

ANNUAL REPORT 2019/20

Comprehensive report on the activities and financial performance
of the FBDM

DRAFT



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

Frances Baard District Municipality

Annual Report 2019/2020



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VOLUME I



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ACRONYMS

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

Vision

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

Mission

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

Values

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

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

Chapter 1 -

Mayor's foreword and executive summary

1.1 Mayor's foreword



Mr PW Marekwa
Executive Mayor

The 2019/20 financial was definitely one of the worst in the history of our country as the Covid-19 pandemic, which dominated the latter part of the financial year, made it extremely difficult for us to ensure that we achieve our goals for the year.

Covid-19 affected all of us on a personal and professional level and we had to respond in a manner that maintained the best interests of our communities. It is a fact that our effectiveness in terms of completing projects was affected dramatically, however, we still managed to ensure that the identified projects for the year continued as best as possible.

In terms of Operation and Maintenance (O&M), expenditure in the fourth quarter increased dramatically and the local municipalities claimed 84% of the operation and maintenance grant for the 2019/20 financial year.

The District Municipal Planning Tribunal was fully operational and received and processed 15 land development applications for Magareng, Dikgatlong and Phokwane local municipalities. The municipality also reviewed its Environmental

Management Framework in this year as it is an essential document that proposed new developments must adhere to. In partnership with our local municipalities, we managed to host the annual entrepreneur week in November 2019. This year the focus was on developing and maintaining business linkages, to bring together small and big business; expose business/entrepreneurs to economic opportunities; provide a networking opportunity for SMMEs and a platform to share best business practices; equip business owners/entrepreneurs with available entrepreneurial and business development tools and to encourage a new pool of entrepreneurs.

We, however, also experienced a couple of challenges during the financial year under review. The R8m allocated for capital projects in category B municipalities could not be utilised as planned because local municipalities could not finalise the appointment of service providers for the initial five projects. Funding could therefore not be rolled over and three of the local municipalities requested to utilise the grant allocation for other projects. We appointed a service provider to design the fire engine bays at the precinct in Jan Kempdorp, however, the process was halted due to the national lockdown and as a result the project was rolled over to the 2020/21 financial year. The review of the District Disaster Management Plan and framework and the Spatial Development Framework could not be completed this year due to the national lockdown and was rolled over to the 2020/21 financial year. The land use survey for Dikgatlong Municipality also had to be rolled over to the 2020/21 financial year due to the lockdown.

As political leaders in our district it is our duty and responsibility to ensure a better life for our constituencies and as a Council we remain focussed on ensuring that we support our local municipalities in the delivery of quality services to the communities in the district.

I want to convey my sincere gratitude to the administration and Council of Frances Baard District Municipality, for without their invaluable inputs, we would have not achieved what we have achieved. To our partners in provincial and national government, thank you for the unfailing support. To our local councils and all stakeholders, we extend our warmest thanks, because of your support and contribution, our municipality has remained viable and still a main contributor to service delivery in the district.

1.2 Executive summary

Municipal Manager's Overview

It gives us a great pleasure to table this 2019/20 annual report as it affords us an opportunity to account for the work that we performed for the reporting year. We have communicated the planned targets at the beginning of the financial year to ensure credibility of our reporting to you. The highlight of this year is our achievement of the unqualified audit opinion, without any findings (clean audit). This is a product of our efforts to strengthen our governance, accountability, performance and resilience under difficult conditions.

When the financial year started, we did not know that the last quarter will be as challenging as it did. The announcement of the national lockdown by the President of the Republic on the 23 March 2020 was a challenging and a defining moment for all of us.

The lockdown interrupted the provision of the much required services to our communities and affected our normal way of doing things. Our special appreciation goes to all our essential services for working around the clock to ensure that we protect the environment and the spread of the covid-19 virus. We managed to decontaminate most of our public places, traced contacts of those close to persons who tested positive to covid-19, created awareness amongst our community members and ensured that we work with other organs of state to ensure that the regulatory framework is adhered to.

Covid-19 also afforded us an opportunity as government to work closely to provide services to our communities. We jointly provided water and basic sanitation (bacterial soap and sanitizers) to our vulnerable communities and will continue this effort using the district development model.

Our performance for the year under review was affected by the lockdown but we are reporting that we had to review and reprioritise all our plans and budget to perform our functions. We therefore did not perform as we had planned at the beginning of the financial year. However, we have ensured that our improvement plans for the 2020/21 financial will complete all the work which we could not finalise in the 2019/20m financial year.

I wish to thank the council, the entire Frances Baard District Municipality employee and all our stakeholders for the hard work which goes into this report.



Municipal Manager
Ms Z.M Bogatsu

1.3 Municipal functions, population and environmental overview

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

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

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

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

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

District-wide priority issues

1. Water and sanitation
2. Roads and storm water
3. Housing & Land Development
4. Electricity
5. Township establishment
6. Disaster Management
7. Environmental Management
8. Health
9. Local Economic Development & Youth Development
10. Clean Audit

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

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

The annual budget in respect of the 2019/20 financial year was prepared according to the approved IDP and budget process plan. The process plan followed after consultation with the local municipalities within the district to ensure alignment.

Geography

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

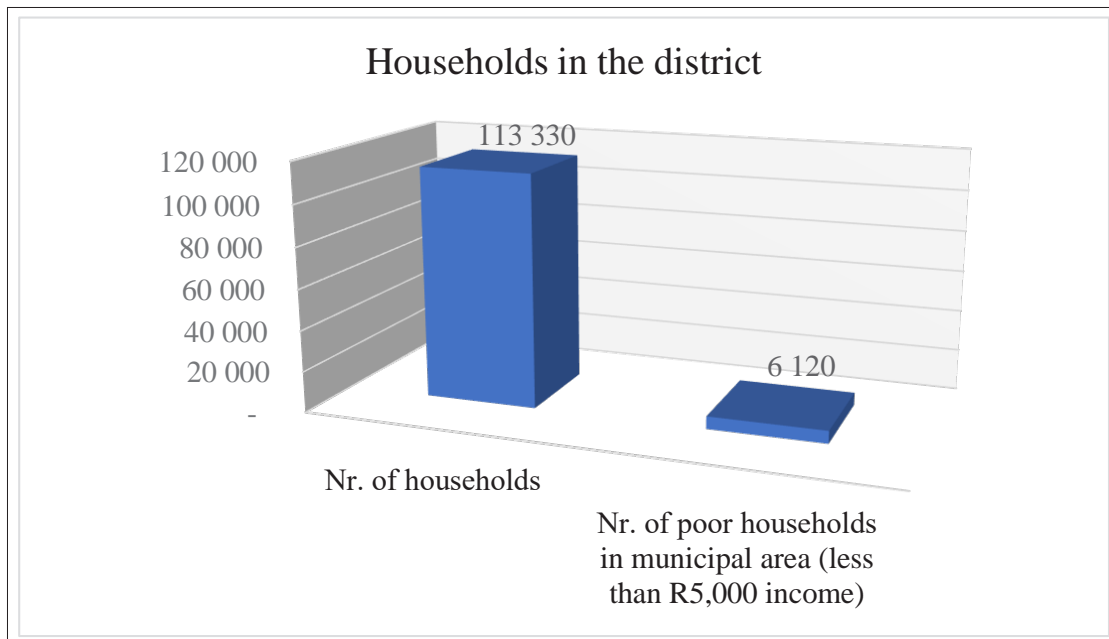
- Sol Plaatje local municipality;
- Dikgatlong local municipality;
- Magareng local municipality; and
- Phokwane local municipality.

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

The Frances Baard District has the strongest economic potential in the Northern Cape, accounting for 36% of the provincial GDP. The economy of the district consists of the primary sector (14%) (agriculture and mining), secondary sector (9%) (Manufacturing, electricity and construction) and tertiary sector (77%) (Trade, transport, financial and social services). The economic growth of the District has also not been a steady one. The District is still characterized by high rate of unemployment (39.4%). Phokwane (47.8%), Magareng (53.9%), Dikgatlong (44%) and Sol Plaatje (36.2%) as illustrated in figure 7. FBDM, through its local economic development initiatives seek to address such issues and improve the state of unemployment levels in the district. (*IDP Review 2018/19; Planning 2019/20*)

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

Community Survey, 2016



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

The district demographic pattern presents the following challenges and opportunities:

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

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

1.4 Service Delivery Overview

• Infrastructure

Funding to the value of R10m has initially been allocated for the operation and maintenance programme for the 2019/20 financial year, but Council increased the budget to R15m. Dikgatlong and Magareng municipalities received R1m each and R3m was additionally allocated to Sol Plaatje municipality. Expenditure in the fourth quarter increased dramatically and the local municipalities claimed 84% of the operation and maintenance grant for the 2019/20 financial year.

However, our local municipalities experienced financial and service delivery problems, which is a serious concern as they were not able to ensure that all the required processes are completed timeously prior to the start of the financial year, to safeguard the continued and smooth transition from one year to the next.

The district municipality allocated R8m for capital projects in category B municipalities for the 2019/20 financial year. The five projects included the following:

- Dikgatlong: Co-funding for the construction of roads and stormwater in Stillwater.
- Magareng: Construction of vacuum sewer.
- Magareng: Landfill Site
- Phokwane: Co-funding for Ganspan wastewater treatment works and related bulk sewer infrastructure.
- Sol Plaatje: Co-funding for reselling of erven (Servicing of erven in South Ridge, Homestead, Moghul Park and Phomolong)

The local municipalities could not finalise the appointment of service providers for these projects initially earmarked to be funded and as a result, it was not possible to approve roll overs. Three of the local municipalities requested to utilise the grant allocation for other projects that were implemented during the 2019/20 financial year. To further support and ensure expenditure, more projects were funded as follows:

- Magareng: Co-funding bulk water supply line (MIG)
- Phokwane: Nkandla & Utlwanang: Co-funding bulk electricity supply and internal connections (NEP)
- Sol Plaatje: Roads enhancement (Paving)

The district municipality received an EPWP incentive grant of R1,27m for the 2019/20 financial year. The following projects were funded:

- FBDM Maintenance of streets and stormwater in Warrenton (R300,000)
- Operation and maintenance of water and wastewater treatment works Dikgatlong (R350,000)
- Youth Entrepreneurship Development Programme (YEDP) (R620,000)

The pilot system of the Rural Road Asset Management System is operational. Assessment progress is 100% for Road Geospatial Data; 100% for Road Visual Condition Data; 100% for Road Inventory. The EASYROAD system has been completed and submitted to the district municipality.

- **Housing**

The district municipality continued to provide services such as projects initiation, planning and approval; project/program management and contract administration; subsidy administration and quality assurance. Continuous support to the Dikgatlong, Magareng and Phokwane municipalities to perform various functions towards the provision of human settlements is ongoing. The 2019/20 financial year continued to be challenging for the Frances Baard District Municipality in the delivery of human settlements as many of the human settlement functions has been taken over by the project management unit of COGHSTA.

- **Municipal health services at local municipalities**

The district municipality is currently rendering municipal health services (MHS) in three of the local municipalities, namely Phokwane, Magareng and Dikgatlong. The municipality has entered into an MOU with Sol Plaatje Municipality in order for the local municipality to render MHS in its area of jurisdiction on behalf of FBDM. The municipality has appointed two environmental health practitioners during 2020 in Phokwane, which bring the total number of EHPs to three in that municipal area. The appointment of an adequate number of EHPs remains a challenge, as the National Environmental Health Norms and Standards prescribes a ratio of 1: 10 000.

- **Disaster management and firefighting**

An amount of R466,885 was spent from the contingency fund to assist destitute families within the Phokwane, Magareng and Dikgatlong local municipalities for the financial year. Twenty (20) volunteers from Phokwane Local Municipality were trained in basic disaster management. The establishment of a satellite fire station in the Phokwane local area is progressing steadily, with the appointment of a service provider to design the fire engine bays at the precinct in Jan Kempdorp. However, the process was halted due to the national lockdown and as a result the project was rolled over to the 2020/21 financial year. The review of the district disaster management plan and framework was also halted by the national lockdown at the end of March 2020.

- **Local Economic Development**

The Frances Baard District Municipality has a legislative mandate to ensure the promotion of the economic development of the district. In achieving the objectives of the LED unit, the following projects were implemented for the 2019/20 financial year:

- Promotion of investment and business opportunities
- Global Entrepreneur Awareness Expo (GEW)
- Business management and leadership training
- Emerging farmers development programme
- Women empowerment programme

A few of our flagship projects could not be implemented due to the Covid-19 pandemic namely, packaging of investment promotion, development of business clusters, establishment of district investment desk, participation at Saitex, YEDP training programme and handover of machinery and equipment.

- **Spatial Planning**

The District Municipal Planning Tribunal received and processed 15 land development applications for Magareng, Dikgatlong and Phokwane local municipalities. The district municipality assisted Phokwane local municipality with infill development on Farm Guldenskat portion 36 of portion 42 in Jan Kempdorp. In the year under review the Frances Baard District Municipality Spatial Development Framework (SDF) was also intended for review, however, the project implementation has been delayed due to the National Lockdown. Only phase one to phase three have been completed. The project has been rolled over to the 2020/2021.

1.5 Financial Overview

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

During the third quarter of the 2019/20 financial year, South Africa analysed the impact on the Covid-19 pandemic and due to the recorded number of infections, the country was placed under the national state of disaster. The pandemic hit the South African economy which has been under strain in 2019 when the economic growth had fallen to 1.5% as compared to 3% in 2010. In the fourth quarter of 2019, the economy had entered a technical recession. In 2020, the South African economy collapsed due to the COVID-19 outbreak, reporting a negative growth balance of 8.0%. According to the IMF's October 2020 forecast, growth is expected to pick up in 2021, estimated at 3% of the GDP, and to stabilise in 2022 at 1.5 %.

Considering the decline in the GDP due to the negative economic impact of the COVID-19 pandemic, which resulted in an increased government debt and the unemployment rate, the municipality had a surplus of R20,025,279 (2018/19: R24,666,555).

There was an increase on the allocations to our local municipalities in the 2019/20 budget as compared to the 2018/19 financial year. The funding was allocated to the local municipalities to assist with the operation & maintenance (O&M) and renewing their capital aging infrastructure assets to ensure enhancement of service delivery on the Frances Baard communities.

A net asset was realised of R120,650,826 (2018/19: R100,604,865), which indicates that the municipality's total assets were more than the total liabilities. The amount of net cash inflows for the year from operating activities decreased to R24,718,100 (2018/19: R30,657,172) and this is due to the increased allocations to the local municipalities. The municipality has been able to pay the creditors within a 30-day period.

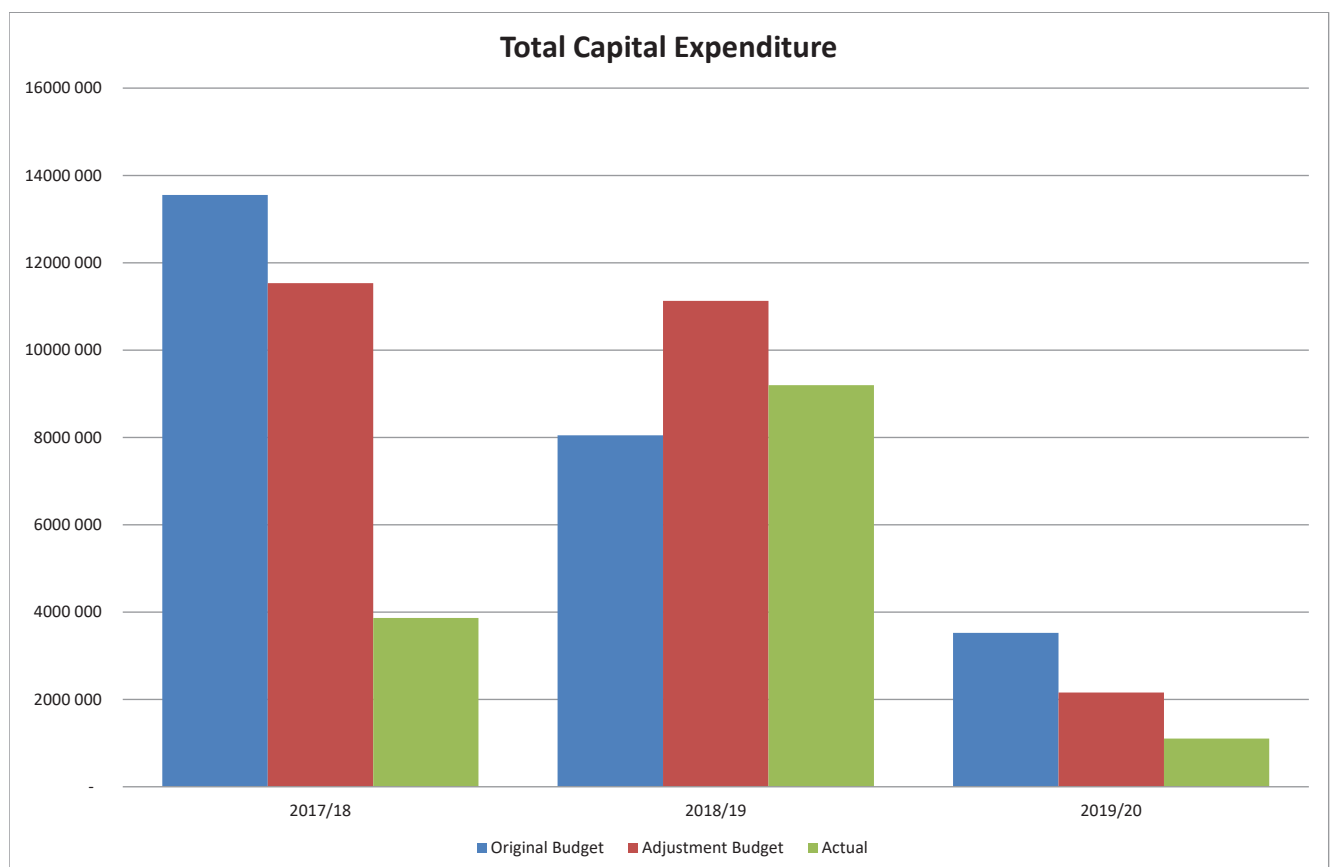
The municipality has always strived to maintain a healthy financial position and continues to monitor its financial status and as such is showing improved financial results on an annual basis. To verify the commitment made, the financial viability of the municipality is still being assessed by the Office of the Auditor-General Office for the 2019/20 financial year with the audit underway, however this is what has been disclosed in the 2019/20 AFS.

Financial Overview - 2019/20			
	R'000		
Details	Original Budget	Adjustment Budget	Actual
Income			
Grants	128,942	127,914	124,380
Taxes, Levies and tariffs			
Other	7,303	7,703	15,856
Sub-Total	136,245	135,617	140,236
Less Expenditure	128,517	128,926	120,180
Net Total*	7,728	6,691	20,055
*Note: surplus/(deficit)			

Operating Ratios	
Detail	%
Employee Cost	58,71%
Repairs & Maintenance	0,93%
Finance Charges & Depreciation	3,16%

The employee costs currently stand at 58,71% of the total budget of the municipality. This is a concern to the municipality as this competes with the capital expenditure geared towards provision of services to our communities. It is also important to highlight that since the municipality has a statutory mandate to support the local municipalities, it employed dedicated personnel with highly technical skills to live up to the challenge of supporting our local municipalities, included in the 58,71% reported.

Total Capital Expenditure 2017/18 - 2019/20			
	R'000		
Detail	2017/18	2018/19	2019/20
Original Budget	13,555	8,050	3,525
Adjustment Budget	11,534	11,130	2,156
Actual	3,865	9,195	1,101



The actual expenditure incurred on fixed assets represents an efficiency rate of 61%. There are savings realised on capital items budgeted for, particularly in the disaster management unit. This was due to the roll-over of the disaster management building in Jan Kempdorp, which is not yet completed.

1.6 Organisational Development Overview

There is not much change in our organisational structure but we continue to strengthen our efforts to support our local municipalities even under challenging economic and political climates. The Covid-19 pandemic has put even more strain on already limited resources, in terms of manpower and monetary resources.

We continued to implement stringent cost containment measures in terms of the budget. The priority of the budget remains focussed on supporting our local municipalities to ensure efficient and effective service delivery and improve our cash flow and the management thereof.

Through the workplace skills plan (WSP) the municipality continues to develop the competencies of its employees. Employee training during the year under review focused on ensuring the improvement of knowledge and the development of skills to increase productivity. We have afforded training on minimum competencies to our managers as part of skills development and to prepare them for the task of supporting our local municipalities.

The municipality continued with the internship programmes in the LED Unit (15), Legal Unit (1), Internal Audit Unit (2), PMS Unit (3), IT Unit (2) and the Finance Department (5). The internships are intended to build their capacity by giving them valuable work experience, to develop and refine their skills and to gain confidence to eventually transition into jobs in both government and the private sector. This programme has also been valuable to the operations of the municipality as the interns adds value to the daily operations of the municipality.

We continue to evaluate our ICT environment to ensure that the municipality is moving towards embracing the Fourth Industrial Revolution (4IR). The 4IR will definitely affect jobs and skills in this field and the municipality must become an enabler to do things differently going forward.

We continue to experience challenges in appointing suitably qualified section 56 managers, directly accountable to the municipal manager, as the salary packages on offer is not a sufficient draw-card. The municipality awaited the outcomes for application for waiver from the Minister of Cooperative Governance and Traditional Affairs, however, the response was only received in November 2020 and the outcome was not favourable. This meant that the posts had to be re-advertised.

The municipality continued the development of its performance management system and complied with most of the key requirements expected from a reliable performance management system. The performance management system also promoted fair and supportive outcomes in respect of expectations and no unexpected surprises occurred during the financial year.

1.7 Statutory Annual Report Process

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

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

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

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

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

Chapter 2 -

Political and Administrative Governance

2.1 Political Governance

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

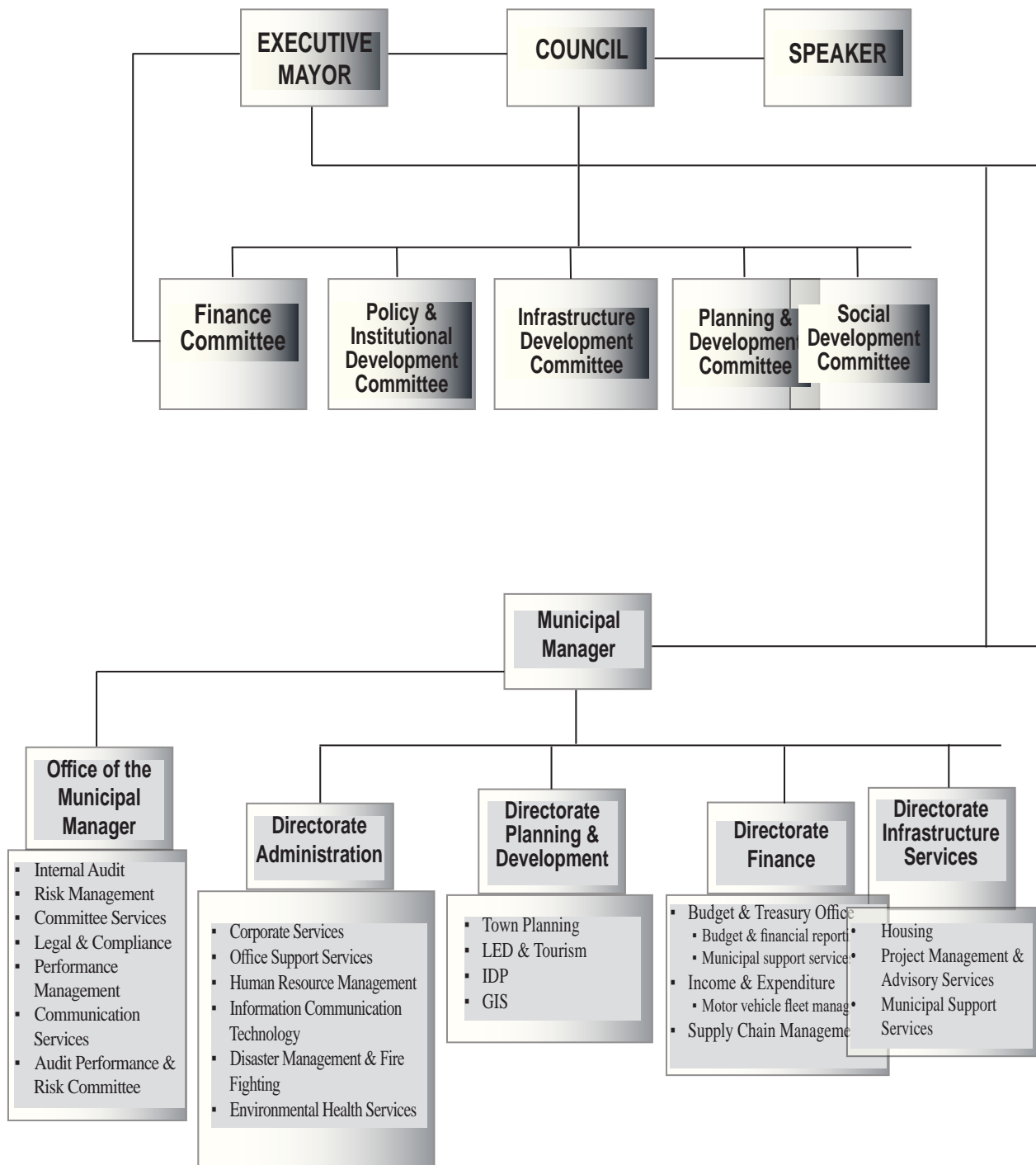
Political governance and transformation is one of the major determining factors in driving the vision of a district which is development focussed and therefore improves the quality of life of the people in its area of jurisdiction.

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

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

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

2.1.1 Governance Model



2.1.2 Audit, performance and risk committee

FRANCES BAARD DISTRICT MUNICIPALITY AUDIT, PERFORMANCE AND RISK COMMITTEE ANNUAL REPORT FOR THE PERIOD ENDING 30 JUNE 2020

1. PURPOSE

The Committee is honoured to present its report for the financial period ending 30 June 2020. The committee was functional throughout the year and had several engagements with management on matters related to financial management, internal control, risk management, performance management and governance. The committee would like to acknowledge the attendance and participation of the Accounting Officer and senior management as well as internal audit and chief risk officer in committee meetings.

2. LEGISLATIVE REQUIREMENTS

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

3. AUDIT COMMITTEE MEMBERS AND MEETINGS DETAIL

3.1 Committee structure and assessment

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

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

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

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

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

3.2 Meeting details

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

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

Dates	TDJ Mogoli	G Botha	T Mudamburi
12 August 2019	✓	x	✓
26 August 2019	✓	✓	✓
25 November 2019	✓	✓	✓
02 March 2020	✓	✓	✓
22 June 2020	✓	✓	✓
Total	5	4	5

4. AUDIT COMMITTEE RESPONSIBILITIES

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

AUDIT COMMITTEE COMMENTS

5.1 INTERNAL AUDIT

5.1.1 Staff

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

5.1.2 Performance

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

5.1.3 Training

The committee took note of the inadequate use of Teammate software tool by Internal Audit and would like to emphasise the need to stay update with the professional tool in order to effectively discharge their responsibility. The committee will continue to motivate and support the furthering of professional development in a bid to achieve the desired qualification for the approved positions of the internal audit unit.

5.2 EXTERNAL AUDIT/AUDITOR-GENERAL SOUTH AFRICA

COVID-19 Pandemic has negatively impacted our oversight role as the committee has not been able to engage with the external auditor prior to the commencement of the 2019/20 audit cycle.

5.3 EFFECTIVENESS OF INTERNAL CONTROL

The committee is of the view, based on the independent evaluations conducted by internal audit during the year as well as reports submitted to the committee that a system of internal controls have been established by the accounting officer. The level of assurance is reflected in more detail in the internal auditor's report and the audit committee has expressed themselves over weaknesses in implementation, monitoring and oversight during the discussion of those detailed reports.

5.4 RISK MANAGEMENT

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

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

5.5 IN-YEAR FINANCIAL MANAGEMENT REPORTS

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

5.6 PERFORMANCE MANAGEMENT

The municipality established a performance management system incorporating the institution performance report and performance agreements of the accounting officer and senior management. Throughout the financial year management provided assurance on the reported performance information, supported by report by internal audit. Weaknesses on reported performance information were addressed by management throughout the year with an additional layer of reviews performed by a performance review committee. The audit committee was involved in the performance assessments of the accounting officer and senior managers. The audit committee took note of the targets not achieved for the 2018-19 financial year as well as the corrective steps taken by the accounting officer. The impact of local municipalities supported by the district municipality on performance remains a concern for the audit committee. Mitigation strategies to improve performance by local municipalities in terms of planning, implementation and reporting should be considered by council during the next strategic planning and mid-year review.

5.7 THE ANNUAL FINANCIAL STATEMENTS

5.7.1 Unaudited financial statements and related performance reports.

The Minister of Finance issued a Ministerial Exemption in terms of section 177(1) (b) of the MFMA on 05 August 2020, exempting municipalities from submitting their annual financial statements and related report for auditing at the end of August 2020. The notice allows for a two month delay in the submission of Annual Financial statements, Annual reports, and oversight reports.

The committee has established process to ensure a review of the draft financial statements and related reports before submission to the Auditor general of South Africa.

5.7.2 Review of the Auditor-General's report.

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

5.7.3 Changes in Accounting Policies and Practices

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

5.7.4 Compliance with laws and regulations.

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

6. CONCLUSION

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

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



.....
Mr.T.D.J Mogoli CA(SA)
Chairperson of the Audit, Performance and Risk Committee
16 September 2020

2.1.3

Political Structure



Mr PW Marekwa
Executive Mayor



Ms U Buda
Speaker



Ms A O Moremong
Finance Committee



Mr B Springbok
Policy & Institutional
Development Committee



Ms M E Motsamai
Social Development
Committee



Ms BV Ximba
Planning & Development
Committee



Mr M E Mokgathanyane
Infrastructure
Development Committee



Ms P D Bishop
MPAC

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

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

2.1.4 Political Decision-taking

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

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

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

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

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

Council resolutions taken for the 2017/18 financial year

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Special adjustments budget in respect of the 2018/19 financial year	<ol style="list-style-type: none"> 1. Council approved the special adjustment budget as per recommended resolution tabled. 2. Council resolved that the special adjustment budget of Frances Baard District Municipality for the financial year 2018/2019, and indicative for the projected outer years 2019/2020 and 2020/2021 be approved as set out in the following schedules: <ol style="list-style-type: none"> 2.1 Adjustment Budget Summary – Table B1 (Page 1); 2.2 Budgeted Financial Performance (Revenue and Expenditure by standard Classification) – Table B2 (Page 2); 2.3 Budgeted Financial Performance (Revenue and Expenditure by standard Classification) - B – Table B2 (Page 4); 2.4 Budgeted Financial Performance (revenue and expenditure by municipal vote) Table B3 (Page 5); 2.5 Budgeted Financial Performance (revenue and expenditure by municipal vote) – B -Table B3 (Page 5); 2.6 Budgeted Financial Performance (revenue and expenditure) – Table B4 (Page 6); 2.7 Budgeted Capital Expenditure by vote and funding – Table B5 (Page 7&8); 2.8 Budgeted Financial Position – Table B6 (Page 9); 2.9 Budgeted Cash Flows Table B7 (Page 10); 2.10 Cash backed reserves/accumulated surplus reconciliation – Table B8 (Page 11); 2.11 Asset Management – Table B9 (Page 12); 2.12 Basic service delivery measurement table B10 (Page 13) 3. Council resolved that the other related supporting documentation to the approved budget be updated according to the adjustments made. 4. Council resolved that a hard and electronic copy of the complete special adjustment budget be submitted to National; Provincial Treasury and Department of Cooperative Governance, Human Settlement and Traditional Affairs respectively for information. 	24 July 2019	The budget was approved and implemented; copies were sent to the mentioned stakeholders.	None

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Third Quarter Municipal Institutional Performance Report (01 January 2019 to 31 March 2019)	1. Council noted third quarter municipal institutional performance report for the period of 01 January 2019 to 31 March 2019	24 July 2019	Done	None
Appointment of financial misconduct disciplinary board	1. Council appoints the following persons to serve as its Financial Misconduct Disciplinary Board in accordance with the National Treasury Regulation No. 37682 of 2014. (a) Ms. Philadelphia Moroke (Manager: Internal Audit); (b) Mr. Tebogo Mogoli (Audit Committee member); (c) Mr. Kgosietsile Matlakala (Manager: Legal Services); (d) Mr. Jan van Zyl (Manager: BTO); and (e) Mr. Mosiua Tau (Provincial Treasury representative as per Annexure B).	28 August 2019	Appointment done	None
IDP review process plan	Council noted and adopted the process plan for the 2019/20 IDP review process	28 August 2019	Implemented	None
Comparison of performance report for the year	1. Council considers the municipal performance report for the period 01 July 2018 to 30 June 2019 in comparison to that of 01 July 2017 to 30 June 2018. 2. Council adopts the municipal performance report for the period 01 July 2018 to 30 June 2019 in comparison to that of 01 July 2017 to 30 June 2018	28 August 2019	Done	Done

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Annual financial statements for the 2018/19 financial year	<p>1. Council notes submission of the 2018/19 annual financial statements as set out in the following schedules:</p> <p>1.1 General InformationPg. 1 - 2</p> <p>1.2 Approval of the Financial StatementsPg. 3</p> <p>1.3 Report of the Auditor GeneralPg. 4 - 10</p> <p>1.4 Statement of Financial Position Pg. 11</p> <p>1.5 Statement of Financial Performance Pg. 12</p> <p>1.6 Statement of Changes in Net Assets Pg. 13</p> <p>1.7 Cash Flow Statement Pg. 14</p> <p>1.8 Statement of comparison of budget and actual amounts – Statement of financial position Pg. 1- 16</p> <p>1.9 Statement of comparison of budget and actual amounts – Statement of financial performance Pg. 17 - 18</p> <p>1.10 Statement of comparison of budget and actual amounts – Capital Expenditure Pg. 19</p> <p>1.11 Statement of comparison of budget and actual amounts – Cash flow statement Pg. 20 - 21</p> <p>1.12 Reconciliation of Budget Surplus/(Deficit) with the surplus/(deficit) in the Statement of Financial Performance. Pg. 22</p> <p>1.13 Accounting Policies Pg. 23 - 38</p> <p>1.14 Notes to the Financial Statement Pg. 39 - 73</p> <p>APPENDICES (Unaudited)</p> <p>1.1 Appendix A – Schedule of external loansPg. 74</p> <p>1.2 Appendix B – Analysis of non-current assets Pg. 75</p> <p>1.3 Appendix C – Segmental Statement of Financial Performance Pg. 76</p> <p>1.4 Appendix D – Appropriation Statement Pg. 77 – 79</p> <p>1.5 Appendix E – Reconciliation of budgeted cash flows Pg. 80</p> <p>1.6 Appendix F – Remuneration of Management Pg. 81 - 84</p> <p>1.7 Appendix G – Segmental Analysis of Financial Performance Pg 85-86</p>	28 August 2019	The annual financial statements were submitted to AG by 31 August 2019.	None

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Report on the investigations on fruitless and wasteful expenditure in payment of insurance excess as a result of damage to municipal pool car (ISUZU KB, CKR 822 NC)	<ol style="list-style-type: none"> Council considered the findings of the MPAC; and Council resolved that Mr. R. Pienaar must pay back the municipality the excess fee of R5 323.17 paid to the municipal insurer for damages caused to the municipal pool car (ISUZU KB, CKR 822 NC). The disciplinary case must be instituted by the HR unit for transgressions committed by Mr. R. Pienaar on the day of the event while using the municipal pool car (ISUZU KB, CKR 822 NC). 	28 August 2019	The resolution of Council was implemented. Mr Pienaar has paid all the money due to the municipality.	None
Report on the investigations pertaining to irregular expenditure for the payment of extension of building & renting of towers	<ol style="list-style-type: none"> Council writes off the following irregular expenditures: <ol style="list-style-type: none"> Sentech Towers – R17 561.70 Extension of FBDM building – R 9 546 209.18 	28 August 2019	The expenditure was written off and recorded as such in the finance records.	None
Report on the investigations pertaining to irregular expenditure for the payment of extension of building & renting of towers	<ol style="list-style-type: none"> The item must be referred back to MPAC as the investigation is not completed. 	28 August 2019	MPAC completed the investigation report and collected sufficient supporting documentation. MPAC tabled its recommendation to the council which was adopted and implemented accordingly. The irregular expenditure was properly disclosed in the annual financial statements of the municipality.	None
Declaration of drought disaster in the Frances Baard District	<ol style="list-style-type: none"> Council declared Frances Baard district, a disaster area as per recommendation made by the Department of Agriculture and Rural Development Early Warning Committee. Frances Baard District Municipality to inform in writing the Department of Co-operative Governance, Human Settlements and Traditional Affairs that no budget/ funds are available to assist local municipalities. 	06 September 2019	The letter has been written to COGHSTA	None
Quarterly report – infrastructure projects – 01 April – 30 June 2019	<ol style="list-style-type: none"> Council considers the content of the report. A detailed report of where the grader was utilised during the previous financial year must be compiled and be submitted to the next committee meeting. 	26 November 2019		

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Monthly finance report: July 2019	<ol style="list-style-type: none"> Council noted the contents of the report. Council approved that letters be written to the following MEC's to bring their attention on the outstanding debt owed to the municipality. <ul style="list-style-type: none"> MEC: Finance, Economic Development & Tourism - Mr Maruping Lekwene MEC: Transport, Safety & Liaison - Ms Nontobeko Vilakazi MEC: Roads & Public Works - Mr Abraham Vosloo Council approved that the debt (R2665.04) of W.J Neethling who is deceased be written-off. 	26 November 2019	The report was approved by Council and submitted to Provincial and National Treasury.	None
Human Resource Strategy	<ol style="list-style-type: none"> The Human Resource Strategy document be referred back to the committee to allow labour to make their inputs 	26 November 2019		
Consideration of motor the vehicle allowance policy	<ol style="list-style-type: none"> The matter must be referred back to the LLF and the Policy and Institutional Development Committee to finalise the two outstanding issues. 	26 November 2019		
Amendment of cost containment policy	<ol style="list-style-type: none"> Council noted the contents of this report. Council approved the amendment of the Cost Containment Policy which is implementable from 01 July 2019. Council approved that the municipality create appropriate internal control measures, delegations and oversight mechanisms to monitor and implement cost containment measures consistent with the Regulations. Council approved that quarterly reports on the implementation of the Cost Containment Policy be submitted to MPAC and Council as to comply with the Regulations. 	26 November 2019	The policy was approved and implemented accordingly.	None
Quarterly report on spatial planning (01 July 2019– 30 September 2019).	<ol style="list-style-type: none"> Council noted the contents of the report. Sol Plaatje municipality to submit a council resolution to request assistance with the approval of building plans. 	26 November 2019	The assistance is based on the request received by the Local Municipality.	Sol Plaatje did not request any assistance in terms of approval of the building plans. They have enough capacity and skills to deal with this issue.

