



ANNUAL REPORT 2022/23

Comprehensive report on the activities and financial performance of the FBDM



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

Frances Baard District Municipality

Annual Report 2022/2023



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ACRONYMS

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

Vision

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

Mission

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

Values

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

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

Chapter 1 - Mayor's foreword and executive summary

1.1 Mayor's foreword



Ms HU Buda
Executive Mayor

Two-years into our term of office we have plenty to be grateful for. Not only did we manage to adopt our first annual budget on time but we also managed to review the Integrated Development Plan (IDP), Review 2021/22; Planning 2022/23.

During the year under review we were still dealing with the fall-out of the Covid-19 pandemic as we saw the winter months of the year showing increases in the figures indicating that infections were climbing again. The impact of the pandemic on our economy was evident and devastating and we were still in recovery mode.

Although interaction with stakeholders was not easy, even for the 2022/23 financial year, we were able to engage with the relevant sector departments, our local municipalities and other stakeholders to enable us to table a credible budget. We continued to cut down on operating expenditures in line with the cost containment regulations so that we were able to invest more in capital projects.

We continued through the shared services programme to assist our local municipalities with technical expertise in areas such as disaster management, housing, internal audit, risk management, legal services and infrastructure. Through our Extended Public Works Programme (EPWP) we managed to create 71 temporary job opportunities in this year and we continue to identify further opportunities for job creation in the district.

We continued this year with the implementation of the district development model, which will assist to streamline all plans in the district aimed at improving service delivery within the district. Although we were hoping to launch the DDM this year we are in the process to finalise all outstanding work to ensure that it will come to fruition in the near future.

We know that the situation at our local municipalities is not where it should be and that is why we cannot emphasise enough the very important role that programmes such as the DDM can play in making sure that we double our efforts to provide the necessary technical, financial and administrative support to ensure that we help to turn around the situation at our local municipalities. It is therefore encouraging that we will get the necessary support from national and provincial government to achieve this through the DDM.

It remains our duty and responsibility to ensure a better life for our constituencies and as a Council we must never lose focus of that.

I wish to convey my sincere gratitude to the administration and Council of Frances Baard District Municipality, for without their invaluable inputs and efforts we would not have been able to achieve yet another unqualified audit without matters for the 2021/22 financial year.

To our local councils and all stakeholders, provincial and national government, we extend our warmest thanks. We are only as strong as the team we have around us and because of your support and contribution, our municipality has remained viable and still a main contributor to service delivery in the district.

1.2 Executive summary

Municipal Manager's Overview

We are tabling this annual report to reflect on our performance for the 2022/23 financial year, with highlights and challenges we experienced in the year under review. This also serves as a valuable barometer to assess ourselves and account to our role-players on the work that we have set to perform in the past twelve months, as well as find workable solutions to improve our work.

We are continuing to place our support to our local municipalities as a priority and we understand the real challenges experienced by our communities. We have, in line with the District Development Model, finalised our One Plan and we intend to maximise all available government resources to find short term to long term solutions to our challenges especially on the basic services like water and sanitation, roads and electricity.

Notwithstanding the decrease in revenue, the municipality managed to allocating R 29, 17m to local municipalities of which R12 m was for operation & maintenance of projects and R17m was for capital on infrastructure. This is obviously not sustainable if revenue continues to decline, the global economic crises and the downgraded rating of South Africa as an investment destination is not something that a municipality at this level can ignore. This is information that requires that we show strategic leadership in responding to the objective circumstances that we find ourselves in; it requires systematic cost containment measures so that we continue to heighten our support to local municipalities and the execution of our core functions.

Over and above the assistance we provided to our local municipalities, the following are the highlights of the direct interventions we made:

- We assisted our local municipalities with generators to pump water during loadshedding in both Dikgatlong and Phokwane local municipalities, respectively.
- We acquired refuse trucks each for Sol Plaatje and Dikgatlong local municipalities; and
- Dikgatlong Local Municipality was assisted with a sludge pump to assist them with sanitation operation and maintenance.

We have once more obtained a clean audit report and we wish to appreciate the work of Auditor-General South Africa in performing their annual audit and affording us a feedback which assist us to improve our accountability on the finances, performance and compliance with the legislative framework within our sphere of government.



Municipal Manager
Ms Z.M Bogatsu

1.3 Municipal functions, population and environmental overview

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

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

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

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

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

District-wide priority issues

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

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. Job creation, 3. Land development and audit and 4. Education. |
| Phokwane | 1. Roads, 2. Sewer and water, 3. Electricity and 4. Housing. |
| Sol Plaatje | 1. Roads, 2. Housing, 3. Sanitation and 4. Recreation. |
| District-wide | The district-wide priorities: 1. Water and sanitation, 2. Roads and stormwater, 3. Housing and land development and 4. Electricity. |

The annual budget in respect of the 2022/23 financial year was prepared according to the approved IDP and budget process plan. The process plan followed after consultation with the local municipalities within the district to ensure alignment.

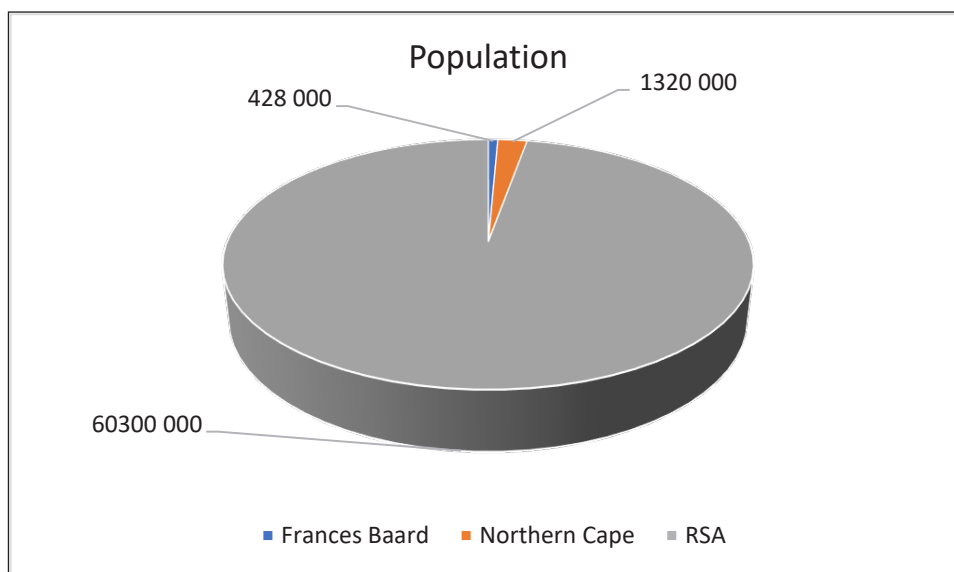
Geography

The total population of the Frances Baard District is 428,000 (*statistics projection*), which represents 32.3% of the Northern Cape population. Sol Plaatje local municipality consists of the largest population in the district of 66%, followed by Phokwane at 16%; Dikgatlong at 12%; and Magareng with the least population of 6%. The district is the smallest in terms of geographical area in the province (12,384 km²). It has four local municipalities in its jurisdiction, namely:

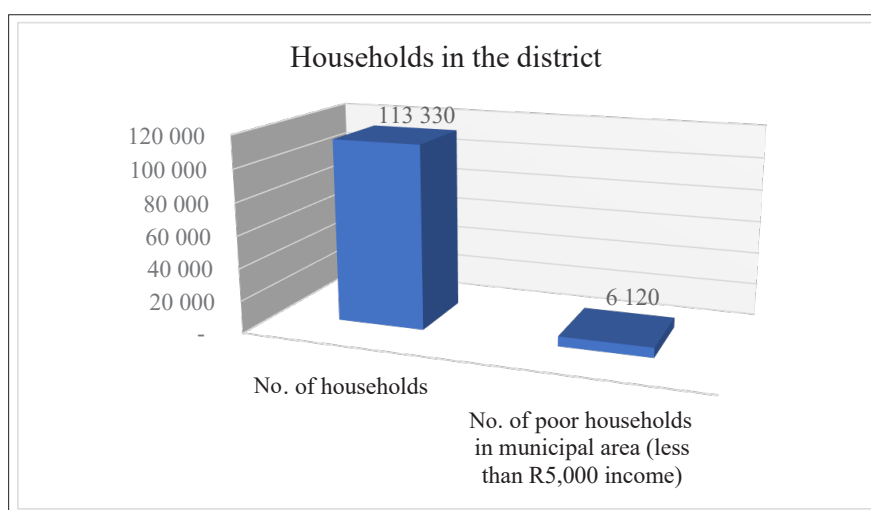
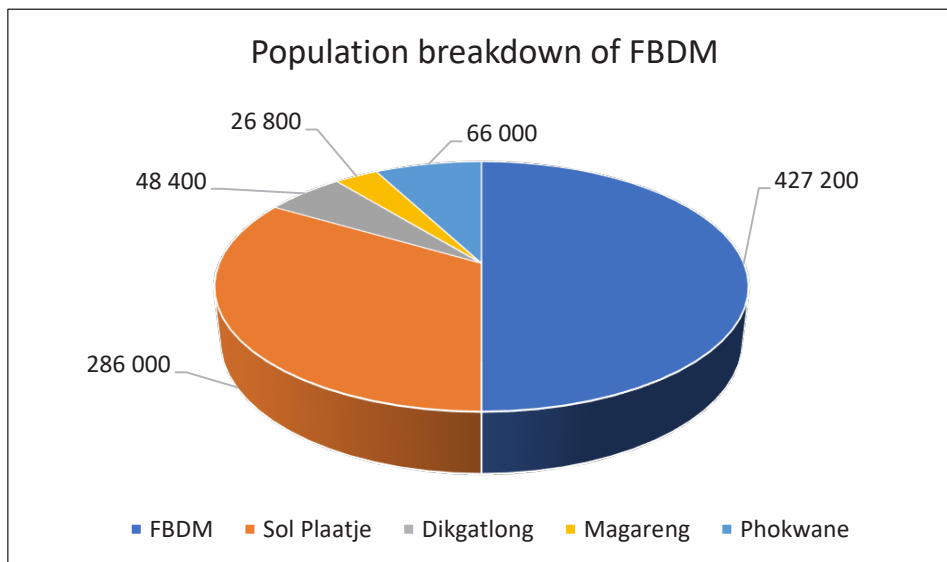
- Sol Plaatje local municipality;
- Dikgatlong local municipality;
- Magareng local municipality; and
- Phokwane local municipality.

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

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



Statistics projection



| Housing demand | | | |
|--------------------|------------|----------|----------|
| Subsidised housing | | | |
| Sol Plaatje | Dikgatlong | Magareng | Phokwane |
| 36.38% | 18.30% | 7.67% | 37.65% |
| GAP Housing | | | |
| Sol Plaatje | Dikgatlong | Magareng | Phokwane |
| 55.60% | 16.22% | 7.63% | 20.55% |

| No schooling (<15yrs) | Unemployment rate | Economically active |
|-----------------------|-------------------|---------------------|
| 3.04% | 26.80% | 31.31% |

The district demographic pattern presents the following challenges and opportunities:

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

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

1.4 Service Delivery Overview

- Capital Projects roll-overs:

Dikgatlong local municipality requested a roll-over of the R3,5m allocated to them in 2021/2022 to the 2022/2023 financial year to complete the following projects:

- Supply and delivery of 2 LDV (Bakkies): Dikgatlong Municipality will commence with procurement in the next financial year from their own budget. The balance of the grant was utilised against the bulk water supply project in Barkly West.
- Supply and delivery of a trailer mounted sludge pump and sewer jetting machine: The trailer mounted sludge pump sewer jetting machine has been delivered.
- Supply and delivery of a trailer mounted diesel generator for the treatment plants: The municipality requested a scope change to 500KVa generator. The generator has been delivered.
- Refurbishment of Barkly West wastewater plant: The estimated cost to refurbish the plant exceeded the current budget. Dikgatlong will continue with the project in the 2023/2024 financial year once funding is secured.
- Barkly West bulk water supply: The allocation was used as co-funding for the Barkly West bulk water supply project.

