses) on Disposal of Capital Assets</b>		<b><u>(61,352)</u></b>	<b><u>(58,103)</u></b>
Disposal of inventory		(11,452)	
<b>Total Gains and Losses</b>		<b><u>72,805</u></b>	<b><u>58,103</u></b>

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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**2021**  
**R**

**2020**  
**R**

**35. RECLASSIFICATIONS**

**35.1 Property Plant and Equipment**

The municipality reclassify assets that were previously disclosed as community assets to other assets to other assets. The municipality believes that other assets is a more appropriate classification. The net effect of the reclassification is as follows.

	Closing Balance (as previously disclosed)	Reclassification	Closing balance as corrected
<b>Other Assets</b>			
- Cost	30,279,088	993,726	31,272,814
- Opening Accumulated Depreciation	-20,553,857	(884,669)	(21,438,526)
- Disposals at cost	-483,320	(110,081)	(593,401)
- Diposal of depreciation	455,445	106,870	562,315
- Depreciation	-2,839,131	(47,758)	(2,886,889)
- Cosing balance at cost	31,621,740	883,644	32,505,384
- Closing Accumulated Depreciation	-22,937,542	(825,556)	(23,763,098)
<b>Community Assets</b>			
- Cost	993,726	(993,726)	-
- Opening Accumulated Depreciation	-884,669	884,669	-
- Disposals at cost	-110,081	110,081	-
- Diposal of depreciation	106,870	(106,870)	-
- Depreciation	-47,758	47,758	-
- Cosing balance at cost	883,644	(883,644)	-
- Closing Accumulated Depreciation	-825,556	825,556	-
	<u>116,176</u>	<u>(116,176)</u>	<u>-</u>
<b>TOTAL</b>	<b><u>15,658,599</u></b>	<b><u>-</u></b>	<b><u>15,658,599</u></b>

**35.2 Operating Lease Recievables**

In the previous financial year(2019/20), the non-current portion of operating lease receivable was erroneously disclosed as Current Assets. This was reclassified in the 2021 period. The net reclassification is as shown below.

	Closing Balance (as previously disclosed)	Reclassification	Closing Balance (as corrected)
Current Assets - Operating Lease Receivables	11,372	(11,372)	-
Non-Current Assets - Operating Lease Receivables	-	11,372	11,372
<b>TOTAL</b>	<b><u>11,372</u></b>	<b><u>-</u></b>	<b><u>11,372</u></b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**36. CASH GENERATED BY OPERATIONS**

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
Surplus / (Deficit) for the Year	7,700,763	20,025,279
Adjustment for:		
Depreciation and Amortisation	3,381,127	3,800,809
Losses / (Gains) on Disposal of Property, Plant and Equipment	72,805	58,103
Contribution to Post-retirement Employee Benefits	7,325,116	(5,469,222)
Expenditure incurred from Post-retirement Employee Benefits	(2,087,086)	(1,892,808)
Contribution to Long Service Awards Liability	1,139,952	408,126
Expenditure incurred from Long Service Awards Liability	-	(203,897)
Contribution to Provisions - Current	200,000	-
Contribution to Provisions - Non-current	35,677	27,713
<b>Operating surplus before working capital changes</b>	<b>17,768,354</b>	<b>16,754,104</b>
Decrease/(Increase) in Inventories	5,057	(18,234)
Decrease/(Increase) in Receivables from Exchange Transactions	(2,114,097)	59,759
Decrease/(Increase) in Receivables from Non-exchange Transactions	-	(389,000)
Decrease/(Increase) in VAT Receivable	4,818,220	(4,673,680)
Decrease/(Increase) in Operating Lease Receivables	(6,522)	(10,463)
Decrease/(Increase) in Current Portion of Long-term Receivables	14,788	(4,788)
Increase/(Decrease) in Consumer Deposits	(1,725)	3,105
Increase/(Decrease) in Payables from Exchange Transactions	(12,362,285)	9,969,136
Increase/(Decrease) in Conditional Grants and Receipts	2,010,756	1,568,005
Increase/(Decrease) in Operating Lease Liabilities	-	1,460,156
<b>Cash generated by / (utilised in) Operations</b>	<b>10,132,546</b>	<b>24,718,100</b>