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Quarterly report on tourism promotion and local economic development: (01 July 2019– 30 September 2019).	<ol style="list-style-type: none"> Council noted the contents of the report. The investment opportunities brochure will be compiled in-house due to cost containment. The Chairperson of the Planning and Development committee to accompany delegation of officials on a study tour to Ekurhuleni municipality. The Chairperson of the Planning and Development committee to accompany delegation of officials to the SMME Expo in October 2019. The Chairperson of the Planning and Development committee to give feedback report to council through the committee 	26 November 2019	<ol style="list-style-type: none"> The brochure was reviewed. The committee was informed that the Ekurhuleni municipality is a metro the LED Unit must find another municipality which is at the same level. Ilembe district was identified, and the tour did not take place due travelling restrictions (Covid 19). SMME expo was cancelled due to Covid 19. The LED reports were submitted to the committee. 	The tour to Ilembe district did not take place due travelling restrictions (Covid 19). SMME expo was cancelled due to Covid 19
Audit report for the financial year ended 30 June 2019	<ol style="list-style-type: none"> Council noted the unqualified audit report with findings as expressed by the Auditor General for the 2018/19 financial year. Council directs that the audited financial statements, performance report and Auditor's General's report be included in the annual report for submission during February 2020 to Council as per legislative requirements; and Council directs that the final printer's proof of the annual report be submitted to the relevant Senior manager of the Auditor's General of South Africa for verification. 	10 December 2019	The report was for noting of Council.	None
Draft annual report for the financial year ended 30 June 2019	<ol style="list-style-type: none"> Council approved that the draft annual report, to be published for public comments 	10 December 2019	The annual report was advertised in local newspaper and on municipal website for public inputs on 09 January 2020.	None
Council and committee meetings: 2020	<ol style="list-style-type: none"> Council approved the meetings scheduled for the 2020 calendar year. 	10 December 2019	Done	Done
First quarter municipal institutional performance report	<ol style="list-style-type: none"> Council considered and approved the first quarter municipal institutional performance report for the period of 0 July 2019 to 30 September 2019. 	10 December 2019	Done	Done

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Mid-term municipal institutional performance report	<ol style="list-style-type: none"> 1. Council considered the mid-term performance report for the period of 01 July 2019 to 31 December 2019. 2. Council considered and approved the recommendations provided for the amendments to the SDBIP. 3. Council took note of the report on the implementation of improvement plans of the 2018/19 annual report. 4. Council directed that a report on the financial information from 11 -20 December 2019 be audited and verified by internal audit and submitted to the finance committee, Mayoral committee and Council in February 2020. 	29 January 2020	Done	Done
Second quarter municipal institutional performance report	Council took note of the content of the second quarter municipal institutional performance report for the period of 01 October 2019 to 31 December 2019.	29 January 2020	Done	Done
Monthly finance report: December 2019	<ol style="list-style-type: none"> 1. Council notes and adopted the report. 2. Council resolved that administration should physically go to last address of the former Councillor Siwisa provided to get the new contacts of the former Councillor so that the matter be pursued further. 	26 February 2020	The report was approved by Council and submitted to Provincial and National Treasury.	None
Quarterly report – infrastructure projects: (01 October 2019– 31 \ December 2019)	<ol style="list-style-type: none"> 1. Council notes and adopted the report. 2. Council resolved to extend the timeframe of service provider to complete the project for water reticulation project by mid-March 2020. 	26 February 2020		
Approval of the audit, performance and risk committee charter 2019/20	Council approved the audit, performance and risk committee charter for 2019/20 financial period.	26 February 2020	Approval done	None

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
<p>Mid-year budget and performance report: adjustments budget in respect of the 2019/20 financial year</p>	<p>Resolution</p> <ol style="list-style-type: none"> 1. Council considers the content of the report; 2. Council considers the approval of the adjustment budget as per recommended resolution tabled; 3. Council resolves that the adjustment budget of Frances Baard District Municipality for the financial year 2019/20, and indicative for the projected outer years 2020/21 and 2021/22 be approved as set out in the following schedules: <ol style="list-style-type: none"> 3.1 Adjustment Budget Summary – Table B1 (Page 1); 3.2 Budgeted Financial Performance (Revenue and Expenditure by standard Classification) –Table B2 (Page 2); 3.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) Table B3 (Page 3); 3.4 Budgeted Financial Performance (revenue and expenditure) – Table B4 (Page 4); 3.5 Budgeted Capital Expenditure by vote and funding – Table B5 (Page 5); 3.6 Budgeted Financial Position – Table B6 (Page 6); 3.7 Budgeted Cash Flows Table B7 (Page 7); 3.8 Cash backed reserves/accumulated surplus reconciliation – Table B8 (Page 8); 3.9 Asset Management – Table B9 (Page 9); and 3.10 Basic service delivery measurement table B10 (Page 12). 4. Council resolves that the other related supporting documentation to the approved budget be updated according to the adjustments made; and 5. Council resolves that a hard and electronic copy of the complete adjustment budget be submitted to National Treasury, Provincial Treasury and Department of Cooperative Governance, Human Settlement and Traditional Affairs respectively for information. 6. Council resolves that the other related supporting documentation to the approved budget be updated according to the adjustments made; and 7. Council resolved that a hard and electronic copy of the complete adjustment budget be submitted to National Treasury, Provincial Treasury and Department of Cooperative Governance, Human Settlement and Traditional Affairs respectively for information. 8. Council resolved to allocate an amount of R5 Million from the savings realized by the district municipality to following local municipalities for service delivery projects: <ul style="list-style-type: none"> • Sol Plaatje Local Municipality - R3 Million • Magareng Local Municipality - R1 Million • Dikgatlong Local Municipality - R1 million 	<p>26 February 2020</p>	<p>The budget was approved and implemented; copies were sent to the mentioned stakeholders.</p>	<p>None</p>

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Amended service delivery and budget implementation plan	Council noted and approved the amended service delivery and budget implementation plan for the 2019/2020 financial year.	26 February 2020	Done	None
Report on the Barkly West Waterfront Project	<ol style="list-style-type: none"> Council considers the contents of the report of technical steering committee. The Steering Committee advice that it will be in the best interest of Dikgatlong Local municipality to only allow the development to take place after the signing of the lease agreement. The Steering Committee advice no development to commence until the land is alienated. The Steering Committee advice no development to commence without approval from relevant authority i.e. DMPT, Department of the Environment, Department of Transport. The Steering Committee advice all rezoning and special studies must be complied with. The Steering Committee recommends that comprehensive program of action is required in other to see the project through. Based on the deliberations on this report Council provides the Municipal Manager with a directive the report. 	26 February 2020	The project discussion is still in progress. The meetings were held on the 11 December 2019 and 19 February 2020, respectively. On the 29th of January 2020, Promeathean Property Investment company was granted permission by FBDM's council to present the proposed development concept plan.	The Joint sittings and the preparation of the required town planning documents were disrupted by the National Lock down.
Assurance report on verification of Section 72 Report	<ol style="list-style-type: none"> Council noted the contents of this report; Council adopted the report of Internal Audit. 	26 February 2020	The report was for noting by Council.	None
Report on the investigations pertaining to deviation on tender for banking services	Council resolved that the item be tabled again in the next MPAC meeting to allow administration to provide more information on the agreement between Enslin and FBDM.	25 March 2020	The report was tabled again MPAC and the expenditure was later written off by Council.	None
Draft District Integrated Development Plan Review 2019/20; Planning 2020/21.	Council approved the draft district IDP (Review 2019/20 -Planning 2020/21).	25 March 2020	IDP was finalized as per the process plan.	None
MPAC oversight report on the annual report for the financial year ended 30 June 2019	<ol style="list-style-type: none"> Council approved the draft annual report of the Frances Baard District Municipality adopted the MPAC oversight report. Council approved the 2018/19 draft annual report without reservations. 	25 March 2020	Done	None

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Draft budget for the 2020/21 financial year	<p>1. Council resolved that the draft annual budget of the municipality for the financial year 2020/21 and indicative of the projected outer years 2021/22 and 2022/23 be approved as set out in the following schedules:</p> <p>1.1 Budget Summary – Table A1 (Pg. B 1);</p> <p>1.2 Budgeted Financial Performance (Revenue and Expenditure by standard Classification) – Table A2 (Pg. B2);</p> <p>1.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) – Table A3 (Pg. B3);</p> <p>1.4 Budgeted Financial Performance (revenue and expenditure) –Table A4 (Pg B4);</p> <p>1.5 Budgeted Capital Expenditure by vote, standard classification and funding – Table A5 (Pg. B5);</p> <p>1.6 Budgeted Financial Position – Table A6 (Pg. B6);</p> <p>1.7 Budgeted Cash Flows Table A7 (Pg. B7);</p> <p>1.8 Cash backed reserves/accumulated surplus reconciliation – Table A8 (Pg. B8);</p> <p>1.9 Asset Management – Table A9 (Pg. B9-10);</p> <p>1.10 Basic service delivery measurement table A10 (Pg. B11).</p> <p>2. Council approved the further refinement of the draft budget with regards to prescribed supporting documentations and consideration of issues raised in the item before final adoption of the budget in May 2020.</p>	25 March 2020	The budget was approved and implemented; copies were sent to the mentioned stakeholders.	None
Draft District Integrated Development Plan Review 2019/20; Planning 2020/21.	Council approved the draft district IDP (Review 2019/20 -Planning 2020/21).	25 March 2020	Done	None

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Draft budget for the 2020/21 financial year	<p>Council resolves that the draft annual budget of the municipality for the financial year 2020/21 and indicative of the projected outer years 2021/22 and 2022/23 be approved as set out in the following schedules:</p> <p>1.1 Budget Summary – Table A1 (Pg. B 1);</p> <p>1.2 Budgeted Financial Performance (Revenue and Expenditure by standard Classification) – Table A2 (Pg. B2);</p> <p>1.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) – Table A3 (Pg. B3);</p> <p>1.4 Budgeted Financial Performance (revenue and expenditure) – Table A4 (Pg. B4);</p> <p>1.5 Budgeted Capital Expenditure by vote, standard classification and funding – Table A5 (Pg. B5);</p> <p>1.6 Budgeted Financial Position – Table A6 (Pg. B6);</p> <p>1.7 Budgeted Cash Flows Table A7 (Pg. B7);</p> <p>1.8 Cash backed reserves/accumulated surplus reconciliation – Table A8 (Pg. B8);</p> <p>1.9 Asset Management – Table A9 (Pg. B9-10);</p> <p>1.10 Basic service delivery measurement table A10 (Pg. B11).</p> <p>2. Council approves the further refinement of the draft budget with regards to prescribed supporting documentations and consideration of issues raised in the item before final adoption of the budget in May 2020.</p>	25 March 2020	The budget was approved and implemented; copies were sent to the mentioned stakeholders.	None
Monthly finance report: January 2020	<p>1. Council noted the contents of the report.</p> <p>2. Council resolved that the Executive Mayor write letters to the departments owing the municipality alerting the MEC's of the debt outstanding</p>	30 June 2020	The report was approved by Council and submitted to Provincial and National Treasury. The letters are sent on monthly basis to our debtors.	

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
Writing-off redundant furniture and a motor vehicle	<ol style="list-style-type: none"> Council approved the writing-off the attached list of redundant assets per asset category identification; Council approved that the assets be donated to local municipalities, non-profit organisations and/or schools in the Frances Baard District in terms of the Asset Management and Supply Chain Management policies. Council resolved that a list of local municipalities, non-profit organisations and/or schools in the Frances Baard District that have received donation from the municipality in the past and should be provided in the next committee meeting 	30 June 2020	The assets were written off and disposed off as resolved.	None
Quarterly report on tourism promotion and local economic development - 01 October 2019– 31 December 2019	Council resolved that the report be held in abeyance and be re-submitted to the next round of committees as the Manager responsible was not present for the meeting.	30 June 2020	The report was submitted.	None
Quarterly report on geographic information system: 01 October 2019– 30 December 2019.	<ol style="list-style-type: none"> Council took note the contents of the report. Council resolved that a list of assets transferred to the dept. Roads and Public Works by Frances Baard District Municipality be submitted to Council. 	30 June 2020	The report was submitted.	None
Review of the Environmental Management Framework	<ol style="list-style-type: none"> Council noted of the report. Council noted review of the Environmental Management Framework. Subject to 1 and 2 above, Council adopted the Environmental Management Framework 	30 June 2020	Council adopted the framework	None
Third quarter institutional performance report	<ol style="list-style-type: none"> Council took note the institutional performance report for the period 01 January 2020 to 30 June 2020. Council adopted the institutional performance report for the period 01 January 2020 to 30 June 2020. 	30 June 2020	Done	None

Item submitted to Council	Resolution	Date	Action taken	Reason for non-implementation
<p>Special adjustments budget in respect of the 2019/20 financial year</p>	<p>1. Council approved of the special adjustment budget as per recommended resolution tabled.</p> <p>2. Council resolved that the special adjustment budget of Frances Baard District Municipality for the financial year 2019/2020, and indicative for the projected outer years 2020/2021 and 2021/2022 be approved as set out in the following schedules:</p> <p>2.1 Adjustment Budget Summary – Table B1 (Page 1);</p> <p>2.2 Budgeted Financial Performance (Revenue and Expenditure by standard Classification) – Table B2 (Page 2);</p> <p>2.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) Table B3 (Page 3);</p> <p>2.4 Budgeted Financial Performance (revenue and expenditure) – Table B4 (Page 4);</p> <p>2.5 Budgeted Capital Expenditure by vote and funding – Table B5 (Page 5);</p> <p>2.6 Budgeted Financial Position – Table B6 (Page 6);</p> <p>2.7 Budgeted Cash Flows Table B7 (Page 7);</p> <p>2.8 Cash backed reserves/accumulated surplus reconciliation – Table B8 (Page 8);</p> <p>2.9 Asset Management – Table B9 (Page 9);</p> <p>2.10 Basic service delivery measurement table B10 (Page 10)</p> <p>3. Council resolved that the other related supporting documentation to the approved budget be updated according to the adjustments made.</p> <p>4. Council resolved that a hard and electronic copy of the complete special adjustment budget be submitted to National; Provincial Treasury and Department of Cooperative Governance, Human Settlement and Traditional Affairs respectively for information.</p>	<p>30 June 2020</p>	<p>The budget was approved and implemented; copies were sent to the mentioned stakeholders.</p>	<p>None</p>

2.2 Administrative Governance

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

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

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

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

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

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

2.2.1 Top Administrative Structure

Tier 1



Ms ZM Bogatsu
Municipal Manager

Tier 2



Ms Onneile Moseki
Acting Chief Financial
Officer



Ms Kealeboga Gaborone
Director: Administration



Mr Saligh Suliman
Acting Director:
Infrastructure Services



Mr Freddy Netshivhodza
Acting Director: Planning
& Development

Tier 3

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

2.3 Intergovernmental Relations

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

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

National Intergovernmental Structures

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

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

- **National Accreditation Task Team**

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

- **Implementation Forum**

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

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

Provincial Intergovernmental Structure

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

District Intergovernmental Structures

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

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

LED Forum

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

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

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

- Plan and co-ordinate LED strategies within the frameworks of IDP;
- Co-ordinate LED policies, strategies and projects within the district;
- Identify lead LED sectors that can kick-start development within districts by undertaking economic research and analysis;
- Promote joint marketing, purchasing and production activities;
- Promote networking of firms within the district;
- Collect and disseminate information to assist local municipalities with LED policies;
- Identify resource availability (e.g. grants, land, infrastructure, etc.);
- Maintain a strong relationship with the province; and
- Provide the necessary training to municipalities.

District Communications Forum

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

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

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

2.4 Public Accountability and Participation

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

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

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

2.4.1 IDP Participation and Alignment

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

2.5 Corporate Governance

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

2.5.1 Supply Chain Management

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

The municipality has strengthened its internal controls on the following:

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

Competency levels

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

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

2.5.2 Risk Management

The Frances Baard District Municipality and Sol Plaatje Local Municipality have a dedicated risk management function in the terms of MFMA Act of 1999, Section 62(1)(c)(i). The risk management units are positioned under the office of the Municipal Manager and therefore are providing strategic direction on the management of organisation's risks. FBDM is currently providing a shared and support services to both Dikgatlong and Magareng local municipalities through a memorandum of agreement due limited capacity. Phokwane Local Municipality is not part of this agreement. The municipality has a fraud and risk management policy and strategies in place. Both are aligned to the King Code IV of Corporate Governance, ISO Standard 31 000 and Public Sector Risk Management Framework. The unit is accountable to the municipal manager and the Audit, Performance and Risk Committee (APRC) which sit on a quarterly basis to discuss risk registers and risk assessment reports.

The risk registers of the municipality were completed timeously and allowed unit managers to take control of action plans to mitigate identified risks. The unit managers are continuously monitoring the actions plans to reduce the impact and likelihood of residual risks. The level of risk maturity for the municipality has increased significantly as evidenced by the senior managers taking control and being proactive in embedding mitigating action plans to address the identified risks. There were no cases of alleged fraud or corruption reported to the risk management unit during 2019/2020 financial year. Risk management unit has performed its advisory role to MPAC in respect of investigating Section 32 expenditure (MFMA Act).

2.5.3 Website

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 2019 - June 2020
All current budget-related policies	Yes	As and when reviewed
The previous annual report (2018/19)	Yes	Mar 2019
The annual report (2019/20) to be published	Yes	Apr 2021
All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (2019/20) and resulting scorecards	Yes	Aug 2019
All service delivery agreements (2019/20)	Yes	Jul 2019 (SDBIP)
All long-term borrowing contracts (2019/20)		Jun 2020
All supply chain management contracts above a prescribed value (above R200,000) for 2019/20	Yes	Jun 2020
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 2019/20	Yes	List of disposed assets placed on website
Contracts agreed in 2019/20 to which sub-section (1) of section 33 apply, subject to sub-section (3) of that section	No	n/a
Public-private partnership agreements referred to in section 120 made in 2019/20	No	n/a
All quarterly reports tabled in the council in terms of section 52 (d) during 2019/20	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 2019/20 have been successfully loaded. We do not deliver services directly to the public and our information does not draw as much attention as in the case of the local municipalities. The municipality encourages members of the community wishing to access information held by the municipality via the internet, to do so using the facilities at the Thusong Service Centres.

Chapter 3 -

Service Delivery Performance

3.1 Infrastructure Services (KPA 1)

Goal	Objective	Outcome		
		Indicator	Unit of measure	Annual Target
Improved access to sustainable basic services in the District	To assist local municipalities with infrastructure upgrading, operations and maintenance.	Prioritised project lists to guide the upgrading, operation and maintenance of infrastructure in the district	Number of municipalities assisted with the finalization of prioritized project lists	4
		Spending of allocated funds to support basic services infrastructure in the district	Percentage of allocated budget spent annually	100%
		Monitoring of projects	Number of monitoring reports	4
	To create job opportunities for the unemployed through the promotion of EPWP principles and other initiatives in the district.	Annual EPWP target set as per DORA and EPWP Incentive Agreement	Number of jobs created through EPWP incentive agreement.	100
	To support improved infrastructure planning in the district	Establishment and maintenance of an electronic system to assist RRAMS function in the district	Number of electronic systems developed to assist with RRAMS in the district	1
	To support the provision of potable water, sanitation facilities, electricity and streets and storm water households in the district	Prioritised project lists to guide the upgrading, operation and maintenance of infrastructure in the district	Number of municipalities assisted with the finalization of prioritized project lists	4
		Spending of allocated funds to support basic services infrastructure in the district	Percentage of allocated budget spent annually	100%
		Monitoring of projects	Number of monitoring reports	4

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

The support is wide ranging, especially in the three smaller local authorities that sometimes struggle with capacity problems. This support is provided by a special unit in the Infrastructure Services Department which is headed by a manager for infrastructure support. The manager has three engineering technicians as well as an EPWP coordinator and an administrative officer as support. The support provided to local municipalities is comprehensive and includes financial support, advisory services and operation and maintenance support.

3.1.1 Capital Programme

The district municipality allocated R8m for capital projects in category B municipalities for the 2019/20 financial year. The local municipalities could not finalise the appointment of service providers for the initial five projects. Funding could therefore not be rolled over and three of the local municipalities requested to utilise the grant allocation for other projects. The five initial projects as well as the three additional projects are listed below:

Project description	Budget (R '000)	Actual expenditure (R '000)	Labour			Project status
			M	F	D	
Capital Projects						
Dikgatlong: Co-funding for the construction of roads and stormwater in Stillwater.	2,000	1,504	0	0	0	Payments were processed on progress on the MIG roads project in Stillwater. Project is 95% complete. The project was delayed for two months due to the lockdown and it has been extended till end of August 2020 for completion.
Magareng: Construction of vacuum sewer. Bulk water supply line	1,000	846	0	0	0	The Magareng local municipality requested to use the allocated funds for phase 2 of the Vacuum sewer to maintenance of phase 1 of the Vacuum sewer, however, they could not get all the required documents in place. The funds was re-allocated to the bulk water supply line project under MIG, as the municipality needed assistance on that project. The project is 65% completed.
Magareng: Landfill sites	1,000	843	0	0	0	Magareng local municipality appointed the contractor in March 2020. The project is divided into three phases, the 2019/20 allocation was allocated towards phase 1 for the fencing of the landfill site. The fencing has been completed.
Phokwane: Co-funding for Ganspan waste water treatment works and related bulk sewer infrastructure. Upgrade of Bulk Electricity, internal reticulation and house connections in Nkandla and Utlwanang.	2,000	2,000	0	0	0	The municipality has requested to relocate the funds to another project as the current project was stopped due to insufficient funding. Funds were re-allocated to the upgrading of electrical bulk supply, internal reticulation and house connections in Nkandla and Utlwanang area.
Sol Plaatje: Co-funding for reselling of erven (Servicing of erven in South Ridge, Homestead, Moghul Park and Phomolong) Roads & Stormwater - Road enhancement and upgrade (block paving) in Kimberley	2,000	2,000	0	0	0	Sol Plaatje initially indicated that they plan to use this allocation towards the development of erven in Phomolong. The site was, however, illegally invaded and there is a court case in progress. Sol Plaatje did not manage to spend on the development of erven due to the court case and unresets. The allocation was re-allocated to a project of road enhancement and upgrade (block paving) in Kimberley. Sol Plaatje managed to spend their total allocation on this project. The project has been completed.
TOTAL	8,000	7,194	0	0	0	

3.1.2 Operation and Maintenance

Funding to the value of R10m has initially been allocated for the operation and maintenance programme for the 2019/20 financial year, but Council increased the budget to R15m. Dikgatlong and Magareng municipalities received R1m each and R3m was additionally allocated to Sol Plaatje municipality. Expenditure in the fourth quarter increased dramatically and the local municipalities claimed 84% of the operation and maintenance grant for the 2019/20 financial year. The following is a breakdown of the amounts spent:

Municipality	Project Description	Allocation	Amount spent
Dikgatlong	Operation and Maintenance	3,500,000	1,974,538
Magareng	Operation and Maintenance	3,500,000	2,941,202
Phokwane	Operation and Maintenance	2,500,000	2,235,904
Sol Plaatje	Operation and Maintenance	5,500,000	5,500,000
TOTAL		15,000,000	12,651,645

3.1.3 Expanded Public Works Programme

Frances Baard District Municipality received an EPWP incentive grant of R1,270m for the 2019/20 financial year. Expenditure and employment was created under the following projects:

Maintenance of streets and stormwater in Warrenton (R 300,000)

This project covers the maintenance of streets and stormwater drainage in Warrenton, including pothole repairs, grading of roads and cleaning of stormwater infrastructure. Magareng Municipality's project commenced on 01 October 2019 and was completed on 31 March 2020, generating 49 work opportunities and 16.70 FTE's. The local municipality have claimed a total of R411,900 for this project. No FTEs were created in the 4th quarter as the project was completed in March 2020.

Operation and maintenance of water and waste water treatment works Dikgatlong (R350,000)

This project includes grass cutting, fencing and cleaning of screens and grit channels at all the water and wastewater treatment works in Dikgatlong Municipality using manual labour. Dikgatlong Municipality's project commenced on 21 October 2019 and has generated 44 work opportunities and 13.26 FTE's for the 2019/20 financial year. No FTE's were created for the 4th quarter as the project was completed in March 2020. Dikgatlong Local Municipality claimed a total of R335,552 for this project in the financial year.

Youth Entrepreneurship Development Programme (YEDP) (R 620,000)

The youth entrepreneurship development programme seeks to capacitate young graduates in business development and give them work experience in local economic development. FBDM employs graduates for periods of up to twenty-four (24) months and accommodates 15 graduates. The programme is reported monthly on the EPWP reporting system. To date the YEDP has generated 10 work opportunities and a total of 9.80 FTE's for the 2019/2020 financial year. For the 4th quarter 2.35 FTE's were created. Frances Baard District Municipality paid a total R529,468 for intern stipends during the financial year. For the 2019/20 financial year the targets were 17 FTE's, 42 work opportunities and a budget of R1,270m. At the end of the financial year 39.76 FTE's were achieved and 103 work opportunities created. The total budget for the project at its conclusion was R1,277m. The additional cost was covered through the O&M programme of the district municipality.

Project description	Budget (R '000)	Actual expenditure (R '000)	Labour			Project status
			M	F	D	
EPWP Projects						
Streets and storm water in Warrenton	300	412	20	29	0	The maintenance works was completed successfully
Waste water and water treatment works in Dikgatlong	350	335	26	18	0	The maintenance works was completed successfully
Youth entrepreneurship development programme (YEDP)	620	529	2	8	0	The programme was completed successfully for 2019/20 FY
TOTAL	1,270	1,277	48	55	0	

3.1.4 Housing (KPA 1)

The district municipality continued to provide services such as projects initiation, planning and approval; project/program management and contract administration; subsidy administration and quality assurance. Continuous support to the Dikgatlong, Magareng and Phokwane municipalities to perform various functions towards the provision of human settlements is ongoing. The 2019/20 financial year continued to be challenging for the Frances Baard District Municipality in the delivery of human settlements as many of the human settlement functions has been taken over by the project management unit of COGHSTA. The following services continue to be available to local municipalities, as outlined in the table below:

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

GOAL	OBJECTIVES	OUTCOME		
		Indicator	Unit of measure	Annual Target
Facilitate the creation of sustainable human settlements in the district	To facilitate the reduction of the housing backlog	Reviewed Human Settlements Sector Plans	Number of Human Settlement Plans annually	4
		Facilitate the subsidy application process	Number of progress reports submitted	12
	Monitoring of human settlements development in 3 local municipalities	Reporting on the accreditation programme	Number of accreditation reports to COGHSTA	12
			Number of accreditation reports to National Department of Human Settlements	4
	To capacitate human settlements consumers on human settlements requirements, processes and services	Workshops to educate stakeholders about responsibilities and human settlements process	Number of workshops presented annually	8

3.1.4.1 Human Settlements Sector Plans and Chapters

The Dikgatlong, Magareng and Phokwane municipalities and the integrated plan and chapter for Frances Baard, annual review of the Human Settlements Sector Plans and chapters of the IDP was completed.

The Covid 19 epidemic however made it very difficult to have engagements with the local municipalities and other stakeholders. Challenges were experienced in meeting the planned timeframe due to the restrictions imposed.

3.1.4.2 Housing Consumer Education

The district continued to try and structure and secure housing consumer education sessions with communities in local municipalities. The limited participation of the district and local municipalities on projects severely limited the attempts to do this. In addition, the limited number of projects and the slow progress on projects aggravated this. Only one (1) housing consumer education session was conducted for the 2019/20 financial year. Emphasis for the financial year remained on educating housing beneficiaries on their role and responsibilities as home owners and the value of owning a house. The details of these are briefly outlined below:

Project	Theme	Date
Delpportshoop 146	Home Maintenance	27 November 2019

Employees: Housing Services					
Job Level	2018/19	2019/20			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13*	6	12	6	0,55	5%
14 - 18**	1	1	1	0	0
19 - 26	0	0	0	0	0
Total	7	13	7	0,55	5%
6 posts unfunded					

Financial Performance 2019/20: Housing Services						R'000
Details	2018/19	2019/20				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	–	–	–	–	–	
Expenditure:						
Employees	2 570	3 008	3 019	2 142	71%	
Repairs and maintenance		–	–	–	0%	
Other ¹	90	1 042	1 042	861	83%	
Total Operational Expenditure	2 661	4 050	4 061	3 003	74%	
Net Operational Expenditure	2 661	4 050	4 061	3 003	74%	

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

3.1.5 Project Management & Advisory Services (KPA 1)

Employees: Programme Management & Advisory Services					
Job Level	2018/19	2019/20			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	2	2	2	0	0
9 - 13	2	2	2	0	0
14 - 18	4	4	4	0	0
19 - 26	0	0	0	0	0
Total	8	8	8	0	0

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

Special Projects Expenditure 2019/20: Programme Management & Advisory Services					
R '000					
Special Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value ¹
Total All	2 670	0	1 341	-99%	1 341
Implementation of the Rural Roads Asset Management System (RRAMS)	2 670	0	1 341	-99%	1 341
Extended Public Works Programme	1 270	0	1 277	1%	1 277

¹ The total project value indicates the total cost of the project upon completion and the amounts in the actual expenditure column is what was spent thus far. Projects implemented over a number of years will show actual expenditure less than the total project value. It indicate that the project is running over more than one year and will be completed in the outer years.

The projects listed above are explained as follows:

Rural Roads Asset Management System (RRAMS)

The Department of Transport has allocated the conditional grant for the MTESF period to the district municipality with the objective of setting up a rural roads asset management system. The municipality must also collect data on roads (paved and unpaved), bridges and traffic on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA). We are expected to:

- Maintain RRAMS after the lifespan of the grant;
- Update data for all rural roads within two years;
- Employ the unemployed youth (S3 experiential training students and young graduates);
- Build human capacity for the operation of RRAMS; and
- Maintain the road quality data on RRAMS to assist with the planning of Municipal Infrastructure Grant (roads) investments as well as roads maintenance funded from other sources.

Data reports were submitted to FBDM and all the local municipalities, on their roads, traffic and bridge data at the end of the financial year for them to plan maintenance and upgrading work on their streets. This programme help us to determine the extent and condition of all municipal streets which we use to plan for the upgrading, refurbishment and maintenance of roads. For the financial year (2019/2020), the district municipality received an allocation of R2,670,000.00 for the implementation of the RRAMS in the district.

The expenditure of R1,340,862.44 was in line with the tender amount, there was thus a saving of R1,329,137.56 on the project for the financial year.

Extended Public Works Programme

Frances Baard District Municipality received an EPWP incentive grant of R1,270,000 for the 2019/20 financial year. Expenditure and employment were created under the following projects as follows:

- **FBDM Maintenance of streets and stormwater in Warrenton (R300,000)**

This project covers the maintenance of streets and stormwater drainage in Warrenton, including pothole repairs, grading of roads and cleaning of stormwater infrastructure. Magareng Municipality's project commenced on the 1st of October 2019 and was completed on 31 March 2020, generating 49 work opportunities/16.70 FTE's. Magareng Local Municipality have claimed a total of R 411 900.00 for this project. For the 4th quarter, no FTE's were created as the project was completed in March 2020.

- **Operation and maintenance of water and wastewater treatment works Dikgatlong (R350,000)**

This project includes grass cutting, fencing and cleaning of screens and grit channels at all the water and wastewater treatment works in Dikgatlong Municipality using manual labour. Dikgatlong Municipality's project commenced on the 21st October and has generated 44 work opportunities and a total of 13.26 FTE's for the 2019/20 financial year. No FTE's were created for the 4th quarter as the project was completed in March 2020. Dikgatlong Local Municipality claimed a total of R335 552.30 for this project in the 2019/2020 financial year.

- **Youth Entrepreneurship Development Programme (YEDP) (R620,000)**

The youth entrepreneurship development programme seeks to capacitate young graduates in business development and give them work experience in local economic development. FBDM employs graduates for periods of up to twenty-four (24) months. The project started on 03 November 2014 and is continuing. This programme accommodates 15 graduates for the duration of the programme. The programme is reported monthly on the EPWP reporting system. To date the YEDP has generated 10 work opportunities and a total of 9.80 FTE's for 2019/2020 financial year. For the 4th quarter, 2.35 FTE's were created. Frances Baard District Municipality paid a total R529 468.94 for intern stipends during the 2019/20 financial year.

For the 2019/20 financial year the targets were 17 full time equivalents (FTE's), 42 work opportunities and a budget of R 1 270 000. At the end of the financial year all targets have been achieved where 39.76 FTE's achieved, a total of 103 work opportunities and a total budget expenditure of R 1 276 930.24 spend. The additional amount spend was done through the O&M programme of the District Municipality

Financial Performance 2019/20: Programme Management & Advisory Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	3 500	4 229	3 792	3 544	7%
Repairs and maintenance	–	–	–	–	-
Other ¹	8 817	21 187	27 187	22 503	17%
Total Operational Expenditure	12 318	25 415	30 979	26 047	16%
Net Operational Expenditure	12 318	25 415	30 979	26 047	16%

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

3.2 Planning and Development

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

Spatial Planning (KPA 3)

- Frances Baard District Municipality is responsible for planning for the development of sustainable human settlements and bring about spatial transformation in the district. Ours is to strive for developments of the settlement patterns that are integrated, compact, and densified. It is, therefore, in supporting the preparation and implementation of spatial development frameworks in each local municipality and complying with the provision of the Spatial Planning and Land Use Management Act; the district has facilitated the preparation of the following planning instruments:
- The establishment of the District Municipal Planning Tribunal (DMPT) - has been effectively operational since November 2016;
- Completed the preparation of the Infill developments in Magareng and Phokwane Municipality; and
- FBDM SDF review which was not completed due to lockdown.

Geographic Information System (GIS) (KPA 3)

GIS provides spatial information to all stakeholders for planning and resource allocation purposes. For the financial year 2019/20 the land use survey project was initiated for Dikgatlong Municipality, which covered towns such as Delportshoop, Barkly West, Windsorton, Longlands, and Ulco that provides detailed land use database for the properties. The project implementation was not done due to lockdown.

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

The district municipality renders dedicated assistance to local municipalities in terms of local economic development and tourism. The following has been facilitated:

- The secondment of four (4) graduates to local municipalities as interns;
- Hosted the Small Business Week that promotes entrepreneurship in the district;
- Refurbishment of the Harstwater stalls;
- Facilitated the participation of local SMMEs at 3 Expos.
- Implemented the emerging farmers development programme, last phase could not be completed due to lockdown regulations;
- Implemented the business development and mentorship programme;
- Facilitated training of women contractors on project management;
- Completed the machinery and equipment grant selection process but due to the lockdown regulations we could not complete the procurement process.
- Provided support to the Magareng Tourism Association to promote tourism;
- Rolled-out the tourism business plan competition to all schools in the district offering tourism as a subject;
- Hosted the tourism association and quarterly forums;
- FBDM marketing stall at the Durban Indaba has been cancelled due to lockdown;
- Conducted tourism awareness campaign in the district;
- Conducted N12 tourism promotional campaigns; and
- Department NC Granted Environment Authorisation for Ganspan Waterfowl Nature reserve.

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 the implementation of the spatial planning projects.
- Lack of capacity: There is limited capacity in the local municipalities to facilitate sustainable transfer of skills.
- Limited buy-in: This causes delays in project implementation and negatively affects cash flow earmarked for specific projects.
- High grant dependency: Grant dependency in most local municipalities undermines the future sustainability of municipalities.
- Local Municipalities lacks resources and are embedded with weak institutional capacity to implement and enforce the approve plans.

3.2.1 Town & Regional Planning (KPA 3)

GOAL	OBJECTIVES	OUTCOME		
		Indicator	Unit of measure	Target
Facilitate the development of sustainable human settlements through effective town and regional planning	To facilitate the development of urban and rural areas in accordance with the relevant legislation.	Processed land development applications received	Percentage of land development applications received from LMs	100%
		SDFs reviewed	Number of SDFs reviewed	1
		Land use schemes reviewed	Number of land use schemes reviewed	No target
	To facilitate the development of Brown and Green field development	Completed Infill developments	Number of infill developments completed	1

Employees: Town Planning Services					
Job Level	2018/19	2019/20			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	0	0	0	0	0
14 - 18	2	3	2	0.55	18%
19 - 26	0	0	0	0	0
Total	3	3	2	0.55	18%

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

Financial Performance 2019/2020: Town Planning Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	1 112	2 428	1 422	1 058	74%
Repairs and Maintenance	–	–	–	–	0%
Other ¹	1 535	1 124	618	286	46%
Total Operational Expenditure	2 646	3 551	2 040	1 344	66%
Net Operational Expenditure	2 646	3 551	2 040	1 344	66%

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

Special Projects Expenditure 2019/2020: Town Planning Services					R' 000
Special Projects	2019/20				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	563	508	258	-291%	258
District Municipal Planning Tribunal (DMPT).	70	33	18	-289%	18
Phokwane Infill Development	140	75	72	-94%	72
Frances Baard District Municipality SDF review	800	400	168	-376%	168

District Municipal Planning Tribunal (DMPT)

Frances Baard District Municipality and the three local municipalities namely, Phokwane, Dikgatlong and Magareng have agreed to establish a District Municipal Planning Tribunal and have committed to continuously receive and dispose of land development applications and land use applications. In the 2019/20 financial year the total number of the land development applications received from applicants were 15. The type of the applications received include township establishments, closure of the public open space, rezoning, subdivisions, consolidations, infill developments and the removal of the title deeds conditions.

Phokwane Infill Development

The district municipality assisted Phokwane local municipality with infill development on Farm Guldenskat, portion 36 of portion 42 in Jan Kempdorp. The project involved sub-division, re-zoning and a cadastral survey of 39 erven. The project was approved by the DMPT, and has been submitted to the Surveyor-General for approval and registration.

Frances Baard District Municipality SDF review

Frances Baard District Municipality commenced with the review process of the 2014 Spatial Development Framework in compliance with the provisions Spatial Planning and Land Use Management Act (SPLUMA) 2013, Municipal System Act of 2000 and the Department of Agriculture Land Reform & Rural Development (DALRRD) SDF's Guidelines of 2017. The spatial development framework is a policy framework that guides the desired spatial form, spatial direction for the development and land use management within the district area of jurisdiction. Implementation has been delayed due to the National Lockdown and only phase 1 to phase 3 have been completed. The project has been rolled over to the 2020/2021 financial year.

3.2.2 Geographic Information System (GIS) (KPA 3)

GOAL	OBJECTIVES	OUTCOME		
		Indicator	Unit of measure	Target
Provision of reliable spatial information as a planning and management tool to enhance service delivery	To promote the use of GIS as a tool in the district	Access and utilization of GIS in the district	Percentage access and maintenance of GIS in the district	100%

Employees: Geographic Information System Services					
Job Level	2018/19	2019/20			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	1	1	0	0,55	55%
14 - 18	1	1	1	0	0
19 - 26	0	0	0	0	0
Total	2	2	1	0,55	55%

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

Financial Performance 2019/2020: Geographic Information System Services					
					R'000
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	1 112	2 428	1 422	1 058	26%
Repairs and Maintenance	–	–	–	–	-
Other ¹	423	1 124	618	286	54%
Total Operational Expenditure	1 535	3 551	2 040	1 344	34%
Net Operational Expenditure	1 535	3 551	2 040	1 344	34%

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

Special Projects Expenditure 2019/2020: Geographic Information System Services					
R' 000					
Special Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	390	0	0	-100%	0
Land-use survey for Dikgatlong Municipality	390	0	0	-100%	0

Land-use survey for Dikgatlong Municipality

The project entailed the update of the land use in the urban and surrounding farms for Dikgatlong municipality. The intention was to align surveyed land parcels to the land use scheme. The focus areas included the following towns: Windsorton, Barkly West, Longlands, Delportshoop, Koopmansfontein, Ulco and Stillwater.

As a result of the national lockdown the project, which was to be implemented in the third and fourth quarter of the 2019/20 financial year, could not take place and had to be rolled over to the 2020/21 financial year.

3.2.3 Local Economic Development (KPA 2)

The Frances Baard District Municipality has a legislative mandate to ensure the promotion of the economic development of the district. In achieving the objectives of the LED unit, the following projects were planned for 2019/20 financial year:

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

Employees: Local Economic Development / Tourism Services					
Job Level	2018/19	2019/20			
	Employees No.	Posts No.	Employees No.	Vacancies (full-time equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	0	0	0	0	0
4 - 8	2	2	2	0	0
9 - 13	3	3	3	0,28	9%
14 - 18	2	2	2	0	0
19 - 26	0	0	0	0	0
Interns*	14	14	6		
Total	7	7	7	0,28	4%

Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. * The interns are not counted as part of the permanent staff for the unit. Eight (8) interns were terminated during the 2019/20 financial year.

Financial Performance 2019/20 Local Economic Development Services					
					R'000
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	2 340	3 723	3 769	2 146	57%
Repairs and Maintenance	–	–	–	–	-
Other ¹	2 676	4 587	3 257	2 734	84%
Total Operational Expenditure	5 017	8 310	7 027	4 880	69%
Net Operational Expenditure	5 017	8 310	7 027	4 880	69%

Special Projects Expenditure 2019/2020: Local Economic Development Services					
					R' 000
Special Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2 315	110	2 070	-12%	2 070
Promotion of Investment & Business opportunities	380	0	278	-37%	278
Global Entrepreneur Awareness Expo (GEW)	920	0	916	0%	916
Business Management & Leadership training	765	0	716	-7%	716
Emerging Farmers development programme	200	110	110	-82%	110
Women Empowerment programme	50	0	50	0%	50
SMMEs support through the machinery & equipment	850	0	0	0	0

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

The 2019/2020 financial year a few of our flagship projects could not be implemented due to the Covid-19 pandemic namely, packaging of investment promotion, development of business clusters, establishment of district investment desk, participate at SAITEX, YEDP training programme and handover of machinery and equipment.

- **Promotion of Investment & Business Opportunities**

The aim of the project is to promote investment and exhibit local SMME products on offer within the district. During December 2019 two SMMEs from Dikgatlong and Magareng local municipalities participated at the Flamingo Market in Sol Plaatje municipal area. Six SMME's were scheduled to participate at SAITEX but could not due to Covid-19 regulations.

