

Frances Baard District Municipality

Annual Report 2012/2013



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VOLUME I

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Acronyms

COGHSTA	-	Department of Coopertive Governance, Human Settlements and Traditional Affairs
DBSA	-	Development Bank of South Africa
DENC	-	Department of Environment and Nature Conservation
DMA	-	District Management Area
DoRA	-	Division of Revenue Aact
DWA	-	Department Water Affairs
EAP	-	Employee Assistance Programme
EPWP	-	Expanded Public Works Project
ESS	-	Employee Self Service
FBDM	-	Frances Baard District Municipality
FPA	-	Fire Prevention Association
FY	-	Financial Year
GAMAP	-	General Accepted Municipal Accounting Practice
GIS	-	Geographic Information System
GRAP	-	Generally Recognised Accounting Practice
ICT	-	Information Communication Technology
IDP	-	Intergrated Development Plan
IGR	-	Inter-Governmental Relations
IMFO	-	Institute of Municipal Finance Officers
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
NEAR	-	National Emergency Alarm Radio System
O&M	-	Operation and Maintenance
PMS	-	Performance Management System
PMU	-	Project Management Unit
SDBIP	-	Service Delivery & Budget Implementation Plan
SDF	-	Spatial Development Framework
SLA	-	Service Level Agreement
SMME	-	Small, Medium & Micro Enterprises
WSP	-	Workplace Skills Plan
WWTW	-	Waste Water Treatment Works

Chapter 1

Mayor's foreword and executive summary

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

Mission

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

Promoting Social and Economic Development

Providing and maintaining affordable and optimal quality services

The economic, efficient and effective utilisation of all its available resources, and;

Effective Stakeholders and Democratic Community Participation”

Values

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

- Development as an empowering process within and outside our Municipality;
- Pride in the professional delivery of services and in the attainment of planned actions;
- Recognition of the district municipality as an expression of the cultural diversity and tolerance within the district municipality;
- Honesty and integrity as an internal force driving service excellence;
- Being driven by the aspirations of our people; we will respect and uphold the Constitutional of the Republic of South Africa;
- Commitment to the code of conduct for Councillors and officials in accordance with the Municipal Systems Act, 2000;
- Commitment to the principles of sound financial management;
- Subscribing to the principles of “Batho Pele”

Mayor's Foreword



Ms M.M Moloi
Executive Mayor

It gives me great pleasure to once more present the annual report, on behalf of the council, for the year that was, 2012/2013, to the community of Frances Baard District and all stakeholders to our municipality. This Annual Report reflects our service delivery and developmental achievements and also highlights the challenges; it is presented in recognition of our obligation to be an accountable and transparent institution of government as mandated by the legislation. The year under review has been a very eventful and indeed memorable one in many respects. Firstly the year marked 100 years since the enactment of the now abolished 1913 Native Land Act, a brutal piece of legislation passed by the colonial rulers to dispossess the natives of our country from their rich ancestral land.

The act had an adverse effect in the socio-economic development of the natives of this country, however since the ushering in of South Africa's democratic dispensation the ANC led government has been working very tirelessly to reverse the negative effects the land act of 1913 and other apartheid apparatuses have had in the broader development of South Africa. As a sphere of government in democratic South Africa, the Frances Baard District Municipality can confidently pronounce that we are also playing a vital role in building a better South Africa and redressing the imbalances of the past. The municipality continues to support its local municipalities to discharge their responsibilities, as articulated in our country's constitution, of providing much needed basic services. Local communities continue to be given opportunities for economic growth through the creation of vibrant local economic environment facilitated by the district municipality's LED unit.

Perhaps one of the saddest moments of 2013 was the passing away of our former president, Nelson Rolihlahla Mandela, towards the end of the year. Madiba was South Africa's first democratically elected state president; he was a global icon for peace, democracy and reconciliation. Nelson Mandela and other struggle heroes and heroines spend their entire life fighting for the liberation of South Africa and for the creation of a democratic free society, a non-racial, non-sexist, classless and prosperous society. To honour the legacy of Mandela and other struggle icons, as a municipality, the Frances Baard District commits itself to strive towards the achievement of their shared dream by running an competent, corruption free and dedicated municipality. A municipality which puts the interests of the communities ahead of any other matter and one which adheres and delivers on the prescripts of our country's constitution without fear or favour. The South African government set itself a target of achieving clean audits in terms of general performance and financial management across all government institutions by 2014, as a responsible and committed institution of government

the Frances Baard District Municipality takes this commitment very serious. Hence for the year under review the municipality obtained an unqualified audit opinion from the Auditor General of South Africa with one emphasis of matter, this was made possible by the dedication of the officials and the council of the municipality. This achievement gives us confidence as a municipality that come 2014 we will achieve a clean audit as it is expected from us. The audit reports of our local municipalities show positive improvement, this can be attributed to the internal audit shared services we have with the local municipalities. We remain confident as the Frances Baard District Municipality that the overall performance and financial management capacity of our local municipalities will be on par with ours come 2014.

The technical support provided to our local municipalities has been a runaway success during the year under review. We have successfully implemented numerous infrastructure projects which were identified in the IDPs of the respective local municipalities, these projects include amongst others. We are pulling all our resources to ensure that we live up to our mandate of improving the lives of our people.

In 2014 will be celebrating 20 years since the dawn of democracy in South Africa and indeed since 1994 the South African government has made significant strides in creating a better life for all citizens of this country. As we look back 20 years ago we have a good story to tell, the ANC led government has provided millions of people with access to clean drinking water, sanitation, electricity and housing. Millions of children have access to schooling, more South Africans have access to basic health services than ever before, many communities have been given back their ancestral land, more young people enrol at institutions of higher learning and many impoverished households and disabled people receive social grants. South Africa today boasts some the best public infrastructure in the world such roads, dams, bridges and power stations. This is a wonderful story many developing countries can only dream about telling and as Frances Baard District Municipality we are proud to have played a part in ensuring that South Africa has such a wonderful story to tell.

My sincere gratitude goes to the entire administration and council of Frances Baard District Municipality without whom we would have not achieved what we have achieved, to COGHSTA in the province, provincial and national government, our local councils and all stakeholders, without your invaluable support and contribution our municipality will not be where it is today.

Mo boemong jwa masepala wa sedika wa Frances Baard ke a lo leboga lotlhe.

Signed by: 
The Executive Mayor

Executive Summary

Municipal Manager's Overview

As a district municipality the Frances Baard municipality have the legislative obligation to execute some of the functions of local government for the Frances Baard district. However, its main focus is to support infrastructure development and enhancing the capacity of local municipalities within its sphere of operation to enhance service delivery.

Since its establishment in December of 2000, Frances Baard District Municipality has positioned itself as a hands on support arm for the local municipalities in its area of jurisdiction.

This is evident through the provisions made in the 2012/13 budget towards local municipalities. More than 40% of the total budget of the district municipality has been committed towards the support of the local municipalities.

In 2012/13 the municipality has supported all its local municipalities with the development of integrated development plans (IDPs), all within the prescribed legislative timelines. All municipalities have also been supported to prepare the IDP process plans. As the IDP sets out the development vision for the municipality and the projects it intends to undertake over the life span of the IDP (5 years), it is a tremendous achievement in itself.

Although the municipality has not achieved accreditation level 3 as yet, it has made great strides in terms of housing development support. An amount of R693,000 was spent on assisting the Phokwane, Magareng and Dikgatlong municipalities with the review of their housing sector plans, housing chapters and housing strategies. In Magareng a target of 200 housing units for 2012/13 was set of which 181 was completed. Of the overall identified 1000 units for Magareng 426 in total have been completed and handed over to beneficiaries translating to 43% overall progress.

The Pampierstad 1,422 households project which commenced in 2011/12, saw the successful completion of 700 units. The Kingston 685 housing project commenced with the installation of services to the area in the 2012/13 financial year. This phase was completed and the construction of houses will start in the 2013/14 financial year. In Dikgatlong the De Beershoogte 552 housing project started with construction on the next phase of the project. We note slow progress on this progress which would require that we step up our performance. The Barkly West Buffer Zone Development continued with the improvement of the area for 220 erven.

In terms of infrastructure development an allocation of R21,802,000.00 was made to category B municipalities for capital projects. Eleven (11) projects in the local municipalities were funded by this allocation. R6.4m was spent on the Barkly West Treatment Works, the construction of roads in De Beershoogte and procurement of sanitation trucks, areas which fall under Dikgatlong. In Phokwane R6.2m was spent to construct a 2km paved road with stormwater drainage for Ganspan and a electricity master plan for the municipality.



Municipal Manager
Ms Z.M Bogatsu

In Magareng R6.1m was spent on a water reticulation network for 558 sites in Warrenvale, general upgrading of the water network, provision of water and electricity meters to 350 households and electricity master plan for the municipality. R3.07m was spent on water and sanitation provision to 150 households in Freedom Park for Sol Plaatje Municipality. An amount of R8.3m was allocated to category B municipalities for operation and maintenance in areas such as dry sanitation systems, streets and storm water, electrical networks and water and waste water infrastructure. R250,000 was also allocated for projects in rural areas to provide basic services such as toilets and water connections.

The municipality also invested substantially in human capital development. Skills development formed an integral part of employee development in 2013. Not only its employees but also its councillors benefitted through WSP and skills development programmes.

The budget of the district municipality consists of two main revenue streams namely government grants and interest earned on external investments. This in itself poses a challenge to the municipality as grants makes up 94% of the revenue base and interest on external investment 5%. The district municipality is experiencing a major decline in its revenue base as its revenue has increased by only 3.3% from the previous year. Contribution from reserves to fund infrastructure projects drastically declined with regard to the outer years as the district municipality will not be able to sustain the high level reserve funding.

This situation requires strategic leadership in responding to circumstances. It requires systematic cutting of the fat so that we continue to heighten our support to local municipalities and the execution of our core functions.

Through the shared services concept the district municipality along with its local municipalities have managed to co-ordinate its resources to provide basic services effectively and efficiently. This includes areas such as audit services, financial services, technical support services, information communication technology (ICT) services, town planning, performance management, integrated development planning and geographic information system (GIS).

Despite the many challenges still faced, Frances Baard District Municipality remains focussed on its main objective; that of efficient and effective service delivery to its community.



The Municipal Manager

Municipal functions, population and environmental overview

It is by now common knowledge that local government is key when it comes to development. The FBDM therefore strives to promote and uphold accountable, efficient and effective operational internal systems.

Being in the sphere of government that is closest to civil society it is important that the district municipality sustains its developmental focus. Therefore sound financial management remains the cornerstone for effective and efficient performance of the municipality.

Key Performance Areas (KPA's)

- Municipal transformation and institutional development;
- Local Economic Development (LED);
- Basic service delivery and infrastructure investment;
- Financial viability and financial management, and
- Good governance and community participation

The Frances Baard District is made up of the district municipality (category C municipality) and four local municipalities (category B municipality). The local municipalities therefore each have their own powers and functions to provide municipal services on an equitable and sustainable manner.

The purpose of the district municipality is to assist local municipalities to build their capacity and enable them to be in a position to discharge their mandate. As the purpose of a district municipality is to respond to the need and capacity of local municipalities, the Constitution foresees and permits that the district municipality may 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, first, redistribute resources within a district according to need; second, assist and capacitate local municipalities to enable them to provide, and sustain the provision of services in their areas; and third, promote economic development in the district. This is done by implementing the shared-service model concept.

District-wide priority issues

1. Roads and Storm Water
2. Land/Housing
3. Water
4. LED
5. Infrastructure Development
6. Health
7. Recreational Facilities
8. Electricity
9. Education
10. Sanitation
11. Safety and Security
12. Refuse and Waste Management
13. Youth Development
14. Disaster Management
15. Agriculture

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

Municipal area	Priority area
Dikgatlong	Roads and storm water is rated highest followed by housing and community facilities and early childhood development
Magareng	Performance management system is rated highest then infrastructure development, health and educational facilities
Phokwane	Recreational facilities is rated highest followed by housing, roads and education
District-wide	The combined priorities for the district shows roads and storm water, housing/land, water, infrastructure development and health are the main areas of focus

The annual budget in respect of the 2012/13 financial year was prepared according to the approved IDP /Budget Process Plan. The process plan followed after consultation with the local municipalities within the district to ensure alignment.

Geography

Frances Baard District Municipality is one of five districts in the Northern Cape and the smallest occupying 2,384 km² of the province's total geographical area. The district comprises of four local municipalities namely:

- Sol Plaatje local municipality
- Dikgatlong local municipality
- Magareng local municipality
- Phokwane local municipality

The seat of the district municipality is Kimberley, the capital of the Northern Cape Province and within the Sol Plaatje municipality area. It is bordered by the John Taolo Gaetsewe, Siyanda and Pixley-ka-Seme districts to the west while to the north, it is bordered by the North West province and Free State in the east.

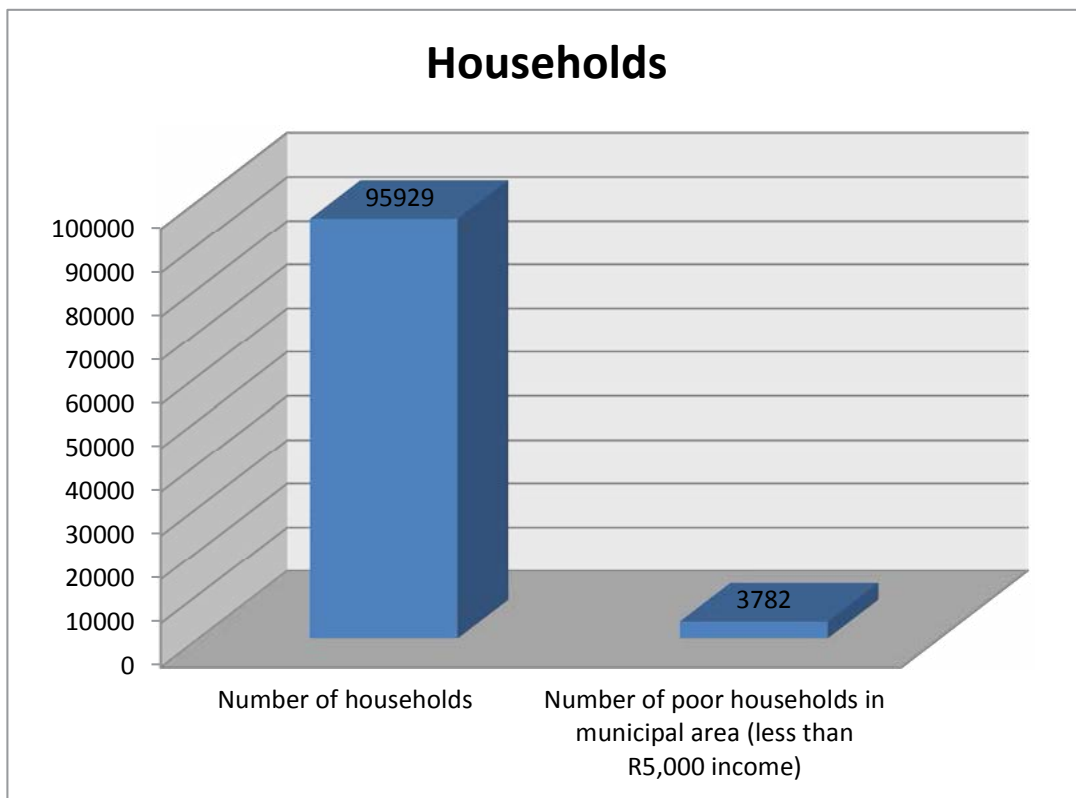
65% of the population fall within the Potentially Economically Active (PEA) group, with an equal distribution between male (49.6%) and female (50.4%). The district has an unemployment rate of 27.9%, similar to that of the Northern Cape.

Frances Baard District Municipality is the most populated district in the province, accommodating over a third (33.4%) of the provincial population; and majority of whom lives in Sol Plaatje municipality. (*Quantec Research Data of 2011*)

Frances Baard District is the strongest economic region in the province, accounting for 36% of the provincial gross domestic product (GDP). The major contributor to the regional GDP is Sol Plaatje (74,5%), followed by Phokwane (15%), Dikgatlong (8,5%), and Magareng (2%). (*Global Insight, 2011*).

Population Details Population '000			
Age	Male	Female	TOTAL
Age: 0 - 4	21	20	41
Age: 5 - 9	19	18	37
Age: 10 - 19	36	35	71
Age: 20 - 29	35	36	71
Age: 30 - 39	27	28	55
Age: 40 - 49	20	23	43
Age: 50 - 59	15	17	32
Age: 60 - 69	8	11	19
Age: 70+	5	8	13
TOTAL	185	197	382

Census, 2011



Census, 2011

Socio Economic Status				
* Housing backlog as proportion of current demand (excluding Sol Plaatje)	Unemployment Rate / Not economically active	Proportion of HH with no income	Proportion of population in low-skilled employment	Illiterate people older than 14 years
190%	41%	13%	47%	8%

* Housing backlog - 6,252 households (Census 2011)
Demand - 11,898 (actual projects)

Backlog in proportion of demand:
= $11898/6252 \times 100$
= 190%

The district demographic pattern presents the following challenges and opportunities:

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

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

Service Delivery Overview

Municipalities are required by the provisions of section 83(3)(c) to build the capacity of local municipalities within their areas of jurisdiction and perform their functions where such capacity is lacking.

With the exception of Sol Plaatje, the other three local municipalities have very limited capacity. Frances Baard District Municipality therefore adopted an outward looking approach since the inception of local government in December 2000. This developed progressively as the following institutional structures were developed.

The district municipality funds capital projects as well as operational and maintenance activities in the local municipalities

The district municipality has dedicated engineering technicians to assist with infrastructure projects in three local municipalities. Their functions are to:

- Assist municipalities in identifying IDP projects;
- Provide technical support to projects under construction;
- Support the procurement of service providers; and
- Assist with relevant sector plans.

Achievements

- All funded projects in all local municipalities were completed successfully.
- To address the housing shortage in the District Municipality - Spatial Planning Unit has initiated planning for the development of new settlement in the municipality and the floodline study was compiled in May 2013. Also, a layout plan was completed and submitted to the Dikgatlong Local Municipality for comments
- The process of transferring Farm 212 Koopmansfontein has been completed
- The FBDM and all its local municipalities completed and had their IDPs adopted by Council within the prescribed timeframes

Challenges

Operation and maintenance:

- Late submission of claims
- Limited funding
- Work is done reactively. To address this the district municipality developed master plans

Disaster Management:

- Full implementation of Disaster Management Act in local municipalities
- Lack of capacity with regards to Disaster Management
- Local Municipalities does not budget for incidents or disasters
- Lack of fire fighting capacity in local municipalities

Services

The district municipality provides the following services for sustainable human settlement development:

- Project initiation, planning and design;
- Project management and contract administration;
- Subsidy administration;
- Quality assurance;

- Housing backlog identification and quantification; and
- Capacity development.

FBDM supports environmental planning and management in municipalities in the district in the following manner:

- Facilitate the consideration and inclusion of environmental planning and programmes in the IDPs of local municipalities;
- Identify environmental capacity gaps within the local municipalities (audit of planning tools and various capacity gaps);
- Assist local municipalities with the initiation process of projects i.e. design project proposal, etc; and
- Participation in various environmental management processes i.e. air quality, waste management and environmental impact assessments (EIAs).

The district municipality renders dedicated assistance to local municipalities in terms of local economic development. LED/Tourism has facilitated:

- The development of a business plan and secured a potential investor for an oil processing plant;
- Partnered with FABCOS to identify PDIs to be trained and supported to supply barley;
- Assisted women contractors to become legally compliant and registered with CIDB;
- Hosted a Small Business Week Expo in partnership with Sol Plaatje Local Municipality;
- Capacity building and empowerment of SMME's
- The continued development of Tourism Information Centres in all the local municipalities;

In accordance with the Disaster Management Act of 2002, the district municipality is responsible for disaster management in Phokwane, Magareng and Dikgatlong local municipalities. The district municipality has undertaken the following functions:

- The review of the District Disaster Management Plans;
- The compilation of Disaster Management Plans for the Magareng, Dikgatlong and Phokwane local municipalities
- Training of 30 volunteers under the auspices of "Working on Fire" in the Dikgatlong Local Municipality.
- Implementation of the Contingency Fund Policy by assisting destitute families affected by incidents in the Magareng, Dikgatlong and Phokwane local municipalities.
- The procurement of a fire engine for structural and veldfires
- Planning phase for the establishment of the District Disaster Management Centres

The shared service concept has been taken to a higher level through the creation of scarce skills positions at the district municipality.

These changes have enabled the FBDM to establish and recruit engineers, auditors, financial practitioners, IT specialists, town planners and GIS specialists.

In addition to the internship programmes in these scarce skills fields, the changes have impacted positively on service delivery in the district.

Sound financial management is the cornerstone for effective and efficient performance of the municipality. In order to ensure that the constituent local municipalities emulate the district in running their financial matters, the FBDM implemented a unified financial system and the E-Venus system is operational in Sol Plaatje, Magareng, Phokwane and FBDM.

Financial Overview

According to the financial year end performance result, the district municipality continues to improve its financial position through efficiency and sound financial practices in order to deliver on its constitutional and developmental mandate.

The district municipality remains committed to support and build the capacity of its local municipalities within the district to meaningfully perform their functions and exercise their powers. It is therefore imperative to transform the local municipalities to such an extent that they become self-sufficient, responsive, developmental in nature and above all financially sustainable.

Despite the global economic downturn experienced at the moment and the ripple effect it might have on local government to deliver in terms of its mandate, the district municipality is under severe pressure to allocate more resources as supplementary funding in an effort to protect the poor from the worst economic downturn impacts.

Notwithstanding the negative impact on revenue streams and ability to spend according to service delivery and budget implementation plan, the district municipality manages to maintain focus on key service delivery areas in supporting the local municipalities in the district area by spending almost 36% of its total operating expenditure on infrastructure, maintenance and social related projects.

The implementation of infrastructure and other related projects in the current financial year reflects fairly good as most of the projects have been completed timeously with the exception of a few projects to be completed early in the new financial year. The Community Wealth (CRR and Unappropriated Surplus) has increased from approximately R80,19 million to R82,84 million for the financial year under review mainly due to the nett surplus of R2,18million. All of the provisions and resources are cash backed.

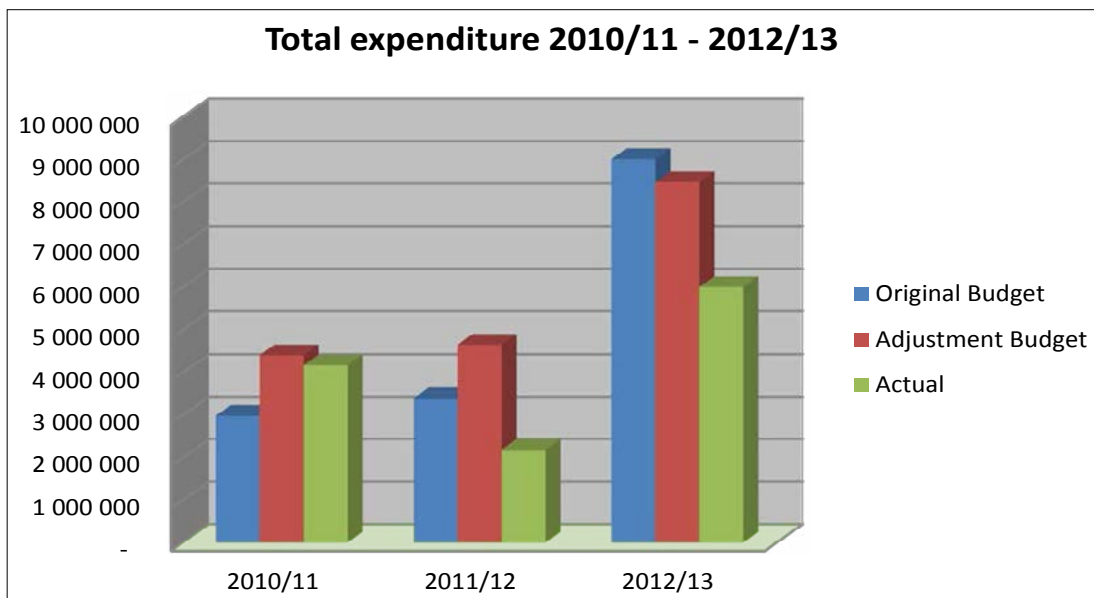
The unspent portion of conditional grants and receipts decreased from R2.18million to an amount of R327k which reflects in respect of the Municipal Systems Improvement Grant (MSIG) to be rolled over to the new financial year.

Financial Overview - 2012/13			R'000
Details	Original Budget	Adjustment Budget	Actual
Income			
Grants	92 592	94 455	94 455
Taxes, Levies and tariffs			
Other	5 464	6 843	7 342
Sub-Total	98 056	101 298	101 921
Less Expenditure	120 075	121 687	99 524
Net Total*	(22 019)	(20 389)	2 396
*Note: surplus/(deficit)			

Operating Ratios	
Detail	%
Employee Cost	44.80%
Repairs & Maintenance	2.58%
Finance Charges & Depreciation	2.33%

The district municipality exceeded the 35% norm for employee cost due to its outward looking approach by attracting and appointing highly skilled / dedicated personnel to support the local municipalities in the district area in order to address the challenge of scarce skills / expertise such as engineers, IDP professionals, internal auditors, human resources practitioners, finance related personnel, etc. General maintenance costs are in line with guideline norm of 3% prescribed by National Treasury. Finance charges & Depreciation reflects according to the external loan agreement with DBSA and the prescribed principles in terms of GRAP 17.

Total Capital Expenditure 2010/11 - 2012/13			
	R'000		
Detail	2010/11	2011/12	2012/13
Original Budget	2 987 600	3 399 680	9 013 270
Adjustment Budget	4 415 020	4 665 900	8 471 390
Actual	4 177 330	2 190 271	6 007 932



Actual expenditure incurred on fixed assets represents an efficiency rate of 70,92% mainly due to savings in respect of the disaster management centre not completed during the financial year under review. The amount for the disaster management centre has been rolled over to the new financial year for conclusion.

Organisational Development Overview

In our continuous strive to improve our capacity to perform our constitutional mandate we started the process of reviewing our establishment in the period under review. The review is premised on the municipality's decision to strengthen our local municipalities with technical and financial support for infrastructure development and maintenance.

We are therefore focusing on technical positions which include town planning, engineering services and project management. We experienced a significant staff turn-over in the technical and professional services which impacts negatively on our effectiveness in supporting our local municipalities. Resignations are mainly in critical and scarce skills positions as there is more competition in this area with high capacity municipalities and provincial and national government. We are looking at a retention policy to try and retain our staff within our budgetary limitations.

Personal and skills development remains critical for our workforce if we are to achieve our local government objectives. We therefore allocated R890 000. 00 for training and development of employees of which we managed to spend 88,68% by financial year end. We developed a workplace skills development with employees to identify the skills gap and shortage. It is worth reporting that we continue our record to comply with the statutory deadline of submitting both the Workplace Skills Plan and the Employment Equity Plan to the Department of Labour.

We further allocated an amount of R110, 000 in bursaries for employees who wish to pursue their studies through institutions of higher learning (Universities and Universities of Technology). A total number of 21 officials benefitted from this allocation. We are happy with the impact and the progress this effort is bringing to our workforce. This has long term benefits for not only the district but for the entire country. Discipline is a fundamental element in any organisation. We continue to enjoy a generally disciplined administration. However, we need to report a case of financial misconduct which relates to theft of IT equipment. The case is finalised and the official was subsequently dismissed. The other case reported was of no financial nature and the employee was assisted through employee assistance programme after being found guilty.

In order to improve our effectiveness and efficiency, we are continuing to improve our systems to implement our internal controls. In addition to our integrated Electronic Human Resource Premier Solutions System, we are using the electronic information systems to improve our efficiency in managing and the security of our information. All staff members were trained on how to use this system and the system is fully operational.

In order to comply with the stipulations of the Systems Act, as amended read with its regulations the Municipal Manager; Section 57 Managers and all municipal officials have fully complied with the legal requirements of the law regarding performance management. As at 1 July 2012, all section 57 managers had signed their performance agreements and middle managers their operational plans. All the governance structures within the chain of performance management has evaluated our performance against our SDBIP. This includes the executive management, internal audit, audit committee, the Executive Mayor and ultimately Council.

We continue to invest in preparing our young graduates for the job market through our internship programme. We had an intake of 27(twenty seven) interns in the field of tourism, local economic development, finance, information technology and internal audit

Auditor-General Report

REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FRANCES BAARD DISTRICT MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Frances Baard District Municipality set out on pages 22 to 23, which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets, the statement of comparison of budget and actual amounts and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (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.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. 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 2013 and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Additional matters

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

Material inconsistencies in other information included in the annual report

8. I have not obtained the other information included in the annual report. Consequently, I have not been able to identify whether the other information to be included in the annual report is materially inconsistent with the information in the financial statements.

Unaudited supplementary schedules

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.
12. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability.
13. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury's *Framework for managing programme performance information (FMPPI)*.
14. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
15. The material findings are as follows:

Reliability of information

Programme 1 – Basic service delivery

16. The framework for managing programme performance information requires institutions to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.
17. Significantly important targets with respect to the basic service delivery programme were materially misstated and not reliable when compared to the source information. This was due to a lack of monitoring of the completeness of source documentation in support of actual achievements, a lack of frequent review of the validity of reported achievements against source documentation, and a lack of oversight during reporting to ensure that reported performance was accurate, valid and complete.

Programme 3 – Municipal institutional development and transformation

18. The framework for managing programme performance information requires institutions to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.

19. Significantly important targets with respect to the municipal financial viability management programme were materially misstated and not reliable when compared to the source information. This was due to a lack of standard operating procedures for the accurate recording of actual achievements, a lack of monitoring of the completeness of source documentation in support of actual achievements, and a lack of frequent review of the validity of reported achievements against source documentation.

Compliance with laws and regulations

20. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the Public Audit Act.

Internal control

21. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report included in this report.

Financial and performance management

22. Management did not document and approve internal policies and procedures to address the process of collecting, recording, processing, monitoring and reporting on predetermined objectives. This was due to a lack of understanding of the processes that should be performed to prepare a complete and valid report on predetermined objectives.
23. Adequate documentation supporting the reported performance information could not be provided for audit purposes. The evidence provided for audit purposes was not clearly linked to the specific performance information reported in the annual performance report, as a result of a lack of adequate communication and understanding of the supporting documentation required for the performance information reported.

Kimberley - General
Kimberley

29 November 2013



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
7	Mayor tables the unaudited Annual Report	
8	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
9	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
10	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	Sept. - Oct.
11	Municipalities receive and start to address the Auditor General's comments	November
12	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
13	Audited Annual Report is made public and representation is invited	
14	Oversight Committee assesses Annual Report	
15	Council adopts Oversight report	December
16	Oversight report is made public	
17	Oversight report is submitted to relevant provincial councils	
18	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	January

The contents of an annual report provide information about how well the municipality is doing financially, upcoming changes projected for the next year, and the management staff of the municipality. Concerned parties, such as shareholders, can use this information to make important decisions.

It is therefore imperative that these guidelines as set out above are adhered to, to ensure that the report complies and give a true reflection of how well the municipality is doing.

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.

The IDP of the municipality is aligned to the budget through programmes and action plans to give operational effect to the objectives. Through the PMS all three are then aligned; the objectives are defined by the inclusion of key performance indicators in the performance plans of directors, line managers and project managers.

The timeframe for the development of the annual report has been partially implemented in the 2010/11 annual report and fully implemented in the 2011/12 annual report; in terms of the new template as provided by National Treasury.

In the year under review the new template has been fully implemented and it is foreseen that by 2013/14 the timeframes will be accomplished fully.

Chapter 2

Governance

Political and Administrative Governance

Political Governance

An effective governance framework, systems, policies and structure is absolutely crucial to the proper functioning of a district municipality such as Frances Baard.

The quality of governance and transformation is one of the major determining factors in turning the district into a prosperous developmental government focussed on improving the quality of life in its area of jurisdiction.

Municipal councils are empowered to address the existing and future needs of their community by making decisions that are recorded in bylaws or resolutions. Council members embody the public welfare of their communities which often means trying to balance their vision with the concerns expressed by the people and organizations affected by their decisions.

The governance system of the Frances Baard District Municipality is a mayoral executive system which comprises of Section 80 Committees (Finance, Policy & Institutional Development, Social Development, Infrastructure Development and Planning and Development).

The Executive Mayor heads the municipality and fulfills this governance task in collaboration with the councillors. The Mayoral Committee functions in a manner similar to that of a cabinet with its main function to ensure integration of the work of the Council across political portfolios and departments.

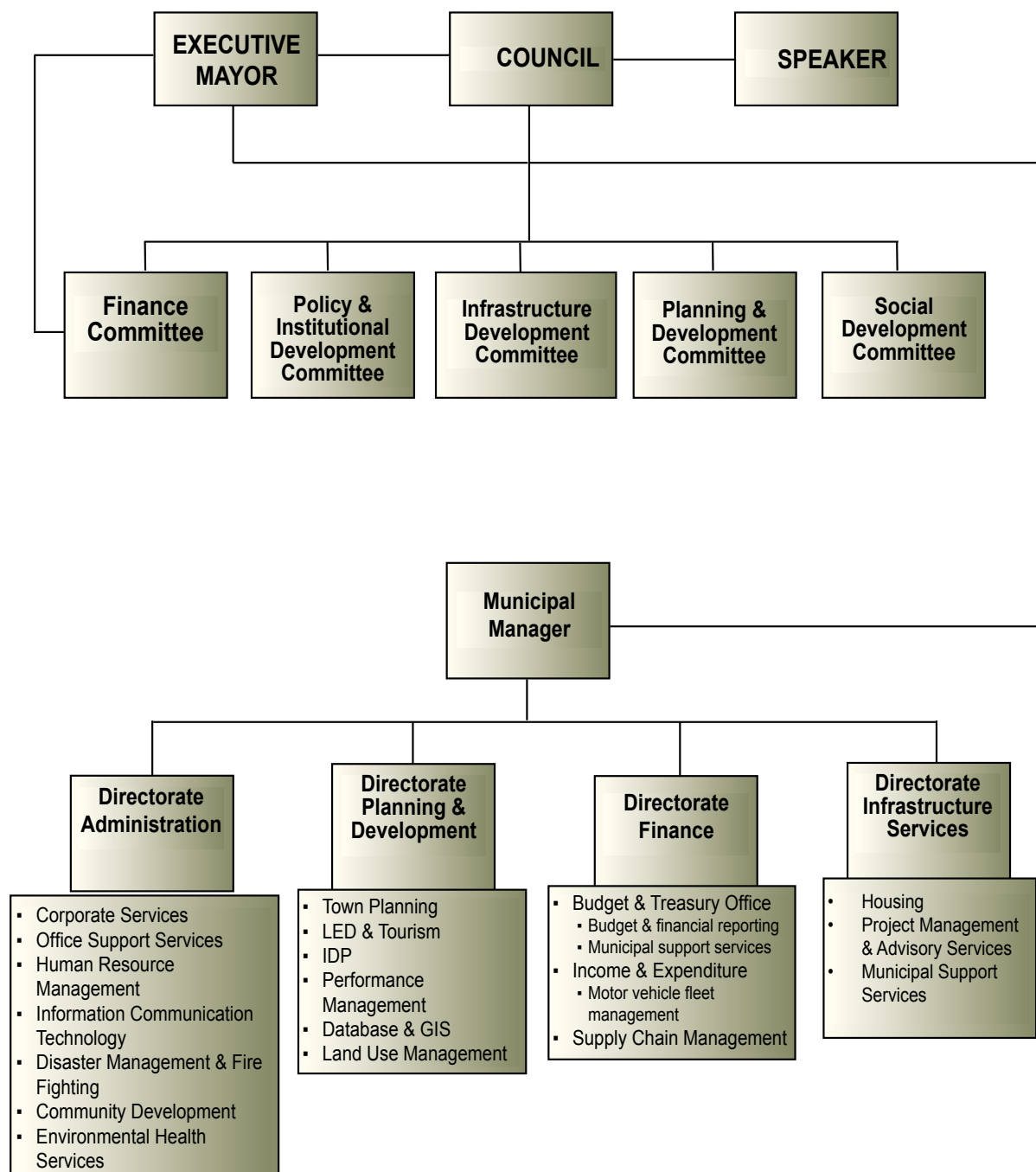
The Speaker presides over all Municipal Council meetings required by legislation. The Speaker also oversees the effective functioning of the council committee system. The committees of Council meet on a monthly basis and formulate recommendations based on their portfolios.

The municipality has a mandate to:

- Provide a democratic and accountable government for local municipalities;
- Ensure the provision of services to communities in a sustainable manner;
- Promote a safe and healthy environment; and
- Encourage the involvement of communities and community organizations in the matters of local government

- The district does not account for the provision of bulk electricity and water to Category B municipalities as this falls in the jurisdiction of these municipalities as concluded in the Municipal Structures Act. The housing function is currently still in the jurisdiction of the Provincial Department of COGHSTA but will be transferred to the District Municipality upon completion of the accreditation processes.

Governance Model



Audit Committee

The Audit Committee appointed by Council of the Frances Baard District Municipality Council and its functions are set out in section 166 of the Municipal Finance Management Act 56 of 2003.

The primary functions of the audit committee include:

- Monitoring the integrity of the council's financial statements;
- Reviewing the effectiveness of the council's internal control and risk management;
- Overseeing the relationship between management and the municipality's external auditors;
- The Committee will make recommendations to management via Council, resulting from activities carried out by the Committee in terms of its reference;
- The compilation of reports to Council, at least twice during a financial year;
- To review the quarterly reports submitted to it by the internal audit;
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation;
- Review audit results and action plans implemented by management; and
- Making recommendations to Council and also carrying out its responsibility to implement the recommendations

The committee is authorized to investigate any matter within its legislative mandate and to co-opt any resources (including external professional assistance) it sees fit in order to fulfill its duties.

However, the committee has no executive function and its primary objective is to review and advise, rather than assume responsibility for any matters within its remit.

Audit Committee Report on 2012/13

The Audit Committee of the Frances Baard District Municipality is pleased to present an annual report on its undertakings for the financial period ended 30 June 2013.

Structure and composition

The Audit Committee of the Frances Baard District Municipality consists of four independent, non- executive members. After the resignation of one of the committee members in June 2012, two other members, namely Mr S. Carlitz and Mr A. Kimmie were appointed in January 2013 to be members of the committee. Mr A Kimmie was elected to be the chairperson of the committee.

The composition is as follows:

Initials and Surname of Member	Role
Mr A L Kimmie	Chairperson
Mr S. Carlitz	Member
Mr T. Marumo	Member
Mr A K Bhyat	Member

The Audit Committee of FBDM also serves as the Risk Committee of the municipality.

Roles and Responsibilities of FBDM’s Audit Committee:

Section 166 of the MFMA sets out the fundamental roles and responsibilities of the municipality’s Audit Committee:

- a) To advise council, the political office bearers, the accounting officer as well as management regarding the following:
 - (i) internal financial control and internal audits;
 - (ii) risk management;
 - (iii) accounting policies;
 - (iv) the adequacy, reliability and accuracy of financial reporting and information;
 - (v) performance management;
 - (vi) effective governance;
 - (vii) compliance with the MFMA, DORA and other legislation;
 - (viii) performance evaluation; etc
- b) Review the annual financial statements to provide council of the municipality with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and the overall level of compliance to the MFMA, DORA and other legislation.
- c) Respond to council on issues raised by AG.
- d) Carry out investigations and other functions as may be required and prescribed by council.

Functions performed by the Audit Committee

Attendance of meetings

The Audit Committee met 4 times in the financial year ended 30 June 2013.

The details were as follows:

Date	Purpose of meeting
August 2012	Review of the AFS
24 September 2012	Report to council
11 December 2012	Review of Internal audit reports and other matters
24 April 2013	Review of Internal audit reports and other matters

Oversight over Internal Audit work

In terms of standard 2100 of the Standards for the Professional Practice of Internal Audit, the function of Internal Audit should evaluate and examine the adequacy and effectiveness of an organization’s **control, risk management and governance** processes.

The Internal Audit function reports administratively to the accounting officer and functionally to the Audit Committee. Functional reporting to the Audit Committee includes the following activities:

- Approval of the Internal Audit Charter;
- Approval of the Internal Audit long range engagement schedule (3 year plan);
- Approval of the Internal Audit annual plan;
- Communication of the internal audit engagement results;
- Reporting scope limitations;

- Reporting of unacceptable level of risk and significant audit findings; etc

The **Internal Audit Charter** has been prepared and approval by the audit committee deferred for meeting of year 2013/2014.

The **Internal Audit Long range schedule (3 year plan)** and the **annual plan** were approved by the audit committee in a meeting held on December 2012.