**37. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**37.1 Unauthorised Expenditure**

To management's best of knowledge no Unauthorised Expenditure was incurred during the year under

Reconciliation of Unauthorised Expenditure:

Opening balance	-	-
Unauthorised Expenditure	-	-
Approved by Council or condoned	-	-
To be recovered – contingent asset (see Note 59)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Unauthorised Expenditure awaiting authorisation	-	-

**37.2 Fruitless and Wasteful Expenditure**

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	1,207	1,207
- As previously stated	1,207	1,207
Fruitless and Wasteful Expenditure current year	-	-
- Current Year	-	-
Condoned or written off by Council	-	-
- Current Year	-	-
Transfer to receivables for recovery (see Note 4)	-	-
- Current Year	-	-
Fruitless and Wasteful Expenditure awaiting condonement	<b>1,207</b>	<b>1,207</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**37.3 Irregular Expenditure**

	2021 R	2020 R
Reconciliation of Irregular Expenditure:		
Opening balance	-	31,690
- As previously stated	-	31,690
- Correction of error	-	-
Irregular Expenditure current year	178,797	91,286
- Current Year	67,518	91,286
- Prior Year	111,279	-
Condoned or written off by Council	(51,348)	(122,976)
- Current Year	(51,348)	(91,286)
- Prior Year	-	(31,690)
Irregular Expenditure awaiting condonement	<b>127,449</b>	<b>-</b>

**30 June 2021**

Incident	Disciplinary Steps / Criminal Proceedings	Amount
Kenosi Solutions - R69 200	Under Investigation. To be submitted to Council for condonement.	69,200
Banking Services - R16 170	Under Investigation. To be submitted to Council for condonement.	16,170
Rennies - R42 079	Under Investigation. To be submitted to Council for condonement.	42,079

**Total: Irregular Expenditure Under Investigation** 127,449

Incident	Disciplinary Steps / Criminal Proceedings	Amount
Mile Plumbing COstruction - R51 348	Written Off	51,348

**Total: Irregular Expenditure Written Off** 51,348

The amount paid to Mile Plumbing Construction was declared irregular by the Municipal Financial Misconduct Board and was written off by council.

**Total: Irregular Expeniture for the Current Year** 178,797

**30 June 2020**

Incident	Disciplinary Steps / Criminal Proceedings	Amount
ENSLINS - : R62,130	Written Off	62,130
Banking Services - R60,846	Written Off	60,846

**Total: Irregular Expenditure Written Off** 122,976

**FRANCES BAARD DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

38. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2021 R	2020 R
<b>38.1 Contributions to organised local government - SALGA</b>		
Council Subscriptions	906,695	806,736
Amount Paid - current year	(906,695)	(806,736)
<b>Balance Unpaid (included in Creditors)</b>	-	-
<b>38.2 Audit Fees</b>		
Current year Audit Fee	(1,930,241)	(1,984,445)
Amount Paid - current year	1,930,241	1,984,445
<b>Balance Unpaid (included in Creditors)</b>	-	-
<b>38.3 PAYE, Skills Development Levy and UIF</b>		
Opening Balance	92,935	6,027
Current year Payroll Deductions	13,379,410	12,143,000
Amount Paid - current year	(13,466,790)	(12,056,092)
<b>Balance Unpaid (included in Creditors)</b>	<b>5,556</b>	<b>92,935</b>
<b>38.4 Pension and Medical Aid Deductions</b>		
Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	(17,372,493)	15,714,042
Amount Paid - current year	17,372,493	(15,714,042)
<b>Balance Unpaid (included in Creditors)</b>	-	-
<b>38.5 Non-Compliance with the Municipal Finance Management Act</b>		
None		