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

The project is aimed at promoting entrepreneurship and provide training and motivation to businesses. We hosted GEW successfully during 2019 at the Mayibuye Community Centre and in local municipal areas. Over 200 SMMEs attended and participated in the event.

- **Business Management & Leadership Training**

The aim of the project is to capacitate SMMEs in the district by providing training and mentorship programmes in order to have a meaningful participation within the economy.

- **Emerging Farmers Development Programme**

The objective of the programme is to capacitate and support 15 emerging farmers to enable them to manage their farms better and thereby operate sustainably. The project was successfully completed.

- **Women Empowerment Programme**

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

- **SMMEs support through the Machinery & Equipment Grant**

The aim of the project is to support SMMEs in the district through the Machinery and Equipment Grant, however, due to Covid-19 the project had to be rolled over to the 2020/21 financial year.

Jobs Created during 2019/20 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)				
2017/18	143	0	143	Registers
2018/19	129	0	129	Registers
2019/20*	0	0	0	0

Note* - Due to Covid-19 no projects were implemented in the year under review. There was also no funding provided by DEDAT for projects.

3.2.3.1 Tourism (KPA 2)

We have put in considerable effort to try and position ourselves in the travel market as the preferred South African and international destination for extreme sports, adventure, nature and heritage experiences. The following projects were planned for 2019/20 financial year, and were meant to support the objective of Promoting tourism in the Frances Baard district:

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

Special Projects Expenditure 2019/2020: Tourism						R' 000
Special Projects	2019/20					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	835	170	391	-114%	391	
Restoration of Ganspan-pan (EIR and EMP report)	270	170	96	-181%	96	
Awareness Campaign	255	0	179	-42%	179	
N12 Promotional Campaign	60	0	45	-33%	45	
Tourism Promotion	175	0	53	-230%	53	
Magareng Tourism Association	75	0	18	-317%	18	

The 2019/2020 financial year a few of our flagship projects could not be implemented due to the covid 19 pandemic namely, Schools business plan competition, Indaba Expo, Diamonds and Dorings and Tourism Association. However, the following projects were implemented in the 2019/20 financial year:

- **Restoration of Ganspan** - Approval has been granted for development at Ganspan. An application was submitted for water use license at the Department Water Affairs.
- **Awareness Campaigns** - Campaigns were successfully held in the Dikgatlong, Magareng and Phokwane local municipalities during September 2019.
- **N12 Promotion Campaign** - The campaign was successfully held during December 2019 at the Pumla Garage (Magareng), Caltex Garage, Shell Ultra (Sol Plaatje).
- **Tourism promotion** - Tourism promotional material has been procured to promote tourism in the district.
- **Magareng Tourism Association** - We supported Magareng Tourism Association with the development of a brochure and the design of a corporate logo for the association.

3.3 Corporate Services

3.3.1 Environmental Health (KPA 3)

GOAL	OBJECTIVES	OUTCOME		Target
		Indicator	Unit of measure	
To render and to support sustainable municipal health and environmental planning and management in the district	To monitor and enforce national environmental health norms and standards in the Frances Baard District	Water samples to monitor water quality	Number of water samples collected and analysed	460
		Inspections at food premises to determine food safety	Number of inspections at food premises	450
		Surface swabs to analyze for diseases and other health risks	Number of surface swabs collected for analysis	150
		Food handlers trained in environmental health requirements	Number of food handlers trained	180
		Inspections to determine health safety at non-food premises	Number of inspections at non-food premises	180
	To implement and monitor environmental planning and management in the Frances Baard District	Successful awareness campaigns conducted	Number of awareness campaigns	72
		Environmental calendar days successfully celebrated	Number of environmental calendar days celebrated	5
		Updating of atmospheric emissions inventory	Number of atmospheric emissions inventory updates performed	4
		Review and implementation of the Environmental Management Framework complying with prescripts	Percentage completion and implementation of the EMF	100% completion
		Air quality ambient monitoring reports to assess air quality in the district	Number of monitoring reports per local municipality	4

Employees: Environmental Health Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	0	0	0	0	0
14 - 18 *	6	8	8	0,62	8%
19 - 26	0	0	0	0	0
Total	6	8	8	0,62	8%

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

* Three (3) new positions added to organogram; 2 vacant

Financial Performance 2019/20: Environmental Health Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	3 089	5 080	4 892	4 277	12,57%
Repairs and Maintenance	–	–	–	–	–
Other ¹	823	2 459	3 136	1 818	42,02%
Total Operational Expenditure	3 912	7 539	8 028	6 095	24,08%
Net Operational Expenditure	3 912	7 539	8 028	6 095	24,08%

Special Projects 2019/20: Environmental Health Services					
R' 000					
Special Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	485	0	421	-15%	421
Environmental calendar days	15	0	5	-200%	5
World Environmental Health Day Commemorations	200	0	194	-3%	194
Environmental health awareness campaigns	70	0	26	-169%	26
Review of Environmental Management Framework (EMF)	200	0	196	-2%	196

a) Environmental calendar days

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

b) Environmental health awareness campaigns

Communities live, play and work in the environment. If the environment is not managed and conserve in a responsible manner, it will have a negative impact on human and animal life. In order to address challenges and factors that may have negative impacts on the environment and human life, the Environmental Health Unit conducted fifty three campaigns in the communities to sensitise them on the impacts that certain activities may have on the environment. To raise awareness and understanding about critical health issues and to mobilise support for action, the following campaigns were conducted in collaboration with other stakeholders in the district:

- **Sanitation awareness campaigns**

During the Covid-19 pandemic the Environmental Health Unit conducted a total of thirty four (34) in the communities to sensitise them on the symptoms and preventative measures to curb the spread of the virus. During these campaigns it was also demonstrated to the communities how to wash their hands for at least 20 seconds effectively with water and soap. Anti-bacterial soap and sanitisers were also distributed amongst the communities. Shop owners were also instructed to provide sanitisers at the entrances of the shops for the clients to sanitise their hands before entering the premises.

- **Air quality awareness campaigns**

Air quality campaigns were conducted in the communities and at schools to create awareness on the air pollution with specific reference to the causes, different air pollutants, effects of air pollution on the environment and human health and how to mitigate air pollution. Campaigns were conducted at schools and in communities to create awareness on the facts about air pollution, its causes, impacts, how to avoid it and how to stop it. Inspections are conducted regularly at industries to ensure that their emissions fall within the prescribed limits.

- **Waste management awareness campaigns**

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

c) Water quality monitoring

A total of 526 water samples were collected at various sampling points in the district to test compliance with the South African National Standards for Drinking Water, 2016. During the Covid-19 pandemic, the Department of Water and Sanitation installed additional water tanks in the communities in order to provide clean drinking water also for hand washing to curb the spread of the disease. Samples were also collected from these tanks to ensure compliance.

d) Review of Environmental Management Framework (EMF)

The EMF is a study of the biophysical and socio-cultural systems of a geographically defined area to reveal where specific activities may best be practiced and to offer performance standards for maintaining appropriate use of such land. The EMF was last developed in 2010 and it needed to be reviewed. The review process was completed and the document was adopted by Council. It will be forwarded to the Department of Environment and Nature Conservation for consideration and adoption. It will then be gazetted and implemented.

e) World Environmental Health Day Commemorations

Annually, the National Department of Health coordinates the commemoration of World Environmental Health Day, rotating the event in various provinces. Seven provinces and municipalities have already hosted since 2012 and this year the National Department of Health offered Frances Baard District Municipality the opportunity, supported by the Northern Cape provincial department, to host the event on the 26 and 27 September 2019. The theme for 2019 was “Climate change challenges, time for global Environmental Health to act in unison”. This theme focused on creating awareness about the challenges arising from climate change and to ensure that planning towards adaptation is synchronised worldwide. The conference included the Alfred Nzo Health Excellence Awards, which focused on awarding deserving environmental health practitioners, municipalities and points of entry for their outstanding contributions, dedication and hard work in promoting and strengthening environmental health services in the country. FBDM received the Best Overall Improved Metropolitan and District Municipality Award during the ceremony. This was in recognition for the municipality who showed overall significant improvement in the follow-up audit, amongst all municipalities (district and metropolitan), and was based on comparison of the audits of the 2018/2019 and 2019/2020 financial years’ follow up audits with the previous audits for the municipality.

f) Food safety

Environmental health practitioners (EHPs) conducted 604 inspections at food premises to evaluate compliance to food safety standards. Premises which do not comply are served with notices to rectify the deficiencies within reasonable time frames. During the Covid-19 pandemic, circulars were sent to owners from food premises to inform them about the trading hours and other protocols like hand sanitising and social distancing. Surface swabs (151) were also collected from the hands of food handlers and preparation surfaces to determine they sanitise their hands regularly and whether the sanitising program is effective.

g) Non-food premises

211 Inspections were conducted at non-food premises, which include funeral parlours, early childhood development centres (ECDs), schools, etc. to ensure compliance to relevant health regulations and standards. EHPs had to ensure that personnel at funeral parlours are trained on the guidelines for the handling of Covid-19 human remains are handled correctly.

3.3.2 Disaster Management & Fire Fighting (KPA 3)

According to the Disaster Management Amendment Act, local municipalities are responsible for pre- and post-disaster management processes. The Frances Baard District Municipality (FBDM) supports three local municipalities in its jurisdiction, namely Phokwane, Magareng and Dikgatlong to implement the provision of the Disaster Management Act.

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

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

Implementation of the firefighting function is currently in the planning phase for the Phokwane local Municipality. The implementation of the Disaster Management Act is the responsibility of the district municipality and is implemented according to the guidelines of the National Disaster Management Framework, 2005 within the following key performance areas:

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

GOAL	OBJECTIVE	OUTCOME		
		Indicator	Unit of measure	Target
Promotion and implementation of an effective and efficient disaster management and fire-fighting service in the Frances Baard District	To support local municipalities with the implementation of Disaster Management Legislation	Training of volunteers in Disaster risk Management	Number of volunteers trained	20
		Disaster Management Forums established at local municipalities	Number of Disaster Management Forums established at local municipalities	0
		Review of disaster management plans	Number of disaster management plans reviewed	4x plans reviewed
	To assist local municipalities by implementing Response and Recovery Mechanisms as per National Disaster Management Framework	Assist communities after disastrous events	Percentage response to requests on disastrous incidents in the local municipalities	100%
	To develop institutional capacity and acquire resources for firefighting services for 3 local municipalities in the district	Secure facilities and maintain firefighting equipment for 3x LMs	Percentage securing and maintenance of firefighting equipment for 3 LMs	100%
	To ensure effective internal security measures	Secure and maintain council's security systems	Number of security systems maintained	4

- **Volunteers**

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

Municipal Area	Number recruited
Phokwane	20

Twenty (20) volunteers from Phokwane Local Municipality were trained in basic disaster management. The training took place over two days. The volunteers were trained to capacitate and strengthen the volunteer teams with skills which can be applied during incidents, disasters or assisting injured members from their communities.

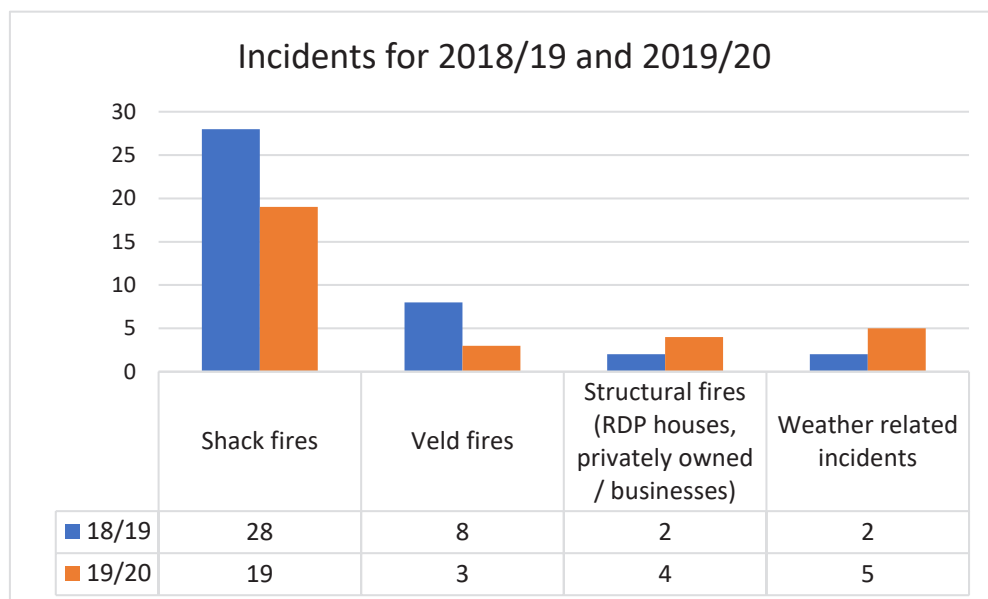
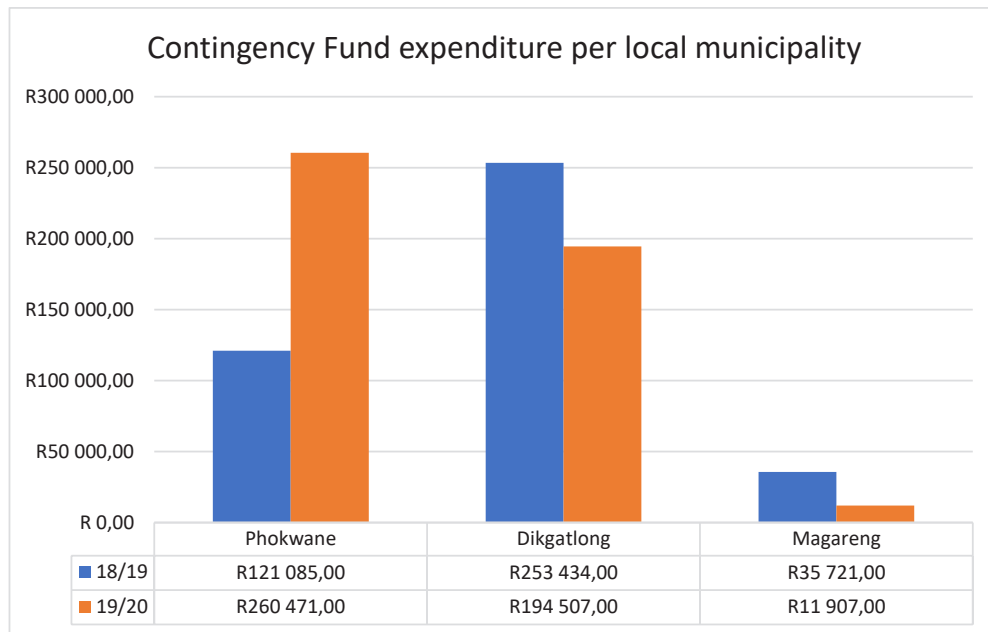
Other activities for 2019/20

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

Types of fires experienced in 2019/20	Number
Shack fires	19
Veld fires	3
Structural fires (RDP houses, privately owned / businesses)	4
Weather related incidents	5

- **Contingency Fund**

A contingency fund policy was adopted to assist vulnerable and poor communities during any disastrous events. The safeguarding of many communities in rural areas (as identified in the District Disaster Management Plan) is important to the district municipality and needs to be in line with national and provincial government policies. Thereby ensuring effective and efficient management of resources which will make a significant contribution towards alleviating the effects of disasters/incidents. The contingency fund is only utilised when a local municipality submits a request for assistance to destitute families within their jurisdiction. Assistance was provided to destitute families for an amount of R 466,8550 for purposes of replacement of damaged housing structures.



The graph above shows that there was a decrease in veld fires and shack fires but an increase in structural fires and weather related incidents. Assistance were given to destitute families in the Magareng, Phokwane and Dikgatlong local municipalities.

- **Achievements**

Integrated institutional capacity for disaster risk management in the District

There has been an increase in the capacity and support to local municipalities as a result of the recruitment of disaster management volunteers (5 for Magareng; 5 for Dikgatlong; and 5 for Phokwane municipalities). Local Municipal Disaster Management Advisory Forums has been established in Magareng, Dikgatlong and Phokwane Local Municipalities

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

All requests (100%) received from local municipalities to assist destitute communities were responded to. The contingency fund was used for rehabilitation and social relief of disaster-stricken communities residing within the affected areas of Dikgatlong, Magareng and Phokwane municipalities. A national disaster was declared on the Covid-19 pandemic on 22 March 2020, which affect a national lockdown as from 26 March 2020. The disaster management unit did also respond to Covid-19 requests.

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

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

1. Fire safety in and around the house;
2. Electrical safety; and
3. Gas safety.

Employees: Fire Fighting & Disaster Management Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0
4 - 8 *	5	7	5	1,10	16%
9 - 13 **	3	5	3	1,10	22%
14 - 18	1	1	1	0	0%
19 - 26	0	0	0	0	0
Total	9	13	9	2,21	17%

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

* 2 x fire fighters added to the organogram

**1 x senior fire fighter added to the organogram

Financial Performance 2019/20: Fire Fighting & Disaster Management Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	389	246	246	246	100%
Expenditure:					
Fire fighters	–	–	–	–	–
Other employees	4 062	6 362	4 239	4 303	102%
Repairs and Maintenance	–	–	–	–	–
Other ¹	1 834	3 883	2 884	2 864	99%
Total Operational Expenditure	5 895	10 245	7 123	7 167	101%
Net Operational Expenditure	5 506	9 999	6 877	6 921	101%

Capital Expenditure 2019/20: Fire Fighting & Disaster Management Services					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3 800	1 120	135	-1 974%	135
Establishment of Fire Station at Jan Kempdorp. Building of two fire engine bays at Jan Kempdorp	2 000	600	135	-1 381%	135
Review of the District Disaster Management Plan and Framework	800	520	0	0	0

Building of two fire engine bays at Jan Kempdorp

The project was divided into two (2) phases which was the design/planning (tender phase) and construction phase of the fire engine bays at Jan Kempdorp. Final designed sketches were submitted. The tender phase could not be expedited due to the Covid-19 lockdown period, which meant that the construction phase had to be rolled over to the 2020/21 financial year.

Review of the District Disaster Management Plan and Framework

The review process will included the disaster plans for Magareng, Dikgatlong and Phokwane. A service provider was appointed to review the disaster management plans for the above-mentioned municipalities and the disaster framework for the district municipality. Due to Covid-19 declared as a national disaster, the project was rolled over to the 2020/21 financial year.

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

Special Projects 2019/20: Fire Fighting & Disaster Management Services					
R' 000					
Special Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	400	200	587	32%	587
Volunteer Training	80	0	72	-11%	72
Contingency Fund	320	200	515	38%	515

3.4 Corporate policy offices and other services

3.4.1 Executive and council

Frances Baard District Municipality is a mayoral executive system which is comprised of section 80 committees (Finance, Policy & Institutional Development, Social Development, Infrastructure Development and Economic Development). Council for 2019/20 was made up of 27 members - 15 female, 12 male.

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

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

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

Employees: The Executive and Council					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0%
4 - 8	1	1	1	0	0%
9 - 13	8	8	8	0	0%
14 - 18	2	2	2	0	0%
19 - 26	0	0	0	0	0%
Total	11	11	11	0	0%

Financial Performance 2019/20: The Executive and Council					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	(250)	(22)	(13)	59%
Expenditure:					
Employees	630	1 082	1 082	741	69%
Remuneration of Councillors	6 700	7 311	7 380	6 802	92%
Repairs and Maintenance	–	–	–	–	-
Other ¹	3 413	4 263	3 320	2 608	79%
Total Operational Expenditure	10 743	12 656	11 782	10 151	86%
Net Operational Expenditure	10 743	12 906	11 805	10 164	86%

3.4.2 Human Resource Services (KPA 3)

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

Employees: Human Resource Services					
Job Level	2017/18	2018/19			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0%
4 - 8	0	0	0	0	0%
9 - 13	2	2	2	0	0%
14 - 18	3	3	3	0	0%
19 - 26	0	0	0	0	0%
Total	5	5	5	0	0%

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

Financial Performance 2019/20: Human Resource Services					
					R'000
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	-	-	-
Expenditure:					
Employees	2 675	2 907	2 907	3 032	104%
Repairs and Maintenance	-	-	-	-	-
Other ¹	1 678	4 428	1 678	1 150	69%
Total Operational Expenditure	4 353	7 335	4 585	4 182	91%
Net Operational Expenditure	4 353	7 335	4 585	4 182	91%

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

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

Employees: ICT Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0
4 - 8	0	0	0	0	0
9 - 13	2	2	2	0,35	17%
14 - 18	1	1	1	0	0
19 - 26	0	0	0	0	0
Interns	2	2	2	0	0
Total	3	3	3	0,35	12%

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

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

Capital Expenditure 2019/20: ICT Services					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	940	95	865	-9%	865
Server procurement	520	0	517	-1%	517
UPS procurement	200	0	170	-18%	170
Laptops (replacement)	80	95	75	-7%	75
Internet & telephone upgrade	30	0	18	-67%	18
Projectors procurement	110	0	85	-29%	85

Financial Performance 2019/20: ICT Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	–	–	–	–	–
Expenditure:					
Employees	1 916	1 765	1 765	1 716	97%
Repairs and Maintenance	–	–	–	–	–
Other ¹	1 658	2 375	2 275	1 696	75%
Total Operational Expenditure	3 574	4 140	4 040	3 412	84%
Net Operational Expenditure	3 574	4 140	4 040	3 412	84%

3.4.4 Records Management (KPA 3)

Frances Baard District Municipality continues to be compliant with the records related legislation with minimal challenges. Challenges emanate from the fact that we do not have our own records centre for disposal and appraisal of records, as a result, FBDM depends on external bodies. FBDM is vested with the responsibility to render records management support to Sol Plaatje, Magareng, Dikgatlong and Phokwane local municipalities to build capacity in the local municipalities. It is in response to this call that the 59 FBDM has developed a records management support plan on how to assist the local municipalities. This entails processes of status quo assessment, challenges, recommendations, and remedial action to be taken by the municipality in addressing the challenges identified.

Goal	Objectives	Outcome		
		Indicator	Unit of measure	Target
Provide sound records, archives and office support services	To comply with the Provincial Archives Act at Frances Baard District Municipality and support LMs towards compliance by 2022	Compliance with the Provincial Archives Act in the district	Percentage compliance with the Provincial Archives Act	100%
		Reports on the support provided to local municipalities	Number of reports	4
	To provide effective and efficient office support functions	Effective and efficient office support services	Number of progress reports on office support services	12
	To provide effective and cost-efficient office support services	Maintenance of municipal building	Percentage maintenance of the municipal building	100%

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

3.4.5 Financial Services (KPA 5)

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

Budget & Treasury, Revenue & Expenditure and Supply Chain Management

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

Employees: Financial Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1 - 3	0	0	0	0	0
4 - 8 **	4	5	4	0,12	2%
9 - 13 *	7	7	6	0	0%
14 - 18	6	6	6	0	0%
19 - 26	0	1	0	0,55	55%
Interns	5	5	5	0	0%
Total	17	19	16	0.67	4%

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

Financial Performance 2019/20: Financial Services					
					R'000
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget"	Actual	Variance to Budget
Total Operational Revenue	124 177	129 959	130 490	136 893	105%
Expenditure:					
Employees	13 716	16 324	15 380	13 134	85%
Repairs and Maintenance	–	–	–	–	–
Other ¹	6 557	7 182	7 002	5 387	77%
Total Operational Expenditure	20 273	23 506	22 480	18 521	82%
Net Operational Expenditure	(103 904)	(106 453)	(108 011)	(118 372)	110%

3.4.6 Integrated Development Planning (KPA 3)

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

Goal	Objectives	Outcome		
		Indicator	Unit of measure	Target
To attain credible and implementable IDPs in the district	To develop and review the district municipality's IDP in compliance with legislation	Annual development and review of the IDP	Percentage development and review of the district IDP	100%
	To support the local municipalities in the preparation and review of their IDPs	Support local municipalities in the development and review of their IDPs	Percentage support to local municipalities	100%

3.4.7 Communication & Media (KPA 4)

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

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

Goal	Objectives	Outcome		
		Indicator	Unit of measure	Target
Create, strengthen and maintain a positive opinion of the district through effective channels of communication	To keep the public informed on government activities in the district	Communication strategy to regulate internal and external communication in the district	Percentage implementation of annual action plan	100%
		Communication strategies to regulate internal and external communication in two local municipalities	Number of local municipalities assisted with the development of communication strategies	None
	To improve internal communication through the implementation of the internal communication strategy	Successfully implemented internal communication plan	Percentage implementation of the internal communication plan	100%

3.4.8 Legal & Compliance (KPA 4)

FBDM established the legal and compliance unit in 2014. The unit occupies a strategic position and provides professional legal guidance; monitoring compliance with the applicable regulatory framework within which municipalities operate; develops and review contracts and other legal documents. The Legal Services is also responsible for the implementation of the Municipality's Litigation Management Strategy. This strategy recognizes the fact that the role of an in-house municipal Legal Services Unit has evolved. It has changed from being passive into being a proactive and innovative partner with local municipalities within the district.

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

3.4.9 Internal Auditing (KPA 4)

The mandatory responsibilities of internal audit are set out in section 165 of the MFMA and section 45 of the MSA of 2000. Internal audit is an integral component of internal control, risk management and is party to the structures of those charged with governance. The objective of internal audit in discharging its duties is providing the necessary assurance and advisory services to the municipality including Magareng and Dikgatlong local municipalities. Audit plans are developed annually to carry out audits which are informed by risk assessments in addressing the underlying non-compliance and lack of controls amongst the risk universe. The audits conducted places management in a position to assess whether the controls of the municipality are sufficient and effective; and to implement recommended actions where there is a need for improvement.

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

3.4.10 Risk Management (KPA 4)

Goal	Objectives	Outcome			
		Indicator	Unit of measure	Target	
Mitigation of risks, prevention and management of fraud and corruption in the district	To manage risk activities in the district	Risk management strategies and policies implemented to identify and mitigate risks	Percentage Implementation of RM policies and strategies for FBDM	100% (implementation of the approved annual risk implementation plan)	
		Development and implementation of RM policies and strategies for 2LMs	Percentage of RM policies and strategies developed for 2LMs	None	
			Percentage implementation of the risk management plan in 2LMs	100% (implementation of the approved annual risk implementation plan)	
	To prevent and manage fraud and corruption in the district	Implementation of fraud and corruption policies and strategies for the FBDM	Percentage implementation of the Fraud Management Plan	100%	
			Development and implementation of Fraud and Corruption policies and strategies for 2LMs	Percentage development of Fraud and Corruption policies and strategies in 2LMs	None
				Percentage implementation of the fraud management plan	100% (implementation of the fraud management plan)

3.4.11 Youth Development (KPA 4)

FBDM reflects, political and strategic intentions on the mainstreaming of youth development in all policies, programmes and plans. This provides the framework against which Frances Baard District Municipality, as well as other sectors of society in the district, can develop and implement programmes and projects that will facilitate the inclusion of youth in mainstream socio-economic life.

Goal	Objectives	Outcome		
		Indicator	Unit of measure	Target
Mainstream youth development, promote the advancement of youth economic empowerment and the provision of skills and training	To facilitate and coordinate youth development in the district	Coordination of stakeholders	Number of engagement platforms facilitated	8
		Youth Development Programmes	Number of youth development programmes	5

3.4.12 Special Programmes (KPA 4)

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

3.4.13 Committee Services (KPA 4)

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

3.4.14 Performance Management (KPA 3)

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

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

3.4.15 Municipal institutional performance report 2019/20

In compliance with section 46 of the MSA of 2000, the table below refers to the performance of the municipality (targets and indicators), for 1 financial year (2019/20) and in line with the objectives stated in the SDBIP (2019/20) and the IDP of 2019/20 (page 83-102).

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Key Performance Area	IDP Objectives	Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification		Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS	
						Annual Target	PoE					
1. SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.												
1.1 Programme Management and Advisory Services												
1	To assist LMs with infrastructure upgrading, operations and maintenance	1.1	Number of municipalities assisted with the finalisation of prioritised project lists to guide the upgrading, operations and maintenance of infrastructure	Infrastructure needs list of LMs for 2019/20	Developed prioritised project list for the LMs for 2020/21	Number of municipalities assisted	Council Resolution	4	4	0	N/A	N/A
		1.2	Amount spent on support for operations and maintenance of infrastructure in the LMs	Allocation for 2019/20 (R 7000 000)	Total spending of annual allocated budget (R 15 000 000)	Amount spent (R)	Quarterly Reports on spending	R15 000 000 000	R12 651 644 75	-R2 348 355 25	Incomplete and late submissions of claims by local municipalities resulted in underspending by the district municipality.	RDM will assist the local municipalities to compile the claims to avoid late submission and incomplete documents.
		1.3	Number of project monitoring reports developed to support infrastructure operations and maintenance in the LMs	2019/19 monitoring reports	4 Monitoring reports	Number of monitoring reports	Quarterly monitoring reports	4	4	0	N/A	N/A
2	To create job opportunities for the unemployed through the promotion of EPWP principles and other initiatives in the district	2.1	Number of jobs created through EPWP incentive agreement	102 created in 2018/19 ly	100 jobs	Number of job opportunities created	Quarterly Reports	100	103	-3	N/A	N/A
		3.1	Percentage development of the electronic system to assist BRAMS function in the district	Established electronic system	100% Maintenance	Percentage maintenance	Quarterly reports	100,00%	100,00%	0,00%	N/A	N/A

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							POE					
1. SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.												
4	To support the provision of potable water, sanitation facilities, electricity and streets and storm water households in the district	4.1 Number of municipalities assisted with the finalisation of prioritised project lists to guide the upgrading, operations and maintenance of infrastructure	Infrastructure needs list of LM's for 2019/20	Developed prioritised project list for the LM's for 2020/21	Number of municipalities assisted	FBDM Council Resolution to secure funding	4	0	-4	Council did not approve budget for Capital projects for 2020/2021.	N/A	
		4.2 Amount spent on support for operations and maintenance of infrastructure in the LM's	0	Total spending of annual allocated budget (R6,000,000)	Amount spent (R)	Quarterly Reports on spending	R8 000 000,00	R7 194 005,09	-805 994,91	Incomplete and Late submissions of claims by local municipalities resulted in underspending by the district municipality.	FBDM will assist the local municipalities to complete the claims to avoid late submission and incomplete documents.	
		4.3 support infrastructure operations and maintenance in the LM's	2018/19 monitoring reports	4 Monitoring reports	Number of monitoring reports	Quarterly monitoring reports	4	4	0	N/A	N/A	
		1.2. Housing										
5	To Facilitate the reduction of the housing backlog	5.1 Number of human settlements sector plans reviewed.	Reviewed human settlements sector plans and chapters	8	Number of plans reviewed	Draft sector plans	8	8	0	N/A	N/A	
		5.2 Number of progress reports submitted for the facilitation of the subsidy application process	12 reports submitted	12 reports submitted	Number of reports	Monthly reports	12	12	0	N/A	N/A	
6	Monitoring of human settlements development in 3 LM's	6.1 Number of reports on the accreditation programme submitted to National Dept of Human Settlements	4 reports submitted	16 reports submitted	Number of reports submitted	Quarterly Reports	16	16	0	N/A	N/A	
		7.1 To capacitate human settlements consumers on human settlements requirements, processes and services	8 workshops conducted in 2018/19	8 workshops	Number	Workshop reports	8	1	-7	The Municipality could not secure dates and programmes with the municipalities due to the lack of progress on housing projects.	The indicator was reviewed during the 2019/20 IDP review, and as such will no longer be implemented.	
						Deviation = 0% (Target Reached) Positive Deviation = + % Full Compliance: 0% Deviation Under-Performance: - % Deviation Over-Performance: + % Deviation						

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2. Local Economic Development										
2.1 Local Economic Development Unit										
8 To support the development of a diverse economy	8.1 Percentage completion of programmes aimed at the diversification of the district economy	75% implemented 2018/19 planned programmes	4x programmes	% progress	Quarterly Reports	100,00%	58,75%	-41,25%	1) The investment promotion brochure could not be printed as planned, due to the national lockdown, which halted operations. 2) The benchmarking exercise with Ilembe Municipality for the development of the district investment framework was deferred due to the travelling restrictions of the lockdown regulations. 3) The SATEX Expo and workshops for the business cluster were cancelled in adherence to the national lockdown regulations.	1) The printing of brochures will be completed in the 1st quarter of 2020/2021 financial year. 2) FSDM will appoint a service provider to assist in establishing the investment desk in the district 3) FSDM to participate in 2020/2021 Expos
9 To support the development of learning and skillful economies	9.1 Percentage completion of programmes aimed at developing learning and skillful economies	100% implemented 2018/19 planned programmes	3x programmes	% progress	Quarterly Reports	100,00%	76,66%	-23,34%	The appointment of interns for the YEP was interrupted due to the national lockdown, therefore the training intended for the participants was deferred.	YEP interns will be appointed in the 1st quarter of 2020/2021 financial year and training will take place thereafter.
10 To facilitate the development of enterprises	10.1 Percentage completion of programmes aimed at developing enterprises	100% implemented 2018/19 planned programmes	1x programme	% progress	Quarterly Reports	100,00%	60,00%	-40,00%	The Project to support SMMEs in the district with machinery and equipment could not be concluded as planned due to the interruption by the national lockdown.	The project was rolled over to 2020/2021 financial year for completion.
11 To facilitate the development of inclusive economies	11.1 Percentage completion of programmes aimed at the developing inclusive economies	100% implemented 2018/19 planned programmes	2x programmes	% progress	Quarterly Reports	100,00%	100,00%	0,00%	N/A	N/A

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	Percentage completion of programmes aimed at upgrading, restoration and promotion of tourist attractions	Percentage implementation of annual action plan to facilitate strategic partnerships and participation of role players				Quarterly Reports	POE				
2. Local Economic Development											
2.2 Tourism Unit											
12 To promote tourism in the Frances Baard District	12.1	Percentage completion of programmes aimed at upgrading, restoration and promotion of tourist attractions	70% implemented 2018/19 planned programmes	Implementation of 20x programmes	% progress	Quarterly Reports	100,00%	71,66%	-28,34%	1)Diamonds and Dorings: School Business Plan Competition workshops; Indaba trade Expo were canceled in adherence to the Covid-19 regulations. 2)The identified service provider to host the tourism website did not comply with the SCM requirements	1) All suspended programmes will resume in 2020/21 financial year 2)The service provider will be appointed in the 2020/2021 financial year.
	12.2	Percentage implementation of annual action plan to facilitate strategic partnerships and participation of role players	4 quarterly association engagements	Tourism association	% progress	Quarterly Reports	100,00%	100,00%	0,00%	N/A	N/A
3. Institutional Development and Transformation											
3.1 Environmental Health Management											
13 To monitor and enforce national environmental health norms and standards in the Frances Baard district	13.1	Number of water samples collected and analysed to monitor water quality	460 samples collected in 2018/19	460 samples collected	Number of samples collected and analysed	Quarterly reports	460	526	+66	Additional samples were collected from water tanks during COVID-19	N/A
	13.2	Number of inspections at food premises to determine food safety	400 inspections conducted in 2018/19	450 inspections completed	Number of inspections conducted	Quarterly reports	450	604	+154	Additional inspections were conducted at tuckshops during the COVID-19 lockdown to ensure compliance with the Disaster Management Act	N/A
	13.3	Number of surface swabs collected to analyse for diseases and other health risks	120 swabs collected in 2018/19	150 swabs collected	Number of surface swabs collected & analysed	Quarterly reports	150	151	+1	Additional food surface swabs were conducted due to the COVID-19 pandemic	N/A
	13.4	Number of food handlers trained on environmental health requirements	242 food handlers trained in 2018/19	180 food handlers trained	Number of food handlers trained	Quarterly reports	180	292	+112	Additional food handlers were trained at schools as per request from the Department of Education	N/A
	13.5	Number of inspections at non-food premises	155 inspections conducted in 2018/19	180 inspections	Number of inspections conducted	Quarterly reports	180	211	+31	Additional premises that were not part of the database were evaluated in the third quarter	N/A
						INDICATOR NOT MEASURED/NO TARGET FOR MEASUREMENT PERIOD		INDICATOR NOT MEASURED/NO TARGET FOR MEASUREMENT PERIOD		Over-Performance: + % Deviation	

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Key Performance Area IDP Objectives	Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification		Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
					POE	POE					
3. Institutional Development and Transformation continued...											
14 To implement and monitor environmental planning and management in the Frances Baard district	14.1	Number of awareness campaigns implemented	60 awareness campaigns hosted in 2018/19	72 awareness campaigns implemented	Number of campaigns implemented	Quarterly reports	72	106	+34	Additional campaigns were conducted to educate the public on measures to curb the spread of COVID-19 in the district.	N/A
	14.2	Number of environmental calendar days celebrated	5 environmental calendar days celebrated	5 environmental calendar days celebrated	Number of days celebrated	Quarterly reports	5	4	-1	No campaigns were held in the fourth quarter due to the prohibition of gatherings during national lockdown	N/A
	14.3	Number of atmospheric emissions inventory updates performed	100% updated atmospheric emissions inventory	4 updates performed	Number of updates performed	Quarterly reports	4	4	0	N/A	N/A
	14.4	Number of ambient air quality monitoring reports	4	4 monitoring reports	Number of reports	Quarterly reports	4	2	-2	The Air quality monitoring equipment (calibrator) was being repaired in the first and second quarter, therefore no measurements could be recorded.	N/A
	14.5	Percentage progress in the review of the Environmental Management Framework (EMF)	Adopted EMF (2011)	100% reviewed EMF	% progress	Adopted EMF	Adopted EMF	100,00%	100,00%	0,00%	N/A

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						Quarterly reports	PoE					
3. Institutional Development and Transformation continued...												
3.2 Disaster Management												
15	To support local municipalities with the implementation of Disaster Management Legislation	15.1	Number of volunteers trained on disaster risk management.	30 volunteers trained	20 volunteers trained	Number of volunteers trained	Quarterly reports	20	20	0	N/A	N/A
		15.2	Number of disaster management plans reviewed	0	4x plans reviewed	Number of plans	Quarterly reports	4	0,00	-4	The project could not be concluded due to COVID-19 lockdown regulations.	Project was rolled over to the 2020/2021 Financial Year
16	To assist local municipalities by implementing response and recovery mechanisms as per national disaster management framework	16.1	Percentage response to requests on disastrous incidents in the local municipalities.	100% response to all requests received	100% response to all requests received	% Assistance requests received	Quarterly reports	100,00%	100,00%	0,00%	N/A	N/A
		17.1	Percentage maintenance of fire fighting equipment in the 3LMS	Maintained fire fighting equipment in 2018/19	100%	% Maintenance	Quarterly reports	100,00%	100,00%	0,00%	N/A	N/A
17	To develop institutional capacity and acquire resources for fire fighting services for 3 LMS	17.2	Percentage establishment of the fire fighting satellite station (phase1)	Identified building for the fire station	Completed phase 1 of the establishment of the fire station	% Completion	Close-out report	100,00%	0,00%	-100,00%	Phase one of the establishment of the fire fighting satellite station could not be completed due to the COVID-19 regulations which interrupted the operations.	The project has been rolled over to the 2020/2021 Financial Year.
		18.1	Percentage maintenance and securing of Council's security systems	100% maintenance in 2018/19	100% maintenance	% Maintenance	Quarterly reports	100,00%	100,00%	0,00%	N/A	N/A
3.3 Human Resource Management												
19	To comply with legislative requirements relating to human resource management and development	19.1	Percentage compliance with HRM &HRD reporting requirements	100% Achieved	100%	% Compliance	Quarterly reports	100,00%	100,00%	0,00%	N/A	N/A
20	To provide support on HR management and development function to LMS	20.1	Number of reports on support provided to LMS	3 Reports developed in 2018/19	4 Quarterly reports	Number of reports	Quarterly reports	4	5	+1	An additional support initiative for Magerang local municipality was conducted	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												

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Key Performance Area		Key Performance Indicators		Baseline	Annual Targets	Unit of Measure	Verification	Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
IDP Objectives							PoE					

3. Institutional Development and Transformation continued...

3.4 Records Management and office support												
Z1 To comply with the provincial archives act at FBDM and support the LMs towards compliance by 2022	21.1	Percentage compliance with the provincial archives act in FBDM	100% Compliance	100%	% Compliance	Quarterly reports	Quarterly reports	100,00%	100,00%	0	N/A	N/A
	21.2	Number of reports on the support provided to LMs	100% Support	4 Quarterly reports	Number of reports	Quarterly reports	Quarterly reports	4	4	0	N/A	N/A
Z2 To provide effective and efficient office support functions	22.1	Number of progress reports on office support functions	100% Office support rendered for 2018/19	12 Reports	Number of reports	Monthly reports	Monthly reports	12	12	0	N/A	N/A
	23.1	Percentage Maintenance of municipal buildings	2018/19 Maintenance projects complete	100% maintenance	% maintenance	Maintenance Reports	Maintenance Reports	100,00%	100,00%	0,00%	N/A	N/A