The Phokwane local municipality requested a roll-over of the R2,67m allocated to them in 2021/2022 to the 2022/2023 financial year to complete the following projects: Resealing of roads in Valspan, Pampierstad and Hartswater: The resealing of roads was completed in Pampierstad and Hartswater. A new block pave has been constructed in Valspan.

- Upgrading of Wastewater pumpstation and bulk outfall line in Pampierstad: At the close of the financial year the was still ongoing, the FBDM co-funding was fully utilised.
- Supply and installation of generators: FBDM is assisted Phokwane local municipality with the procurement and installation of four generators, which will be used as backup to their power supply. Two of the generators was delivered before the end of the financial year, the other two will be delivered in July 2023.

The district municipality rolled over R5m for the procurement of fleet/machinery for the local municipalities to the 2022/23 financial year and the following fleet/machinery and equipment were procured:

- A refuse truck each for Dikgatlong and Sol Plaatje local municipalities;

- A tipper truck for Magareng local municipality; and
- A total of 50 skip bins were procured for the local municipalities and distributed as follows: 10 for Dikgatlong, 20 for Sol Plaatje and 20 for Phokwane

Operation and Maintenance (O&M):

An amount of R12m was allocated for the O&M programme for the current financial year. These funds were distributed equally between the 4 local municipalities (R2,8m each) and R 800,000 to supply and deliver electrical equipment in the district. The extreme rainfall and flooding of the Vaal River damaged the bulk water supply line to Warrenton. Magareng requested financial assistance to supply water to the communities. A portion of funding that originally was earmarked for the supply and delivery of electrical equipment was transferred to Magareng to assist in this disastrous matter, this amounted to R 504,870 being re-allocated to Magareng Local Municipality.

Each local municipality utilised the allocated funding as follows:

Dikgatlong:

- Electrical networks: The municipality procured and installed a transformet and electrical poles.
- Streets and stormwater drainage: The municipality hired a fleet for the cleaning of streets in its municipal area.
- Wastewater infrastructure: Maintenance of wastewater infrastructure was conducted by the municipality at the pump station
- Water infrastructure: Water pumps were repaired and potable water was supplied

Magareng:

- Electrical networks: An MV line was restored in Warrenton.
- Streets and stormwater drainage: Repairs to grader was done.
- Wastewater infrastructure: The municipality purchased sewer manhole covers and repaired a pump at Ikhutseng sewer pump station.
- Water infrastructure: The municipality faced challenges of water supply and a contractor was appointed to supply water with water tankers to the community on an emergency contract.

Phokwane:

- Wastewater infrastructure: The municipality repaired the sewer pump.
- Water infrastructure: The municipality procured chemicals for water purification and supplied water through tankers in various areas.

Sol Plaatje:

- Streets and stormwater drainage: The maintenance of roads and stormwater in Kimberley is still underway and it is an ongoing programme.
- Wastewater infrastructure: Removal and disposal of Urine Diversion System (UDS) bags was done in Platfontein. and disposing them at the wastewater treatment works.

EPWP:

The district municipality received an EPWP incentive grant of R1,073m for the 2022/23 financial year with a target of 14 FTE for the 2022/23 financial year, of which the total FTE achieved was 32.29.

- Housing:

The 2022/23 financial year witnessed the development of the Human Settlements Sector Plans and Chapters of the IDP for the next five years, i.e. 2024 – 2028. The plans for the Dikgatlong, Magareng and Phokwane local municipalities was completed, as well as the integrated plan and chapter for Frances Baard district municipality, which includes Sol Plaatje local municipality. The Human Settlements Sector Plan is compiled every five years and is reviewed annually to ensure that it:

- Remains responsive to achieving the vision of the Frances Baard district municipality in relation to the delivery of sustainable human settlements;
- Adheres to the vision and priorities of the IDP and other related development plans, and
- National and Provincial development vision, objectives and strategies.

- Environmental Health:

The district municipality renders municipal health services (MHS) in three of the local municipalities, namely Phokwane, Magareng and Dikgatlong. The municipality has entered into an MOU with Sol Plaatje Municipality for rendering of MHS in the Sol Plaatje municipal area on behalf of FBDM. The appointment of an adequate

number of Environmental Health Practitioners (EHPs) remains a challenge, as the National Environmental Health Norms and Standards prescribes a ration of 1: 10 000.

- Disaster Management and Fire Fighting:

The municipality supports three local municipalities in its jurisdiction, namely Phokwane, Magareng and Dikgatlong to implement the provisions of the Disaster Management Act. The Sol Plaatje local municipality has its own disaster management unit which operates independently from the district municipality. Disaster management volunteers are trained on an annual basis and are deployed in cases of disastrous events and this year 15 volunteers were trained.

- Local Economic Development:

The LED unit successfully hosted the annual FBDM Global Entrepreneurship Week and implemented its machinery and equipment grant programme. The district municipality received 229 applications in 2021/22, of which 16 was successful. Procurement of equipment could not be completed due to the delays caused by the revision of the Preferential Procurement Regulations, as it prohibited purchases above R30,000. Subsequently, the equipment was purchased for the successful applications from the funds made available for the 2022/23 financial year.

- Tourism

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

- Awareness Campaign – FBDM hosted tech savvy workshops in Kimberley during the month of April 2023 to equip tourism SMMEs with the necessary knowledge and skills to digitalise their businesses.
- N12 Promotion Campaign - The campaign was successfully held on 13-15 December 2022 with the aim to encourage travellers to travel the N12 route and market the district as a preferred holiday destination.
- Tourism promotion – The placing of tourism adverts pertaining to the tourism offerings and services rendered within the district was advertised in renowned tourism magazines.
- Tourism and Business Studies Business Plan Competition – A total number of 7 schools participated in the 2022 tourism and business studies business plan competition, the award ceremony was hosted on 09 December 2022 in Kimberley.
- Indaba Trade Expo – We secured an exhibition space at the Indaba Trade Expo which was held in Durban during May 2022, to market and promote the district’s tourism offerings on an international platform.

- Spatial Planning

In the 2021/22 financial year the district municipal planning tribunal received and processed 25 land development applications ranging from erecting telecommunications, township establishments, rezoning, sub-divisions, consolidations, relaxation of building lines and the removal of the title deed conditions. A draft precinct plan was also drafted for the Dikgatlong local municipality which proposes that Delpoortshoop, Windsorton and Barkly West areas be developed as a recreation and tourism precinct to take advantage of the potential of the Vaal River.

1.5 Financial Overview

The overall financial management of the municipality has been assessed as fairly good for the 2022/23 budget submissions with Treasuries and the 2022/23 audit. The consistent hard work of the municipality has resulted in receiving an unqualified audit finding with no matters.

The municipality is still lacking in fulfilling its following core mandates fully due reliance on grants which grow only average of 2% annually:

- To render and support sustainable municipal health and environmental planning and management in the district; and
- To implement an effective and efficient Disaster Management and Fire Fighting service in the district.

In addition to our core mandate, the responsibility is vested upon us to ensure that we apportion the limited resources to invest in capital assets at the local municipalities as well as maintaining their aging infrastructure assets, to enhance service delivery within the Frances Baard district. To fulfil our statutory and fiduciary support our local municipalities, the district paid annual remuneration of about 14% towards salaries of officials appointed directly to provide support to our locals.

There was an increase on the allocations to our local municipalities in the 2022/23 budget as compared to the 2021/22 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.

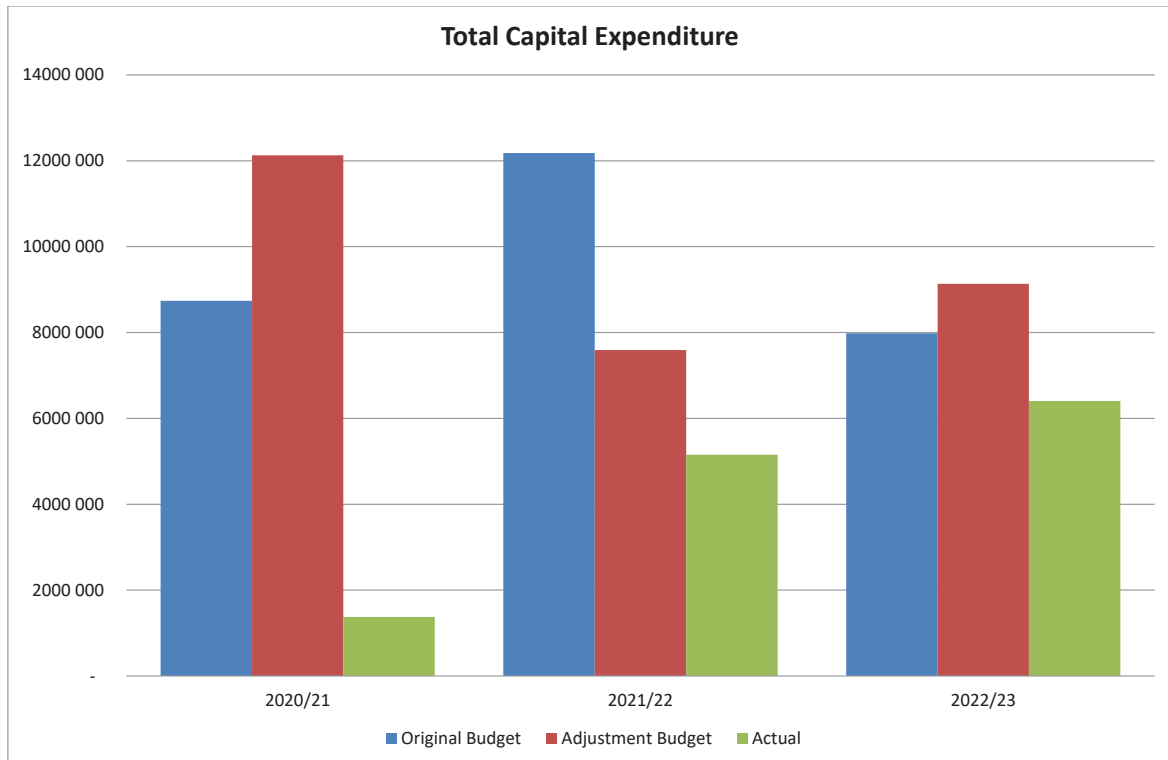
A net asset was realised of R159,805,542 (2021/22: R151,812,132), which indicates that the municipality's total assets were more than the total liabilities. The amount cash at year-end was R113million including savings in the financial year, which affords the municipality to invest cash at different banking institutes to generate own revenue in a form of interest. The municipality has been able to pay the creditors within a 30- day period as required by the law.

| Financial Overview - 2022/23 | | | R'000 |
|----------------------------------|-----------------|-------------------|--------------------------|
| Details | Original Budget | Adjustment Budget | Actual |
| Income | | | |
| Grants | 139 841 | 140 341 | 137 340 |
| Taxes, Levies and tariffs | | | |
| Other | 7 470 | 7 470 | 13 101 |
| Sub-Total | 147 311 | 147 811 | 150 441 |
| Less Expenditure | 171 574 | 179 271 | 142 448 |
| Net Total* | (24 263) | (31 460) | 7 993 |
| | | | *Note: surplus/(deficit) |

| Operating Ratios | |
|--------------------------------|--------|
| Detail | % |
| Employee Cost | 55.11% |
| Repairs & Maintenance | 0.61% |
| Finance Charges & Depreciation | 2.96% |

The employee costs currently stand at 55,11% of the total budget of the municipality. It is important to highlight that since the municipality has a statutory mandate to support the local municipalities, it employed dedicated personnel with highly technical skills to live up to the challenge of supporting our local municipalities, included in the 55,11% reported.

| Total Capital Expenditure 2020/21 - 2022/23 | | | |
|---|---------|---------|---------|
| | R'000 | | |
| Detail | 2020/21 | 2021/22 | 2022/23 |
| Original Budget | 8 740 | 12 179 | 7 984 |
| Adjustment Budget | 12 126 | 7 592 | 9 135 |
| Actual | 1 375 | 5 153 | 6 403 |



The actual expenditure incurred on fixed assets represents an efficiency rate of 70.09%. There are savings realised on capital items budgeted due to projects rolled-over as well as projects completed with savings. There was a roll-over for the disaster management building in Jan Kempdorp, which is not yet completed.