**38.6 Deviation - Supply Chain Management**

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager, noted by Council and disclosed in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were approved by the Municipal Manager and reported to Council:

**30 June 2021**

Supplier	Service	Amount
Wolters Kluwer	Annual maintenance charge of the of the Teammate software licence.	17,543
Sam and Alice investment	Renovation of houses in Pampierstad	377,000
<b>Total:</b>		<b>394,543</b>

**30 June 2020**

Supplier	Service	Amount
BIG O TRADING	Banking Performance: World Environmental Health Day Commemoration.	46,000
PLATFONTEIN LODGE	Catering: World Environmental Health Day Commemoration.	35,000
KENOSI SOLUTION	Marketing materials: World Environment Day Commemoration.	79,580
ENVIROCON INSTRUMENTATION	Calibration and repair of E-Sampler.	28,141
PINO TAU OUTDOOR MEDIA	Participating at the market at Flamingo Casino Exhibition.	90,000
<b>Total:</b>		<b>278,721</b>

FRANCES BAARD DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

**39. COMMITMENTS FOR EXPENDITURE**

**39.1 Capital Commitments**

Commitments in respect of Capital Expenditure:

**- Approved and Contracted for:-**

Land and Buildings

	2021 R	2020 R
	-	-
	-	-

**- Approved but Not Yet Contracted for:-**

Land and Buildings

Other

	<b>12,179,060</b>	<b>8,740,390</b>
	3,065,290	2,365,290
	9,113,770	6,375,100

**Total Capital Commitments**

	<b>12,179,060</b>	<b>8,740,390</b>
	<b>12,179,060</b>	<b>8,740,390</b>

This expenditure will be financed from:

Internally generated funds.

	12,179,060	8,740,390
	<b>12,179,060</b>	<b>8,740,390</b>

**40. FINANCIAL INSTRUMENTS**

**40.1 Classification**

**FINANCIAL ASSETS:**

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>		
<b>Long-term Receivables</b>			
Employee Benefits	Amortised cost	8,060,000	6,334,564
<b>Receivables from Exchange Transactions</b>			
Other Service Charges	Amortised cost	4,564,112	2,644,389
Prepayments and Advances	Amortised cost	1,224,172	1,203,969
Control, Clearing and Interface Accounts	Amortised cost	371,626	197,455
Accrued Income	Amortised cost	389,000	389,000
<b>Investments</b>	Amortised cost	10,200,000	8,300,000
<b>Cash and Cash Equivalents</b>			
Call Deposits	Amortised cost	93,499,749	78,066,381
Short-term Portion of Investments	Amortised cost	-	-
Bank Balances	Amortised cost	6,432,376	16,785,966
Cash Floats and Advances	Fair value	3,300	3,300
<b>Current Portion of Long-term Receivables</b>			
Employee Benefits	Amortised cost	858,000	872,788

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

<b>SUMMARY OF FINANCIAL ASSETS</b>		<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
<b>Financial Assets at Amortised Cost:</b>			
Long-term Receivables	Employee Benefits	8,060,000	6,334,564
Receivables from Exchange Transactions	Other Service Charges	4,564,112	2,644,389
Receivables from Exchange Transactions	Prepayments and Advances	1,224,172	1,203,969
Receivables from Exchange Transactions	Control, Clearing and Interface Accounts	371,626	197,455
Receivables from Non-exchange Transactions	Accrued Income	389,000	389,000
Current Portion of Long-term Receivables	Employee Benefits	858,000	872,788
Investments	Investments	10,200,000	8,300,000
Cash and Cash Equivalents	Call Deposits	93,499,749	78,066,381
Cash and Cash Equivalents	Bank Balances	6,432,376	16,785,966
		<u>125,599,035</u>	<u>114,794,512</u>
<b>Financial Assets at Fair Value:</b>			
Cash and Cash Equivalents	Cash Floats and Advances	3,300	3,300
		<u>3,300</u>	<u>3,300</u>
<b>Total Financial Assets</b>		<u><b>125,602,335</b></u>	<u><b>114,797,812</b></u>