3.5 Information Communication Technology (ICT)												
Z4 To implement and maintain a sharable ICT environment within the district	24.1	Percentage implementation of ICT systems within the district	100%	100% implementation of ICT systems	% implementation	Quarterly reports	Quarterly reports	100,00%	100,00%	0,00%	N/A	N/A
	25.1	Number of reports on support provided to LMs towards the establishment of ICT governance structure	Status report	4 reports	Number of reports	Quarterly reports	Quarterly reports	4	4	0	N/A	N/A
Z5 To support the improvement of ICT in three LMs	25.2	Number of reports produced on the technical support provided to LMs	4 reports	4 reports	Number of reports	Quarterly reports	Quarterly reports	4	4	0	N/A	N/A

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						Annual Target	PoE					
3. Institutional Development and Transformation continued....												
3.6 Integrated Development Planning (IDP)												
26	To develop and review the district municipality's IDP in compliance with legislation	26.1 Percentage progress in the review of the district municipal IDP	100% reviewed 2018/19 district IDP	100% reviewed 2019/20 district IDP	Adopted IDP	Quarterly reports	100,00%	100,00%	0,00%	N/A	N/A	
27	To support the local municipalities in the preparation and review of their IDPs	27.1 Percentage support to local municipalities in the review of their IDPs	100% implementation of the 2018/19 Process plan	100% implementation of the 2019/20 Process plan	Implemented process plan	Quarterly Reports/Process Plan	100,00%	100,00%	0,00%	N/A	N/A	
3.7 Spatial Planning												
28	To facilitate the development of urban and rural areas in accordance with the relevant legislation	28.1 Percentage processing of land development applications received	100% processed applications received	100% processed applications received	% progress	Quarterly reports	100,00%	100,00%	0,00%	N/A	N/A	
		28.2 Percentage progress on the review of the SDF	2014/15 approved SDF	1x SDF reviewed	% progress	Quarterly reports	100,00%	36,75%	-63,25%	The implementation of the project was interrupted by the national lockdown and could not be concluded as scheduled.	The project has been rolled over to the 2020/21 financial year.	
29	To facilitate Brown and Green field development	29.1 Percentage progress on the completion of one infill development	0	100% completed infill development	% progress	Quarterly reports	100,00%	87,50%	-12,50%	The completion of the Phokwane infill development project was delayed due to the national lockdown regulations, which led to the late submission of the general plan to the Surveyor General's office.	The general plan will be submitted to the Surveyor General's office in July 2020.	
INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD							Deviation = 0% (Target Reached) Positive Deviation = + %		Full Compliance: 0% Deviation		Under-Performance: - % Deviation Over-Performance: + % Deviation	

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Key Performance Area IDP Objectives	Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification		Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS	
					PoE						
3. Institutional Development and Transformation continued...											
3.8 Geographic Information Systems											
30 To promote the use of GIS as a tool in the district	30.1	Percentage access and maintenance of GIS in the district.	100% completed GIS planned activities in 2018/19 FY	100% implementation of planned GIS activities and projects	% progress	Quarterly reports	100,00%	73,33%	-26,67%	The progress on the project (Digitating land use survey) was halted due to the national lockdown.	The project has been rolled over to the 2020/2021 financial year
	30.2	Number of local municipalities trained and informed on GIS	100% Workshops conducted in 2018/19 FY	4 workshops hosted	Number	Quarterly reports	4	3	-1	The planned workshop for local municipalities was cancelled due to the national lockdown.	The workshops will be conducted virtually in the 2020/2021 financial year
3.9 Performance Management Systems											
31 To maintain a functional performance management system in FBDM	31.1	Percentage compliance with performance management system in FBDM	100%	100% Support	% Compliance	Quarterly reports and appraisals	100,00%	75,00%	-25,00%	The annual performance evaluations of Section 56 managers could not take place due to the national lockdown regulations.	The annual performance evaluations will be completed in the 2020/21 financial year.
	32 To support performance management in 3 LMs	32.1	Percentage support with performance management system to 3 LMs	PMS analysis reports for the local municipalities	Quarterly assessments of PMS in the LMs	% Compliance	Quarterly reports	100,00%	0,00%	N/A	N/A

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Key Performance Area	Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification		Actual Performance	Deviation	REASONS FOR DEVIATION	IMPROVEMENT PLANS
					POE	POE				
4. Good Governance and Public Participation										
4.1. Communication and Media										
33 To keep the public informed on government activities in the district	33.1 Percentage implementation of the annual communication strategy action plan	96% Implementation of the action plan	100% implementation of the action plan	% progress on implementation of action plan	Action plan activities implemented	100.00%	79.70%	-20.30%	1) Marketing material could not be procured due to challenges with appointment of a service provider and complications created by the COVID-19 lockdown. 2) Media briefing and the District Communication Forum could not take place due to Covid-19 regulations. 3) A new approach to PPP plan could not take place, all role-players could not be engaged.	1) The marketing material will be procured in the 2019/20 financial year. 2) Timorous preparation of logistics and confirm commitment of political principals 3) A new approach to PPP will be mapped out in the 2020/21 financial year.
	34 To improve internal communication through the implementation of the internal communication strategy	100% implementation of the internal communication plan	100% implementation	% implementation	Internal communication action plan	100.00%	100.00%	0.00%	N/A	N/A
4.2 Risk Management										
35 To manage risk activities in the district	35.1 Percentage implementation of risk management policies and strategies in FBDM	2018/19 Risk Registers	100% implementation of approved annual risk implementation plan	% progress	Quarterly Reports	100.00%	100.00%	0.00%	N/A	N/A
	35.2 Percentage implementation of risk management policies and strategies for ZLMS	0	100% implementation	% progress	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
36 To prevent and manage fraud and corruption in the district	36.1 Percentage implementation of fraud prevention policies and strategies in FBDM	Approved FBDM Fraud Prevention Strategy, Policy and Plan	100% implementation of fraud prevention fraud prevention programme	% progress	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
	36.2 Percentage implementation of fraud management plan	Approved FBDM Fraud Prevention Strategy, Policy and Plan	100% implementation of fraud prevention fraud prevention programme	% progress	Quarterly reports	100.00%	100.00%	0.00%	N/A	N/A
: INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD										
						Full Compliance: 0% Deviation		Under-Performance: -% Deviation		Over-Performance: +% Deviation

FRANCES BAARD DISTRICT MUNICIPALITY

MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2019/20FY

REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2019 TO 30 JUNE 2020)

ANNUAL REPORT FOR 2019/20 FY

Key Performance Area IDP Objectives	Key Performance Indicators		Annual Targets Unit of Measure	Verification PoE	Annual Target	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS
	Baseline	Annual Targets							
4.3 Internal Audit									
To evaluate the effectiveness of the established control processes and assessment of compliance with legislation in FBDM and the LMs	37.1	Percentage implementation of the approved internal audit plans (FBDM and LMs)	100% Implementation of the audit plans	Quarterly /A reports	100,00%	99,75%	-6,25%	Due to the national lockdown, there were delays in conducting audits at the local municipalities.	The outstanding audits have been rolled over to the 2020/21 financial year.
	37		92% completion of planned activities for 2018/19						
4.4 Legal and Compliance Services									
To provide legal services and compliance services in the district	38.1	Percentage provision of legal and compliance services in the district	100%	% Compliance	100,00%	100,00%	0,00%	N/A	N/A
	38		100% Compliance in 2018/19						
Provision of sound legal binding contracts in the district	39.1	Percentage provision of legal contract services	100%	% Provision	100,00%	100,00%	0,00%	N/A	N/A
	39		100% Compliance in 2018/19						
4.5 Council and Committee Services									
To ensure an effective and efficient functioning of council and its committees	40.1	Percentage facilitation of council and committee meetings to ensure a fully functional council and its committee oversight and administrative systems	100%	% Compliance	100,00%	73,33%	-27,67%	Some of the Council and Committee meetings were unable to sit due to COVID-19 regulations	N/A
	40		100% facilitation in 2018/19	Signed agenda and minutes of Council and committee meetings					
4.6 Youth Services									
To facilitate and coordinate youth development in the district	41.1	Number of stakeholder engagement platforms facilitated	8 Platforms	Number of platforms	8	4	-4	Programmes in the third and fourth quarter were cancelled in adherence to the Covid-19 regulations.	N/A
	41.2	Number of youth development programmes coordinated	5 Youth development programmes	Number of platforms	5	2	-3	The scheduled programmes in the third and fourth quarter were cancelled due to Covid-19 regulations	N/A
41		100%	100%						

FRANCES BAARD DISTRICT MUNICIPALITY											
MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2019/20 FY											
REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2019 TO 30 JUNE 2020)					ANNUAL REPORT FOR 2019/20 FY						
Key Performance Area	Key Performance Indicators	Baseline	Annual Targets	Unit of Measure	Verification PoE	Actual Performance	Deviation	REASON(S) FOR DEVIATION	IMPROVEMENT PLANS		
4. Good Governance and Public Participation continued...											
4.7 Special Programmes											
42	To facilitate and coordinate special programmes in the district	100% implemented programmes 2019/19	100% implementation of approved programmes	% progress	Quarterly Reports	37,50%	-62,50%	All programmes in the fourth quarter were cancelled in adherence to the Covid-19 regulations.	N/A		
5. Municipal Financial Viability and Management											
5.1 Budget and Treasury											
43	To ensure compliance to all accounting and legislative reporting requirements	43.1	Percentage compliance to budgeting and reporting requirements	100%	100%	% Compliance	Monthly/Quarterly reports	100,00%	0,00%	N/A	N/A
		43.2	Percentage compliance to legislation	100%	100%	% Compliance	Monthly/Quarterly reports	100,00%	0,00%	N/A	N/A
44	To provide financial management support to the local municipalities in the district	100%	100%	% Compliance	Monthly/Quarterly reports	100,00%	0,00%	N/A	N/A	N/A	
45	To ensure implementation of supply chain management policies and related prescripts	100%	100%	% Compliance	Monthly/Quarterly reports	100,00%	0,00%	N/A	N/A	N/A	
		: INDICATOR NOT MEASURED/ NO TARGET FOR MEASUREMENT PERIOD		deviation = (vs) (target reached)		Positive Deviation = + %		Negative Deviation = - %		Full Compliance: 0% Deviation	
								Under-Performance: - % Deviation		Over-Performance: + % Deviation	

FRANCES BAARD DISTRICT MUNICIPALITY			
SUMMARY OF MUNICIPAL PERFORMANCE: 01 JULY 2019 - 30 JUNE 2020.			
Number of Key Performance Indicators Measured for The 2019/2020 Financial Year		69	100%
1. Overall achievement		46	66,67%
2. Targets not achieved		23	33,33%
3. Targets Exceeded (out of the achieved indicators)		8	11,59%

3.4.16 Year-on-year comparison report of FBDM's institutional performance for 2018/19 and 2019/20

In compliance with section 46 of the MSA of 2000, the table below is in line with the requirements of section 46, it is a comparison of the performance targets / indicators of the 2018/19 & 2019/20 financial years. The indicators are aligned to the objectives formulated in the IDP 2018/19 (page 81-99) and 2019/20 (page 83-102) and SDBIP of 2018/19 & 2019/20. The SDBIPs and IDPs can be read on the FBDM website.

KPI (DESCRIPTION)	2018/2019 FY PERFORMANCE		MITIGATION STEPS TAKEN	2019/2020 FY PERFORMANCE		KPI (DESCRIPTION)	REASONS FOR DEVIATION		IMPROVEMENT PLAN	
	TARGET	ACTUAL PERFORMANCE		TARGET	ACTUAL PERFORMANCE					
KPA 1: SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.										
Programme Management and Advisory Services										
KPI 1.1.1 of 2018/19 was revised and no longer measured and reported in percentage. The KPI is now stated in KPI 1.1 of 2019/20 and reported and measured in "Numbers"										
KPI 1.1: Percentage development of prioritised project lists	100,00%	100,00%	N/A	4	4	KPI 1.1: Number of municipalities assisted with the finalisation of prioritised project lists to guide the upgrading, operations and maintenance of infrastructure.	N/A	N/A	N/A	
KPI 2.1: Amount spent on support for operations and maintenance of infrastructure in the LMs	R7 000 000,00	R6 528 610,10	The surplus amount has been recorded as a saving, and has been used as revenue to fund the 2019/20 budget.	R15 000 000,00	R12 651 644,75	KPI 1.2: Amount spent on support for operations and maintenance of infrastructure in the LM's	Incomplete and late submissions of claims by local municipalities resulted in under-spending by the district municipality.	FBDM will assist the local municipalities to compile the claims to avoid late submissions and incomplete documents		
KPI 2.2 of 2018/19 was revised and now measured and reported under KPI 1.3 of 2019/20 fy										
KPI 2.2: Percentage monitoring of projects to support infrastructure operations and maintenance in the LMs.	100,00%	100,00%	N/A	4	4	KPI 1.3: Number of project monitoring reports developed to support infrastructure operations and maintenance in the LM's.	N/A	N/A	N/A	
KPI 3.1: Percentage implementation of the Municipal Roads Asset Management Systems.	100,00%	100,00%	N/A	No targets set for 2019/20 fy						N/A
KPI 4.1 of 2018/19 was reviewed and revised. The KPI is measured under 2.1 of the 2019/20 fy										
KPI 4.1: Number of jobs created through EPWP targets, achieved as per EPWP incentive agreements. (FTEs) for 2018/19.	14	52,46	N/A	100,00%	100,00%	KPI 3.1: Percentage development of the electronic system to assist RRAMS function in the district	N/A	N/A	N/A	
KPI 4.2: Number of jobs created through projects other than the EPWP incentive agreement.	150	402	N/A	No targets set for 2019/20 fy						N/A
KPI 5.1: Percentage progress on the completion of the extension of the FBDM building.	100,00%	100,00%	N/A	Project completed						N/A
No targets set for KPI 4.1, 4.2 and 4.3 in 2018/19 fy										
KPI 4.1: Number of municipalities assisted with the finalisation of prioritised project lists to guide the upgrading, operations and maintenance of infrastructure.	4	0	Council did not approve budget for Capital projects for 2020/2021.	R8 000 000,00	R7 194 005,09	KPI 4.1: Number of municipalities assisted with the finalisation of prioritised project lists to guide the upgrading, operations and maintenance of infrastructure in the LM's	Incomplete and late submissions of claims by local municipalities resulted in under-spending by the district municipality.	FBDM will assist the local municipalities to compile the claims to avoid late submissions and incomplete documents		
KPI 4.3: Number of project monitoring reports developed to support infrastructure operations and maintenance in the LM's	4	4	N/A	No targets set for 2019/20 fy						N/A

KPI (DESCRIPTION)	2018/2019 FY PERFORMANCE		MITIGATION STEPS TAKEN	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE			TARGET	ACTUAL PERFORMANCE		
KPA 1: SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY.								
Housing Unit								
KPI 6.1 of 2008/19 fy was reviewed and revised. The KPI is currently measured and reported under KPI 5.1 of 2019/20 fy								
KPI 6.1: Percentage progress in the review of four (4) sector plans and four (4) chapters.	100.00%	100.00%	N/A	KPI 5.1: Number of human settlements sector plans reviewed	8	8	N/A	N/A
KPI 6.2 of 2008/19 fy was reviewed and revised. The KPI is currently measured and reported under KPI 5.2 of 2019/20 fy								
KPI 6.2: Percentage facilitation of the subsidy application process	100.00%	100.00%	N/A	KPI 5.2: Number of progress reports submitted for the facilitation of the subsidy application process	12	12	N/A	N/A
KPI 6.3 of 2008/19 fy was reviewed and has been incorporated into KPI 6.1 of 2019/20 fy								
KPA 2: LOCAL ECONOMIC DEVELOPMENT (LED)								
Local Economic Development Unit								
KPI 6.4: Percentage update of the National Housing Needs Register								
KPI 6.4: Percentage update of the National Housing Needs Register	100.00%	78.00%	The housing unit is currently utilising 3G internet connection	KPI 6.1: Number of reports on the accreditation programme submitted to National Dept of Human Settlements	16	16	N/A	N/A
KPI 7.1: Number of consumer education workshops conducted.	8	5	The number of workshops planned could not be reviewed and amended in the 2019/20 fy, as the target was consistent with that of the IDP. The target has since been reviewed and removed from the IDP and SDBIP for 2020/21 fy.	KPI 7.1: Number of consumer education workshops conducted	8	1	The Municipality could not secure dates and programmes with the municipalities due to the lack of progress on housing projects.	The indicator was reviewed during the 2019/20 IDP review, and as such will no longer be implemented.
KPI 8.1 and 8.2 of 2008/19 fy were reviewed, revised and incorporated into KPI 8.1 of 2019/20 fy								
Local Economic Development Unit								
KPI 8.1: Percentage progress in the promotion of trade and investment through participation at four exhibition platforms.	100.00%	80.00%	FBDM identified the Flamingo Market as the alternative exhibition to participate at. The exhibition took place in December 2019 and FBDM and the identified SWIMs attended.	KPI 8.1: Percentage completion of programmes aimed at the diversification of the district economy	100.00%	58.75%	1) The development of the brochure has been completed, due to the lockdown the brochure could not be printed on time. 2) Workshops for the business cluster could not take place due to lockdown. 3) FBDM had confirmed benchmarking tour and meetings with Ilembe district municipality, due to lockdown travelling restrictions the tour was put on hold 4) The SAITEK Expo Cancelled due to Covid 19	1) The printing of brochures will be completed in the 1st quarter of 2020/2021 financial year. 2) FBDM will appoint a service provider to assist in establishing the investment desk in the district 3) FBDM to participate in 2020/2021 Expo's
KPI 8.2: Percentage progress towards the establishment of incubators	100.00%	70.00%	The refurbishment of the stalls in Hartswater was completed in the first quarter of the 2019/20 financial year.					

KPI (DESCRIPTION)	2018/2019 FY PERFORMANCE		MITIGATION STEPS TAKEN	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE			TARGET	ACTUAL PERFORMANCE		
KPA 2: LOCAL ECONOMIC DEVELOPMENT (LED)								
Tourism Unit								
KPA 2: LOCAL ECONOMIC DEVELOPMENT (LED)								
Tourism Unit								
KPI 13.1, 13.2 and 14.1 of 2018/19 f/y have been reviewed, revised and incorporated into KPI 12.1 of 2019/20 f/y								
KPI 13.1: Percentage progress in the development of tourism products.	100,00%	40,00%	Project (EIA for the development of Ganspan water fowl nature reserve) was rolled over to the 2019/20 f/y and has been incorporated into 12.1 of 2019/20.	KPI 12.1: Percentage completion of programmes aimed at upgrading, restoration and promotion of tourist attractions	100,00%	71,66%	1) Diamonds and Dorings: School Business Plan Competition workshops, Indaba Trade Expo were canceled, in adherence to the Covid-19 regulations 2) The identified service provider to host the tourism website did not comply with the SCM requirements	1) All suspended programmes will resume in 2020/21 financial year 2) The service provider will be appointed in the 2020/2021 financial year.
KPI 13.2: Percentage progress in the implementation of projects aimed at supporting tourism development in the district.	100,00%	42,00%	Council approved the budget to support the Solphatje LM					
KPI 14.1: Percentage participation at marketing and promotional platforms.	100,00%	83,33%	The process to host the website internally has commenced. The template for the website is complete.					
KPI 15.1 of 2018 /19 f/y was reviewed and revised as KPI 12.2 of 2019/20 f/y								
KPI 15.1: Number of engagements hosted to achieve collaborative partnerships between government and private sector.	4	3	The plan to rotate the association meetings is currently being implemented and the meetings were successfully hosted during the first and second quarter of the 2019/20 FY	KPI 12.2: Percentage implementation of annual action plan to facilitate strategic partnerships and participation of role players	100,00%	100,00%	N/A	N/A

KPA 3: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.		KPA 3: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.	
Environmental Health Management		Environmental Health Management	
KPI 16.1-16.4 of 2018/19 f/y were revised to 13.1-13.4 (respectively)			
KPI 16.1: Number of water samples collected.	420	461	N/A
KPI 16.2: Number of inspections at food premises.	400	407	N/A
KPI 16.3: Number of Surface swabs collected.	120	120	N/A
KPI 16.4: Number of food handlers trained.	150	261	N/A
KPI 16.5: Number of inspections at non-food premises.	150	162	N/A
KPI 17.1: Number of awareness campaigns implemented	60	60	N/A
KPI 17.2: Number of environmental calendar days celebrated	5	5	N/A
KPI 17.3 of 2018/19 f/y was revised and stated as KPI 14.3 of 2019/20 f/y. The KPI is no longer measured in "Percentage", it is measured in "Numbers"			
KPI 17.3: Percentage update of atmospheric emissions inventory	100,00%	100,00%	N/A
KPI 17.4: Number of ambient air quality monitoring reports	4	2	The calibrator was malfunctioning and was repaired in the 2nd quarter of 2019/20. Measurement continued in the third quarter of 2019/20.
KPI 17.5: Percentage progress in the review of the Environmental Management Framework (EMF)	100,00%	40,00%	EMF adopted in 2019/20 f/y
KPI 13.1-13.4 of 2018/19 f/y were revised to 13.1-13.4 (respectively)			
KPI 13.1: Number of water samples collected analysed to monitor water quality	460	526	Additional samples were collected from water tanks during COVID-19
KPI 13.2: Number of inspections at food premises to determine food safety	450	604	Additional inspections were conducted at tuckshops during the COVID-19 lockdown to ensure compliance with the Disaster Management Act
KPI 13.3: Number of surface swabs collected to analyse for diseases and other health risks	150	151	Additional food surface swabs were conducted due to the COVID-19 pandemic
KPI 13.4: Number of food handlers trained on environmental health requirements	180	292	Additional food handlers were trained at schools as per request from the Department of Education
KPI 13.5: Number of inspections at non-food premises	180	211	Additional premises that were not part of the database were evaluated in the third quarter
KPI 14.1: Number of awareness campaigns implemented	72	106	Additional campaigns were conducted to educate the public on measures to curb the spread of COVID-19 in the district.
KPI 14.2: Number of environmental calendar days celebrated	5	4	No campaigns were held in the fourth quarter due to the prohibition of gatherings during national lockdown
KPI 14.3: Number of atmospheric emissions inventory updates performed	4	4	N/A
KPI 14.4: Number of ambient air quality monitoring reports	4	2	The Air quality monitoring equipment (calibrator) was being repaired in the first and second quarter, therefore no measurements could be recorded.
KPI 14.5: Percentage progress in the review of the Environmental Management Framework (EMF)	100,00%	100,00%	N/A

KPI (DESCRIPTION)	2018/2019 FY PERFORMANCE		MITIGATION STEPS TAKEN	2019/2020 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE		TARGET	ACTUAL PERFORMANCE		
KPA 3: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.							
Disaster Management							
KPI 18.1: Number of disaster management forums established in the local municipalities (Dlagaing, Magareng, Phokwane)							
	3	3	N/A			No targets set in 2019/20 f/y	
KPI 18.2: Number of volunteers trained on disaster risk management.	20	30	N/A	20	20	N/A	N/A
No targets set in 2018/19 f/y							
KPI 19.1: Percentage response to requests or disastrous incidents in the local municipalities.	100,00%	100,00%	N/A	100,00%	100,00%	N/A	N/A
KPI 20.1: Percentage progress in the establishment of fire-fighting satellite station in Phokwane.	100,00%	75,00%	Phase 1 of the project was set to commence in the 2019/20 f/y. Due to the COVID-19 regulations the project has been rolled over to the 2020/21 f/y	4	0	The project could not be concluded due to COVID-19 lockdown regulations.	Project was rolled over to the 2020/2021 Financial Year
KPI 20.2 of 2018/19 f/y has been reviewed and revised to KPI 17.1 of 2019/20 f/y							
KPI 20.2: Percentage maintenance and inspection on mobile fire-fighting equipment.	100,00%	100,00%	N/A	100,00%	100,00%	N/A	N/A
KPI 21.1: Percentage maintenance and security systems.	100,0%	100,00%	N/A	100,00%	100,00%	N/A	N/A
KPI 21.1 of 2018/19 f/y has been reviewed and revised to KPI 18.1 of 2019/20 f/y							
KPI 21.1: Percentage maintenance and security of Council's security systems	100,00%	100,00%	N/A	100,00%	100,00%	N/A	N/A
Human Resource Management							
KPI 22.1: Percentage development of an HR Strategy for FBDM	100,00%	50,00%	The strategy is being presented to different stakeholders for further consultation processes			No targets set for 2019/20 f/y	
KPI 23.1 and 23.2 of 2018/19 have been reviewed and incorporated into KPI 19.1 of 2019/20							
KPI 23.1: Percentage submission and implementation of the WSP.	100,00%	100,00%	N/A	100,00%	100,00%	N/A	N/A
KPI 23.2: Percentage compliance with HRM policies and Prescripts	100,00%	100,00%	N/A	100,00%	100,00%	N/A	N/A
KPI 24.1: Percentage establishment of the HR Forum	100,00%	100,00%	N/A			No targets set for 2019/20	
KPI 20.1: Number of reports on the support provided to LMS							
				4	5	An additional support initiative for Magareng local municipality was conducted	N/A
No targets set for 2019/20 f/y							
KPI 25.1: Percentage implementation of planned learnerships, internships and skills programmes.	100,00%	100,00%	N/A			No targets set for 2019/20 f/y	

KPI (DESCRIPTION)	2018/2019 FY PERFORMANCE		MITIGATION STEPS TAKEN	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE			TARGET	ACTUAL PERFORMANCE		
KPA 3: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.								
Records Management and Office Support								
KPI 26.1: Percentage compliance with records management systems in FBDM.	100,00%	103.13%	N/A				No targets set for 2019/20	N/A
No targets set for 2018/19 f/y								
KPI 26.2: Percentage implementation of the support plan aimed at improving records management systems in the local municipalities.	100,00%	100,00%	N/A		4	4	N/A	N/A
KPI 26.2 of 2018/19 f/y was reviewed and revised. Reported under KPI 21.2 of 2019/20 f/y								
KPI 27.1: Percentage implementation of the office support functions programme.	100,00%	100,00%	N/A		12	12	N/A	N/A
KPI 27.1 of 2018/19 f/y was reviewed and revised. Reported under KPI 22.1 of 2019/20								
KPI 28.1: Percentage attendance to reported building maintenance incidents.	100,00%	100,00%	N/A		100,00%	100,00%	N/A	N/A
KPI 28.1 of 2018/19 f/y was reviewed and revised. Reported under KPI 23.1 of 2019/20 f/y								
Information Communication Technology (ICT)								
KPI 29.1: Percentage implementation of identified programmes aimed at the improvement of the ICT environment in FBDM.	100,00%	84.38%	Projects that were rolled over to 2019/20 f/y were completed		100,00%	100,00%	N/A	N/A
KPI 30.1 of 2018/19 f/y was reviewed and revised. Reported under KPI 25.1 of 2019/20 f/y								
KPI 30.1: Percentage establishment of a direct connectivity link with the LMs.	100,00%	100,00%	N/A				No targets set for 2019/20 f/y	N/A
No targets set for 2018/19 f/y								
KPI 30.2: Percentage progress in shared ICT systems/services with the LMs.	100,00%	100,00%	N/A		4	4	N/A	N/A
KPI 25.1: Number of reports on support provided to LMs towards the establishment of ICT governance structure								
No targets set for 2019/20 f/y								
KPI 25.2: Number of reports produced on the technical support provided to LMs					4	4	N/A	N/A
KPI 25.2: Number of reports produced on the technical support provided to LMs								
Integrated Development Planning (IDP)								
KPI 31.1: Percentage progress in the review of the district municipal IDP.	100,00%	100,00%	N/A		100,00%	100,00%	N/A	N/A
KPI 26.1: Percentage progress in the review of the district municipal IDP.								
KPI 32.1: Percentage implementation of the district process plan.	100,00%	100,00%	N/A				No targets set for 2019/20 f/y	N/A
KPI 27.1: Percentage support to local municipalities in the review of their IDPs								
No targets set for 2018/19 f/y								

KPI (DESCRIPTION)	2018/2019 FY PERFORMANCE		MITIGATION STEPS TAKEN	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE			TARGET	ACTUAL PERFORMANCE		
KPA 3: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION.								
Spatial Planning								
KPI 33.1. of 2018/19 fy was reviewed and revised to KPI 28.1 of 2019/20 fy								
KPI 33.1: Percentage progress on the processing of land development applications submitted to the DMPT.	100,00%	100,00%	N/A	KPI 28.1: Percentage processing of land development applications received	100,00%	100,00%	N/A	N/A
No targets set for the 2018/19 fy				KPI 28.2: Percentage progress on the review of the SDF	100%	36,75%	The implementation of the project was interrupted by the national lockdown and could not be concluded as scheduled.	The project has been rolled over to the 2020/21 financial year.
KPI 34.1: Percentage progress on township establishment.	100,00%	86,16%	1. The title deeds for Kooopmansfontein were lodged to the deeds office in July 2019. 2) The requirement of the EIA by DENC for the infill development at farm Guldenslakt was rolled over to 2019/20 and has been reported under KPI 29.1 of 2019/20	No targets set for 2019/20 fy				
No targets set for the 2018/19 fy				KPI 29.1: Percentage progress on the completion of one infill development	100%	87,50%	The completion of the Phokwane infill development project was delayed due to the national lockdown regulations, which led to the late submission of the general plan to the Surveyor General's office.	The general plan will be submitted to the Surveyor General's office in July 2020.
Geographical Information System (GIS)								
KPI 35.1: Percentage access and utilization of GIS in the district.	100,00%	100,00%	N/A	No targets set for 2019/20 fy				
No targets set for the 2018/19 fy				KPI 30.1: Percentage access and maintenance of GIS in the district.	100,00%	73,33%	The progress on the project (Dikgatlong land use survey) was halted due to the national lockdown.	The project has been rolled over to the 2020/2021 financial year
KPI 35.2. of 2018/19 fy was reviewed and revised to KPI 30.2 of 2019/20 fy								
KPI 35.2: Percentage promotion of training and awareness of GIS in the district.	100,00%	100,00%	N/A	KPI 30.2: Number of local municipalities trained and informed on GIS	4	3	The planned workshop for local municipalities was cancelled due to the national lockdown.	The workshops will be conducted virtually in the 2020/2021 financial year
Performance management (PMS)								
KPI 36.1: Percentage compliance with performance management system in FBDM.	100,00%	83,33%	The annual performance evaluations pertaining to the 2018/19 fy was completed in the 2020/21 fy (Director: Administration)	KPI 31.1: Percentage compliance with performance management system in FBDM.	100,00%	75,00%	The annual performance evaluations of Section 56 managers could not take place due to the national lockdown regulations.	The annual performance evaluations will be completed in the 2020/21 financial year.
KPI 37.1: Percentage implementation of a support programme to ensure functional and sustainable performance management systems in the LMS.	100,00%	100,00%	N/A	KPI 32.1: Percentage support with performance management system to 31Ms				
KPI 37.1 of the 2018/19 fy has been reviewed and revised. Reported under KPI 32.1 of 2019/20 fy								
KPI 32.1: Percentage support with performance management system to 31Ms					100,00%	100,00%	N/A	N/A

KPI (DESCRIPTION)	2018/2019 FY PERFORMANCE		MITIGATION STEPS TAKEN	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE			TARGET	ACTUAL PERFORMANCE		
KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION								
Communication and Media								
KPI 38.1 of 2018/19 f/y was reviewed and revised to KPI 33.1 of 2019/20 f/y								
KPI 38.1: Percentage implementation of the communication strategy to ensure informed stakeholders in the district.	100.00%	96.61%	The plan has been implemented and media briefings scheduled in 2019/20 were held successfully	KPI 33.1: Percentage implementation of the annual communication strategy action plan	100.00%	79.70%	1) Marketing material could not be procured due to challenges with appointment of a service provider and complications created by the COVID-19 lockdown. 2) Media briefing and the District Communication Forum could not take place due to Covid-19 regulations. 3) Development of a PPP plan could not take place, all role-players could not be engaged.	1) The marketing material will be procured in the 2019/20 financial year. 2) Timeous preparation of logistics and confirm commitment of political principals 3) A new approach to PPP will be mapped out in the 2020/21 financial year.
KPI 38.2: Percentage development of joint annual PPP plan with LMs.	100.00%	0.00%	Council to decide on how to implement PPP or whether to continue with it.	KPI 38.2 of 2018/19 f/y has been incorporated into KPI 33.1 of 2019/20 f/y				
KPI 39.1: Percentage implementation of the internal communication plan to ensure informed employees.	100.00%	100.00%	N/A	KPI 34.1: Percentage implementation of the internal communication plan	100.00%	100.00%	N/A	N/A
Risk management								
KPI 40.1: Percentage implementation of risk management policies and strategies in FBDM.	100.00%	100.00%	N/A	KPI 35.1: Percentage implementation of risk management policies and strategies in FBDM.	100.00%	100.00%	N/A	N/A
KPI 40.2: Percentage development of risk management policies and strategies for the LMs.	100.00%	100.00%	N/A	No targets set for 2019/20 f/y				
No targets set for 2018/19 f/y								
KPI 41.1: Percentage implementation of fraud prevention policies and strategies in FBDM.	100.00%	100.00%	N/A	KPI 35.2: Percentage implementation of risk management policies and strategies for 2LMS	100.00%	100.00%	N/A	N/A
KPI 41.2: Percentage development of fraud prevention policies and strategies for the LMs	100.00%	100.00%	N/A	KPI 36.1: Percentage implementation of fraud prevention policies and strategies in FBDM.	100.00%	100.00%	N/A	N/A
No targets set for 2018/19 f/y								
Internal Audit								
KPI 42.1: Percentage implementation of the approved internal audit plan	100.00%	74.38%	The audit committee was appointed and conducted on the 29 July 2019	KPI 37.1: Percentage implementation of the approved internal audit plans (fbdm and 2LMS)	100.00%	93.75%	Due to the national lockdown, there were delays in conducting audits at the local municipalities.	The outstanding audits have been rolled over to the 2020/21 financial year.

KPI (DESCRIPTION)	2018/2019 FY PERFORMANCE		MITIGATION STEPS TAKEN	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE			TARGET	ACTUAL PERFORMANCE		
KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION								
Legal and Compliance Services								
KPI 43.1: Percentage provision of sound and improved legal and compliance services in the district.	100,00%	100,00%	N/A	KPI 38.1: Percentage provision of legal and compliance services in the district.	100,00%	100,00%	N/A	N/A
KPI 44.1 of 2018/19 f/y has been reviewed and revised to KPI 39.1 of 2019/20 f/y								
KPI 44.1: Percentage vetting of contracts for the district.	100,00%	100,00%	N/A	KPI 39.1: Percentage provision of legal contract services	100,00%	100,00%	N/A	N/A
Council and committee services								
KPI 45.1: Percentage facilitation of council and committee meetings to ensure a fully functional council and its committee oversight and administrative systems	100,00%	100,00%	N/A	KPI 40.1: Percentage facilitation of council and committee meetings to ensure a fully functional council and its committee oversight and administrative systems	100,00%	73,33%	Some of the Council and Committee meetings were unable to sit due to COVID-19 regulations	N/A
Youth Services								
KPI 46.1 of 2018/19 f/y was reviewed and revised to KPI 41.1 of 2019/20 f/y								
KPI 46.1: Percentage coordination of relations of internal and external stakeholders.	100,00%	100,00%	N/A	KPI 41.1: Number of stakeholder engagement platforms facilitated	8	4	Programmes in the third and fourth quarter were cancelled in adherence to the Covid-19 regulations.	N/A
KPI 46.2 of 2018/19 f/y was reviewed and revised to KPI 41.2 of 2019/20 f/y								
KPI 46.2: Percentage facilitation of relations with youth structures.	100,00%	100,00%	N/A	KPI 41.2: Number of youth development programmes coordinated	5	2	The scheduled programmes in the third and fourth quarter were cancelled due to Covid-19 regulations	N/A
Special Programmes								
KPI 47.1 of 2018/19 f/y was reviewed and revised to KPI 42.1 of 2019/20 f/y								
KPI 47.1: Percentage implementation of programmes aimed at coordination and monitoring of special programmes in the district	100,00%	75,00%		KPI 42.1: Percentage facilitation and coordination of special programmes in the district as per the annual action plan	100,00%	37,50%	All programmes in the fourth quarter were cancelled in adherence to the Covid-19 regulations.	N/A

KPI (DESCRIPTION)	2018/2019 FY PERFORMANCE		MITIGATION STEPS TAKEN	KPI (DESCRIPTION)	2019/2020 FY PERFORMANCE		REASONS FOR DEVIATION	IMPROVEMENT PLAN
	TARGET	ACTUAL PERFORMANCE			TARGET	ACTUAL PERFORMANCE		
KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT								
Finance								
KPI 48.1: Percentage compliance to budgeting and reporting requirements.	100,00%	100,00%	N/A	KPI 43.1: Percentage compliance to budgeting and reporting requirements.	100,00%	100,00%	N/A	N/A
KPI 49.1: Percentage implementation of a support programme to the local municipalities.	100,00%	100,00%	N/A	KPI 44.1: Percentage support to two local municipalities.	100,00%	100,00%	N/A	N/A
KPI 50.1,51.1,52.1 was reviewed and revised. Reported under KPI 43.2 of 2019/20								
KPI 50.1: Percentage compliance with sound financial management practice according to national Treasury guidelines.	100,00%	100,00%	N/A	KPI 43.2: Percentage compliance to legislation	100,00%	100,00%	N/A	N/A
KPI 51.1: Percentage progress on the collection of debtors.	100,00%	100,00%	N/A					
KPI 52.1: Percentage compliance to National Treasury guidelines.	100,00%	100,00%	N/A					
KPI 53.1 was reviewed and revised. Reported as 45.1 of 2019/20								
KPI 53.1: Percentage compliance with supply chain management system.	100,00%	100,00%	N/A	KPI 45.1: Percentage compliance with National treasury supply chain management system.	100,00%	100,00%	N/A	N/A

Chapter 4 -

Organisational Development Performance

4.1 Introduction

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

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

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

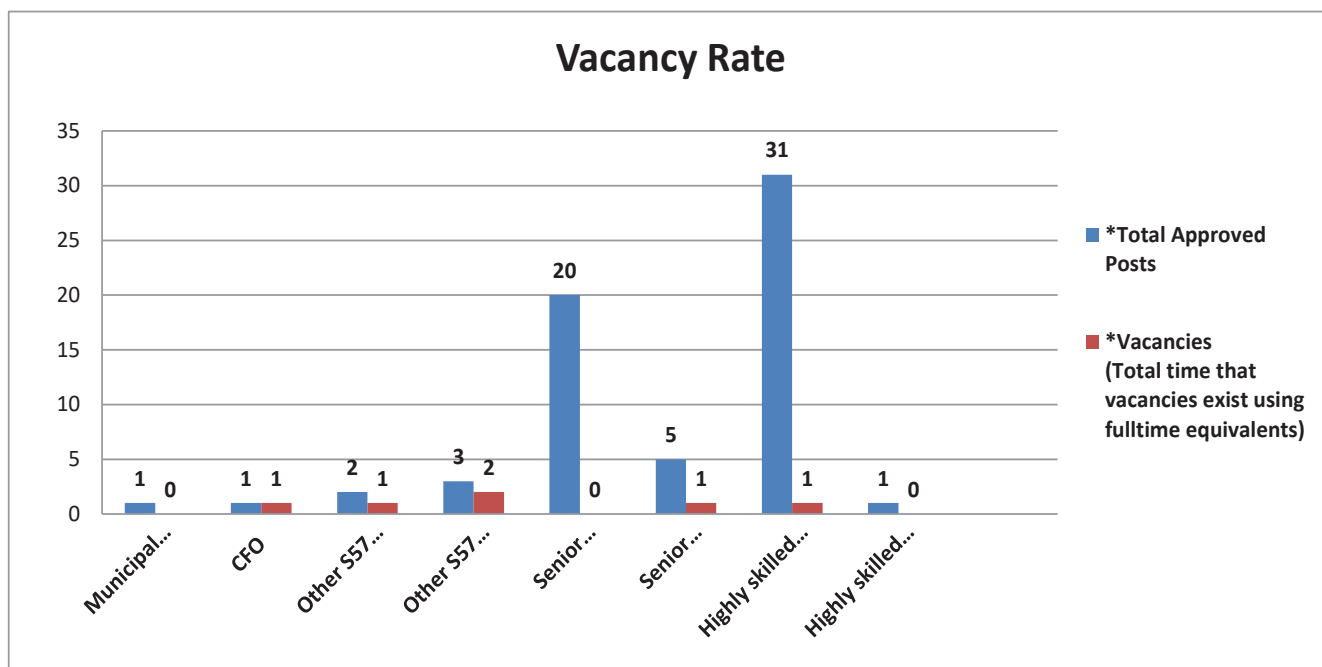
The declaration of the state of National disaster in March 2020 brought about the need for close attention to the basic conditions of employment primarily in relation to the health and wellness of the employees and councillors. This led to the development of Risk-based Strategy and subsequently the establishment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

The municipality has had to deal with two disciplinary cases in the 2019/2020 financial year with the aim of correcting work-related behaviour. All related cases were finalised within the financial year.