The Internal Audit **engagement results** and **significant findings** were communicated to the audit committee in meetings held December 2012 and April 2013.

The Audit Committee took note of the following findings highlighted in the audit reports:

DORA audit:

- A double payment made to a supplier was detected by Internal Audit. Upon the follow up engagement over DORA, the double payment that had been made to the supplier had been recovered in full.
- The internal audit unit has observed a significant improvement in the 2012/13 financial year on the overall compliance issues over use of funds regulated by the DORA.
- An adequate system of control has been maintained by the finance section in this respect.
- Negative findings previously brought to the attention of management have been adequately and correctly addressed.

IDP/ Performance management system audit:

- Positive findings for quarter 1& 2 were realized as opposed to the financial year ended June 2012. Adequacy and effective processes over the preparation and implementation of the IDP were found to be in place.
- Robust application of performance management systems and techniques were employed by management.
- Performance reporting was found to be sufficiently supported by credible evidence.
- One finding was found to be negative during Internal Audit's first and second quarter review. This pertained to loopholes and shortcomings on the job descriptions of personnel in the IDP unit.
- However, for quarter 3& 4, internal audit reports reflected that performance information reported on to council, was not consistent with actual work done and supporting evidence thereof.

Health and safety audit:

- The Health and safety policy was found to be inaccessible and not communicated to all staff members as enquired from different levels of staff.
- The Health and safety policy was not vividly displayed as per requirements of the Act.
- A health and safety risk assessment had not been performed at the initial engagement. Remedial action to this weakness was found to have taken place in the financial year reported on.
- Enquiries with employees revealed that no formal steps had been taken to inform employees of the health hazards in the workplace.
- The condition on failure to safeguard the health of employees in listed tasks was found to be corrected during the follow up engagement, where protective clothing had been purchased by the administration section for a number of, but not all tasks.

- The condition found in the initial audit were health and safety representatives and the committee members were not appointed formally in writing, was found to be corrected during the Healthy and Safety follow up audit.
- Upon inspection of the trip sheets during the follow-up audit, safety inspections on vehicles were found to be performed by drivers of municipal vehicles.
- The finding on external practitioners opinions not considered, resulting in placing employees' health in jeopardy, was closed.

Governance audit:

Upon the follow up stage of the audit engagement, major improvements on management's governance processes and related components were realized. These improvements related to the following:

- No existence of a code of conduct or ethics.
- Importance of controls and ethical behaviour not conferred to staff members.
- No conflicts of interest register.
- Lack of succession planning and no policy thereto.
- No Risk-Benefit Analysis performed for new ventures.
- Circumvention of controls is not monitored or managed.
- No fraud prevention communications with external parties

However, the following negative conditions were still persisting:

- Significant turnover of key personnel in specialty areas is not adequately monitored, which poses a real threat to the organization.
- Inadequate screening procedures on prospective employees.
- Headcounts are not conducted and no reconciliations are made between the count and the payroll records.
- No existence of asset management plan.
- No existence of a fraud prevention strategy.
- Inadequate fraud susceptibility assessments.
- No use of a fraud hotline.

In view of the above weaknesses and gaps over the Fraud Prevention Strategy, the Audit Committee, also considers the fact that funds have been dedicated for the design and the implementation of the fraud prevention strategy and its plan, as reported by senior management.

Supply Chain management audit:

- A major improvement was discerned by the internal audit unit during the follow-up stage of the engagement.
- Gaps that had been identified in the main audit concerning payments being made without all necessary documentation and inadequate authorization controls were closed.
- The loophole that was identified in cases where suppliers did not complete MBD4 and MBD9 forms was closed.
- The control activity of segregation of duties was also strengthened by having

separate persons over the receiving of stock and the function of capturing information pertaining to stock items.

- All suppliers' information was found on the database as opposed to the finding observed during the main audit.
- From the sample selected, strict adherence to regulation and policies was observed over supply chain management operations.

Information Technology follow-up audit:

- Adequate input, processing and output controls were found to be existing during our follow-up audit.
- Business continuity and disaster recovery plans had been prepared and taken for approval to council.
- Physical and logical access controls were also strengthened in the ended financial period.
- Room for improvement is still needed in relation to risk management processes as there is no continuous review and monitoring of IT related risks.

No scope limitation imposed on the functions of the internal audit unit was reported to the Audit Committee for the financial year ended June 2013.

Audit Committee's review over FBDM's Annual Financial Statements:

On 28th August 2013, the Audit Committee reviewed the annual financial statements of the municipality. The following was highlighted by the audit Committee:

- **Contingent liability on the E-Venus system:**

The Audit Committee recommended that this issue be resolved in the current financial year as it's been an outstanding issue from prior years.

- **Contingent liability of the Sol Plaatjie Water account:**

The audit committee versed their support and satisfaction for the action taken on the Sol Plaatjie water account contingent liability and its presentation in the financial statements.

- **Employee benefits:**

To allow for proper presentation and accounting, the audit committee recommended that in future, a sensitivity analysis be used to make projections of employee benefits, as a sensitivity analysis can reliably diffuse information for the future. This will also allow for accurate budgeting of employee benefits.

- **Current assets:**

The audit committee noted a discrepancy in the statement of financial position, on page 4, where the comparative figure on the current assets has been left out and gave a recommendation that this error be corrected.

- **Property, plant and equipment:**

The Audit Committee recommended that the finance section revisit the classification of property, plant and equipment related to its exchange and non-exchange thereof.

It was noted that there was no differentiation between property, plant and equipment exchange and non-exchange of transactions. The committee further requested that disclosure requirements, in particular with regard to IFRS 12, 4, 6 and IS 12 be considered.

The audit committee emphasized that a statement on significant component parts of property, plant and equipment be made in the finance working papers, which reflects that testing was done over these significant parts and an opinion was made that there is significant component parts for each class of transactions reflected in the annual financial statements.

As there was also a loss on disposal of the property, plant and equipment, the committee requested that the chief financial officer should clearly document information pertaining to this loss.

- **Long term receivables:**

The committee noted that the 2013 year did not have an opening balance. The discrepancy was noted, thus, the closing balance of 2012, an amount of R 9,782,334, was recommended to be reflected as the opening balance of 2013.

- **Cash:**

The committee recommended that an additional disclosure on cash and cash equivalents be made, were a reconciliation of available cash is shown.

- **Other income and General expenses:**

The committee indicated that a recommendation be made with regard to Other Income and General Expenses on the Statement of financial performance and the notes, as the amounts did not tally.

- **Fruitless Budget Expenditure:**

The committee advised the chief financial officer to make a report on fruitless and wasteful expenditure.

- **Ratios:**

The audit committee requested that a schedule of financial ratios in relation to liquidity, solvency and gearing be made.

Overall summary over internal control, governance and risk management processes:

- **Internal Control system**

The assessments carried out in the Frances Baard District Municipality reflected that the control environment, control activities, monitoring and review systems, information and its communication were adequate, effective and efficient. However, since risk management is a key element of an organization's internal control system, the inexistence/ inadequacy thereof, restrict conclusions being made that the internal control system of the municipality is adequate and satisfactory.

- **Risk Management**

The risk management processes of the FBDM were evaluated to be inadequate. However, the Audit committee does take cognisance of the fact that funds have been dedicated, an external risk consultant appointed and the risk management framework and plan drafted, for assisting with the design and the implementation of risk management processes. Major steps will still need to be taken by management, to ensure that risk management processes are adequate, effective and continuous.

The accounting officer is advised to monitor the progress of the implementation of the risk management action plans and progress thereof must be reported to the Audit Committee on quarterly basis.

- **Governance processes**

The internal audit unit has assessed governance processes of the municipality to be fair. However, room still exists for the enhancing of honest and ethical conduct. There is also a need for management and council to give priority to planning and establishment of mechanisms used for fraud prevention, detection and correction.

Conclusion

The Audit Committee wishes to express its appreciation to the Frances Baard District Municipality for the dedication displayed and continued support to the functioning of the committee.



.....
AL Kimmie
Chairperson

Oversight Committee

An Oversight Committee was established by Council resolution in 2006 in terms of sections 33 and 79 of the Municipal Structures Act, 117 of 1998.

In February 2012 the Council resolved (MAY 01 02/12) that the new members of the Finance Committee should continue the roles and responsibilities of the Oversight Committee together with other members of the public appointed by Council.

The members of the committee are as follows:

- Mr G Mashope Chairperson (former Secretary to the NC Provincial Legislature)
- Mr M van Niekerk (Retired Chartered Accountant)
- Councillor J Smit (Finance Committee member)
- Councillor S Witkoei (Finance Committee member)
- Councillor B Springbok (Finance Committee member)
- Councillor DJP van der Merwe (Finance Committee member)

The Committee considers the Annual Report according to a checklist provided by National Treasury in MFMA Circular No. 32.

The Oversight committee report is published on the municipal website of the district municipality after it was adopted by Council.

MPAC Committee

An MPAC was also established by Council resolution COUN 01 11/11 in terms of section 79 of the Municipal Structures Act, 117 of 1998. The Committee consists of:

- Cllr E M Mathe Chairperson (Social Development Committee)
- Cllr E K Hale Planning and Development Committee
- Cllr A O Moremong Policy and Institutional Development Committee
- Cllr T C Ngoma Planning and Development Committee
- Cllr M G Nhlapo Infrastructure Development Committee
- Cllr M I Pholoholo Infrastructure Development Committee
- Cllr J Smit Finance Committee
- Cllr D J P van der Merwe Finance Committee
- Cllr V B Ximba Infrastructure Development Committee

The MPAC Committee considered the content of the 2010/11 Annual Report and along with the Oversight Committee submitted a report to Council in March 2012.

Political Structure



Ms Khadi Moloji
Executive Mayor



Mr Brummer Maribe
Speaker



Mr W Johnson
Finance Committee



Mr K Rifles
Policy & Institutional
Development
Committee



Ms P Molefi
Social Development
Committee



Ms T Nicholas
Planning &
Development
Committee



Mr M Silingile
Infrastructure
Development
Committee

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

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

Political Decision-taking

Council is the highest decision-making body within its legislative and executive powers as provided for in Section 12 of the Municipal Structures Act. Section 80 Committees, MPAC and the Oversight Committee table its reports to Council for its decision-making. Council sits on a monthly basis, except for August and October. The Executive Mayor also exercise her duties in terms of Section 55 of the Municipal Structures Act. She convenes her Mayoral Committee on a monthly basis to consider reports from other committees and formulate recommendations to Council.

The Mayoral Committee functions in a manner similar to that of a cabinet with its main function to ensure integration of the work of the Council across political portfolios and departments.

The Speaker is a councillor elected as chairperson of the Municipal Council as per legislation and presides over the meetings of council.

The Speaker also oversees the effective functioning of the council committee system. The committees of Council meet on a monthly basis and formulate recommendations based on their portfolios.

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Integrated transport plan	<ul style="list-style-type: none"> • Council approves the Integrated Transport Plan for 2011 – 2016. • The Integrated Transport Plan to be included in the IDP to allow for the implementation of proposed projects in future. • The ITP to be sent to the Department of Transport Safety and Liaison for acceptance by the MEC. 	25/07/2012	<p>The ITP was sent to the Department of Transport, Safety and Liaison for acceptance by MEC.</p> <p>The ITP is currently being implemented as approved by council.</p>	Department has not responded to FBDM.
Writing-off of old computer hardware	<ul style="list-style-type: none"> • Council considers to write off of sixteen (16) computers, (1) laptop and fourteen (14) Monitors and replace same to the amount not exceeding R105 000.00. • Council resolved that the sixteen (16) computers, (1) laptop and fourteen (14) Monitors be donated to the Non- Governmental Organisations(NGO's). 	25/07/2012	Implemented	
Development of environmental and municipal health by-laws	Council approves and adopts draft Environmental and Municipal Health By-laws.	25/07/2012	By-laws in the final stages of enactment.	
Review of the pauper and indigent burial policy	<ul style="list-style-type: none"> • Council considers and adopts the reviewed Pauper and Indigent Burial Policy. • Council approves the amendment of the amount of R500.00 to be increased to R1 200.00 for assistance of the Pauper and Indigent Burials. 	25/07/2012	Implemented – Policy is currently being used as adopted by council	
Budget process plan for the 2012/13 financial year	Council approved the proposed budget process plan in respect of the 2012/13 financial year.	25/07/2012	The budget for the 2012/2013 was prepared according to council approved process plan and was subsequently approved by council.	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
<p>Writing off and purchase of vehicle</p>	<ul style="list-style-type: none"> • Council considers the replacement of the following vehicles: <ul style="list-style-type: none"> ▪ Mercedes Benz FBDM 1 ▪ Mazda Double Cab BSM 137 NC ▪ Toyota Condor BMT 978 NC ▪ Toyota Condor BLR 461 NC • Council approves, subject to recommendation 1 above, the replacement of vehicles through the supply chain management policy procedure and/or participation on the national government contract. • As it relates to the replacement of the Mercedes Benz FBDM 1 (Mayoral Vehicle) the accounting officer be delegated the functionality to finalize the replacement in consultation with the Executive Mayor. • Council approves, subject to recommendations 1 & 2 above, the disposal of written-off vehicles by trade in or public tender based on a predetermined reserve price and /or transfer to local municipalities if interested, based on the acting Municipal Managers discretion. 	<p>25/07/2012</p>	<p>Mercedes Benz FBDM 1 was sold.</p> <p>The Mazda Double Cab BSM 137 NC, Toyota Condor BMT 978 NC and Toyota Condor BLR 461 NC were donated to Phokwane Local Municipality.</p> <p>A new mayoral vehicle was purchased, Audi Q7 FBDM 1.</p>	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Unauthorised use of operational funds for capital expenditure	Council approves the use of R40 340.00 from the LED Unit's operational budget 2011/12 as capital expenditure.	25/07/2012	The correction was made as approved by council	
Housing unit: implementation protocol agreement	<ul style="list-style-type: none"> Council considers the content of the revised Implementation Protocol Agreement with the MEC for Co-Operative Governance, Human Settlements and Traditional Affairs. Subject to Council's consideration and decision of the content of the IP, Council delegates the Executive Mayor of Frances Baard District Municipality to enter into the Implementation Protocol Agreement with the MEC for Co-Operative Governance, Human Settlements and Traditional Affairs 	25/07/2012	The IP was signed and is to be reviewed annually.	
Recovering of and / or writing off irregular expenditure	<ul style="list-style-type: none"> Council notes the report on irregular expenditure for the period July 2005 till the end of June 2012 to the total amount of R11,173,359-14 the recovery or certification as irrecoverable and written off. Council promptly informs the MEC for local government and Auditor-General in writing of the unauthorized, irregular, fruitless and wasteful expenditure incurred by the district municipality for the period under review inclusive of the council resolution on the outcome of finding. 	25/07/2012	Implemented	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Progress report on the audit action plan in respect of the 2010/11 financial year Auditor-General findings	Council notes the progress in respect of the 2010/11 financial year audit action plan based on the Auditor-General findings.	25/07/2012	All findings have been resolved.	
IDP process plan and framework for the district integrated development plan review 2012-2013; planning 2013-2014	Council approves the IDP Process Plan for the IDP Review 2012-2013	25/07/2012	Implemented	
Monthly report for environmental health for July 2012	<ul style="list-style-type: none"> • Council noted the content of the report. • Council resolves that the Executive Mayor and acting Municipal manager should convene a meeting with local municipalities to clarify the matters of signing of SLA's within 7 days. 	21/09/2012	Implemented	
Quarterly Report – Human Resources Management: April – June 2012	<ul style="list-style-type: none"> • Council noted the content of the report. • Council resolve that all vacant budgeted posts should be filled 	21/09/2012	Implemented	
Writing off of airconditioners	<ul style="list-style-type: none"> • Council approved that the old air-conditioners that were replaced be written off. • Council approved that the 15 air-conditioners budgeted for replacement in this financial year be replaced and written off. • Council noted that the need to replace air-conditioners in an on-going manner when the need arises. 	21/09/2012	Implemented	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Writing-off of redundant furniture and office equipment	<ul style="list-style-type: none"> • Council approved the writing off of the attached list of redundant asset per asset category identification. • Subject to 1 Council disposed the mentioned redundant asset in term of the Asset Management and Supply Chain Management policies • Council approved that the office furniture used by the Department of Roads and Public Works been transferred to them like all other assets involved at the time of the transfer 	21/09/2012	Implemented	
Monthly report for July 2012	<ul style="list-style-type: none"> • Council noted the content of the report. • Council adopted new format of reporting in principle. 	21/09/2012	Implemented	
Request for funds to finalize projects in Phokwane and Dikgatlong municipality	Council approved the use of R186,729 for the above mentioned projects delayed due to unforeseen circumstances; this shall be provided for in the adjustment Budget 2012/2013.	21/09/2012	Provision was made in the 2012/2013 adjustment budget	
Correction of error in the approved budget for the 2012 / 2013 budget	<ul style="list-style-type: none"> • Council noted the amendments made to the approved 2012/13 Annual Budget as recommended by National Treasury for approval. • Council resolved that the approved adjustments to the 2012/13 Annual Budget be submitted to National Treasury and Provincial Treasury in the prescribed format 	21/09/2012	Implemented	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Phokwane municipality: Ganspan – access road	<ul style="list-style-type: none"> • Council approved an additional allocation of R 390,000 to Phokwane • Municipality for the Ganspan Access Road project for the replacement of a section of the existing water supply pipeline in Ganspan. • Council approved that the budget for the Ganspan Access Road project be increased to R5 320 000 in the adjustment budget. 	21/09/2012	Budget was increased to R 5 320 000 in the adjustment budget of 2012/2013	
Audit Committee report – 01 December 2011 - 15 June 2012	<ul style="list-style-type: none"> • Council noted the report of the Audit Committee for the period starting 01 December 2012 and ending 15 June 2012. • Council resolved that the Audit Committee and management should update the report and re-submit it to Council for approval. 	21/09/2012	Council adopted the audit committee report. The issues raised were attended to and this improved the audit outcome.	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Resignation of chairperson of audit committee	<ul style="list-style-type: none"> • Council noted the resignation by the Chairperson of the Audit Committee. • Council, subject to 1, mandates the acting Municipal Manager to follow due processes for the filling of the vacancy. • Council to make provision for an increase of the allowances of the members of the Audit Committee in the next financial year on in the adjustment budget. • Council mandated the acting Municipal Manager to benchmark against other municipalities and to investigate the feasibility of an increase before any decision on the increase for Audit Committee members can be considered by Council. 	21/09/2012	Council accepted resignation and resolved to fill the vacancy. The vacancy was filled in January 2013.	
Certification and writing off of irregular expenditure/ fruitless and wasteful expenditure	<ul style="list-style-type: none"> • Council took note of the reports. • Council elected the following members to be part of the investigation committee: <ul style="list-style-type: none"> ▪ E. K Hale - ANC ▪ D.J.P v/d Merwe - DA ▪ M.I Pholoholo - COPE • Committee to meet with the Security Company on a date set by the committee to kick start the investigation. 	21/11/2012	Implemented	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Review of organogram	The Committee took note of the organogram but will only be able to review it after the administration has completed their input on the review and submitted the updated organogram to the committee	21/11/2012	The organogram was approved by council but with additions that the Municipal Manager had to consider.	
Led Unit: annual contribution to Wildebeestkuil Rock Art Centre	<ul style="list-style-type: none"> • Council took note of the importance of the Wildebeestkuil Rock Art Centre rejuvenation for heritage and cultural tourism development of our District. • Council approved in principle the contribution of R100 000 for the 2012/13 financial year and will only release the funding after the NCEDA has submitted all outstanding report as stated and agreed upon on the Memorandum of Agreement 	21/11/2012	Implemented	
Led Unit: annual contribution to N12 Promotion Campaign - NCTA	<ul style="list-style-type: none"> • Council notes the importance of the N12 Promotion for the development of tourism in the District. • Council approves the contribution of R50 000 to NCTA for the 2012/13 financial year; accompanied with a development of a Memorandum of Agreement (MOA) between FBDM and NCTA, with clear roles and responsibilities for each party 	21/11/2012	Implemented	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
<p>Led Unit: annual contribution to Diamond & Dorings Festival</p>	<ul style="list-style-type: none"> • Council notes the critical role played by Diamonds and Dorings in promoting the social economic development of the FBDM region. • Council approves in principle an annual contribution of R300 000 for the 2012/13 financial year towards the Diamonds and Dorings event. • A Memorandum of Understanding (MoU) be signed among Sol Plaatjie Local Municipality (SPM) , Frances Baard District Municipality (FBDM), Department of Finance Economic Affairs and Tourism and Department of Sports , Arts and Culture to facilitate the transfer and spending of the R300 000. • Committee recommends that the funding of R300 000 for the 2012/13 financial year towards the Diamonds and Dorings event to be withheld until Sol Plaatjie Local Municipality has submitted a detailed report with supporting document on the 2011/2012 event to FBDM. 	<p>21/11/2012</p>	<p>Implemented - the contribution was made to Sol Plaatjie Local Municipality for the Diamonds and Dorings festival.</p>	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Led Unit: annual contribution N12 Treasure Route Association	<ul style="list-style-type: none"> Council took note the participation on the N12 Treasure Route Project. Council approved that the Portfolio Committee Chairperson of Planning and Development serves on the Board of Directors of the N12 Treasure Route Project. Council approved that the LED Manager serves on the N12 Treasure Route Stakeholders' Forum (Advisory Committee). Council approved that an annual contribution of R20 000 be paid to the N12 Treasure Route Stakeholders' Forum 	21/11/2012	Implemented - The contribution was made to the N12 Treasure Route Association	
Water sample failures Windsorton Water Treatment Works	<ul style="list-style-type: none"> Council took note of the report for Windsorton Water Treatment Works as drawn up by Royal Haskoning DHV on behalf of Department of Water Affairs Northern Cape for Frances Baard District Municipality. The Operation and Maintenance budget for 2012/2013 allocated for Water and Waste Water Infrastructure to Dikgatlong Municipality be used to implement the recommendations as indicated in assessment report. 	21/11/2012	Implemented - the water samples are test regularly to ensure conformance with the required standards.	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Land use application for consent over the remainder of farm doorns 131, Modder River	<ul style="list-style-type: none"> • Council approved the application by GWK Ltd for Consent • Council approved the registration of the servitude on the following conditions: <ul style="list-style-type: none"> ▪ a) That the applicant pays for all registration cost. ▪ b) That the applicant on a regular basis informs the municipality on the registration process until the servitude has been registered. ▪ c) That the construction of the power line conforms to the terms and conditions set by the Department of Environment in its Environmental Authorization. ▪ d) That the applicant submits a copy of the Environmental Authorization to the District Municipality. ▪ e) That the construction be in accordance with the conditions set by the Technical Unit of FBDM. 	21/11/2012	Implemented – consent use granted on the conditions laid down by council.	
Proposed post of a performance management practitioner in the department of planning and development	Council resolved to keep the item in abeyance until the complete organogram of the institution is tabled for discussion	21/11/2012	The matter was send back to form part of the entire review process. The position is now part of the reviewed organogram.	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Audit report – financial statements and performance management – year ended 30 June 2012	<ul style="list-style-type: none"> • Council took note of the audit report and resolved that the responsible managers be instructed to address the issues raised in the audit report without undue delay. • Council resolved that the audited financial statements, performance report and the Auditor-General’s report be included in the annual report for submission during January 2013 to Council as per legislative requirement. • Council to ensure that the final printer’s proof of the annual report be submitted to the relevant senior manager of the Auditor-General of South Africa for verification purposes 	12/12/2012	Implemented - annual report has been tabled to council in January 2013 as per legislative requirement and the final printer’s proof has been submitted to the AG’s office.	
Action plan to address matters raised in the audit report by the auditor-general for the 2011/12 financial year	Council approved the action plan to address matters raised by the Auditor-General in its audit report under matters of emphasis in respect of the 2011/12 financial year.	12/12/2012	Implemented - all findings have been resolved.	
Annual report for the financial year ended 30 June 2012	Council approved the annual report for 2011/2012.	12/12/2012	The report has been adopted by council and published as per legislation.	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Request for funding under the adjustment budget – procurement of an Electronic Document Management System (EDMS)	Council grants approval for an amount not exceeding R550 000 for the procurement of an Electronic Document Management System (EDMS) for the archives. Council grants approval for the required funds to be allocated under the Adjustment Budget during 2012/2013 financial year	12/12/2012	Implemented - funding was made available, the EDMS was subsequently purchased and it is currently in use within the municipality.	
Conditions of service of the Municipal Manager	<ul style="list-style-type: none"> • Council approves the annual total remuneration package of R1,4 m plus a performance bonus of between 5% and 14% for the Municipal Manager • Council seeks concurrence of the National Treasury to delay enforcement of the Minimum Competency Regulations to apply to the Municipal Manager • Subject to 3, Council grants the Municipal Manager 18 months from 01 January 2013 to complete her minimum competency requirement according to National Treasury guidelines. • The following Councillors, voted against the item because the proper process for the appointment for the Municipal Manager was not followed: <ul style="list-style-type: none"> ▪ Cllr Fourie, ▪ Cllr Voster, ▪ Cllr Meyer, ▪ Cllr Kaars and ▪ Cllr Smit 	12/12/2012	The matter has been finalised.	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Appointment of an audit committee member	<ul style="list-style-type: none"> • Council approves the appointment of Mr AL Kimmie as the third member of the audit committee. • It is further resolved that the number of audit committee members be increased from three to four and Mr. Smartryk Calitz be appointed as the fourth audit committee member for a period of three years, that is from 01 January 2013 to 31 January 2015. • All audit committee members be remunerated based on the current rate of the National Treasury for the current financial year and that a provision be made in the budget for the next financial year to remunerate audit committee at a higher rate based on their expertise, skills and qualifications, subject to council applying its mind on affordability, skills, expertise and the input of audit committee 	12/12/2012	Audit committee members have been appointed.	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
<p>Determination of upper limits of salaries, allowances and benefits of different members of municipal councils - notice</p>	<ul style="list-style-type: none"> • Council takes note of its classification as a grade 4 municipality. • Council grants approval for the remuneration of its councillors in accordance with Government Notice No. 1032 dated 7 December 2012 with retrospective effect from 01 July 2012. • Council grants approval for the payment of a cellphone allowance of R1656.00 per month to the Executive Mayor, the Speaker and proportionally elected full-time members of the Mayoral Committee. • Council grants approval for the payment of a cellphone allowance of R1033.00 per month to other proportionally elected part-time councillors. • Council grants approval for the payment of a mobile data card fix allowance of R300 per month to full-time and part-time councillors. • Council grants approval for the initial payment of the structure of the Total Remuneration Package as set out in the Notice and that councillors who prefer to restructure their Total Remuneration Package indicate same in writing to the Municipal Manager before or on 21 December 2012. • Council obtains the concurrence of the MEC for Cooperative Governance, Human Settlement and Traditional Affairs regarding recommendations 1 – 5 before implementation thereof as stipulated in the preamble of Notice No. 1032 	<p>12/12/2012</p>	<p>Implemented – by December 2012.</p>	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Appointment of community representative to serve on the oversight committee	Council granted permission that the Municipal Manager follows the process of the filling of the vacancy of a community representative to serve on the oversight committee	27/03/2013	In the process of appointing the oversight committee community representative.	
Incorrect allocation of capital expenditure incurred on the repair of borehole at the fbdm head office	Council approved that the necessary funds to be moved to the capital expenditure vote to the amount of R 20,051.46 to cover the cost for the repair of the borehole at the FBDM Head Office	03/05/2013	Implemented - item has been reallocated to the capital expenditure budget.	
Incorrect allocation of capital expenditure incurred on the acquisition of branding material	Council approved that the incorrect allocation of operating expenditure be rectified as capital expenditure to the amount of R 6,040 to cover the cost for the purchasing of the pull-up banners (R 1,030) and teardrop banners (R 5,010).	03/05/2013	Implemented - items have been reallocated to the capital expenditure budget.	
Monthly report for environmental health: February 2013	<ul style="list-style-type: none"> • Council took note the content of the report. • The environmental health practitioners to continue with the training programme of safe drinking water in Gong-Gong at the Communal Property Areas (CPA's). 	03/05/2013	Implemented - training was conducted in collaboration with the Department of Environmental Affairs.	
Policy Expanded Public Works Programme (EPWP)	<ul style="list-style-type: none"> • Council approved of the policy. • The unfunded post of planner (PL 4) in the Department of Infrastructure be funded as from the 2013/14 financial year to coordinate and implement EPWP actions across all units within the district 		Implemented - post funded and is to be filled during 2013/2014 financial year.	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Emerging farmers development through the Foundation For African Business And Consumer Services (FABCOS)	<ul style="list-style-type: none"> • Council partners with FABCOS and enters into a memorandum of agreement for the profiling, training and incubation of 60 local farmers. • Council approved a once-off contribution of R215, 300-00 for the profiling, training and incubation of 60 local emerging barley farmers. • FABCOS to submit quarterly reports to the Frances Baard District Municipality 	03/05/2013	Implemented	
Writing-off and purchase of vehicle	<ul style="list-style-type: none"> • Council approves the writing-off of the following vehicles: <ul style="list-style-type: none"> ▪ Isuzu 2.4 LDV – BVC 305 NC ▪ Toyota Corolla – BXL 799 NC ▪ Isuzu 2.4 LDV – BTT 339 NC • Council approves, subject to recommendation 1 above, the replacement of vehicles through the supply chain management policy procedure and/or participation on the national government contract. • Council approves, subject to recommendations 1 & 2 above, the disposal of written-off vehicles by trade in or public tender based on a predetermined reserve price and / or transfer to local municipalities if interested, based on the Municipal Manager's discretion 	26/06/2013	Vehicles have been written off but have not been disposed of by the municipality.	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Writing-off of redundant furniture and office equipment	<ul style="list-style-type: none"> • Council approved the writing –off of the attached list of redundant asset per asset category identification. • Subject to 1 above, Council dispose the mentioned redundant asset in term of the Asset Management and Supply Chain Management policies 	26/06/2013	Implemented	
Writing-off of the Tat “i” Chain Asset Management & Bar Coding System	<ul style="list-style-type: none"> • 1. Council notes the cancellation of the agreement with TAT “i” Chain Asset Management effective from the 1st July 2013. • 2. Subject to 1 council approved to write off the above mentioned Asset Management System (Asset no. 03483) to the value of R196,007-00 and the Pedion Scanner (Asset no. 03595) to the value of R12,700 respectively. 		Implemented - FBDM was refunded the R 12 700.00 for the broken scanner.	

Administrative Governance

The fundamentals of good governance such as participation, transparency and financial accountability are valued in the FBDM. Administrative governance at the FBDM looks into The Municipal Manager is the head of administration and the accounting officer of the municipality. In accordance with the Municipality's organisational structure, it has (4) four Senior Managers that are directly accountable to the Municipal Manager and several other managers reporting directly to them.

The executive management, which is constituted by Senior Managers, is the highest administrative body and collectively take decisions to support and advise the Municipal Manager on key management and administrative issues. The collective upholds a congenial spirit and fiduciary responsibility in order to guide council and its committees. A system of delegation of responsibilities has been adopted in order to delegate and sub-delegate certain responsibilities to Senior Managers and the Chief Financial Officer as well. The latter is enjoined to support managers on all finance related matters in order to maintain a transparent and accountable financial management system, thus promoting inter-departmental support and coordination.

The same with the Department of Administration, which ensures a dynamic working environment through policies that supports collective bargaining, employee wellness, equitable and just administration, human capital development and maintenance across all the departments. In other words, no single department works in isolation from another and for the head of the administration, this very culture is harnessed and maintained as the value system of the organisation. The municipality has adopted a service delivery and budget implementation plan (SDBIP) and out of it the Municipal Manager and Senior Managers' develop and enter into performance agreements. The SDBIP sets service delivery targets which are further disaggregated into quarterly targets.

The SDBIP therefore, remains the guiding delivery document and all departments support each other to meet the quarterly targets that automatically become the Executive Mayor's quarterly report to council. This is followed by the joint management meeting in which both the executive management and line managers sits and assess progress regarding the performance of the municipality based on set targets.

The Budget and Treasury Department, headed by the Chief Financial Officer, ensures that the supply chain policy, revenue and budget management, financial accounting and reporting is done diligently with the support of the accounting officer and senior managers. All these responsibilities are part of the key performance areas of all senior managers including all other generic management responsibilities to ensure that managers are each able to contribute equally towards clean governance and accountability.

The Department of Infrastructure Services, as well as Planning and Development, jointly command a larger portion of the municipality's budget. It is given that the two would be the key departments and both need to be tighten financial management for purposes of reporting (mainly on grants) and innovative human resource practices have to be maintained in order to procure and maintain some of the scarce skills in the market. The municipality has collective work well to maintain these delicate equilibrium and sanity, by supporting each other and acting in unison.

The Office of the Municipal Manager inter-connects all the services and plays a key monitoring and evaluation responsibility as well. The internal audit services is located in this office to provide regular checks and balances and to advise on internal controls, performance management, compliance with relevant legislation and risk management.

The latter place the accounting officer in a better position to ensure that the executive management ensure the implementation of the action plan to remedy issues that may be raised by internal audit and mitigates risks on a regular basis. The Executive Managers meet on a regular basis to take decisions that concern the strengthening of internal controls and the smooth running of the municipality.

The collective is poised strategically to support and advice council through the accounting officer, and therefore a healthy working relationship based on trust is promoted at all times. Positive self- criticism, coaching and support is maintained at all times, and such introspection is done annually during the strategic planning session in order to strive for continuous improvement.

Top Administrative Structure

Tier 1



Ms ZM Bogatsu
Municipal Manager

Tier 2



Mr Hannes van Biljon
Chief Financial Officer



Ms Nomama Kgantsi
Director: Corporate &
Community Services



Mr Peet van der Walt
Director: Infrastructure
Services



Mr Frank Mdee
Director: Planning &
Development

Tier 3

Third Tier Structure	
Directorate	Director / Manager
Office of the Municipal Manager	Internal Audit Manager, Ms Malerato Ralikonyana
	Communications & Media Relations, Ms Gerline Roman
Finance	Assistant Director Budget Treasury, Ms Anita Kooverjee
	Chief Accountant Budget & Support Services, Mr Jan van Zyl
	Chief Accountant Supply Chain Management, Mr Philip Souden
	Chief Accountant Income & Expenditure, Ms Adele Groenewald
Infrastructure Services	Manager: Physical Infrastructure Development, Mr Desmond Makaleni
	Housing Manager, Mr Saligh Sulliman
Planning & Development	PMS / IDP Manager, Mr Johan Nel
	Local Economic Development Manager, Mr Basil Louw
	GIS Manager, Mr Mashudu Mudau
	Snr. Town Planner, Mr Solomon Selogilwe
Corporate & Community Services	Development Planner, Ms Aluwani Ralukake
	Human Resources Manager, Mr Siyabonga Nkonki
	Fire & Disaster Manager, Mr Clifford Jones
	Environmental Health Manager, Mr Kenneth Lucas
	Manager Archives, Records & Support Services, Mr Mervin Mabe
	ICT Manager, Mr Patrick Dilapiso

Intergovernmental Relations

Section 42 of the Constitution provides that all spheres of government must co-operate with one another in mutual trust and good faith by establishing and providing for structures to promote 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 inter-governmental relations legislative mandate, FBDM attends the following forum:

National Intergovernmental Structures

- **National Human Settlements Forums**

The Frances Baard District Municipality is part of the following National Human Settlements forums:

- **Technical Minmec**

This forum meets on a quarterly basis. Its purpose is to review the progress of provinces in terms of human settlements delivery and Outcome 8, to identify bottlenecks and recommend policies and legislation to be endorsed by Minmec.

- **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 reports 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, 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. She convenes sector departments and all non-governmental organisations in the district. The Council monitors progress in the implementation of government comprehensive plan on HIV/AIDS

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

LED Forum

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

- **Purpose of the LED Forum**

The forum seeks to encourage 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.

- **Role of district LED Forum**

District municipalities are better positioned to provide a coordinating 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 main objectives of the district communications forum are as follows:

1. To facilitate communications amongst three (3) spheres of government;
2. Create opportunities to government officials to exchange competencies, knowledge and experience;
3. Gather and compile relevant information for distribution amongst members;

4. To encourage professionalism, co-operation and supports between spheres of government;
5. To promote training and capacity building through workshops, conferences, study tours, presentations or any other means with regards to official matters;
6. In general to promote the interest of the South African government and the objectives as an entirety

Public Accountability and Participation

The public participation programme of the Frances Baard District Municipality is intended to create opportunities for the political principals to be actively involved in the sharing of information about what government and in particular the district municipality is doing to improve and add to the betterment of the lives of the community.

Through public participation greater access to the decision-making processes of the municipality to all its stakeholders is opened up.

It implies that members of the general public or representatives of the affected community or the role players are actively involved in the planning process of the district municipality.

To accomplish the above the district municipality has developed a public participation plan which is intended to be rolled-out in collaboration with other role players and stakeholders such as the local municipalities and sector departments in the area of jurisdiction of the municipality.

This will be done to address the Public Participation Plan approach that have been adopted by Cabinet in May of 2010 which requires all political principals to have at least 10 public events for the financial year.

Through the public participation approach the district municipality wishes to strengthen and enable good governance and sustained service delivery.

It is therefore crucial that the stakeholders of the district municipality be involved in the affairs of the municipality.

The participation processes that will be improved by the plan are as follows:

- Ward meetings;
- Budget Consultation meetings;
- Integrated Development Planning (IDP)
- Joint Outreach Programmes with other sectors of government;
- Annual performance management feedback meeting; and
- Media briefings.

The FBDM revamped its official website in the 2010/2011 financial year. The old website was found not to conform to the requirements of the Municipal Finance Management Act, 56 of 2003 (MFMA) in terms of the information regarding the financial status of the municipality that must be displayed on the website.

A procedure manual was developed to guide the FBDM in the management and updating of the website. The aim of the website is to create opportunities for effective communication and marketing of the District Municipality and to allow 24/7 access of the district municipality services to all stakeholders.

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 57 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	

Corporate Governance

Both the Council and the administration play a critical role in ensuring a good corporate governance for the municipality.

Council takes decisions flowing from recommendations made by the administration on matters that seeks its consideration and decision. The advent of the Municipal Accounts Committee, 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 ensures that it complies with the principles of good governance and has improved its internal controls, procedures and processes.

Risk assessment and management

FBDM regards risk management as a fundamental part of its operation which must be addressed appropriately for an organization to be successful. Risks are part of doing business and by having procedures in place to deal with them, does make a difference on their impact.

The purpose of risk management is to identify and assess possible risks, to identify control mechanisms which will be used to mitigate, reduce, transfer and eliminate such risks and then take steps to implement control mechanisms. The risk management process provides a rational basis for better decisions making in regards to all risks and plan. The first factor of importance of risk management is the proper identification of all risks. This step must be done accurately and rigorously. The next step involves the determination of the impact and probability of each identified risk.

The better the risks are dealt with, the less of a financial burden they will cause an organization to bare. The following were the top 5(five) risks identified by the risk assessment process:

- Inadequate physical security over assets.
- Incurrence of penalties.
- Injury or death of employees.
- Poor contract management.
- Poor information integrity.

After identifying these risks, proper internal controls have been developed to ensure that the risks are mitigated

Anti corruption and fraud

A medium to strong internal control system exists in the municipality for the purpose of curbing irregular and corrupt activities.

The Internal Control System is made up of the following components:

Risk Management: Though the process still needs to be completed, steps are taken to identify, assess and mitigate risks.

Control activities: Strong control activities are applied in the day to day running and operating of the municipality. These involve the separation of incompatible functions (segregation of duties); isolation of responsibility, policies and procedures, etc.

Monitoring programs: This is achieved through adequate approval and authorization procedures. The municipality also has an effective Internal Audit unit which assesses the adequacy and efficiency of controls.

Information and communication: This relates to the procedures and records established for the purpose of initiating, recording, processing and reporting on information.

Control Environment: Management of FBDM has established and maintained a strong sense of internal control and are perceived to be leaders and ambassadors of good internal controls.

In trying to deter fraud within the municipality, the following key functions, committees and processes have been put in place for the purpose of deterring fraud within the municipality:

- Existence of the Internal Audit Unit - Internal Auditors plays a variety of reviewing, consulting, assurance, advisory and investigative roles, in the municipality's fraud management process.
- Existence of the Audit Committee – The Audit Committee of the Municipality plays an oversight role of reviewing and advising the Accounting Officer and Council on the adequacy, effectiveness and the efficiency of risk management processes, internal control systems as well as the reliability and integrity of both financial and non-financial information.
- Existence of Municipal Public Accounts Committee (MPAC)
- Control Activities that are put in place to prevent, detect and deter fraud include:
 - Division of duties
 - Exclusion of politicians from procurement processes.
 - Audit Committee members that are non-politicians and non-municipal officials.