1.6 Organisational Development Overview

We continue to assess and improve our institutional capacity in order to arrive at an efficient service delivery machinery which will enable us to assist our local municipality to provide the much-needed basic service to our communities. We continue to put more emphasis on our technical services capacity because of the role that we play in supporting our local municipalities.

Our staff establishment is structured in such a way that it puts priority in providing support to local municipalities in other support services in connection with internal audit services, financial services, technical support services, information communication technology (ICT) services, town planning, performance management and integrated development planning.

Notwithstanding the high vacancy rate at executive management level, the municipality has managed to perform optimally with improved internal control environment, good governance and improved organisational performance. We are exploring all legislative enablers to fill these vacancies and looking forward to an improvement in the next financial year.

The skills levels have shown slight improvement because of our skills development programme. We are also continuing to increase a number of both undergraduates and postgraduates in our establishment in line with our internal bursary programme.

1.7 Statutory Annual Report Process

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

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

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

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

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

Chapter 2 - Political and Administrative Governance

2.1 Political Governance

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

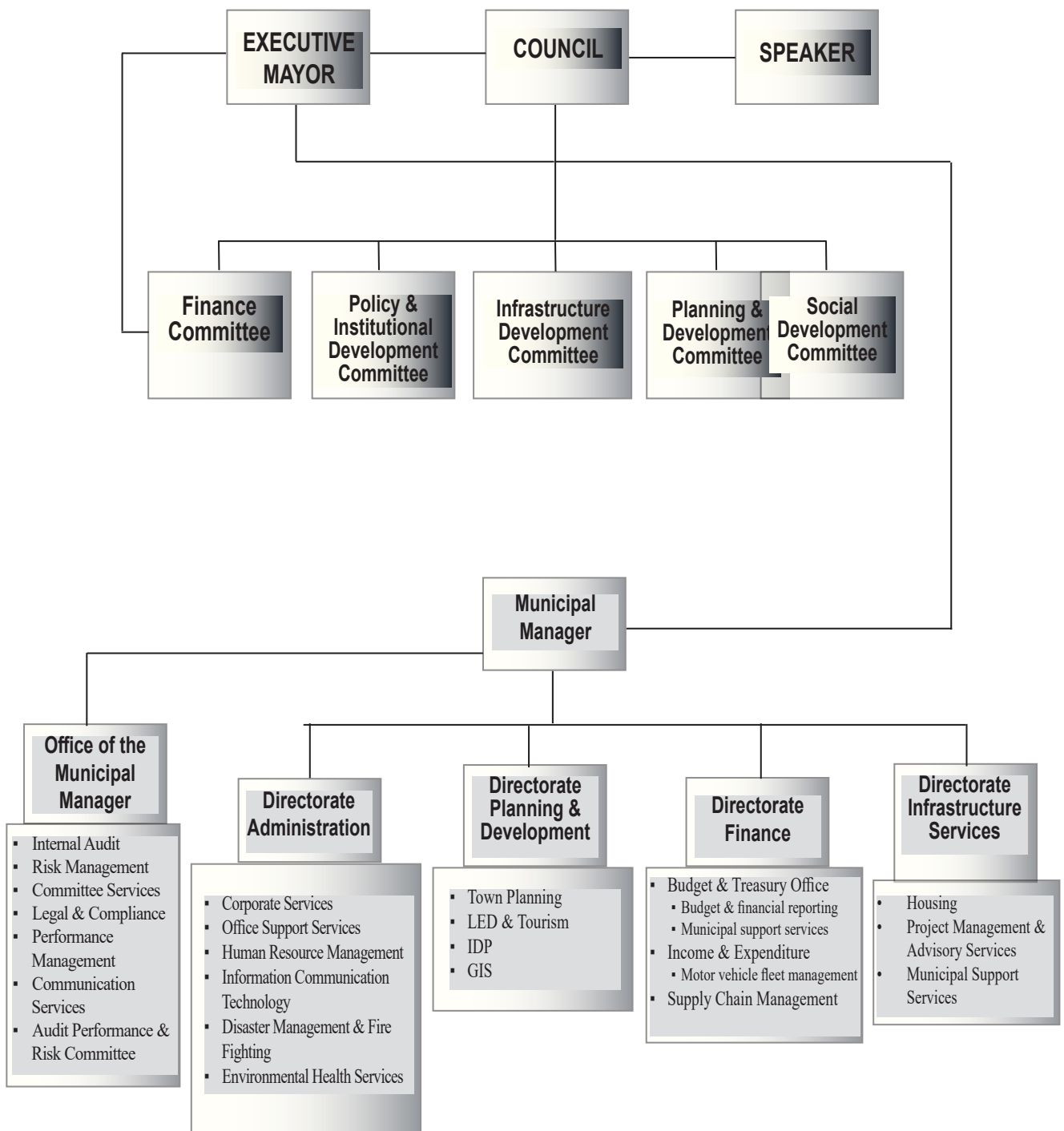
Political governance and transformation is one of the major determining factors in driving the vision of a district which is development focussed and therefore improves the quality of life of the people in its area of jurisdiction.

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

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

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

2.1.1 Governance Model



2.1.2 Audit, performance and risk committee

FRANCES BAARD DISTRICT MUNICIPALITY AUDIT, PERFORMANCE AND RISK COMMITTEE ANNUAL REPORT FOR THE PERIOD ENDING 30 JUNE 2023

1. PURPOSE

The Committee is honoured to present its report for the financial period ending 30 June 2023. 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 GR Botha | Chairperson |
| • Mr T Mudamburi | Member |
| • Mr PS Masikela | 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 | GR Botha | T Mudamburi | PS Masikela |
|------------------|-----------------|--------------------|--------------------|
| 26 August 2022 | √ | √ | √ |
| 30 August 2022 | √ | √ | √ |
| 06 December 2022 | √ | √ | √ |
| 10 February 2023 | √ | √ | √ |
| Total | 4 | 4 | 4 |

4. AUDIT COMMITTEE RESPONSIBILITIES

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

AUDIT COMMITTEE COMMENTS

5.1 INTERNAL AUDIT

5.1.1 Staff

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

5.1.2 Performance

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

5.1.3 Training

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

5.2 EXTERNAL AUDIT/AUDITOR-GENERAL SOUTH AFRICA

The committee engaged with the external auditor on the 2022/23 audit cycle to consider the draft audit report and took note of the audit opinion expressed.

5.3 EFFECTIVENESS OF INTERNAL CONTROL

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

5.4 RISK MANAGEMENT

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

5.5 PERFORMANCE MANAGEMENT

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

5.7 THE ANNUAL FINANCIAL STATEMENTS

5.7.1 Unaudited financial statements and related performance reports. The committee reviewed the draft financial statements and related reports before submission to the Auditor general of South Africa by 21st August 2023, 28 August 2023. APRC members remain available for any further discussion before submission date of 31st August 2023, as should there be a need.

5.7.2 Changes in Accounting Policies and Practices

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

5.7.3 Compliance with laws and regulations.

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

6. CONCLUSION

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

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

.....

Mr. GR Botha

Chairperson of the Audit, Performance and Risk Committee



Ms U Buda
Executive Mayor



Ms KC Mothibi
Speaker



Mr AK Zalisa
Finance Committee



Ms LN Shushu
Policy & Institutional
Development Committee



Ms OM Ditakgwe
Social Development
Committee



Ms MD Tawana
Planning & Development
Committee



Mr ME Mokgathanyane
Infrastructure
Development Committee



Mr I Ruiter
MPAC

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

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

2.1.4 Political Decision-taking

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

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

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

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

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

Council resolutions taken for the 2022/23 financial year

| Item submitted to Council | Resolution | Date | Action taken | Reason for non-implementation |
|--|---|--------------|--------------------|-------------------------------|
| Incentive grant agreement project list - expanded public works programme 2022/23 financial year (EPWP) | Council approved the EPWP municipal project list for the 2022/2023 financial year. | 11 July 2022 | | |
| Third quarter municipal institutional performance report | Council noted the third quarter municipal institutional performance report for the period of 01 January 2022 to 31 March 2022. | 27 July 2022 | No action required | |
| Special adjustments budget in respect of the 2021/22 financial year | <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 2021/2022, and indicative for the projected outer years 2022/2023 and 2023/2024 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 standard Classification) - B – Table B2 (Page 4);</p> <p>2.4 Budgeted Financial Performance (revenue and expenditure by municipal vote) Table B3 (Page 5);</p> <p>2.5 Budgeted Financial Performance (revenue and expenditure by municipal vote) – B -Table B3 (Page 5);</p> <p>2.6 Budgeted Financial Performance (revenue and expenditure) – Table B4 (Page 6);</p> <p>2.7 Budgeted Capital Expenditure by vote and funding – Table B5 (Page 7&8);</p> <p>2.8 Budgeted Financial Position – Table B6 (Page 9);</p> <p>2.9 Budgeted Cash Flows Table B7 (Page 10);</p> <p>2.10 Cash backed reserves/accumulated surplus reconciliation – Table B8 (Page 11);</p> <p>2.11 Asset Management – Table B9 (Page 12);</p> <p>2.12 Basic service delivery measurement table B10 (Page 13)</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> | 27 July 2022 | | |

| Item submitted to Council | Resolution | Date | Action taken | Reason for non-implementation |
|---|---|------------------|--------------------|-------------------------------|
| IDP and budget process plan for the 2022/23 financial year | Council noted and approved IDP and budget process plan in respect of the 2022/23 financial year. | 27 July 2022 | No action required | |
| Amendment of the 2021/22 Financial Year Service Delivery and Budget Implementation Plan (SDBIP) | <ol style="list-style-type: none"> Council noted the content of the report. Council approved the amendment of the Service Delivery and Budget Implementation Plan (SDBIP). | 30 August 2022 | No action required | |
| Draft 2021/22 annual performance report | <ol style="list-style-type: none"> Council noted the content of the report. Subject to the approval of the amendment of the SDBIP, Council noted the draft 2021/22 Annual Performance Report. | 30 August 2022 | | |
| Annual financial statements for the 2021/22 financial year | Council noted progress made on the preparation the annual financial statements financials for the 2021/22 financial year. | 30 August 2022 | No action required | |
| Report on the investigations pertaining to the payment of accommodation for executive mayor and his driver who attended a funeral service in Upington | <ol style="list-style-type: none"> Council resolved that the matter be closed as there is no evidence to suggest that expenditure incurred was either irregular or fruitless and wasteful. Council resolved that the bereavement policy be reviewed to regulate travelling for funerals outside the district | 24 November 2022 | | |
| Writing-off redundant assets | <ol style="list-style-type: none"> Council approved the writing-off of the attached list of redundant assets as per asset category identification. Council resolved, subject to recommendation 1 above, that the assets be donated to local municipalities, non-profit organisations and/or schools in the Frances Baard District in term of the Asset Management and Supply Chain Management policies. | 24 November 2022 | | |
| Frances Baard District Municipality Client Service Charter Review | <ol style="list-style-type: none"> Council approved the review of the FBDM Client Service Charter. Council resolved that in future; there must be internal consultations on the service charter and must be given to internal stakeholders before submission to the committee. | 24 November 2022 | No action required | |