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

Employees					
Description	2018/19	2019/20			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Municipal Manager & Section 56 Managers	2,00	5,00	2,00	1,66	33%
Housing Services	7,00	13,00	7,00	0,55	5%
Programme Management & Advisory Services (incl. Director and secretary)	8,00	8,00	8,00	0,00	0%
Town & Regional Planning Services (includes secretary to Director)	3,00	3,00	2,00	0,55	18%
Integrated Development Planning (IDP)	1,00	1,00	1,00	0,00	0%
Geographic Information System Services	2,00	2,00	1,00	0,55	55%
Local Economic Development Services (15 interns)	7,00	7,00	7,00	28,00	4%
Environmental Health Services	6,00	8,00	8,00	0,62	8%
Fire Fighting & Disaster Management	9,00	13,00	9,00	2,21	17%
Executive & Council	11,00	11,00	11,00	0,00	0%
Office of Municipal Manager (6 interns)	10,00	12,00	10,00	0,76	6%
Corporate & Human Resource Services	31,00	31,00	30,00	0,34	1%
ICT Services (2 interns)	3,00	3,00	3,00	0,35	12%
Financial Services (5 interns)	17,00	19,00	16,00	0,67	4%
Totals	117,00	136,00	115,00	36,26	163%

Vacancy Rate: 2019/20			
Designations	Total Approved Posts	Vacancies (Total time that vacancies exist using full-time equivalents)	Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0
CFO	1	1	100%
Other S57 Managers (excluding Finance Posts)	2	1	50%
Other S57 Managers (Finance posts)	3	2	66,67%
Senior management: Levels 13-15 (excluding Finance Posts)	20	0	0
Senior management: Levels 13-15 (Finance posts)	5	1	20%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	31	1	3,23%
Highly skilled supervision: levels 9-12 (Finance posts)	1	0	0
Total	64	6	9,38%



Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate
2017/18	13	16	123%
2018/19	12	22	183%
2019/20	13	9	69%

4.2 Managing the municipal employee costs

The National Treasury norm of 35% on personnel budget serves as a framework/guideline for municipalities to implement in order to assist or curb unnecessary high spending on workforce expenditure. During 2019/2020, FBDM had exceeded the norm by 22.6%. This 57.60% (R67,6m) comprises of the remuneration of both councillors and officials.

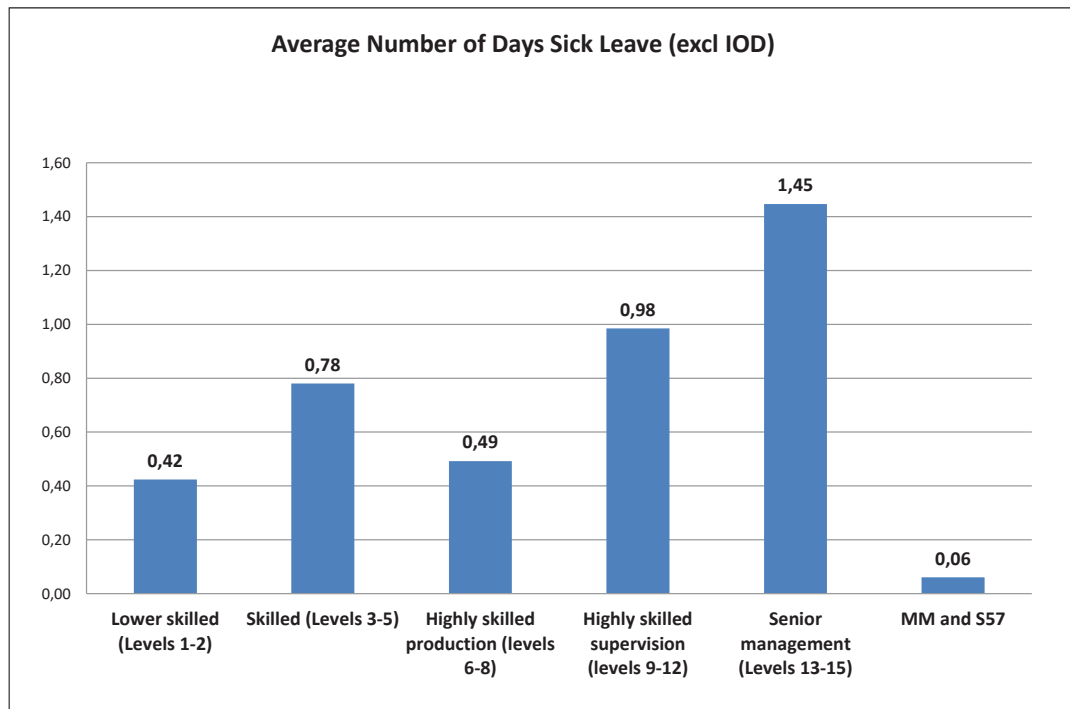
HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
None				

4.3 Injuries, sickness and suspensions

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R '000
Required basic medical attention only	1	1	100%	0,2	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	1	1	100%	0.2	0

Number of days and cost of sick leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification (3 days or more) %	Employees using sick leave No.	Total employees in post* No.	**Average sick leave per Employees Days	Estimated cost R' 000
Interns	56	23,08%	13	18	0,42	20
Skilled (Levels 3-5)	103	0%	19	19	0,78	61
Highly skilled production (levels 6-8)	65	0%	8	15	0,49	44
Highly skilled supervision (levels 9-12)	130	3,84%	26	34	0,98	151
Senior management (Levels 13-18)	191	0%	25	44	1,45	368
MM and S57	8	0%	2	2	0,06	31
Total	553	26,92%	93	132	4,19	674

* Number of employees in post at the beginning of the year
 ** Average is calculated by taking sick leave in column 3 divided by total employees in column 4



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

Disciplinary action taken on cases of financial misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Gardener	Usage of vulgar language and intimidation	Matter finalised	February 2020
Cleaner	Insubordination, dereliction of duty, usage of vulgar language and intimidation	Ongoing	

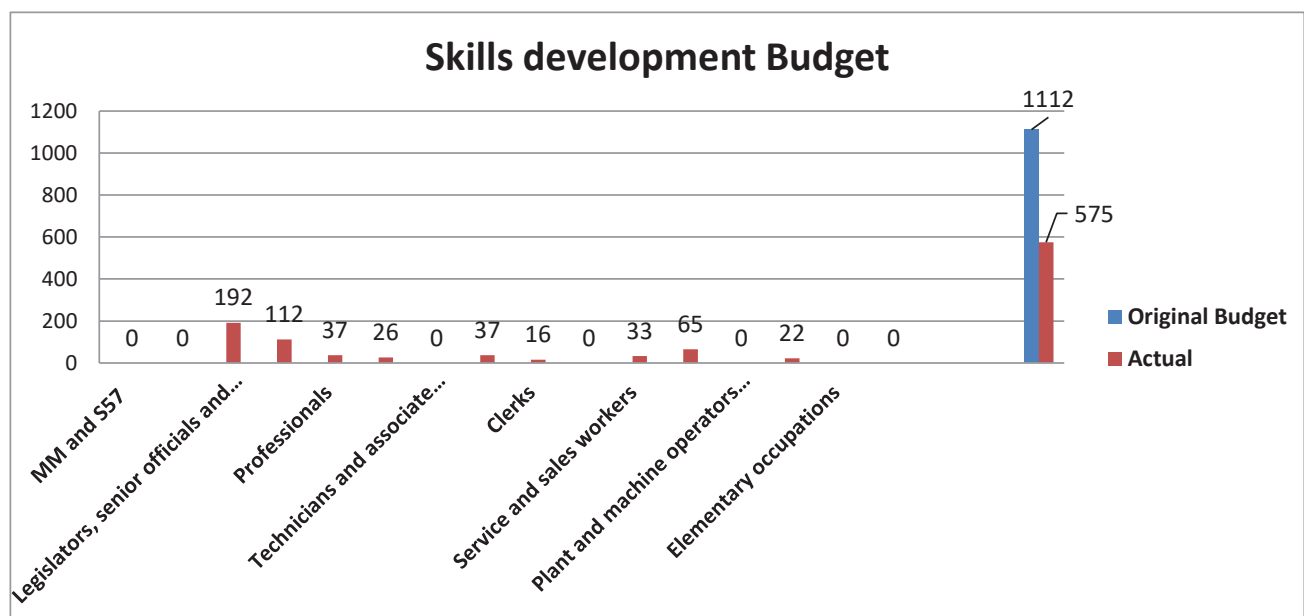
Performance rewards by gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2019/20 (R)	Proportion of beneficiaries within group %
MM and S57	Female	2	0	0	0
	Male	0	0	0	0
Total		2	0	0	0
Has the statutory municipal calculator been used as part of the evaluation process ?					Yes

4.4 Capacitating the municipal workforce

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4) (a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4) (a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: number of officials whose performance agreements comply with Regulation 14(4) (Regulation 14(4) (f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4) (e))
Financial Officials	0	0	0	0	0	0
Accounting officer	1	0	1	1	0	0
Chief financial officer	0	0	0	0	0	0
Senior managers	1	0	1	1	0	0
Any other financial officials	19	0	19	0	0	2
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	0	0	0
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	21	0	21	2	0	2
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						

Skills Development Expenditure R'000								
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development for 2017/18				Total	
			Learnerships	Skills programmes & other short courses	Other forms of training		Original Budget	Actual
		No.	Actual	Actual	Actual			
MM and S57	Female	2	0	0	1	1,112	0	
	Male	0	0	0	0		0	
Legislators, senior officials and managers	Female	14	3	192	3		192	
	Male	20	11	112	3		112	
Professionals	Female	22	3	37	0		37	
	Male	10	1	26	2		26	
Technicians and associate professionals	Female	2	1	0	1		0	
	Male	6	0	37	1		37	
Clerks	Female	25	0	16	0		16	
	Male	13	0	0	2		0	
Service and sales workers	Female	4	0	33	0		33	
	Male	8	1	65	1		65	
Plant and machine operators and assemblers	Female	0	0	0	0		0	
	Male	2	0	22	0		22	
Elementary occupations	Female	7	0	0	0		0	
	Male	6	0	0	1		0	
Sub total	Female	76	7	278	5	278		
	Male	65	13	262	10	262		
Total		141	20	540	15	1,112	540	
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.						%*		

Note: The total original budget is made up of training and bursaries. The training budget was R1,222m and the bursaries budget R300,000 for the 2019/20 financial year.



The district successfully developed and submitted the Workplace Skills Plan (WSP) for 2020/2021 on the 30 April 2020. The WSP consists of the Annual Training report for 2019/2020 and the training plan for 2020/2021.

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

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

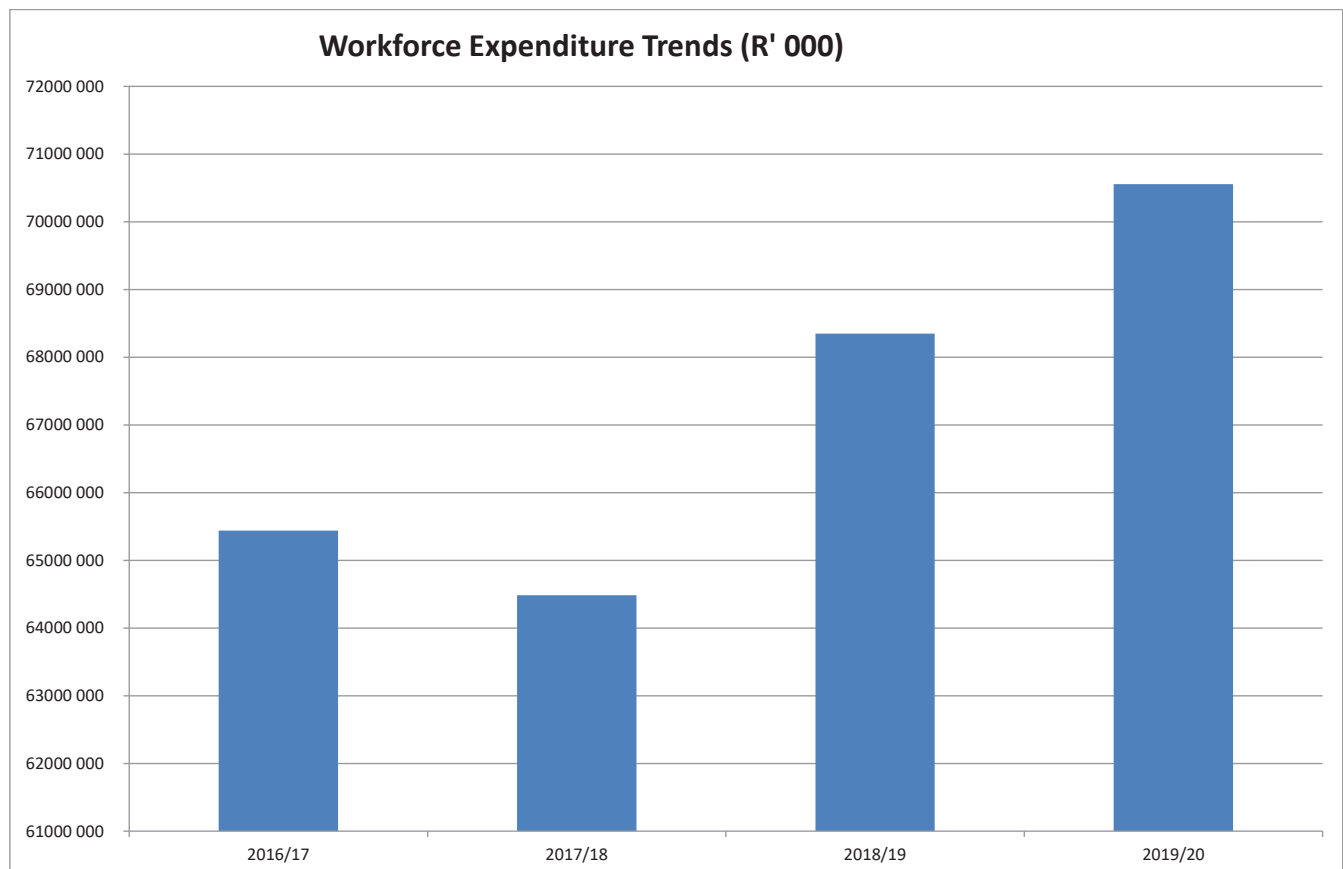
All service providers used for training are accredited and through the assessment of the impact of training 99% of training provided has positively contributed to skills, knowledge and productivity of employees. All senior managers meet the MFMA Competency Regulations.

Training plans and the effectiveness of implementation

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

4.5 Managing the workforce expenditure

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



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

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

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

Chapter 5 -

Financial Performance

5.1 Introduction

The overall financial viability of the municipality is still being assessed by the Auditor-General for the 2019/20 financial year. The unaudited financial statements indicate an increase of R20 025 279 which is a direct result of an increase in cash. The increase in cash is attributable to the:

- High vacancy rate on senior management level; and
- National lockdown which took place in March 2020 and Covid-19 restrictions which caused a slow spending on projects.

The main source of revenue remains operating grants from government, as the municipality is highly dependent upon these allocations. The growth in income is limited to the current inflation rate and an increase in the GDP that is expected to be less than 1%. The low economic growth has a negative impact on the operations of the municipality's ability to sustain a high level of involvement in the district, in the form of allocations made by the municipality to the local municipality to assist with various projects.

Considering that the municipality relies heavily on grant funding to finance its operations, it still succeeded in building the capacity of the local municipalities in its area of jurisdiction to assist them to perform their functions and exercise their powers. Notwithstanding the negative economic growth forecast, the municipality was able to spend R 21,909,203 (2018/19: R 7,305,733) towards infrastructure assets, repairs & maintenance, advisory services and creation of job opportunities to make a difference within the communities in the district. The spending relates to the allocations made to the local municipalities from the district.

The liquidity ratio which is used to measure the municipality's ability to pay its bills is calculated by dividing the current assets by the municipality's current liabilities, the current norm is 1:3. The increase in the liquidity ratio from 3.2 (2019/20) to 2.8 (2018/19) is due to an increase in cash levels at year-end. The municipality is therefore in a position to comfortably pay its current liabilities with the cash available at year end and is an indication that the municipality will be able to meet its short to medium term commitments.

The cost coverage gives an indication of how many months the cash and other liquid assets available to the municipality, excluding utilisation of grants, can cover the expenditure of the municipality. The increase in the current year is a result of the increase in cash and investments. The increase in cash and investment of R24, 888, 485 is as a result of the national lockdown, covid 19 restrictions and savings on vacant director's positions. The allocations the municipality provided to the local municipality was increased by R 14,603,470 during the 2019/20 financial year.

Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid on the loan by the total operating expenditure. There was a slight increase in the capital charges to operating expenditure of 0,8% due to the decrease in the capital expenditure for the year under review.

5.2 Statement of financial performance

Financial Summary						
R' 000						
Description	2018/19	Current Year: 2019/20			2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Financial Performance						
Property rates	–	–	–	–	–	–
Service charges	–	–	–	–	–	–
Investment revenue	6 729	5 350	5 750	7 399	27,70%	22,29%
Transfers recognised - operational	125 713	128 942	127 914	124 380	-3,67%	-2,84%
Other own revenue	932	1 953	1 953	8 456	76,91%	76,91%
Total Revenue (excluding capital transfers and contributions)	133 374	136 245	135 617	140 236	2,85%	3,29%
Employee costs	61 650	76 174	70 068	63 754	-19,48%	-9,90%
Remuneration of councillors	6 700	7 311	7 380	6 802	-7,49%	-8,50%
Debt impairment	–	3	3	3		
Depreciation & asset impairment	3 105	3 629	3 629	3 801	4,52%	4,52%
Finance charges	204	–	–	–	–	–
Materials and bulk purchases	1 246	1 671	1 643	1 114	-50,05%	-47,49%
Transfers and grants	7 306	20 411	25 476	21 909	6,84%	-16,28%
Other expenditure	28 499	40 071	39 000	22 798	-75,77%	-71,07%
Total Expenditure	108 709	149 271	147 200	120 180	-24,21%	-22,48%
Surplus/(Deficit)	24 665	(13 026)	(11 583)	20 055	164,95%	157,75%
Transfers recognised - capital	–	–	–	–	–	–
Contributions recognised - capital & contributed assets	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	24 665	(13 026)	(11 583)	20 055	164,95%	157,75%
Share of surplus/ (deficit) of associate	–	–	–	–	–	–
Surplus/(Deficit) for the year	24 665	(13 026)	(11 583)	20 055	164,95%	157,75%
Capital expenditure & funds sources						
Capital expenditure	9 179	3 549	2 180	1 101	-222,23%	-97,99%
Transfers recognised - capital	–	–	–	–	0,00%	0,00%
Public contributions & donations	–	–	–	–	0,00%	0,00%
Borrowing	–	–	–	–	0,00%	0,00%
Internally generated funds	9 179	3 549	2 180	1 101	-222,23%	-97,99%
Total sources of capital funds	9 179	3 549	2 180	1 101	-222,23%	-97,99%

Financial Summary							R' 000
Description	2018/19	Current Year: 2019/20			2019/20 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget	
Financial position							
Total current assets	95 294	53 959	91 213	115 445	53,26%	20,99%	
Total non current assets	64 217	64 934	64 711	60 571	-7,20%	-6,83%	
Total current liabilities	28 104	15 141	33 299	31 603	52,09%	-5,37%	
Total non current liabilities	31 004	35 000	33 654	23 774	-47,22%	-41,56%	
Community wealth/equity	100 451	68 753	88 971	120 651	43,02%	26,26%	
Cash flows							
Net cash from (used) operating	(98 279)	(126 556)	(119 285)	24 718	612,00%	582,58%	
Net cash from (used) investing	7 593	60	(60)	(1 430)	104,18%	95,82%	
Net cash from (used) financing	(0)	(5)	5	–	–	–	
Cash/cash equivalents at the year end	(33 568)	(71 113)	(41 076)	94 856	174,97%	143,30%	
Cash backing/surplus reconciliation							
Cash and investments available	78 267	48 779	73 946	73 946	34,03%	0,00%	
Application of cash and investments	34 344	32 040	37 241	37 241	13,97%	0,00%	
Balance - surplus (shortfall)	43 923	16 739	36 705	36 705	54,40%	0,00%	
Asset management							
Asset register summary (WDV)	41 896	42 647	42 390	42 390	-0,61%	0,00%	
Depreciation & asset impairment	3 105	3 629	3 629	3 629	0,00%	0,00%	
Renewal of Existing Assets	–	–	–	–	–	–	
Repairs and Maintenance	3 588	7 220	7 406	7 406	2,51%	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:	–	–	–	–	–	–	
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1							

Financial Performance of Operational Services						
						R '000
Description	2018/19	2019/20			2019/20 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	-	-	-	-	-	-
Waste Water (Sanitation)	-	-	-	-	-	-
Electricity	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-
Housing	2 661	4 050	4 061	3 003	-34,89%	-35,25%
Component A: sub-total	2 661	4 050	4 061	3 003	-34,89%	-35,25%
Waste Water (Stormwater Drainage)	-	-	-	-	-	-
Roads	-	-	-	-	-	-
Transport	-	-	-	-	-	-
Component B: sub-total	-	-	-	-	-	-
Planning	28 014	45 811	47 664	38 047	-20,40%	-25,27%
Local Economic Development	-	-	-	-	-	-
Component B: sub-total	28 014	45 811	47 664	38 047	-20,40%	-25,27%
Planning (Strategic & Regulatory)	-	-	-	-	-	-
Local Economic Development	-	-	-	-	-	-
Component C: sub-total	-	-	-	-	-	-
Community & Social Services	(33)	-	-	-	-	-
Environmental Protection	3 865	7 539	7 348	6 095	-23,69%	-20,55%
Health	-	-	-	-	-	-
Security and Safety	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-
Corporate Policy Offices and Other	73 748	91 871	88 127	72 977	-25,89%	-20,76%
Component D: sub-total	77 580	99 410	95 475	79 072	-25,72%	-20,74%
Total Expenditure	108 255	149 271	147 200	120 122	-24,27%	-22,54%

5.3 Grants

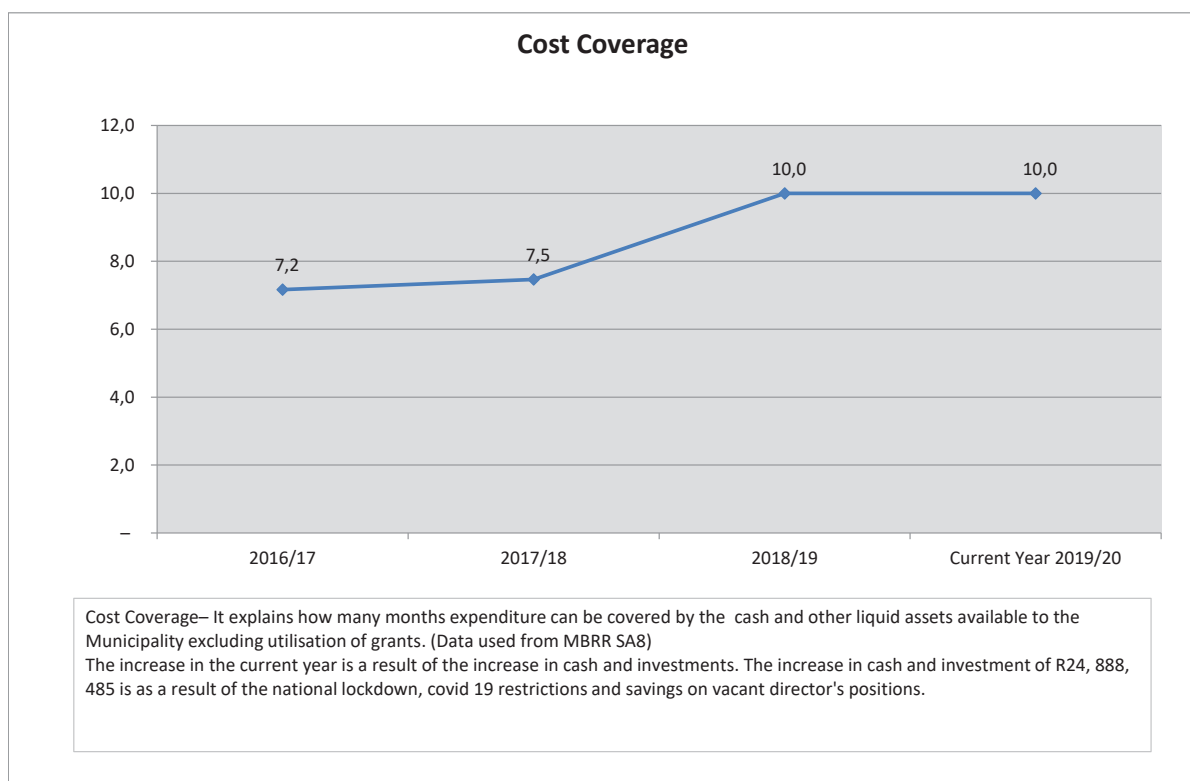
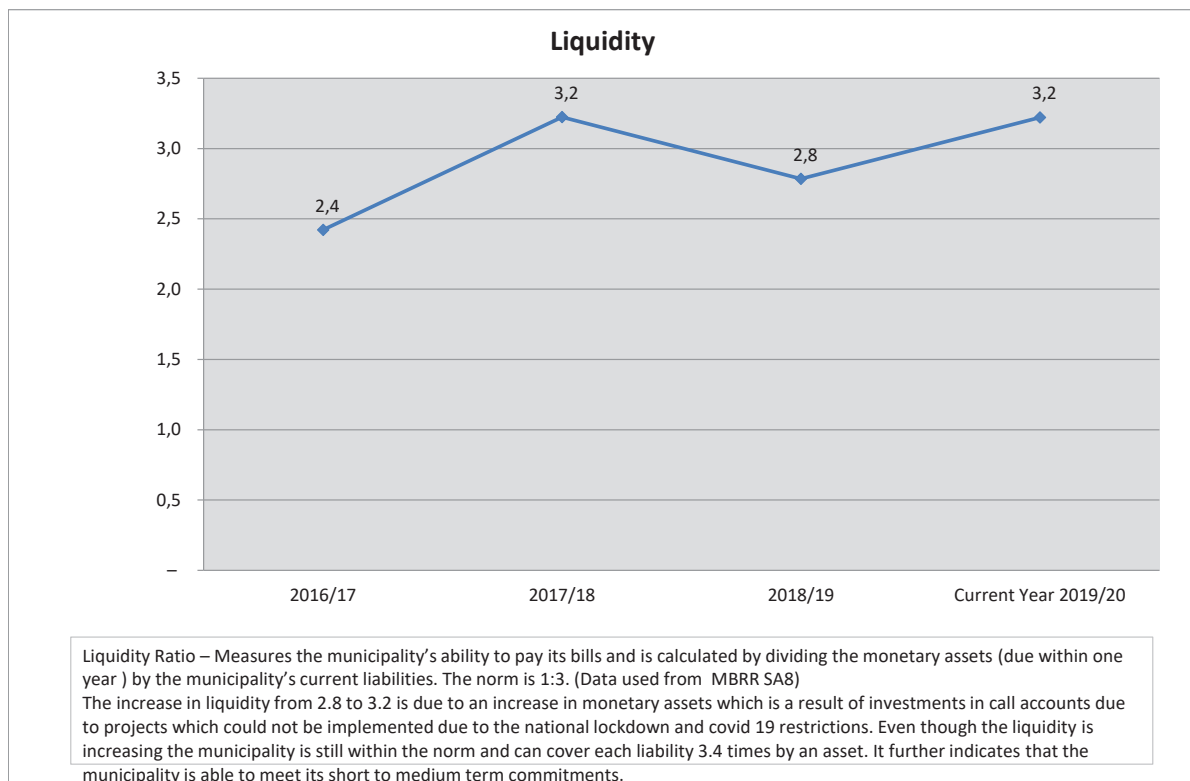
Grant Performance							R' 000
Description	2018/19	2019/20			2019/20 Variance		
	Actual	Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
Operating Transfers and Grants							
National Government:	117 209	124 522	124 522	122 941	-1,29%	-1,29%	
Local Government Equitable Share	116 209	120 606	120 606	120 606	0,00%	0,00%	
Expanded Public Works Programme Integrated Grant	–	–	–	–	–	–	
Local Government Financial Management Grant	1 000	1 000	1 000	748	-33,70%	-33,70%	
Municipal Disaster Recovery Grant	–	246	246	246	0,00%	0,00%	
Municipal Systems Improvement Grant	–	–	–	–	–	–	
Rural Road Asset Management Systems Grant	–	2 670	2 670	1 341	-99,13%	-99,13%	
Provincial Government:							
	5 910	1 050	22	1 313	20,04%	20,04%	
Capacity Building	3 930	–	–	–	0,00%	0,00%	
Disaster and Emergency Services	389	–	–	–	0,00%	0,00%	
Expanded Public Works Programme	1 113	–	–	1 270	0,00%	0,00%	
Health	478	–	–	13	100,00%	100,00%	
Housing Projects	–	–	–	–	0,00%	0,00%	
Specify (Add grant description)	–	1 050	22	30	-3400,00%	-3400,00%	
District Municipality:							
	–	–	–	–	–	–	
Other grant providers:							
	–	–	–	–	–	–	
Education Training and Development Practices SETA	74	100	100	96	-4,55%	-4,55%	
Northern Cape Economic Development Agency	–	–	–	–	–	–	
Unspecified	–	2 000	2 000	–	–	–	
Total Operating Transfers and Grants	123 119	125 572	124 544	124 350	-1%	-1%	

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2018/19	Actual Grant 2019/20	2019/20 Municipal Contribution	Date Grant terminates	Date municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
NCPA - Housing Accreditation Grant	-	-	4 050 490	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	73 704	95 650	100 000	Ongoing	Ongoing	To be used for training and capacity building of employees as per approved Skills Work Plan.
Municipal Disaster Recovery Grant	-	246 000	520 000	Ongoing	Ongoing	To assist the District Municipality with any disaster that might occur.
Health	477 610	13 200	-	Jul-19	Jun-20	To assist the District Municipality with Aids programmes within the district.
Expanded Public Works Programme	1 113 000	1 270 000	-	Jul-19	Jun-20	To assist the District Municipality with cleaning programmes.
Covid-19 Grant	-	30 000	720 000	Jul-19	Jun-20	To assist the district Municipality with covid-19 expenditure.

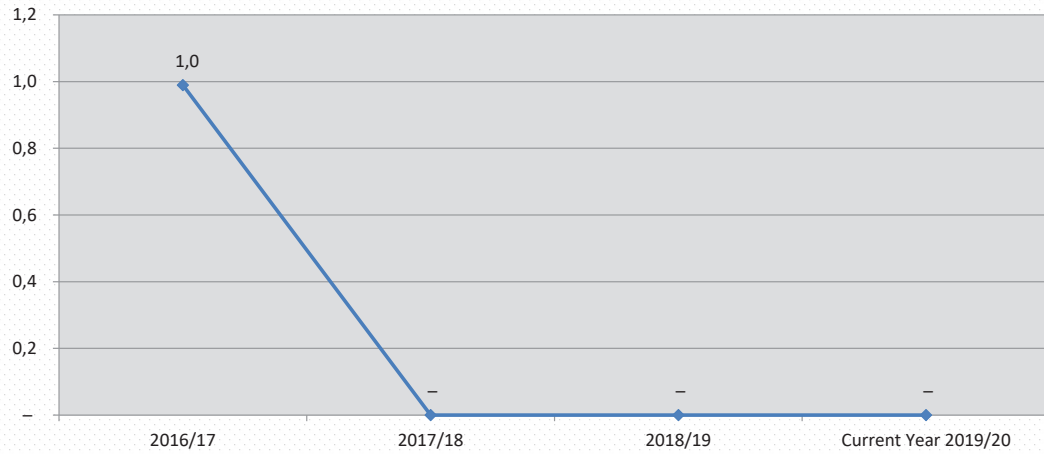
Repair and Maintenance Expenditure: 2019/20				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and maintenance expenditure	1 671	1 643	1 114	47,49%

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

5.4 Financial ratios based on key performance indicators

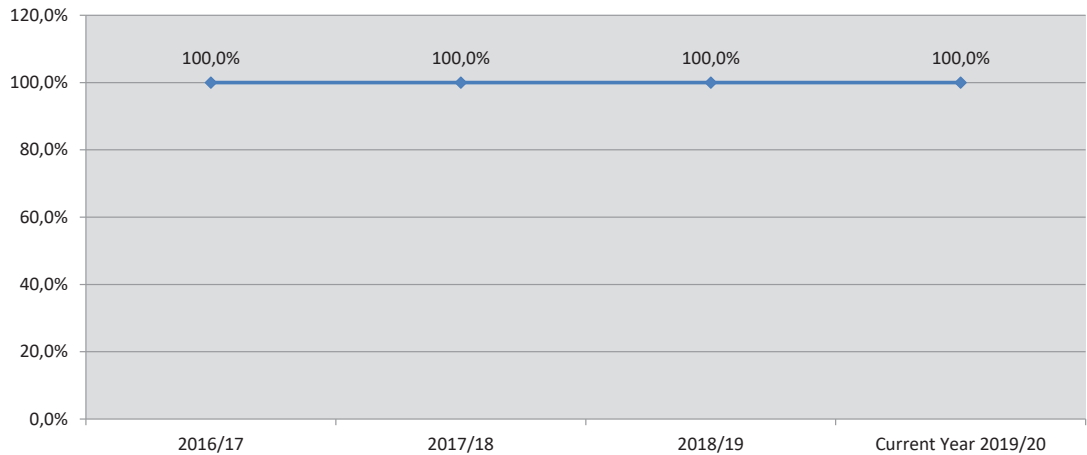


Debt Coverage



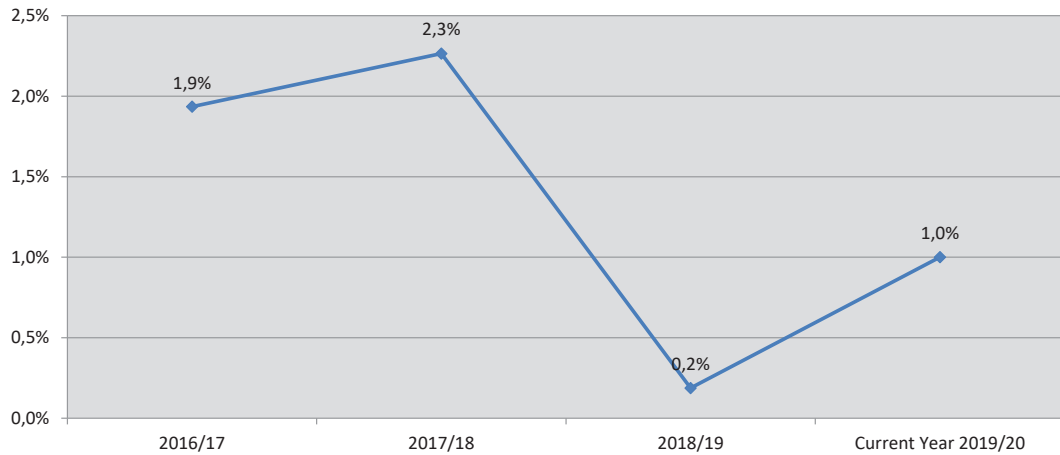
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality. (Data used from MBRR SA8). There was a slight decrease in debt coverage during 2019/20, which is a result of the increase in own revenue.

Creditors System Efficiency



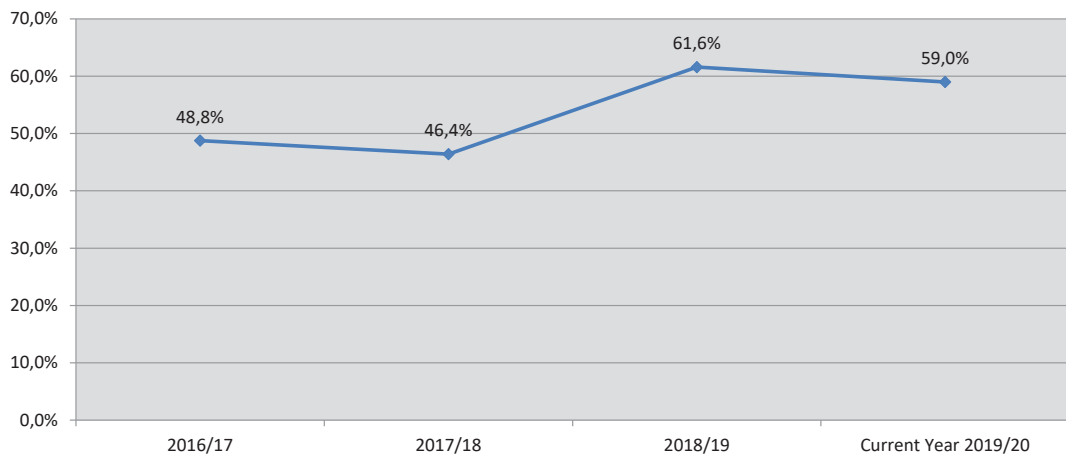
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by dividing outstanding trade creditors by credit purchases. (Data used from MBRR SA8)
The creditors' system efficiency remained consistent during 2019/20 financial year, which is an indication of good internal controls being implemented within the municipality.

Capital Charges to Operating Expenditure



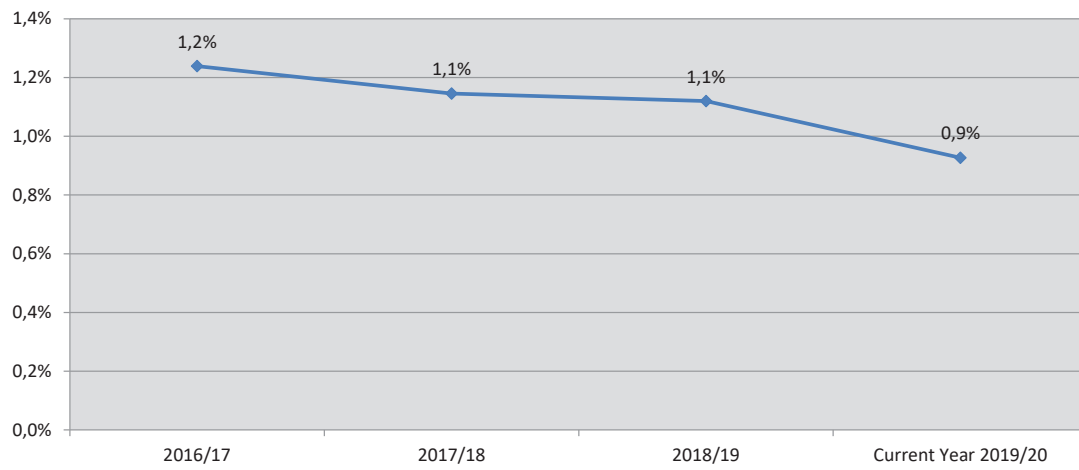
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure. (Data used from MBRR SA8)
 There was a slight increase in the capital charges to operating expenditure of 0,8% due to the decrease in the capital expenditure for the year under review. The municipality's capital budget for 2019/20 was less than what was budgeted for in 2018/19 financial year.

Employee Costs



In terms of National Treasury's Circular employee costs must not exceed 35%. As at 30 June 2020, the employee costs were 59% of the total operating expenditure. Included in the actual employee costs are salaries of LED & Tourism interns and disaster practitioners situated at the local municipalities, who are on the FBDM payroll. The municipality further has Environmental, Housing and Infrastructure officials who go out to the local municipalities on a daily basis to perform tasks for the local municipalities, all of these officials are remunerated by FBDM.

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance. (Data used from MBRR SA8)
There was a slight decrease in repairs & maintenance for the 2019/20 financial year from 1.1% to 0.9% which is due to the national lockdown and covid 19 restrictions.