FBDM approved the Anti- Fraud and Corruption policy in 2006 and it clearly stipulates that fraud, corruption, theft, mal-administration or any other dishonest activities of a similar nature will not be tolerated.

In addition, these will be investigated and followed up by the application of all remedies available within the full extent of the law.

FBDM also has an obligation in terms of the Prevention and Combating of Corrupt Activities Act no 12 of 2004, to report all instances of criminal record to the appropriate authorities. Such criminal activities include, corruption, fraud, theft, extortion, forgery and uttering where the value exceeds R100 000.00 to the South African Police Service.

As per policy, the municipality will however not only report matters in terms of the above obligation, but will report all criminal conduct irrespective of the value/ materiality involved.

Supply Chain Management

The approved Supply Chain Management Policy of 30 November 2005 as amended on 27 November 2007 is implemented and is maintained by all relevant role players as from 01 April 2008. The Supply Chain Management policy complies with the prescribed framework as set out in section 12 of the MFMA. The municipality has also established a functional supply chain management unit that ensures compliance with the policy.

The Municipal Manager is required, by the policy framework, to maintain a supply chain management system which is transparent, efficient, equitable, competitive, ensures best value for money for the municipality, applies the highest possible ethical standards, and promotes local economic development.

The policy further pledges itself and the municipal administration to the observance of all applicable national legislation, including but not limited to the following:

1. Preferential Procurement Policy Framework Act No. 5 of 2000 and its regulations;
2. Broad Based Black Economic Empowerment Act No. 53 of 2003 and any applicable code of practice promulgated in terms of that Act;
3. Municipal Finance Management Act No. 56 of 2003; including the regulations relating to the prescribed framework for supply chain management;
4. Construction Industry Development Board Act, 2000 (Act No.38 of 2000).

FBDM has also strengthened its internal controls on the following:

1) demand management

- a purchase and store requisition form is developed and implemented to ensure timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and are timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
- a specification committee is approved by the Acting Municipal Manager to provide for the compilation of the required specifications to ensure that its needs are met;
- a supplier database form is developed and implemented

2) acquisition management;

- an order form is captured on the E-Venus system that goods and services are procured by the municipality in accordance with authorised processes and by using the codes in accordance with the delegation of authority;

- the E-Venus system made provision that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
- the appointment of the bid committees and bid adjudication committee ensure that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation;

3) logistics management;

- the establishment of a central store ensures that the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock

4) disposal management;

- an effective system for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act is in place.

Only one long term contract with Standard Bank for the banking services of the municipality. In order to make sure that we comply with section 117 of the MFMA, none of the councillors are members of any of the bid committees.

All officials who serve in the respective bid committees are appointed in writing by the Accounting Officer.

Unlike before, the Municipal Manager no longer sits with the adjudication committee and this ensures clear separation of functions in the supply chain processes.

Competency levels of officials involved in the supply chain process

Sections 83, 107 and 119 of the MFMA require officials to meet prescribed competency levels in financial and supply chain management. The minimum competency guidelines of NT prescribe that only the Heads of SCM Units and SCM senior managers must meet the required competencies.

The Municipal Manager was appointed on 01 November and has 18 months to complete her minimum competency requirements. The four section 56 managers will be completing their last module to comply with the regulations by end January 2013.

The SCM Manager has prior learning NQF 5 (National Diploma), and has completed first 11 modules of the Municipal Finance Management Programme as offered by IMFO. Assistant Director: Finance completed first 11 modules of the Municipal Finance Management Programme as offered by IMFO and is yet to complete further 9 modules.

Auditor General's report on supply chain management

In his report to the municipality, the Auditor-General concluded the following on FBDM's supply chain in the 2010/11 financial year.

1. Awards were made to suppliers that did not submit a declaration on their employment by the state or their relationship to a person employed by the state, as per the requirements of SCM Regulation 13(c).
2. An award for a tender was made to a provider of which the director is in the service of another state institution, in contravention of the requirements of SCM Regulation 44. To address the above, FBDM implemented as from January 2012, a system where all suppliers have to complete the MBD and declare whether they are in the employ of the state or not. The supplier database form is amended to make provision for the MBDM4 and MBDM 9 to ensure compliance with the regulations and the AG's finding.

Risk Management

It's a fundamental part of doing business which must be addressed appropriately for an organization to be successful. Risks are part of doing business and by having procedures in place to deal with them, does make a difference on their impact.

The purpose of risk management is to identify and assess possible risks, to identify control mechanisms which will be used to mitigate, reduce, transfer and eliminate such risks and then taking steps to implement control mechanisms. The Risk Management process provides a rational basis for better decisions making in regards to all risks and plan.

The first factor of importance of risk management is the proper identification of all risks, this step must be done accurately and toughly, and then you have to determine the impact and probability of each identified risk. The better the risks are dealt with, the less of a financial burden they will cause an organization to bare.

Firstly, a look into the various sources of risks is imperative, followed by a risk analysis process which is carried out as follows:

1. Identify the risk

This step is done through vigorous brainstorming to identify and review the lists of possible risk sources and all potential risks. Using an assessment instrument, risks are then categorized and prioritized. The process of prioritization helps them to manage those risks that have both a high impact and a high probability of occurrence.

2. Assess the Risk

The project team must identify the root causes of the identified risks. By asking questions including: What would cause this risk? How will this risk impact the projects performed, the organization and the achievement of set objectives?

3. Develop responses to the risk

This entails the process of assessing possible remedies to manage the risks or possibly, prevent the risk from occurring. Questions to be asked include, what can be done to reduce the likelihood of this risk? What can be done to manage the risk, should it occur?

4. Develop a contingency plan or preventative measures for the risk

Project teams will then convert into tasks, all those ideas that were identified to reduce or eliminate risk likelihood.

5. Service Department's role in the municipality's risk management process

Accounting Officers of Municipalities have an explicit duty to ensure that effective, efficient and transparent systems of risk management are implemented and maintained within their Institution.

Provincial Treasury also has responsibilities in developing the Risk Management activity in municipalities. In this regard, Provincial Treasury has specific duties to:

- Monitor and assess the systems of risk management in Municipalities;
- Assist with building risk management capacity in Municipalities;
- Enforce the PFMA (by implication the specific prescripts therein pertaining to risk management) in Municipalities.

6. Monitoring and assessment of risk management

According to the Municipal Finance Management Act, “Accounting Officers are responsible for implementing effective, efficient and transparent systems of risk management within the institutions under their control”. Provincial Treasury must therefore monitor that municipalities comply with this regard.

Furthermore, Provincial Treasury needs to assess the quality of implementation to ensure that implementation does not become the end in itself, but a means to help institutions to understand their risks and manage such risks in a prudent manner.

7. Risk management capacity and training

Accounting Officers are responsible for ensuring that their Municipality has sufficient capacity to implement and maintain the risk management activity.

In terms of Section 34(1) of the MFMA (and in the spirit of the co-operative government), “the national and provincial governments must by agreement assist municipalities in building the capacity of municipalities for efficient, effectiveness and transparent financial management.”

It can be interpreted that while Provincial Treasury’s are to take the lead in the building of risk management capacity in Municipalities in their respective provinces, National Treasury also has a duty to assist and support Provincial Treasury’s in this regard.

Municipalities must therefore refer all requests for assistance in risk management to their respective Provincial Treasury’s. The Provincial Treasury’s must decide on the best course of action to deal with such requests, after taking into consideration their own capacity to provide the required support and/or the possibility of assistance from National Treasury.

8. Enforcement of risk management prescripts

Section 5(1) (c) of the MFMA requires National Treasury to enforce compliance with measures established in terms of the Act. Sections 5(2) (e) and 5(4) (d) empower National Treasury and Provincial Treasury’s respectively to take appropriate steps if a Municipality commits a breach of the MFMA.

In terms of Sections 171(1) (b), failure by the Accounting Officer of a Municipality to comply with their responsibilities for risk management shall constitute an act of financial misconduct. Officials in Municipalities delegated with responsibilities for risk management may also be guilty of financial misconduct if they fail to fulfil such delegated risk management responsibilities in terms of section 171(3)(a).

Top five risks to the municipality

- Inadequate physical security over assets.
- Incurrence of penalties.
- Injury or death of employees.
- Poor contract management.
- Poor information integrity.

Anti-corruption and Fraud

Strategies in place to prevent corruption, fraud and theft

A medium to strong internal control system exists in the municipality for the purpose of curbing irregular and corrupt activities. The internal control system is made up of the following components:

Risk Management:

Though the process still needs to be completed, steps are taken to identify, assess and mitigate risks.

Control activities:

Strong control activities are applied in the day to day running and operating of the municipality. These involve the separation of incompatible functions (segregation of duties); isolation of responsibility, policies and procedures, etc.

Monitoring programs:

This is achieved through adequate approval and authorization procedures. The municipality also has an effective Internal Audit unit which assesses the adequacy and efficiency of controls.

Information and communication:

This relates to the procedures and records established for the purpose of initiating, recording, processing and reporting on information.

Control Environment:

Management of FBDM has established and maintained a strong sense of internal control and is seen to be leaders and ambassadors of good internal controls.

• **Deterrence of Fraud**

The following key functions, committees and processes have been put in place for the purpose of deterring fraud within the municipality:

- Existence of the Internal Audit Unit - Internal Auditors plays a variety of reviewing, consulting, assurance, advisory and investigative roles, in the municipality's fraud management process.
- Existence of the Audit Committee – The Audit Committee of the Municipality plays an oversight role of reviewing and advising the Accounting Officer and Council on the adequacy, effectiveness and the efficiency of risk management processes, internal control systems as well as the reliability and integrity of both financial and non-financial information.
- Existence of Municipal Public Accounts Committee (MPAC)
- Control Activities that are put in place to prevent, detect and deter fraud include:
 - Division of duties
 - Exclusion of politicians from procurement processes.
 - Audit Committee members that are non-politicians and non-municipal officials.
- Condemnation by Mayor and MM of corrupt practices

The approved Anti-fraud and Corruption Policy is in place and clearly stipulates that fraud, corruption, theft, mal-administration or any other dishonest activities of a similar nature will not be tolerated.

In addition, these will be investigated and followed up by the application of all remedies available within the full extent of the law. FBDM is obligated by the Prevention and Combating of Corrupt Activities Act no 12 of 2004, to report all instances of criminal record to the appropriate authorities.

Such criminal activities include, corruption, fraud, theft, extortion, forgery and uttering where the value exceeds R100 000.00 to the South African Police Service.

As per policy, the municipality will however not only report matters in terms of the above obligation, but will report all criminal conduct irrespective of the value/ materiality involved.

Supply Chain Management

The approved Supply Chain Management Policy of 30 November 2005 as amended on 27 November 2007 is implemented and is maintained by all relevant role players as from 01 April 2008. The policy framework provides that the municipal manager and chief financial officer can institute and maintain a supply chain management system which is transparent, efficient, equitable, competitive, ensures best value for money for the municipality, applies the highest possible ethical standards, and promotes local economic development.

The policy further pledges itself and the municipal administration to the observance of all applicable national legislation, including specifically the:

- Preferential Procurement Policy Framework Act No. 5 of 2000 and its regulations;
- Broad Based Black Economic Empowerment Act No. 53 of 2003 and any applicable code of practice promulgated in terms of that Act;
- Municipal Finance Management Act No. 56 of 2003; including the regulations relating to the prescribed framework for supply chain management;
- Municipal Supply Chain Management Regulations No 27636 of 30 May 2005;
- Construction Industry Development Board Act, 2000 (Act No.38 of 2000).

The municipality established a supply chain management unit to implement this policy. This unit operates under the direct supervision of the CFO.

By-Laws

By-laws introduced during 2012/13					
Newly developed	Revised	Public participation conducted prior to adoption of by-laws (Yes/No)	Dates of public participation	By-laws gazetted (Yes/No)	Date of publication
No by-laws developed in 2013					

Websites

Municipal Website: Content and currency of material		
Documents published on the Municipality's Website	Yes / No	Publishing date
Current annual and adjustment budgets and all budget-related documents	Yes	Jul 2012 - Jan 2013
All current budget-related policies	Yes	As & when reviewed
The previous annual report (2011/12)	Yes	Apr 2013
The annual report (2012/13) published / to be published	Yes	Mar 2014
All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (2012/13) and resulting scorecards	Yes	Nov 2013 (annual performance report for 2012/13 adopted by Council in Oct 2013)
All service delivery agreements (2012/13)	Yes	Jul 2012 (SDBIP)
All long-term borrowing contracts (2012/13)		n/a
All supply chain management contracts above a prescribed value (give value) for 2012/13	Yes	Jul 2012 - Mar 2013
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 2012/13		n/a
Contracts agreed in 2012/13 to which sub-section (1) of section 33 apply, subject to sub-section (3) of that section		n/a
Public-private partnership agreements referred to in section 120 made in 2011/12	n/a	n/a
All quarterly reports tabled in the council in terms of section 52 (d) during 2011/12	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 2012/13 has been successfully loaded. The district municipality does not deliver services directly to the public. As a result information carried by the municipality does not draw as much attention as in the case of the local municipalities. To this extent 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

Introduction

The primary focus of the district municipality is the needs of the Category B Municipalities, with a specific focus on providing basic infrastructure for water, sanitation and electricity and building capacities of the municipalities in the district.

National and provincial imperatives are evident in the grant funding made available to the municipality, most notably for infrastructure.

The municipality has set a general strategic outcome to reduce operating cost in an effort to increase funding to address the present infrastructure backlog. Achievement of this objective requires defined strategic measures to be adopted, which include setting specific goals, action plans and time frames.

These measures are encapsulated in the SDBIP. The SDBIP indicates quarterly performance targets, financial performance targets and assigns responsibility to execute the respective performance targets to various departments.

The municipality assessed its performance on a quarterly basis and reported progress on performance against targets set to Council and ultimately presents the annual performance in this annual report.

This chapter speaks to the performance highlights in terms of the municipality's scorecard, performance on basic service delivery and backlogs addressed, and the MIG projects.

Infrastructure Services

The District Municipality does not provide any services directly to customers. Our clients are the smaller local municipalities, which we support to improve their service delivery. We provide support by advising on technical matters, building capacity as well as financial support through various programmes.

The District Municipality employ three engineering technicians who are assigned to each of the smaller local municipalities in the region, namely Dikgatlong, Magareng and Phokwane.

These technicians render support in terms of the following:

- Assisting with project identification and planning
- Support with terms of reference, specifications and evaluation of tenders
- Project management and technical support for projects under construction

- Assist with operation and maintenance to improve Blue- and Green Drop scores
- Identify gaps in training and assist with capacity building

The District Municipality is currently funding a series of master plans as well as reports on conditions of infrastructure. This is to try to spend Operation and Maintenance funds more pro-actively.

Currently a lot of spending still tends to be as a reaction to the collapsing of municipal equipment.

Financial support

Frances Baard District Municipality makes two types of allocations to local municipalities. Firstly, through the capital programme which is designed to assist local municipalities acquire assets to improve service delivery. Secondly, through allocations made to operation and maintenance of plant and infrastructure as municipalities often lack the capacity and funding to properly operate and maintain the service infrastructure upon which effective delivery depends.

Capital Programme

An allocation of R 21,802, 000 was made for capital projects for all the local municipalities. This amount included a roll-over amount of R 1,412, 000. This funding was allocated as follows:

Municipality	Activity	Funding allocation
Dikgatlong	Refurbishment of Sand Filter at Water Treatment Works: Barkly West	R 1,412,000
Dikgatlong	Supplementary funding for construction of roads in De Beershoogte	R 3,000,000
Dikgatlong	Procurement of sanitation trucks	R 2,000,000
Phokwane	Construction of 2 kilometre paved road in Ganspan (phase 2)	R 5,320,000
Phokwane	Electricity master plan	R 900,000
Magareng	The provision of a water reticulation network for 558 sites in Warrenvale	R 2,500,000
Magareng	Upgrading of water network	R 2,000,000
Magareng	Provision of water and electricity meters	R 700,000
Magareng	Electricity master plan	R 900,000
Sol Plaatje	Water provision for 150 households in Freedom Park	R 1,340,000
Sol Plaatje	Sanitation provision for 150 households in Freedom Park	R 1,730,000

Operation and Maintenance

A lack of municipal funds often leads to cuts in O&M budgets and expenditure, resulting in poorly maintained infrastructure and other assets, which in turn affects service delivery.

The capacity to deliver services is almost directly linked to the way in which municipalities operate and maintain their infrastructure. During the 2012/13 financial year an amount of R8,173,041 was spent on operation and maintenance in local municipalities. Spending was mainly directed at improving the quality of drinking and waste water.

The following amounts were spent:

Municipality	Amount spent
Sol Plaatje	R 800,000
Dikgatlong	R 1,975,452
Phokwane	R 2,898,279
Magareng	R 2,499,310

Rural Programme

An amount of R 239,846 was spent to provide services to farm workers as follows:

Activity	Amount spent
Subsidies for sanitation on farms	R 239,846

Job Creation

During the 2012/13 financial year 469 jobs were created in the region:

Labour	Male	Female	Disabled people
Capital projects	135	26	0
Operation and maintenance projects	191	117	0
Total	326	143	0

The Frances Baard District Municipality remains committed to the principles of the Expanded Public Works Programme. It is an integral part of the funding agreements between us and the local municipalities.

HOUSING

The Frances Baard District Municipality reached its target for the delivery of houses for the 2012/13 financial year. The district had a target of 305 houses, 305 serviced sites and 40 Ha. of land for human settlements. It was able to acquire 164 Ha. of land for human settlements.

The district continues to provide the following key functions to the local municipalities in terms of the service level agreements:

Function	Brief description
Projects initiation, planning and approval	This involves the identification of new projects, conducting feasibility studies, prepare business plans for funding and facilitate the approval process
Project/Program 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

Percentage of households with access to basic housing			
Year end	“Total households (including in formal and informal settlements)”	Households in formal settlements	Percentage of HHs in formal settlements
2009/2010	82 887	10 986	13.3%
2010/2011	82 887	10 215	12.3%
2011/2012	82 887	8 592	10.4%
2012/2013	82 887	7 842	9.5%

Source: COGHSTA monthly reports template 2009 - 2012

Employees: Housing Services					
Job Level	2011/12	2012/13			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	-	-	-	-	-
4 - 6	-	-	-	-	-
7 - 9	4	3	3	-	0%
10 - 12	5	6	4	2	33%
13 - 15	2	1	1	-	0%
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	11	10	8	2	20%

One additional building inspector and two clerks started later in the financial year. The housing specialist and one building inspector resigned in August and July respectively.

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
Facilitate the creation of sustainable human settlements	Facilitate the reduction in the housing backlog by 2016	Reduction in the housing backlog	1000 households
	Facilitate the formalization of informal settlements by 2016	Formalized informal settlements	1100 households
	Facilitate the in-situ upgrading of informal settlements by 2016	Access to basic services in informal settlements	1100 households
	Facilitate the access to basic services by 2016	Access to basic services for all	1000 households
	Facilitate the identification and acquisition of suitable land for human settlement by 2016	Suitable land for human settlements identified and acquired	40 ha

Financial Performance 2011/12: Housing Services					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 149	-	1 200	983	100%
Expenditure:					
Employees	2 115	-	2 802	2 696	100%
Repairs and maintenance	-	-	-	-	-
*Other	1 052	172	2 096	1 270	86%
Total Operational Expenditure	3 168	172	4 898	3 966	96%
Net Operational Expenditure	19	172	3 698	2 983	94%

Special Projects 2012/13: Housing Services					
Special Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1 160 920	90 000	989 003	-0.17%	989 886
Housing Consumer Education	42 000	0	0	0	0
Housing HDD Fieldworkers	208 920	0	208 037	0	208 037
Housing Sector Plans	620 000	0	620 000	0	620 000
Housing Strategy	250 000	0	73 120	-2.42%	73 120
Housing Plans	40 000	90 000	87 846	-0.48%	87 846

Housing sector Plans and Strategies

FBDM assisted the Phokwane, Magareng and Dikgatlong municipalities with the review of their housing sector plans, housing chapters and housing strategies.

An amount of R870, 000.00 was budgeted, but only R693, 120.00 was spent, which included the integrated plans for the district, as this was the amount of the successful tenderer.

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

Housing Plans

The aim of the project was to develop standardised house plans for the Phokwane, Magareng and Dikgatlong municipalities. This was due to the fact that house plans submitted by contractors are often not fully specified and lack certain vital sectional views.

The reason for the additional budget is due to the fact that the tenders received during the first round were above the budgeted amount. A saving of R42, 154.00 was thus achieved.

Housing HDD Fieldworkers

The purpose of the programme is to determine the housing need, type of tenure needed, as well as the socio-economic status of those targeted. The programme employees local people to assist in gathering data and completing questionnaires, as well as capturing the information on the National Housing Needs register.

Housing Consumer Education

This is a national housing programme that is aimed at educating housing beneficiaries on the role of Government in the provision of housing as well as the responsibilities of the beneficiary towards their house.

The project was scaled down, due to capacity constraints within the housing unit. The under expenditure can be attributed to capacity constraints within the unit and poor logistical arrangements by local municipalities, that resulted in the cancellation or postponement of many sessions.

PROGRAMME MANAGEMENT & ADVISORY SERVICES

Employees: Programme Management & Advisory Services					
Job Level	2011/12	2012/13			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	-	-	-	-	-
4 - 6	-	2	2	-	0%
7 - 9	1	1	1	-	0%
10 - 12	1				-
13 - 15	4	3	3	1	33%
16 - 18	-	1	-	-	0%
19 - 20	-	-	-	-	-
Total	6	7	6	1	14%

Financial Performance 2012/13: Programme Management & Advisory Services					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	9 101	8 941	8 941	9 609	7%
Expenditure:					
Employees	3 722	3 941	3 946	3 847	-2%
Repairs and maintenance	23	216	236	152	-42%
Other*	37 405	31 452	31 736	26 482	-19%
Total Operational Expenditure	41 150	35 609	35 918	30 480	-17%
Net Operational Expenditure	32 049	26 668	26 977	20 871	-28%

Special Projects Expenditure 2012/13: Programme Management & Advisory Services					
Special Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	21 412 000	370 000	17 270 094	-24%	28 536 635
Dikgatlong: Procurement of sanitation truck	2 000 000	-	1 415 956	-41%	1 415 956
Dikgatlong: Refurbishment of Sand Filters at the Water Treatment Works in Barkly West	1 412 000	-	1 322 241	-7%	1 322 241
Dikgatlong: Supplementary funding for construction of roads in De Beershoogte	3 000 000	-	3 000 000	0%	3 000 000
Magareng: Electricity master plan	900 000	-	691 447	-30%	691 447
Magareng: Provision of water and electricity meters for 350 households	700 000	-	613 640	-14%	613 640
Magareng: Provision of water reticulation network for 558 sites in Warrenvale	2 500 000	-	956 330	-161%	2 500 000
Magareng: Upgrading of water network	2 000 000	-	840 995	-138%	2 000 000
Phokwane: Construction of a 2km Paved Road with associated Storm Water in Ganspan (phase 2)	4 930 000	370 000	5 319 998	7%	9 021 700
Phokwane: Electricity master plan	900 000	-	543 695	-66%	865 960
Sol Plaatje: Sanitation provision for 150 households in Freedom Park	1 730 000	-	1 282 896	-35%	1 730 000
Sol Plaatje: Water provision for 150 households in Freedom Park	1 340 000	-	978 475	-4%	1 340 000

Dikgatlong Municipality

- **De Beershoogte – Construction of roads**

The project comprised of 2,44 kilometers of roads upgraded to surfaced standard (paving blocks) and 1,62 kilometers gravel roads re-shaped and compacted for drainage purposes. The total construction budget was R 11,200,790 including VAT and contingencies. Frances Baard District Municipality co-funded the project with R3 million and the remainder of funds was received from COGHSTA. The district municipality's co-funding was mostly spent in March 2013. The construction start date was 15 October 2012 and the planned completion date is 28 August 2013. 44 male and 6 female local labourers were employed on project.

- **Procurement of sanitation trucks**

Dikgatlong Municipality had four sanitation trucks of which only one was functional and had to service nine settlements over vast areas stretching up to 80 kilometers. Two 8000 litres sanitation trucks were procured and delivered to Dikgatlong Municipality on 23 April 2013 at a total cost of R 1,611,390.

- **Refurbishment of sandfilters at Barkly West water treatment plant**

This project was a roll-over from the 2011/2012 financial year. The project objective was to replace filter sand to improve water quality for the Blue Drop programme. The project started on 15 June 2012 and was completed on 7 December 2012. On completion the total project cost was R 1,993,543. In the 2012/2013 financial year a total amount of R 1,322,240 was spent. When the project started the turbidity levels at water treatment plant was 2-3NTU at completion of project the levels were below 0.5NTU which is Class O water. Eight males were employed on the project.

Phokwane Municipality

- **Construction of a 2km road in Ganspan**

Phokwane Municipality appointed a service provider to construct a 2 km paved road using paving blocks. This is the access road to schools, town and the township of Ganspan. The objective of this project was to upgrade the gravel road to a paved road using labour intensive methods, creating jobs for the Ganspan community. This project created up to 80 working opportunities during construction.

The project was funded by Frances Baard District Municipality over two financial years, (2011/12 and 2012/13). The total budget for this project including the allocation of R 5,370,000 for the 2012/13 financial year was R 9,021,000. This project started on 15 January 2012 and should have been completed on the 30th of October 2012 but was delayed due to additional work to move a main water line from the road reserve and labour problems. It was successfully completed on the 30 April 2013.

- **Electricity Master Plan**

Frances Baard District Municipality initiated and funded the Electricity Master Plan (EMP) project which started on the 20th February 2013. This project is aimed at developing the status quo of the old electricity infrastructure and building a database of electrical network and systems information that will be used by the municipality for planning and development. The project was rolled over from 2012/13 to be completed in the 2013/14 financial year.

The project was delayed and the new completion date for this project is 15 November 2013. The total budget of the project is R 865,960. This project will capacitate the technical staff of Phokwane Municipality.

Magareng Municipality

- **Upgrading of water network in Warrenton**

The project scope entails the upgrading of the water network in Warrenton (town) by replacing the old asbestos pipeline with uPVC pipeline and installing the required connections, fittings and valves. The total construction budget is R 3,448,938. Frances Baard District Municipality funded the project for R 2 million in the 2012/13 financial year and funds were rolled over to the 2013/14 financial year. The total funding from the district municipality is R3,5 million inclusive of the rolled over amount. Construction commenced on 21 May 2013 and the expected completion date is 13 December 2013. Five female and 9 male local labourers were employed on the project.

- **Provision of water reticulation for 558 sites in Warrenvale**

The project scope entails the provision of water reticulation network for 558 sites in Warrenvale this includes the laying of a uPVC pipeline, installing the required connections, stand pipe fittings, water meters and valves. The total construction budget is R 3,425,726. Frances Baard District Municipality funded the project for R 2,5 million in the 2012/13 financial year and funds were rolled over to the 2013/14 financial year. The total funding from the district municipality is R4 million inclusive of the rolled over amount. Construction commenced on 21 May 2013 and the expected completion date is 13 December 2013. One female and 25 male local labourers were employed on the project.

- **Compilation of electricity master plan**

The project entailed the compiling of an electricity master plan in order for the municipality to compile an asset register of all electrical infrastructure, the condition of the infrastructure as well as identifying which electrical infrastructure needs urgent refurbishment or replacing. This also included identifying electrical infrastructure not complying with the law/legislation and assisting the municipality with compliance. A study was also done as part of the master plan to identify the causes of revenue losses of electricity.

The total cost of the professional fees was R 691,447. The district municipality funded the project for R 900,000. The project commenced on 15 November 2012 and was completed on 07 July 2013.

- **Water and electricity metering**

The project entails the purchasing of water meters, single-phase electricity meters and three-phase electricity meters. This purchase would improve the revenue income of the municipality from both water and electricity sales made by the municipality. It would also address the service delivery queries by replacing old and faulty meters with new and reliable meters. The total spent on purchasing water meters was R 438,254 and a further R 175,385 was spent on electricity meters.

Sol Plaatje Municipality

- **Ritchie/Freedom Park : Water and sanitation provision for 150 households**

The project scope entailed the supply of water and sanitation to Freedom Park. It formed part of a larger project funded by Sol Plaatje Municipality to provide services to households in Ritchie.

The project started on 29 May 2013 and the expected completion date is 27 November 2013. The project is funded by both the district municipality and Sol Plaatje Municipality. The expenditure for the provision of water amountd to R 1,282,896 and the provision of sanitation amounted to R 978,475. An amount of R3 million was budgeted for the 2013/14 financial year to complete the project.

- **Operation and Maintenance (O&M) in Category B Municipalities**

The district municipality annually allocates O&M funding to category B municipalities to assist municipalities to deliver sustainable services to their communities. The O&M includes services related to water and waste water infrastructure, electricity infrastructure, roads and storm water infrastructure. The our grader operating team also assists with blading of gravel streets in the different municipalities. The variance relates to the operating budget for the grader operating team not fully utilized. Less maintenance was needed on the grader as well as less fuel used.

Planning and Development

The objectives of planning and development in Frances Baard District Municipality may be summarized as follows:-

- To promote the implementation of a sustainable integrated development planning in the district
- To promote and implement an efficient and effective spatial planning system in the municipality
- To ensure an effective and efficient GIS in the district
- To ensure the promotion and development of the local economy in the district
- To promote an effective and efficient Performance Management System in the district

In the 2012/2013 financial year the main highlights may be summarized as follows:

1. Performance Management System

In its quest to promote performance management in the district municipality the department has recruited three performance management interns and stationed them in Dikgatlong, Magareng and Phokwane municipality; in order to enhance the implementation of PMS in the local municipalities. Some of these interns have been absorbed as PMS officers in their respective municipalities.

2. Spatial Planning

Frances Baard District Municipality is responsible for ensuring the development of sustainable human settlements in the district. In order to achieve this goal the district has facilitated the preparation of the following planning instruments:

- The preparation and adoption of Integrated Zoning Scheme for Dikgatlong and Phokwane municipality.
- The preparation and adoption of a Township Establishment schemes in Jan Kempdorp, Barkly West, and Kingston Extension.
- Finalization of the title deeds for the beneficiaries of Farm 212 in Koopmansfontein.

3. Geographic Information System (GIS)

The municipality's GIS provides spatial information to all stakeholders for planning and resource allocation purposes.

In 2013/2013 a data cleansing project was undertaken in Magareng municipality. The project entails the verification of cadastral information against deeds information to ensure that every title holder is on the correct erf and is being billed for water and electricity correctly. This project if correctly implemented will enable municipalities to enhance their billing capacity and boost their revenue base.

4. Local Economic Development (LED):

The district municipality has a legislative mandate to ensure the promotion of the economic development of the Frances Baard District. Thus one of the main focus areas of the district municipality support has been direct support to SMME's:

- The district is facilitating the establishment of an Oil Processing plant in Phokwane Municipality. The project has potential for creating about 31 permanent jobs.
- The district is facilitating the establishment of a Call Centre and the refurbishment of Kopano Bakery in Magareng. These projects have potential for creating about 55 job opportunities.
- About 60 emerging farmers are earmarked to benefit from the barley production project undertaken by FABCOS

Challenges

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

- **Lack of capacity:** - there is limited capacity in the local municipalities to facilitate sustainable transfer of skills.
- **Limited buy-in:** - causes delays in project implementation and negatively affects cash flow earmarked for specific projects.
- **High grant dependency:** - in most local municipalities undermines the future sustainability of municipalities.

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013
Planning application received	None	None	None	None	None	None
Determination made in year of receipt	None	None	None	None	None	None
Determination made in following year	None	None	None	None	None	None
Applications withdrawn	None	None	None	None	None	None
Applications outstanding at year end	None	None	None	None	None	None

Town & Regional Planning

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
To promote and support sustainable municipal health and environmental planning and management in the District	To facilitate the development of urban areas in accordance with approved spatial plans (zoning schemes)	Development applications	Local municipalities
	To support the implementation and review of Spatial Development Framework	Approved Spatial Development Framework	Local municipalities
	To facilitate the preparation of township establishment in local municipalities	Approved layout plans	Local municipalities

Employees: Town Planning Services					
Job Level	2011/12	2012/13			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	-	-	-	-	-
4 - 6	-	-	-	-	-
7 - 9	-	-	-	-	-
10 - 12	1	1	1	-	0%
13 - 15	1	1	-	1	100%
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
Total	2	2	1	1	50%

Financial Performance 2012/2013: Town Planning Services					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees	805	856	856	914	6%
Repairs and Maintenance	-	-	-	-	-
Other*	440	1 380	1 644	383	-260%
Total Operational Expenditure	1 245	2 237	2 500	1 297	-72%
Net Operational Expenditure	1 245	2 237	2 500	1 297	-72%

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

Special Projects Expenditure 2012/2013: Town Planning Services					
R' 000					
Special Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1 222	0	755	-0.62%	745
Integrated Zoning Scheme	491	0	340	-0.44%	340
Barkley West Township Establishment (Surveying of erven)	332	0	238	-0.39%	238
Phokwane Township Establishment – Kingston (Surveying of erven)	230	0	32	-6.19%	32
Registration and transfer of the property - Koopmansfontein	169	0	145	-0.17%	145

Integrated Zoning Scheme

Phokwane municipality Integrated Zoning Scheme has been finalized and is awaiting approval from the council. The purpose of integrated zoning schemes is to ensure comprehensive management of all land within the jurisdiction of the municipality.

The scheme will assist the municipality to manage the use of land in a coordinated way and to avoid conflict of uses that could cause various problems for the landowners and controlling authority within a given area. The management will be enforced by adhering to specific guidelines contained within the scheme.

Township Establishment

Township establishment requires a number of specialised studies to be conducted to ensure sustainable human settlement. This includes geotechnical study, environmental impact assessment (EIA), topographical survey, etc. The topographical survey and geotechnical studies have been completed.

• Barkly West

Planning for the new residential development in Barkly West started in 2011/12 financial year and it was rolled over to 2012/2013. The project required a number of specialist studies to be conducted hence the roll over.

It emerged during the environmental impact assessment process that a floodline study is required. This delayed the project as this requirement was not foreseen during planning. However, the floodline study has been completed. The following are still outstanding:

- Environmental authorisation of the project;
- Finalisation of Layout plan; and
- Pegging of erven and registration with Surveyor-General.

- **Extension of Kingston**

The extension of Kingston was initiated after failure to provide planned erven at Farm Guldenskat township establishment due to the occurrence of protected tree species (camel thorn). Kingston is an existing settlement and specialist studies had already been done. Funds were only needed for the topographical survey and the registration of the plans with the Surveyor-General. The topographical survey has been completed and the Spatial Planning Unit is designing the residential layout

Transfer of property

The Koopmansfontein Station area was sold to Frances Baard District Municipality by Transnet. In terms of the deeds of sale agreement the municipality will incur the costs of transfer as well as the registration of title deeds for the residents of the area. The transfer has been successfully completed. However, the registration of title deeds is still in progress and would be finalised in 2012/13.

Geographic Information System (GIS)

Employees: Geographic Information System Services					
Job Level	2011/12	2012/13			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	-	-	-	-	0%
4 - 6	-	-	-	-	0%
7 - 9	-	-	-	-	0%
10 - 12	1	1	-	1	0%
13 - 15	1	1	1	-	0%
16 - 18	-	-	-	-	0%
19 - 20	-	-	-	-	0%
Total	2	2	1	1	50%

Financial Performance 2012/2013: Geographic Information System Services					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees	704	821	821	849	3%
Repairs and Maintenance	42	217	217	160	-36%
Other*	535	1 425	1 425	690	-106%
Total Operational Expenditure	1 280	2 463	2 463	1 700	-45%
Net Operational Expenditure	1 280	2 463	2 463	1 700	-45%

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
Provision of reliable spatial information as a planning and management tool in order to enhance service delivery in the District	To ensure the creation of integrated GIS shared services in the District by 2016	Integrated District GIS system	Improved / effective shared services
	To market GIS as an essential management and planning tool in the District by 2016	Implementation of GIS in decision-making	Effective use of spatial data

Special Projects Expenditure 2011/2012: Geographic Information System Services R' 000					
Special Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	925	0	855	-0.08%	855
Corporate GIS Phase II	500	0	430	-0.16	430
Magareng Local Municipality Data Cleansing Project	425	0	425	0	425

Corporate GIS Phase 2

The second phase of the Corporate GIS Implementation project at FBDM followed the first phase of corporate GIS establishment, documentation, and formalisation strategy and policy development. The first phase of the implementation was to establish GIS at FBDM. The second phase aimed to extend, enhance and improve the use of GIS within the district for the benefit of both the district municipality and the local municipalities.

Magareng Local Municipality Data Cleansing Project

This project was undertaken by Frances Baard District Municipality on behalf of Magareng Local Municipality. The project involved the verification, update and reconciliation of the municipality's billing databases in compliance to the revenue by-laws, policy and financial reporting frameworks of the local municipality as well as the National Credit Act (Act 34 of 2005) and GRAP. The district municipality undertook an extensive land audit project for the Magareng Municipality covering 7,700 approved land parcels of which approximately 6,400 had been recognised as registered in the Deeds Office.

Local Economic Development

Jobs Created during 2012/13 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/ displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/ lost
Total (all initiatives)				
2010/11	40	-	40	Site visit
2011/12	27	-	27	Site visit
2012/13	11	1	11	Registers

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
To facilitate growth and diversification of the district economy by optimizing all available resources	Support the diversification of the agricultural and mining sector in the District by 2016	Sector development Increased direct investment	Manufacturing and construction sectors. 10 Fundable projects
	Support SMME development through the implementation of the FBDM SMME support policy by 2016	Sustained and growing SMME	Closing gap between the 1st and the 2nd economy
	Development of incentive policies for LMs by 2016	Packaged incentives for sector and SMME development	3 policies for 3 LMs
	Support the EPWP concept/ initiatives in three local municipalities in the District by 2016	Increased employment through EPWP projects	3 Projects
	Coordination and support of LED structures	Coordination of support to emerging farmers and mining sector	Coordination structures

Employees: Local Economic Development / Tourism Services					
Job Level	2010/11	2011/12			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3		-	-	-	0%
4 - 6	-	-	-	-	0%
7 - 9	2	2	2	-	0%
10 - 12	4	4	3	1	25%
13 - 15	1	1	1	-	0%
16 - 18	-	-	-	-	0%
19 - 20	-	-	-	-	0%
Total	7	7	6	1	14%

Financial Performance 2012/13: Local Economic Development Services					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees	2 055	1 790	1 790	2 096	15%
Repairs and Maintenance	-	10	10	-	-
Other*	3 024	3 280	3 556	2 134	-54%
Total Operational Expenditure	5 079	5 080	5 356	4 229	-20%
Net Operational Expenditure	5 079	5 080	5 356	4 229	-20%

Capital Expenditure 2012/13: Economic Development Services					
R' 000					
Special Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1 122	50	1 034	-0.09%	1 034
LED Expo	472	50	469	-0.01%	469
SMME Development	400	-	332	-0.20%	332
SMME Registration	50	-	44	-0.14%	44
Kgololosego	200	-	189	-0.06%	189

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

Corporate Services

Environmental Health

• Introduction

The FBDM is responsible for the rendering of municipal health and environmental planning and management services in the district. Municipal health services (MHS) as defined in the National Health Act, 2003 include the following:

- water quality monitoring,
- food control,
- waste management,
- health surveillance of premises,
- surveillance and prevention of communicable diseases,
- vector control,
- environmental pollution control;
- disposal of the dead, and
- chemical safety.

The following is a summary of the key issues addressed in 2012/13:

Pollution Control

Five applications were received from industries responsible for atmospheric emissions. Site visits were conducted at the different industries to verify the information in the applications and the conditions at the site. Council approved the 5 applications on February 2013 and provisional atmospheric emissions licenses were issued to the industries. Industries were given timeframes to comply with the stipulated emissions standards where after they must re-apply final atmospheric emissions licenses.

Challenges

Air quality management is a specialized field and the skills of a full-time qualified air quality officer will be needed to ensure the effective functioning of the service. The DEA is currently busy, to finalise the license fee calculator which will be used by the licensing authorities to calculate the license fees for the different categories of licenses.

Waste Management Project

Waste drop-of centres were established in Barkly West at the various schools. Each centre consist of 4 plastic trolley-bins of colour. Each bin is marked for the different recyclables such as paper, cans, plastic bottles and glass. The goal is to encourage the learners to separate recyclables from the normal household waste at home. The school will sell the recyclables to the recycling entity at the waste buy-back centre when the bins are full. The schools can use the income for their feeding scheme or any project. The project will contribute to a cleaner environment and ensure that adequate quantities are processed at the buy-back centre.

Evaluation of food premises

Evaluation was done at 560 food premises i.e. cafes, restaurants, butcheries and tuck shops to ensure compliance with legislation.