**FINANCIAL LIABILITIES:**

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

<u>Financial Liabilities</u>	<u>Classification</u>		
<b>Payables from Exchange Transactions</b>			
Advance Payments	Amortised cost	-	275
Bonus	Amortised cost	2,095,974	1,924,330
Other Payables	Amortised cost	-	29,179
Retentions	Amortised cost	566,603	566,603
Unspent conditional grants	Amortised cost	2,162,319	1,660,320
Trade Creditors	Amortised cost	3,864,964	16,369,438
<b>Current Portion of Long-term Liabilities</b>			
Development Bank of South Africa	Amortised cost	-	-

**SUMMARY OF FINANCIAL LIABILITIES**

<b>Financial Liabilities at Amortised Cost:</b>			
Payables from Exchange Transactions	Advance Payments	-	275
Payables from Exchange Transactions	Bonus	2,095,974	1,924,330
Payables from Exchange Transactions	Leave Accrual	-	-
Payables from Exchange Transactions	Other Payables	-	29,179
Payables from Exchange Transactions	Retentions	566,603	566,603
Payables from Exchange Transactions	Unspent conditional grants	2,162,319	1,660,320
Payables from Exchange Transactions	Trade Creditors	3,864,964	16,369,438
<b>Total Financial Liabilities</b>		<u><b>8,689,860</b></u>	<u><b>20,550,146</b></u>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**40.2 Fair Value**

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

**Cash**

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

**Trade and Other Receivables/Payables**

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

**Other Financial Assets and Liabilities**

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

**Long-term Liabilities**

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2021, as a result of the short-term maturity of these assets and liabilities.

The Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	30 June 2021		30 June 2020	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
<b>FINANCIAL ASSETS</b>				
<b>Measured at Amortised Cost:</b>	125,599,035	125,599,035	114,794,512	114,794,512
Long-term Receivables	8,060,000	8,060,000	6,334,564	6,334,564
Receivables from Exchange Transactions	6,159,910	6,159,910	4,045,813	4,045,813
Current Portion of Long-term Receivables	858,000	858,000	872,788	872,788
Call Deposits	93,499,749	93,499,749	78,066,381	78,066,381
Investments	10,200,000	10,200,000	8,300,000	8,300,000
Bank Balances	6,432,376	6,432,376	16,785,966	16,785,966
<b>Measured at Fair Value</b>	3,300	3,300	3,300	3,300
Cash and Cash Equivalents	3,300	3,300	3,300	3,300
<b>Total Financial Assets</b>	<u>125,602,335</u>	<u>125,602,335</u>	<u>114,797,812</u>	<u>114,797,812</u>
<b>FINANCIAL LIABILITIES</b>				
<b>Measured at Amortised Cost:</b>	8,689,860	8,689,860	20,550,146	20,550,146
-Payables from Exchange Transactions	8,689,860	8,689,860	20,550,146	20,550,146
<b>Total Financial Liabilities</b>	<u>8,689,860</u>	<u>8,689,860</u>	<u>20,550,146</u>	<u>20,550,146</u>
<b>Total Financial Instruments</b>	<u>116,912,475</u>	<u>116,912,475</u>	<u>94,247,666</u>	<u>94,247,666</u>

**FRANCES BAARD DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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 1:-

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.