| Item submitted to Council | Resolution | Date | Action taken | Reason for non-implementation |
|--|--|------------------|---|-------------------------------|
| Performance agreements of the municipal manager and administration for 2022/2023 financial year. | Council noted the performance agreements of the Municipal Manager and Acting Director Planning and Development; Acting CFO; and Acting Director Infrastructure for the 2022/2023 financial year. | 24 November 2022 | No action required | |
| Draft annual report for the financial year ended 30 June 2022 | <ol style="list-style-type: none"> 1. Council considers the draft annual report for the 2021/22. 2. Council to consider the draft annual report without the audit report for the 2021/22 financial year. 3. After the closing comments of public comments, the draft annual report must be referred to the Municipal Public Accounts Committee for an oversight report and to the Audit, Performance and Risk Committee for inputs. | 13 December 2022 | The annual report was tabled to the MPAC and the APRC | |
| Mid-year performance assessment | <ol style="list-style-type: none"> 1. Council noted the mid-term performance report for the period of 01 July 2022 to 31 December 2022. 2. Council noted and approved the recommendations provided for the amendments to the SDBIP. | 25 January 2023 | | |
| Mid-year budget and performance report in respect of the 2022/23 financial year | <ol style="list-style-type: none"> 1. Council noted the content of the report; and 2. Council approved the section 72 report read with the 52 report. | 25 January 2023 | | |

| Item submitted to Council | Resolution | Date | Action taken | Reason for non-implementation |
|--|--|-----------------|--------------|-------------------------------|
| Adjustment budget in respect of the 2022/23 financial year | <p>Council approved the adjustment budget as per recommended resolution tabled;</p> <p>Council resolved that the adjustment budget of Frances Baard District Municipality for the financial year 2022/23, and indicative for the projected outer years 2023/24 and 2024/25 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 2-3);</p> <p>2.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) Table B3 (Page 4-5);</p> <p>2.4 Budgeted Financial Performance (revenue and expenditure) – Table B4 (Page 6);</p> <p>2.5 Budgeted Capital Expenditure by vote and funding – Table B5 (Page 7-8);</p> <p>2.6 Budgeted Financial Position – Table B6 (Page 9);</p> <p>2.7 Budgeted Cash Flows Table B7 (Page 10);</p> <p>2.8 Cash backed reserves/accumulated surplus reconciliation – Table B8 (Page 11);</p> <p>2.9 Asset Management – Table B9 (Page 12-13); and</p> <p>2.10 Basic service delivery measurement table B10 (Page 14).</p> <p>Council resolved that the other related supporting documentation to the approved budget be updated according to the adjustments made;</p> <p>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;</p> <p>Council resolved to redirect the R1,5million allocated for the procurement of the financial system to Magareng Local Municipality towards their infrastructure capital project;</p> <p>Council allocated R4million out of the 2021/22 surplus of R4,5million to be divided equally between our 4 local municipalities for the operation and maintenance projects; and</p> <p>Council allocated a further R4,5million to Phokwane Local Municipality for the procurement of the generators.</p> | 25 January 2023 | | |

| Item submitted to Council | Resolution | Date | Action taken | Reason for non-implementation |
|--|---|-----------------|--------------|-------------------------------|
| Audit report for the financial year ended 30 June 2022 | <ol style="list-style-type: none"> Council noted the unqualified audit report with no findings as expressed by the Auditor General for the 2021/22 financial year. Council resolved that the audited financial statements, annual performance report and Auditor-General's report be included in the annual report for submission during March 2023 to Council as per legislative requirements; and Council resolved that the final printer's proof of the annual report be submitted to the relevant Senior Manager of the Auditor-General of South Africa for verification purposes. | 25 January 2023 | | |
| Quarterly Report Human Resource Management (01 October 2022– 31 December 2022) | <ol style="list-style-type: none"> Council noted the content of the report. Council resolved that the Study Policy be reviewed. Council resolved that all officials must be given equal opportunity to be trained. Council resolved to speed-up the appointment of an Acting Director: Administration | 29 March 2023 | | |
| Youth Unit: Quarterly Report – Youth (01 July 2022 – September 2022) | <ol style="list-style-type: none"> Council noted the content of the report. Council resolved that programmes of the Youth Unit be communicated to the local municipalities through the office of the local Mayors to ensure that all youth across the district has the opportunity to benefit from the programmes. | 29 March 2023 | | |
| Draft budget for the 2023/24 financial year | <ol style="list-style-type: none"> Council resolved that the draft annual budget of the municipality for the financial year 2023/24 and indicative of the projected outer years 2024/25 and 2025/26 be approved as set out in the following schedules: <ol style="list-style-type: none"> Budget Summary – Table A1 (Pg. B 1); Budgeted Financial Performance (Revenue and Expenditure by standard Classification) – Table A2 (Pg. B2); Budgeted Financial Performance (revenue and expenditure by municipal vote) – Table A3 (Pg. B3); Budgeted Financial Performance (revenue and expenditure) – Table A4 (Pg B4); Budgeted Capital Expenditure by vote, standard classification and funding – Table A5 (Pg. B5); Budgeted Financial Position – Table A6 (Pg. B6); Budgeted Cash Flows Table A7 (Pg. B7); Cash backed reserves/accumulated surplus reconciliation – Table A8 (Pg. B8); Asset Management – Table A9 (Pg. B9-10); Basic service delivery measurement table A10 (Pg. B11). 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 2023. | 29 March 2023 | | |

| Item submitted to Council | Resolution | Date | Action taken | Reason for non-implementation |
|--|--|---------------|--------------|-------------------------------|
| Draft district integrated development plan review 2022/23 planning 2023/2024. | Council approved the draft district IDP (Review 2022/23 Planning 2023/2024). | 29 March 2023 | | |
| Quarterly report on LED and tourism promotion and development (01 October 2022 – 31 December 2022) | <ol style="list-style-type: none"> Council noted the contents of the report. Council ratified that annexures on the report must include proof of evidence of what is achieved. | 26 April 2023 | | |
| Monthly finance report: January 2023 | <ol style="list-style-type: none"> Council noted the content of the report. Council ratified that a list of all assets of the municipality be tabled at the next committee meeting. Council mandated the Finance Committee embark on an oversight visit to the local municipalities. | 26 April 2023 | | |
| Monthly Finance Report: February 2023 | <ol style="list-style-type: none"> Council noted the content of the report. Council to ratified that there should be a workshop held on all approved policies of Council for all Councillors. | 26 April 2023 | | |
| Draft district integrated development plan review 2022/23 planning 2023/2024. | Council approved the draft district IDP (Review 2022/23 Planning 2023/2024). | 26 April 2023 | | |
| Writing-off redundant assets | <ol style="list-style-type: none"> Council approved the writing-off of the attached list of redundant assets per asset category identification; Council approved that, subject to recommendation 1 above, that the assets be donated to local municipalities, non-profit organisations and/or schools in the Frances Baard District in term of the Asset Management and Supply Chain Management policies. Council approved that the Finance Committee inspect and verify the assets written off before donated to local municipalities, non-profit organisations and/or schools in the Frances Baard District | | | |
| District integrated development plan review 2022/23 planning 2023/2024 | Council approved the review of the Integrated Development Planning for the 2022/23; and planning for 2023/2024. | 19 May 2023 | | |

| Item submitted to Council | Resolution | Date | Action taken | Reason for non-implementation |
|---|---|-------------|--------------|-------------------------------|
| Annual budget for the 2023/24 financial year | <p>1. Council resolved that the annual budget of the municipality for the financial year 2023/24 as per budget related resolutions of the budget document and indicative for the projected outer years 2024/25 and 2025/26 be approved as set out in the following schedules:</p> <p>1.1 Budget Summary – Table A1 (Pg. B 1);</p> <p>1.2 Budgeted Financial Performance (Revenue and Expenditure by standard Functional Classification) – Table A2 (Pg. B2-B3);</p> <p>1.3 Budgeted Financial Performance (Revenue and Expenditure by municipal vote) – Table A3 (Pg. B4-B5);</p> <p>1.4 Budgeted Financial Performance (revenue and expenditure) – Table A4 (Pg B6-B7);</p> <p>1.5 Budgeted Capital Expenditure by vote, functional standard classification and funding – Table A5 (Pg. B8);</p> <p>1.6 Budgeted Financial Position – Table A6 (Pg. B9);</p> <p>1.7 Budgeted Cash Flows Table A7 (Pg. B10);</p> <p>1.8 Cash backed reserves/accumulated surplus reconciliation – Table A8 (Pg. B11);</p> <p>1.9 Asset Management – Table A9 (Pg. B12);</p> <p>1.10 Basic service delivery measurement table A10 (Pg. B13).</p> <p>2. Council noted the approved amended Integrated Development Plan for the budget year 2023/24 as a separate item to Council;</p> <p>3. Council approved the measurable performance objectives for revenue, expenditure and capital from each source reflected in Tables SA4 to SA6 for the budget year 2023/24; and</p> <p>4. Council noted that the SDBIP will be tabled to the Executive Mayor within the prescribed time frame as stipulated in the MFMA.</p> <p>5. Council resolved that the funds for the Container for Gender Based Violence be increased from R120 000.00 to R300 000.00.</p> | 19 May 2023 | | |
| Third quarter municipal institutional performance report 2022/2023 financial year | Council approved the third quarter municipal institutional performance report for the period of 01 January 2023 to 31 March 2023. | 19 May 2023 | | |

| Item submitted to Council | Resolution | Date | Action taken | Reason for non-implementation |
|---|---|-------------|--------------|-------------------------------|
| Directors Planning and Development, Infrastructure Services, Chief Financial Officer And Administration | <p>1. Council considered the report.</p> <p>2. Council approves that the positions of the Directors: Planning and Development, Infrastructure, Finance and Administration be readvertised and that all regulated timelines for the recruitment and selection processes be adhered to.</p> <p>3. The selection and interview panel be constituted for the position of Director: Planning and Development must be constituted as follows:</p> <ul style="list-style-type: none"> • Municipal Manager (Chairperson); • The Member of Mayoral Committee responsible for planning and development; • The Senior Advisor of SALGA responsible for planning; and • The Director responsible for spatial planning in the Department of Agriculture and Rural Reform. <p>4. The selection and interview panel for the Director: Infrastructure Services must be constituted as follows:</p> <ul style="list-style-type: none"> • Municipal Manager (Chairperson); • The Member of Mayoral Committee responsible for planning and development; • The PDO of SALGA or her delegate; and • The Senior Manager responsible for infrastructure from the Department of Co-operative Governance, Human Settlements and Traditional Affairs. <p>5. The selection and interview panel for the Director: Finance must be constituted as follows:</p> <ul style="list-style-type: none"> • Municipal Manager (Chairperson); • The Member of Mayoral Committee responsible for finance; • The Senior Advisor of SALGA responsible for municipal finance; and • The Chief Director of Provincial Treasury responsible for municipal finance; • The Chief Financial Officer for the Department of Co-operative Governance, Human Settlements and Traditional Affairs. <p>6. The selection and interview panel for the Director: Administration must be constituted as follows:</p> <ul style="list-style-type: none"> • Municipal Manager (Chairperson); • The Member of Mayoral Committee responsible for corporate services; • The PEO of SALGA or her delegate; and • The Chief Director: Corporate Services from the Office of the Premier. | 19 May 2023 | | |

2.2 Administrative Governance

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

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

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

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

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

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

2.2.1 Top Administrative Structure

Tier 1



Ms ZM Bogatsu
Municipal Manager

Tier 2



Ms Onneile Moseki
Acting Chief Financial
Officer



Vacant
Director: Administration



Mr Rorisang Setshogoe
Acting Director:
Infrastructure Services



Mr Freddy Netshivhodza
Acting Director: Planning
& Development

Tier 3

| Third Tier Structure | |
|---------------------------------|---|
| Directorate | 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, Vacant |
| | Chief Accountant Supply Chain Management, Mr Philip Souden |
| | Chief Accountant Income & Expenditure, Ms Adele Groenewald-Shields |
| Infrastructure Services | Manager: Physical Infrastructure Development, Mr Rorisang Setshogoe |
| | Housing Manager, Mr Saligh Suliman |
| Planning & Development | Local Economic Development & Tourism Manager, Mr Lesego Ngwira |
| | GIS Manager, Mr Matthews Makinta |
| | Snr. Town Planner, Mr Freddy Netshivhodza |
| | Development Planner, Ms Ogomoditse Gopane |
| Administration | Human Resources Manager, Mr Tumelo Ndlazi |
| | Fire & Disaster Manager, Mr Clifford Jones |
| | Environmental Health Manager, Mr Kenneth Lucas |
| | Manager Archives, Records & Support Services, Mr Murvin Mabe |
| | ICT Manager, Mr Kagisho Moruri |

2.3 Intergovernmental Relations

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

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

District Development Model

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

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

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

Provincial Intergovernmental Structure

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

District Intergovernmental Structures

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

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

LED Forum

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

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

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

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

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

District Communications Forum

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

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

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

2.4 Public Accountability and Participation

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

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

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

2.4.1 IDP Participation and Alignment

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

2.5 Corporate Governance

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

2.5.1 Supply Chain Management

The municipality has put in place controls and system on supply chain management within the overall framework of the Municipal Finance Management Act and its regulation, as well as the Preferential Procurement Framework Act. All bid committees are operational and we strive to ensure that we adhere to the constitutional principles of competition, transparency, fairness and equity in all our supply chain management activities.