Challenges

The mushrooming of tuck shops in Magareng remains a challenge as many of the owners who are foreigners do not follow the correct procedures to legalise their businesses.

Water quality monitoring

FBDM is still assisting Dikgatlong and Magareng Local Municipalities with the collection of drinking water samples. Samples are also collected at some farm schools in the Dikgatlong municipal area that are depended from water from boreholes. Many failures were experienced in the past at these schools but the Department of Education is busy installing treatment equipment at these schools.

Challenges

The treatment equipment must be maintained regularly and the teachers must also be informed how to operate it.

Achievements

Improved quality of water in the district in accordance to the Blue Drop Regulations

- A total of 362 (bacteriological and physical samples) and 6 chemical samples were collected in Dikgatlong and Magareng, and
- 5 water safe campaigns were conducted at Eierfontein, Blikfontein, Kalkfontein, Spitskop and Boetsap.

Rendering of municipal and environmental management awareness programmes in the district.

- A total of 32 awareness campaigns on HIV/AIDS, STI's and TB were conducted in Dikgatlong and Magareng; and
- A 3-day water safety campaign was conducted in Gong-gong in collaboration with the Dept. of Water Affairs, Dept. of Health, Dikgatlong municipality and other roleplayers. The goal was to sensitise the community about the health impacts of consuming untreated water.

Compliance of food products, food and non-food premises in the district

- Evaluations were conducted at 560 food premises i.e cafes, restaurants, tuck shops and butcheries in the Magareng and Dikgatlong municipal areas;
- Environmental Health Practitioners have trained 86 food handlers on hygiene handling and preparation of foodstuffs; and
- A total of 142 inspections were conducted at non-food premises (funeral parlours, clinics and landfill sites)
- Evaluation was also conducted at 10 day care centres for registration purposes.
- Medical waste is handled and stored correctly at the health care facilities and is collected and disposed by an accredited service provider.

Challenges

The mushrooming of tuck shops in Magareng and Dikgatlong due to owners (mostly foreigners) who are not following the correct procedures to legalise their businesses.

Law enforcement

The Environmental Health Practitioners completed the law enforcement course and must be designated as law enforcement officers in order to enforce the by-laws and legislation.

Compliance with environmental policies and standards in the district.

- Five applications for atmospheric emissions licenses have been evaluated and processed
- The by-laws were advertised in the Provincial Gazette
- A workshop on the implementation of the Integrated Waste Management Plan and the Environmental Management Framework was conducted in Kimberley on 12 December 2011

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
To promote and support sustainable municipal health and environmental planning and management in the District	To improve the rendering of municipal health services by 10% in the District by 2016	Improving the quality of drinking water and waste water	2016
		Improving the status of food premises	2016
	To improve environmental planning and management by 10% in the District by 2016	Approved emissions inventory	2016
		Atmospheric Emissions Licenses	2016
		Specialized air quality officer appointed	2016
		Approved Environmental Impact Assessments	2016
		Implemented waste minimization strategies	2016

Employees: Environmental Health Services					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	0%
4 - 6	-	-	-	-	0%
7 - 9	-	-	-	-	0%
10 - 12	3	3	3	-	0%
13 - 15	1	1	1	-	0%
16 - 18	-	-	-	-	0%
19 - 20	-	-	-	-	0%
Total	4	4	4	-	0%

Financial Performance 2012/13: Environmental Health Services					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5 062	3 700	3 275	3 006	-23%
Expenditure:					
Employees	1 320	1 444	1 444	1 455	1%
Repairs and Maintenance	–	15	15	–	-
Other*	2 372	1 536	2 512	342	-348%
Total Operational Expenditure	3 691	2 995	3 971	1 797	-67%
Net Operational Expenditure	(1 370)	(705)	696	(1 209)	42%

Capital Expenditure 2012/13: Environmental Health Services					
R' 000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	50	0	0		40
Donor funding to waste buy-back centre	50	0	0		40

The waste buy-back centre in Barkly West was completed and became operational. The local recycling entity, Re-Mmogo Recycling and Cleaning Cooperation (RRCC) is responsible for the operation of the centre. FBDM has budgeted an amount of R50,000 as financial assistance to RRCC, to buy recyclables from the communities. This will ensure that sufficient volumes of recyclables are processed at the buy-back centre in order to operate it sustainably.

Due to a lack of control measures, an amount of R40,000 was rolled-over to finalise the project in the new financial year. The donor funds will be paid on a monthly basis to RRCC.

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

Special Projects 2012/13: Environmental Health Services					R' 000
Special Projects	2012/13				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	240	0	168	-43%	228
Drop-off centres	40	0	28	-43%	28
Refurbishment of waste buy-back centre	200	0	140	-43%	200

Drop-off centres

One of the outcomes of the Integrated Waste Management Plan of the Frances Baard District Municipality (FBDM) is to implement waste minimization strategies and to support recycling initiatives in the district. FBDM in cooperation with the local recycling entity established 11 waste drop-off stations at schools in Dikgatlong. The learners will be encouraged to sort the recyclables at home and brought it to school. The schools will than sell the recyclables to the buy-back centre and use the money for their feeding schemes or other projects.

Refurbishment of waste buy-back centre

The Department of Environment and Nature Conservation availed an additional R700,000.00 for the refurbishment of the waste buy-back centre in Barkly West. The necessary equipment was procured and steel cages were constructed inside the building for the storage of recyclables and for the alteration of a storeroom into a toilet for disabled persons implementation of the project through service providers.

Disaster Management & Fire Fighting

The implementation of the Disaster Management Act is the responsibility of the district municipality.

The National Disaster Management Framework of 2005 guides the district municipality to implement the function according to the following key performance areas:

- Building integrated Institutional Capacity for Disaster Risk Management;
- Disaster Risk Assessment;
- Disaster Risk Reduction; and
- Response and recovery.

Disaster practitioners have been appointed within Dikgatlong, Magareng and Phokwane local municipalities. This was done to ensure that fire and disaster management activities can be implemented with uniformity and to assist the local municipalities in case of any disaster or incident.

Volunteers

Through the recruitment of disaster management volunteers the capacity and support given to local municipalities was increased.

Municipal Area	Number recruited
Dikgatlong	69
Magareng	100
Phokwane	75

Thirty volunteers from the Dikgatlong municipal area were trained by “Working on Fire” on veldfire fighting techniques. The Dikgatlong Local Municipality was adversely affected by veldfires in November 2013. A “Working on Fire” team was established under the Koopmansfontein Fire Protection Association which falls within the Dikgatlong municipal jurisdiction. The 30 volunteers were trained to strengthen the team and to assist with veldfires within the jurisdiction of Dikgatlong Municipality.

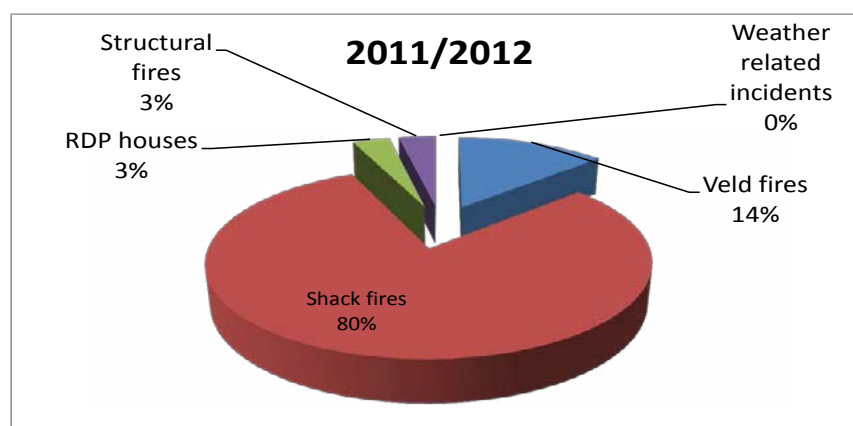
Other activities for 2012/13:

- 100% of the fire grant was spent on the procurement and acquisition of a medium pumper fire engine and fire fighting equipment for the district
- 94% of the contingency fund for response and recovery was utilized for the rehabilitation and social relief to disaster-stricken communities residing within the affected areas of Dikgatlong, Magareng and Phokwane Local Municipalities
- Increased (100%) safety awareness and education campaigns conducted with all communities within the Magareng, Dikgatlong and Phokwane Local Municipalities in an attempt to mitigate the number of domestic/shack fires and the destruction it causes
- The District Disaster Management Plan has been reviewed and Disaster Management Plans have been developed for the following local municipalities:
 - Phokwane
 - Magareng; and
 - Dikgatlong
- 100% spending of the NEAR Conditional Grant

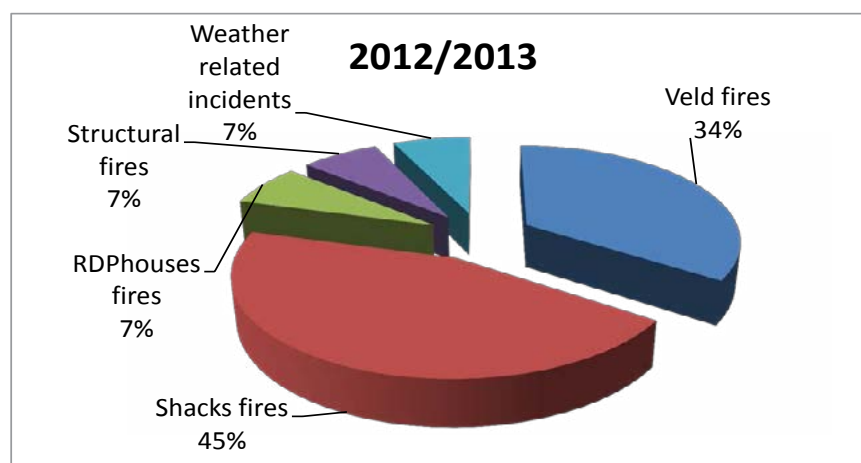
Types of fires experienced in 2012/13	Number
Veldfires	27
Structural fires	25

When disaster/incidents occur, the initial financial burden is usually carried by the individuals affected by the disaster/incident. However, because of the vulnerability and poverty of many communities in rural areas (as identified in the District Disaster Management Plan) the municipality's objective needs to be in line with national and provincial government of ensuring effective and efficient management of resources which will make a significant contribution to alleviate the effects of disasters/incidents.

Comparison of incidents



Percentage of incidents that occurred in 2011/2012



Percentage of incidents that occurred in 2012/2013

The above-mentioned table show the total expenditure for 2011/12 and 2012/13 financial years in terms of assistance given to the Magareng, Dikgatlong and Phokwane local municipalities.

The 2012/13 graph shows that there was an increase in incidents and assistance given to destitute families in the Magareng and the Dikgatlong local municipalities. The only incidents that shows a decrease was the occurrence in shack fires. Spending in the Magareng and Dikgatlong municipal areas respectively from the budget allocations were 11% for 2011/12 and 28% in the 2012/13 financial year while the spending for Dikgatlong was 16% for 2011/12 and 28% for the 2012/13 financial year.

The Phokwane local municipality had an increase on reported incident and assistance given to destitute families. In the 2012/13 financial year only 42% of the budget allocation was utilised to assist affected community members while 65% was spent in the 2012/13 financial year.

ACHIEVEMENTS

Integrated institutional capacity for disaster risk management in the District

- Disaster Management Coordinators have been appointed for Dikgatlong, Magareng and Phokwane Municipalities. A conscious decision on the part of the district municipality was taken to strengthen the disaster management function at local municipal level and to respond to the legislative mandate that local municipalities must be supported.
- Increased the capacity and support to local municipalities through the recruitment of Disaster Management Volunteers (20 for Magareng; 20 for Dikgatlong; and 20 for Phokwane municipalities). 75 volunteers across local municipalities were trained in First-aid level I and II (Magareng 15, Dikgatlong 30 and Phokwane 30).
- The review of the District Disaster Management Plan
- 100% of the NEAR conditional grant was spent (operational cost).

Compliance with the Veld & Forest Fires Act 101 of 1998

- Delivery of the fire engine and the installation of fire fighting equipment on the newly built fire engine 2013.
- The training of 30 Volunteers in basic veldfire fighting techniques

Effective and efficient Response and Recovery to assist destitute families

- 94% of the Contingency Fund for response and recovery was utilized for the rehabilitation and social relief of disaster-stricken communities residing within the affected areas of Dikgatlong, Magareng and Phokwane Municipalities.

Disaster Risk Reduction are implemented (Awareness Campaigns)

- Safety awareness and education campaigns conducted with all communities living within informal settlements where shack fires occurs on a regularly basis. These awareness programmes were held at Magareng, Dikgatlong and Phokwane Local Municipalities in an attempt to mitigate the number of domestic/shack fires and the destruction to life and property.

Effective and efficient Response and Recovery to assist destitute families

- 25 families were supported by way of relocation to shelters (R139, 312 was spent to rehabilitate these destitute families).
- Disaster Management Coordinators who are stationed at the 3 local municipalities are on the Frances Baard District Municipality payroll.

- The Disaster Management Coordinators are on the ground and are in a position to render immediate support destitute families.
- The FBDM renders support to the local municipalities on an ongoing basis in the event of veldfires. The district also receives support from the South African National Defence Force as well as the South African Police Services for further support and resources

Employees: Fire Fighting & Disaster Management Services					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	0%
4 - 6	-	-	-	-	0%
7 - 9	9	9	7	2	22%
10 - 12	1	1	1	-	0%
13 - 15	1	1	1	-	0%
16 - 18	-	-	-	-	0%
19 - 20	-	-	-	-	0%
Total	11	11	9	2	18%

Financial Performance 2012/13: Fire Fighting & Disaster Management Services					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	2 288	2 288	100%
Expenditure:					
Fire fighters	-	-	-	-	
Other employees	2 414	2 463	2 463	2 450	-1%
Repairs and Maintenance	51	287	185	34	-757%
Other*	887	1 833	1 798	1 442	-27%
Total Operational Expenditure	3 352	4 584	4 446	3 926	-17%
Net Operational Expenditure	3 352	4 584	2 157	1 637	-180%

Capital Expenditure 2012/13: Fire Fighting & Disaster Management Services					
R' 000					
Capital Projects	2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3 452	0	2 073	-0.67%	3 297
Building of Fire Engine	1,600	0	1,552	-0.03%	1,600
Access Control System	385	0	0	0	220
Procurement of Fire fighting equipment for newly built fire engine	500	0	365	-0.37%	365
Installation of new closed circuit television system	167	0	156	-0.07%	156
Establishment of District Disaster Management Centre	800	0	0	0	800

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

Building of Fire Engine

All the SCM processes were completed and a service provider was appointed. However, the chassis for the fire engine could only be delivered in September 2012 which delayed all other processes. This required the rollover of funds to the 2012/13 financial year.

Access Control System

All the SCM processes were completed and a service provider was appointed. However, the tendered amounts exceeded the amount budgeted. This required the rollover of funds to the 2012/13 financial year.

Special Projects 2012/13: Fire Fighting & Disaster Management Services					
R' 000					
Special Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	692	0	663	-0.04%	663
Review of District Disaster Management Plan	400	0	400	0	400
Volunteer Training	72	0	38	-0.90%	38
Contingency Fund	220	0	225	0.02%	225

Review of District Disaster Management Plan

The amounts tendered exceeded the budget. Due to this, the project was rolled over to the following year and the new budgeted amount was R551,000.

Volunteer Training

The volunteers trained are as follows:

Municipal area	Number of trainees
Dikgatlong	30
Magareng	0
Phokwane	0

Contingency Fund

The contingency funds are only utilised when a local municipality submits a request for assistance to destitute families within their jurisdiction. Assistance was given to destitute families to the amount of R 139,312 and is broken down per municipal area as follows:

Municipal area	Assistance provided (R)
Magareng	R 8,700
Dikgatlong	R 39,849
Phokwane	R 90,763

Corporate policy offices and other services

Executive and council

The governance system of the Frances Baard District Municipality is a mayoral executive system which comprises of Section 80 Committees (Finance, Policy & Institutional Development, Social Development, Infrastructure Development and Economic Development). Council is made up of 27 members - 11 female, 16 male.

The function of executive and council within the municipality is administered as follows and includes:

The Executive Mayor heads the municipality and fulfills this governance task in collaboration with the 26 councillors. 16 of these councillors represent the Category B municipalities in the district and 10 councillors were elected through proportional representation. The Mayoral Committee functions in a manner similar to that of a cabinet with its main function to ensure integration of the work of the Council across political portfolios and departments. The Speaker is a councillor elected as chairperson of the Municipal Council as per legislation and presides over the meetings of council. The Speaker also oversees the effective functioning of the council committee system.

The committees of Council meet on a monthly basis and formulate recommendations based on their portfolios.

The municipality has a mandate to:

- Provide a democratic and accountable government for local municipalities
- Ensure the provision of services to communities in a sustainable manner
- Promote social and economic development
- Promote a safe and healthy environment
- Encourage the involvement of communities and community organizations in the matters of local government

The district does not account for the provision of bulk electricity and water to category B municipalities as this falls in the jurisdiction of these municipalities as concluded in the Municipal Structures Act. The housing function is currently still in the jurisdiction of the Provincial Department of Cooperative Governance, Human Settlement and Traditional Affairs but will be transferred to the District Municipality.

Employees: The Executive and Council					
Job Level	2011/12		2012/13		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	0%
4 - 6	-	-	-	-	0%
7 - 9	5	3	3	-	0%
10 - 12	9	4	4	-	38%
13 - 15	3	1	1	-	0%
16 - 18	-	-	-	-	0%
19 - 20	-	-	-	-	0%
Total	17	8	8	-	0%

Financial Performance 2012/13: The Executive and Council					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1 763	3 318	3 318	3 318	0%
Expenditure:					
Employees	9 145	13 559	13 559	12 601	-8%
Repairs and Maintenance	29	114	114	28	-312%
Other*	3 439	5 823	5 556	3 674	-58%
Total Operational Expenditure	12 613	19 497	19 229	16 303	-20%
Net Operational Expenditure	10 851	16 179	15 911	12 985	-25%

HUMAN RESOURCE SERVICES

GOAL	OBJECTIVES	OUTCOME	
		Indicator	Target
To provide a fully effective Human Resources Management function to the District and support to local municipalities	To ensure Human Resources Management support to all departments at Frances Baard District Municipality by 2016	Each department managing independently with minimal hands on support	2016
	To ensure Human Resources Management support to all departments at Frances Baard District Municipality by 2016	Each local municipality managing independently and with minimal hands on support	2016

ACHIEVEMENTS

Support and assistance to the district on labour relations management

- Assisted Dikgatlong Municipality in drafting charge sheets for the two accused officials
- Conducted investigation on overtime claims and provided overtime roster for Magareng Municipality (1 overtime fraud)

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

- Presided over a misconduct case at Phokwane Municipality
- Assisted Magareng with selection, shortlisting and interviews for the positions of the Municipal Manager and Head: LED and Planning
- Provided advice to Dikgatlong, Magareng and Phokwane on the implementation of the wage curve collective agreement.
- Established sports and recreation under employee wellness where all employees and councilors are free to participate
- Advised and assisted with the calculation of section 56 managers packages exiting the system (Dikgatlong)

Support and assistance to the district on organisational development functions

- Fully functional performance management system for Section 56 Managers
- Functional and vibrant Local Labour Forum
- Admitted four employees under the Employee Wellness Programme (EAP)
- Piloted the PMS to non-section 57 employees
- Established a fully functional Occupational Health and Safety Committee (Meetings held on a quarterly basis).
- Developed 26 Human Resources policies, however 18 of which are still in a draft form
- All critical funded positions were filled; Municipal Manager's position was filled, effective 1 November 2012.
- Assisted three (3) local municipalities with recruitment and selection processes.
- 1 misconduct case – currently under review: Labour Court.
- 21 bursary beneficiaries
- Established a functional Training and Development Committee
- Developed an induction manual to improve on the recruitment and selection process
- Maintain and promoting a stable labour environment through healthy dialogue

Support and assistance to the district with sound human resources administration

- Conducted a workshop with all employees on the collective agreement on conditions of service for (Northern Cape division) the district.
- Advised all three local municipalities on interpretation and implementation of the collective agreement on conditions of service.
- Successfully upgraded our payroll and leave administration by introducing a new HR Premier Solution software

Support and assistance to the district with training and development

- There was 100% spending on the training budget.
- Workplace Skills Plan and the Annual Training Report was adopted by council on 26 June 2013 and submitted to Local Government Seta on the 28 June 2013.
- Assisted Phokwane, Magareng and Dikgatlong Municipalities with the development of the Workplace Skills Plan and the Annual Training Report.
- 100%% of employees and councillors received training (WSP).
- Eighteen (18) Local Economic Development internship programmes established, five (5) Finance internship programmes, two (2) IT internship programmes established, two (2) Internal Audit internships programmes and three (3) Performance Management internships created and filled

Employees: Human Resource Services					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	0%
4 - 6	-	-	-	-	0%
7 - 9	-	-	-	-	0%
10 - 12	4	4	3	1	0%
13 - 15	1	1	1	-	0%
16 - 18	-	-	-	-	0%
19 - 20	-	-	-	-	0%
Total	5	5	4	1	20%

Financial Performance 2012/3: Human Resource Services					
R'000					
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees	1 637	1 825	1 825	1 503	-21%
Repairs and Maintenance	-	-	-	-	-
Other*	1 808	2 447	2 447	1 967	-24%
Total Operational Expenditure	3 445	4 272	4 272	3 470	-23%
Net Operational Expenditure	3 445	4 272	4 272	3 470	-23%

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Goal	Objectives	Outcome	
		Indicator	Target
Render an effective and efficient Information Technology support in the District	To increase and improve ICT infrastructure accessibility by 50 % in three (3) Municipalities by 2016	Improved ICT Infrastructure accessibility	80%
	To implement the Disaster Recovery Plan by ensuring 100% ICT connectivity in three (3) Local Municipalities by 2016	Disaster Recovery Plan implemented	100%

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

ACHIEVEMENTS

Conducive ICT environment that enables service delivery

The upgrade of the ICT security firewall

- The security firewall provides Frances Baard District Municipality with a flexible internet gateway to prevent unauthorised external users from admission to the municipality's private networks. The Firewall scans each and every message that passes through the network and those that fail to meet certain security criteria are denied access.

Re-hosting of the E-venus financial system

The Evenus migration process is a very important and complex process that will give the Frances Baard District Municipality the advantage to have an effective and efficient Disaster Recovery Plan of the Financial System. The E-venus Financial System was migrated from a stand-alone environment to a much better operating environment (Disaster Recovery Plan platform).

Electrical power alteration

The electrical supply to the ICT Datacenter (Server Room) was to be separated from the electricity supply of the main building; ICT Unit has achieved the redundant and constant electrical power supply to both the ICT Server Room and the main building.

Facilitate and support the creation of a conducive ICT Environment in the Local Municipalities.

The District municipality as stipulated in the Local Government: Municipal Structures Act 117 of 1998; Section 88 Co-operation between district and local municipalities (1) A District municipality and the local municipalities within the area of that district municipality must co-operate with one another by assisting and supporting each other. (2)(a) A district municipality on request by a local municipality within its area may provide financial, technical and administrative support services to that local municipality to the extent that that district municipality has the capacity to provide those support services.

FBDM has put in place call logging forms to assist in structuring the support at Magareng local municipality.

The following issues have been resolved at Magareng local municipality;

- Virus attacks on general ICT systems
- Connectivity issues have been improved amongst local users and remote offices.
- The main link between FBDM and Magareng has been restored to better bandwidth capabilities.
- The ICT Server Room has been established to host all critical ICT systems
- Communication has been improved between FBDM and Magareng local municipality.

FBDM will still continue to provide ICT support and advice to fully implement strategies to improve its ICT environment.

Enhancement of the ICT Disaster Recovery Plan

FBDM has enhanced the current ICT Disaster Recovery platform to a much efficient Disaster Recovery Plan. The enhancement of the ICT DRP will assist the FBDM to perform automated data backup and the automated data recovery thus minimizing the down time after disaster had occurred.

FBDM will automatically replicate data to its remote site (Sol Plaatje Local Municipality), and all FBDM operational Servers will be virtualized live to into a DRP platform.

- Data Replication refers to the process of representing database objects at more than one distinct site. High-availability data replication provides synchronous data replication for Dynamic Server.
- Server virtualization has produced many benefits for IT departments because it allows for better operational control, lowering of existing cost, and better scaling than we have ever had before. Server virtualization brings to IT operations, as well as the infrastructure improvements that we also gain by virtualizing our networking, storage, and server platforms.

Employees: ICT Services					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	0%
4 - 6	-	-	-	-	0%
7 - 9	-	-	-	-	0%
10 - 12	2	2	2	-	0%
13 - 15	1	1	1	-	0%
16 - 18	-	-	-	-	0%
19 - 20	-	-	-	-	0%
Total	3	3	3	-	0%

Financial Performance 2012/13: ICT Services					
					R'000
Details	2011/12	2012/13			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees	1 132	1 377	1 377	1 319	-4%
Repairs and Maintenance	1 167	1 461	1 461	1 217	-20%
Other*	1 228	1 830	1 990	1 154	-59%
Total Operational Expenditure	3 527	4 668	4 828	3 689	-27%
Net Operational Expenditure	3 527	4 668	4 828	3 689	-27%

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

Capital Expenditure 2012/13: ICT Services					
					R' 000
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	415	0	309	-0.34	309
E-venus re-hosting	160	0	159	-0.01%	159
Electrical power alteration	150	0	62	-1.42%	62
Upgrade of the ICT Firewall	105	0	88	-0.19%	88

Special Projects 2012/13: ICT Services					
					R' 000
Special Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	180	0	150	-0.2%	150
Development of the ICT Governance Framework	180	0	150	-0.2%	150

Development of the ICT Governance Framework

Information Technology (IT) in all its forms have become essential to manage the transactions, information and knowledge necessary to ensure that citizens' demand for service delivery and administrative and operational efficiencies are met. IT is so pervasive that it is essential for Frances Baard District Municipality to ensure that the function delivers its intended benefits, that risks are managed and that its resources are managed efficiently.

Financial services

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

BUDGET & TREASURY, REVENUE & EXPENDITURE AND SUPPLY CHAIN MANAGEMENT

Goal	Objectives	Outcome	
		Indicator	Target
To provide an effective and efficient financial management service in respect of Council's assets, liabilities, revenue and expenditure in a sustained manner to maximize the district municipality's development role	Ensure Long term financial sustainability	Sound financial management according to best practices	100% Compliance
	Ensure full compliance with all accounting statutory and legislative requirements	Compliance with legislation and related guidelines from NT	100% Compliance
	Ensure effective debt collection and implementation of revenue generating strategies	Maximize debt collection and revenue generation strategies	100% collection rate on grants and other sundry
	Ensure the proper management of cash resources to meet financial liabilities	Effective and efficient management of council's available resources	100% Effectiveness
	Provide financial management support to four local municipalities	Financially sound and self- sustained local municipalities	100% as per need requirements

Employees: Financial Services					
Job Level	2011/12	2012/13			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	-	-	-	-	0%
4 - 6	-	-	-	-	0%
7 - 9	4	5	5	-	0%
10 - 12	8	10	8	2	0%
13 - 15	4	3	3	-	0%
16 - 18	-	1	1	-	0%
19 - 20	-	1	1	-	0%
Total	16	20	18	2	10%

Financial Performance 2012/13: Financial Services					
					R'000
Details	2011/12	2012/13			
	Actual	Original Budget	“Adjustment Budget”	Actual	Variance to Budget
Total Operational Revenue	74 972	79 897	81 276	81 983	3%
Expenditure:					
Employees	6 805	7 505	7 505	7 218	-4%
Repairs and Maintenance	633	1 003	1 053	649	-54%
Other*	10 242	9 794	11 019	7 493	-31%
Total Operational Expenditure	17 680	18 302	19 577	16 174	-13%
Net Operational Expenditure	(57 292)	(61 595)	(61 699)	(65 809)	6%

Organisational Performance Scorecard

FRANCES BAARD DISTRICT MUNICIPALITY										
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2012/13										
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2012 TO 30 JUNE 2013)										
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)		Baseline	Unit of Measure	Verification POE	Annual Target (4th Qtr.)	Actual Performance	% Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
	1. SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.									
1.1 Improved access to sustainable basic services in the district.										
1	Percentage support in project identification, prioritisation and implementation.		% / Ongoing 0 / New	Number of Project Lists (LW's)	Projects Funded (Council)	100% Completion	100.0%	0.0%	n/a	n/a
2	Percentage support in the provision of potable water to households in the District.		97,4% of Households	Amount spent % Progress	Quarterly Project Reports	99% of Households R 5,840,000	72.0%	-27.0%	The negative score for this KPI derived from the inability of Magereng local municipality to appoint a suitable service provider/contractor despite the technical support and assistance from FBDM's technical staff.	The Director: Infrastructure Services has engaged with senior managers in the local municipality of Magereng in writing to highlight the importance of getting the project off the ground. However, approval was later obtained from the FBDM Council for the roll-over of funding to the next financial year (2013/14) to at least ensure the successful completion of the project.
3	Percentage support in the provision of sanitation facilities to all households in the District.		88,6% of Households	Amount spent % Progress	Quarterly Project Reports	90% of Households R 3,730,000	89.0%	-0.1%	Soi Plaatie local municipality did not fully spend the funding allocated to the municipality by FBDM pertaining to the current phases of the water and sanitation projects and hence a small under-performance was recorded for the 2012/13 financial year.	The next phases of the water and sanitation projects in Soi Plaatie local municipality will be completed in the next financial year (2013/14) with some other external funding secured by the municipality in this regard.
4	Percentage support in the provision of electricity to households in the District.		78,3% of Households	Amount spent % Progress	Quarterly Project Reports	85% of Households R 1,800,000	80.0%	-0.5%	The negative score for this KPI derived from the very late appointment of a service provider for the electricity master plan project in Phokwane local municipality due to slow internal decision making within the local municipality.	Supportive engagements of the Department: Infrastructure Services and hands-on assistance of the technical team of FBDM resulted into the appointment of a service provider in Magereng local municipality and the roll-over of funds in order to ensure the project to be completed early in the next financial year (2013/14).
5	Percentage support in the provision of streets and stormwater drainage to households in the District.		Paved/290 km Unpaved/218 km	Amount spent % Progress	Quarterly Reports/On-site measurements	100% R 7,930,000	115.0%	+15.0%	The timely appointment of service providers and the efficient technical support and assistance from FBDM officials resulted in better than expected progress and quality of work for the 2012/13 financial year.	n/a
6	Percentage support to local municipalities in connection with infrastructure maintenance.		65,06%	Amount spent % Progress	Quarterly Reports/On-site measurements	80% Average R 8,300,000	96.0%	-0.4%	The maintenance work identified and applied for by local municipalities has been completed fully in terms of quantity and quality and the relatively small negative score resulted only from payments not being claimed by the local municipalities involved.	n/a
: INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD Deviation = 0% (Target Reached) Positive Deviation = + % Full Compliance: 0% Deviation Under-Performance: -% Deviation Over-Performance: +% Deviation										

FRANCES BAARD DISTRICT MUNICIPALITY									
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2012/13									
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2012 TO 30 JUNE 2013)					ANNUAL PERFORMANCE REPORT FOR 2012/13 (4th quarter)				
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)	Baseline	Unit of Measure	Verification		Actual Performance	% Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
				Measure	PoE				
1. SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.									
1.1 Facilitation of sustainable human settlements in the district.									
7	Number of households facilitated in the reduction of the housing backlog.	2 533	Completed Households	Monthly Reports Applications	305	305/100.0%	0.0%	n/a	n/a
8	Number of households with access to basic services in informal settlements.	3 533	Households serviced	Monthly Reports Households serviced	305	305/100.0%	0.0%	n/a	n/a
9	Percentage / Ha. of land identified and acquired for the establishment of human settlements in the district.	0	% of Facilitation Process	Quarterly Reports	40 Ha. / 100%	235.00%	+135.0%	More than double the portion of land has been identified and applied for than was aimed and targeted for, due to extensive and persistent efforts from the staff and management of the housing unit and hence a remarkable over-performance was achieved for this KPI.	n/a
2. LOCAL ECONOMIC DEVELOPMENT (LED)									
2.1 Facilitation of growth and diversification of the district economy.									
10	Number of projects per sector facilitated.	Completed Feasibility Study	% Progress	Quarterly Reports	10 Projects = 100%	100.0%	0.0%	n/a	n/a
11	Percentage support and facilitation of SMIME programmes.	2011 Expo	% Progress	Quarterly Reports	100% = 4 Programmes	100.0%	0.0%	n/a	n/a
12	Percentage/number of SMIME sector incentives developed.	0	Number / %	Quarterly Reports	3 Policies = 100%	100.0%	0.0%	n/a	n/a
13	Percentage support and number of EPMP projects facilitated in the district.	0	Number / %	Quarterly Reports	5 Projects = 100% = 125 jobs	100.0%	0.0%	n/a	n/a
14	Percentage support to emerging farmers and small miners.	Identified Coordination	%	Quarterly Reports	100%	100.0%	0.0%	n/a	n/a
: INDICATOR NOT MEASURED/ NOT TARGET FOR MEASUREMENT PERIOD					Deviation = 0% (Target Reached)		Under-Performance: -% Deviation		Over-Performance: +% Deviation
					Full Compliance: 0% Deviation				

FRANCES BAARD DISTRICT MUNICIPALITY										
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2012/13										
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2012 TO 30 JUNE 2013)					ANNUAL PERFORMANCE REPORT FOR 2012/13 (4th quarter)					
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)	Baseline	Unit of Measure	Verification		Actual Performance	% Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS	
				POE	Annual Target (4th Qtr)					
2. LOCAL ECONOMIC DEVELOPMENT (LED) CONTINUEDA1										
2.2 Development of a vibrant tourism sector economy.										
15	Percentage support in the development of tourism in the I/M's of the district.	3 Info Centres	% Compliance	Quarterly reports	4 Info Centres = 100%	105.0%	+05.0%	Tourism interns were trained and stationed in two of the local municipalities in the district (Sol Plaatje and Phokwane). Besides additional internal training the tourism unit also assisted and supported the interns and the local municipalities to an extent where the targets for the tourism projects were reached before the end of the set timeframes.	n/a	
16	Percentage facilitation in the establishment of strategic tourism partnerships in FBDM as identified.	0%	% Achieved	Quarterly reports	100% of identified partnerships	105.0%	+05.0%	A number of additional tourism meetings and work sessions were convened with tourism stakeholders in the district and more engagements were made in terms of tourism plans and projects. These efforts resulted in targets being reached before the set due dates.	n/a	
17	Percentage support in capacity building for tourism development in I/M's of the district.	0%	% Functionality	Quarterly reports	3 Tourism Ass. Functional	105.0%	+05.0%	Additional engagements and practical support to local municipalities in the district and extensive information sharing improved to such an extent that projects under this indicator were completed before the actual target dates without sacrificing on the quality of tourism capacity building in the district.	n/a	
3. MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.										
3.1 Environmental health management.										
18	Percentage improvement of municipal health services.	800 Activities completed	% = Activities	Quarterly reports	3% Impr. = (120 Activ. = 100%)	120 = 100.0%	0.0%	n/a	n/a	
19	Percentage improvement of environmental planning and management.	1 Strategy	% = Activities	Quarterly reports	3% Improvement = 16 Programmes	16 = 100.0%	0.0%	n/a	n/a	
: INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %										
Full Compliance: 0% Deviation					Under-Performance: -% Deviation					Over-Performance: +% Deviation

FRANCES BAARD DISTRICT MUNICIPALITY											
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2012/13											
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2012 TO 30 JUNE 2013)											
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)	Baseline	Unit of Measure	Verification		Annual Target (4th Qtr)	Actual Performance	% Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS	
				PoE	PoE						
3.2 Disaster Management.											
20	Percentage disaster management capacity building in 3 local municipalities of the district.	Current Conditions	% Compliance with D/M Plan	Monthly reports	30%	30.0%	0.0%	n/a	n/a		
21	Percentage development of a response recovery strategy for the District.	0%	% Compliance	Quarterly reports	100%	100.0%	0.0%	n/a	n/a		
22	Percentage implementation of response recovery mechanisms in 3 local municipalities of the district.	0%	% Compliance	Quarterly reports	100%	125.0%	+25.0%	The targets in terms of spending on response recovery mechanisms as well as actual involvement in alleviating the negative impact of field fires on the communities, surpassed all set targets for the disaster management unit significantly during the course of the 2012/13 financial year. Additional efforts to obtain supplementary funding resulted in more and better assistance and support to communities recovering from the devastating damages caused by field fires. These actions and activities contributed to an appreciable over-performance in this area of service delivery.	n/a		
23	Percentage increase in fire fighting capacity for 3 local municipalities in the District.	Current Conditions	% Compliance with D/M Plan	Monthly reports	30%	40.0%	+10.0%	The performance in this area closely links to the activities and actions in the previous indicator, but also included the roping in of outside fire-fighting teams from Douglas, Hartswater and as far as Bloemfontein. FBDM also coordinated the supporting teams from the South African Police Force and the Defence Force. These extraordinary efforts from FBDM resulted in an over-performance in this area of service delivery.	n/a		
24	Percentage upgrading of improved security systems in FBDM.	0%	% Compliance	Quarterly reports	100%	115.0%	+15.0%	The entire planning, procurement and tendering processes were completed during the previous financial year which left only the roll-out and implementation of the project for the current financial year, hence an over-performance was recorded in terms of the target date for completion of the project. The second phase of private security also started and contributed further to an over-performance in this area of municipal operations. More than 20 security cameras were installed additionally within the set time frame due to over-time involvement of the responsible officials.	n/a		
				Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %		Full Compliance: 0% Deviation		Under-Performance: - % Deviation		Over-Performance: + % Deviation	

FRANCES BAARD DISTRICT MUNICIPALITY											
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2012/13											
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2012 TO 30 JUNE 2013)					ANNUAL PERFORMANCE REPORT FOR 2012/13 (4th quarter)						
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)			Unit of Measure	Verification PoE	Annual Target (4th Qtr.)	Actual Performance	% Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS	
	Baseline										
3. MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION CONTINUED											
3.3 Human Resource Development.											
25	Percentage compliance with HR requirements at FBDM.			0%	Quarterly reports	100%	100.0%	0.0%	n/a	n/a	
26	Percentage compliance with HR capacity building requirements in the FBDM District.			0%	Quarterly reports	100%	100.0%	0.0%	n/a	n/a	
3.4 Records Management.											
27	Percentage compliance with the National Archives Act in FBDM and L/M's in the district for the 2012/13 financial year.			75%	Quarterly reports	80%	84.0%	+04.0%	The completion of an archive manual, the record management policy and the updating of filing and disposal plans before the due dates resulted in an over-performance in this particular area of service delivery at the district municipality.	n/a	
28	Percentage of an effective and cost-efficient office support function rendered to FBDM for 2012/13.			80%	Quarterly reports	90%	90.0%	0.0%	n/a	n/a	
29	Percentage maintenance rendered to FBDM buildings for the 2012/13 financial year.			80%	Maintenance Reports	90%	95.0%	+05.0%	Progress on maintenance work at the new council building was more than was originally planned for. The steel construction at the front of the building was additionally painted and the garden in front of the building was re-organised in addition to the planned maintenance work and therefore an over-performance was measured for the past financial year. The appointment of a facotum added further value to the maintenance of the buildings as expenditure and response time decreased significantly.	n/a	
: INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD					Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %		Full Compliance: 0% Deviation		Under-Performance: - % Deviation		Over-Performance: + % Deviation