**30 June 2021**

	Level 1 R	Level 2 R	Level 3 R	Total R
<b>FINANCIAL ASSETS</b>				
<b>Financial Instruments at Fair Value:</b>				
Short-term Portion of Investments	-	389,000	-	389,000
Cash and Cash Equivalents	-	3,300	-	3,300
<b>Total Financial Assets</b>	<b>-</b>	<b>392,300</b>	<b>-</b>	<b>392,300</b>
<b>Total Financial Instruments</b>	<b>-</b>	<b>392,300</b>	<b>-</b>	<b>392,300</b>

**30 June 2020**

	Level 1 R	Level 2 R	Level 3 R	Total R
<b>FINANCIAL ASSETS</b>				
<b>Financial Instruments at Fair Value:</b>				
Short-term Portion of Investments	-	389,000	-	389,000
Cash and Cash Equivalents	-	3,300	-	3,300
<b>Total Financial Assets</b>	<b>-</b>	<b>392,300</b>	<b>-</b>	<b>392,300</b>
<b>Total Financial Instruments</b>	<b>-</b>	<b>392,300</b>	<b>-</b>	<b>392,300</b>

**40.3 Capital Risk Management**

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 22. and the Statement of Changes in Net Assets.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**Gearing Ratio**

	2021 R	2020 R
The gearing ratio at the year-end was as follows:		
Debt	-	-
Cash and Cash Equivalents	(8,063,300)	(6,337,864)
Net Debt	(8,063,300)	(6,337,864)
Equity	128,351,585	120,650,822
<b>Net debt to equity ratio</b>	<b>-6.28%</b>	<b>-5.25%</b>

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

**40.4 Financial Risk Management Objectives**

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.

Further quantitative disclosures are included throughout these Annual Financial Statements.

**40.5 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:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

**Market Risk**

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Credit Risk**

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

**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 timely 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 40.8 to the Annual Financial Statements.

**40.6 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 40.7 below). 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.

**40.6.1 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.

**40.6.2 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.

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 40.8 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 2021 would have increased / decreased by R973,922 (30 June 2020: R832,081). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**40.7 Credit Risk Management**

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 rate 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	30 June 2021		30 June 2020	
	Credit Limit R	Carrying Amount R	Credit Limit R	Carrying Amount R
Department of Safety & Liaison	-	64,039	-	55,686
Department of Roads and Public Works	-	218,040	-	358,821
Department of Transport	-	3,965,678	-	1,984,822
Councillors	-	107,640	-	97,464
Officials	-	5,979	-	-
Salga	-	-	-	45,335
Medical Aid	-	2,271	-	-
Railex (Supplier)	-	56,140	-	-
MTN	-	77,791	-	-

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Long-term Receivables	8,918,000	7,207,352
Receivables from Exchange Transactions	6,248,030	4,133,934
Investments	10,200,000	8,300,000
Bank, Cash and Cash Equivalents	99,935,425	94,855,647

**Maximum Credit and Interest Risk Exposure**

**125,301,455**      **114,496,933**

**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	8,918,000	7,207,352
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**Total Long-term Receivables**

**8,918,000**      **7,207,352**

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**40 FINANCIAL INSTRUMENTS (Continued)**

**40.8 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 49 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.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
<b>30 June 2021</b>								
Non-interest Bearing		0.00%	8,689,860	8,689,860	-	-	-	-
- Payables from Exchange transactions			8,689,860	8,689,860	-	-	-	-
			<b>8,689,860</b>	<b>8,689,860</b>	-	-	-	-
<b>30 June 2020</b>								
Non-interest Bearing		0.00%	20,550,146	20,550,146	-	-	-	-
- Payables from Exchange transactions			20,550,146	20,550,146	-	-	-	-
			-	-	-	-	-	-
			<b>20,550,146</b>	<b>20,550,146</b>	-	-	-	-