Competency levels

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

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

2.5.2 Risk Management

The Frances Baard District Municipality (FBDM) has put in place risk management systems and processes to ensure compliance with MFMA Act 56 of 2003, Section 62(1)(c)(i). This legal requirement places a duty on the Municipal Manager to maintain effective, efficient, and transparent systems of financial and risk management and internal controls. The FBDM is currently providing a shared and support services to both Dikgatlong and Magareng local municipalities, through a memorandum of agreement, due to limited capacity. Phokwane Local Municipality is not part of this agreement. The FBDM risk management policies and strategies have been reviewed and adopted by council and are continuously being implemented. The FBDM is on a journey to become a risk intelligent municipality and a National Treasury Risk Maturity Model has been adopted to assess the process of the municipality to achieve that goal.

- Oversight Role on Risk Management

Oversight role on implementation of fraud and risk management is vested with the Audit, Performance and Risk Committee (APRC) who monitors quarterly risk assessment reports. The APRC is chaired by an independent external person. The risk management processes of the FBDM were evaluated by the APRC to be adequate and effective during the year under assessment. The risk registers of the municipalities were reviewed and strategic and operational risks have been identified and mitigation plans put in place to ensure that the FBDM is able to manage risks before occurring and those which might have occurred are treated effectively to be within tolerable levels.

- Fraud & Anti-Corruption

The Risk Management Unit facilitates fraud risk assessments that are aimed at identifying and addressing potential fraud and corruption risks which might have a significant impact on the achievement of FBDM's objectives.

These fraud risk assessments were performed across the FBDM, and other two local municipalities' business units and corrective measures were taken to close the gap through treatment plans for identified risks which will continuously be monitored. The FBDM is an integral part of the district in fight to combat and prevent malpractice, maladministration, fraud, and corruption. It is important to create an ongoing awareness for officials and councillors not to be involved in such practices themselves. To achieve this, the FBDM has developed and adopted the fraud prevention policies and strategies that are continuously being implemented and a response plan to fight any occurrences of this within the municipality. During the year, an anti-corruption workshop was hosted by FBDM in collaboration with COGHSTA, SIU, Hawks, SALGA, SAPS Organised Crime & Provincial Treasury. FBDM and local municipalities' councillors and officials were trained on ethics, fraud, anti-corruption, good governance measures and informed where to report corruption and unethical transgressions.

- Investigations

Upon the receipt of allegations of fraudulent and/or corrupt practices, the Chief Risk Officer obtains a mandate from the Municipal Manager to investigate the matters. After finalisation of the investigation, the Chief Risk Officer provides an investigative report to the Municipal Manager and Audit Committee who recommends for approval to the council. The Chief Risk Officer is also a researcher for MPAC and assist the committee with the investigation of MFMA section 32 expenditure. There were no reported cases of alleged fraud or corruption, unauthorised, irregular, fruitless, and wasteful expenditure during the year under the review.

- Minimising conflict of interest

The FBDM have the following internal controls, as measures in place to minimise conflict of interest:

- All councillors and officials are required to complete a declaration of interest form and disclose any gifts received in the work environment that might have potential conflict of interest for them to execute their work without being bias. They are also expected to annually declare their interest in any company, trust, membership, directorship, shares or securities in a company, etc.
- All councillors and officials are expected to exercise good judgement and the highest ethical standards in their activities on behalf of the FBDM and be mindful of their activities outside the municipality. They should request a written permission and consent for outside remuneration which must be approved by the Municipal Manager.

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 2022 - June 2023 |
| All current budget-related policies | Yes | As and when reviewed |
| The previous annual report (2021/22) | Yes | May 2023 |
| The annual report (2022/23) to be published | Yes | Apr 2024 |
| All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (2022/23) and resulting scorecards | Yes | Aug 2022 |
| All service delivery agreements (2022/23) | Yes | Jul 2022 (SDBIP) |
| All long-term borrowing contracts (2022/23) | | Jun 2022 |
| All supply chain management contracts above a prescribed value (above R200,000) for 2022/23 | Yes | Jun 2022 |
| An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2022/23 | Yes | List of disposed assets placed on website |
| Contracts agreed in 2022/23 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 2022/23 | No | n/a |
| All quarterly reports tabled in the council in terms of section 52 (d) during 2022/23 | Yes | Loaded directly after adoption by Council |

Chapter 3 - Service Delivery Performance

3.1 Infrastructure / Basic Services (KPA 1)

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

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

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

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

3.1.1 Capital Programme

Originally R11 178 400 million were rolled over to complete the capital projects from the 2021/22 financial year. Through the adjustment budget Council granted and additional amount of R6 million for Magareng and Phokwane LM. (R1,5 million and R4,5 million respectively). The following is a summary on the progress of these projects:

| Municipality | Allocation | Amount spent | Rolled over to 2023/24 |
|---------------|---------------|---------------|------------------------|
| R '000 | | | |
| Dikgatlong | 3 500 | 3 500 | 0 |
| Magareng | 1 500 | 1 500 | 0 |
| Phokwane | 7 178 | 4 647 | 2 500 |
| Frances Baard | 5 000 | 4 607 | 0 |
| TOTAL | 17 178 | 14 254 | 2 500 |

3.1.2 Operation and Maintenance

Funding to the value of R12 million has been allocated for the operation and maintenance programme for the 2022/23 financial year. This grant was distributed equally between the 4 local municipalities, R2,8 million each and R800 000 to supply and deliver electrical equipment in the district. The extreme rainfall and flooding of the Vaal River damaged the bulk water supply line to Warrenton. Magareng requested financial assistance to supply water to the communities. A portion of funding that originally was earmarked for the supply and delivery of electrical equipment was transferred to Magareng to assist in this disastrous matter, this amounted to R504 870 being re-allocated to Magareng Local Municipality. The following is a breakdown of the financial year:

| Municipality | Project Description | Allocation | Amount spent |
|--------------|---------------------------|---------------|---------------|
| R '000 | | | |
| Dikgatlong | Operation and Maintenance | 2 800 | 2 800 |
| Magareng | Operation and Maintenance | 3 305 | 3 305 |
| Phokwane | Operation and Maintenance | 2 800 | 2 800 |
| Sol Plaatje | Operation and Maintenance | 2 800 | 2 800 |
| FBDM | Electrical equipment | 295 | 295 |
| TOTAL | | 12 000 | 12 000 |

3.1.3 Project Management & Advisory Services (KPA 1)

| Employees: Programme Management & Advisory Services | | | | | |
|---|---------------|-----------|---------------|---------------------------------------|-------------------------------------|
| Job Level | 2021/22 | 2022/23 | | | |
| | 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 | 2 | 2 | 2 | 0 | 0 |
| 14 - 18 | 5 | 5 | 5 | 0 | 0 |
| 19 - 26 | 0 | 0 | 0 | 0 | 0 |
| Total | 7 | 7 | 7 | 0 | 0 |

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

| Financial Performance 2022/23: Programme Management & Advisory Services | | | | | |
|---|---------------|-----------------|-------------------|---------------|--------------------|
| | | | | | R'000 |
| Details | 2021/22 | 2022/23 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 3 401 | 3 770 | 3 770 | 3 696 | 2% |
| Expenditure: | | | | | |
| Employees | 5 272 | 7 383 | 6 663 | 5 581 | 16% |
| Repairs and maintenance | – | – | – | – | – |
| Other ¹ | 23 272 | 23 213 | 33 171 | 29 953 | 10% |
| Total Operational Expenditure | 28 545 | 30 596 | 39 833 | 35 534 | 11% |
| Net Operational Expenditure | 25 144 | 26 826 | 36 063 | 31 838 | 12% |

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

| Special Projects Expenditure 2022/23: Programme Management & Advisory Services | | | | | |
|--|--------------|-------------------|--------------------|-------------------------------|----------------------------------|
| R '000 | | | | | |
| Special Projects | 2022/23 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value ² |
| Total All | 3 770 | 0 | 3 724 | -1% | 3 724 |
| Implementation of the Rural Roads Asset Management System (RRAMS) | 2 697 | 0 | 2 652 | -2% | 2 652 |
| Expanded Public Works Programme (EPWP) | 1 073 | 0 | 1 073 | 0% | 1 073 |

The projects listed above are explained as follows:

Rural Roads Asset Management System (RRAMS)

The purpose of the grant as stated in the Division of Revenue Act (DoRA) is to assist municipalities in setting up their rural road asset management systems. Through this programme, the extent and condition of all municipal streets are determined and reported to be used for planning for upgrading, refurbishment and maintenance of roads. The road and traffic data are collected in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA). The project started in the 2015/16 financial year. The district has been allocated R2 697 000.00 for the implementation of RRAMS for 2022/23 financial year. The district has appointed a service provider for the implementation of the RRAMS on a three-year contract, i.e., 2021/2022 to 2023/2024 financial year. This is the second year of the project.

Expanded Public Works Programme (EPWP) Projects

Frances Baard District Municipality received an EPWP incentive grant of R1,073m for the 2022/23 financial year. Expenditure and employment created under the following projects will be reported against the allocated grant, where all on-going programs are to be reported to the Department of Public Works Infrastructure and on the National EPWP Reporting System. For the 2022/23 financial year the target is 14 Full Time Equivalents (FTE) as per the project list submitted to Department of Public Works.

- **Youth Entrepreneurship Development Programme (YEDP)**

The youth entrepreneurship development programme seeks to capacitate young graduates in career development and additionally offers workplace experience and professionalism enhancement. FBDM employs graduates for periods of up to twenty-four (24) months, in the following sectors: Local Economic Development (LED), Performance Management Systems (PMS) and Tourism. The project is based in Frances Baard District Municipality and started in July 2022.

- **Brick Production, Dikgatlong**

This project focuses on the production of interlocking bricks and kerbs using labour and raw materials; cement, sand crushed stone. Interlocking bricks produced are to be used for future roads projects to improve the infrastructure of Dikgatlong Local Municipality. The project is based in Dikgatlong Local Municipality and started in August 2022.

- **Operation and maintenance of municipal amenities, Magareng**

This project includes works in the maintenance of roads and stormwater and municipal structures within the Magareng Local Municipality including, grass cutting, fencing, cleaning/clearing of blocked stormwater structures, clearing of the vacuum sewer system and general cleaning of municipal buildings using labour. This is based in Magareng, and the project started in October 2022.

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

| Project description | Budget (R '000) | Actual expenditure (R '000) | Labour | | | Project status |
|--|-----------------|-----------------------------|-----------|-----------|----------|--------------------------|
| | | | M | F | D | |
| EPWP Projects | | | | | | |
| Youth entrepreneurship development programme | 363 | 363 | 3 | 12 | 0 | Project is complete |
| Brick Production Dikgatlong | 428 | 428 | 13 | 4 | 0 | Project is complete |
| Operation and maintenance of municipal amenities, Magareng | 282 | 281 | 7 | 25 | 0 | This project is complete |
| TOTAL | 1,073 | 1,073 | 23 | 41 | 0 | |

3.1.4 Housing (KPA 1)

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

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

The 2022/23 financial year witnessed the development of the Human Settlements Sector Plans and Chapters of the IDP for the next five years, ie. 2024 – 2028. The plans for the Dikgatlong, Magareng and Phokwane municipalities was completed, as well as the integrated plan and chapter for Frances Baard, which includes Sol Plaatje Municipality.