FRANCES BAARD DISTRICT MUNICIPALITY										
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2012/13										
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2012 TO 30 JUNE 2013)					ANNUAL PERFORMANCE REPORT FOR 2012/13 (4th quarter)					
KPA'S	Key Performance Indicators (KPI's)	Baseline	Unit of Measure	Verification PoE	Annual Target (4th Qtr.)	Actual Performance	% Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS	
SUB KPA'S										
3. MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION CONTINUED										
3.5 Information Communication Technology (ICT).										
30	Percentage accessibility to improved ICT infrastructure in FBDM and 3 local municipalities of the district in the 2012/13 f/y.	60%	% Improved accessibility	Quarterly reports on accessibility	80%	82.0%	+02.0%	Two IT technicians and one intern were seconded to Magareng local municipality for a period of 6 months (two days per week) to assist and support the municipality with its IT network. Consequently, the IT accessibility of the local municipality improved and some of the set targets were reached even before the end of the financial year.	n/a	
31	Percentage implementation of the ICT Disaster Recovery Plan in FBDM and 3 L/M's for the 2012/13 financial year.	0	% Compliance	Quarterly reports	30%	50.0%	+20.0%	More training than was originally scheduled and even to more staff as was planned for were done on Corbit 5 and I-TII due to effective planning and additional efforts by the officials involved. The policy for risk recovery was also submitted and adopted earlier than the set target date and consequently IT information was secured before any losses could have been occurred. Furthermore, the 10 ICT matters mentioned by the Auditor-General during the previous audit were brought down to only 2 issues remaining, which recorded improvements far beyond the set targets for the financial year.	n/a	
3.6 Integrated Development Planning (IDP).										
32	Percentage facilitation of IDP processes in the district for the 2012/13 f/y in compliance with legislation and policies.	5 / 100%	% Credible IDP processes completed	Quarterly reports / Process Plans	5 / 100%	100.0%	0.0%	n/a	n/a	
33	Percentage of 5 IDP's in the district reviewed for the 2012/13 financial year.	5 / 100%	% of IDP reviews completed	Quarterly reports / Process Plans	5 / 100%	100.0%	0.0%	n/a	n/a	
34	Percentage facilitation for the review of sector plans in the district for 2012/13 f/y in terms of legislation.	14 Sector Plans	% Progress	Quarterly reports Reviewed Sector Plans	2 / 100%	100.0%	0.0%	n/a	n/a	
3.7 Performance Management (PMS).										
35	Percentage compliance with the implementation of a fully compliant performance management system in FBDM for the 2012/13 financial year.	100%	% Compliance	Quarterly reports and appraisals	100%	100.0%	0.0%	n/a	n/a	
36	Percentage performance management support and capacity building in 3 L/M's within the district for the 2012/13 financial year.	100%	% Requests addressed	Quarterly reports	100%	100.0%	0.0%	n/a	n/a	
				Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %		Full Compliance: 0% Deviation		Under-Performance: - % Deviation		Over-Performance: + % Deviation

FRANCES BAARD DISTRICT MUNICIPALITY										
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2012/13										
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2012 TO 30 JUNE 2013)					ANNUAL PERFORMANCE REPORT FOR 2012/13 (4th quarter)					
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)	Baseline	Unit of Measure	Verification		Annual Target (4th Qtr)	Actual Performance	% Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
				PoE						
3. MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION CONTINUED										
3.8 Town and Regional Planning.										
37	Percentage facilitation of development control / land-use management of urban areas in the district for the 2012/13 financial year.	12	% Support requested	Monthly reports / Approved Applications	100% of new Applications	110.0%	+10.0%	The department of planning and development of the district municipality has done more than just facilitating town planning and land-use management in the local municipalities, by also got involved with the operational implementation of township establishments in two of the local municipalities (Dlegatong & Phokwane). The lands on assistance from FBDM officials enabled the two local municipalities to address existing backlogs which were outstanding for many years and that in turn resulted in an over-performance in this area of municipal support and assistance to local municipalities in the district.	n/a	
38	Percentage implementation and review of Spatial Development Plans in Local Municipalities of the district.	4	% Support requested	Monthly reports	100% of new Applications	110.0%	+10.0%		n/a	
39	Percentage facilitation of township establishment in local municipalities for the 2012/13 financial year.	1-Approved layout plan	% Completed	Monthly & Quarterly reports	100%	110.0%	+10.0%		n/a	
3.9 Geographical Information System (GIS).										
40	Percentage completion of phase 2 of the corporate GIS project for integrated shared services in the district for the 2012/13 financial year.	Phase 1 completed	Completed activities % Completion	Quarterly Reports	100%	120.0%	+20%	The GIS unit succeeded in successfully completed phase 2 of the corporate GIS project despite serious time constraints and delays with the appointment of a suitable and capable service provider. The additional and persistent efforts of the GIS unit and the sustainable support from management in the department of planning and development resulted in this project to be completed within the set timeframe and with outstanding qualitative results.	n/a	
	INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD		Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %			Full Compliance: 0% Deviation		Under-Performance: - % Deviation	Over-Performance: + % Deviation	

FRANCES BAARD DISTRICT MUNICIPALITY											
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2012/13											
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2012 TO 30 JUNE 2013)					ANNUAL PERFORMANCE REPORT FOR 2012/13 (4th quarter)						
KPA'S SUB KPA'S	Key Performance Indicators (KPI's)	Baseline	Unit of Measure	Verification		Annual Target (4th Qtr)	Actual Performance	% Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS	
				PoE	PoE						
3. MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION CONTINUED											
3.9 Geographical Information System (GIS).											
41	Percentage implementation of 1 GIS brochure for the 2012/13 financial year.	0%	% Compliance	Quarterly reports	100%	120.0%		+20%	The GIS unit surpassed the targets of providing reliable spatial information to local municipalities and assisted even with the practical application of information on the ground which resulted in an appreciable over-performance in this area of municipal operations.	n/a	
4. GOOD GOVERNANCE AND PUBLIC PARTICIPATION.											
4.1 Communication.											
42	Number of communication projects implemented in order to sustain a positive public opinion about service delivery in the district.	0	Number activities completed (%)	Monthly Quarterly Reports	8 Projects completed 100%	100.0%		0.0%	n/a	n/a	
43	Number of communication programmes facilitated to improve on a "one message" approach in the district.	15	Number activities completed (%)	Quarterly /A reports	21	102.0%		+02.0%	The involvement and efforts of FBDM officials to assist local municipalities in their public participation processes, especially the inputs pertaining to the integrated development planning processes contributed mainly to the over-performance in this area of municipal operations.	n/a	
44	Percentage completion and implementation of the support plan for staff morale and motivation.	0	%	Quarterly surveys and reports	1 = 100%	75.0%		-25.0%	The under-performance in this project derived from delays in the completion of the municipal internal/external survey which could not be finalised on time due to poor responses from municipal staff and the external bodies involved. The administrative procedures and processes which the unit had to comply with further complicated and delayed progress to such an extent that the project was not fully completed during the 2012/13 financial year.	Concerted efforts from the communications unit and the office of the municipal manager resulted in better inputs and feedback from participants and consequently the final completion of a more credible survey. The office of the municipal manager also managed to arrange a team-building session which proved to have been quite successful and well appreciated by staff members of the municipality. Implementation of the support plan has been rolled-over to the next financial year (2013/14).	
: INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD					Deviation = 0% (Target Reached) Positive Deviation = + %		Full Compliance: 0% Deviation		Under-Performance: - % Deviation		Over-Performance: + % Deviation

FRANCES BAARD DISTRICT MUNICIPALITY										
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2012/13										
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2012 TO 30 JUNE 2013)					ANNUAL PERFORMANCE REPORT - 2012/13 (4th quarter)					
KPA'S	Key Performance Indicators (KPI's)	Baseline	Unit of Measure	Verification	Annual Target (4th Qtr.)	Actual Performance	% Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS	
SUB KPA'S										PoE
4. GOOD GOVERNANCE AND PUBLIC PARTICIPATION CONTINUED										
4.2 Internal Audit.										
	45	Percentage assistance and guidance regarding internal risk management processes in FBDM 2012/13.	0%	Monthly activities processed	Monthly statements and Reports	100%	95.0%	-05.0%		
	46	Percentage compliance with internal audit plan for 2012/13 financial year in terms of financial compliance, reliability, effectiveness and safeguarding of assets in FBDM and Local Municipalities.	0%	Monthly / Quarterly /IA activities	Monthly / Quarterly /IA reports	100%	95.0%	-05.0%	The main reason for the under-performance in this area was the limited human capacity in the internal audit unit and the consequential delays with the appointment of a suitable service provider.	
	47	Percentage compliance with the approved internal audit plan in terms of shared services and capacity building in local municipalities.	0%	Monthly / Quarterly /IA reports completed	Monthly / Quarterly /IA reports - Outcomes	100%	95.0%	-05.0%	A specialist service provider was appointed and with its assistance and support the unit managed to comply with most of the targets as set out in the approved internal audit plan for the 2012/13 financial year.	
5. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT.										
	48	Percentage implementation of sound financial practices.	0%	% Compliance	Month /Quarter reports	100%	100.0%	0.0%	n/a	
	49	Percentage compliance with all financial legislation and related guidelines from National Treasury.	0%	% Compliance	Month /Quarter reports	100%	100.0%	0.0%	n/a	
	50	Percentage compliance with the requirements for debt and revenue generation. (Grants)	0%	% Compliance	Month /Quarter reports	100%	100.0%	0.0%	n/a	
	51	Percentage compliance with the effective management of Council's financial resources.	0%	% Compliance	Month /Quarter reports	100%	100.0%	0.0%	n/a	
	52	Percentage compliance with the requirements for sound financial self-sustained local municipalities in the district.	0%	% Compliance	Month /Quarter reports	100%	100.0%	0.0%	n/a	
	: INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD				Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - %		Full Compliance: 0% Deviation		Under-Performance: - % Deviation	Over-Performance: + % Deviation

SUMMARY OF THE ANNUAL MUNICIPAL PERFORMANCE: 01 JULY 2012 - 30 JUNE 2013		
High Level Targets as per SDBIP for 2012/13: (Number-Measured)	52	100%
1. Targets Achieved	26	50,0%
2. Targets Not Achieved	8	15,4%
3. Targets Exceeded	18	34,6%

Chapter 4

Organisational Development Performance

Introduction

Frances Baard District Municipality is constantly reviewing its policies and human resource management processes. This is through the review of the human resources strategy and integrated institutional development plan. The strategy and plan both constitute a bedrock for a formidable human resource management function.

The municipality is amongst the leading municipalities in the country that ensures that its employees are equipped through education and training. More than 1% of the council budget for the 2012/13 financial year has been dedicated for skills development. To this end Council has taken a conscious decision to capacitate all its new councillors in order to enable them to provide the kind of leadership that would propel the municipality in the realisation of its developmental mandate. Consequently councillor capacity building is catered for in a separate vote in the budget solely for purpose of skills development.

Employees					
Description	2011/12	2012/13			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Housing Services	6	13	8	1	12.5%
Programme Management & Advisory Services	6	7	7	0	0%
Town & Regional Planning Services	2	4	3	1	33%
Geographic Information System Services	2	2	2	0	0%
Local Economic Development Services	7	23	23	3	13%
Environmental Health Services	4	4	4	0	0%
Fire Fighting & Disaster Management	11	11	10	1	10%
Executive & Council	13	27	27	0	0%
Human Resource Services	5	5	4	1	25%
ICT Services	3	5	5	1	20%
Financial Services	14	27	26	2	8%
Totals	75	128	118	10	8.47%

Vacancy Rate: 2012/13			
Designations	Total Approved Posts	Vacancies (Total time that vacancies exist using fulltime equivalents)	Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 Managers (excluding Finance Posts)	3	0	0%
Other S57 Managers (Finance posts)	0	0	0%
Senior management: Levels 13-15 (excluding Finance Posts)	16	0	0%
Senior management: Levels 13-15 (Finance posts)	4	0	0%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	23	2	8.69%
Highly skilled supervision: levels 9-12 (Finance posts)	6	2	33.33%
Total	54	4	7.40%

Within three months after the position became vacant the recruitment and selection process started, which was headed by the then Executive Mayor. Due to the end of term of office he could not retain his position as mayor and the new administration came in after 18 May 2011. After the inauguration of the new council the new Executive Mayor headed the process of appointing a new municipal manager. The municipal manager was appointed in November 2012.

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate
	No.	No.	
2010/11	19	9	47.37%
2011/12	31	7	22.58%
2012/13	30	13	43.33%

In 2008, the municipality developed and approved a staff retention policy. The intention of the policy was to retain talent. The policy had several interventions, amongst others are study bursaries, performance appraisals to non section 57 employees, Skills development and employee wellness programme.

Through the study bursary the municipality wanted to improve skills profile of the municipality, while on the other hand improving employee skills levels, with a condition that for every year of study the bursary holder is obliged to work a year in.

Employee wellness through sports and other recreation initiatives has proved to be a good choice for the municipality.

Managing the municipal workforce

According to the National Treasury Norm of 35% on Personnel Budget which serves as a Framework/Guideline for Municipalities to implement in order to assist / or curb over spending on the Workforce Budget.

During 2012/2013, FBDM had exceeded the norm by 10%. This 45% includes among others the remuneration of both Councillors and Officials (R44 582 776.51)

The over-expenditure on the workforce budget could be attributed to the appointment of field-workers for the Housing Unit (Department: Infrastructure Services) as well as a 6.5% 01 July 2012 and 0.5% 01 January 2013 Annual Increase for 2011/2012 financial year.

The Workforce Expenditure for 2013/2014 currently stands at R53 176 970.00 (44%) for councillors and officials.

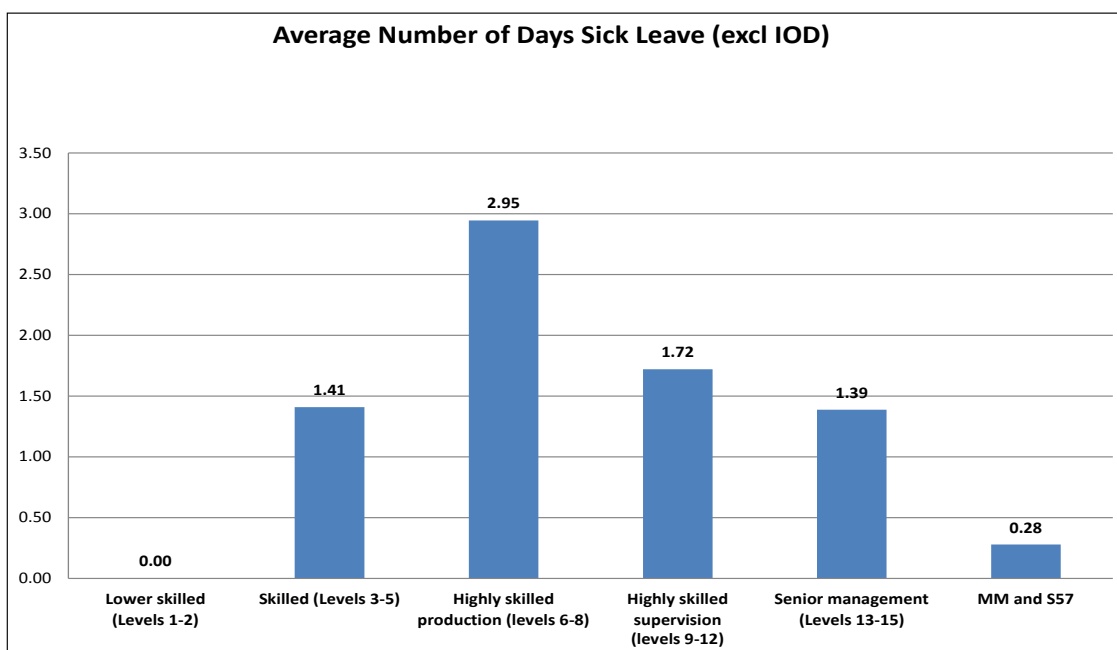
HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
In this financial year 8 policies were developed and reviewed, however they were not approved by Council.				
1	Employee Assistance / Wellness	n/a	n/a	Review process
2	HIV/Aids	n/a	n/a	Draft
3	Human Resource and Development	n/a	n/a	Draft
4	Job Evaluation	n/a	n/a	Draft
5	Occupational Health and Safety	n/a	n/a	Review process
6	Smoking	n/a	n/a	Review process
7	Succession Planning and retention policy	n/a	n/a	Review process
8	Attendance & Punctuality Policy	n/a	n/a	Draft
9	Relocation Policy	n/a	n/a	Draft

The district municipality has a Policy Technical Committee that is chaired by the municipal manager. The purpose of the committee is to finalise the draft policies before they go to Council for adoption. The vacancy of the municipal manager position delayed the process for a long period, resulting in the inability to finalise policies for adoption.

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
Required basic medical attention only	11	4	None	None	R 3,502
Temporary total disablement	None	None	None	None	None
Permanent disablement	None	None	None	None	None
Fatal	None	None	None	None	None
Total	11	4	3.1%	None	R 3,502

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 %	Employees using sick leave No.	Total employees in post No.	Average sick leave per Employees Days	Estimated cost R' 000
Lower skilled (Levels 1-2)	0	0%	0	0	0.00	0
Skilled (Levels 3-5)	207	18.07%	15	15	1.41	95
Highly skilled production (levels 6-8)	433	33.42%	58	73	2.95	166
Highly skilled supervision (levels 9-12)	253	42.03%	29	33	1.72	309
Senior management (Levels 13-15)	204	29%	17	21	1.39	201
MM and S57	41	37%	3	5	0.28	116
Total	1 138	63.50%	122	147	7.74	889



The Municipality has fewer than 5% injury on duty sick leave. Through our safety representatives being part of the health and safety committee, employees are constantly educated about working in a healthy and safe environment. We use outside doctors for examination of health and safety related illnesses. All injury on duty records are maintained and kept at the human resources offices for safety. The sick leave for injury on duty is less used by employees. The fact that there is less than 5% injury on duty incidents is an indication that we take caution and on the other hand minimise injuries on duty

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
IT Intern	Misconduct	26/03/2013	Case was finalised the employee was dismissed	15/05/ 2013
Disaster Satellite Officer	Misconduct	Not suspended	The recommendation of the presiding officer was that the employee be referred for counselling and rehabilitation under the employers' employee wellness programme.	15/06/2013

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	none	None	n/a

There was no financial misconduct and no suspensions during this period, being 2012/2013 financial year.

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2011/12 R' 000	Proportion of beneficiaries within group %
MM and S57	Female	1	1	74 363.00	22.7%
	Male	3	3	223 089.00	77.3%
Total					
Has the statutory municipal calculator been used as part of the evaluation process ?					Yes

Expenditure on rewards was paid out in June 2013 for the 2011/12 financial year. Payment of 2012/13 rewards will be done in 2013/14.

Capacitating the municipal workforce

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2013	Number of skilled employees required and actual as at 30 June 2013											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
No.	Actual: End of 2011/12	Actual: End of 2012/13	Target	Actual: End of 2011/12	Actual: End of 2012/13	Target	Actual: End of 2011/12	Actual: End of 2012/13	Target	Actual: End of 2011/12	Actual: End of 2012/13	Target	Target	
MM and s57	Female	2	0	0	100%	1	2	2	1	0	0	1	2	2
	Male	3	0	0	100%	2	3	3	3	0	0	3	3	3
Councillors, senior officials and managers	Female	17	4	0	100%	16	3	3	16	7	17	16	17	17
	Male	31	5	0	100%	28	3	3	28	15	31	28	31	31
Technicians and associate professionals*	Female	1	0	0	100%	1	1	1	1	0	1	1	1	1
	Male	3	0	0	100%	2	3	3	3	0	3	3	3	3
Professionals	Female	12	0	0	100%	8	7	8	12	0	12	12	12	12
	Male	17	0	0	100%	9	4	6	12	0	17	13	17	17
Sub total	Female	31	4	0	100%	26	0	0	30	0	31	30	31	31
	Male	47	5	0	100%	41	0	0	46	0	47	47	47	47
Total		164	18	0		134	26	29	152	22	159	154	164	164

*Registered with professional Associate Body e.g CA (SA)

Frances Baard District Municipality took a conscious decision to invest in training and development for employees and councillors. This is an attempt to enable both councillors and employees to deliver to the expectation of the communities. This initiative will be done jointly with other training and development institutions e.g. LGseta, SALGA and institutions of higher learning. A further increase in the budget for training and development is an indication of the commitment shown by Council in investing in education and training.

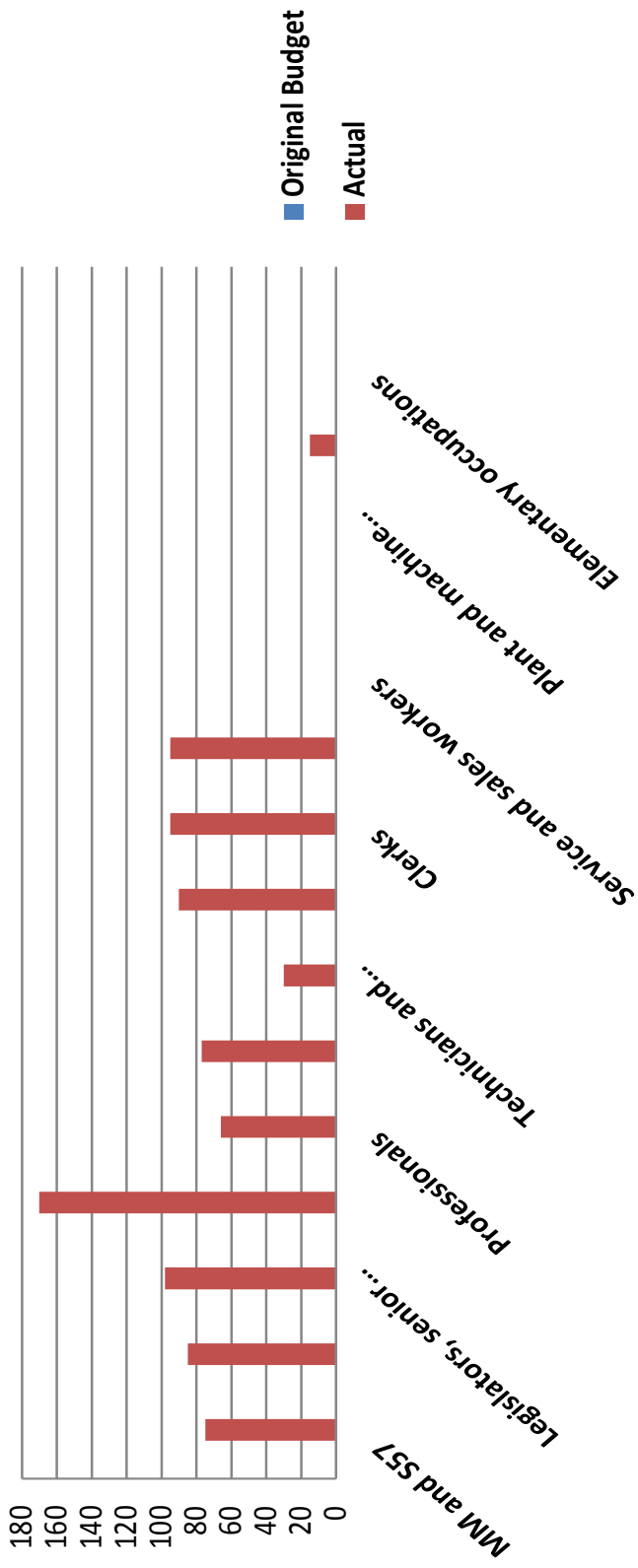
Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	0	0	0
Chief financial officer	0	0	0	0	0	0
Senior managers	0	0	0	0	0	0
Any other financial officials	0	0	0	0	0	0
Supply Chain Management Officials						
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	1	0	1	0	0	0

* 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	Learnerships		Skills programmes & other short courses		Other forms of training		Original Budget and Actual Expenditure on skills development Year 12/13		Total
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	
MM and S57	Female	No.		0		75	0				75
	Male	2		0		85	0				85
Legislators, senior officials and managers	Female	17		0		50	48				98
	Male	31		0		100	70				170
Professionals	Female	12		0		0	66				66
	Male	17		0		0	77				77
Technicians and associate professionals	Female	1		0		0	30				30
	Male	4		0		50	40				90
Clerks	Female	40		50		0	45				95
	Male	26		50		0	45		1,010		95
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	6		0		0	15				15
Elementary occupations	Female	6		0		0	0				0
	Male	8		0		0	0				0
Sub total	Female	78		50		125	189				364
	Male	95		50		235	232				517
Total		173		100		360	421			1,010	881

*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.

Skills development Budget



The training plans are adequate and that was confirmed by LGseta, and the budget spending was also adequate. The training spending will increase in the future years because of increase in personnel numbers.

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, including the Municipal Manager who completed the first seven modules and enrolled the additional four modules to be completed on April 2014. The national treasury has been made aware.

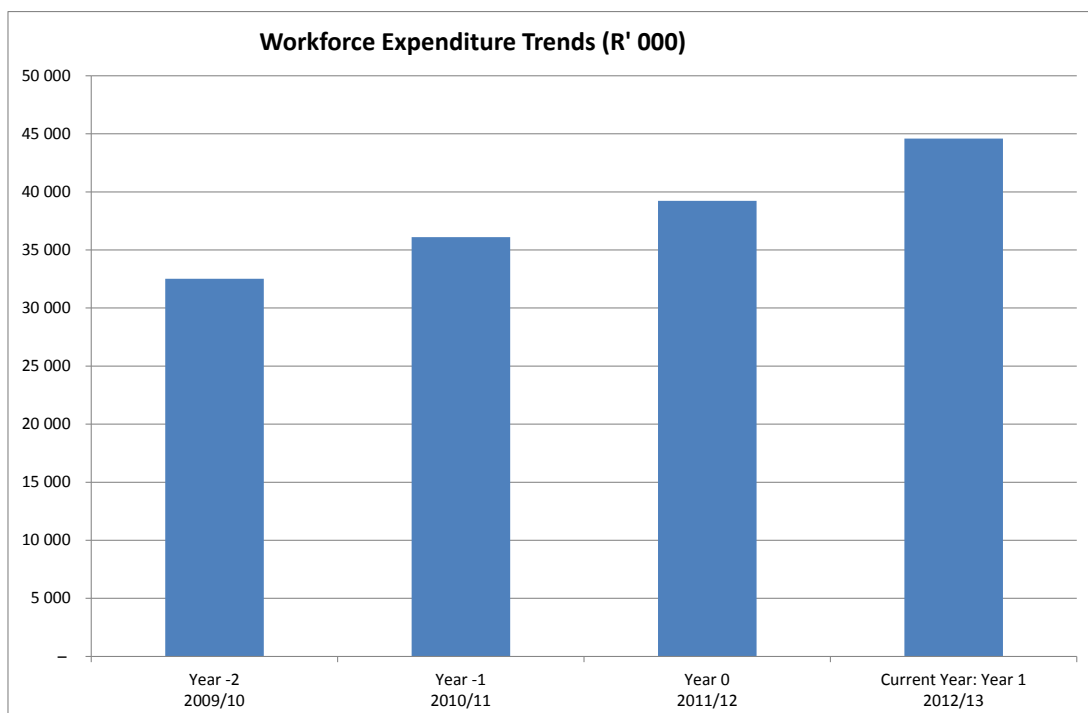
Skills development and related expenditure and on the Financial Competency Regulations:

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.

Managing the workforce expenditure

Unplanned training needs result in an overspending of the training budget and the only way to control unplanned expenditure is by adhering to the original training needs submitted during the skills audit exercise. Within the training budget there is a percentage of the budget that is set aside to cover unforeseen recruitment caused by staff turnover. Every three months each HOD must assess the impact of training to determine value for money.



The district municipality exceeded the 35% norm for employee cost due to its outward looking approach by attracting and appointing highly skilled / dedicated personnel to support the local municipalities in the district area in order to address the challenge of scarce skills / expertise such as engineers, IDP professionals, internal auditors, human resources practitioners, finance related personnel, etc.

Number of employees whose salaries were increased due to their positions being upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	None
	Male	None
Skilled (Levels 3-5)	Female	None
	Male	None
"Highly skilled production (Levels 6-8)"	Female	None
	Male	None
Highly skilled supervision (Levels 9-12)	Female	None
	Male	None
Senior management (Levels 13-16)	Female	None
	Male	None
MM and S 57	Female	None
	Male	None
Total		0

There has been no upgrade of positions between July 2012 and June 2013. Rather there was creation of new positions in the 2009/10 financial year which resulted in employees being recruited to senior positions within the municipality. Upgrade and downgrade of positions is a prerogative of a Central Bargaining Council.

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

There are no salary levels exceeding the grading determined by job evaluation. The fact that task grades are between 8 - 12 scales in a salary bracket have afforded an opportunity to accommodate those who were at the top notches of their salaries. Employees who are 'contractual to holder' cannot be categorised as having salaries exceeding the grade determined by job evaluation

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

Chapter 5

Financial Performance

Introduction

The financial position of the district municipality remains good and its cash flow is well managed to meet its obligations. The district municipality has a good ability to repay its debt in the short to medium term.

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

Its financial position is such that the municipality is able to settle all debt timeously as prescribed by legislation. The district municipality does have adequate cash available to meet its operating requirements with a cash coverage of at least three months of the average operational expenditure as per National Treasury guidelines.

The district municipality remains committed to support and build the capacity of its local municipalities within the district to meaningfully perform their functions and exercise their powers. It continues to assist the local municipalities within its district area with the focus on administrative and financial management support in areas such as budget reforms, shared audit services for the district, institutional and administrative reforms, developmental issues (HIV/Aids and Social responsibility), governance and financial reforms. It is therefore imperative to transform the local municipalities to such an extent that they become self-sufficient, responsive, developmental in nature and above all financially sustainable.

Despite the global economic downturn experienced at the moment and the ripple effect it might have on local government to deliver in terms of its mandate, the district municipality is under severe pressure to allocate more resources as supplementary funding in an effort to protect the poor from the worst economic downturn impacts.

Notwithstanding the negative impact on revenue streams and ability to spend according to service delivery and budget implementation plan, the district municipality manages to maintain focus on key service delivery areas in supporting the local municipalities in the district area by spending almost 36% of its total operating expenditure on infrastructure, maintenance and social related projects.

The implementation of infrastructure and other related projects in the current financial year reflects fairly good as most of the projects have been completed timeously with the exception of a few projects to be completed early in the new financial year.

Statement of financial performance

Financial Summary						
R' 000						
Description	2011/12	Current Year: 2012/13			2012/13 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates	–	–	–	–	0.0%	%
Service charges	–	–	–	–	0.0%	%
Investment revenue	5 491	4 708	5 058	5 672	17.01%	10.84%
Transfers recognised - operational	88 914	92 592	94 455	94 579	2.10%	0.13%
Other own revenue	840	756	1 785	1 670	54.72%	-6.93%
Total Revenue (excluding capital transfers and contributions)	95 246	98 056	101 298	101 921	3.79%	0.61%
Employee costs	34 634	42 556	42 561	39 423	-7.95%	-7.96%
Remuneration of councillors	4 595	5 357	5 357	5 160	-3.82%	-3.82%
Depreciation & asset impairment	22 562	4 498	4 498	3 429	-31.19%	-31.19%
Finance charges	2 471	2 362	2 318	2 318	-1.89%	-0.01%
Materials and bulk purchases	2 314	4 362	4 309	2 569	-69.76%	-67.71%
Transfers and grants	26 382	45 692	45 943	35 437	-28.94%	-29.65%
Other expenditure	12 746	15 248	16 701	11 189	-36.28%	-49.26%
Total Expenditure	105 704	120 075	121 687	99 524	-20.65%	-22.27%
Surplus/(Deficit)	(10 458)	(22 019)	(20 389)	2 396	1018.83%	950.81%
Transfers recognised - capital	–	–	–	–	–	–
Contributions recognised - capital & contributed assets	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(10 458)	(22 019)	(20 389)	2 396	1018.83%	950.81%
Share of surplus/ (deficit) of associate	–	–	–	–	–	–
Surplus/(Deficit) for the year	(10 458)	(22 019)	(20 389)	2 396	1018.83%	950.81%

Financial Summary						
R' 000						
Description	2011/12	Current Year: 2012/13			2012/13 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Capital expenditure & funds sources						
Capital expenditure	2 382	9 013	8 471	6 008	-50.02%	-41.00%
Transfers recognised - capital	–	–	1 664	–	0.00%	0.00%
Public contributions & donations	–	–	–	–	0.00%	0.00%
Borrowing	–	–	–	–	0.00%	0.00%
Internally generated funds	2 382	9 013	6 807	6 008	-50.02%	-13.31%
Total sources of capital funds	2 382	9 013	8 471	6 008	-50.02%	-41.00%
Financial position						
Total current assets	90 312	47 124	56 514	87 351	46.05%	35.30%
Total non current assets	60 183	61 091	57 750	62 468	2.20%	7.55%
Total current liabilities	14 905	8 051	9 247	12 802	37.12%	27.77%
Total non current liabilities	34 012	23 607	32 424	33 042	28.56%	1.87%
Community wealth/Equity	101 578	76 558	72 592	103 975	26.37%	30.18%
Cash flows						
Net cash from (used) operating	17 564	(17 152)	(21 824)	5 441	415.25%	501.12%
Net cash from (used) investing	(3 189)	(8 913)	(8 371)	(6 758)	-31.90%	-23.88%
Net cash from (used) financing	(1 289)	(1 299)	(1 139)	(1 333)	2.59%	14.60%
Cash/cash equivalents at the year end	86 214	45 454	54 880	83 564	45.61%	34.33%
Cash backing/surplus reconciliation						
Cash and investments available	86 214	48 254	54 844	83 564	42.26%	34.37%
Application of cash and investments	41 620	19 040	20 957	41 433	54.05%	49.42%
Balance - surplus (shortfall)	44 594	29 214	33 886	42 131	30.66%	19.57%

Financial Summary						
						R' 000
Description	2011/12	Current Year: 2012/13		2012/13 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Asset management						
Asset register summary (WDV)	45 251	58 291	57 553	74 595	21.86%	22.85%
Depreciation & asset impairment	22 562	4 498	4 498	34 381	86.92%	86.92%
Renewal of Existing Assets	432	2 272	2 992	2 473	0.00%	-20.96%
Repairs and Maintenance	–	–	4 309	–	0.00%	–
Free services						
Cost of Free Basic Services provided	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–
Households below minimum service level						
Water:	–	–	–	–	–	–
Sanitation/ sewerage:	–	–	–	–	–	–
Energy:	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–

Financial Performance of Operational Services						
R '000						
Description	2011/12	2012/13			2012/13 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	-	-	-	-	-	-
Waste Water (Sanitation)	-	-	-	-	-	-
Electricity	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-
Housing	(19)	(3 388)	(3 694)	(2 990)	-13.34%	-23.56%
Component A: sub-total	(19)	(3 388)	(3 694)	(2 990)	-13.34%	-23.56%
Waste Water (Stormwater Drainage)	-	-	-	-	-	-
Roads	-	-	-	-	-	-
Transport	-	-	-	-	-	-
Component B: sub-total	-	-	-	-	-	-
Planning	(42 437)	(43 099)	(43 928)	(33 120)	-30.13%	-32.63%
Local Economic Development	-	-	-	-	-	-
Component B: sub-total	(42 437)	(43 099)	(43 928)	(33 120)	-30.13%	-32.63%
Planning (Strategic & Regulatory)	-	-	-	-	-	-
Local Economic Development	-	-	-	-	-	-
Component C: sub-total	-	-	-	-	-	-
Community & Social Services	(3 352)	(4 584)	(2 157)	(1 670)	-174.49%	-29.19%
Environmental Protection	1 370	705	763	1 209	41.67%	36.91%
Health	-	-	-	-	-	-
Security and Safety	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-
Corporate Policy Offices and Other	33 979	28 347	28 628	38 967	27.25%	26.53%
Component D: sub-total	31 998	24 468	27 233	38 506	36.46%	29.28%
Total Expenditure	(10 458)	(22 019)	(20 389)	2 396	1018.83%	950.81%

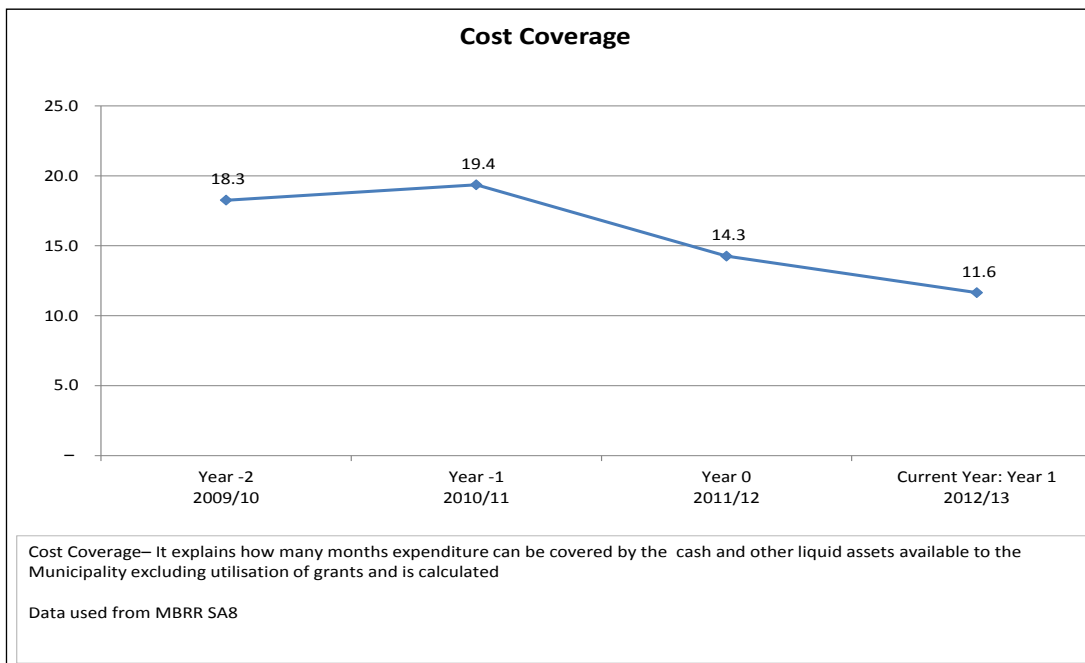
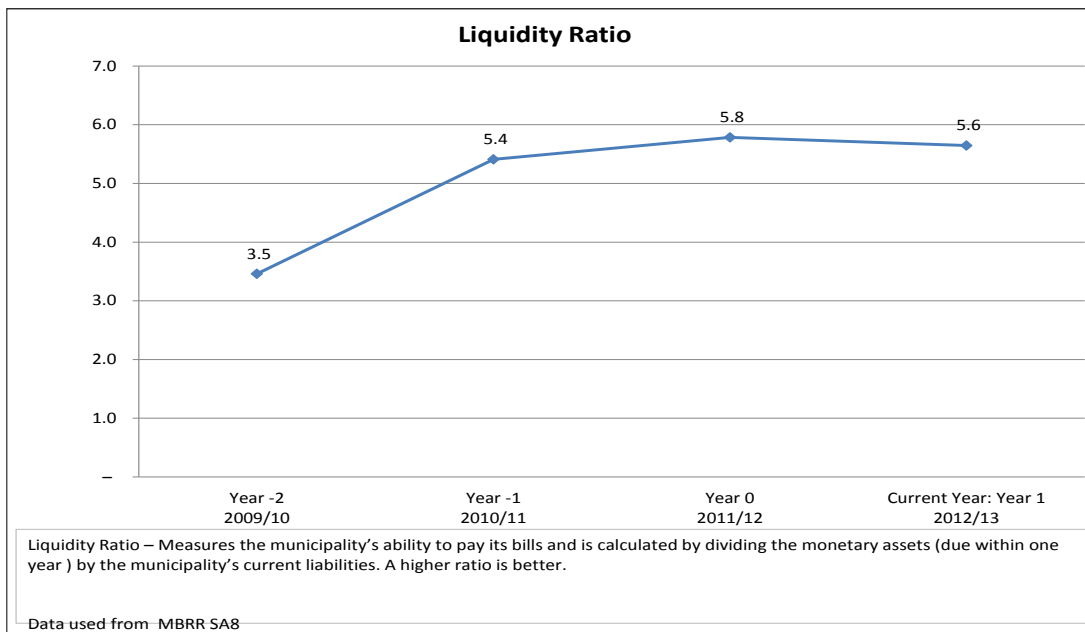
Grants

Grant Performance						
R' 000						
Description	2011/12	2012/13			2012/13 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	81 731	90 692	90 692	90 692	0.00%	0.00%
Equitable share	79 281	87 442	87 442	87 442	0.00%	0.00%
Municipal Systems Improvement	1 200	1 000	1 000	1 000	0.00%	0.00%
Department of Water Affairs	-	-	-	-	-	-
Levy replacement	1 250	1 250	1 250	1 250	0.00%	0.00%
Finance Management Grant		-	-	-	0.00%	0.00%
MIG		1 000	1 000	1 000	0.00%	0.00%
Extended Public Works Programme	-	9 882	-	-	0.00%	0.00%
Provincial Government:	4 594	1 900	1 475	1 441	-31.89%	-31.89%
Housing	2 784	1 200	1 200	270	-344.44%	-344.44%
NC Tourism - Contribution Tourism Month	-	-	-	-	0.00%	0.00%
EPWP	-	-	-	-	0.00%	0.00%
District Aids Council	-	-	-	-	-	-
NEAR Control Centre	569	-	-	607	-100.00%	-100.00%
NCPA Firefighting Equipment	371	-	-	389	-100.00%	-100.00%
SETA - Skills Grant	170	-	-	175	100.00%	100.00%
NCPA EPWP: DMA Bush Clearance	-	-	-	-	-	-
NCPA Environmental Health Recycling Project	700	700	275	-	-	-
District Municipality:	-	-	-	-	-	-
Other grant providers:	24	-	-	595	0	0
Koopmansfontein Electricity Self-build Scheme	-	-	-	595	100.00%	100.00%
ABSA	24	-	-	-	100.00%	100.00%
Total Operating Transfers and Grants	86 349	92 592	92 167	92 727	0.001461045	0.001461045