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	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R		R
<b>30 June 2021</b>								
Non-interest Bearing		0.00%	15,470,210	11,440,210	4,030,000	-	-	-
- Long-term Receivables			8,060,000	4,030,000	4,030,000	-	-	-
- Trade Receivables from Exchange Transactions			6,159,910	6,159,910	-	-	-	-
- Cash and Cash Equivalents			3,300	3,300	-	-	-	-
- Current Portion of Long Term Receivables			858,000	858,000	-	-	-	-
Variable Interest Rate Instruments		3.75%	99,932,125	99,932,125	-	-	-	-
- Call Deposits			93,499,749	93,499,749	-	-	-	-
- Bank Account			6,432,376	6,432,376	-	-	-	-
Fixed Interest Rate Instruments		6.67%	10,200,000	-	10,200,000	-	-	-
- Fixed Deposits			10,200,000	-	10,200,000	-	-	-
			<b>125,602,335</b>	<b>111,372,335</b>	<b>14,230,000</b>	-	-	-
<b>30 June 2020</b>								
Non-interest Bearing		0.00%	11,645,465	11,645,465	-	-	-	-
- Long-term Receivables			6,334,564	6,334,564	-	-	-	-
- Trade Receivables from Exchange Transactions			4,045,813	4,045,813	-	-	-	-
- Cash and Cash Equivalents			3,300	3,300	-	-	-	-
- Current Portion of Long Term Receivables			872,788	872,788	-	-	-	-
Variable Interest Rate Instruments		8.89%	94,852,347	94,852,347	-	-	-	-
- Call Deposits			78,066,381	78,066,381	-	-	-	-
- Bank Account			16,785,966	16,785,966	-	-	-	-
Fixed Interest Rate Instruments		8.65%	8,300,000	-	8,300,000	-	-	-
- Fixed Deposits			8,300,000	-	8,300,000	-	-	-
			<b>114,797,812</b>	<b>106,497,812</b>	<b>8,300,000</b>	-	-	-

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

2021  
R                      2020  
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**41. 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.

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 (2020: 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.

**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.

**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.

**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.

**42. RELATED PARTY TRANSACTIONS**

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

**42.1 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.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**42.2 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.

**42.3 Compensation of Related Parties**

Compensation of Key Management Personnel and Councillors is set out in Note 28 and 29, to the Annual Financial Statements.

**42.4 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 2020/21 financial year.

**43. DECLARATION OF SUPPLIERS**

**30 June 2021**

Supplier	Capacity	Amount
Puleng Juliet Pelembé	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
<b>Total:</b>		<u><u>911,692</u></u>

**30 June 2020**

Supplier	Capacity	Amount
Melpek Telecommunication	Department of Basic Education and SANDF	39,000
IT BY G3	Spouse employed at Sol Plaatje Local Municipality	73,996
<b>Total:</b>		<u><u>112,996</u></u>

**44. CONTINGENT LIABILITIES**

The municipality was engaged in the following transaction / event during the year under review involving Contingent Liabilities:

**44.1 Litigation and claims**

100,000      100,000

**(i) 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.

100,000      100,000

**(ii) OPINION. APPOINTED ADV C. TOWELL:**

On 03 March 2020 the public protector issued a final report on an investigation into the allegations of improper conduct and maladministration relating to the appointment of a development planner by the Frances Baard District Municipality (FBDM) in the Northern Cape. Due to the remedial action directives of the public protection the municipality decided appoint a private law firm through a supply chain processes in order to bring an application to review the remedial actions and finding of the public protector.

-      -

Currently the appointed law firm managed to interdict the implementation of the Public Protector's report. The main matter being Part B of the application is yet to be heard in the Northern Cape High Court for a final court judgment.  
 LEGAL CLAIMS CANNOT BE ESTIMATED.

**45. CONTINGENT ASSETS**

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**46. IN-KIND DONATIONS AND ASSISTANCE**

Mr. G Botha served on the audit committee for the 2020/21 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.

**47. PRIVATE PUBLIC PARTNERSHIPS**

The municipality was not a party to any Private Public Partnerships during the year under review.

**48. EVENTS AFTER THE REPORTING DATE**

No events having financial implications requiring disclosure occurred subsequent to 30 June 2021.

**49. COMPARATIVE FIGURES**

The comparative figures were restated.

**50. GOING CONCERN ASSESSMENT**

The municipality's cash flow forecast for the year to 30 June 2022 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 2021 was taken into consideration during the review.

**51. ASSESSMENT ON IMPACT OF COVID-19**

The assessment conducted on the impact of COVID-19 confirms that there was no effect on the operations and the financial position of the municipality.





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