The Human Settlements Sector Plan is compiled every five years and is reviewed annually to ensure that it:

- Remains responsive to achieving the vision of the Frances Baard district in relation to the delivery of sustainable human settlements;
- Adheres to the vision and priorities of the IDP and other related development plans, and
- Aligns with national and provincial development vision, objectives and strategies

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

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

| GOAL | OBJECTIVES | OUTCOME | | |
|--|---|---|---|---------------|
| | | Indicator | Unit of measure | Annual Target |
| Facilitate the creation of sustainable human settlements in the district | To facilitate the reduction of the housing backlog | Developed and reviewed Human Settlements Sector Plans | Number of Human Settlement Plans sector plans developed and reviewed | 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 |

| Employees: Housing Services | | | | | |
|-----------------------------|---------------|-----------|---------------|---------------------------------------|-------------------------------------|
| Job Level | 2021/22 | 2022/23 | | | |
| | 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* | 4 | 9 | 4 | 2.70 | 30% |
| 14 - 18** | 1 | 4 | 1 | 1.62 | 41% |
| 19 - 26 | 0 | 0 | 0 | 0 | 0 |
| Total | 5 | 13 | 5 | 4.32 | 33% |
| 8 posts unfunded | | | | | |

| Financial Performance 2022/23: Housing Services | | | | | |
|---|--------------|-----------------|-------------------|--------------|--------------------|
| | | | | | R'000 |
| Details | 2021/22 | 2022/23 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | - | - | - | - |
| Expenditure: | | | | | |
| Employees | 3 037 | 3 338 | 3 338 | 3 052 | 91% |
| Repairs and maintenance | - | - | - | - | 0% |
| Other ¹ | 617 | 1 024 | 906 | 990 | 109% |
| Total Operational Expenditure | 3 654 | 4 363 | 4 244 | 4 042 | 95% |
| Net Operational Expenditure | 3 654 | 4 363 | 4 244 | 4 042 | 95% |

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 consists of four units which provide support and shared services to the local municipalities in the district.

Spatial Planning (KPA 3)

- We strive to address the spatial injustice inherited from apartheid planning through the creation of the settlement patterns which are integrated and compact. The district ensures that the local municipalities (LMs) adhere to the provision of the Spatial Planning and Land Use Management Act. As a result, the district conducted the following activities in support of the LMs:
- The establishment of the District Municipal Planning Tribunal (DMPT) - has been effectively operational since November 2016 for a period of five years and came to end 15 November 2021. The new members were appointed and the DMPT has been re-established and gazetted on the 06 June 2022.
- Completed 85.72% of Dikgatlong Precinct development plan.

Geographic Information System (GIS) (KPA 3)

- GIS provides spatial information to all stakeholders for planning and resource allocation purposes. For the financial year 2022/23 the following have been conducted:
- Acquisition of the UAV (Drone). The procurement of the UAV drone project which would be used for the improvement of collation of current data was not completed due to the significant increase in the market price.
- GIS Training for Dikgatlong, Phokwane and Magareng Local Municipalities.
- Provided support to Dikgatlong, Phokwane, Magareng and Sol Plaatje Local Municipalities.

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

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

- Hosted the Global Entrepreneurship Week to promote SMMEs development;
- Provided support to the 19 SMME with machinery and equipment grant;
- Conducted an evaluation of informal traders within the four local municipalities;
- Attended Indaba trade Expo in Durban to exhibit products and services offered within the district.
- Hosted the tourism association and quarterly forums;
- Conducted School business plan competition;
- Conducted tourism awareness campaign in the district;
- Conducted N12 tourism promotional campaigns;
- Updated tourism website.

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

- Misalignment of the provincial, national and sector plans.
- Infrastructure dilapidation and poor capital investment which impede on economic development and job creation.
- Lack of capacity: There is limited capacity in the local municipalities to facilitate the implementation of the spatial planning projects.
- Limited buy-in: This causes delays in project implementation and negatively affects expenditure of the allocated budget for the projects.
- Local municipalities lack resources and are embedded with weak institutional capacity to implement and enforce the approved plans.

3.2.1 Spatial Planning (KPA 3)

| GOAL | OBJECTIVES | OUTCOME | | Target |
|--|---|---|--|---|
| | | Indicator | Unit of measure | |
| Facilitate the development of sustainable human settlements through effective town and regional planning | To facilitate the development of urban and rural areas in accordance with the relevant legislation. | Processed land development applications received | Percentage of land development applications received from LMs | 100% |
| | | Development of precinct plans | Percentage progress on the development of precinct plans for 2x LMs | 100% development of precinct plan for Dikgatlong LM |
| | | Development of nodal plans | Percentage development of nodal plans for 2x LMs | -- |
| | | Township revitalisation and urbanisation plan developed | Percentage progress on township revitalisation and urbanisation plan developed for Magareng LM | -- |

| Employees: Spatial Planning Services | | | | | |
|--------------------------------------|---------------|-----------|---------------|---------------------------------------|-------------------------------------|
| Job Level | 2021/22 | 2022/23 | | | |
| | Employees No. | Posts No. | Employees No. | Vacancies (full-time equivalents) No. | Vacancies (as a % of total posts) % |
| 1 - 3 | 0 | 0 | 0 | 0 | 0 |
| 4 - 8 | 0 | 0 | 0 | 0 | 0 |
| 9 - 13 | 1 | 1 | 1 | 0 | 0 |
| 14 - 18 | 3 | 3 | 3 | 0 | 0 |
| 19 - 26 | 0 | 0 | 0 | 0 | 0 |
| Total | 4 | 4 | 4 | 0 | 0 |

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

| Financial Performance 2022/2023: Spatial Planning Services | | | | | | R'000 |
|--|---------------|-----------------|-------------------|--------------|--------------------|-------|
| Details | 2021/22 | 2022/23 | | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget | |
| Total Operational Revenue | – | 2 810 | 2 810 | – | 0 | |
| Expenditure: | | | | | | |
| Employees | 8 631 | 10 162 | 9 536 | 7 565 | 79% | |
| Repairs and Maintenance | – | – | – | – | 0% | |
| Other ¹ | 1 952 | 5 678 | 5 751 | 1 529 | 27% | |
| Total Operational Expenditure | 10 583 | 15 840 | 15 287 | 9 094 | 59% | |
| Net Operational Expenditure | 10 583 | 13 030 | 12 477 | 9 094 | 73% | |

| Special Projects Expenditure 2022/2023: Spatial Planning Services | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Special Projects | 2022/23 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | | | | | |
| District Municipal Planning Tribunal (DMPT). | 50 | 0 | 13 | -286% | 13 |
| Dikgatlong precinct development plan | 400 | 0 | 327 | -22% | 327 |

District Municipal Planning Tribunal (DMPT)

The Councils of Dikgatlong, Phokwane, Magareng local municipalities and Frances Baard District Municipality resolved to establish a DMPT in 2016. The five year term of the tribunal ended in 2021 and new members were appointed in June 2022 and will be operational for the term of the current council. In the 2022/23 financial year the total number of the applications received from applicants were 25. The types of the applications received include consent use applications for the purpose of erecting telecommunications, township establishments, rezoning, subdivisions, consolidations, relaxation of building lines and the removal of the title deeds conditions.

Development Plan of the Dikgatlong Precinct plan

The main purpose of a precinct plan is to provide more detailed proposals for areas that are anticipated to have significant growth and development over the course of time. The Dikgatlong Municipality Spatial Development Framework, 2014 and Dikgatlong IDP 2022/23 proposes that Delportshoop, Windsorton and Barkly West areas be developed as a recreation and tourism precinct to take advantage of potential of the Vaal River. The draft precinct plan has been completed but the finalisation of the plan will be done in the 2023/24 financial year.

3.2.2 Geographic Information System (GIS) (KPA 3)

| GOAL | OBJECTIVES | OUTCOME | | |
|---|---|---|--|--------|
| | | Indicator | Unit of measure | Target |
| To provide 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 | Provision of GIS services in the district | Percentage access and maintenance of GIS in the district | 100% |
| | | Promote training and awareness of GIS in the district | Number of local municipalities trained and informed on GIS | 2 |

| Employees: Geographic Information System Services | | | | | |
|---|---------------|-----------|---------------|---------------------------------------|-------------------------------------|
| Job Level | 2021/22 | 2022/23 | | | |
| | 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 | 0.23 | 22.8% |
| 14 - 18 | 1 | 1 | 1 | 0 | 0 |
| 19 - 26 | 0 | 0 | 0 | 0 | 0 |
| Total | 2 | 2 | 1 | 0.23 | 11% |

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 2022/2023: Geographic Information System Services | | | | | | R'000 |
|---|--------------|-----------------|-------------------|--------------|--------------------|-------|
| Details | 2021/22 | 2022/23 | | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget | |
| Total Operational Revenue | - | - | - | - | - | |
| Expenditure: | | | | | | |
| Employees | 1 430 | 2 879 | 2 879 | 2 358 | 18% | |
| Repairs and Maintenance | - | - | - | - | - | |
| Other ¹ | 527 | 590 | 590 | 333 | 44% | |
| Total Operational Expenditure | 1 957 | 3 469 | 3 469 | 2 690 | 22% | |
| Net Operational Expenditure | 1 957 | 3 469 | 3 469 | 2 690 | 22% | |

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

| Special Projects Expenditure 2022/2023: Geographic Information System Services | | | | | |
|--|---------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Special Projects | 2022/23 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 235 | 535 | 0 | 0 | 535 |
| Commissioning of a UAV Drone for Frances Baard District Municipality | 235 | 535 | 0 | 0 | 535 |

Commissioning of a UAV Drone for Frances Baard District Municipality

The acquisition for the device has been set aside as the bid amounts exceeded the budget. The decision was made to put focus on the training and licensing for drone piloting certification and recommit to acquire the UAV Drone in the 2024/25 financial year.

3.2.3 Local Economic Development (KPA 2)

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

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

| Employees: Local Economic Development / Tourism Services | | | | | |
|---|----------------------|------------------|----------------------|--|--|
| Job Level | 2021/22 | 2022/23 | | | |
| | 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 | 2 | 0.10 | 3.33% |
| 14 - 18 | 2 | 2 | 2 | 0 | 0 |
| 19 - 26 | 0 | 0 | 0 | 0 | 0 |
| Interns* | | | | | |
| Total | 7 | 7 | 6 | 0.10 | 1% |

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

| Financial Performance 2022/32 Local Economic Development Services | | | | | |
|--|----------------|------------------------|--------------------------|---------------|---------------------------|
| | | | | | R'000 |
| Details | 2021/22 | 2022/23 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | - | - | - | - |
| Expenditure: | | | | | |
| Employees | 2 460 | 3 288 | 3 288 | 2 431 | 74% |
| Repairs and Maintenance | - | - | - | - | - |
| Other ¹ | 2 190 | 2 522 | 2 522 | 1 519 | 60% |
| Total Operational Expenditure | 4 649 | 5 810 | 5 810 | 3 950 | 68% |
| Net Operational Expenditure | 4 649 | 5 810 | 5 810 | 3 950 | 68% |

| Special Projects Expenditure 2022/2023: Local Economic Development Services | | | | | |
|--|----------------|--------------------------|---------------------------|--------------------------------------|----------------------------|
| | | | | | R' 000 |
| Special Projects | 2022/23 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 1,400 | 0 | 1,353 | -3% | 1,353 |
| FBDM Global Entrepreneurship Week | 600 | 0 | 570 | -5% | 570 |
| Machinery and Equipment Grant | 800 | 0 | 783 | -2% | 783 |

FBDM Global Entrepreneurship Week

This event takes place in the month of November every year hosted by FBDM. Global Entrepreneurship Week is a global celebration of entrepreneurship, during this week all local municipalities in the Frances Baard area participate in the program. The program ensures SMME's get access to information, support SMME's through capacity building, access to funding opportunities, access to markets and competitiveness.