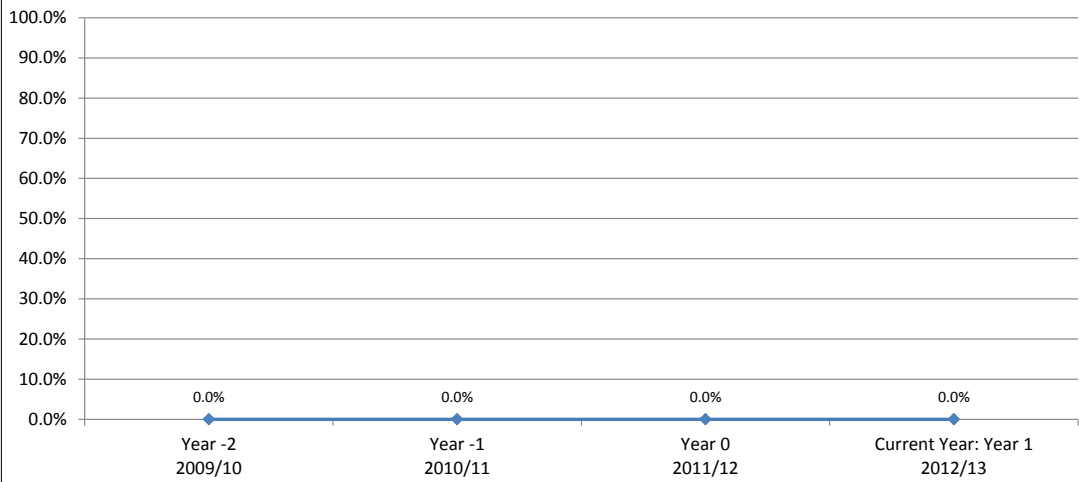
Grants Received From Sources Other Than Division of Revenue Act (DoRA)							
Details of Donor	Actual Grant 2011/12	Actual Grant 2012/13	2012/13 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind	
Parastatals							
NCPA - Housing Accreditation Grant	2 783 799	270 000	3 696 261	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	170 324	-	-	30/06/13	Ongoing	To be used for training and capacity building of employees as per approved Skills Work Plan.	
NCPA: Environmental Health Recycling Project	700 000	-	-			Build a waste recycling plant in Dikgatlong	
ESCOM	0	594 831	0	30-Jun-13	30-Jun-13	Electricity selfbuild scheme for farm workers	
Private Sector / Organisations							
Koopmansfontein Electricity Self Build Scheme	80 000	16 000	-	30/06/13	30/06/13	To complete the Koopmansfontein self build scheme with financial contribution from ESKOM and farmers.	
ABSA		24 000	-	30/06/13	30/06/13	Private contribution to fund commemorative day celebrations	

Repair and Maintenance Expenditure: 2012/13				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	4 362	4 309	2 569	67.71%

Financial ratios based on key performance indicators



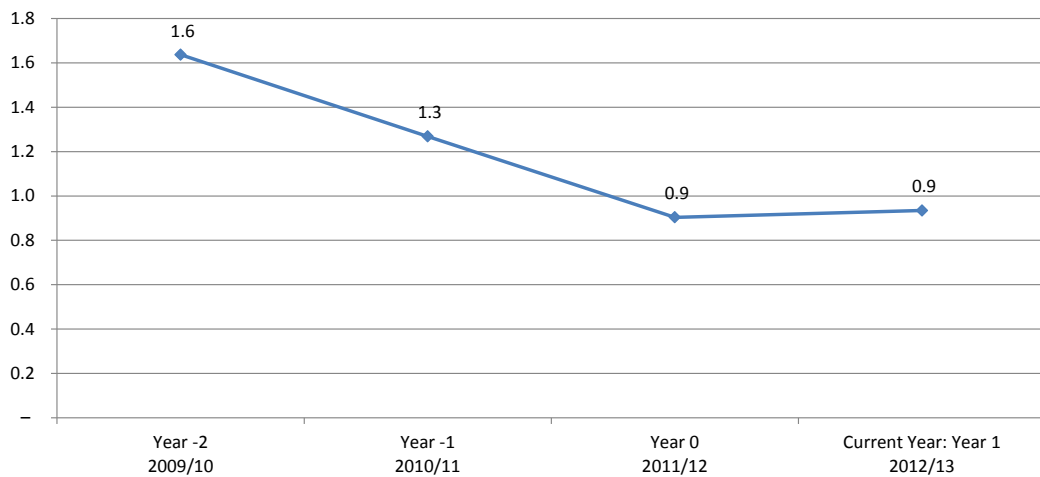
Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

Data used from MBRR SA8

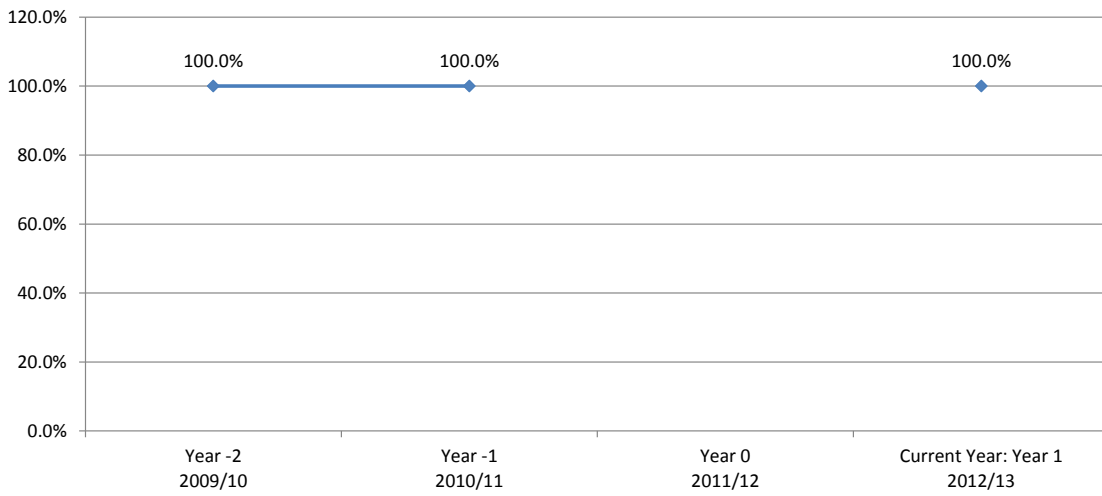
Debt Coverage



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

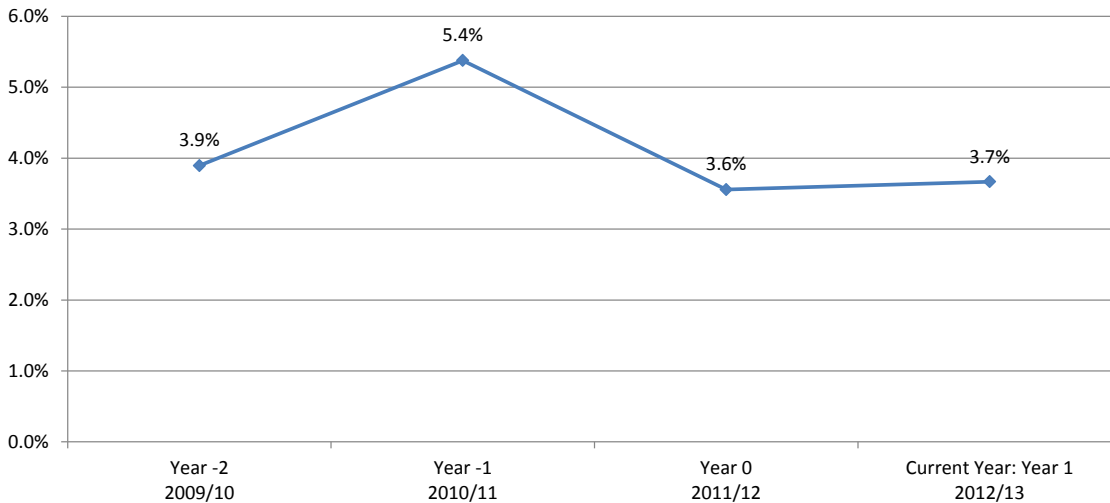
Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

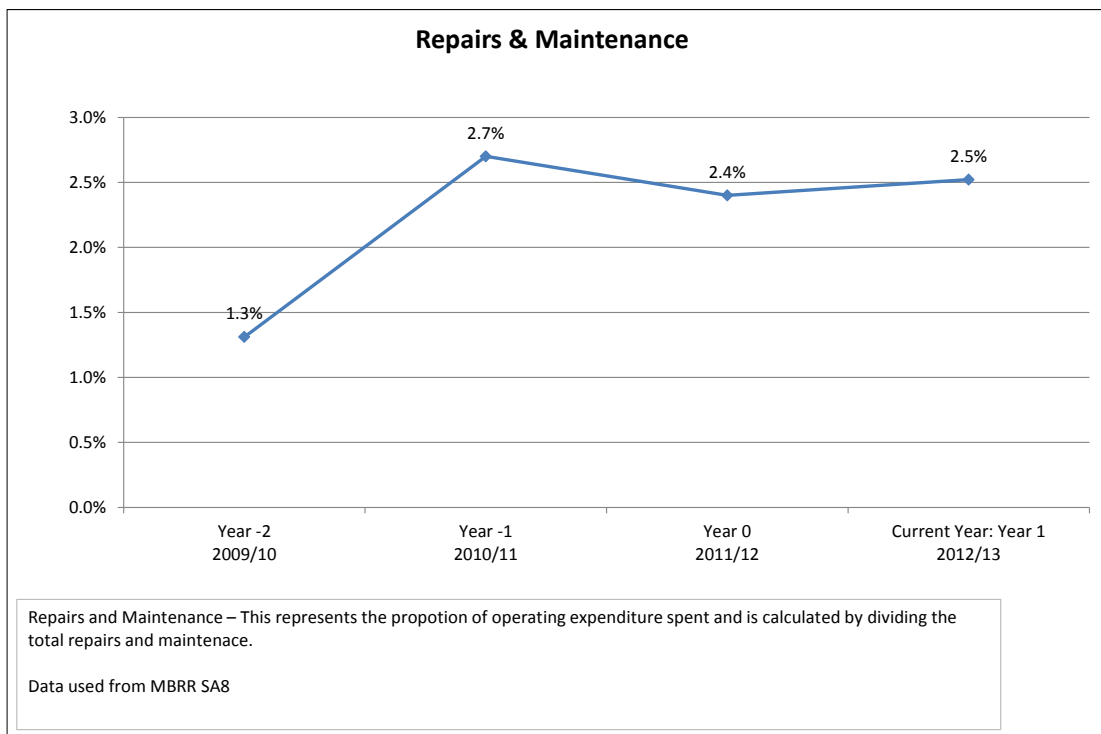
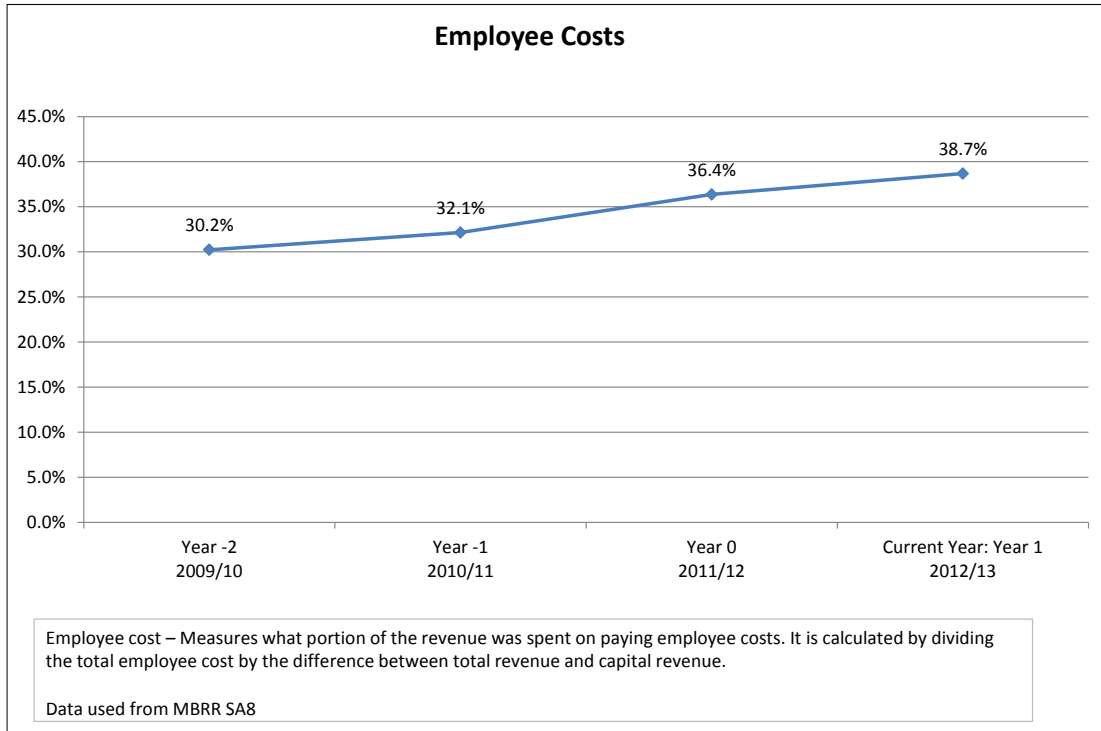
Data used from MBRR SA8

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



Financial viability and sustainability is one of the key performance areas of the District Municipality as determined in the IDP. In order to ensure that the District Municipality maintains a healthy financial position, appropriate financial ratios / benchmarks are used to assist the district municipality in assessing its financial wealth. For instance the liquidity ratio indicates the extent to which assets can be translated into cash in the short term to cover the claims of short term creditors. The norm is about 1.50:1 and according to the above mentioned ratio of the district municipality's it reflects above the norm which is an indication that the district municipality do not experience any cash flow problems and / or is not expected to experience any cash flow problem over the short term.

Basic service and infrastructure backlogs - overview

Service Backlogs as at 2012/13				
Households (HHs)				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	90966	95%	4963	5%
Sanitation	85208	89%	10723	11%
Electricity	74868	78%	21060	22%
Waste management	90732	95%	5196	5%
Housing	76980	80%	18951	20%

Cash flow management and investments

Council's cash and investments to the amount of R83,561m reflect a decrease of R2,65m compared to the previous financial year. The district municipality does have adequate cash available to meet its operating requirements with a cash coverage of at least three months of the average operational expenditure as per National Treasury guidelines.

Cash Flow Outcomes				
R'000				
Description	2011/12	Current Year: 2012/13		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flow from operating activities				
Receipts				
Ratepayers and other	1 637	664	668	918
Government - operating	86 365	92 592	94 805	92 727
Government - capital	–	160	–	–
Interest	5 491	4 708	4 708	5 672
Dividends	–	–	–	–
Payments				
Suppliers and employees	(48 031)	(68 488)	(73 986)	(56 122)
Finance charges	(1 516)	(1 096)	(2 362)	(2 318)
Transfers and Grants	(26 382)	(45 692)	(45 657)	(35 437)
Net cash from/(used) operating activities	17 564	(17 152)	(21 824)	5 441

Cash Flow Outcomes				
R'000				
Description	2011/12	Current Year: 2012/13		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	–	100	100	110
Decrease (Increase) in non-current debtors	(814)	–	–	–
Decrease (increase) other non-current receivables	–	–	–	40
Decrease (increase) in non-current investments	6	–	–	(900)
Payments				
Capital assets	(2 382)	(9 013)	(8 471)	(6 008)
Net cash from/(used) investing activities	(3 189)	(8 913)	(8 371)	(6 758)

Cash Flow Outcomes				
R'000				
Description	2011/12	Current Year: 2012/13		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flows from financing activities				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/ refinancing	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–
Payments				
Repayment of borrowing	(1 289)	(1 299)	(1 139)	(1 333)
Net cash from/(used) financing activities	(1 289)	(1 299)	(1 139)	(1 333)
Net increase/ (decrease) in cash held				
	13 086	(27 364)	(31 334)	(2 650)
Cash/cash equivalents at the year begin:	73 128	72 817	86 214	86 214
Cash/cash equivalents at the year end:	86 214	45 454	54 880	83 564

Supply Chain Management

The municipality established a supply chain management unit to implement Supply Chain Management Policy of 30 November 2005 as amended on 27 November 2007.

Demand management

- a purchase and store requisition form has been developed and implemented to ensure timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
- a specification committee has been approved by the Acting Municipal Manager to provide for the compilation of the required specifications to ensure that its needs are met;
- a supplier database form has been developed and implemented

Acquisition management

- an order form has been captured on the E-Venus system that goods and services are procured by the municipality or municipal entity in accordance with authorised processes only by using the codes as accordance the delegation of authority;
- the E-Venus system made provision that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
- the appointment of the bid evaluation committee and bid adjudication committee ensure that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation;

Logistics management

- the establishment of a central store ensures that the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock

Disposal management

- an effective system of disposal management for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act is in place.

The Supply Chain Management policy complies with the prescribed framework as set out in section 12 of the MFMA. Only one long term contract with Standard Bank for the banking services of the municipality.

Municipal Manager no longer sits with the adjudication committee which means that the bid adjudication committee do not make the final award of bids but recommend to the Accounting Officer to make the final award.

The current SCM policy is reviewed annually to ensure compliance to the amendments to the SCM Regulations 2005 with relevance to the new BBBEE contribution levels.

No councillors of any committee handles SCM processes. All members on the bid committees are senior officials appointed in writing by the Accounting Officer.

Sections 83, 107 and 119 of the MFMA require officials to meet prescribed competency levels in financial and supply chain management.

The minimum competency guidelines of NT prescribe that only the Heads of SCM Units and SCM senior managers must meet the required competencies.

The SCM Manager is Mr P. Souden – prior learning NQF 5 (National Diploma), completed first 11 modules of the Municipal Finance Management Programme as offered by IMFO.

Officials yet to complete are:

- CFO – Mr P J van Biljon – prior learning NQF 6 (B Degree or Higher), completed the 12 modules of the CPMD November 2012.
- Assistant Director is Ms A. Kooverjee - prior learning NQF 6 (B Degree or Higher), completed first 11 modules of the Municipal Finance Management Programme as offered by IMFO. Currently completing further 9 modules.
- Senior Management – the four HOD's completed the 11 modules of CPMD - November 2012.
- The Municipal Manager was appointed 01 November 2012 and will complete the CPMD in due course.

Remarks in previous Auditor-General's report concerning SCM

Procurement and contract management

The district municipality improved its audit outcome relating to Supply Chain Management by receiving no findings to appear in the final audit report although the appointment of officials in the service of state remains a high risk area due to the fact that not verification systems exists in this regard.

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 very 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.

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 Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

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 101	Agriculture
GRAP 102	Intangible assets

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

The municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 1 (Revised)	Presentation of Financial Statements	1 April 2011
GRAP 2 (Revised)	Cash Flow Statements	1 April 2011
GRAP 3 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2011
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates	1 April 2011
GRAP 9 (Revised)	Revenue from Exchange Transactions	1 April 2011
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics	1 April 2011
GRAP 11 (Revised)	Construction Contracts	1 April 2011
GRAP 12 (Revised)	Inventories	1 April 2011
GRAP 13 (Revised)	Leases	1 April 2011
GRAP 14 (Revised)	Events after the reporting date	1 April 2011
GRAP 16 (Revised)	Investment Property	1 April 2011
GRAP 17 (Revised)	Property, Plant and Equipment	1 April 2011

Standard	Description	Effective Date
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets	1 April 2011
GRAP 21	Impairment of non-cash-generating assets	1 April 2012
GRAP 23	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 26	Impairment of cash-generating assets	1 April 2012
GRAP 100 (Revised)	Non-current Assets held for Sale and Discontinued Operations	1 April 2011

The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 25	Employee Benefits	Unknown
GRAP 104	Financial Instruments	Unknown

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and 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.

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards (Refer to correction of error note as transitions was not utilised in the prior year):

- GRAP 12 – Inventories
- GRAP 16 – Investment Property
- GRAP 17 – Property, Plant and Equipment
- GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets
- GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations
- GRAP 102 – Intangible Assets

In terms of Directive 7:

"The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

Standards, amendments to standards and interpretations issued but not yet effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 6 (Revised)	Consolidated and Separate Financial Statements No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 7 (Revised)	Investments in Associate No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 8 (Revised)	Interest in Joint Ventures No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 18	Segment Reporting Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 24	Presentation of Budget Information in Financial Statements Information to a large extent is already included in the notes to the annual financial statements.	1 April 2012
GRAP 103	Heritage Assets No adjustments are necessary as the Municipality has no heritage assets.	1 April 2012
GRAP 105	Transfer of Functions Between Entities Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 106	Transfer of Functions Between Entities Not Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 107	Mergers No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown

However the above mentioned standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

Chapter 6

Auditor-General Audit Findings

Introduction

The district municipality remains committed to achieve an unqualified audit opinion with no matters of emphasis by 2014 aligned with the National Government's strategic objectives.

Although the district municipality improves compared to the previous financial year's audit outcome by only having one issue reported under matters of emphasis, the target of clean audit still avoided the district municipality.

Key controls have already been identified to address the weaknesses raised by the Auditor-General in respect of the pre-determined objectives.

Auditor-General opinion of financial statements 2011/12

An unqualified audit report has been received in respect of the pre-determined objectives with other matters reported during the 2011/12 financial year.

Auditor-General Report on Service Delivery Performance: 2011/12	
Audit Report Status:	Unqualified with other matters
Non-Compliance Issues	Remedial Action Taken
Procurement and Contract Management - Contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).	Matter has been address and corrected to the satisfaction of the Auditor General during the course of the 2011/12 financial year
Internal Audit - The internal audit unit did not audit the performance measurements on a continuous basis, as required by Municipal Planning and Performance Management Regulation 14(1)(c).	Systems and controls will be implemented during the 2012/13 financial year in order to ensure full compliance with applicable legislation as per audit recommendation
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 2012/13

The district municipality received an unqualified audit opinion with only one matter of emphasis in respect of the financial year under review. The finding relates to the district municipality's pre-determined objectives:

Auditor-General Report on Financial Performance 2012/13	
Audit Report Status*:	Unqualified with one matter of emphasis
Non-Compliance Issues	Remedial Action Taken
Performance Management: Reliability of Information.	
Programme 1: Basic Service Delivery Programme 3: Municipal Institutional Development and Transformation	1. Objectives and targets will be reviewed to comply with the criteria for usefulness and reliability. 2. Weights/values will be added to each and every key performance indicator and activity in the performance and operational plans of managers.
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 worst)	

Auditor-General report on the financial statements 2012/13

The comprehensive audit report for the financial year under review is included in Volume II as part of the financial statements.

Comments on MFMA section 71 responsibilities:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year.

The Chief financial officer states that these data sets have been returned according to the reporting requirements.



Signed (Chief financial Officer)

.....

Date: _____

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.

Glossary

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

APPENDICES

Appendix A - Councillors; Committee Allocation & Council Attendance

Councillors, Committees Allocated and Council Attendance						
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	No. of Council Meetings held	Percentage Apologies for non-attendance	Percentage Council Meetings Attendance
					%	%
C J S Adams	PT	Social Development	PR	14	57	50
O C Fourie	PT	Planning & Development	Sol Plaatje	14	8	93
E K Hale	PT	Planning & Development	Sol Plaatje	14	27	78
W Johnson	FT	Finance	PR	14	17	85
M Kaars	PT	Social Development	PR	14	8	93
G R Kok	PT	Policy & Institutional Development	PR	14	8	93
B M Maribe	FT	Planning & Development	PR	14	8	93
E M Mathe	PT	Social Development	Sol Plaatje	14	8	93
D F Meyer	PT	Policy & Institutional Development	Phokwane	14	17	43
P R Molefi	FT	Social Development	PR	14	8	93
M M Moloi	FT		PR	14	8	93
A O Moremong	PT	Policy & Institutional Development	Phokwane	14	27	79
Z J Mpampi	PT	Infrastructure Development	Sol Plaatje	14	18	79
K G Mthukwane	PT	Policy & Institutional Development	Sol Plaatje	14	8	93
T C Ngoma	PT	Planning & Development	Sol Plaatje	14	56	64
M G Nhlapo	PT	Infrastructure Development	Sol Plaatje	14	0	100
T Nicholas	FT	Planning & Development	PR	14	8	93
M I Pholoholo	PT	Infrastructure Development	PR	14	8	93
K Riffes	FT	Policy & Institutional Development	Dikgatlong	14	40	71
M B Silingile	FT	Infrastructure Development	PR	14	30	71
J Smit	PT	Finance	PR	14	18	79
B Springbok	PT	Finance	Sol Plaatje	14	10	71
E Tsimakwane	PT	Social Development	Sol Plaatje	14	8	93
D J P van der Merwe	PT	Finance	Sol Plaatje	14	17	86
P J Vorster	PT	Infrastructure Development	Sol Plaatje	14	8	93
S Witkoei	PT	Finance	Dikgatlong	14	63	57
V B Ximba	PT	Infrastructure Development	Magareng	14	17	86

Appendix B - Committees & Committee Purposes

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Finance Committee	To deal with all financial matters
Planning and Development Committee	To deal with planning and development matters such as Spatial Planning, IDP, GIS, LED
Infrastructure Development Committee	To deal with infrastructure matters, both new and maintenance of existing infrastructure
Policy and Institutional Development Committee	To deal with all council policies and consider reports on matters such as HR and ICT
Social Development Committee	To deal with social matters and consider reports on environmental health and housing

Appendix C - Functions of Municipality

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

Appendix D - Recommendations of the Municipal Audit Committee 2012/13

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2012/13	Recommendations adopted (enter Yes) If not adopted (provide explanation)
2012/12/13	Roll over of funds should be approved by relevant treasury	The recommendations has been implemented
	Activity plan should be submitted to National Treasury in appropriate time frames	
	All monthly reports with regards to grants should be submitted	
2013/04/24	<ul style="list-style-type: none"> • Monies paid to a supplier, due to a double payment, should be recovered as this will result in fruitless and wasteful expenditure • The next monthly report should be corrected with regards to the above 	<ul style="list-style-type: none"> • The money was recovered from the supplier in full and internal controls have been put in place on the E-Venus financial system to prevent this from happening again • The recommendations were implemented.
	Daily duties of the employees should be aligned to job descriptions. Where there is changes to job description this should be communicated and agreed with the employee.	The recommendations were implemented.
	The policy of health and safety should be communicated to all staff and copies made available	The recommendations were implemented. There are health and safety representatives in all departments and they communicate all issues regarding health and safety.
	Health and safety risk assessment should be performed.	The risk assessment was conducted.
	Senior Management should take proactive steps in lessening the loss of key personnel and loss of employees in areas of specialization	The recommendations are still in progress
	Head counts and the reconciliation between the count and payroll records should be conducted	Not yet implemented
	Asset management plan and fraud prevention plan to be put in place.	The recommendations are still in progress
	2013/08/28	Contingent liability on the E-Venus system should be resolved as has been an outstanding issue from prior years
Finance section should revisit the classification of property, plant and equipment related to its exchange and non-exchange thereof.		The recommendations were implemented.
The report on fruitless and wasteful expenditure should be made available		The recommendations are still in progress

Appendix E - Disclosures of Financial Interests

Disclosures of Financial Interests		
Period 1 July 2011 to 30 June 2012 of 2011/12		
Position	Name	Description of Financial interests* (Nil / Or details)”
(Executive) Mayor	M.M. Moloji	None
Member of MayCo / Exco	B.M. Maribe	None
	W. Johnson	None
	P.R. Molefi	None
	T. Nicholas	None
	K. Rifles	None
	M.B. Silingile	None
Councillor	E.K. Hale	None
	E.M. Mathe	None
	J.Z. Mpampi	None
	T.C. Ngoma	None
	M.G. Nhlapo	None
	B. Springbok	None
	E.T. Tsimakwane	None
	O.C. Fourie	None
	P.J. Vorster	None
	D.J.P. v d Merwe	None
	K.G. Mthukwane	None
	S. Witkoei	None
	C.J.S. Adams	None
	A.O. Moremong	None
	D.F. Meyer	None
	V.B. Ximba	None
	M. Kaars	None
	G.R. Kok	None
M.I. Pholoholo	None	
J. Smit	None	
Municipal Manager	M.M. Bogatsu	None
Chief Financial Officer	P.J. van Biljon	None
Other S57 Officials	F. Mdee	None
	P. van der Walt	None
	N. Kgantsi	None

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

Revenue Collection Performance by Vote						
R' 000						
Vote Description	2011/12	Current Year: 2012/13			2012/13 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Executive & Council	1 763	3 318	3 318	3 318	0.00%	0.00%
Vote 2 - Budget & Treasury	74 972	79 897	81 276	81 983	2.61%	0.87%
Vote 3 - Corporate Services	5 062	3 700	3 275	3 006	-18.76%	-8.22%
Vote 4 - Planning & Development	1 200	1 000	3 288	3 021	202.14%	-8.12%
Vote 5 - Project Management Services	12 250	10 141	10 141	10 593	4.45%	4.45%
Total Revenue by Vote	95 246	98 056	101 298	101 921	3.94%	0.61%

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

Revenue Collection Performance by Source							R '000
Description	2011/12	2012/13		2012/13 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	507	632	632	596	-5.90%	-5.90%	
Interest earned - external investments	5 491	4 708	5 058	5 672	17.01%	10.84%	
Interest earned - outstanding debtors	–	–	–	–	–	–	
Dividends received	–	–	–	–	–	–	
Fines	–	–	–	–	–	–	
Licences and permits	–	–	–	–	–	–	
Agency services	–	–	–	–	–	–	
Transfers recognised - operational	88 914	92 592	94 455	94 579	2.10%	0.13%	
Other revenue	333	25	1 044	1 073	97.72%	2.75%	
Gains on disposal of PPE	–	100	110	–	–	–	
Total Revenue (excluding capital transfers and contributions)	95 246	98 056	101 298	101 921	3.79%	0.61%	

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	0	0	0	0%	0%	–	
Public Transport Infrastructure and Systems Grant	0	0	0	0%	0%	–	
Other Specify:							
Local Government Equitable Share	10 391	10 391	10 391	0.0%	0.0%	–	
Equitable Share - Special Contribution: Councillor Remuneration	3 318	3 318	3 318	0.0%	0.0%	–	
Equitable Share - Levy replacement	73 733	73 733	73 733	0.0%	0.0%	–	
Finance Management	1 250	1 250	1 250	0.0%	0.0%	–	
Municipal Systems Improvement	1 000	1 000	1 000	0.0%	0.0%	–	
Total	89 692			0%	0%		

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

Capital Expenditure - New Assets Programme*							
Description	2011/12	2012/13		Actual Expenditure	Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget		FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	–	4	4	4	–	–	–
Buildings		4	4	4			
Other							
Investment properties - Total	–	–	–	–	–	–	–
Housing development							
Other							
Other assets	3 467	2 791	3 458	1 762	6 432	12 100	25 000
General vehicles	370	185	185	181	1 590	500	–
Specialised vehicles							
Plant & equipment	702	1 240	1 655	1	3 103	1 600	–
Computers - hardware/equipment	1 655	290	429	453	458	–	–
Furniture and other office equipment	43	72	74	85	184	–	–
Abattoirs							
Markets							
Civic Land and Buildings	698	1 004	1 115	1 042	1 097	10 000	25 000
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	–	–	–	–	–	–	–
List sub-class							
Biological assets	–	–	–	–	–	–	–
List sub-class							
Intangibles	–	–	564	183	310	200	–
Computers - software & programming			564	183	310	200	
Other (list sub-class)							
Total Capital Expenditure on new assets	3 467	2 795	4 027	1 949	6 742	12 300	25 000
Specialised vehicles	–	–	–	–	–	–	–
Refuse							
Fire							
Conservancy							
Ambulances							

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

Capital Expenditure - Upgrade/Renewal Programme*								R '000
Description	2011/12	2012/13			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Investment properties	–	–		–	–	–	–	
Housing development								
Other								
Other assets	710	605	639	432	2 272	834	232	
General vehicles	230	300	279	284	1 200	600	–	
Specialised vehicles	–					–	–	
Plant & equipment	427	67	67	55	627	45	35	
Computers - hardware/equipment	53	238	293	93	445	189	197	
Furniture and other office equipment	–					–	–	
Abattoirs								
Markets								
Civic Land and Buildings								
Other Buildings								
Other Land								
Surplus Assets - (Investment or Inventory)								
Other								
Agricultural assets	–	–		–	–	–	–	
List sub-class								
Biological assets	–	–		–	–	–	–	
List sub-class								
Intangibles	–	–		–	–	–	–	
Computers - software & programming								
Other (list sub-class)								
Total Capital Expenditure on renewal of existing assets	710	605	639	432	2 272	834	232	
Specialised vehicles	–	–		–	–	–	–	
Refuse								
Fire								
Conservancy								
Ambulances								

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

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

Declaration of Loans and Grants made by the municipality: 2012/13				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2012/13 R' 000	Total Amount committed over previous and future years
Magareng municipality	Maintenance: Water / Waste water	Grant	734 365	
Magareng municipality	Maintenance: Streets & Stormwater	Grant	1 475 211	
Magareng municipality	Maintenance: Electricity Nerwork	Grant	289 734	
Phokwane Municipality	Maintenance: Water / Waste water	Grant	1 899 987	
Phokwane Municipality	Maintenance: Electricity Nerwork	Grant	499 666	
Phokwane Municipality	Maintenance: Streets & Stormwater	Grant	498 626	
Dikgatlong Municipality	Maintenance: Water / Waste water	Grant	996 699	
Dikgatlong Municipality	Maintenance: Electricity Nerwork	Grant	498 556	
Dikgatlong Municipality	Maintenance: Streets & Stormwater	Grant	493 397	
Sol Plaatje Municipality	Maintenance: Sewer system	Grant	495 471	
Sol Plaatje Municipality	Maintenance: Streets & Stormwater	Grant	300 000	
Farm Workers		Grant	239 846.49	
Magareng municipality	Water Reticulation	Grant	956 330.08	
Magareng municipality	Upgrade Waternetwork	Grant	840 995.18	
Magareng municipality	Water & Electricity Meters	Grant	638 194.00	
Magareng municipality	Electricity Masterplan	Grant	691 446.83	
Phokwane Municipality	Ganspan Access Road	Grant	5 319 998.41	
Phokwane Municipality	Electricity Masterplan	Grant	543 695.20	
Dikgatlong Municipality	Sanitation Truck	Grant	1 415 956.14	
Dikgatlong Municipality	Construction of Roads	Grant	3 000 000.00	
Sol Plaatje Municipality	Water Provision	Grant	978 474.97	
Sol Plaatje Municipality	Sanitation Provisison	Grant	1 282 895.57	
Dikgatlong Municipality	Water Treatment Works	Grant	1 322 240.70	
Northern Cape Tourism Authority	Operational Grant	Grant	135 000	Per annum

Determined according to the needs of the municipalities specified in the IDP and availability of funding by FBDM.

**VOLUME II
ANNUAL FINANCIAL
STATEMENTS**

FRANCES BAARD DISTRICT MUNICIPALITY



FINANCIAL STATEMENTS

30 JUNE 2013

FRANCES BAARD DISTRICT MUNICIPALITY

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FRANCES BAARD DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GENERAL INFORMATION

NATURE OF BUSINESS

Frances Baard Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)

GRADING

Council is accorded the same grading as the largest Category B municipality in the district, namely Sol Plaatje Municipality, which is a Grade 4 local authority in terms of the Public Office Bearers Act. According to the South African Local Government Bargaining Council, the District Municipality has been graded as level two in respect of the TASK.

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Frances Baard Municipality includes the following areas:

<i>Sol Plaatje</i>	<i>Grade 4</i>
<i>Phokwane</i>	<i>Grade 2</i>
<i>Dikgatlong</i>	<i>Grade 2</i>
<i>Magareng</i>	<i>Grade 2</i>

MANAGEMENT STRUCTURE

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

MUNICIPAL MANAGER

Me. ZM Bogatsu

CHIEF FINANCIAL OFFICER

Mr. PJ van Biljon

OTHER HEADS OF DEPARTMENTS

Ms. NG Kgantsi	Director: Administration
Mr. FS Mdee	Director: Planning & Development
Mr. PJ van Der Walt	Director: Infrastructure Services

REGISTERED OFFICE

*51 Drakensberg Avenue
Carters Glen
Kimberley*

AUDITORS

External Auditors

*Auditor General
Private Bag X5013
Kimberley*

Internal Audit

The Internal Audit section is fully staffed and operational according to council policy. The use of external service providers is limited to cases where internal capacity is insufficient to conduct specialized investigations.