5.5 Cash flow management and investments

The district municipality's cash and cash equivalents amounts to R94.8m which is an increase of R23m as compared to the previous financial year. The district municipality's cash flow improved due to savings resulting from projects which could not be implemented due to the national lockdown and Covid-19 restrictions. The other contributors to the positive cash flow management of the municipality was as a result of the municipality generating a positive cash flow from operating activities such as vacancies at senior management level.

Cash Flow Outcomes				
R'000				
Description	2018/19	Current Year: 2019/20		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Cash flow from operating activities				
Receipts				
Ratepayers and other	1 736	–	–	8 504
Government - operating	125 599	–	–	125 918
Government - capital	–	–	–	–
Interest	6 729	–	–	7 399
Dividends	–	–	–	–
Payments				
Suppliers and employees	(95 897)	(124 929)	(117 792)	(117 103)
Finance charges	(204)	–	–	–
Transfers and Grants	(7 306)	(1 628)	(1 493)	–
Net cash from/(used) operating activities	30 657	(126 556)	(119 285)	24 718
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	–	–	–	18
Decrease (Increase) in non-current debtors	–	–	–	–
Decrease (increase) other non-current receivables	(82)	–	–	1 254
Decrease (increase) in non-current investments	(650)	60	(60)	(1 600)
Payments				
Capital assets	(9 430)	–	–	(1 101)
Net cash from/(used) investing activities	(10 162)	60	(60)	(1 430)
Cash flows from financing activities				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–
Payments				
Repayment of borrowing	–	–	–	–
Net cash from/(used) financing activities	–	–	–	–
Net increase/ (decrease) in cash held	20 495	(126 496)	(119 345)	23 288
Cash/cash equivalents at the year begin:	51 072	55 388	78 264	71 567
Cash/cash equivalents at the year end:	71 567	(71 108)	(41 081)	94 856

5.6 GRAP Compliance

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

Accounting principles and policies applied in the financial statements

- **Basis of preparation**

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

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

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

The standards are summarised as follows:

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

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

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

Standard	Description	Effective Date
GRAP 1 (Revised)	Presentation of Financial Statements	1 April 2020
GRAP 2 (Revised)	Cash Flow Statements	1 April 2020
GRAP 3 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2020
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates	1 April 2020
GRAP 9 (Revised)	Revenue from Exchange Transactions	1 April 2020
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics	1 April 2020
GRAP 11 (Revised)	Construction Contracts	1 April 2020
GRAP 12 (Revised)	Inventories	1 April 2020
GRAP 13 (Revised)	Leases	1 April 2020
GRAP 14 (Revised)	Events after the reporting date	1 April 2020
GRAP 16 (Revised)	Investment Property	1 April 2020
GRAP 17 (Revised)	Property, Plant and Equipment	1 April 2020
GRAP 18 (Revised)	Segment Reporting	1 April 2020

Standard	Description	Effective Date
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets	1 April 2020
GRAP 20 (Revised)	Related Parties	1 April 2020
GRAP 21 (Revised)	Impairment of non-cash-generating assets	1 April 2020
GRAP 23 (Revised)	Revenue from Non-Exchange Transactions	1 April 2020
GRAP 24 (Revised)	Presentation of Budget Information in Financial Statements	1 April 2020
GRAP 25 (Revised)	Employee Benefits	1 April 2020
GRAP 26 (Revised)	Impairment of cash-generating assets	1 April 2020
GRAP 27 (Revised)	Agriculture	1 April 2020
GRAP 31 (Revised)	Intangible Assets	1 April 2020
GRAP 32 (Revised)	Service concession arrangements: Grantor - No significant impact is expected as the municipality does not participate in such business transactions.	1 April 2020
GRAP 100 (Revised)	Non-current Assets held for Sale and Discontinued Operations	1 April 2020
GRAP 104 (Revised)	Financial Instruments	1 April 2020

Standard	Description	Effective Date
GRAP 32	Service concession arrangements: Grantor - No significant impact is expected as the municipality does not participate in such business transactions.	01 April 2020
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.	01 April 2020
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.	01 April 2020
GRAP 107	Mergers - No significant impact is expected as the municipality does not participate in such business transactions.	01 April 2020
GRAP 108	Statutory receivables - No significant impact is expected as the municipality does not participate in such business transactions.	01 April 2020
GRAP 109	Accounting by principals and agents - No significant impact is expected as the municipality does not participate in such business transactions.	01 April 2020

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

Chapter 6 -

Auditor-General Findings

INTRODUCTION

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

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

Auditor-General opinion of financial statements 2018/19

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

Auditor-General Report on Financial Performance 2018/19	
Audit Report Status*:	Unqualified audit opinion with matters
Non-Compliance Issues	Remedial Action Taken
Misstatements in financial statements	Issues were disclosed in the annual financial statements and addressed
Misstatement in annual performance report	Issue identified in the annual performance report will be rectified in the 2019/20 financial year
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 2019/20

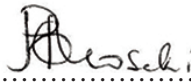
The district municipality achieved an unqualified audit opinion with no matters of emphasis.

Auditor-General Report on Financial Performance 2019/20	
Audit Report Status*:	Unqualified audit opinion
Non-Compliance Issues	Remedial Action Taken
None	None
Note:*The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)	

Comments on MFMA section 71 responsibilities:

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

Signed (Acting Chief Financial Officer)


.....

28 February 2021
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.
Level 3 accreditation	The accreditation of a municipality involves the delegation and assignment of certain clearly defined functions in respect of the administration of National Housing Programmes, leading to eventual assignment of all the functions by formal proclamation of assignment by the Premier in the Government Gazette.
National key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.

Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution’s strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality’s delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a “vote” as: a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes <i>of the department or functional area concerned</i>

APPENDICES

**Appendix A -
Councillors; Committee Allocation & Council Attendance**

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cllr P Marekwa	FT	Mayoral Committee	PR	82%	9%
Cllr U Buda	FT	Speaker	PR	73%	27%
Cllr. BV Ximba	FT	Planning & Development, Mayoral	PR	91%	9%
Cllr. ME Motsamai	FT	Social Development, Mayoral	PR	73%	18%
Cllr. ME Mokgatlhanyane	FT	Infrastructure Development, Mayoral	PR	91%	9%
Cllr. PD Bishop	PT	MPAC, Policy & Institutional Development	Sol Plaatje	100%	0%
Cllr. M Kaars	PT	Finance, MPAC	PR	82%	18%
Cllr. B Springbok	FT	Finance	PR	100%	0%
Cllr. AO Moremong *	PT	Finance	Phokwane	73%	9%
Cllr. PJF Louw	PT	Planning & Development	PR	73%	18%
Cllr. JS Musie *	PT	Planning & Development	Phokwane	82%	0%
Cllr. AK Zalisa	PT	Planning & Development	Magareng	73%	18%
Cllr. MJ Beylefeld	PT	Infrastructure Development	Sol Plaatje	100%	0%
Cllr DM Macinga	PT	Infrastructure Development	Dikgatlong	45%	18%
Cllr. TD Setholo	PT	Infrastructure Development	Sol Plaatje	100%	0%
Cllr. D Benjamin	PT	Social Development	PR	64%	18%
Cllr. H Morometsi	PT	Social Development	Phokwane	0%	0%
Cllr. MA Mahutie	PT	Policy & Institutional Development, MPAC	Dikgatlong	73%	18%
Cllr KM Sebege	PT	Social Development, MPAC	Sol Plaatje	91%	9%
Cllr E Niemann	PT	Policy & Institutional Development	Sol Plaatje	82%	18%
Cllr MC Mkhonza	PT	Policy & Institutional Development, Social Development	PR	64%	27%
Cllr KC Phiri	PT	Finance, MPAC	Sol Plaatje	82%	18%
Cllr MK Molatudi	PT	Social Development	Sol Plaatje	91%	0%
Cllr L Steenkamp	PT	Policy & Institutional Development, Finance	Sol Plaatje	55%	27%
Cllr F Thulo	PT	Planning & Development, Infrastructure Development, Finance, MPAC	Sol Plaatje	55%	27%
Cllr JK Msibi **	FT	Finance	PR	82%	0%

* Local Council dissolved during the FY

** Seconded during the FY from Phokwane

Appendix B - Committees & Committee Purposes

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

Appendix C - Functions of Municipality

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

Appendix D - Recommendations of the Municipal Audit Committee 2019/20

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2019/20	Recommendations adopted (enter Yes) If not adopted (provide explanation)
2019/08/12	<p>2017-18 Audit Action Plan:</p> <ul style="list-style-type: none"> That matters affecting the AFS be finalised. <p>Section 71 Report - June 2019</p> <ul style="list-style-type: none"> FINREP 14: reasons relating to outstanding invoices should be recorded. <p>3rd Quarter Performance Management</p> <ul style="list-style-type: none"> Management need to follow up on issues affecting compliance. <p>Risk Assessment Report 3rd and 4th quarter</p> <ul style="list-style-type: none"> SR 4: to classify the risk of not fully implementing the audit plan as an operational risk. 	The recommendations were adopted by Council
2019/08/26	<p>Review of the 2018/19 draft AFS</p> <p>Statement of Financial Performance</p> <ul style="list-style-type: none"> Management to ensure that the disclosures are not limited by mSCOA. <p>Statement of Changes in Net Assets</p> <ul style="list-style-type: none"> Management to follow up on the accounting treatment of the revaluation surplus. <p>Statement of Comparison and Actual Amounts</p> <ul style="list-style-type: none"> Management should adequately disclose reasons in the accounting policies when choosing an appropriate materiality figure. Management to correct the percentages presented in the last two columns of the statement. <p>Notes to the financial statements</p> <ul style="list-style-type: none"> Note 2. Inventories: Reference to 2017 to be corrected to reflect 2018. Note 3. Receivables from exchange transactions: Detailed disclosure needs to be provided. The documentation for impairment according to the GRAP standards needs to be considered. Note 6. Cash and cash equivalents: APRC suggested that management change the entire note to focus on cash book balance versus bank statement balance at the end of the year. Explanations for all variances need to be provided. Note 7. Operating lease receivables: Any options for renewal need to be disclosed. Note 8. Current portion of long-term receivables: Presentation of this note to be changed as it is difficult to comprehend. Note 9. Property, Plant and Equipment: Management to rectify the disclosure (9.7) Delayed Projects. Note 10. Intangible Assets: To confirm with mSCOA requirements as to whether the licence agreements should form part of repairs and maintenance in note 10.8. Note 24. Rental from fixed assets: Management should include the agreement of any non-market related rentals. Note 25. Employee related costs: Management to check a negative amount stated under long service awards. Note 27. Remuneration of councilors: In-kind Benefits; Management needs to check the government gazette for the list of valid benefits. 	The recommendations were adopted by Council

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2019/20	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	<ul style="list-style-type: none"> • Note 35. Loss on disposal of property, plant and equipment: APCR recommended for the disclosure to be more detailed. • Note 37. Fruitless and wasteful expenditure: To report on all write-offs to be included. • Note 38.1 Ownership and management control: Management to check with the new AFS specimen to see if the table presented meets the required format of the specimen. • Note 42.4 Purchase from related parties: To follow up if it is necessary to list all related party purchases. • Note 50. Non-compliance: note to be rechecked. 	
2019/11/25	<p>REVIEW OF PMS</p> <ul style="list-style-type: none"> • KPI 36. 1 Management to disclose the issues of annual performance evaluations not done in the notes of the AFS. • KPI 42.1 APCR advised that moving forward audit reports should be submitted without management response, to ensure audits are completed within their planned period <p>2018-19 draft audit report</p> <ul style="list-style-type: none"> • To move towards a clean audit in the 2019-20 financial period. <p>2019-20 PMS Quarter 1 report</p> <ul style="list-style-type: none"> • KPI 2.2 That the municipality change the unit of measures from number of jobs created to number of FTE's. • Summary of targets not measured to be changed to number of targets not measurable for the first quarter. <p>Assurance by Internal Audit on PMS Quarter 1 Report</p> <ul style="list-style-type: none"> • That focus should be given to auditing the internal controls of PMS. <p>Strategic Risk Assessment Report</p> <ul style="list-style-type: none"> • Management to re-assess whether they need several ICT policies or whether they will develop the ICT governance framework to deal with all other processes. 	The recommendations were adopted by Council
2020/03/02	<p>Matter arising from previous minutes</p> <ul style="list-style-type: none"> • That management should escalate the AGSA finding of the unspent budget to the Office of the Premier to help resolve. <p>2018 - 19 Draft Annual Report</p> <ul style="list-style-type: none"> • To include the Annual Financial Statements and the AGSA report in Volume II of the annual report. • To refine numbering from page 123 of the annual report. • To look into inviting AGSA in other meetings where necessary regarding OPCAR. <p>AD-hoc report requested by the MM</p> <ul style="list-style-type: none"> • That issues of sabotage and cyber-attacks from outside parties be looked into. 	The recommendations were adopted by Council

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2019/20	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	<p>Assurance on Mid- Term Performance Management Report</p> <ul style="list-style-type: none"> • KPI 21.1 Percentage compliance with the provincial archives act in FBDM - For the KPIs that have a target of compliance the score must stop at 100%. • Targets not measured for the mid-term period should not be included in the summary. <p>Risk Management Report – Quarter 2</p> <ul style="list-style-type: none"> • To consider implementation of a fraud hotline in the district that will operate from internal audit and the hotline be available to the local municipalities. 	
2020/06/22	<p>Section 71 – April 2020</p> <ul style="list-style-type: none"> • FINREP 6: To indicate that the under expenditure in some of the projects was because of the re-assessment of projects in adhering to the cost containment regulations. • FINREP 14: That the summary under revenue be reviewed. • APRC takes note that the municipality is in a strong financial position and advise the municipality to maintain its cash flow as provincial government support might decrease over time. <p>3rd Quarter Performance Management Report</p> <ul style="list-style-type: none"> • KPI 1.2 and 4.2 Amount spent on support for operations and maintenance of infrastructure in the local municipalities: management to find a way to change the KPI, as this KPI will always be an underperformance since it depends on claims by locals. <p>Approval of 2020/21 Internal Audit Plan</p> <ul style="list-style-type: none"> • Internal audit to formulate a register of findings which should be reported before discussing new matters. • Municipal manager and CAE to find ways to address the issue of performing an ICT audit. 	The recommendations were adopted by Council

Appendix E - Disclosures of Financial Interests

Disclosures of Financial Interests		
Period 1 July 2018 to 30 June 2019 of 2018/19		
Position	Name	Description of Financial interests* (Nil / Or details)''
(Executive) Mayor	Mr P Marekwa	None declared
Member of MayCo / Exco	Ms U Buda	None declared
	Mr M Mokgathanyane	None declared
	Ms C Mothibi	None declared
	Ms PD Bishop	None declared
	Mr B Springbok	None declared
	Ms M Motsamai	None declared
	Ms BV Ximba	None declared
Councillor	Mr M Mosweu	None declared
	Mr M Kaars	None declared
	Ms D Benjamin	None declared
	Mr P Louw	None declared
	Mr C Mkhonza	None declared
	Ms A Moremong	None declared
	Mr J Musie	None declared
	Ms D Setholo	None declared
	Ms L Steenkamp	None declared
	Ms KM Sebegu	None declared
	Mr F Thulo	None declared
	Ms M Beylefeld	None declared
	Ms D Niemann	None declared
	Mr C Phiri	None declared
	Ms M Molatudi	None declared
	Mr DM Macinga	None declared
	Ms MA Mahutie	None declared
	Ms H Morometse	None declared
	Mr K Zalisa	None declared

Appendix E - Disclosures of Financial Interests

Disclosures of Financial Interests		
Period 1 July 2018 to 30 June 2019 of 2018/19		
Position	Name	Description of Financial interests* (Nil / Or details)"
Municipal Manager	Z.M. Bogatsu	None declared
Chief Financial Officer	Vacant	
Other S57 Officials	KG Gaborone	None declared

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

Revenue Collection Performance by Vote						
						R' 000
Vote Description	2018/19	Current Year: 2019/20			2019/20 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Vote 1 - Executive & Council	478	250	22	13	0,00%	0,00%
Vote 2 - Budget & Treasury	124 177	129 959	130 359	136 893	5,34%	5,01%
Vote 3 - Corporate Services	389	246	246	246	0,00%	0,00%
Vote 4 - Planning & Development	-	800	-	-	-100,00%	#DIV/0!
Vote 5 - Project Management Services	8 331	4 990	4 990	3 023	-39,42%	-39,42%
Total Revenue by Vote	133 374	136 245	135 617	140 176	2,88%	3,36%

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

Revenue Collection Performance by Source						
R '000						
Description	2018/19	2019/20		2019/20 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	858	1 153	1 153	603	-91,19%	-91,19%
Interest earned - external investments	6 729	5 350	5 750	7 399	27,70%	22,29%
Interest earned - outstanding debtors	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–
Fines	–	–	–	–	–	–
Licences and permits	–	–	–	–	–	–
Agency services	–	–	–	–	–	–
Transfers recognised - operational	125 713	128 942	127 914	124 380	-3,67%	-2,84%
Other revenue	75	800	800	7 853	89,81%	89,81%
Gains on disposal of PPE	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	133 374	136 245	135 617	140 236	2,85%	3,29%

Appendix G - Conditional Grants received: excluding MIG

Conditional Grants: excluding MIG							R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)	
				Budget	Adjustments Budget		
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	
Public Transport Infrastructure and Systems Grant	-	-	-	-	-	-	
Other Specify:							
Local Government Equitable Share	120 606	120 606	120 606	0,00%	0,00%	-	
Finance Management	1 000	1 000	748	-33,70%	-33,70%	-	
Municipal Disaster Recovery Grant	246	246	246	0,00%	0,00%	-	
Municipal Systems Improvement	-	-	-	-	-	-	
Roads asset management	2 670	2 670	1 341	-99,13%	-99,13%	-	
Kgotso Pula Nala	-	-	-	-	-	-	
NEAR Control Centre	-	-	-	-	-	-	
SETA - Skills Grant	100	100	96	-4,55%	-4,55%	-	
NCPA - EPWP	1 270	1 270	1 270	0,00%	0,00%	-	
Tourism Grant	-	-	-	-	-	-	
NCPA- District Aids Council	250	22	13	-1793,94%	-69,62%	-	
Public Contributions	-	-	-	-	-	-	
NCPA- Housing Grants	-	-	-	-	-	-	
NCPA - Firefighting Equipment	-	-	-	-	-	-	
Covid-19 Grant	-	30 000	30 000	-	-	-	
Total	126 142	125 914	124 350	-1,44%	-1,26%	-	

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

Capital Expenditure - New Assets Programme*							
Description	2018/19	2019/20			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class	–	–	–	–	–	–	–
Heritage assets - Total	–	–	–	–	–	–	–
Buildings	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–
Investment properties - Total	–	–	–	–	–	–	–
Housing development	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–
Other assets	455	2 390	990	396	4 109	200	–
General vehicles	–	–	–	–	–	–	–
Specialised vehicles	–	–	–	–	–	–	–
Plant & equipment	–	175	175	86	125	–	–
Computers - hardware/equipment	–	200	200	170	1 110	200	–
Furniture and other office equipment	455	15	15	5	509	–	–
Abattoirs	–	–	–	–	–	–	–
Markets	–	–	–	–	–	–	–
Civic Land and Buildings	–	–	–	–	–	–	–
Other Buildings	–	2 000	600	135	2 365	–	–
Other Land	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–
Intangibles	–	–	–	–	–	–	–
Computers - software & programming	–	–	–	–	–	–	–
Total Capital Expenditure on new assets	455	2 390	990	396	4 109	200	–
Specialised vehicles	–	–	–	–	–	–	–
Refuse	–	–	–	–	–	–	–
Fire	–	–	–	–	–	–	–
Conservancy	–	–	–	–	–	–	–
Ambulances	–	–	–	–	–	–	–

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

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2018/19	2019/20			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	8 740	1 135	1 167	705	1 632	-	-
General vehicles	1 780	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-
Plant & equipment	129	77	96	21	553	-	-
Computers - hardware/ equipment	636	680	695	621	30	-	-
Furniture and other office equipment	801	323	321	64	49	-	-
Abattoirs	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	-	-	-
Other Buildings	5 394	55	55	-	1 000	-	-
Other Land	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Intangibles	-	-	-	-	3 000	-	-
Computers - software & programming	-	-	-	-	3 000	-	-
Other (list sub-class)	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	8 740	1 135	1 167	705	4 632	-	-
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: 2019/20				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2018/19 R' 000	Total Amount committed over previous and future years
Dikgatlong Municipality	Roads and Stormwater	Grant (Capital)	1 504	Determined according to the needs of the municipalities specified in the IDP and availability of funding by FBDM.
Dikgatlong Municipality	Maintenance - Streets and stormwater	Grant (O&M)	302	
Dikgatlong Municipality	Maintenance - Waste water infrastructure	Grant (O&M)	520	
Dikgatlong Municipality	Maintenance - Water infrastructure	Grant (O&M)	859	
Dikgatlong Municipality	Maintenance - Electricity Infrastructure	Grant (O&M)	294	
Magareng Municipality	Bulk Water Supply	Grant (Capital)	847	
Magareng Municipality	Landfill Sites	Grant (Capital)	843	
Magareng Municipality	Maintenance- Streets and stormwater	Grant (O&M)	1 132	
Magareng Municipality	Maintenance- Waste water infrastructure	Grant (O&M)	325	
Magareng Municipality	Maintenance- Water infrastructure	Grant (O&M)	468	
Magareng Municipality	Maintenance- Electricity infrastructure	Grant (O&M)	878	
Magareng Municipality	Covid19 PPE	Grant (O&M)	139	
Phokwane Municipality	Electrical bulk supply, internal reticulation and house connections	Grant (Capital)	2 000	
Phokwane Municipality	Maintenance- Streets and stormwater	Grant (O&M)	742	
Phokwane Municipality	Maintenance- Waste water infrastructure	Grant (O&M)	71	
Phokwane Municipality	Maintenance- Water infrastructure	Grant (O&M)	617	
Phokwane Municipality	Maintenance- Electricity infrastructure	Grant (O&M)	806	
Sol Plaatje Municipality	Roads and Stormwater	Grant (Capital)	2 000	
Sol Plaatje Municipality	Maintenance- Electricity Infrastructure	Grant (O&M)	1 648	
Sol Plaatje Municipality	Maintenance- Waste water Infrastructure	Grant (O&M)	233	
Sol Plaatje Municipality	Maintenance- Streets and stormwater	Grant (O&M)	3 619	

**VOLUME II
ANNUAL FINANCIAL
STATEMENTS**

FRANCES BAARD DISTRICT MUNICIPALITY



[These financial statements have been audited]

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

FRANCES BAARD DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2020

General information

Country of origin and legal form	South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)	
Jurisdiction	The Frances Baard Municipality includes the following areas: Sol Plaatjie Phokwane Dikgatlong Magareng	
Nature of business	Frances Baard Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)	
Capacity of district authority	Medium capacity	
Municipal demarcation code	DC9	
Management structure	The municipality's senior management structure consists of the Municipal Manager and heads of the four main departments. The Office of the Municipal Manager includes management functions pertaining to municipal systems improvement and integrated development planning functions.	
Municipal manager	Ms ZM Bogatsu	
Chief financial officer	Ms O Moseki (Acting)	
Other heads of departments	Director: Administration Director: Planning & Development Director: Infrastructure Services	Ms KG Gaborone Mr F Netshivhoza (Acting) Mr S Suliman (Acting)
Registered office	51 Drakensberg Avenue Carters Glen Kimberley	
Legal representative	Mr K Matlakala	
External auditors	Auditor-General of South Africa Private Bag X5013 Kimberley	
Internal auditors	The Internal Audit section was fully staffed and operational during the financial year. The use of external service providers is limited to cases where internal capacity is insufficient to conduct specialized investigations.	
Members of the audit committee	Mr T Mogoli Mr T Mudamburi Mr G Botha	Chairperson Member Member

FRANCES BAARD DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2020

General information

Principal banker	ABSA ABSA Business Centre Po Box 323 Bloemfontein 9300	
Relevant legislation	Municipal Finance Management Act Division of Revenue Act The Income Tax Amendment Act Value Added Tax Amendment Act Municipal Structures Act Municipal Systems Act Municipal Planning and Performance Management Regulations Housing Act Skills Development Levies Amendment Act Employment Equity Act Unemployment Insurance Act Basic Conditions of Employment Act Supply Chain Management Regulations	
Executive Mayor	Mr P Marekwa	Proportional
Speaker	Ms U Buda	Proportional
Mayoral Committee	Mr M Mokgathanyane Ms C Mothibi Mr B Springbok Ms M Motsamai Ms BV Ximba	Proportional Proportional Proportional Proportional Proportional
MPAC Chairperson	Ms D Bishop	Sol Plaatje Municipality
Part Time Councillors	Mr M Mosweu Mr M Kaars Ms D Benjamin Mr P Louw Mr C Mkhonza Ms A Moremong Mr J Musie Ms D Setlholo Ms L Steenkamp Ms KM Sebego Mr F Thulo Ms M Beylefeld Ms D Niemann Mr C Phiri Ms M Molatudi Mr D M Macinga Ms M A Mahutie Ms H Morometse Mr K Zalisa	Proportional Proportional Proportional Proportional Proportional Phokwane Municipality Phokwane Municipality Proportional Proportional Sol Plaatje Municipality Sol Plaatje Municipality Sol Plaatje Municipality Sol Plaatje Municipality Sol Plaatje Municipality Sol Plaatje Municipality Sol Plaatje Municipality Dikgatlong Municipality Dikgatlong Municipality Phokwane Municipality Magareng Municipality

FRANCES BAARD DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2020

Approval of Annual Financial Statements

The Municipal Finance Management Act (Act 56 of 2003) requires that I maintain adequate accounting records and remain responsible for the content and integrity of the annual financial statement and related financial information. I am responsible for the preparation of these annual financial statements for the year ended 30 June 2020 which are set out on pages 1 to 80, which I have signed on behalf of the municipality. The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standard Board.

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

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

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

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

The annual financial statements set out on pages 1 to 80, which have been prepared on the going concern basis, were approved by the accounting officer and are signed off on 28 February 2021.



Ms. ZM Bogatsu
Municipal Manager

28-Feb-21
Date

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Frances Baard District Municipality set out on pages 142 - 228 which comprise the statement of financial position as at 30 June 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Frances Baard District Municipality as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2019 (Act No. 16 of 2019) (DORA).

Basis for opinion

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

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2019 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2020.

Other matter

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

Unaudited disclosure notes (MFMA 125)

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

Responsibilities of the accounting officer for the financial statements

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

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

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

Introduction and scope

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected development priority presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality’s approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the municipality’s annual performance report for the year ended 30 June 2020:

Development priority	Pages in the annual performance report
KPA 1: Sustainable municipal infrastructure development and basic service delivery	46 - 52

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

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. Refer to the annual performance report on pages 78 - 89 or information on the achievement of planned targets for the year.

Introduction and scope

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

Other information

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

Internal control deficiencies

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

Auditor General.

Kimberley

28 February 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, the actions taken to eliminate threats or the safeguards applied.

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

	Note	Actual 2020 R	Restated 2019 R
ASSETS			
Current Assets		115 455 923	85 531 033
Inventories	2.	380 752	362 518
Receivables from Exchange Transactions	3.	4 045 813	4 105 572
Receivables from Non-exchange Transactions	4.	389 000	-
VAT Receivable	5.	6 600 550	1 926 871
Investments	6.	8 300 000	6 700 000
Cash and Cash Equivalents	7.	94 855 647	71 567 162
Operating Lease Receivables	8.	11 372	909
Current Portion of Long-term Receivables	9.	872 788	868 000
Non-Current Assets		60 571 429	64 605 680
Property, Plant and Equipment	10.	52 750 688	55 396 690
Intangible Assets	11.	296 948	412 698
Investment Property	12.	557 813	571 875
Heritage Assets	13.	631 417	631 417
Long-term Receivables	14.	6 334 564	7 593 000
Total Assets		<u>176 027 352</u>	<u>150 136 712</u>
LIABILITIES			
Current Liabilities		31 602 871	18 527 884
Consumer Deposits	15.	3 450	345
Provisions	16.	11 049 275	9 514 535
Payables from Exchange Transactions	17.	18 889 826	8 920 690
Unspent Conditional Grants and Receipts	18.	1 660 320	92 314
Non-Current Liabilities		23 773 655	31 003 964
Employee Benefit Liabilities	20.	23 674 031	30 895 963
Non-current Provisions	21.	99 624	108 000
Total Liabilities		<u>55 376 526</u>	<u>49 531 848</u>
Total Assets and Liabilities		<u>120 650 826</u>	<u>100 604 865</u>
NET ASSETS		120 650 826	100 604 865
Reserves	22.	27 204 514	27 468 475
Accumulated Surplus / (Deficit)	23.	93 446 312	73 136 390

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Note	Actual 2020 R	Restated 2019 R
REVENUE			
Revenue from Non-exchange Transactions			
Transfers and Subsidies	24.	124 349 644	125 713 389
Revenue from Exchange Transactions			
Sales of Goods and Rendering of Services	25.	7 853 378	74 620
Rental from Fixed Assets	26.	603 057	857 756
Interest, Dividends and Rent on Land Earned	27.	7 399 488	6 728 692
		<hr/>	<hr/>
EXPENDITURE			
Employee Related Costs	28.	63 753 995	61 650 082
Remuneration of Councillors	29.	6 802 016	6 699 719
Depreciation and Amortisation	30.	3 800 809	3 103 866
Impairment Losses	31.	2 665	-
Interest, Dividends and Rent on Land	32.	-	203 899
Inventory Consumed	33.	1 113 918	1 245 543
Transfers and Subsidies Paid	34.	21 909 203	7 305 733
Operational Costs	35.	22 739 580	28 431 766
Loss on Disposal of Property, Plant and Equipment	36.	58 102	67 294
		<hr/>	<hr/>
Total Expenditure		<u>120 180 288</u>	<u>108 707 902</u>
		<hr/>	<hr/>
SURPLUS / (DEFICIT) FOR THE YEAR		<u>20 025 279</u>	<u>24 666 555</u>
Refer to Budget Statement for explanation of budget variances			

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

	Total Funds & Reserves	Accumulated Surplus/(Deficit)	Total Net Assets
	R	R	R
2019			
Balance at 30 June 2018	27 732 439	48 179 417	75 911 856
Change in Accounting Policy (Note 44)	-	-	-
Correction of Error (Note 37.)	-	26 454	26 454
Restated Balance	27 732 439	48 205 871	75 938 310
Surplus / (Deficit) for the year	-	24 666 555	24 666 555
Other Transfers to/from Accumulated Surplus	-	-	-
Transfers to/from Accumulated Surplus	(263 961)	-	(263 961)
Transfers to/from Reserves	-	-	-
Depreciation Offsets	-	263 961	263 961
Balance at 30 June 2019	27 468 478	73 136 387	100 604 865
2020			
Surplus / (Deficit) for the year	-	20 025 279	20 025 279
Other Transfers to/from Accumulated Surplus	-	20 682	20 682
Transfers to/from Accumulated Surplus	(263 961)	-	(263 961)
Transfers to/from Reserves	-	-	-
Depreciation Offsets	-	263 961	263 961
Balance at 30 June 2020	27 204 517	93 446 309	120 650 826

Details on the movement of the Funds and Reserves are set out in Note 22. and Note 23..

FRANCES BAARD DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

	Actual 2020	Restated 2019
Note	R	R
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Transfers and Subsidies	125 917 650	125 599 041
External Interest and Dividends Received	7 399 488	6 728 692
Other Receipts	8 504 049	-
VAT Receivable / Payable	-	1 736 207
Payments		
Employee Related Costs	(69 268 475)	(58 269 285)
Remuneration of Councillors	(6 802 016)	(6 699 719)
External Interest and Dividends Paid	-	(203 899)
Suppliers Paid	(4 779 055)	(17 117 132)
Other Payments	(31 579 860)	(21 116 732)
VAT Receivable / Payable	(4 673 680)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>24 718 100</u>	<u>30 657 172</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(1 101 264)	(9 429 816)
Purchase of Intangible Assets	-	-
Proceeds on Disposal of Property, Plant and Equipment	18 001	-
Decrease / (Increase) in Current Investments	(1 600 000)	(650 000)
Decrease / (Increase) in Long-term Receivables	1 253 648	(82 000)
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(1 429 615)</u>	<u>(10 161 816)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Borrowings	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>23 288 485</u>	<u>20 495 357</u>
Cash and Cash Equivalents at Beginning of Period	71 567 162	51 071 805
Cash and Cash Equivalents at End of Period	94 855 647	71 567 162

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

30 June 2020

Description	Original Budget	Budget Adjustments variance	Adjustment Budget	Special Adjustments variance	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	%	%
FINANCIAL POSITION											
Current Assets											
Inventories	350 000	75 700	425 700	-	425 700	-	425 700	380 752	(44 948)	89%	109%
Receivables from Exchange Transactions	4 000 000	11 973 550	15 973 550	-	15 973 550	-	15 973 550	4 045 813	(11 927 737)	25%	101%
Receivables from Non-exchange Transactions	-	-	-	-	-	-	-	389 000	389 000	0%	0%
VAT Receivable	-	-	-	-	-	-	-	6 600 550	6 600 550	0%	0%
Investments	-	-	-	-	-	-	-	8 300 000	8 300 000	0%	0%
Cash and Cash Equivalents	48 778 702	25 167 190	73 945 891	5 834 180	79 780 071	-	79 780 071	94 855 647	15 075 576	119%	194%
Operating Lease Receivables	-	-	-	-	-	-	-	11 372	11 372	0%	0%
Current Portion of Long-term Receivables	830 000	38 000	868 000	-	868 000	-	868 000	872 788	4 788	101%	105%
Non-Current Assets											
Property, Plant and Equipment	56 070 429	(467 759)	55 602 670	(365 100)	55 237 570	-	55 237 570	52 750 688	(2 486 882)	95%	94%
Intangible Assets	579 865	(268 001)	311 864	-	311 864	-	311 864	296 948	(14 916)	95%	51%
Investment Property	-	571 870	571 870	-	571 870	-	571 870	557 813	(14 058)	98%	0%
Long-term Receivables	7 652 788	(59 790)	7 592 998	-	7 592 998	-	7 592 998	6 334 564	(1 258 434)	83%	83%
Total Assets	118 893 201	37 030 759	155 923 960	5 469 080	161 393 040	-	161 393 040	176 027 352	14 634 312	109%	148%
Current Liabilities											
Consumer Deposits	5 000	(4 650)	350	-	350	-	350	3 450	3 100	986%	69%
Provisions	12 000 000	(81 200)	11 918 800	-	11 918 800	-	11 918 800	11 049 275	(869 525)	93%	92%
Payables from Exchange Transactions	3 135 500	18 244 760	21 380 260	-	21 380 260	-	21 380 260	18 889 826	(2 490 434)	88%	602%
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	-	1 660 320	1 660 320	0%	0%
Current Portion of Long-term Liabilities	-	-	-	-	-	-	-	-	-	0%	0%
Non-Current Liabilities											
Long-term Liabilities	-	-	-	-	-	-	-	-	-	0%	0%
Employee Benefit Liabilities	-	-	-	-	-	-	-	23 674 031	23 674 031	0%	0%
Non-current Provisions	35 000 000	(1 346 041)	33 653 959	-	33 653 959	-	33 653 959	99 624	(33 554 335)	0%	0%
Total Liabilities	50 140 500	16 812 869	66 953 369	-	66 953 369	-	66 953 369	55 376 526	(11 576 843)	83%	110%
Total Assets and Liabilities	68 752 701	20 217 890	88 970 591	5 469 080	94 439 671	-	94 439 671	120 650 826	26 211 155	128%	175%
Net Assets (Equity)											
Reserves	27 204 513	-	27 204 513	-	27 204 513	-	27 204 513	27 204 514	1	100%	100%
Accumulated Surplus / (Deficit)	41 548 188	20 217 890	61 766 078	5 469 080	67 235 158	-	67 235 158	93 446 312	26 211 154	139%	225%
Total Net Assets	68 752 701	20 217 890	88 970 591	5 469 080	94 439 671	-	94 439 671	120 650 826	26 211 155	128%	175%

**FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020**

Financial Position: Explanation of Variances between Approved Budget and Actual

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

Receivables from Exchange Transactions:

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

Cash and Cash Equivalents:

The variance is due to an improvement in cash flow which result from increased investments and lower spending as a result of cost containment measures implemented and low spending projects due to the National Lockdown.

Operating Lease Receivables:

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

Property, Plant and Equipment:

There was a deviation on PPE is a result of capital projects being more than anticipated and the deviation on the depreciation as a result of the delay in the building project and the disaster management center. There was a decrease in the adjustment budget due to the national lockdown.

Long-term Receivables:

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

Consumer Deposits:

No provision is made on the NT budget template for consumer deposits, it has therefore been included in payables budget, which leads to the variance on the budget statement as stated above.

Unspent Conditional Grants and Receipts:

The municipality anticipated that it would spend all its grant allocations, however due to the national lockdown late RRAMS, FMG, AIDS and Khotso Pula Nala Grants could not be spent 100%.

Accumulated Surplus / (Deficit):

Combination of reasons stated above

Reason for adjustment to original budget

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

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

30 June 2020

Description	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE											
Revenue from Non-exchange Transactions											
Transfers and Subsidies	128 942 000	(1 027 610)	127 914 390	(1 970 000)	125 944 390	-	125 944 390	124 349 644	(1 594 746)	99%	96%
Revenue from Exchange Transactions											
Sales of Goods and Rendering of Services	800 000	-	800 000	-	800 000	-	800 000	7 853 378	7 053 378	982%	982%
Rental from Fixed Assets	1 153 010	-	1 153 010	-	1 153 010	-	1 153 010	603 057	(549 953)	52%	52%
Interest, Dividends and Rent on Land Earned	5 350 000	400 000	5 750 000	2 131 600	7 881 600	-	7 881 600	7 399 488	(482 112)	94%	138%
Total Revenue	136 245 010	(627 610)	135 617 400	161 600	135 779 000	-	135 779 000	140 205 567	4 426 567	103%	103%
Expenditure											
Employee Related Costs	76 174 486	(6 106 040)	70 068 446	-	70 068 446	-	70 068 446	63 753 995	(6 314 451)	91%	84%
Remuneration of Councillors	7 311 420	69 070	7 380 490	-	7 380 490	-	7 380 490	6 802 016	(578 474)	92%	93%
Depreciation and Amortisation	3 628 874	-	3 628 874	-	3 628 874	-	3 628 874	3 800 809	171 935	105%	105%
Impairment Losses	3 000	-	3 000	-	3 000	-	3 000	2 665	(335)	89%	89%
Interest, Dividends and Rent on Land	-	-	-	-	-	-	-	-	-	0%	0%
Contracted Services	24 091 740	(1 422 110)	22 669 630	(3 477 480)	19 192 150	0	19 192 150	-	(19 192 150)	0%	0%
Inventory Consumed	1 671 470	(28 500)	1 642 970	(300 000)	1 342 970	-	1 342 970	1 113 918	(229 052)	83%	67%
Transfers and Subsidies Paid	20 410 720	5 065 000	25 475 720	(270 000)	25 205 720	0	25 205 720	21 909 203	(3 296 518)	87%	107%
Operational Costs	15 679 410	351 410	16 030 820	(1 260 000)	14 770 820	0	14 770 820	22 739 580	7 968 760	154%	145%
Loss on Disposal of Property, Plant and Equipment	300 000	-	300 000	-	300 000	-	300 000	58 102	(241 898)	19%	19%
Total Expenditure	149 271 120	(2 071 170)	147 199 950	(5 307 480)	141 892 470	0	141 892 470	120 180 288	(21 712 182)	85%	81%
Surplus/(Deficit for the Year)	(13 026 110)	1 443 560	(11 582 550)	5 469 080	(6 113 470)	(0)	(6 113 470)	20 025 279	26 138 749	-	-

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

Financial Performance: Explanation of Variances between Approved Budget and Actual

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

Sales of Goods and Rendering of Services:

The sale of goods and rendering of services was less than expected due to the low demand for the goods & services and restrictions during the National Lockdown.

Rental from Fixed Assets:

The rental of facilities and equipment was less than expected due to the low demand for the services and restrictions during the National Lockdown.

Interest, Dividends and Rent on Land Earned:

The income from external investments was more than anticipated as more money was invested in call accounts during the financial year. The main reason was that projects could not be fully implemented due to the restrictions during the National Lockdown.

Employee Related Costs:

The variance on the employee related costs is due to the vacant positions which have not been filled, i.e. Directors - Finance, Infrastructure and Planning & Development.

Remuneration of Councillors:

The variance is due to the change in the remuneration as gazetted and the change in the portfolio of Councillors. During the year there were a few council vacancies due to the resignations.