Machinery and Equipment Grant

The grant is aimed at supporting existing SMME's in the district. The SMMEs can only apply for machinery and equipment that will improve their operations and or make them more competitive in this changed environment. This apply to all sectors contributing towards growing the local economy. All applications go through a selection process before any beneficiary can be awarded.

The district municipality received 229 applications in 2021/22, of which 16 was successful. Procurement of equipment could not be completed due to the delays caused by the revision of the Preferential Procurement Regulations, as it prohibited purchases above R30,000. Subsequently, the equipment was purchased for the successful applications from the funds made available for 2022/23.

| Jobs Created during 2022/23 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) | | | | |
| 2020/21 | 7 | 0 | 7 | Registers |
| 2021/22 | 6 | 0 | 6 | Registers |
| 2022/23 | | | | |

3.2.3.1 Tourism (KPA 2)

Tourism is not only an economic pillar but serves as a sector with great potential for economic growth in all spheres within its location. We continue to enhance our key performance area which focuses on the promotion and development of tourism within our district.

| GOAL | OBJECTIVES | OUTCOME | | |
|---|--|--|---|---------------|
| | | Indicator | Unit of measure | Target |
| 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% |
| | | | Percentage progress in the review of the tourism strategy | -- |
| | | Facilitate strategic 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 2022/2023: Tourism | | | | | |
|--|----------------|--------------------------|---------------------------|--------------------------------------|----------------------------|
| R' 000 | | | | | |
| Special Projects | 2022/23 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 997 | 11 | 698 | -43% | 698 |
| Awareness Campaign | 80 | 0 | 20 | -300% | 20 |
| Tourism Promotion | 50 | 0 | 42 | 19% | 42 |
| Business Plan Competition | 495 | 11 | 326 | -52% | 326 |
| Tourism Association | 5 | 0 | 4 | -17% | 4 |
| Indaba Trade Expo | 307 | 0 | 306 | 0% | 306 |

The following projects were successfully implemented during the 2022/23 financial year:

- Awareness Campaign – FBDM hosted tech savvy workshops in Kimberley during the month of April 2023 to equip tourism SMMEs with the necessary knowledge and skills to digitalise their businesses.
- N12 Promotion Campaign - The campaign was successfully held on 13-15 December 2022 with the aim to encourage travellers to travel the N12 route and market the district as a preferred holiday destination.
- Tourism promotion – The placing of tourism adverts pertaining to the tourism offerings and services rendered within the district was advertised in renowned tourism magazines.
- Tourism and Business Studies Business Plan Competition – A total number of 7 schools participated in the 2022 tourism and business studies business plan competition, the award ceremony was hosted on 09 December 2022 in Kimberley.
- Tourism Association – We hosted quarterly tourism association meetings in the district to ensure that we build and maintain relationships with our tourism stakeholders.
- Indaba Trade Expo – We secured an exhibition space at the Indaba Trade Expo which was held in Durban during May 2022, to market and promote the district’s tourism offerings on an international platform.

3.3 Corporate Services

3.3.1 Environmental Health (KPA 3)

| GOAL | OBJECTIVES | OUTCOME | | |
|---|--|--|--|--------|
| | | Indicator | Unit of measure | Target |
| To render and support sustainable municipal health, environmental planning and management in the district | To monitor and enforce national environmental health norms and standards in the Frances Baard District | Water samples to monitor water quality | Number of water samples collected and analysed | 480 |
| | | Inspections at food premises to determine food safety | Number of inspections at food premises | 700 |
| | | Surface swabs to analyse for diseases and other health risks | Number of surface swabs collected for analysis | 180 |
| | | Food handlers trained in environmental health requirements | Number of food handlers trained | 420 |
| | | Inspections to determine health safety at non-food premises | Number of inspections conducted at non-food premises to determine health safety | 336 |
| | | Development and implementation of tariffs policy | Percentage progress on the development of the environmental health tariff policy | -- |
| | Percentage implementation of the approved environmental health tariff policy | | -- | |
| | To implement and monitor environmental planning and management in the Frances Baard District | Successful awareness campaigns conducted | Number of awareness campaigns | 84 |
| | | Environmental calendar days successfully celebrated | Number of environmental calendar days celebrated | 7 |
| | | Updating of atmospheric emissions inventory | Number of atmospheric emissions inventory updates performed | 4 |
| | | Air quality ambient monitoring reports to assess air quality in the district | Number of monitoring reports | 4 |
| | | Develop and implementation of the climate change project | Percentage progress on the development of the climate change project | 100% |
| | | | Percentage implementation of the climate change project | -- |
| | | Review of the Air Quality Management Plan | Percentage review of the Air Quality Management Plan | 100% |
| | | Review of the Integrated Waste Management Plan | Percentage progress in the review of the Integrated Waste Management Plan | 100% |

| Employees: Environmental Health Services | | | | | |
|--|-----------|----------|-----------|-----------------------------------|-----------------------------------|
| Job Level | 2021/22 | 2022/23 | | | |
| | Employees | Posts | Employees | Vacancies (full-time equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 1 - 3 | 0 | 0 | 0 | 0 | 0 |
| 4 - 8 | 0 | 0 | 0 | 0 | 0 |
| 9 - 13 | 0 | 0 | 0 | 0 | 0 |
| 14 - 18 * | 8 | 8 | 8 | 0 | 0 |
| 19 - 26 | 0 | 0 | 0 | 0 | 0 |
| Total | 8 | 8 | 8 | 0 | 0 |

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

| Financial Performance 2022/23: Environmental Health Services | | | | | |
|--|---------------|-----------------|-------------------|--------------|--------------------|
| R'000 | | | | | |
| Details | 2021/22 | 2022/23 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | - | - | - | - |
| Expenditure: | | | | | |
| Employees | 5 680 | 6 922 | 6 922 | 5 751 | 16.92% |
| Repairs and Maintenance | - | - | - | - | - |
| Other ¹ | 4 361 | 4 807 | 4 807 | 3 984 | 17.12% |
| Total Operational Expenditure | 10 041 | 11 729 | 11 729 | 9 735 | 17% |
| Net Operational Expenditure | 10 041 | 11 729 | 11 729 | 9 735 | 17% |

| Special Projects 2022/23: Environmental Health Services | | | | | |
|---|------------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Special Projects | 2022/23 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 525 | 0 | 152 | -245% | 152 |
| Environmental calendar days | 20 | 0 | 13 | -54% | 13 |
| Awareness campaigns | 42 | 0 | 22 | -91% | 22 |
| Water quality monitoring | 463 | 0 | 117 | -296% | 117 |

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

a) **Environmental calendar days**

Seven environmental calendar days were celebrated to educate the communities on the importance of conserving present resources like water for the benefit of current and future generations. Seven environmental calendar days were celebrated in the district in which the communities and learners participated. The following calendar days were celebrated:

1. World Recycling day – during this event awareness was raised on the importance of recycling and to encourage the community to take action to reduce waste and to protect the environment;
2. Zero emissions day - during this event the community were sensitised on greenhouse gasses that are warming our planet and how and the role they can play in the reduction of greenhouse gas emissions;
3. World Environmental Health day – during this event emphasis was placed on the dissemination of knowledge on the protection and subsequent improvement of environmental health. The community was also made aware of the physical, chemical and biological factors that can potentially affect human life.
4. Global handwash day - this event was dedicated to increase awareness and understanding about the importance of handwashing with water and soap as an effective and affordable way to prevent diseases and save lives
5. World food day - this is a joint effort with the Department of Agriculture where awareness of hunger and action for the future of food, people and the planet was promoted. Communities are also cautioned on food conservation and how to grow their own food, like vegetables.
6. World water day – the Department of Water and Sanitation participated in the event where water was acknowledged as a basic human right and a life-saving necessity. The responsible use of water and access safe water for everyone was also promoted. Emphasis was also placed on the conservation of water ,
7. World no tobacco day – during this event awareness was raised about the hazardous effects of tobacco on human health. Tobacco smoke not only affects the health of tobacco smokers but also to individuals who are exposed to the smoke or inhale it.

b) **Environmental health awareness campaigns**

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

- **Sanitation awareness campaigns**

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

- **Air quality awareness campaigns**

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

- **Waste management awareness campaigns**

Littering is one of the main challenges in the district, it pollutes the environment, reduces tourism and is expensive to clean up. 28 Campaigns were held in collaboration with NGOs and CDWs to pick up the waste in the communities. Hot spot areas where illegal dumping occurs, were cleaned and the waste was disposed on the landfill sites. The aim of these campaigns is to help to reduce pollution, deter future littering, increase environmental awareness and build pride in the communities..

c) **Water quality monitoring**

Collection of drinking water samples were done in accordance to the South African National Standards for Drinking Water, 2016 to ensure compliance. During routine water sampling, cholera was detected in raw water originating from the Vaal River. The local municipalities were informed of the outbreak and residents were requested not to drink untreated water from the canals or the river. The Environmental Health Practitioners in co-operation with the Department of Water and Sanitation conducted various awareness campaigns within the affected communities where they were taught on the symptoms of cholera and how to render the water safe for drinking purposes. Pamphlets were also distributed at clinics, schools and within the communities.

3.3.2 Disaster Management & Fire Fighting (KPA 3)

Disasters are usually described as a result of the combination of conditions of vulnerability, insufficient capacity or measures to reduce or cope with the potential negative consequences and exposure to a natural hazard. Disaster impacts may include loss of life, injury, disease and other negative effects on human physical, mental and social well-being, together with damage to property, destruction of assets, loss of services, social and economic disruption, and environmental degradation.

The Disaster Management Framework (DMF) is a strategic policy document and guides all spheres of government in the implementation of the Disaster Management Act. Hence, the DMF of Frances Baard District Municipality (FBDM) guides all local municipalities in its area of jurisdiction in the implementation of disaster management. To be in line with the National Disaster Management Framework, the DMF of FBDM proposed four Key Performance Areas (KPA's), namely;

- Integrated Institutional Capacity Building for Disaster Management.
- Pre-Disaster Risk Assessment.
- Pre-Disaster Reduction
- Response and Recovery.

The 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. In case any assistance is needed by affected communities during incidents and disasters, the municipality has dedicated contingency funds to assist destitute families during 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 almost concluded for the Phokwane Local Municipality. Frances Baard District Municipality is working closely with the Fire Protection Associations (FPA's) within its jurisdiction. The district municipality is assisting the FPA's with the supply of veldfire fighting units and inspect and maintain the units on an annual basis.