Members of the Audit Committee

Mr. AL Kimmie	Chairperson
Mr. S Calitz	Member
Mr. AK Bhyat	Member
Mr. T Marumo	Member

FRANCES BAARD DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

MEMBERS OF THE FRANCES BAARD DISTRICT MUNICIPALITY

PRINCIPLE BANKERS

Standard Bank
Cnr of Bultfontein & Lennox Street
Posbus 626
Kimberley
8301

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

MEMBERS OF THE FRANCES BAARD DISTRICT MUNICIPALITY

COUNCILLORS

Executive Mayor	<i>Ms. MM Moloji</i>	Proportional
Speaker	Mr. BM Maribe	Proportional
Mayoral Committee	<i>Ms. MM Moloji</i>	Proportional
Mayoral Committee	Mr. W Johnson	Proportional
Mayoral Committee	Ms. PR Molefi	Proportional
Mayoral Committee	Ms. TNicholas	Proportional
Mayoral Committee	Mr. K Rifles	Dikgatlong Municipality
Mayoral Committee	Mr. MB Silingile	Proportional
MPAC Chairperson	Ms. EM Mathe	Sol Plaatje Municipality
Part Time Councillor	Ms. EK Hale	Sol Plaatje Municipality
Part Time Councillor	Mr. JZ Mpampi	Sol Plaatje Municipality
Part Time Councillor	Mr. TC Ngoma	Sol Plaatje Municipality
Part Time Councillor	Mr. MG Nhlapo	Sol Plaatje Municipality
Part Time Councillor	Mr. B Springbok	Sol Plaatje Municipality
Part Time Councillor	Ms. ET Tsimakwane	Sol Plaatje Municipality
Part Time Councillor	Mr. OC Fourie	Sol Plaatje Municipality

Part Time Councillor	Mr. PJ Vorster	Sol Plaatje Municipality
Part Time Councillor	Mr. DJP v d Merwe	Sol Plaatje Municipality
Part Time Councillor	Ms. KG Mthukwane	Sol Plaatje Municipality
Part Time Councillor	Ms. S Witkoei	Dikgatlong Municipality
Part Time Councillor	Mr. CJS Adams	Phokwane Municipality
Part Time Councillor	Ms. AO Moremong	Phokwane Municipality
Part Time Councillor	Mr. DF Meyer	Phokwane Municipality (Resigned February 2013)
Part Time Councillor	Ms. VB Ximba	Magareng Municipality
Part Time Councillor	Mr. M Kaars	Proportional
Part Time Councillor	Ms. GR Kok	Proportional
Part Time Councillor	Mr. MI Pholoholo	Proportional
Part Time Councillor	Mr. J Smit	Proportional

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2013, which are set out on pages 1 to 79 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2013 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Me. ZM Bogatsu
Municipal Manager

30 August 2013

Date

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Notes	2013 R (Actual)	2012 R (Restated)
NET ASSETS AND LIABILITIES			
Net Assets		103 974 932	101 578 477
Capital Replacement Reserve	2	7 074 044	5 522 089
Revaluations Reserve	2	20 933 484	21 379 051
Accumulated Surplus/(Deficit)		75 967 404	74 677 337
Non-Current Liabilities		33 042 415	34 011 930
Long-term Liabilities	3	10 041 380	11 485 678
Employee benefits	4	23 001 035	22 526 252
Current Liabilities		12 802 421	14 904 756
Current Employee benefits	5	6 859 699	6 024 487
Payables from exchange transactions	6	4 171 424	5 368 725
Unspent Conditional Government Grants and Receipts	7	327 280	2 178 633
Current Portion of Long-term Liabilities	3	1 444 018	1 332 911
Total Net Assets and Liabilities		<u>149 819 768</u>	<u>150 495 163</u>
ASSETS			
Non-Current Assets		58 668 390	57 282 850
Property, Plant and Equipment	9	40 213 676	45 899 121
Non-Current Assets Held for Sale	10	7 225 699	75 155
Intangible Assets	11	848 654	894 823
Heritage Assets	12	631 417	631 417
Long-Term Receivables	14	9 748 944	9 782 334
Current Assets		91 151 378	93 212 313
Inventory	15	266 402	349 926
Receivables from non-exchange transactions	16	1 534 233	1 680 585
Operating Lease Asset	17.1	4 578	8 240
Taxes	8	1 119 098	1 189 493
Current Portion of Long-term Receivables	14	863 172	869 905
Current Investments	13	3 800 000	2 900 000
Cash and Cash Equivalents	18	83 563 895	86 214 164
Total Assets		<u>149 819 768</u>	<u>150 495 163</u>

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 (Actual) R	2012 (Restated) R
REVENUE			
Revenue from Non-exchange Transactions		95 574 684	89 164 529
Transfer Revenue		94 578 831	88 913 873
Government Grants and Subsidies	19	93 984 000	88 793 873
Public Contributions and Donations		594 831	120 000
Other Revenue		995 853	250 656
Actuarial Gains		995 853	250 656
Revenue from Exchange Transactions		6 346 002	6 081 012
Rental of Facilities and Equipment		596 421	507 491
Interest Earned - external investments / current account		5 672 199	5 491 386
Other Income	21	77 382	82 135
Gain on disposal of Property, Plant and Equipment		-	-
Total Revenue		101 920 686	95 245 541
EXPENDITURE			
Employee related costs	22	39 422 579	34 633 933
Remuneration of Councillors	23	5 160 197	4 595 182
Depreciation and Amortisation	24	3 428 578	3 897 820
Impairments	25	-	18 664 664
Repairs and Maintenance		2 569 405	2 313 608
Actuarial losses		-	763 019
Finance Charges - External Funding	26	1 361 298	1 516 166
Finance Charges - Employee benefits		956 517	955 012
Grants and Subsidies	27	35 436 785	26 381 679
General Expenses	28	10 138 450	11 115 803
Loss on disposal of Property, Plant and Equipment		1 050 421	615 192
Total Expenditure		99 524 231	105 452 078
NET SURPLUS FOR THE YEAR - BEFORE DISCONTINUED OPERATIONS		2 396 455	(10 206 537)
Discontinued Operations	29	-	(251 593)
NET SURPLUS FOR THE YEAR - AFTER DISCONTINUED OPERATIONS		2 396 455	(10 458 130)

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Revaluations Reserve	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 JULY 2011	5 828 305	4 411 867	76 169 435	86 409 608
Change in accounting policy	-	-	-	-
Correction of error Note 32	-	-	9 838 649	9 838 649
Restated Balance at 1 JULY 2011	5 828 305	4 411 867	86 008 084	96 248 257
Net Deficit for the year	-	-	(10 458 130)	(10 458 130)
Revaluation of Land & Buildings	15 788 351	-	-	15 788 351
Transfer to Capital Replacement Reserve	-	3 450 000	(3 450 000)	-
Property, plant and equipment purchased	-	(2 339 778)	2 339 778	-
Offsetting of depreciation	(237 605)	-	237 605	-
Balance at 30 JUNE 2012	21 379 051	5 522 089	74 677 337	101 578 478
Net Surplus for the year	-	-	2 396 455	2 396 455
Revaluation of Land & Buildings	-	-	-	-
Transfer to Capital Replacement Reserve	-	6 781 330	(6 781 330)	-
Property, plant and equipment purchased	-	(5 229 375)	5 229 375	-
Offsetting of depreciation	(445 567)	-	445 567	-
Balance at 30 JUNE 2013	20 933 484	7 074 044	75 967 404	103 974 933

FRANCES BAARD DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Notes	30 JUNE 2013 R	30 JUNE 2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		917 687	1 636 851
Government		92 727 479	86 365 123
Interest		5 672 199	5 491 386
Dividends		-	-
Payments			
Suppliers and employees		(56 122 033)	(48 031 360)
Finance charges	26	(2 317 815)	(1 516 166)
Transfers and Grants		(35 436 785)	(26 381 679)
Cash generated by operations	32	5 440 732	17 564 155
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	9	(5 634 193)	(2 194 564)
Purchase of Investment property		-	-
Proceeds on Disposal of Fixed Assets		110 001	-
Purchase of Heritage Assets		-	(3 990)
Purchase of Intangible Assets		(373 739)	(183 108)
Increase in Long-term Receivables	14	40 123	(813 590)
Decrease/(Increase) in Current Investments	13	(900 000)	-
Decrease/(Increase) in Non-current Investments		-	6 218
Net Cash from Investing Activities		(6 757 808)	(3 189 034)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(1 333 193)	(1 289 109)
New loans raised		-	-
Increase in Consumer Deposits		-	-
Net Cash from Financing Activities		(1 333 193)	(1 289 109)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(2 650 269)	13 086 012
Cash and Cash Equivalents at the beginning of the year		86 214 164	73 128 152
Cash and Cash Equivalents at the end of the year	33	83 563 895	86 214 164
NET INCREASE IN CASH AND CASH EQUIVALENTS		(2 650 269)	13 086 012

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	363 895	2 954 502	(2 590 607)	Over budget based on actual performance
Call investment deposits	83 200 000	51 889 105	31 310 895	Over budget based on actual performance
Consumer debtors	-	-	-	
Other Receivables	1 534 233	1 300 000	234 233	Percentage not material
Current portion of long-term receivables	-	-	-	
Inventory	266 402	370 274	(103 872)	Over budget according to needs estimate
Total current assets	85 364 530	56 513 881	28 850 649	
Non current assets				
Long-term receivables	-	-	-	
Investments	-	-	-	
Investment property	-	-	-	
Property, plant and equipment	47 439 375	57 749 563	(10 310 188)	Over budget: Impairment 2011 / 12
Biological Assets	-	-	-	
Intangible Assets	848 654	-	848 654	Under budget - Disclosure requirement: GRAP
Heritage Assets	631 417	-	631 417	Under budget - Disclosure requirement: GRAP
Total non current assets	48 919 446	57 749 563	(8 830 117)	
TOTAL ASSETS	134 283 976	114 263 444	20 020 532	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	1 444 018	1 444 020	(2)	Amount not material
Consumer deposits	-	-	-	
Trade and other payables	4 498 704	1 778 441	2 720 263	Under budget based on projected commitment Amounts based on actual commitments
Provisions and Employee Benefits	6 859 699	6 024 487	835 211	calculated
Total current liabilities	12 802 421	9 246 949	3 555 472	
Non current liabilities				
Borrowing	10 041 380	10 057 998	(16 618)	Amount not material
Provisions and Employee Benefits	23 001 035	22 366 189	634 846	Due to increased amounts in employee benefit: calculated
Total non current liabilities	33 042 415	32 424 187	618 228	
TOTAL LIABILITIES	45 844 836	41 671 136	4 173 700	
NET ASSETS	55 886 216	72 592 308	(16 706 092)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	75 967 404	44 473 445	31 493 959	Underbudget based on actual performance
Reserves	28 007 528	28 118 863	(111 335)	Amount not material
TOTAL COMMUNITY WEALTH/EQUITY	103 974 932	72 592 307	31 382 625	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	
ASSETS				
Current assets				
Cash	453 861	2 500 640	2 954 502	Based on projected estimates
Call investment deposits	47 800 000	4 089 105	51 889 105	Based on projected estimates
Consumer debtors	-	-	-	
Other Receivables	1 300 000	-	1 300 000	
Current portion of long-term receivables	-	-	-	
Inventory	370 274	-	370 274	
Total current assets	49 924 136	6 589 745	56 513 881	
Non current assets				
Long-term receivables	-	-	-	
Investments	-	-	-	
Investment property	-	-	-	
Property, plant and equipment	58 291 443	(541 880)	57 749 563	Amount not material
Biological Assets	-	-	-	
Intangible Assets	-	-	-	
Heritage Assets	-	-	-	
Total non current assets	58 291 443	(541 880)	57 749 563	
TOTAL ASSETS	108 215 578	6 047 865	114 263 444	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	1 444 020	-	1 444 020	
Consumer deposits	-	-	-	
Trade and other payables	1 778 441	-	1 778 441	
Provisions and Employee Benefits	4 828 161	1 196 327	6 024 487	Based on projected estimates
Total current liabilities	8 050 622	1 196 327	9 246 949	
Non current liabilities				
Borrowing	10 057 998	-	10 057 998	
Provisions and Employee Benefits	13 548 679	8 817 510	22 366 189	Based on projected estimates
Total non current liabilities	23 606 677	8 817 510	32 424 187	
TOTAL LIABILITIES	31 657 299	10 013 837	41 671 136	
NET ASSETS	76 558 279	(3 965 972)	72 592 307	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	66 176 387	(21 702 943)	44 473 445	Adjustment based on previous year performance
Reserves	10 381 892	17 736 971	28 118 863	Impact of previous year revaluation vs projected opening balance
TOTAL COMMUNITY WEALTH/EQUITY	76 558 279	(3 965 972)	72 592 307	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	-	-	-	
Property rates - penalties & collection charges	-	-	-	
Service charges	-	-	-	
Rental of facilities and equipment	596 421	631 600	(35 179)	% Deviation not material
Interest earned - external investments	5 672 199	5 057 600	614 599	% Deviation not material
Government Grants and Subsidies - Operating	94 578 831	94 455 230	123 601	% Deviation not material
Other revenue	1 073 235	1 043 720	29 515	% Deviation not material
Gains on disposal of PPE	-	110 000	(110 000)	
Total Operating Revenue	101 920 686	101 298 150	622 536	
EXPENDITURE BY TYPE				
Employee related costs	39 422 579	42 561 450	(3 138 871)	Underspending due to vacant positions not filled accordingly
Remuneration of councillors	5 160 197	5 357 390	(197 193)	Deviation not material
Debt impairment	-	3 000	(3 000)	Deviation not material
Depreciation & asset impairment	3 428 578	4 498 000	(1 069 422)	Deviation not material
Finance Charges - External Funding	1 361 298	1 361 600	(302)	% Deviation not material
Finance Charges - Employee benefits	956 517	956 500	17	% Deviation not material
Other materials	2 569 405	4 309 270	(1 739 865)	Unrealistic budget estimates not aligned to actual expenditure needs.
Grants and subsidies paid	35 436 785	45 942 650	(10 505 865)	Under performance with regards to budget estimates
Other expenditure	10 138 450	15 572 790	(5 434 340)	Unrealistic budget estimates not aligned to actual expenditure needs.
Loss on disposal of PPE	1 050 421	50 000	1 000 421	Under budgeted estimates
Total Operating Expenditure	99 524 231	120 612 650	(21 088 419)	
Operating Surplus/(Deficit) for the year	2 396 455	(19 314 500)	21 710 955	
Government Grants and Subsidies - Capital	-	-	-	
Net Surplus/(Deficit) for the year	2 396 455	(19 314 500)	21 710 955	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Reasons for material adjustments
REVENUE BY SOURCE				
Rental of facilities and equipment	631 600	-	631 600	
Interest earned - external investments	4 707 600	350 000	5 057 600	Adjustment based on projected revenue
Government Grants and Subsidies - Operating	92 592 000	1 863 230	94 455 230	Adjustment i.r.o. Near and Firefighting grants received not gazetted
Other revenue	24 500	1 019 220	1 043 720	Adjustment as result Actuarial Gains calculations
Gains on disposal of PPE	100 000	10 000	110 000	Adjustment based on actual receipt
Total Operating Revenue	98 055 700	3 242 450	101 298 150	
EXPENDITURE BY TYPE				
Employee related costs	42 556 450	5 000	42 561 450	Not material
Remuneration of councillors	5 357 390	-	5 357 390	
Debt impairment	3 000	-	3 000	
Depreciation & asset impairment	4 498 000	-	4 498 000	
Finance charges	2 361 600	(43 500)	2 318 100	Adjustment as result Actuarial employee benefit calculations
Bulk purchases	-	-	-	
Other materials	4 361 730	(52 460)	4 309 270	Not material
Contracted services	-	-	-	
Grants and subsidies paid	45 691 700	250 950	45 942 650	Correction of error
Other expenditure	15 195 120	377 670	15 572 790	Budget for actuarial loss transferred to finance charge
Loss on disposal of PPE	50 000	-	50 000	
Total Operating Expenditure	120 074 990	537 660	120 612 650	
Operating Surplus/(Deficit) for the year	(22 019 290)	2 704 790	(19 314 500)	
Government Grants and Subsidies - Capital	-	-	-	
Net Surplus/(Deficit) for the year	(22 019 290)	2 704 790	(19 314 500)	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	917 687	667 680	250 007	
Government - operating	92 727 479	94 805 230	(2 077 751)	% not material
Government - capital	-	-	-	
Interest	5 672 199	4 707 600	964 599	More interest earned due to higher than expected cash balances
Dividends	-	-	-	
Payments				
Suppliers and Employees	(56 122 033)	(73 986 453)	17 864 421	Over budget based on expected performance & roll overs
Finance charges	(2 317 815)	(2 361 600)	43 785	Over budget based on expected performance
Transfers and Grants	(35 436 785)	(45 656 570)	10 219 785	Over budget based on expected performance
NET CASH FROM/(USED) OPERATING ACTIVITIES	5 440 732	-21 824 113	-	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	110 001	100 000	10 001	Not material
Decrease/(increase) in non-current receivables	40 123	-	40 123	
Decrease/(increase) in Current investments	(900 000)	-	(900 000)	Amount is based on actual performance
Payments				
Capital assets	(6 007 932)	(8 471 390)	2 463 458	Savings on purchases
NET CASH FROM/(USED) INVESTING ACTIVITIES	-6 757 808	(8 371 390)	1 613 582	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	(1 333 193)	(1 138 510)	(194 683)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 333 193)	(1 138 510)	-194 683	
NET INCREASE/(DECREASE) IN CASH HELD	-2 650 269	(31 334 013)	1 418 899	
Cash and Cash Equivalents at the beginning of the year	86 214 164	86 214 164	0	
Cash and Cash Equivalents at the end of the year	83 563 895	54 880 150	28 683 745	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	667 680	-	667 680	
Government - operating	92 592 000	2 213 230	94 805 230	Adjustment i.r.o. Near and Firefighting grants received not gazetted
Government - capital	-	-	-	
Interest	4 707 600	-	4 707 600	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(67 225 785)	(6 760 668)	(73 986 453)	Adjustment made i.r.o expenditure projections
Finance charges	(2 361 600)	-	(2 361 600)	
Transfers and Grants	(45 691 700)	35 130	(45 656 570)	Not material
NET CASH FROM/(USED) OPERATING ACTIVITIES	-17 311 805	-4 512 308	-21 824 113	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	100 000	-	100 000	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(9 013 270)	541 880	(8 471 390)	Reduction due to decrease in capital needs
NET CASH FROM/(USED) INVESTING ACTIVITIES	(8 913 270)	541 880	(8 371 390)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	(1 138 510)	-	(1 138 510)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-1 138 510	-	(1 138 510)	
NET INCREASE/(DECREASE) IN CASH HELD	(27 363 585)	(3 970 428)	(31 334 013)	
Cash and Cash Equivalents at the beginning of the year	74 917 455	11 296 709	86 214 164	Based on projected estimates
Cash and Cash Equivalents at the end of the year	47 553 870	7 326 281	54 880 150	Based on projected estimates

Frances Baard District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 1 (Revised – Mar 2012)	Presentation of Financial Statements	1 April 2013
GRAP 3 (Revised – Mar 2012)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2013
GRAP 9 (Revised – Mar 2012)	Revenue from Exchange Transactions	1 April 2013
GRAP 12 (Revised – Mar 2012)	Inventories	1 April 2013
GRAP 13 (Revised – Mar 2012)	Leases	1 April 2013
GRAP 16 (Revised – Mar 2012)	Investment Property	1 April 2013
GRAP 17 (Revised – Mar 2012)	Property, Plant and Equipment	1 April 2013
GRAP 25 (Original – Nov 2009)	Employee Benefits	1 April 2013
GRAP 27 (Revised – Mar 2012)	Agriculture	1 April 2013
GRAP 31 (Revised – Mar 2012)	Intangible Assets	1 April 2013
IGRAP 16 (Issued – Mar 2012)	Intangible Assets – Website Costs	1 April 2013

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

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 otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

Frances Baard District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2 PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3 GOING CONCERN ASSUMPTION

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

1.4 COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6 MATERIALITY

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

1.7 PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Frances Baard District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2012 to 30 June 2013. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of Comparison of Budget and Actual Amounts.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

1.8 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 6 (Revised – Nov 2010)	<p>Consolidated and Separate Financial Statements</p> <p>The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity.</p> <p>No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.</p>	Unknown
GRAP 7 (Revised – Mar 2012)	<p>Investments in Associate</p> <p>This Standard prescribes the accounting treatment for investments in associates where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other form of interest in the net assets.</p> <p>No significant impact is expected as the Municipality does have any interest in associates.</p>	1 April 2013

Frances Baard District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

<p>GRAP 8 (Revised – Nov 2010)</p>	<p>Interest in Joint Ventures</p> <p>The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.</p> <p>No significant impact is expected as the Municipality is not involved in any joint ventures.</p>	<p>Unknown</p>
<p>GRAP 18 (Original – Feb 2011)</p>	<p>Segment Reporting</p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	<p>Unknown</p>
<p>GRAP 20 (Original – June 2011)</p>	<p>Related Party Disclosure</p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	<p>Unknown</p>
<p>GRAP 105 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	<p>Unknown</p>
<p>GRAP 106 (Original – Nov 2010)</p>	<p>Transfer of Functions Between Entities Not Under Common Control</p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the</p>	<p>Unknown</p>

Frances Baard District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	foreseeable future.	
GRAP 107 (Original – Nov 2010)	<p>Mergers</p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	Unknown
IGRAP 11	<p>Consolidation - Special Purpose Entities (SPE)</p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	Unknown
IGRAP 12	<p>Jointly Controlled Entities non-monetary contributions</p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9 RESERVES

1.9.1 Capital Replacement Reserve (CRR)

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

1.9.2 Revaluations Reserve

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

Frances Baard District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.10 LEASES

1.10.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

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

1.10.2 Municipality as Lessor

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.11 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

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

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

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.12 UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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.

1.13 UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

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

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- 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 the public contribution 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.14 PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

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

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

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.15 EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.15.1 Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. 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.

1.15.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality’s obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are 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.

1.15.3 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.4 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.

1.15.5 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.

1.15.6 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.15.7 Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.16 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so.

It is inappropriate to capitalise borrowing costs when there is clear evidence that it is difficult to link the borrowing requirement of the Municipality directly to the nature of the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

expenditure to be funded. In such cases, the Municipality expense those borrowing costs related to a qualifying asset directly to the Statement of Financial Performance.

The amount of borrowing costs that the Municipality capitalises during a period does not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.17 PROPERTY, PLANT AND EQUIPMENT

1.17.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.17.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on

Frances Baard District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.17.3 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in the Statement of Financial Performance, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.17.4 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
		Specialised plant and	
		Equipment	10-15
<u>Community</u>		<u>Other plant and</u>	
Buildings	30	Equipment	2-5
Recreational Facilities	20-30	Landfill sites	15
Security	5	Quarries	25
Halls	20-30	Emergency equipment	10
Libraries	20-30	Computer equipment	3
Parks and gardens	15-20		
Other assets	15-20		
<u>Finance lease assets</u>			
Office equipment	3		
Other assets	5		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.17.5 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18 INTANGIBLE ASSETS

1.18.1 Initial Recognition

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

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

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

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

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

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.18.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	10
Computer Software Licenses	10

1.18.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19 INVESTMENT PROPERTY

1.19.1 Initial Recognition

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. 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

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the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.19.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.19.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30

1.19.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.20 HERITAGE ASSETS

1.20.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

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1.20.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.20.3 Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.20.4 De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.22.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010.

1.21 NON-CURRENT ASSETS HELD FOR SALE

1.21.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.21.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

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Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in the Statement of Financial Performance.

1.22 IMPAIRMENT OF NON-FINANCIAL ASSETS

1.22.1 Cash-generating assets

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

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

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

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

- (b) Internal sources of information
 - Evidence is available of obsolescence or physical damage of an asset.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
 - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects

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current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.22.2 Non-cash-generating assets

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

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

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

- (a) External sources of information
 - Cessation, or near cessation, of the demand or need for services provided by the asset.
 - Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.
- (b) Internal sources of information
 - Evidence is available of physical damage of an asset.
 - Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
 - A decision to halt the construction of the asset before it is complete or in a usable condition.
 - Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

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

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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 is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

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

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

1.23 INVENTORIES

1.23.1 Initial Recognition

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

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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.

1.23.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

1.24 FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.24.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in

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respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.24.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.24.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.24.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value

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and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.24.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.24.2.4 Non-Current Investments

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.24.3 De-recognition of Financial Instruments

1.24.3.1 Financial Assets

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

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

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

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

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.24.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.24.4 *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.25 REVENUE

1.25.1 *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

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Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

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

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

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

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

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

1.25.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

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

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Frances Baard District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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- The amount of revenue can be measured reliably.
 - It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
 - The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised using the effective interest rate method.

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

Frances Baard District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.26 RELATED PARTIES

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

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person’s family is related to the Municipality if that person:
 - has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.

Frances Baard District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.27 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28 IRREGULAR EXPENDITURE

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

1.29 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

Management judgement is required when recognising and measuring contingent liabilities.

1.31 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.31.1 Post retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.31.2 Impairment of Receivables

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

1.31.3 Property, Plant and Equipment

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

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

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

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

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

Frances Baard District Municipality

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

1.31.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

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

1.31.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

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

1.31.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.31.7 Revenue Recognition

Accounting Policy 1.25.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.25.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.31.8 Provision for Staff leave

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

1.31.9 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.31.10 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.32 TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.33 CAPITAL COMMITMENTS

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

1.34 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2 NET ASSET RESERVES

Capital Replacement Reserve	7 074 044	5 522 089
Revaluations Reserve	20 933 484	21 379 051
Total Net Asset Reserves	28 007 528	26 901 140

3 LONG-TERM LIABILITIES

Annuity Loans - At amortised cost	11 485 398	12 784 290
Capitalised Lease Liability - At amortised cost	-	34 299
	11 485 398	12 818 589
Current Portion transferred to Current Liabilities	1 444 018	1 332 911
	1 444 018	1 298 612
Capitalised Lease Liability - At amortised cost	-	34 299
	10 041 380	11 485 678
Total Long-term Liabilities - At amortised cost using the effective interest rate method	10 041 380	11 485 678

Refer below for maturity dates of long term liabilities:
The obligations under annuity loans are scheduled below:

**Minimum
annuity payments**

Amounts payable under annuity loans:

Payable within one year	2 659 207	2 659 207
Payable within two to five years	13 296 036	10 636 829
Payable after five years		5 318 414
	15 955 243	18 614 450
Less: Future finance obligations	(4 469 845)	(5 830 160)
Present value of annuity obligations	11 485 398	12 784 290

A fixed term loan over a period of 10 years was taken up with the Development Bank of Southern Africa to construct a new council Chamber and offices. In terms of the service level agreement, as amended, the loan will be repaid in 18 six -monthly instalments with the first instalment payable on 31 December 2010 at an interest rate of 10.9 %. Interest payments commenced on 30 June 2009.

The obligations under finance leases are scheduled below:

**Minimum
lease payments**

Amounts payable under finance leases:

Payable within one year	-	35 173
Payable within two to five years	-	-
Payable after five years	-	-
	-	35 173
Less: Future finance obligations	-	(874)
Present value of lease obligations	-	34 299

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

4 EMPLOYEE BENEFITS

Post Retirement Healthcare Benefits - Refer to Note 4.1	12 026 696	11 436 439
Roads Post Retirement Healthcare Benefits - Refer to Note 4.1	9 748 944	9 782 334
Long Service Awards - Refer to Note 4.2	1 051 590	802 797
Ex-Gratia Pension Benefits - Refer Note 4.3	173 805	504 682
Total Non-current Employee Benefit Liabilities	23 001 035	22 526 252

In terms of the agreement with the Northern Cape Provincial Government these amounts will be recoverable from the Provincial Government on payment to the affected employees. Refer note 14.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Post Retirement Healthcare Benefits

Balance 1 July	22 763 773	20 022 771
Contribution for the year	255 340	1 917 267
Interest Cost	1 580 289	-
Expenditure for the year	(670 407)	(1 307 070)
Actuarial Loss/(Gain)	(598 323)	2 130 805
Total post retirement benefits 30 June	23 330 672	22 763 773
Less: Transfer of Current Portion - Note 5	(1 555 032)	(1 545 000)
Balance 30 June	21 775 640	21 218 773

Post Retirement Benefits: Frances Baard

Balance 1 July	12 111 535	10 184 123
Contribution for the year	255 340	304 037
Interest Cost	865 005	825 411
Expenditure for the year	(366 546)	(581 646)
Actuarial Loss/(Gain)	(221 591)	1 379 610
Total post retirement benefits 30 June	12 643 743	12 111 535
Less: Transfer of Current Portion - Note	(691 860)	(675 095)
Balance 30 June	11 951 883	11 436 440

Post Retirement Benefits: Roads

Balance 1 July	10 652 239	9 838 648
Contribution for the year	-	-
Interest Cost	715 283	787 819
Expenditure for the year	(303 861)	(725 424)
Actuarial Loss/(Gain)	(376 732)	751 195
Total post retirement benefits 30 June	10 686 929	10 652 238
Less: Transfer of Current Portion - Note	(863 172)	(869 905)
Balance 30 June	9 823 757	9 782 333

Long Service Awards

Balance 1 July	1 021 384	789 848
Contribution for the year	208 923	201 806
Interest Cost	60 018	-
Expenditure for the year	(215 060)	(79 103)
Actuarial Loss/(Gain)	(12 593)	108 833
Total long service 30 June	1 062 672	1 021 384
Less: Transfer of Current Portion - Note 5	(11 082)	(218 587)
Balance 30 June	1 051 590	802 797

Ex-Gratia Pensions

Balance 1 July	575 936	833 299
Contribution for the year	-	69 122
Interest Cost	31 494	-
Expenditure for the year	(36 404)	(75 829)
Actuarial Loss/(Gain)	(357 800)	(250 656)
Total long service 30 June	213 226	575 936
Less: Transfer of Current Portion - Note 5	(39 421)	(71 254)
Balance 30 June	173 805	504 682

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July	24 361 093	21 645 918
Contribution for the year	464 263	2 188 195
Interest cost	1 671 801	-
Expenditure for the year	(921 871)	(1 462 002)
Actuarial Loss/(Gain)	(968 716)	1 988 982
Total employee benefits 30 June	24 606 570	24 361 093
Less: Transfer of Current Portion - Note 5	(1 605 535)	(1 834 841)
Balance 30 June	23 001 035	22 526 252

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	22 763 773	20 022 771
Total expenses	1 165 222	610 197
Current service cost	255 340	304 037
Interest Cost	1 580 289	1 613 230
Benefits Paid	(670 407)	(1 307 070)
Actuarial (gains)/losses	(598 323)	2 130 805
Present value of fund obligation at the end of the year	23 330 672	22 763 773
Less: Transfer of Current Portion - Note 5	(1 555 032)	(1 545 000)
Balance 30 June	21 775 640	21 218 773

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	4.453	18.877	23.33	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	5.468	20.775	26.24	12%
Health care inflation	-1%	3.665	17.237	20.90	-10%
Post-retirement mortality	-1 year	4.608	19.729	24.34	4%
Average retirement age	-1 year	4.739	18.877	23.62	1%
Withdrawal Rate	-50%	5.13	18.877	24.01	3%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		255 300	1 580 300	1 835 600	
Health care inflation	1%	333 500	1 783 700	2 117 200	15%
Health care inflation	-1%	197 800	1 410 600	1 608 400	-12%
Post-retirement mortality	-1 year	264 200	1 652 000	1 916 200	4%
Average retirement age	-1 year	278 300	1 594 400	1 872 700	2%
Withdrawal Rate	-50%	348 900	1 619 500	1 968 400	7%

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

86	120
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Key actuarial assumptions used:

%	%
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i) Rate of interest

Discount rate	8%	7%
General Salary Inflation (long-term)	7%	6%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1%	58%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

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

Present value of fund obligations	1 051 590	802 797
Net liability	1 051 590	802 797

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

	2011 R	2010 R	2009 R
Total Liability	789 848	1 013 696	758 174

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(242 288)	128 698.00	-
Assets: Gain / (loss)	(223 848)	255 522.00	63 366.00

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 021 384	789 848
Total expenses	53 881	122 703
Current service cost	208 923	141 326
Interest Cost	60 018	60 480
Benefits Paid	(215 060)	(79 103)
Actuarial (gains)/losses	(12 593)	108 833
Present value of fund obligation at the end of the year	1 062 672	1 021 384
Less: Transfer of Current Portion - Note 5	(11 082)	(218 587)
Balance 30 June	1 051 590	802 797

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		1 063 000	
General salary inflation	1%	1 147 000	8%
General salary inflation	-1%	987 000	-7%
Average retirement age	-2 yrs	920 000	13%
Average retirement age	2 yrs	1 116 000	5%
Withdrawal rates	-50%	1 375 000	29%

4.3 Provision for Ex-Gratia Pension Benefits

The Ex-Gratia plans are defined benefit plans. As at year end, 2 employees were eligible for Ex-Gratia payments.

There is no Future-service Costs as there are no current in-service members eligible for ex-gratia payments, whereas the Interest cost for the next year is estimated to be R??

Sensitivity Analysis on the interest cost

Assumption	Change	Liability	% change
Central assumptions		31 494	
Pension increase rate	1%	32 108	2%
Pension increase rate	-1%	30 925	-2%
Post retirement mortality	-1 Yrs	32 457	3%

4 EMPLOYEE BENEFITS (CONTINUED)

Key actuarial assumptions used:

i) Rate of interest

Discount rate	6%	6%
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The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

	2013 R	2012 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	142 311	504 682
Net liability/(asset)	142 311	504 682

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	575 936	833 299
Total expenses	(36 404)	(6 707)
Current service cost	-	-
Interest Cost	-	69 122
Benefits Paid	(36 404)	(75 829)
Actuarial (gains)/losses	(357 800)	(250 656)
Present value of fund obligation at the end of the year	181 732	575 936
Less: Transfer of Current Portion to Current Employee Benefits - Note 5	(39 421)	(71 254)
Balance at end of year	142 311	504 682

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

	2011 R	2010 R	2009 R
Members	833 299	782 896	724 910
Total Liability	833 299	782 896	724 910

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Total Liability	833 299	782 896	724 910
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Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(242 288)	48 137.00	5 822.23
Assets: Gain / (loss)	50 402	(57 986.00)	20 126.00

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption

	Change	Liability (Rm)	% change
Central assumptions		213 226	
Pension increase rate	1%	223 505	5%
Pension increase rate	-1%	203 683	-4%
Post retirement mortality	1 Yrs	224 184	5%

4.4

Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 99.90% (30 June 2011 - 98.10%).

Contributions paid recognised in the Statement of Financial Performance

	2013 R	2012 R
	4 062 617	3 567 202

DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

	2013 R	2012 R
Municipal Councillors Pension Fund	164 953	156 237
SAMWU National Provident Fund	16 842	15 556
	181 795	171 793

5

CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Healthcare Benefits - Note 4	691 860	675 095
Roads - Current Portion of Post Retirement Healthcare Benefits - Note 4	863 172	869 905
Current Portion of Long-Service Provisions - Note 4	11 082	218 587
Current Portion of Ex-Gratia Pension - Note 4	39 421	71 254
Provision for Staff Leave	3 701 841	2 806 740
Provision for Performance Bonuses	464 450	390 833
Staff Bonuses accrued	1 087 873	992 073
Total Current Employee Benefits	6 859 699	6 024 487

The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year	2 806 740	2 370 735
Contribution to current portion	1 121 150	882 771
Expenditure incurred	(226 049)	(446 766)
Balance at end of year	3 701 841	2 806 740

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.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Provision for Performance Bonuses

Balance at beginning of year	390 833	405 240
Contribution to current portion	371 068	209 320
Expenditure incurred	(297 451)	(223 727)
Balance at end of year	464 450	390 833

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exists.

Staff Bonuses accrued

Balance at beginning of year	992 073	905 370
Contribution to current portion	1 393 789	1 778 420
Expenditure incurred	(1 297 989)	(1 691 717)
Balance at end of year	1 087 873	992 073

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

6 PAYABLES FROM EXCHANGE TRANSACTIONS

	R	R
Other Payables	4 171 424	5 368 725
Payments received in advance	16 754	11 814
Retentions	439 713	341 906
Creditors Control	254 710	2 018 012
Sundry Creditors	3 394 234	2 902 575
ABSA Fleet Card	66 013	-
Salary Control: - Medical Aid	-	1 732
Salary Control: - SITE / PAYE	-	2 303
Salary Control: - Garnishing Order	-	500
Salary Control:- Workmen's Compensation	-	85 683
Salary Control - Traffic Fines	-	200
Stale Cheque Account	-	4 000
Total Trade Payables	4 171 424	5 368 725

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

The carrying value of trade and other payables approximates its fair value.
 All payables are unsecured.

7 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	327 280	2 178 633
National and Provincial Government Grants	327 280	2 178 633
Less: Unpaid Grants	-	-
National and Provincial Government Grants	-	-
Total Conditional Grants and Receipts	327 280	2 178 633

Reconciliation of total grants and receipts

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

8 TAXES

NET VAT RECEIVABLE/(PAYABLE)	1 119 098	1 189 493
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VAT is receivable/payable on the cash basis.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

9 PROPERTY, PLANT AND EQUIPMENT

9.1 See attached sheet on page 75

9.2 Funding of Assets: Non-exchanged Transactions

External Loans	15 000 000	15 000 000
Own Generated Funds	42 918 666	41 098 594
Grants & Subsidies	2 443 985	560 613
Revaluation	21 729 177	21 729 177
	<u>82 091 828</u>	<u>78 388 384</u>
Less Assets Held for Sale	(7 496 968)	(148 602)
Total	<u>74 594 860</u>	<u>78 239 782</u>

9.3 Assets pledged as security:

No assets are pledged as security.

9.4 Third party payments received for losses incurred:

Payments received (Excluding VAT)	5 719	20 708
Carrying value of assets written off/lost		-
Surplus/Deficit	<u>5 719</u>	<u>20 708</u>

9.5 Impairment of property plant and equipment for the year

Impairment charges on Property, plant and equipment recognised in statement of financial performance

Land and Buildings	-	18 664 664
	<u>-</u>	<u>18 664 664</u>

Cumulative impairment charges included in major balances

Land and Buildings	18 664 664	18 664 664
	<u>18 664 664</u>	<u>18 664 664</u>

9.6 Effect of changes in accounting estimates

Effect on Property, plant and equipment	<u>9 784.89</u>	<u>(21 900.74)</u>
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9.7 Revaluation of property

The revaluation of council's land and buildings was done by Valu Data professional valuers during the 2011 / 12 financial year on the method of

- value indicated by recent sales of comparable properties in the market,
- value of the property's earning power base on a capitalisation of the first year income or projected future income, and
- the current cost of reproducing or replacing the improvements less loss in value from depreciation plus the value of land.

10 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale at beginning of year - at book value	75 155	-
Additions for the year	7 225 699	-
Transferred from PPE at Book Value		75 155
	7 300 854	75 155
Non-current assets sold/written off during the year	(75 155)	
Non-current assets held for sale at end of year - at book value	<u>7 225 699</u>	<u>75 155</u>

Non-current assets are items written off and sold at auctions during the financial year.

11 INTANGIBLE ASSETS

Computer Software

Net Carrying amount at 1 July

	894 823	832 793
Cost	1 367 970	1 184 862
Accumulated Amortisation	(473 147)	(352 069)
Additions	373 739	183 108
Disposals: Cost	(607 969)	
Amortisation	(141 315)	(121 078)
Disposals: Amortisation	329 376	-

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Net Carrying amount at 30 June	848 654	894 823
Cost	1 133 740	1 367 970
Accumulated Amortisation	(285 086)	(473 147)

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

<u>Description</u>	<u>Remaining Amortisation</u> <u>Period</u>	<u>Carrying Value</u>	
Computer programmes	13	848 654	894 823

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

		2013 R		2012 R
12	HERITAGE ASSETS			
	Net Carrying amount at 1 July	631 417		627 427
	Cost	631 417		627 427
	Balance Previously Reported			-
	Change of accounting policy - Note 30			627 427
	Acquisitions	-		3 990
	Net Carrying amount at 30 June	631 417		631 417
	Cost	631 417		631 417
	Balance Previously Reported			-
	Change of accounting policy - Note 30			631 417

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

Roads Post Retirement Healthcare Benefits - Refer to Note 4.1	10 652 239	10 652 239
Balance Previously Reported	-	-
Correction of Error - Note 31	-	10 652 239
Current year movements	(40 123)	
Total post retirement benefits 30 June	10 612 116	10 652 239
Less: Transfer of Current Portion - Note	(863 172)	(869 905)
Balance 30 June	9 748 944	9 782 334

Council managed an agency service on behalf of the Department of Roads & Public Works until 30 June 2011. The service has been transferred back to the Department from 01 July 2011. As per 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 employers portion of the instalment and the members will be responsible for the employee portion. Outstanding amounts are treated as receivables from non-exchange transactions.

**FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

15 INVENTORY

Consumable Stores - Stationery and materials - At cost	266 402	349 926
Total Inventory	266 402	349 926
Consumable stores materials written down due to losses as identified during the annual stores counts.	2 798	-
Consumable stores materials surpluses identified during the annual stores counts.	-	-
Inventory recognised as an expense during the year	363 140	326 324

16 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2013 R	2012 R
Other Receivables	1 534 233	1 680 585
Sundry Services	719 949	1 171 904
Payments Made in Advance	466 964	117 852
Interest on investment	276 228	319 963
Other Sundry Debtors	62 691	70 762
Salary Control:-Main Account	3 551	-
Salary Control - Traffic Fines	200	-
Salary Control - Debit Order & Other Deductions Control	-	104
Total Receivables from Non-Exchange Transactions	1 534 233	1 680 585
Less: Allowance for Doubtful Debts	-	-
Total Net Receivables from Non-Exchange Transactions	1 534 233	1 680 585

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

17 OPERATING LEASE ARRANGEMENTS

17.1 The Municipality as Lessor (Asset)

Balance on 1 July	8 240	9 383
Movement during the year	(3 662)	(1 143)
Balance on 30 June	4 578	8 240

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	4 578	16 658
1 to 5 Years	-	16 492
More than 5 Years	-	-
Total Operating Lease Arrangements	4 578	33 150

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The municipality does not engage in any sub-lease arrangements.

The municipality did not receive any contingent rent during the year

18 CASH AND CASH EQUIVALENTS

Assets

Call Investment Deposits	83 200 000	83 500 000
Primary Bank Account	360 595	2 710 864
Cash Floats	3 300	3 300
Total Cash and Cash Equivalents - Assets	83 563 895	86 214 164

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

Current Accounts

Standard Bank Kimberley Business Centre - Account Number 04 007 955 4	322 126	3 512
ABSA Bank Kimberley (Central Business District) - Account Number 940 000 327	38 469	2 707 352
	360 595	2 710 864

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Standard Bank Kimberley Business Centre - Account Number 04 007 955 4

Cash book balance at beginning of year	3 512	-
Cash book balance at end of year	322 126	3 512
Bank statement balance at beginning of year	580	-
Bank statement balance at end of year	618 780	580

ABSA Bank Kimberley (Central Business District) - Account Number 940 000 327

Cash book balance at beginning of year	2 707 352	2 624 852
Cash book balance at end of year	38 469	2 707 352
Bank statement balance at beginning of year	3 364 665	4 308 250
Bank statement balance at end of year	41 490	3 364 665

New primary bank account has been opened at Standard bank. The account at ABSA will be closed as soon as all transactions on the ABSA account stopped

Call Investment Deposits

19 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants	87 442 000	79 281 000
Equitable Share	87 442 000	79 281 000
Conditional Grants	7 136 831	9 632 873
National Government	1 982 992	2 450 000
Provincial Government	4 559 008	7 062 873
Public Contributions	594 831	120 000
Total Grants and Subsidies	94 578 831	88 913 873

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share	87 442 000	79 281 000
Executive & Council	-	138 682
Budget & Treasury	1 424 648	1 420 324
Planning & Development	2 434 792	2 863 669
Housing	983 191	3 148 561
Public Safety	2 288 364	-
Environmental Protection	5 836	2 061 638
	94 578 831	88 913 874

The municipality does not expect any significant changes to the level of grants.