Depreciation and Amortisation:

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

Impairment Losses:

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

Contracted Services:

Repairs and Maintenance Budget is included under Contracted Services, which is reflected under operational cost due to the mSCOA mapping.

Inventory Consumed:

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

Transfers and Subsidies Paid:

Actual expenditure is below the budgeted amount due to non co-operation from local municipalities in submitting their claims.

Operational Costs:

Operational cost was more than the budgeted amount as the actual amount include the expenditure for Contracted Services.

Loss on Disposal of Property, Plant and Equipment:

The loss on disposal of PPE was lower than anticipated due to the write-off of assets being lower than budgeted during the year.

Reason for adjustment to original budget

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

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

30 June 2020

Description	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION											
Executive and Council	8 100	-	8 100	-	8 100	-	8 100	6 667	(1 433)	82%	82%
Finance and Administration	1 347 600	31 780	1 379 380	(365 100)	1 014 280	-	1 014 280	941 555	(72 725)	93%	70%
Community and Social Services	2 015 900	(1 400 000)	615 900	-	615 900	-	615 900	134 609	(481 291)	22%	7%
Environmental Protection	48 500	-	48 500	-	48 500	-	48 500	-	(48 500)	0%	0%
Planning and Development	104 500	-	104 500	-	104 500	-	104 500	18 432	(86 068)	18%	18%
Total Capital Expenditure	3 524 600	(1 368 220)	2 156 380	(365 100)	1 791 280	-	1 791 280	1 101 264	(690 016)	61%	31%
Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual											
Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:											
Executive and Council:											
Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.											
Finance and Administration:											
Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.											
Community and Social Services:											
Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.											
Planning and Development:											
Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.											
Environmental Protection:											
Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.											
Reason for adjustment to original budget											
Please refer to the adjustment budget and the special adjustment budget for reasons on variances from the original budget.											

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

30 June 2020

Description	Original Budget	Budget Adjustments	Adjustment Budget	Second Budget Adjustments	Second Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CASH FLOW											
Cash Flows from/(used in) Operating Activities											
Transfers and Subsidies	128 692 000	(777 610)	127 914 390	(1 970 000)	125 944 390	-	125 944 390	125 917 650	(26 741)	100%	98%
External Interest and Dividends Received	5 350 000	400 000	5 750 000	2 131 600	7 881 600	-	7 881 600	7 399 488	(482 112)	94%	138%
Other Receipts	902 640	-	902 640	6 008 607	6 911 247	-	6 911 247	8 504 049	1 592 802	123%	942%
VAT Receivable / Payable	-	-	-	-	-	-	-	-	-	0%	0%
Employee Related Costs	(76 174 486)	6 106 040	(70 068 446)	-	(70 068 446)	-	(70 068 446)	(69 268 475)	799 971	0%	0%
Remuneration of Councillors	(7 311 420)	(69 070)	(7 380 490)	-	(7 380 490)	-	(7 380 490)	(6 802 016)	578 474	0%	0%
External Interest and Dividends Paid	-	-	-	(14 458 237)	(14 458 237)	-	(20 534 761)	(4 779 055)	15 755 706	0%	0%
Suppliers Paid	(18 452 964)	12 376 440	(6 076 524)	1 530 000	(39 976 540)	-	(39 976 540)	(31 579 860)	8 396 680	0%	0%
Other Payments	(36 090 130)	(5 416 410)	(41 506 540)	-	-	-	-	(4 673 680)	(4 673 680)	0%	0%
VAT Receivable / Payable	-	-	-	-	-	-	-	-	-	0%	0%
Cash Flows from/(used in) Investing Activities											
Purchase of Property, Plant and Equipment	(3 524 600)	1 368 600	(2 156 000)	-	(2 156 000)	-	(2 156 000)	(1 101 264)	1 054 736	0%	0%
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	0%	0%
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	0%	0%
Purchase of Heritage Assets	-	-	-	-	-	-	-	-	-	0%	0%
Purchase of Biological Assets	-	-	-	-	-	-	-	-	-	0%	0%
Proceeds on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	18 001	18 001	0%	0%
Proceeds on Disposal of Intangible Assets	-	-	-	-	-	-	-	-	-	0%	0%
Proceeds on Disposal of Investment Property	-	-	-	-	-	-	-	-	-	0%	0%
Proceeds on Disposal of Heritage Assets	-	-	-	-	-	-	-	-	-	0%	0%
Profit on Sale of Land	-	-	-	-	-	-	-	-	-	0%	0%
Decrease / (Increase) in Non-current Investments	-	-	-	-	-	-	-	-	-	0%	0%
Decrease / (Increase) in Investments in Associates	-	-	-	-	-	-	-	-	-	0%	0%
Decrease / (Increase) in Long-term Receivables	-	-	-	7 593 000	7 593 000	-	7 593 000	1 253 648	(6 339 352)	17%	0%
Cash Flows from/(used in) Financing Activities											
Proceeds from Borrowings	-	-	-	-	-	-	-	-	-	0%	0%
Repayment of Borrowings	-	-	-	-	-	-	-	-	-	0%	0%
Increase / (Decrease) in Short-term Loans	-	-	-	-	-	-	-	-	-	0%	0%
Cash and Cash Equivalents at End of the Year	(6 608 960)	13 987 990	7 379 030	834 970	8 214 000	-	8 214 000	24 888 485	16 674 485	303%	0%

**FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020**

Cash Flow: Explanation of Variances between Approved Budget and Actual

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

External Interest and Dividends Received:

The income from external investments was more than anticipated as more money was invested in call accounts during the financial year. The main reason was that projects could not be fully implemented due to the restrictions during the National Lockdown.

Other Receipts:

The variance in other receipts is due to the high variance between the budgeted receivable and the actuarial valuation, as the variation on long-term receivable was higher than expected which lead to an increase in other payments on the cash flow.

VAT Receivable / Payable:

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

Employee Related Costs:

The variance on the employee related cost is due to the vacant positions which have not been filled, i.e. Director - Finance, Director - Infrastructure and Director - Planning & Development.

Remuneration of Councillors:

The variance are due to the change in the remuneration as gazetted and the change in the portfolio of Councillors. During the year there were a few council members whose contract was terminated.

Suppliers Paid:

The variance is due to the low submission of claims from local municipalities for operation and maintenance, and capital grant. Savings on operational cost due to cost containment measures implemented to ensure elimination of none priority spending and the restriction on the National Lockdown.

Other Payments:

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

Purchase of Property, Plant and Equipment:

The variance is due to the savings on capital assets procured and none procurement of assets.

Decrease / (Increase) in Long-term Receivables:

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

Reason for adjustment to original budget

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

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2019/20	2018/19
	R	R
Net surplus/(deficit) per the statement of financial performance	20 025 279	24 666 555
Revenue from Non-exchange Transactions		
Transfers and Subsidies	4 592 356	(270 389)
Revenue from Exchange Transactions		
Sales of Goods and Rendering of Services	(7 053 378)	725 380
Rental from Fixed Assets	549 953	145 104
Interest, Dividends and Rent on Land Earned	(2 049 488)	(876 693)
Gains on Disposal of Property, Plant and Equipment	-	-
Expenditure		
Employee Related Costs	(12 420 491)	(10 841 108)
Remuneration of Councillors	(509 404)	(530 551)
Depreciation and Amortisation	171 935	(794 231)
Impairment Losses	(335)	(3 000)
Finance Costs	-	(18 591)
Contracted Services	(24 091 740)	(20 045 490)
Inventory Consumed	(557 552)	(366 388)
Grants and Subsidies Paid	1 498 483	(5 567 527)
Operational Costs	7 060 170	13 682 496
Statutory Payments other than Taxes	-	-
Loss on Disposal of Property, Plant and Equipment	(241 898)	(232 706)
Net surplus/deficit per approved budget	(13 026 110)	(327 138)

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

1. BASIS OF PRESENTATION

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

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

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

1.1 Utilisation of Transitional Provisions

GRAP 108 Statutory Receivables

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

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

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

The municipality intends to fully apply the requirements of GRAP 108 by 30 June 2021.

1.2 Presentation Currency

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

1.3 Changes in Accounting Policy and Comparability

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

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

1.4 Critical Judgements, Estimations and Assumptions

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

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

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

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

1.4.1 Revenue Recognition

Accounting Policy 10.2 on Revenue from Exchange Transactions and Accounting Policy 10.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

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

1.4.2 Impairment of Financial Assets

Accounting Policy 8.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- **Receivables:**

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

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

As described in Accounting Policies 3.3, and 5.2, the municipality depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

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

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

Accounting Policy 7 on Impairment of Assets, Accounting Policy 5.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment and impairment testing of Intangible Assets.

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

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

1.4.5 Defined Benefit Plan Liabilities

As described in Accounting Policy 12.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

1.4.6 Provisions and Contingent Liabilities

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

1.4.7 Budget Information

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

1.5 Going Concern Assumption

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

1.6 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:

- GRAP 18 Segment Reporting (effective 1 April 2020)
- GRAP 20 Related Party Disclosures (effective 1 April 2019)
- GRAP 32 Service Concession Arrangement Grantor (effective 1 April 2019)
- GRAP 108 Statutory Receivables (effective 1 April 2019)
- GRAP 109 Accounting by Principals and Agents (effective 1 April 2019)
- IGRAP 17 Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (effective 1 April 2019)

The municipality applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate disclosure:

- GRAP 20 Related Party Disclosures

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality, except for:

- GRAP 108 Statutory Receivables:-
It is expected that the Standard will affect the valuation of Receivables from Non-Exchange Transactions, but the extent cannot be determined at this stage.
- GRAP 109 Accounting by Principals and Agents:-
The effect of this Standard on accounting for transactions between the municipality, another function of government or private sector and third parties, can only be determined once it becomes effective.

2. NET ASSETS

2.1.1 Revaluation Reserve

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

2.1.2 Capital Replacement Reserve (CRR)

In order to finance the provision of Infrastructure and other items of Property, Plant and Equipment from internal sources, amounts are transferred from the Accumulated Surplus/(Deficit) to the CRR in terms of delegated powers.

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

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

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the Investment Policy of the municipality.
- The CRR may only be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in Surplus or Deficit and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Initial Recognition

Property, Plant and Equipment are initially recognised at cost.

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

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

3.2 Subsequent Measurement

Plant and Equipment

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

Revaluation Model:

Buildings and Land

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

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

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

3.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method*, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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

3.4 Land

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

3.5 Incomplete Construction Work

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

3.6 Derecognition

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

4. HERITAGE ASSETS

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

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

4.1 Initial Recognition

Heritage Assets are initially recognised at cost.

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

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

4.2 Subsequent Measurement

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

4.3 Derecognition

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

5. INTANGIBLE ASSETS

5.1 Initial Recognition

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

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

Intangible Assets are initially recognised at cost.

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

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

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

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

5.2 Subsequent Measurement, Amortisation and Impairment

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

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

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

	Asset Class	Years
	Computer Software	10
	Computer Software Licences	10

5.3 Derecognition

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

6. INVESTMENT PROPERTY

6.1 Initial Recognition

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

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

6.2 Subsequent Measurement

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

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

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

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

6.3 Derecognition

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

7. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as *Cash Generating Assets*. All other assets are classified as *Non-cash Generating Assets*.

7.1 Impairment of Cash Generating Assets

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

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

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

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

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

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

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

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

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

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

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

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

7.2 Impairment of Non-cash Generating Assets

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

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

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

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

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

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

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

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

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

8. FINANCIAL INSTRUMENTS

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

Initial Recognition

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

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

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

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

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

8.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

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

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

8.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

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

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

8.3 Initial and Subsequent Measurement

8.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

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

Financial Assets measured at Cost

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

Financial Assets measured at Fair Value

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

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

8.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value

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

Financial Liabilities held at Amortised Cost

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

Prepayments are carried at cost less any accumulated impairment losses.

8.4 Impairment of Financial Assets

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

8.4.1 Financial Assets at Amortised Cost

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

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

8.4.2 Financial Assets at Cost

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

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

8.5 Derecognition of Financial Assets

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

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

8.6 Derecognition of Financial Liabilities

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

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

9. INVENTORIES

9.1 Initial Recognition

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

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

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

9.2 Subsequent Measurement

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

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

9.2.2 Other Arrangements

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

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

10. REVENUE RECOGNITION

10.1 General

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

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

10.2 Revenue from Exchange Transactions

10.2.1 Rentals Received

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

10.2.2 Finance Income

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

10.2.3 Sale of Goods (including Houses)

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

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

10.3 Revenue from Non-exchange Transactions

10.3.1 Public Contributions

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

10.3.2 Government Grants and Receipts

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

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

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

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

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

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

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

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

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

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

11. PROVISIONS

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

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

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

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

12. EMPLOYEE BENEFIT LIABILITIES

12.1 Short-term Employee Benefits

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

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.

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.

Provision for Performance Bonuses

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

12.2 Post-employment Benefits

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

12.2.1 Defined Contribution Plans

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

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

12.2.2 Defined Benefit Plans

Post-retirement Health Care Benefits

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

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

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

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

Long-service Allowance

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

Provincially-administered Defined Benefit Plans

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

Defined Benefit Pension Plans

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

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

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

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

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

Ex gratia Gratuities

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

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

12.3 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.

13. LEASES

13.1 The Municipality as Lessor

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

14. GRANTS-IN-AID

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

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

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

15. VALUE ADDED TAX

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

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

16. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

17. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

18. FRUITLESS AND WASTEFUL EXPENDITURE

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

19. MATERIAL LOSSES

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

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

20. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

FRANCES BAARD DISTRICT MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

21. COMMITMENTS

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

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

22. RELATED PARTIES

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

23. EVENTS AFTER THE REPORTING DATE

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

24. BUDGET INFORMATION

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

The approved budget covers the period from 1 July 2019 to 30 June 2020.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 R
1. GENERAL INFORMATION		
<p>Frances Baard District Municipality is a local government institution in the Northern Cape, Kimberley, and has 4 local municipalities under its jurisdiction. The registered address of its office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report ended 30 June 2020. The principal activities of the municipality are disclosed in the Annual Report.</p>		
2. INVENTORIES		
Consumables	380 752	362 518
Total Inventories	380 752	362 518
Reconciliation:		
Opening balance	362 518	341 561
Purchases	364 162	350 540
Issues	(345 929)	(327 710)
Closing Balance	380 752	362 518

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

Stores issues amounted to R345 929 for the current year (2019: R327 710)

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

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

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

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

Prepayments and advances consist of SALGA subscription, advance insurance premiums and advance BAUD (asset system) premiums for the 2020/21 financial year.

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

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2019			
Service Debtors:	1 963 340	88 121	1 875 220
Other Service Charges	1 963 340	88 121	1 875 220
Prepayments and Advances	1 069 031	-	1 069 031
Rent	-	-	-
Subscriptions	1 069 031	-	1 069 031
Other Debtors	1 161 322	-	1 161 322
Total Receivables from Exchange Transactions	4 193 693	88 121	4 105 572

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

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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The impairment on debtors of R88,121 is based on long outstanding debtors, who owe the municipality for more than 120 days. Refer to Note 31. for detail on impairment provision.

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2020

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

As at 30 June 2020 Receivables of R2,229,979 were past due, accounts older than 90 days were assessed and only R2 665 was impaired in accordance with the municipal policy. The age analysis of these Receivables are as follows:

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

As at 30 June 2019

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Other Service Charges:					
Gross Balances	513 527	255 887	86 478	1 107 448	1 963 340
Less: Provision for Impairment	-	-	-	88 121	88 121
Net Balances	513 527	255 887	86 478	1 019 328	1 875 220
Prepayments and Advances:					
Gross Balances	1 069 031	-	-	-	1 069 031
Net Balances	1 069 031	-	-	-	1 069 031
Other Debtors					
Gross Balances	1 161 322	-	-	-	1 161 322
Net Balances	1 161 322	-	-	-	1 161 322

As at 30 June 2019 Receivables of R1,361,693 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total Past Due
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	255 887	86 478	1 107 448	1 449 813
Less: Provision for Impairment	-	-	88 121	88 121
Net Balances	255 887	86 478	1 019 328	1 361 693

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2020			
Accrued Income	389 000	-	389 000
Total Receivables from Non-exchange Transactions	389 000	-	389 000
As at 30 June 2019			
Accrued Income	-	-	-
Total Receivables from Non-exchange Transactions	-	-	-

5. VAT RECEIVABLE

Vat Receivable	6 600 550	1 926 871
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VAT Payable is the Net Payable from all VAT Control Accounts and agree to the VAT201 Returns.

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

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

6. INVESTMENTS

Total Bank deposits	8 300 000	6 700 000
	8 300 000	6 700 000
Current Investments Movement during year:		
Opening Balance	6 700 000	6 050 000
Invested	1 600 000	650 000
Redeemed/withdrawn	-	-
Closing Balance	8 300 000	6 700 000

Fixed deposit at Absa until 24 June 2020

**Difference Between Cashbook and Bankstatements
ABSA**

2019/20		
Cashbook	Bankstatement	Difference
8 300 000	8 300 000	-

**Difference Between Cashbook and Bankstatements
NEDBANK**

2018/19		
Cashbook	Bankstatement	Difference
6 700 000	6 700 000	-

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

7. CASH AND CASH EQUIVALENTS	2020	2019
Current Investments	78 066 381	66 501 000
Bank Accounts	16 785 966	5 062 862
Cash and Cash Equivalents	3 300	3 300
Total Bank, Cash and Cash Equivalents	94 855 647	71 567 162
Net Bank, Cash and Cash Equivalents	94 855 647	71 567 162
<p>For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.</p>		
7.1 Current Investment Deposits		
Call Accounts	78 066 381	66 501 000
Total Current Investment Deposits	78 066 381	66 501 000
<p>Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 3.20 % to 7.10 % (2019: 6.00 % to 8.50 %) per annum.</p> <p>Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 3.20 % to 7.10 % (2019: 6.00 % to 8.50 %) per annum.</p>		
Deposits attributable to Unspent Conditional Grants	1 660 320	92 314
Deposits attributable to Capital Replacement Reserve.	7 957 082	7 957 082
Deposits attributable to Payables	18 889 826	8 920 690
Deposits attributable to Current Provisions	11 049 275	9 514 535
Deposits attributable to Consumer Deposits	3 450	345
Deposits available for Operations	38 506 428	40 016 034
Total Deposits attributable to Commitments of the Municipality	78 066 381	66 501 000
7.2 Bank Accounts		
Cash in Bank	16 785 966	5 062 862
Bank Overdraft	-	-
Total Bank Accounts	16 785 966	5 062 862
<p>The Municipality has the following bank accounts:</p>		
Primary Bank Account		
<i>Standard Bank - Kimberley Business Centre - Primary Account:</i>		
Cash book balance at beginning of year	-	67 505
Cash book balance at end of year	-	-
<i>ABSA - Northern Cape Provincial BNKG - Primary Account:</i>		
Cash book balance at beginning of year	5 062 862	-
Cash book balance at end of year	16 785 966	5 062 862

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Standard Bank - Kimberley Business Centre - Primary Account:

Bank statement balance at beginning of year	-	1 520 139
Bank statement balance at end of year	-	-

ABSA - Northern Cape Provincial BNKG - Primary Account:

Bank statement balance at beginning of year	5 062 862	-
Bank statement balance at end of year	<u>16 785 966</u>	<u>5 062 862</u>

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

Investment Account

Difference Between Cashbook and Bankstatements

ABSA		
FNB		
NEDBANK		
Standard Bank		
Total Investments		

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

Difference Between Cashbook and Bankstatements

ABSA		
FNB		
NEDBANK		
Standard Bank		
Total Investments		

2018/19		
Cashbook	Bankstatement	Difference
3 001 000	3 001 000	-
12 500 000	12 500 000	-
25 000 000	25 000 000	-
26 000 000	26 000 000	-
<u>66 501 000</u>	<u>66 501 000</u>	<u>-</u>

7.3 Cash and Cash Equivalents

Cash Floats and Advances	3 300	3 300
Total Cash on hand in Cash Floats, Advances and Equivalents	<u>3 300</u>	<u>3 300</u>

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

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

8. OPERATING LEASE RECEIVABLES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Balance at beginning of year	909	4 056
Operating Lease Revenue effected	10 463	(3 147)
Total Operating Lease Receivables	<u>11 372</u>	<u>909</u>

8.1 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to Property owned by the municipality with lease terms of 60 months (2019/20: 60 months), the new lease came into term on the 1 October 2019.

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The property rental income earned by the municipality from its Investment Property, all of which is leased out under operating leases, amounted to R183,922 (2019: R48,265).

2020

2019

8.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	(6 256)	4 056
2 to 5 years	(17 895)	(3 147)
Total Operating Lease Arrangements	(24 150)	909

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an decrease of R0 (2019: increase of R0) in current year income.

The following restrictions have been imposed by the municipality in terms of the lease agreements:

- (i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.
- (ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.
- (iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

9. CURRENT PORTION OF LONG-TERM RECEIVABLES

Employee Benefits - Roads Members	872 788	868 000
Total Current Portion of Long-term Receivables	872 788	868 000

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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

10. PROPERTY, PLANT AND EQUIPMENT

30 June 2020

Reconciliation of Carrying Value

Description	Land	Buildings	Community	Other	Total
	R	R	R	R	R
Carrying values at 30 June 2019	8 000 000	37 107 599	109 057	10 180 033	55 396 689
Cost	8 000 000	14 509 395	993 726	30 733 889	54 237 009
- Completed Assets	8 000 000	-	993 726	30 279 089	39 272 815
- Under Construction	-	14 509 395	-	454 800	14 964 195
Revaluation	-	42 048 300	-	-	42 048 300
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation:	-	-19 450 096	-884 668	-20 553 856	-40 888 620
- Cost	-	-	-884 668	-20 553 856	-21 438 525
- Revaluation	-	-19 450 096	-0	-	-19 450 096
Acquisition of Assets					
- Cost: Internal Funding	-	-	-	966 655	966 655
- Capital Under Construction: Internal Funding	-	134 609	-	-	134 609
- Revaluation	-	-	-	-	-
Increases/Decreases in Revaluation	-	-	-	-	-
Depreciation:	-	-784 274	-47 758	-2 839 131	-3 671 163
- Based on Cost	-	-	-47 758	-2 839 131	-2 886 888
- Based on Revaluation	-	-784 274	-	-	-784 274
Carrying value of Disposals:	-45 000	-17	-3 211	-27 875	-76 103
- Cost	-45 000	-	-110 081	-483 320	-638 401
- Revaluation	-	-1 867	-	-	-1 867
- Accumulated Depreciation	-	1 849	106 870	455 445	564 165
- Based on Cost	-	-	106 870	455 445	562 315
- Based on Revaluation	-	1 849	-	-	1 849
Impairment Losses	-	-	-	-	-
Capital under Construction - Completed	-	-1 049 944	-	-454 800	-1 504 744
Other Movements	-	645 427	-1	859 317	1 504 743
Carrying values at 2020	7 955 000	36 053 399	58 088	8 684 200	52 750 687
Cost	7 955 000	13 594 060	883 644	31 621 741	54 054 445
- Completed Assets	7 955 000	-	883 644	31 621 741	40 460 385
- Under Construction	-	13 594 060	-	-	13 594 060
Revaluation	-	42 691 860	-	-	42 691 860
Accumulated Impairment Losses	-	-	-	-	-
Accumulated Depreciation:	-	-20 232 521	-825 556	-22 937 542	-43 995 618
- Cost	-	-	-825 556	-22 937 542	-23 763 097
- Revaluation	-	-20 232 521	-0	-	-20 232 521

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

10 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2019

Reconciliation of Carrying Value

Description	Land	Buildings	Community	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2018	8 000 000	32 245 906	167 719	8 543 180	48 956 805
Cost	8 000 000	8 880 241	1 011 577	27 698 171	45 589 988
- Completed Assets	8 000 000	-	1 011 577	27 698 171	36 709 748
- Under Construction	-	8 880 241	-	-	8 880 241
Correction of error (Note 37.)	-	-	-	-	-
- Revaluation	-	-	-	-	-
- Transfer to investment assets	-	-	-	-	-
Revaluation	-	42 048 300	-	-	42 048 300
Accumulated Depreciation:	-	(18 682 635)	(843 858)	(19 154 991)	(38 681 484)
- Cost	-	-	(843 858)	(19 154 991)	(19 998 848)
- Revaluation	-	(18 682 635)	-	-	(18 682 635)
Acquisition of Assets					
- Cost: Internal Funding	-	-	-	3 345 862	3 345 862
- Capital Under Construction: Internal Funding	-	5 629 154	-	454 800	6 083 954
Depreciation:	-	(767 461)	(55 885)	(2 099 291)	(2 922 637)
- Based on Cost	-	-	(55 885)	(2 099 291)	(2 155 176)
- Based on Revaluation	-	(767 461)	(0)	-	(767 461)
Carrying value of Disposals:	-	-	(2 776)	(64 518)	(67 294)
- Cost	-	-	(17 851)	(764 943)	(782 794)
- Accumulated Depreciation	-	-	15 075	700 425	715 500
- Based on Cost	-	-	15 075	700 425	715 500
- Based on Revaluation	-	-	-	-	-
Carrying values at 30 June 2019	8 000 000	37 107 599	109 057	10 180 033	55 396 689
Cost	8 000 000	14 509 395	993 726	30 733 889	54 237 009
- Completed Assets	8 000 000	-	993 726	30 279 089	39 272 815
- Under Construction	-	14 509 395	-	454 800	14 964 195
Revaluation	-	42 048 300	-	-	42 048 300
Accumulated Depreciation:	-	(19 450 096)	(884 668)	(20 553 856)	(40 888 620)
- Cost	-	-	(884 668)	(20 553 856)	(21 438 525)
- Revaluation	-	(19 450 096)	(0)	-	(19 450 096)

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2020
R 2019
R

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

10.2 Carrying Amount of Property, Plant and Equipment retired from active use

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

10.3 Assets pledged as security

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

10.4 Impairment of Property, Plant and Equipment

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

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

There was no change (2018/19: R0) in the estimated useful life of various assets of the municipality for the financial year.

10.6 Land and Buildings carried at Fair Value

The municipality's Land and Buildings are accounted for according to the fair value model. Revaluation is done every five years, and therefore no fair value was determined for the year under review. The last revaluation was done on 2016/17 financial year.

10.7 Delayed Projects

Project Details	Delayed or Halted		
Infrastructure Unit:			
Project 1: Additional Offices	Delayed	11 276 645	12 326 588
Reason: Project experienced some delays and went beyond the projected completion date. These delays are beyond the control of the municipality, as the municipality is experiencing difficulty to remove the Department of Transport, Safety and Liason from the building in order to complete the project.			
Project 2: Disaster Management Centre	Delayed	2 182 806	2 182 806
Reason: Project experienced some delays and went beyond the projected completion date. These delays are beyond the control of the municipality, as the municipality is experiencing difficulty to remove the Department of Transport, Safety and Liason from the building in order to complete the project.			

10.8 Expenditure incurred for repairs and maintenance

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

Information and Communication Infrastructure	14 654	53 320	
Computer Equipment	3 830	6 171	
Furniture and Office Equipment	407 124	400 122	
Machinery and Equipment	331 635	253 367	
Other Assets - Buildings	511 631	597 682	
Transport Assets	116 833	223 791	
Total Expenditure related to Repairs and Maintenance Projects	1 385 708	1 534 454	
Total Repairs and Maintenance related to assets of Frances Baard District Municipality	1 385 708	1 534 454	

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

11. INTANGIBLE ASSETS

	2020	2019
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<u>296 948</u>	<u>412 698</u>
The movement in Intangible Assets is reconciled as follows:		
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<u>256 818</u>	<u>412 698</u>
The movement in Intangible Assets is reconciled as follows:		
	Software Purchased	Total
Carrying values at 01 July 2019	412 698	412 698
Cost	1 704 958	1 704 958
Accumulated Amortisation	(1 292 260)	(1 292 260)
Acquisitions:	-	-
Amortisation:	(155 880)	(155 880)
Purchased	(155 880)	(155 880)
Carrying values at 30 June 2020	256 818	256 818
Cost	1 704 958	1 704 958
Accumulated Amortisation	(1 448 140)	(1 448 140)
	Software Purchased	Total
Carrying values at 01 July 2018	579 865	579 865
Cost	1 704 958	1 704 958
Accumulated Amortisation	(1 125 093)	(1 125 093)
Acquisitions:	-	-
Purchased Internal Funding	-	-
Amortisation:	(167 167)	(167 167)
Purchased	(167 167)	(167 167)
Disposals:	-	-
Carrying values at 30 June 2019	412 698	412 698
Cost	1 704 958	1 704 958
Accumulated Amortisation	(1 292 260)	(1 292 260)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 30.).

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

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

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

11.1 Significant Intangible Assets

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

11.2 Intangible Assets with Indefinite Useful Lives

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

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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

11.3 Impairment of Intangible Assets

2020

2019

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

11.4 Work-in-Progress

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

11.5 Delayed Projects

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

10.6 Expenditure incurred for repairs and maintenance

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

Contracted Services	2 267 683	2 011 908
Licence fees	2 087 026,29	1 839 307,02
Website Maintenance	180 657,00	172 600,76
	2 267 683	2 011 908

12. INVESTMENT PROPERTY

At Fair Value

At Cost less Accumulated Depreciation

557 813

571 875

The movement in Investment Property is reconciled as follows:

Carrying values at 1 July 2019

571 875

585 938

Cost	600 000	600 000
Fair Value	-	-
Accumulated Depreciation	(28 125)	(14 063)
Accumulated Impairment Losses	-	-

Acquisitions during the Year

-

-

Depreciation during the Year

(14 063)

(14 063)

Impairment Losses during the Year

-

-

Fair Value Adjustments

-

-

Disposals during the Year:

-

-

Transfers during the Year:

-

-

Carrying values at 30 June 2020

557 813

571 875

Cost	600 000	600 000
Fair Value	-	-
Accumulated Depreciation	(42 188)	(28 125)
Accumulated Impairment	-	-

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

Rental Revenue earned from Investment Property	183 922	48 265
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All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

12.1 Investment Property carried at Fair Value

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

12.2 Impairment of Investment Property

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

12.3 Work-in-Progress

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

12.4 Delayed Projects

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

12.5 Expenditure incurred for repairs and maintenance

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

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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

13. HERITAGE ASSETS

30 June 2020

Reconciliation of Carrying Value

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

13. HERITAGE ASSETS

30 June 2019

Reconciliation of Carrying Value

Description	Significant Land and Buildings	National Parks	Works of Art, Antiques and Collections	Sculptures and Monuments	Archives	Total
	R	R	R	R	R	R
Carrying values at 01 July 2018	-	-	-	631 417	-	631 417
Cost	-	-	-	631 417	-	631 417
Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Carrying values at 30 June 2019	-	-	-	631 417	-	631 417
Cost	-	-	-	631 417	-	631 417
Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

13. HERITAGE ASSETS (Continued)

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

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

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

13.1 Impairment of Heritage Assets

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

13.2 Heritage Assets measured after recognition using the Revaluation Model

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

13.3 Work-in-Progress

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

13.4 Delayed Projects

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

13.5 Expenditure incurred for repairs and maintenance

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

Contracted Services	-	3 550
	_____	_____
	_____	3 550

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	R	R
14. LONG-TERM RECEIVABLES		
Employee Benefits	7 207 352	8 461 000
Total Long Term Receivables	7 207 352	8 461 000
Less: Current Portion transferred to Current Receivables:-	872 788	868 000
Employee Benefits	872 788	868 000
Non-Current Portion of Long Term Receivables	6 334 564	7 593 000

EMPLOYEE BENEFITS RECEIVABLES

Municipality managed an agency service on behalf of the Department of Roads and Public Works until 30 June 2011. The service has been transferred back to the department from 01 July 2011. As per the agreement, the municipality will continue payment of the post-service medical aid premiums of the retired employees to the service provider. The department will refund the employees portion of the instalment and the members will be responsible for the employee portion. Outstanding amounts are treated as receivables from non-exchange transactions. The receivables is valued by actuaries on a yearly basis which forms part of the analysis as per the employee benefits, refer to note 20.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 R
15. CONSUMER DEPOSITS		
Other Deposits	3 450	345
Rental Properties	3 450	345
Total Consumer Deposits	3 450	345

CONSUMER DEPOSITS - RENTAL PROPERTIES

Consumer deposits comprise deposits for properties rented out by the municipality.
No interest is paid on Consumer Deposits held.

16. PROVISIONS

Performance Bonus	486 371	486 370
Current Portion of Employee Benefit Liabilities (See Note 20.):	2 261 993	2 307 000
Post-retirement Medical Aid Benefits Liability	1 966 096	2 215 000
Long-term Service Liability	295 897	92 000
Current Portion of Non-Current Provisions (See Note 22.):	8 300 911	6 721 165
Ex-gratia Pension	34 000	32 000
Leave	8 266 911	6 689 165
Total Provisions	11 049 275	9 514 535

The movement in provisions is reconciled as follows:

Current Provisions:

Performance Bonus:

Opening Balance	486 370	281 430
Increases	0	204 940
Reductions	0	-
Reversals	-	-
Balance at end of year	486 371	486 370

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

	Medical Aid R	Long-term Service R
30 June 2020		
Opening Balance	2 215 000	92 000
Current service cost	(248 904)	-
Actuarial loss/ (gain) recognised in the year	-	203 897
Balance at end of year	1 966 096	295 897

	Medical Aid R	Long-term Service R
30 June 2019		
Opening Balance	2 004 000	120 000
Current service cost	-	-
Actual employer benefit payments	211 000	(28 000)
Balance at end of year	2 215 000	92 000

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
Current Portion of Non-Current Provisions:	R	R
Staff Benefit Provisions:		
	Leave Provision	Ex-gratia Pension
	R	R
30 June 2020		
Opening Balance	6 689 165	32 000
Increases	(3 867 814)	2 000
Payments Made	5 445 560	-
Balance at end of year	<u>8 266 911</u>	<u>34 000</u>
30 June 2019		
Opening Balance	6 049 573	35 000
Increases	1 382 003	-
Payments Made	(742 412)	(3 000)
Balance at end of year	<u>6 689 165</u>	<u>32 000</u>

Ex-gratia Pensions Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised.

Leave Provision Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Long Service Award Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is

17. PAYABLES FROM EXCHANGE TRANSACTIONS

Advance Payments	275	(36)
Bonus	1 924 330	1 743 240
Other Payables	29 179	29 179
Unallocated Deposits	<u>29 179</u>	<u>29 179</u>
Retentions	566 603	336 603
Trade Creditors	16 369 438	6 811 703
Total Payables	<u>18 889 826</u>	<u>8 920 690</u>

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

18. UNSPENT CONDITIONAL GRANTS AND RECEIPTS	2020 R	2019 R
18.1 Conditional Grants from Government	1 660 320	92 314
National Government	1 581 206	-
Provincial Government	79 114	92 314
Total Conditional Grants and Receipts	1 660 320	92 314

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

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

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

19. LONG-TERM LIABILITIES

Long-Term Liabilities

Development Bank of South Africa	-	-
Less: Current Portion transferred to Current Liabilities:-	-	-
Development Bank of South Africa - Opening Balance	-	2 455 416
Development Bank of South Africa - Payment	-	(2 455 416)
Non-Current Portion of Long-term Liabilities	-	-

19.1 Summary of Arrangements

The fixed term loan is 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 a interest rate of 10.9 %. Interest payments commenced on 30 June 2009.

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

20. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities	25 936 024	33 202 963
Post-retirement Health Care Benefits Liability	23 729 969	31 091 999
Long Service Awards Liability	2 206 054	2 110 964
Less: Current Portion of Employee Benefit Liabilities	(2 261 993)	(2 307 000)
Post-retirement Health Care Benefits Liability	(1 966 096)	(2 215 000)
Long Service Awards Liability	(295 897)	(92 000)
Non-Current Portion of Employee Benefit Liabilities	23 674 031	30 895 963

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

<i>20.1 Post-retirement Health Care Benefits Liability</i>	2020 R	2019 R
Non-Current Portion of Liability		
Opening balance	31 091 999	28 513 999
Interest cost	2 678 000	2 765 000
Current service cost	741 000	630 000
Actual employer benefit payments	(1 892 808)	(1 838 765)
Actuarial loss/ (gain) recognised in the year	(8 888 222)	1 021 765
Balance at end of Year	23 729 969	31 091 999
Less: Current Portion of Liability	1 966 096	2 215 000
Total Post-retirement Health Care Benefits Liability	21 763 873	28 876 999

The municipality provides certain post-retirement health care benefits by funding the medical aid

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2020 by Mr DT Mureriwa, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	70	67
In-service Non-members (Employees)	23	36
Continuation Members (Retirees, widowers and orphans)	38	43
Total Members	131	146

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

In-service Members	7 093 385	9 043 000
In-service Non-members	501 600	599 000
Continuation Members	16 134 985	21 449 999
Total Liability	23 729 970	31 091 999

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Hosmed
- Samwumed

The Current-service Cost for the year ending 30 June 2020 is estimated to be R2,678,000, whereas the cost for the ensuing year is estimated to be R3 537 354 (30 June 2019: R2,765,000 and R2,678,000 respectively).

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The principal assumptions used for the purposes of the actuarial valuations were as follows:	2020	2019
	R	R
Discount Rate		Yield Curve
Health Care Cost Inflation Rate		Equal to CPI + 1
Net Effective Discount Rate		Yield Curve Based
Expected Rate of Salary Increase	7,13%	7,50%
Expected Retirement Age - Females	65	65
Expected Retirement Age - Males	65	65

Movements in the present value of the Defined Benefit Obligation were as follows:	2020	2019
	R	R
Opening balance	31 091 999	28 513 999
Interest cost	2 678 000	2 765 000
Current service cost	741 000	630 000
Actual employer benefit payments	(1 892 808)	(1 838 765)
Actuarial loss/ (gain) recognised in the year	(8 888 222)	1 021 765
Total Recognised Benefit Liability	<u>23 729 969</u>	<u>31 091 999</u>

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

Present value of fund obligations	23 729 969	31 091 999
	<u>23 729 969</u>	<u>31 091 999</u>
Unfunded Accrued Liability	23 729 969	31 091 999
Total Benefit Liability	<u>23 729 969</u>	<u>31 091 999</u>

The history of fair values are as follows:

	2020	2019	2018	2017	2016
	R	R	R	R	R
Present Value of Defined Benefit Obligation	23 729 970	31 091 999	28 513 999	30 074 999	27 792 000
Deficit	<u>23 729 970</u>	<u>31 091 999</u>	<u>28 513 999</u>	<u>30 074 999</u>	<u>27 792 000</u>
Experienced adjustments on Plan Liabilities	(7 362 030)	2 578 000	(1 919 000)	2 356 040	41 820

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

Increase:

Effect on the aggregate of the current service cost and the interest cost	1	3 506 205
Effect on the defined benefit obligation	1	26 321 515

Decrease:

Effect on the aggregate of the current service cost and the interest cost	(1)	(2 752 143)
Effect on the defined benefit obligation	(1)	(21 530 095)

The effect of a 20% movement in the withdrawal rate is as follows:

The municipality expects to make a contribution of -R5 469 222 (2019: R4 416 765) to the Defined Benefit Plans during the next financial year.

Refer to Note 43., "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

20.2 Long Service Awards Liability	2020	2019
	R	R
Non-Current Portion of Liability		
Opening Balance	2 110 964	1 990 899
Increases	408 126	456 000
Payments Made	(203 897)	(102 935)
Other Reductions	(109 139)	(233 000)
Reversals	-	-
Balance at end of Year	<u>2 206 054</u>	<u>2 110 964</u>
Less: Current Portion of Liability	295 897	92 000
Total Long Service Awards Liability	<u>1 910 157</u>	<u>2 018 964</u>

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2020 by Mr DT Mureriwa, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 93 (2020: 93) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2020 is estimated to be R199 000, whereas the cost for the ensuing year is estimated to be R215 813 (30 June 2019: R189 000).