19.01 Equitable share

Opening balance	-	-
Grants received	87 442 000	79 281 000
Gross Funding	87 442 000	79 281 000
Conditions still to be met	-	-

2013 **2012**
R **R**

19.02 Financial Management Grant

Opening balance	-	-
Grants received	1 250 000	1 250 000
Gross Funding	1 250 000	1 250 000
Conditions still to be met	-	-

**FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

19.03 Municipal Systems Improvement Grant

Opening balance	-	-
Grants received	1 000 000	1 200 000
Gross Funding	1 000 000	1 200 000
Conditions still to be met	267 008	-

19.04 DWA - Sanitation (Mvula Trust)

Opening balance	-	1 489 217
Grants received	-	-
Gross Funding	-	1 489 217
Conditions still to be met	-	-

19.05 District Aids Council

Opening balance	-	114 682
Grants received	-	-
Gross Funding	-	114 682
Grant expenditure to be recovered	-	-

19.06 NEAR Control Centre

Opening balance	569 000	-
Grants received	607 000	569 000
Gross Funding	1 176 000	569 000
Grant expenditure to be recovered	-	569 000

19.07 NCPA - Housing Accreditation Grant

Opening balance	713 191	1 077 953
Grants received	270 000	2 783 799
Gross Funding	983 191	3 861 752
Conditions still to be met	-	713 191

19.08 NCPA Firefighting Equipment

Opening balance	723 364	352 364
Grants received	389 000	371 000
Gross Funding	1 112 364	723 364
Conditions still to be met	-	723 364

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

19.09	SETA - Skills Grant		
	Opening balance	-	-
	Grants received	174 648	170 324
	Gross Funding	174 648	170 324
	Conditions still to be met	-	-
19.10	NCPA: EPWP: DMA Bush Clearance		
	Opening balance	106 969	185 421
	Grants received	1 000 000	-
	Gross Funding	1 106 969	185 421
	Conditions still to be met	-	106 969
19.11	NCPA: Environmental Health Recycling Project		
	Opening balance	66 108	1 427 746
	Grants received	-	700 000
	Gross Funding	66 108	2 127 746
	Conditions still to be met	60 272	66 108
		327 280	2 178 632
		2013	2012
		R	R
20	Public Contributions & Donations		
20.01	Koopmansfontein Electricity Self Build Scheme		
	Opening balance	-	80 000
	Grants received	594 831	16 000
	Gross Funding	594 831	96 000
	Conditions met - transferred to revenue	(594 831)	(96 000)
20.02	ABSA		
	Opening balance	-	-
	Grants received	-	24 000
	Gross Funding	-	24 000
	Conditions still to be met	-	-

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

20.03 Total Public Contributions & Donations

Opening balance	-	80 000
Grants received	594 831	40 000
Gross Funding	594 831	120 000
Conditions still to be met/(Grant expenditure to be recovered)	-	-

21 OTHER INCOME

Commission: Insurance Payments	8 998	6 635
Cost Recovery - Private usage of Pool Vehicles (IEC)	-	2 460
Private telephone calls / photo copies	40 549	27 390
Rentals	-	6 445
Sanlam Shares	-	1 687
Dividends Received	-	38
Insurance Claims / Replace Stolen Assets	5 719	20 708
Study Bursaries Recovered	5 150	-
Stale Cheques Written Back	3 615	-
Unclaimed Wages	1 467	-
Other	11 884	16 772
Total Other Income	77 382	82 135

Sundry income represents income such as insurance claims, private telephone calls and other sundry income.

22 EMPLOYEE RELATED COSTS

Employee related costs – Salaries and Wages	25 324 762	22 324 750
Employee related costs – Contributions for UIF, pensions and medical aids	5 496 171	4 811 758
Motor car and other allowances	2 518 781	2 098 548
Housing benefits and allowances	413 021	527 834
Overtime	54 263	57 765
Leave benefit	1 121 150	882 771
Annual Bonus	1 880 048	1 778 420
Performance bonus	366 418	209 320
Compulsory cost:- Skills Levy; Workmens Compensation; Industrial Council Contributions	677 875	495 881
Group Insurance	323 283	276 098
Long Service Bonus	208 923	141 326
Post-Retirement Medical Aid	782 544	725 424
Post-Retirement Pension fund	255 340	304 037
	39 422 579	34 633 932
<u>Less:</u> Employee Costs allocated elsewhere	-	-
Total Employee Related Costs	39 422 579	34 633 932
	2013	2012
	R	R

KEY MANAGEMENT PERSONNEL

Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - Me ZM Bogatsu

Annual Remuneration	1 111 063	176 531
Performance Bonuses	-	-
Total	1 111 063	176 531

Remuneration of the Director Financial Services - Mr PJ van Biljon

Annual Remuneration	1 014 460	975 270
Performance Bonuses	74 363	54 876
Total	1 088 823	1 030 146

Remuneration of the Director Administration - Me NG Kgantsi

Annual Remuneration	1 014 460	977 751
Performance Bonuses	74 363	50 655
Total	1 088 823	1 028 406

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Remuneration of Executive Director: Infrastructure Services - Mr PJ van der Walt

Annual Remuneration	1 014 460	977 751
Performance Bonuses	74 363	54 876
Total	1 088 823	1 032 627

Remuneration of Executive Director: Planning & Development - Mr FS Mdee

Annual Remuneration	1 014 460	1 088 674
Performance Bonuses	74 363	63 319
Total	1 088 823	1 151 993

23 REMUNERATION OF COUNCILLORS

Mayor	708 102	594 284
Speaker	558 201	477 392
MPAC Chairman	293 423	
Mayoral Committee Members	2 098 743	1 934 773
Councillors	1 414 526	1 516 276
Other Obligatory Contributions (Skills Levy, etc.)	87 203	72 457
Total Councillors' Remuneration	5 160 197	4 595 182

In-kind Benefits

The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Mayor is provided with secretarial support and an office at the cost of the Council.

The Executive Mayor makes use of a Council owned vehicle for ceremonial duties.

The Executive Mayor makes use of a Council owned vehicle and a driver for travelling between Warrenton and her office that is situated in Kimberley.

24 DEPRECIATION AND AMORTISATION

Property Plant and Equipment	3 287 263	3 776 742
Intangible Assets	141 315	121 078
	3 428 578	3 897 820

25 IMPAIRMENTS

Property Plant and Equipment	-	18 664 664
	-	18 664 664

26 FINANCE CHARGES

Long-term Liabilities	1 360 424	1 500 396
Finance leases	874	15 770
Employee Benefits	956 517	955 013
Total finance charges	2 317 815	2 471 179

27 GRANTS AND SUBSIDIES

27.1 Grants and subsidies paid to other municipalities

	2013 R	2012 R
Infrastructure grants paid to other municipalities	26 021 292	17 375 428
Dikgatlong Municipality	6 310 893	2 647 019
Streets & Storm Water	3 000 000	-
Water	1 322 241	646 691
Maintenance Projects	1 988 652	2 000 328
Magareng Municipality	5 629 781	3 912 333
Water	z 691 447	-
Electricity	-	1 600 000
Refuse	-	-
Maintenance Projects	2 502 815	2 312 333
Phokwane Municipality	10 177 929	5 749 173
Sanitation	1 415 956	-
Streets & Stormwater	5 319 998	3 701 702
Electricity	543 695	-
Maintenance Projects	2 898 279	2 047 471
Sol Plaatje Municipality	3 662 841	2 204 840
Water	978 475	1 429 960

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Sanitation	1 782 896	
Maintenance Projects	901 471	774 880
District Management Areas	239 846	2 862 063
Electricity	239 846	2 862 063
Total Grants and subsidies paid to other municipalities	26 021 292	17 375 428

Council makes allocations to participating bodies within its area of jurisdiction. Such allocations are primarily for infrastructure development and are treated as grants in kind. Assets with regard to property, plant and equipment funded becomes the property of the participating body who controls the asset.

27.2 Other grants paid and special projects

Other grants paid and special projects	9 415 494	9 006 251
Grants paid to other organs of state	135 000	135 000
Northern Cape Tourism Authority	135 000	135 000
Other special projects	9 280 494	8 871 251
Council - Special Projects in the Office of the Mayor and Speaker	-	300 380
Special Projects: Office of The Municipal Manager	12 000	23 934
Youth unit / Manager in office of Municipal Manager	114 228	29 618
Communications - Communication Projects	384 119	21 633
Financial Management & Support Programmes	1 505 324	641 634
Information Technology Projects	149 640	111 632
Employee wellness programmes	568 905	685 228
Tourism Projects	1 218 399	1 488 210
GIS Projects	590 822	412 042
Spatial Planning Projects	334 210	-
Planning & Development projects	732 992	1 188 841
IDP / PMS Projects	43 287	17 094
Local Economic Development	1 906 207	1 303 228
Environmental Health Projects	114 963	2 153 675
Disaster Management	698 051	247 151
Housing Awareness	907 346	246 951
Total Other grants paid and special projects	9 415 494	9 006 251
Summary of Grants and Subsidies Paid		
Infrastructure grants paid to other municipalities	26 021 292	17 375 428
Grants paid to other organs of state	135 000	135 000
Other special projects	9 280 494	8 871 251
Total Grants and Subsidies	35 436 785	26 381 679

28 GENERAL EXPENSES

Accommodation	1 137 632	1 070 040
Audit Fees	1 401 052	1 330 070
Bank Charges	64 902	52 934
Books, Printing & Stationery	651 924	474 806
Cellphones	73 398	25 985
Cleaning Materials	43 720	46 273
Cleaning Motor Vehicles	12 011	12 021
Conferences and Seminars	259 482	173 244
Consultancy	211 979	2 512 257
Entertainment / Refreshments	233 669	216 389
General Expenses	144 502	152 136
General Notices	873 888	705 941
Gifts	198	6 527
Insurance	194 036	271 889
Motor vehicle operating cost	779 886	744 371
Motor Vehicle Usage	(445)	(50 896)
Municipal Services & Taxes	1 084 523	748 821
Office Requirements	4 056	3 778
Pauper Burials	11 853	4 500
Postage	10 990	6 215
Protective Clothing	16 735	16 212
Relocation Costs	36 278	43 644
Rental of Buildings & Equipment	46 299	74 273
SALGA Membership Fees	400 000	305 936
Security Services	454 628	414 251
Study Bursaries	90 343	57 893
Training	894 846	737 455
Telephone / Data Lines	452 914	493 982
Transportation	553 153	464 856
General Expenses	10 138 450	11 115 803

**FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

29 DISCONTINUED OPERATIONS

Expenditure

Transfer of Trade Receivables to municipalities	-	251 593
Total Expenditure	-	251 593

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2012
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30	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3	
30.1	Heritage Assets	
	Balance previously reported	-
	Transferred from Property, Plant & Equipment	631 417
	Restated balance	631 417
	Property, Plant & Equipment	
	Balance previously reported	46 530 537
	Transferred to Heritage Assets	631 417
	Restated balance	45 899 120
	Implementation of GRAP 103 requires that Heritage Assets should be disclosed separately from Property, Plant and Equipment.	
31	CORRECTION OF ERROR IN TERMS OF GRAP 3	
31.1	Property, Plant & Equipment - Land & Buildings	
	Balance previously reported	40 828 109
	Accumulated Impairment	18 807 364
	Transferred from Accumulated Depreciation	(3 968 395)
	Restated balance	55 667 078
	Property, Plant & Equipment - Accumulated impairment / Depreciation: Land & Buildings	
	Balance previously reported	6 572 243
	Accumulated Impairment	18 807 364
	Accumulated Depreciation transferred to PPE	(3 968 396)
	Restated balance	21 411 211
	Effect on Carrying Value - Land & Buildings	-
	The effect of impairments on land and buildings was wrongly disclosed in the previous financial year. The cost price was decreased with the impairments.	
31.2	Long-Term Receivables	
	Balance previously reported	-
	Roads - Post retirement healthcare benefits - 1 July 2011	9 838 649
	Interest Cost	787 819
	Expenditure for the year	(725 424)
	Actuarial Loss/(Gain)	751 195
	Current Portion of Long-term Receivables	(869 905)
	Restated balance	9 782 334
	Accumulated surplus / (deficit)	
	Balance previously reported	76 169 435
	Post retirement healthcare benefits - 1 July 2011	9 838 649
	Restated balance	86 008 084
	Movements in statement of financial performance	
	Interest Cost	787 819
	Expenditure for the year	(725 424)
	Actuarial Loss/(Gain)	751 195
	Current Portion of Long-term Receivables	
	Balance previously reported	-
	Current portion of post retirement healthcare - roads	869 905
	Restated balance	869 905
	The long-term receivables were restated due the fact that Province has assumed responsibility for the post retirement medical of employees that were employed in the roads function.	

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
32	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
	Surplus/(Deficit) for the year	2 396 455	(10 458 130)
	Adjustments for:		
	Depreciation	3 287 263	3 776 742
	Amortisation of Intangible Assets	141 315	121 078
	Gain on disposal of property, plant and equipment	-	-
	Loss on disposal of property, plant and equipment	1 050 421	615 192
	Debt Impairment	-	-
	Contribution from/to Employee Benefits - Current	2 886 007	2 870 511
	Contribution from/to Employee Benefits - Current - Expenditure incurred	(1 821 489)	(2 362 210)
	Contribution from/to Employee Benefits - Non-Current	2 136 064	2 188 195
	Contribution from/to Employee Benefits - Non-Current - Expenditure incurred	(921 871)	(1 462 002)
	Actuarial Gains	(968 716)	(250 656)
	Actuarial Losses	-	2 239 638
	Fair Value Adjustments	-	-
	Impairment written off	-	18 664 664
	Grants Received	92 727 479	86 365 123
	Grant Expenditure	(94 578 831)	(88 913 873)
	Operating lease income accrued	3 662	1 143
	Operating lease expenses accrued	-	-
	Operating Surplus/(Deficit) before changes in working capital	6 337 759	13 395 415
	Changes in working capital	(897 030)	4 168 741
	Increase/(Decrease) in Trade and Other Payables	(1 197 301)	3 101 167
	(Increase)/Decrease in Taxes	70 395	300 104
	(Increase)/Decrease in Inventory	83 524	20 348
	(Increase)/Decrease in Trade and other receivables	146 352	747 122
	Cash generated/(absorbed) by operations	5 440 729	17 564 155
33	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 18	83 200 000	83 500 000
	Cash Floats - Note 18	3 300	3 300
	Bank - Note 18	360 595	2 710 864
	Bank overdraft - Note 18	-	-
	Total cash and cash equivalents	83 563 895	86 214 164
34	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 33	83 563 895	86 214 164
	Investments - Note 13	-	-
		83 563 895	86 214 164
	Less:	41 358 403	43 571 845
	Unspent Committed Conditional Grants - Note 7	327 280	2 178 633
	Payables from exchange transactions	4 171 424	5 368 725
	Current Employee benefits	6 859 699	6 024 487
	Cash Reserves to Cover Expenditure for Three Months	30 000 000	30 000 000
	Resources available for working capital requirements Allocated to:	42 205 492	42 642 319
	Capital Replacement Reserve	7 074 044	5 522 089
	Employee Benefits Reserve	23 001 035	22 526 252
	Resources available for working capital requirements	12 130 413	14 593 978
		2013	2012
		R	R
35	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 3	11 485 398	12 818 589
	Used to finance property, plant and equipment - at cost	(11 485 398)	(12 818 589)
		-	-
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	-	-
	Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

BUDGET COMPARISONS

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
35.1 Operational				
Revenue by source				
Property Rates			-	0%
Government Grants and Subsidies			-	0%
Government Grants and Subsidies - Operating	93 984 000	94 455 230	(471 230)	0%
Public Contributions and Donations	594 831	-	594 831	100%
Actuarial Gains	995 853	-	995 853	100%
Third Party Payments			-	0%
Fines			-	0%
Service Charges			-	0%
Rental of Facilities and Equipment	596 421	631 600	(35 179)	-6%
Interest Earned - external investments / current account	5 672 199	5 057 600	614 599	12%
Interest Earned - outstanding debtors			-	0%
Licences and Permits			-	0%
Agency Services			-	0%
Other Income	77 382	1 043 720	(966 338)	-93%
Gain on disposal of Property, Plant and Equipment	-	110 000	(110 000)	-100%
	101 920 686	101 298 150	622 536	0.01
Expenditure by nature				
Employee Related Costs	39 422 579	42 561 450	3 138 871	-7%
Remuneration of Councillors	5 160 197	5 357 390	197 193	-4%
Debt Impairment	-	3 000	3 000	-100%
Depreciation and Amortisation	3 428 578	4 498 000	1 069 422	-24%
Impairments	-	-	-	0%
Repairs and Maintenance	2 569 405	4 309 270	1 739 865	-40%
Stock Adjustments			-	0%
Finance Charges - External Funding	1 361 298	1 361 600	302	0%
Bulk Purchases			-	0%
Contracted services			-	0%
Grants and Subsidies	35 436 785	45 942 650	10 505 865	-23%
Operating Grant Expenditure			-	0%
General Expenses	10 138 450	15 572 790	5 434 340	-35%
Loss on disposal of Property, Plant and Equipment	1 050 421	50 000	(1 000 421)	2001%
Fair Value Adjustments			-	-
	98 567 714	119 656 150	21 088 436	-18%
Net Surplus for the year	3 352 972	(18 358 000)	21 710 972	-118%
	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
35.2 Expenditure by Vote				
Executive & Council	16 302 962	19 209 280	(2 906 318)	-15%
Budget & Treasury	16 384 543	19 576 880	(3 192 337)	-16%
Corporate Services	13 889 661	17 180 070	(3 290 409)	-19%
Planning & Development	43 462 193	53 869 210	(10 407 017)	-19%
Housing	3 972 784	4 893 920	(921 136)	-19%
Public Safety	3 925 639	4 445 740	(520 101)	-12%
Environmental Protection	1 797 220	2 512 310	(715 090)	-28%
Less Inter-Departmental Charges	(1 024 360)	-	(1 024 360)	100%
	98 710 641	121 687 410	(22 976 769)	-19%
	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
35.3 Capital expenditure by vote				
Executive & Council	56 716	126 800	(70 084)	-55%
Budget & Treasury	1 852 727	1 996 000	(143 273)	-7%
Corporate Services	874 335	1 959 270	(1 084 935)	-55%
Planning & Development	163 000	333 500	(170 500)	-51%
Housing	535 480	547 820	(12 340)	-2%
Public Safety	2 470 482	3 478 900	(1 008 418)	-29%
Environmental Protection	-	3 000	(3 000)	-100%
	5 952 740	8 445 290	(2 492 550)	-30%

**FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

36	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2013	2012
		R	R
36.1	<u>Unauthorised expenditure</u>		
	Reconciliation of unauthorised expenditure:		
	Opening balance	4 817 435	-
	Unauthorised expenditure current year - capital	-	-
	Unauthorised expenditure current year - operating	1 000 421	4 817 435
	Written off by council	-	-
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	5 817 856	4 817 435

Incident	Disciplinary steps/criminal proceedings
Overspending on loss on disposal of fixed assets to the amount of R1 000 421	Approved on 04 October 2013 with a special adjustment budget in terms MFMA circular 68.

36.2	<u>Fruitless and wasteful expenditure</u>		
	Reconciliation of fruitless and wasteful expenditure:		
	Opening balance	5 267	5 267
	Fruitless and wasteful expenditure current year	182 025	-
	Written off by council	-	-
	Transfer to receivables for recovery	-	-
	Fruitless and wasteful expenditure awaiting further action	187 292	5 267

	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)	2013	2012
		R	R
36.3	<u>Irregular expenditure</u>		
	Reconciliation of irregular expenditure:		
	Opening balance	11 130 848	8 986 132
	Irregular expenditure current year	183 637	2 144 717
	Condonement supported by council	(11 090 508)	-
	Transfer to receivables for recovery	-	-
	Irregular expenditure awaiting further action	223 977	11 130 848
		-	-
		-	-

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

36.4	<u>Material Losses</u>
	No material losses occurred during the year

37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

37.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	-	-
	Council subscriptions	400 000	305 936
	Amount paid - current year	(400 000)	(305 936)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	-	-

37.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year audit fee	1 401 052	1 328 533
	Amount paid - current year	(1 401 052)	(1 328 533)
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	-	-

37.3	<u>VAT - [MFMA 125 (1)(b)]</u>		
	Opening balance	1 189 493	1 489 596
	Amounts received - current year	(3 614 796)	(3 741 985)
	Amounts received - previous years	(1 140 609)	(1 189 493)
	Amounts claimed - current year	4 685 010	4 631 375
	Closing balance - Receivable	1 119 098	1 189 493

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

37.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]

Opening balance	2 303	-
Current year payroll deductions and Council Contributions	8 259 905	6 404 571
Amount paid - current year	(8 262 208)	(6 402 268)
Balance unpaid (included in creditors)	-	2 303

37.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]

Opening balance	-	-
Current year payroll deductions and Council Contributions	8 734 546	7 585 911
Amount paid - current year	(8 734 546)	(7 585 911)
Balance unpaid (included in creditors)	-	-

37.6 Other non-compliance (MFMA 125(2)(e))

The Executive Mayor made use of an official council vehicle for travel between the office (Kimberley) and her home (Warrenton). This practice is in contravention of the Public Office Bearers Act. The amount is R183 637

37.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

Supply Chain Management Policy has been amended and adopted by Council with an effective date of 1st January 2008 for implementation..

The following deviations were allowed in terms of the Supply Chain Policy for the year under review.

Supplier	Service	Amount	2013	2012
2013				
Environmental System Research Institution		99 750		
Hunger & Thirst Foundation		76 309		
Business Connections		182 242		
Total		358 301		
2012				
Electro Labs	Replacement & Repair of UPS batteries	42 209		
HR Concepts	Analysis of organisational structure for grading purposes	28 520		
High Voltage Electrical	Construction of 11Kv powerline	227 972		
First Technology	Upgrade of DRP Project	281 371		
Mojalefa Trading	Roofing for recreation hall	71 207		
CQS Tecgnology	Acquisition of data analysis tool	113 658		
Imperial Isuzu	Purchase refuse truck	1 843 819		
Wills Construction	Repair & Construc emergency houses	805 200		
Mojalefa Trading	Alterations to recreation hall	57 440		
Momar	Procure sanitation chemicals for Dikgatlong	30 341		
HR Concepts	Task job evaluation system	23 824		
Ngaola Leuba Trading	Waste recycling project	48 919		
Bafana Bafana	Constuct powline in Koopmansfontein	31 497		
Interconnect Systems	Install cable rack	5 679		
Mooks Electrical	Power redundant instllation	193 629		
Drumbeat Safaries	Train Tourism Site Guides	76 095		
Headline Leasure	Businessplan Competition	46 850		
C- Squard consumer connectedness	Outfits for SAMSRA Games	48 826		
Little Switserland Resort	Accommodation for aSAMSRA Games	234 380		
National flag and branding	Purghase of flags	32 067		
Deborah Seema	Tourism Gradinf Support Plan	100 000		
Space Age Technology	Disaster Recovery Upgrade	106 704		
Premier Auto	Procure Captiva	278 908		
Gibela Trade Invest	Purchase of caravan	202 977		
Bafana Bafana	Constuct powline in Koopmansfontein	2 140 992		
Arch Actuarial Consulting	Actuarial services	46 170		
Total		7 119 254		

CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:	-	9 013 270
This expenditure will be financed from:		
Own Resources	-	9 013 270
	-	9 013 270

**FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

39 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% (2012 - 0.5%) Increase in interest rates	720 752	366 961
0.5% (2012 - 0.5%) Decrease in interest rates	(360 376)	(366 961)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:

	2013 R	2012 R
Long term receivables	10 612 116	10 652 239
Receivables from non-exchange transactions	1 534 233	1 680 585
Cash and Cash Equivalents	83 563 895	86 214 164
Non-Current Investments	-	-
	95 710 244	98 546 988

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2013				
Long Term liabilities - Annuity Loans	2 659 207	10 636 829	2 659 207	-
Capital repayments	1 444 018	7 584 346	2 453 653	-
Interest	1 215 189	3 052 483	205 555	-
Trade and Other Payables	4 171 424	-	-	-
Unspent conditional government grants and receipts	327 280	-	-	-
Cash and Cash Equivalents	-	-	-	-
	7 157 911	10 636 829	2 659 207	-
	7 157 911	10 636 829	2 659 207	-
2012				
Long Term liabilities - Annuity Loans	2 659 207	10 636 829	5 318 414	-
Capital repayments	1 298 612	6 820 637	4 661 379	-
Interest	1 360 595	3 816 192	657 036	-
Long Term liabilities - Finance Lease Liability	35 173	-	-	-
Capital repayments	34 299	-	-	-
Interest	874	-	-	-
Trade and Other Payables	5 368 725	-	-	-
Unspent conditional government grants and receipts	2 178 633	-	-	-
Cash and Cash Equivalents	-	-	-	-
	10 241 738	10 636 829	5 318 414	-
	10 241 738	10 636 829	5 318 414	-

40 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

40.1	<u>Financial Assets</u>	<u>Classification</u>		
	Investments			
	Bank Deposits	Financial instruments at amortised cost	3 800 000	2 900 000
	Receivables			
	Receivables from non-exchange transactions	Financial instruments at amortised cost	1 534 233	1 680 585
			2013	2012
			R	R
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	83 200 000	83 500 000
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	360 595	2 710 864
	Cash Floats and Advances	Financial instruments at amortised cost	3 300	3 300
			88 900 141	90 796 761
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		88 900 141	90 796 761
	At amortised cost		88 900 141	90 796 761

40.2	<u>Financial Liability</u>	<u>Classification</u>		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	10 041 380	11 485 678
	Capitalised Lease Liability	Financial instruments at amortised cost	-	-
	Payables from exchange transactions			
	Other Payables	Financial instruments at amortised cost	4 171 424	5 368 725
	Other Payables			

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Government Subsidies and Grants	Financial instruments at amortised cost	327 280	2 178 633
Current Portion of Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	1 444 018	1 298 612
Capitalised Lease Liability	Financial instruments at amortised cost	-	34 299
		<u>15 984 102</u>	<u>20 365 947</u>

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

SUMMARY OF FINANCIAL LIABILITY

Financial instruments at amortised cost	<u>15 984 102</u>	<u>20 365 947</u>
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41 EVENTS AFTER THE REPORTING DATE

The municipality has no events after reporting date during the financial year ended 2012/2013.

42 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

43 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

44 CONTINGENT LIABILITY

44.1 Implementation of Task

According to the Office Bearers Act, a district municipality will be rated at the highest level at which the local municipalities in its DMA are rated. FBDM is therefore rated at Grade 4.

However, with the implementation of Task by SALGA, the municipality has been rated at Grade 2. A dispute has been declared, the outcome of which is still pending. The implication of the regarding is:

- Should the appeal be successful, i.e. a higher grading, a salary increase is envisaged.
- Should the appeal not succeed, the status quo remains.

44.2 Labour Disputes

The District Municipality have one labour case pending against the municipality. The estimated legal cost that will be incurred in order to finalise the matter amounts to R50,000.

44.3 Implementation of the "e" Venus Financial System

Dikgatlong Local Municipality have declared a dispute with Business Connexion - BCX with regard to outstanding invoices to the estimated amount of R648,468 not paid in respect of the implementation and support on the "e" Venus Financial system since January 2010. As the District Municipality have entered into to an agreement with Business Connexion - BCX on the implementation of the financial system the dispute is likely to escalate to the District Municipality as indicated by Dikgatlong Municipality.

44.4 Wage Curve Dispute SALGA / IMATU

The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is a general 2% increase in remuneration as from October 2009.

44.5 Water account: Sol Plaatje Municipality

An account for water usage of R449 067 has been received from the Sol Plaatje Municipality. The existence of the meter could not be verified by the Sol Plaatje Municipality, therefore the usage of 28761 kl since 5 December 2008 could not be considered for payment.

45 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

45.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. There are no outstanding loans as at the reporting date

**FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

45.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 22 to the Annual Financial Statements.

45.3 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

None

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

9 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2013

	Cost		Accumulated Depreciation and Impairment Losses						Carrying Value		
	Revaluation Movements /		Depreciation								
	Opening Balance	Additions	Impairments	Disposals	Closing Balance	Opening Balance	Charge	Disposals	Impairments	Closing Balance	
R	R	R	R	R	R	R	R	R	R	R	
Community Assets	596 889	536 545	-	3 320	1 130 115	247 300	125 217	1 638	-	370 879	759 235
Land & Buildings	151 676	-	-	-	151 676	64 006	10 668	-	-	74 673	77 002
Security Measures	445 214	536 545	-	3 320	978 439	183 295	114 549	1 638	-	296 206	682 233
Other Assets	77 791 495	5 097 648	-	1 927 429	80 961 713	32 166 807	3 162 046	1 047 282	-	34 281 571	46 680 140
Land & Buildings	59 492 774	217 104	-	-	59 709 877	25 236 907	587 967	-	-	25 824 874	33 885 003
Office Equipment	3 001 078	256 179	-	112 606	3 144 651	1 189 479	372 331	80 521	-	1 481 289	1 663 362
Office Equipment - Finance leases	337 110	-	-	337 110	-	124 409	12 040	136 449	-	-	-
Furniture & Fittings	2 967 284	118 334	-	134 243	2 951 375	1 391 305	382 965	84 003	-	1 680 267	1 261 108
Plant & Machinery	1 950 894	46 301	-	7 219	1 989 976	814 494	302 236	6 654	-	1 110 075	879 901
Plant & Machinery - Residual Value	298 000	-	-	-	298 000	-	-	-	-	-	298 000
Emergency Equipment	974 092	361 965	-	-	1 336 057	405 932	120 550	-	-	526 481	809 575
Motor Vehicle	2 692 124	2 905 591	-	-	5 597 715	1 236 183	623 924	548 752	-	1 311 355	4 286 360
Motor Vehicle - Residual Value	1 126 271	866 336	-	1 041 956	950 651	-	-	-	-	-	950 651
Computer Equipment	4 951 868	325 837	-	294 296	4 983 409	1 768 099	760 034	190 904	-	2 337 229	2 646 180
Less: Transferred to Non-Current Assets Held for Sale	(148 602)	-	-	-	(7 496 968)	(73 447)	-	-	-	(271 268)	(7 225 699)
Discontinued operations	-	-	-	-	-	-	-	-	-	-	-
	78 239 782	5 634 193	-	1 930 749	74 594 860	32 340 661	3 287 263	1 048 921	-	34 381 181	40 213 676

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

30 JUNE 2012

	Cost		Accumulated Depreciation and Impairment Losses						Carrying Value		
	Opening Balance R	Additions R	Revaluation Movements / Impairments R	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Disposals R	Impairments R	Closing Balance R	Carrying Value R
Heritage assets	-	-	-	-	-	-	-	-	-	-	-
Statues	-	-	-	-	-	-	-	-	-	-	-
Balance Previously Reported	627 427	3 990	-	-	-	-	-	-	-	-	631 417
Change of accounting policy - Note 30	(627 427)	(3 990)	-	-	-	-	-	-	-	-	(631 417)
Community Assets	694 351	4 293	-	101 754	596 889	228 436	84 157	65 292	-	247 300	349 589
Land & Buildings	151 675	-	-	-	151 675	53 338	10 668	-	-	64 006	87 670
Security Measures	542 676	4 293	-	101 754	445 214	175 098	73 489	65 292	-	183 295	261 919
Other Assets	61 020 230	2 190 271	15 788 351	1 207 358	77 791 495	10 438 187	3 692 585	628 628	18 664 664	32 166 807	45 624 687
Land & Buildings	42 662 839	1 041 584	15 788 351	-	59 492 774	5 220 446	1 351 797	-	18 664 664	25 236 907	34 255 867
Balance Previously Reported	-	-	(2 876 313)	-	-	-	-	-	18 664 664	-	-
Correction of Error - Note 31	-	-	18 664 664	-	-	-	-	-	-	-	-
Office Equipment	3 148 667	81 032	-	228 621	3 001 078	898 921	431 825	141 268	-	1 189 479	1 811 599
Office Equipment - Finance leases	337 110	-	-	-	337 110	76 251	48 159	-	-	124 409	212 701
Furniture & Fittings	2 964 019	39 992	-	36 727	2 967 284	1 038 668	373 923	21 286	-	1 391 305	1 575 979
Plant & Machinery	1 983 809	15 869	-	48 784	1 950 894	538 295	303 302	27 102	-	814 494	1 136 400
Plant & Machinery - Residual Value	298 000	-	-	-	298 000	-	-	-	-	-	298 000
Emergency Equipment	974 092	-	-	-	974 092	297 448	108 484	-	-	405 932	568 160
Motor Vehicle	2 338 706	465 612	-	112 194	2 692 124	978 636	330 461	72 914	-	1 236 183	1 455 941
Motor Vehicle - Residual Value	1 254 382	-	-	128 111	1 126 271	-	-	-	-	-	1 126 271
Computer Equipment	5 058 607	546 182	-	652 921	4 951 868	1 389 522	744 635	366 058	-	1 768 099	3 183 789
Less: Transferred to Non-Current Assets Held for Sale	-	-	-	-	(148 602)	-	-	-	-	(73 447)	(75 155)
Discontinued operations	(154 876)	-	-	-	-	(63 795)	-	-	-	-	-
	61 559 705	2 194 564	15 788 351	1 309 112	78 239 782	10 612 827	3 776 742	693 920	18 664 664	32 340 661	45 099 121

APPENDIX A - Unaudited
FRANCES BAARD DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30 JUNE 2012	Redeemed written off during the period	Balance at 30 JUNE 2013
ANNUITY LOANS					
DBSA - Frances Baard council Chamber & Offices	103363/1	10 Years	12 784 290	1 298 891	11 485 398
Total Annuity Loans			12 784 290	1 298 891	11 485 398
LEASE LIABILITY					
Office Equipment			34 299	34 299	-
Total Lease Liabilities			34 299	34 299	-
TOTAL EXTERNAL LOANS			12 818 588	1 333 190	11 485 398

APPENDIX B - Unaudited
FRANCES BAARD DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013

	Cost										ACCUMULATED DEPRECIATION					Carrying Value
	Balance at 1 JULY 2012	Residual Value at 1 JULY 2012	Additions	Revaluation Movements/ Impairments	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Transfers/ Adjustments	Balance at 30 JUNE 2013	Balance at 1 JULY 2012	Additions/ Impairments	Disposals	Transfers/ Adjustments	Balance at 30 JUNE 2013	
Municipal Governance & Administration	10 864 252	-	1 801 533		701 336	-	1 762 662	-	704 639	12 109 100	4 227 275	1 538 049	1 016 727	-	4 748 596	
Executive & Council	2 373 318	-	30 426		-	-	206 614	-	(48)	2 197 082	1 146 487	287 262	215 949	-	1 217 800	
Mayor & Council	1 742 717						57 967		-	1 684 749	851 275	218 278	47 611		1 021 942	
Office of the Municipal Manager	630 602		30 426				148 647		(48)	512 333	295 212	68 965	168 338		195 659	
Budget & Treasury Office	3 608 464		1 147 506		701 336	-	1 148 231		712 429	4 921 503	1 566 539	433 994	502 956		1 497 577	
Corporate Services	4 782 470		623 601			-	407 816		(7 741)	4 990 514	1 514 248	816 793	297 822	-	2 033 219	
Human Resources	52 760	-	-		-	-	18 475	-	-	34 285	29 179	6 007	12 476	-	22 710	
Information Technology	3 864 270	-	280 107		-	-	22 115	-	-	4 122 263	1 088 645	650 169	12 661	-	1 726 153	
Other Admin	865 440	-	343 494		-	-	367 227	-	(7 741)	833 966	396 424	160 617	272 665	-	284 356	
Community Services & Public Safety	1 811 975	-	2 288 284		165 000	-	6 159		(681 697)	3 577 404	625 931	385 045	2 909	-	1 008 067	
Community Services	1 397 606		1 913 919		-	-	3 587		(418 609)	2 889 329	494 016	304 780	1 816		796 980	
Public Safety - Civil Defense	414 370		374 365		165 000	-	2 572		(263 088)	688 074	131 915	80 265	1 093		211 087	
Economic & Environmental Services	65 912 156	-	678 040		-	-	161 929		(22 942)	66 405 324	27 560 900	1 364 169	29 285	-	28 895 784	
Planning & Development	65 632 649		678 040		-	-	154 927		(22 942)	66 132 819	27 406 627	1 334 442	28 192		28 712 877	
Environmental Protection	279 508		-		-	-	7 002			272 506	154 274	29 727	1 093		182 908	
TOTAL PER STANDARD CLASSIFICATION	78 388 384	-	4 767 857	-	866 336	-	1 930 749	-	-	82 091 828	32 414 106	3 287 262	1 048 921	-	34 652 448	
Less transferred to Non-Current Assets Held for Sale	(148 602)									(7 496 968)	(73 447)				(271 268)	
Discontinued operations	-									-	-				-	
Total Assets	78 239 782	-	4 767 857	-	866 336	-	1 930 749	-	-	74 594 860	32 340 659	3 287 262	1 048 921	-	34 381 179	
* Internal Transfers															40 213 678	

APPENDIX C - Unaudited
FRANCES BAARD DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2013

Actual Income 2012 R	Actual Expenditure 2012 R	Surplus / (Deficit) 2012 R	Municipal Governance & Administration	Actual Income 2013 R	Actual Expenditure 2013 R	Surplus / (Deficit) 2013 R
76 734 314	(42 503 507)	34 230 806		85 300 903	(46 333 722)	38 967 181
1 762 682	(13 338 688)	(11 576 006)	Executive & Council	3 318 000	(16 302 962)	(12 984 962)
1 738 682	(8 049 897)	(6 311 215)	Mayor & Council	3 318 000	(9 182 856)	(5 864 856)
24 000	(5 288 790)	(5 264 790)	Office of the Municipal Manager	-	(7 120 106)	(7 120 106)
74 971 632	(16 702 599)	58 269 033	Budget & Treasury Office	81 982 903	(16 173 772)	65 809 130
-	(12 462 221)	(12 462 221)	Corporate Services	-	(13 856 987)	(13 856 987)
-	(3 444 611)	(3 444 611)	Human Resources	-	(3 470 131)	(3 470 131)
-	(3 526 742)	(3 526 742)	Information Technology	-	(3 689 359)	(3 689 359)
-	(5 490 868)	(5 490 868)	Other Admin	-	(6 697 497)	(6 697 497)
3 148 561	(6 519 213)	(3 370 652)	Community Services & Public Safety	3 271 555	(7 931 096)	(4 659 541)
-	(3 351 664)	(3 351 664)	Community & Social Services	2 288 364	(3 958 313)	(1 669 948)
-	-	-	Community Services	2 288 364	(32 674)	(32 674)
-	(3 351 664)	(3 351 664)	Public Safety - Civil Defense	-	(3 925 639)	(1 637 274)
3 148 561	(3 167 549)	(18 988)	Housing	983 191	(3 972 784)	(2 989 592)
15 362 667	(56 429 358)	(41 066 691)	Economic & Environmental Services	13 348 228	(45 259 413)	(31 911 185)
10 301 029	(52 737 882)	(42 436 853)	Planning & Development	10 342 392	(43 462 193)	(33 119 801)
5 061 638	(3 691 476)	1 370 162	Environmental Protection	3 005 836	(1 797 220)	1 208 616
95 245 541	(105 452 078)	(10 206 537)	SUB TOTAL	101 920 686	(99 524 230)	2 396 456
-	(251 593)	(251 593)	Discontinued Operations	-	-	-
95 245 541	(105 703 671)	(10 458 130)	TOTAL	101 920 686	(99 524 230)	2 396 456

APPENDIX D - Unaudited
FRANCES BAARD DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 JUNE 2012	Correction of error	Balance 1 JULY 2012	Grants Received	Write Offs/ Transfers	Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2013
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS							
	R	R	R	R		R	R
Equitable Share	-	-	-	87 442 000	-	87 442 000	-
Financial Management Grant	-	-	-	1 250 000	-	1 250 000	-
Municipal Systems Improvement Grant	-	-	-	1 000 000	-	732 992	267 008
DWA - Sanitation (Mvula Trust)	-	-	-	-	-	-	-
NC Tourism - Contribution Tourism Month	-	-	-	-	-	-	-
Department of Public Works: Expanded Public Works Program Inc	-	-	-	-	-	-	-
District Aids Council	-	-	-	-	-	-	-
NEAR Control Centre	569 000	-	569 000	607 000	-	1 176 000	-
NCPA - Housing Accreditation Grant	713 191	-	713 191	270 000	-	983 191	-
NCPA Firefighting Equipment	723 364	-	723 364	389 000	-	1 112 364	-
NCPA - Eradication of Bucket System	-	-	-	-	-	-	-
MIG - Projects	-	-	-	-	-	-	-
SETA - Skills Grant	-	-	-	174 648	-	174 648	-
NCPA: Vuna Awards	-	-	-	-	-	-	-
DWA: Backlogs in Water & Sanitation at Clinics and Schools	-	-	-	-	-	-	-
NCPA: EPWP: DMA Bush Clearance	106 969	-	106 969	1 000 000	-	1 106 969	-
NCPA: Environmental Health Recycling Project	66 108	-	66 108	-	-	5 836	60 272
Koopmansfontein Electricity Self Build Scheme	-	-	-	594 831	-	594 831	-
Total	2 178 633	-	2 178 633	92 727 479	-	94 578 831	327 281