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

Cost Inflation Rate	CPI+1	CPI+1
Expected Rate of Salary Increase	7,50%	6,50%
Expected Retirement Age - Females	65	63
Expected Retirement Age - Males	65	63

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

Opening Balance	2 110 964	1 990 899
Increases	408 126	456 000
Payments Made	(203 897)	(102 935)
Other Reductinos	(109 139)	(233 000)
Reversals	-	-
Increases (Passage of Time/Discounted Rate)		

Total Recognised Benefit Liability	<u>2 206 054</u>	<u>2 110 964</u>
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	2020	2019
	R	R

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

Present value of fund obligations	2 206 054	2 110 964
	<u>2 206 054</u>	<u>2 110 964</u>
Unfunded Accrued Liability	2 206 054	2 110 964
Total Benefit Liability	<u>2 206 054</u>	<u>2 110 964</u>

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	R	R
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	199 000	189 000
Interest cost	184 000	239 000
Expected return on reimbursement rights		-
Actuarial losses / (gains)	(178 771)	(205 000)
Total Post-retirement Benefit included in Employee Related Costs (Note 28.)	<u>204 229</u>	<u>223 000</u>

The history of experienced adjustments is as follows:

	2020	2019	2018	2017	2016
	R	R	R	R	R
Present Value of Defined Benefit Obligation	2 206 054	2 110 964	1 990 899	1 953 000	1 792 000
Deficit	<u>2 206 054</u>	<u>2 110 964</u>	<u>1 990 899</u>	<u>1 953 000</u>	<u>1 792 000</u>

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

Increase:		
Effect on the aggregate of the current service cost and the interest cost	421 169	414 000
Effect on the defined benefit obligation	2 356 164	2 262 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(365 164)	(355 000)
Effect on the defined benefit obligation	(2 078 075)	(1 973 000)

The municipality expects to make a contribution of R383 000 (2020: R391 784) to the defined benefit plans during the next financial year.

21. NON-CURRENT PROVISIONS

Ex-gratia Pension	99 624	108 000
Total Non-current Provisions	<u>99 624</u>	<u>108 000</u>

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

Staff Benefit Provisions:

Ex-Gratia Pension

Opening Balance	108 000	108 910
Increases	27 713	33 180
Payments Made	(34 090)	(34 090)
Balance at end of year	<u>99 624</u>	<u>108 000</u>

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 R
Capital Replacement Reserve	7 957 082	7 957 082
Revaluation Reserve	19 247 432	19 511 393
Total Reserves	<u>27 204 514</u>	<u>27 468 475</u>

22.1 Capital Replacement Reserve

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

Reconciliation of the Capital Replacement Reserve:

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

22.2 Revaluation Reserve

The Revaluation Reserve arises on the revaluation of Land and Buildings and qualifying Community Assets. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

Reconciliation of Revaluation Reserve

Opening Balance	19 511 393	19 775 353
Transfers to/from Accumulated Surplus	(263 961)	(263 961)
Balance at end of year	<u>19 247 432</u>	<u>19 511 393</u>

23. ACCUMULATED SURPLUS

Accumulated Surplus / (Deficit) due to the results of Operations	93 446 312	73 136 390
Total Accumulated Surplus	<u>93 446 312</u>	<u>73 136 390</u>

Reconciliation of Accumulated Surplus:

Opening Balance	72 934 309	48 179 417
Correction of Prior Period Error	222 760	26 454
Depreciation Offsets	263 961	263 961
Accumulated Surplus As Per Financial Performance	20 025 282	24 666 558
Total Accumulated Surplus	<u>93 446 312</u>	<u>73 136 390</u>

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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 R
24. TRANSFERS AND SUBSIDIES RECEIVED		
Capital Grants	-	2 521 000
Monetary Allocations	-	2 521 000
Operational Grants	124 349 644	123 192 389
Monetary Allocations	124 349 644	123 192 389
Total Government Grants and Subsidies	124 349 644	125 713 389
24.1 Capital Grants		
	Monetary Allocations	
	2020	2019
National Governments	-	2 521 000
Total Capital Grants Received	-	2 521 000
24.2 Operational Grants		
	Monetary Allocations	
	2020	2019
SETA: Skills grant	40 178	73 704
National Governments	3 604 794	1 000 000
National Revenue Fund	120 606 000	116 209 000
ABSA	-	-
Provincial Government	13 200	5 909 686
Total Operational Grants Received	124 389 822	123 192 389
24.3 Calculation of Cash Flow:		
Government Grants and Subsidies Income	124 349 644	125 713 389
Opening Balance of Unspent Government Grants	(92 314)	(206 662)
Closing Balance of Unspent Government Grants (reconcile with note 7)	1 660 320	92 314
Total Receipts for Government Grants and Subsidies	125 917 650	125 599 041
24.4 Reconciliation per Grant Source		
24.4.1 National Governments		
Balance unspent at beginning of year	-	4 538
Current year receipts	125 792 000	120 843 000
Conditions met - transferred to Revenue	(124 210 794)	(120 847 538)
Conditions still to be met - transferred to Current Liabilities (see Note 18.)	1 581 206	-
<p>These grants have been used to fund operations within the municipality, the grants consist of Equitable Share, EPWP, RRAMS and FMG received from National Government.</p>		
24.4.2 National Revenue Fund - Fuel Levy & Equitable Share		
Current year receipts	120 606 000	116 209 000
Conditions met - transferred to Revenue	(120 606 000)	(116 209 000)
Conditions still to be met - transferred to Current Liabilities (see Note 18.)	-	-
<p>This grant has been used to fund operational expenses within the municipality.</p>		
24.4.2.1 Rural Road Asset Management System Grant (RRAMS)		
Current year receipts	2 670 000	2 521 000
Conditions met - transferred to Revenue	(1 340 862)	(2 521 000)
Conditions still to be met - transferred to Current Liabilities (see Note 18.)	1 329 138	-

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 R
24.4.2.2 Financial Management Grant (FMG)		
Current year receipts	1 000 000	1 000 000
Conditions met - transferred to Revenue	(747 932)	(1 000 000)
Conditions still to be met - transferred to Current Liabilities (see Note 18.)	<u>252 068</u>	<u>-</u>

24.4.2.3 Extended Public Woks Programme (EPWP)		
Balance unspent at beginning of year	-	202 124
Current year receipts	1 270 000	1 113 000
Conditions met - transferred to Revenue	(1 270 000)	(1 113 000)
Other Adjustments/Refunds	-	(202 124)
Conditions still to be met - transferred to Current Liabilities (see Note 18.)	<u>-</u>	<u>-</u>

24.4.3 SETA: Skills grant

Balance unspent at beginning of year	-	-
Current year receipts	40 178	73 704
Conditions met - transferred to Revenue	(40 178)	(73 704)
Conditions still to be met - transferred to Current Liabilities (see Note 18.)	<u>-</u>	<u>-</u>

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

24.4.4 Provincial Government

Balance unspent at beginning of year	92 314	-
Current year receipts	-	4 500 000
Conditions met - transferred to Revenue	(13 200)	(4 407 686)
Conditions still to be met - transferred to Current Liabilities (see Note 18.)	<u>79 114</u>	<u>92 314</u>

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

25. SALES OF GOODS AND RENDERING OF SERVICES

Other Revenue	7 853 378	74 620
Total Sales of Goods and Rendering of Services	<u>7 853 378</u>	<u>74 620</u>

26. RENTAL FROM FIXED ASSETS

Other Rental income		
Ad-hoc Rental Income from Other Fixed Assets	603 057	857 756
Total Rental of Facilities and Equipment	<u>603 057</u>	<u>857 756</u>

Rental income generated are at market related premiums.

27. INTEREST RECEIVED

External Investments:		
Bank Account	134 763	216 747
Other Deposits	7 264 725	6 511 945
Total Exchange Interest Earned	<u>7 399 488</u>	<u>6 728 692</u>
Total Interest, Dividends And Rent On Land Earned	<u>7 399 488</u>	<u>6 728 692</u>

27.1 Calculation of Cash Flow:

External Interest Income	7 399 488	6 728 692
Total Receipts for Interest Received	<u>7 399 488</u>	<u>6 728 692</u>

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 R
28. EMPLOYEE RELATED COSTS		
Salaries and Wages		
Basic	43 794 633	41 073 854
Long Service Awards	20 229	(16 000)
Actual Long Service Awards Paid	189 000	230 000
Actuarial (Gain)/Loss on Long Service Awards for the year	(205 000)	61 000
Bonus	-	204 940
Leave Payments	1 689 221	1 382 003
Overtime	188 847	211 327
Allowances		
Bonus	2 935 853	2 857 856
Cellular and Telephone	291 408	267 697
Housing Benefits	435 487	430 501
Scarcity Allowance	-	-
Travel or Motor Vehicle	2 954 706	3 204 046
Social Contributions		
Bargaining Council	14 519	14 358
Group Life Insurance	478 622	442 941
Medical	2 330 465	2 405 999
Pension	5 495 398	5 134 217
Unemployment Insurance	210 893	217 900
Post-retirement Benefit		
Current Service Cost	741 000	630 000
Interest Cost	2 172 713	2 221 000
Actuarial Gains and Losses	-	967 445
Total Employee Related Costs	63 753 995	61 650 082
28.1 Calculation of Cash Flow:		
Employee Related Costs Expenditure	63 753 995	61 650 082
Opening Balance of Current Employee Benefit Liabilities	2 307 000	2 124 000
Closing Balance of Current Employee Benefit Liabilities	(2 261 993)	(2 307 000)
Opening Balance of Current Staff Benefit Provisions	6 721 165	6 084 573
Closing Balance of Current Staff Benefit Provisions	(8 300 911)	(6 721 165)
Opening Balance of Non-current Employee Benefit Liabilities	30 895 963	28 380 898
Closing Balance of Non-current Employee Benefit Liabilities	(23 674 031)	(30 895 963)
Opening Balance of Non-current Staff Benefit Provisions	108 000	108 910
Closing Balance of Non-current Staff Benefit Provisions	(99 624)	(108 000)
Total Payments for Employee Related Costs	69 449 565	58 316 335
No advances were made to employees.		
Remuneration of Section 56 Employees:		
<i>Remuneration of the Municipal Manager - Ms ZM Bogatsu</i>		
Annual Remuneration	1 496 354	1 364 767
Performance Bonus	-	113 970
Car and Other Allowances	25 896	113 954
Company Contributions to UIF, Medical and Pension Funds	-	1 881
Total	1 522 251	1 594 572
<i>Remuneration of the Acting Director Financial Services - Ms. O Moseki (Acting)</i>		
Annual Remuneration	1 037 245	310 881
Performance Bonus	-	14 609
Car and Other Allowances	14 693	72 862
Company Contributions to UIF, Medical and Pension Funds	-	68 134
Total	1 051 938	466 486

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	R	R
Remuneration of the Executive Director Administration - Mrs. KG Gaborone		
Annual Remuneration	1 183 684	1 060 287
Performance Bonus	-	90 970
Car and Other Allowances	19 896	123 238
Company Contributions to UIF, Medical and Pension Funds	-	1 881
Total	1 203 580	1 276 377
Remuneration of Acting Executive Director: Infrastructure Services - Mr S Suliman (Acting)		
Annual Remuneration	223 274	127 664
Car and Other Allowances	4 357	27 545
Company Contributions to UIF, Medical and Pension Funds	-	7 423
Total	227 630	162 632
Remuneration of Acting Executive Director: Planning & Development - Mr F Netshivhodza (Acting)		
Annual Remuneration	930 452	265 326
Bonus	-	-
Car and Other Allowances	15 669	70 864
Company Contributions to UIF, Medical and Pension Funds	-	59 185
Total	946 121	417 193
Summary of Remuneration of Section 56 Employees:		
All Managers	4 951 521	3 917 260
Total Remuneration of Section 56 Employees	4 951 521	3 917 260

The annual performance evaluation of the senior managers was not conducted due to delay in

29. REMUNERATION OF COUNCILLORS

Executive Mayor	938 250	910 530
Basic Salaries	893 850	859 470
Travel Allowances	-	-
Cellphone Allowances	44 400	51 060
Speaker	759 478	716 382
Basic Salaries	715 078	672 937
Sitting Allowances	-	-
Travel Allowances	-	-
Cellphone Allowances	44 400	43 445
Any Other Benefits	-	-
Mayoral Committee Members	2 613 295	3 241 772
Basic Salaries	2 613 295	2 399 328
Travel Allowances	-	634 505
Cellphone Allowances	-	207 940
Any Other Benefits	-	-
MPAC Chairperson	319 386	313 699
Basic Salaries	319 386	235 274
Travel Allowances	-	78 425
Total for All Other Councillors	2 171 608	1 517 335
Basic Salaries	2 171 608	975 142
Sitting Allowances	-	207 398
Travel Allowances	-	153 495
Cellphone Allowances	-	181 300
Any Other Benefits	-	-
Total Councillors' Remuneration	6 802 016	6 699 719

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

30. DEPRECIATION AND AMORTISATION	2020	2019
	R	R
Depreciation: Property, Plant and Equipment	3 670 995	2 922 637
Depreciation: Investment Property	14 063	14 063
Amortisation: Intangible Assets	115 751	167 167
Total Depreciation and Amortisation	<u>3 800 809</u>	<u>3 103 866</u>
30.1 Depreciation: Property, Plant and Equipment		
Community Assets	47 590	55 885
Buildings	784 274	767 461
Other Assets	2 839 131	2 099 291
	<u>3 670 995</u>	<u>2 922 637</u>
31. IMPAIRMENT LOSSES		
Impairment Losses on Current Assets	2 665	-
Total Impairment Losses	<u>2 665</u>	<u>-</u>
31.1 Impairment Losses on Debtors		
Total impairment Losses on Debtors	2 665	-
	<u>2 665</u>	<u>-</u>
The provision for bad debts remained unchanged in the 2019/20 financial year, as the same amount of R88 120.53 was outstanding for more than 120 days. The remaining debt of R1 957 933.46 which is older than 120days consist of current debt being recovered from employees and government departments.		
32. INTEREST PAID		
Interest Paid	-	203 899
Borrowings	<u>-</u>	<u>203 899</u>
Total Interest Expense	-	203 899
Total Interest, Dividends and Rent on Land	<u>-</u>	<u>203 899</u>
32.1 Calculation of Cash Flow:		
Finance Cost Expenditure	-	203 899
Total Payments for Finance Costs	<u>-</u>	<u>203 899</u>

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

33. INVENTORY CONSUMED	2020	2019
	R	R
Materials and Supplies	1 113 918	1 245 543
	<u><u>1 113 918</u></u>	<u><u>1 245 543</u></u>

34. TRANSFERS AND SUBSIDIES PAID

Capital Grants	7 594 005	-
Allocations In-kind	<u>7 594 005</u>	<u>-</u>
Operational Grants	14 315 197	7 305 733
Allocations In-kind	<u>13 219 550</u>	<u>7 055 733</u>
Monetary Allocations	1 095 648	250 000
Total Transfers and Subsidies Paid	<u><u>21 909 203</u></u>	<u><u>7 305 733</u></u>

34.1 Capital Grants

	Allocations In-kind		Monetary Allocations	
	2020	2019	2020	2019
Local Municipalities	7 594 005	-	-	-
Non-profit Institutions	-	-	-	-
Total Capital Grants Paid	<u><u>7 594 005</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

34.2 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2020	2019	2020	2019
Departmental Agencies and Accounts	-	-	13 900	-
Local Municipalities	12 651 812	6 537 173	1 081 748	250 000
Households	514 157	410 960	-	-
Non-profit Institutions	53 581	107 600	-	-
Total Operational Grants Paid	<u><u>13 219 550</u></u>	<u><u>7 055 733</u></u>	<u><u>1 095 648</u></u>	<u><u>250 000</u></u>

The allocation in kind made to households consist of materials which the municipality bought during special projects which was provided to community members.

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

2020 **2019**

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

35. GENERAL EXPENDITURE

Advertising, Publicity and Marketing	526 119	1 038 565
Bank Charges, Facility and Card Fees	58 910	64 694
Bursaries (Employees)	207 419	185 924
Cleaning Services	3 940	10 147
Communication	31 330	39 822
Entertainment	136 246	142 090
External Audit Fees	1 984 445	2 009 224
External Computer Service	258 119	396 819
Honoraria (Voluntarily Workers)	4 000	7 200
Insurance Underwriting	546 727	527 030
Licences	21 577	23 024
Municipal Services	2 596 446	2 305 204
Printing, Publications and Books	74 855	95 164
Professional Bodies, Membership and Subscription	816 496	771 758
Registration Fees	83 048	141 491
Resettlement Cost	116 020	58 210
Skills Development Fund Levy	550 583	520 732
Toll Gate Fees	568	23 284
Transport Provided as Part of Departmental Activities	174 151	199 453
Travel and Subsistence	768 921	1 458 514
Uniform and Protective Clothing	47 601	44 210
Wet Fuel	1 139	909
Workmen's Compensation Fund	295 969	210 519
Burial Services	4 800	7 700
Business and Advisory	6 030 054	11 307 601
Catering Services	414 994	401 675
Employee Wellness	63 032	281 776
Event Promoters	390 521	299 734
Exhibit Installations	277 966	274 258
Graphic Designers	27 826	97 965
Infrastructure and Planning	110 000	369 928
Legal Cost	127 185	19 523
Litter Picking and Street Cleaning	982 519	-
Maintenance of Buildings and Facilities	512 066	640 650
Maintenance of Computer Software	2 282 338	2 139 811
Maintenance of Equipment	861 201	840 484
Security Services	1 038 287	822 036
Sports and Recreation	-	293 700
Stage and Sound Crew	312 160	360 939
Total General Expenditure	<u>22 739 580</u>	<u>28 431 766</u>

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

35.1 Calculation of Cash Flow:

	2020	2019
	R	R
Expenditure for Operational Costs	(22 739 580)	(28 431 766)
Expenditure for Transfers and Subsidies Paid	(21 909 203)	(7 305 733)
	<u>(45 014 809)</u>	<u>(35 737 499)</u>

35.2 Travel and Subsistence

	768 921	1 458 514
Domestic		
Accommodation	355 132	800 543
Daily Allowance	80 098	120 861
Food and Beverage (Served)	47 442	76 446
Transport without Operator	204 615	292 528
Transport with Operator	81 635	168 136
	<u>768 921</u>	<u>1 458 514</u>

No other extra-ordinary expenses were incurred.

36. LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment	(58 103)	(67 294)
Total Gains / (Losses) on Disposal of Capital Assets	<u>(58 103)</u>	<u>(67 294)</u>
Total Gains and Losses	<u>58 102</u>	<u>67 294</u>

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 R	2019 R
37. Correction of Prior Period Error		
37.1 Delayed Projects		
Amount previously reported: Note 10.7	12 091 573	
Amount currently reported	12 326 589	
37.2 Summary of Financial Liabilities		
Amount previously reported: Note 42.1	6 576 687	
Amount currently reported	6 811 703	
37.3 Liquidity and Interest Tables		
Amount previously reported: Note 42.8	6 322 572	
Amount currently reported	8 920 690	
The effect of the changes are as follows:		Accumulated Surplus
Balances published as at 30 June 2018		48 179 417
Correction of Error:-		
Adjustment for Cost of PPE written off	(108 542)	
Adjustment for Accumulated Depreciation of PPE written off	105 364	
Adjustment of Alignment of Asset Register to Trial Balance	29 634	
Total Adjustments	-	26 455
Restated Balances as at 30 June 2018		48 205 872
Transactions incurred for the Year 2018/19		24 929 456
Correction of Error:-		
Adjustment for Depreciation on written off PPE	1 062	
Total Adjustments	-	1 062
Restated Balances as at 30 June 2019		73 136 390

37.2 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2018/19 Audited	Correction of Error	Restated Amount 2018/19
Employee Related Costs	61 650 082	-	61 650 082
Remuneration of Councillors	6 699 719	-	6 699 719
Depreciation and Amortisation	3 104 929	(1 062)	3 103 866
Impairment Losses	-	-	-
Interest, Dividends and Rent on Land	203 899	-	203 899
Bulk Purchases	-	-	-
Contracted Services	-	-	-
Inventory Consumed	1 245 543	-	1 245 543
Transfers and Subsidies Paid	7 305 733	-	7 305 733
Operating Leases	-	-	-
Operational Costs	28 431 766	-	28 431 766
Losses on Other Operations	-	-	-
Income Taxes	-	-	-
Statutory Payments other than Taxes	-	-	-
Loss on Disposal of Property, Plant and Equipment	67 292	-	67 294
	108 708 962	(1 062)	108 707 902

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

37.3 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2018/19 Audited	Correction of Error	Restated Amount 2018/19
Current Assets			
Inventories	362 518	-	362 518
Receivables from Exchange Transactions	4 105 572	-	4 105 572
VAT Receivable	1 926 871	-	1 926 871
Investments	6 700 000	-	6 700 000
Cash and Cash Equivalents	71 567 162	-	71 567 162
Operating Lease Receivables	909	-	909
Current Portion of Long-term Receivables	868 000	-	868 000
Non-Current Assets			
Property, Plant and Equipment	55 134 158	262 532	55 396 690
Intangible Assets	412 698	-	412 698
Investment Property	571 875	-	571 875
Heritage Assets	631 417	-	631 417
Long-term Receivables	7 593 000	-	7 593 000
Current Liabilities			
Consumer Deposits	(345)	-	(345)
Provisions	(9 514 535)	-	(9 514 535)
Payables from Exchange Transactions	(8 685 674)	(235 016)	(8 920 690)
Unspent Conditional Grants and Receipts	(92 314)	-	(92 314)
Non-Current Liabilities			
Employee Benefit Liabilities	(30 895 963)	-	(30 895 963)
Non-current Provisions	(108 000)	-	(108 000)
Net Assets			
Reserves	(27 468 475)	-	(27 468 475)
Accumulated Surplus / (Deficit)	(73 108 873)	(27 517)	(73 136 390)
	<u>-</u>	<u>-</u>	<u>-</u>

38. CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	20 025 279	24 666 555
Adjustment for:		
Depreciation and Amortisation	3 800 809	3 104 929
Losses / (Gains) on Disposal of Property, Plant and Equipment	58 102	67 294
Contribution to Post-retirement Employee Benefits	(5 469 222)	4 416 765
Expenditure incurred from Post-retirement Employee Benefits	(1 892 808)	(1 838 765)
Contribution to Long Service Awards Liability	408 126	456 000
Expenditure incurred from Long Service Awards Liability	(203 897)	(102 935)
Contribution to Provisions - Current	-	204 940
Contribution to Provisions - Non-current	27 713	33 180
Operating surplus before working capital changes	16 754 103	31 007 964
Decrease/(Increase) in Inventories	(18 234)	(20 958)
Decrease/(Increase) in Receivables from Exchange Transactions	59 759	(2 222 241)
Decrease/(Increase) in Receivables from Non-exchange Transactions	(389 000)	-
Decrease/(Increase) in VAT Receivable	(4 673 680)	1 736 207
Decrease/(Increase) in Operating Lease Receivables	(10 463)	3 147
Decrease/(Increase) in Current Portion of Long-term Receivables	(4 788)	(49 000)
Increase/(Decrease) in Consumer Deposits	3 105	(225)
Increase/(Decrease) in Payables from Exchange Transactions	9 969 136	2 119 586
Increase/(Decrease) in Conditional Grants and Receipts	1 568 006	(114 348)
Increase/(Decrease) in Operating Lease Liabilities	1 460 156	-1 802 961

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Cash generated by / (utilised in) Operations

<u>24 718 100</u>	<u>30 657 171</u>
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FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

39. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

39.1 Unauthorised Expenditure

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

Reconciliation of Unauthorised Expenditure:

Opening balance	-	-
- As previously stated	-	-
- Correction of error	-	-
Unauthorised Expenditure	-	-
- Current Year	-	-
- Prior Year	-	-
Approved by Council or condoned	-	-
- Current Year	-	-
- Prior Year	-	-
To be recovered – contingent asset (see Note 59)	-	-
- Current Year	-	-
- Prior Year	-	-
Transfer to receivables for recovery (see Note 4)	-	-
- Current Year	-	-
- Prior Year	-	-
Unauthorised Expenditure awaiting authorisation	-	-

39.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	1 207	1 207
- As previously stated	1 207	1 207
Fruitless and Wasteful Expenditure current year	-	5 323
- Current Year	-	5 323
Condoned or written off by Council	-	(5 323)
- Current Year	-	(5 323)
Transfer to receivables for recovery (see Note 4)	-	-
- Current Year	-	-
Fruitless and Wasteful Expenditure awaiting condonement	1 207	1 207

Incident	Disciplinary Steps / Criminal Proceedings	2020	2019
<i>Robbie Pienaar - R0 (2019: R5,323)</i>	<i>To be recovered</i>	-	5 323
		-	5 323

39.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening balance	31 690	3 551 500
- As previously stated	31 690	3 551 500
- Correction of error	-	-
Irregular Expenditure current year	91 286	5 901 376
- Current Year	91 286	5 901 376
- Prior Year	-	-
Condoned or written off by Council	(122 976)	(9 421 186)
- Current Year	(91 286)	(5 869 686)
- Prior Year	(31 690)	(3 551 500)
Irregular Expenditure awaiting condonement	0	31 690

Incident	Disciplinary Steps / Criminal Proceedings	2020	2019
<i>Advertisement for construction of additional offices (Bid 07 / 16) - R0 (: R5,869,686)</i>	<i>Written Off</i>		5 869 686
<i>ENSLINS - R62,130 (: R0)</i>	<i>Written Off</i>	62 130	-
<i>Banking Services - R29,155 (: R31,690)</i>	<i>Written Off</i>	29 156	31 690
		91 286	5 901 376

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

40. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

40.1 Contributions to organised local government - SALGA

Council Subscriptions	806 736	662 934
Amount Paid - current year	(806 736)	(662 934)
Balance Unpaid (included in Creditors)	-	-

40.2 Audit Fees

Current year Audit Fee	(1 984 445)	1 928 678
Amount Paid - current year	1 984 445	(1 928 678)
Balance Unpaid (included in Creditors)	-	-

40.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 5.. All VAT returns have been submitted by the due date throughout the year.

40.4 PAYE, Skills Development Levy and UIF

Opening Balance	6 027	111 517
Current year Payroll Deductions	12 143 000	14 550 381
Amount Paid - current year	(12 056 092)	(14 655 871)
Balance Unpaid (included in Creditors)	92 935	6 027

40.5 Pension and Medical Aid Deductions

Opening Balance	-	(2)
Current year Payroll Deductions and Council Contributions	15 714 042	14 841 511
Amount Paid - current year	(15 714 042)	(14 841 509)
Balance Unpaid (included in Creditors)	0	-

40.6 Non-Compliance with the Municipal Finance Management Act

None

40.7 Deviation from, and ratification of minor breaches of, the Procurement Processes

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

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

30 June 2020

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

30 June 2019

Supplier	Service	Amount
WOLTERS KLUWER	Annual renewal of TeamMate software and license with	53 320
COASTAL HIRE	Repairs and service of a septic tank to extract sewerage from	7 125
ESRI SOUTH AFRICA	Esri software maintenance	45 575
SIYAVANA CATERING	Catering for HIV/AIDS awareness programme	45 000
LILINTLE TRANSPORT SUPPLIER	Transportation for HIV/AIDS awareness programme	53 500
ERNEST NOMBULELO GENERAL TRADING	Sound equipment hire for HIV/AIDS awareness programme	30 000
SETLOGELO TRANSPORT AND GENERAL TRADING	Transportation for HIV/AIDS awareness programme	40 799
S & F EMPLOYMENT SERVICES	Catering for HIV/AIDS awareness with LGBTI community	68 310
Total:		343 629

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

41. COMMITMENTS FOR EXPENDITURE

41.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- **Approved and Contracted for:-**
Land and Buildings

	-	830 705
		830 705

- **Approved but Not Yet Contracted for:-**
Land and Buildings
Other

	8 740 390	-
	2 365 290	-
	6 375 100	-

Total Capital Commitments

	8 740 390	830 705

This expenditure will be financed from:
Internally generated funds.

	8 740 390	830 705
	8 740 390	830 705

42. FINANCIAL INSTRUMENTS

42.1 Classification

FINANCIAL ASSETS:

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

<u>Financial Assets</u>	<u>Classification</u>		
Long-term Receivables			
Employee Benefits	Amortised cost	6 334 564	7 593 000
Receivables from Exchange Transactions			
Other Service Charges	Amortised cost	2 644 389	1 875 220
Prepayments and Advances	Amortised cost	1 203 969	1 069 031
Control, Clearing and Interface Accounts	Amortised cost	197 455	1 161 322
Investments	Amortised cost	8 300 000	6 700 000
Cash and Cash Equivalents			
Call Deposits	Amortised cost	78 066 381	66 501 000
Short-term Portion of Investments	Amortised cost	-	-
Bank Balances	Amortised cost	16 785 966	5 062 862
Cash Floats and Advances	Fair value	3 300	3 300
Current Portion of Long-term Receivables			
Employee Benefits	Amortised cost	872 788	868 000
SUMMARY OF FINANCIAL ASSETS			
Financial Assets at Amortised Cost:			
Long-term Receivables	Employee Benefits	6 334 564	7 593 000
Receivables from Exchange Transactions	Other Service Charges	2 644 389	1 875 220
Receivables from Exchange Transactions	Prepayments and Advances	1 203 969	1 069 031
Receivables from Exchange Transactions	Control, Clearing and Interface Accounts	197 455	1 161 322
Current Portion of Long-term Receivables	Employee Benefits	872 788	868 000
Investments	Investments	8 300 000	6 700 000
Cash and Cash Equivalents	Call Deposits	78 066 381	66 501 000
Cash and Cash Equivalents	Bank Balances	16 785 966	5 062 862
		114 794 512	90 830 434

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Financial Assets at Fair Value:

Cash and Cash Equivalents	Cash Floats and Advances	3 300	3 300
		3 300	3 300
Total Financial Assets		114 797 812	90 833 734

FINANCIAL LIABILITIES:

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

<u>Financial Liabilities</u>	<u>Classification</u>		
Payables from Exchange Transactions			
Advance Payments	Amortised cost	275	(36)
Bonus	Amortised cost	1 924 330	1 743 240
Other Payables	Amortised cost	29 179	29 179
Retentions	Amortised cost	566 603	336 603
Unspent conditional grants	Amortised cost	1 660 320	92 314
Trade Creditors	Amortised cost	16 369 438	6 811 703
Current Portion of Long-term Liabilities			
Development Bank of South Africa	Amortised cost	-	(2 455 416)

SUMMARY OF FINANCIAL LIABILITIES

Financial Liabilities at Amortised Cost:

Payables from Exchange Transactions	Advance Payments	275	(36)
Payables from Exchange Transactions	Bonus	1 924 330	1 743 240
Payables from Exchange Transactions	Leave Accrual	-	-
Payables from Exchange Transactions	Other Payables	29 179	29 179
Payables from Exchange Transactions	Retentions	566 603	336 603
Payables from Exchange Transactions	Unspent conditional grants	1 660 320	92 314
Payables from Exchange Transactions	Trade Creditors	16 369 438	6 811 703
Current Portion of Long-term Liabilities	Development Bank of South Africa	-	(2 455 416)
		20 550 146	6 557 588
Total Financial Liabilities		20 550 146	6 557 588

42.2 Fair Value

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

Cash

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

Trade and Other Receivables/Payables

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

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

Other Financial Assets and Liabilities

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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Long-term Liabilities

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

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2020, as a result of the short-term maturity of these assets and liabilities.

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

	30 June 2020		30 June 2019	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Measured at Amortised Cost:	114 794 512	114 794 512	90 830 434	90 830 434
Long-term Receivables	6 334 564	6 334 564	7 593 000	7 593 000
Receivables from Exchange Transactions	4 045 813	4 045 813	4 105 572	4 105 572
Current Portion of Long-term Receivables	872 788	872 788	868 000	868 000
Call Deposits	78 066 381	78 066 381	66 501 000	66 501 000
Investments	8 300 000	8 300 000	6 700 000	6 700 000
Bank Balances	16 785 966	16 785 966	5 062 862	5 062 862
Measured at Fair Value	3 300	3 300	3 300	3 300
Cash and Cash Equivalents	3 300	3 300	3 300	3 300
Total Financial Assets	<u>114 797 812</u>	<u>114 797 812</u>	<u>90 833 734</u>	<u>90 833 734</u>
FINANCIAL LIABILITIES				
Measured at Amortised Cost:	20 550 146	20 550 146	6 557 588	6 557 588
-Payables from Exchange Transactions	20 550 146	20 550 146	9 013 004	9 013 004
-Current Portion of Long-term Liabilities	-	-	(2 455 416)	(2 455 416)
Total Financial Liabilities	<u>20 550 146</u>	<u>20 550 146</u>	<u>6 557 588</u>	<u>6 557 588</u>
Total Financial Instruments	<u>94 247 666</u>	<u>94 247 666</u>	<u>84 276 146</u>	<u>84 276 146</u>
Unrecognised Gain / (Loss)		<u>-</u>		<u>-</u>

No Financial Instruments of the municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

30 June 2020

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	3 300	-	3 300
Total Financial Assets	<u>-</u>	<u>392 300</u>	<u>-</u>	<u>392 300</u>
Total Financial Instruments	<u>-</u>	<u>392 300</u>	<u>-</u>	<u>392 300</u>

30 June 2019

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	3 300	-	3 300
Total Financial Assets	<u>-</u>	<u>3 300</u>	<u>-</u>	<u>3 300</u>
Total Financial Instruments	<u>-</u>	<u>3 300</u>	<u>-</u>	<u>3 300</u>

42.3 Capital Risk Management

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 23. and the Statement of Changes in Net Assets.

Gearing Ratio

	2020 R	2019 R
The gearing ratio at the year-end was as follows:		
Debt	-	(2 455 416)
Cash and Cash Equivalents	(6 337 864)	(7 596 300)
Net Debt	<u>(6 337 864)</u>	<u>(10 051 716)</u>
Equity	<u>120 650 826</u>	<u>100 604 865</u>
Net debt to equity ratio	<u>-5,25%</u>	<u>-9,99%</u>

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

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

42.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

42.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

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

Risks and exposures are disclosed as follows:

Market Risk

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

Credit Risk

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

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timely basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 42..8 to the Annual Financial Statements.

42.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 42..7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

42.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

42.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

FRANCES BAARD DISTRICT MUNICIPALITY
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The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 42..8 below:

Cash and Cash Equivalents:

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2020 would have increased / decreased by R832,081 (30 June 2019: R613,162). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

42.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

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Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties, except for Councillors and Department of Roads and Public Works for which there is uncertainty about the collectivity. Councillors have been included in the Provision for Impairment of Consumer Debtors.

Counterparty and Location	30 June 2020		30 June 2019	
	Credit Limit R	Carrying Amount R	Credit Limit R	Carrying Amount R
Department of Safety & Liaison	-	55 686	-	3 746 717
Department of Roads and Public Works	-	358 821	-	2 162 771
Department of Transport	-	1 984 822	-	1 743 722
Councillors	-	97 464	-	1 530 382
Salga	-	45 335	-	-

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

Long-term Receivables	7 207 352	8 461 000
Receivables from Exchange Transactions	4 133 934	4 193 693
Investments	8 300 000	6 700 000
Bank, Cash and Cash Equivalents	94 855 647	71 567 162
Maximum Credit and Interest Risk Exposure	114 496 933	90 921 855

Credit quality of Financial Assets:

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Long-term Receivables

Roads – Post Retirement Medical Aid	7 207 352	8 461 000
Total Long-term Receivables	7 207 352	8 461 000

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

42 FINANCIAL INSTRUMENTS (Continued)

42.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 07 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate %	Total R	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years	More than 5 Years R
30 June 2020								
Non-interest Bearing		0,00%	20 550 146	20 550 146	-	-	-	-
- Payables from Exchange transactions			20 550 146	20 550 146	-	-	-	-
			20 550 146	20 550 146	-	-	-	-
30 June 2019								
Non-interest Bearing		0,00%	8 920 690	8 920 690	-	-	-	-
- Payables from Exchange transactions			8 920 690	8 920 690	-	-	-	-
- Upspent grants			-	-	-	-	-	-
			-	-	-	-	-	-
			8 920 690	8 920 690	-	-	-	-

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate %	Total R	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years	More than 5 Years R
30 June 2020								
Non-interest Bearing		0,00%	11 645 465	8 478 183	3 167 282	-	-	-
- Long-term Receivables			6 334 564	3 167 282	3 167 282	-	-	-
- Trade Receivables from Exchange Transactions			4 045 813	4 045 813	-	-	-	-
- Cash and Cash Equivalents			3 300	3 300	-	-	-	-
- Current Portion of Long Term Receivables			872 788	872 788	-	-	-	-
Variable Interest Rate Instruments		8,89%	94 852 347	94 852 347	-	-	-	-
- Call Deposits			78 066 381	78 066 381	-	-	-	-
- Bank Account			16 785 966	16 785 966	-	-	-	-
Fixed Interest Rate Instruments			8 300 000	-	8 300 000	-	-	-
- Fixed Deposits		8,65%	8 300 000	-	8 300 000	-	-	-
			114 797 812	103 330 531	11 467 282	-	-	-
30 June 2019								
Non-interest Bearing		0,00%	12 569 872	12 569 872	-	-	-	-
- Long-term Receivables			7 593 000	7 593 000	-	-	-	-
- Trade Receivables from Exchange Transactions			4 105 572	4 105 572	-	-	-	-
- Cash and Cash Equivalents			3 300	3 300	-	-	-	-
- Current Portion of Long Term Receivables			868 000	868 000	-	-	-	-
Variable Interest Rate Instruments		10,97%	71 563 862	71 563 862	-	-	-	-
- Call Deposits			66 501 000	66 501 000	-	-	-	-
- Bank Account			5 062 862	5 062 862	-	-	-	-
Fixed Interest Rate Instruments			6 700 000	-	6 700 000	-	-	-
- Fixed Deposits		8,65%	6 700 000	-	6 700 000	-	-	-
			90 833 734	84 133 734	6 700 000	-	-	-

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2020	2019
R	R

43. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes. Employees belong to a variety of approved Pension and Provident Funds as described below. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R1,892,808 (2019: R1,838,765) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

DEFINED CONTRIBUTION SCHEMES

Council contribute to the Municipal Council Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Cape Joint Retirement Fund:

The scheme is subject to an annual actuarial valuation which is not the responsibility of the Municipality. The last statutory valuation was performed as at 30 June 2018.

The statutory valuation performed as at 30 June 2018 revealed that the assets of the fund amounted to R23 318 184, R70 111 and R651 455 (30 June 2017: R21 359,334 in total) million, with funding levels of 100.4%, 100% and 128% (2017: 100.3%, 100% and 127.3%) for the Share Account, Preservation Account and the Pensions Account respectively. The contribution rate paid by the members (7,50%) and the municipalities (19,50%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Councillors Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2012.

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future. The actuarial valuation of the fund was undertaken at 30 June 2005 and reported a funding ratio of 147.3%.

The statutory valuation performed as at 30 June 2012 revealed that the net assets of the fund were R1 183,5 (30 June 2009: R1 123,7) million, with a funding level of 99,5% (30 June 2009: 102,0%). The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

The deficit of R6,4 (2009: surplus R22,5) million is regarded as relatively insignificant in the context of the fund. There is a strong possibility that SARS may reverse penalties and interest in the order of R10,3 million which will result in a fully funded position.

The next statutory valuation was due at 30 June 2009, but an extension has been granted until 31 December 2010.

As reported by the Actuaries, the Fund was following an appropriate investment strategy during the valuation period.

No further information could be obtained.

None of the above mentioned plans are State Plans.

44. RELATED PARTY TRANSACTIONS

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

44.1 Services rendered to Related Parties

The municipality did not render any services during the year to anyone that can be considered as a related party.

44.2 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by Frances Baard District Municipality, during the financial year under review.

44.3 Compensation of Related Parties

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

FRANCES BAARD DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

44.4 Purchases from Related Parties

No transactions were entered into with businesses in which councillors, management and/or those charged with governance have an interest for the 2019/20 financial year.

45. CONTINGENT LIABILITIES

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

45.1 Litigation and claims	<u>100 000</u>	<u>-</u>
<p>(i) DAMAGES TO INFRASTRUCTURE AMOUNT R81 067.99. FILED PLEA: MTN claims that they suffered damages as a result of employees of A-Municipality that were working in a project which led to the damage of their fibre cables.</p>	100 000	-
<p>(ii) OPINION. APPOINTED ADV MOTLOGELWA. AWAITING CLIENT'S RESPONSE TO TERMINATE COUNSELS APOINTM The counsel was appointed to interpret the application of the constitutionality of some of the repealed sections in the Municipal System Act. LEGAL CLAIMS CANNOT BE ESTIMATED.</p>	-	-

46. CONTINGENT ASSETS

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

47. IN-KIND DONATIONS AND ASSISTANCE

Mr. G Botha served on the audit committee for the 2019/20 financial year, he is a government employee and therefore is not entitled to receive any compensation for duties performed as a member of the audit committee.

48. PRIVATE PUBLIC PARTNERSHIPS

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

49. EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2020.

50. GOING CONCERN ASSESSMENT

The municipality's cash flow forecast for the year to 30 June 2021 has been reviewed and management is satisfied that the municipality can continue in operational existence for the foreseeable future. The accumulated surplus and cash & cash equivalents as at 30 June 2020 was taken into consideration during the review.

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