The Department of Forestry, Fisheries and Environment established the Frances Baard District Fire Protection Association in the year under review. This was done to amalgamate all the Fire Protection Associations within the jurisdiction of Frances Baard District Municipality, to join the Northern Cape Umbrella Fire Protection Association in order to easily manage veldfires within the different districts of the Northern Cape Province.

| 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 3 local municipalities by creating integrated institutional capacity for Disaster Management | Training of volunteers in Disaster risk Management | Number of volunteers trained | 20 |
| | | Review of disaster management plans | Number of disaster management plans reviewed | -- |
| | To reduce risks and build resilience for all communities within the district | Conduct disaster management awareness programmes within the district | Number of awareness programmes conducted | 4 |
| | 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 3x LMs | 100% |
| | To ensure effective internal security measures | Secure and maintain council's security systems | Number of security systems maintained | 3 |

• Volunteers

Through the recruitment of disaster management volunteers, the capacity and support given to local municipalities has increased. Fifteen (15) volunteers were trained for the period under review.

| Municipal Area | Number recruited |
|----------------|------------------|
| Phokwane | 5 |
| Magareng | 5 |
| Dikgatlong | 5 |

Other activities for 2022/23

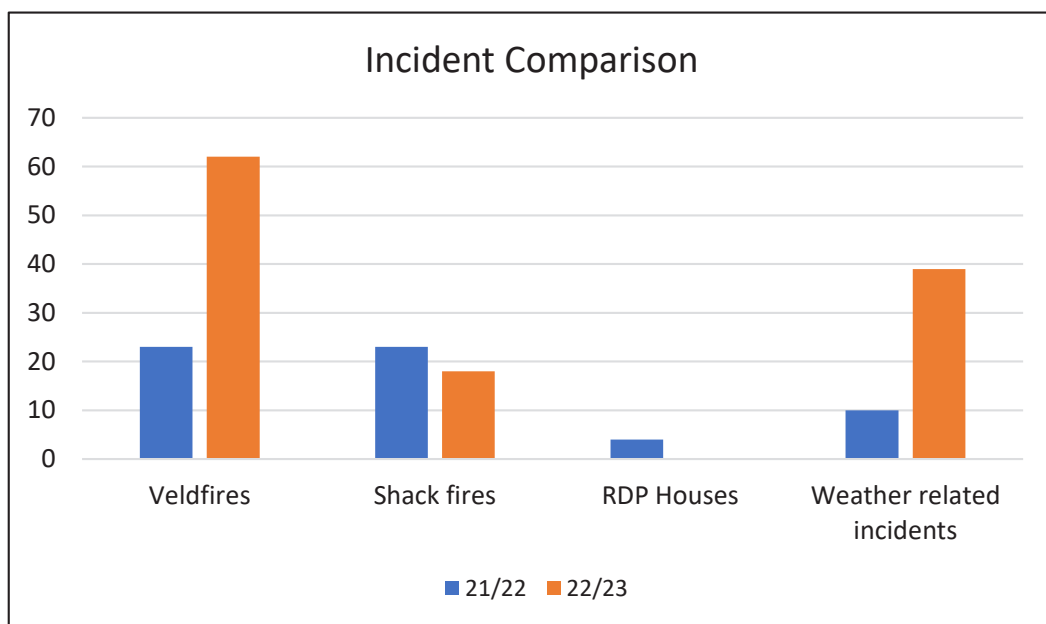
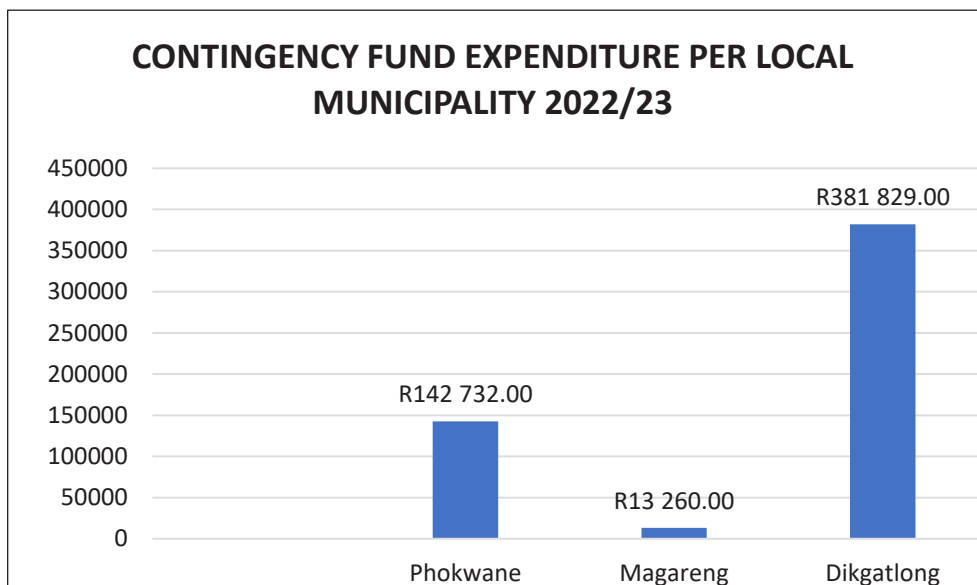
- We fully spent the contingency fund for response and recovery to assist community members with rehabilitation and social relief to communities residing within Dikgatlong, Magareng and Phokwane local municipalities. The expenditure of the contingency fund depends on the number of requests received from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

| Types of fires experienced in 2022/23 | Number |
|---|--------|
| Shack fires | 18 |
| Veld fires | 60 |
| Structural fires (RDP houses, privately owned / businesses) | 1 |
| Weather related incidents | 39 |

- **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 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.

Assistance given to destitute families increased drastically. This is due to the number of climate change events, such as floods, gail-force winds, and heavy rains. Assistance was provided to destitute families for an amount of R 541,600 for purposes of replacement of damaged housing structures.



The graph above shows that there was an increase in weather related incidents and veldfires incidents. Assistance was given to destitute families in the Magareng, Phokwane and Dikgatlong local municipalities.

Achievements

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

There has been an increase in the capacity and support to local municipalities because of the recruitment of disaster management volunteers.

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

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

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

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

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

| Employees: Fire Fighting & Disaster Management Services | | | | | |
|--|------------------|----------------|------------------|--|--|
| Job Level | 2021/22 | 2022/23 | | | |
| | 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 | 4 | 8 | 4 | 2.16 | 27% |
| 9 - 13 | 3 | 5 | 3 | 1.08 | 21.60% |
| 14 - 18 | 1 | 1 | 1 | 0 | 0 |
| 19 - 26 | 0 | 0 | 0 | 0 | 0 |
| Total | 8 | 14 | 8 | 3.24 | 23% |

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 2022/23: Fire Fighting & Disaster Management Services | | | | | |
|---|--------------|-----------------|-------------------|--------------|--------------------|
| | | | | | R'000 |
| Details | 2021/22 | 2022/23 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | - | - | - | - |
| Expenditure: | | | | | |
| Fire fighters | - | - | - | - | |
| Other employees | 5 052 | 7 548 | 6 533 | 4 762 | 73% |
| Repairs and Maintenance | - | - | - | - | - |
| Other ¹ | 2 885 | 3 694 | 3 885 | 3 081 | 79% |
| Total Operational Expenditure | 7 937 | 11 242 | 10 418 | 7 843 | 75% |
| Net Operational Expenditure | 7 937 | 11 242 | 10 418 | 7 843 | 75% |

| Capital Expenditure 2022/23: Fire Fighting & Disaster Management Services | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| | | | | | R' 000 |
| Capital Projects | 2022/23 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | | | | | |
| Construction of 2 fire engine bays at Jan Kempdorp | 4,000 | 0 | 3,700 | -8% | 3,700 |
| Procurement radio network for the fire station | 120 | 10 | 118 | -2% | 118 |
| Procurement of blowers for veldfire fighting purposes | 35 | 37 | 72 | 51% | 72 |
| Procurement of skid units for veldfire fighting purposes | 95 | 0 | 93 | -2% | 93 |

Construction of 2 fire engine bays at Jan Kempdorp

The construction of the two fire engine bays is the second phase of the project, which started of with the design and planning of the building. The construction phase was finalised in the 2022/23 financial year.

Procurement radio network for the fire station

The radio network was installed for operational purposes. Radios were installed in all disaster and fire fighting vehicles to be used during any incident. The system will be utilised to communicate between the control room and the scene.

Procurement of blowers for veldfire fighting purposes

The blowers have been procured specifically as part of the basic fire management tools when fighting a veld fire and will be used during veld fire fighting operations.

Procurement of skid units for veldfire fighting purposes

The skid units were supplied to emerging farms in the district. The units also forms part of the fire fighting equipment that can be quickly installed onto a vehicle or trailer to help fight fire faster.

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

| Special Projects 2022/23: Fire Fighting & Disaster Management Services | | | | | |
|--|------------|-------------------|--------------------|-------------------------------|---------------------|
| | | | | | R' 000 |
| Special Projects | 2022/23 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 509 | 185 | 619 | 18% | 619 |
| Volunteer Training | 9 | 85 | 24 | 63% | 24 |
| Contingency Fund | 500 | 100 | 595 | 16% | 595 |

3.4 Corporate policy offices and other services

3.4.1 Executive and council

We are a mayoral executive system municipality which is comprised of section 80 committees (Finance, Policy & Institutional Development, Social Development, Infrastructure Development and Economic Development). Council for 2022/23 was made up of 29 members - 14 female, 15 male. The number of councillors increased by two in the 2021 local government elections.

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

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

| Employees: The Executive and Council | | | | | |
|--------------------------------------|-----------|-----------|-----------|-----------------------------------|-----------------------------------|
| Job Level | 2021/22 | 2022/23 | | | |
| | 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 | 7 | 8 | 8 | 0.20 | 2.45% |
| 14 - 18 | 2 | 2 | 2 | 0 | 0 |
| 19 - 26 | 0 | 0 | 0 | 0 | 0 |
| Total | 10 | 11 | 11 | 0.20 | 2% |

| Financial Performance 2022/23: The Executive and Council | | | | | |
|--|---------------|-----------------|-------------------|---------------|--------------------|
| | | | | | R'000 |
| Details | 2021/22 | 2022/23 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | 514 | – | 500 | 355 | 71% |
| Expenditure: | | | | | |
| Employees | 589 | 1 469 | 1 469 | 589 | 40% |
| Remuneration of Councillors | 6 948 | 10 287 | 10 287 | 8 190 | 80% |
| Repairs and Maintenance | – | – | – | – | – |
| Other ¹ | 2 738 | 2 837 | 3 341 | 2 485 | 74% |
| Total Operational Expenditure | 10 275 | 14 593 | 15 097 | 11 265 | 75% |
| Net Operational Expenditure | 9 761 | 14 593 | 14 597 | 10 909 | 75% |

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 implement the Human Resource Strategy | Implementation of the HR strategy | Percentage implementation of the HR Strategy | 100% |
| | To comply with legislative requirements relating to human resource management and development | 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 | Providing HR support to local municipalities | Percentage implementation of the annual HR support plan | 100% |

| Employees: Human Resource Services | | | | | |
|------------------------------------|-----------|----------|-----------|-----------------------------------|-----------------------------------|
| Job Level | 2021/22 | 2022/23 | | | |
| | Employees | Posts | Employees | Vacancies (full-time equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 1 - 3 | 0 | 0 | 0 | 0 | 0 |
| 4 - 8 | 0 | 0 | 0 | 0 | 0 |
| 9 - 13 | 2 | 2 | 2 | 0 | 0 |
| 14 - 18 | 3 | 3 | 3 | 0 | 0 |
| 19 - 26 | 0 | 0 | 0 | 0 | 0 |
| Total | 5 | 5 | 5 | 0 | 0 |

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

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

| Financial Performance 2022/23: Human Resource Services | | | | | | R'000 |
|--|--------------|-----------------|-------------------|--------------|--------------------|-------|
| Details | 2021/22 | 2022/23 | | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget | |
| Total Operational Revenue | - | - | - | - | - | |
| Expenditure: | | | | | | |
| Employees | 3 351 | 3 707 | 3 707 | 3 236 | 87% | |
| Repairs and Maintenance | - | - | - | - | - | |
| Other ¹ | 1 004 | 2 277 | 2 277 | 1 190 | 52% | |
| Total Operational Expenditure | 4 355 | 5 984 | 5 984 | 4 426 | 74% | |
| Net Operational Expenditure | 4 355 | 5 984 | 5 984 | 4 426 | 74% | |

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

| Goal | Objectives | Outcome | | |
|---|---|---|---|--------|
| | | Indicator | Unit of measure | Target |
| To provide an agile, effective and reliable ICT support and environment within the district | To upgrade obsolete ICT infrastructure and implement agile ICT solutions within the district. | Upgrading of ICT infrastructure and implementation of ICT solutions within the district | Percentage upgrading and implementation | 100% |
| | To provide technical support to three local municipalities | Provision of technical support to local municipalities | Number of reports produced | 100% |

| Employees: ICT Services | | | | | |
|-------------------------|-----------|----------|-----------|-----------------------------------|-----------------------------------|
| Job Level | 2021/22 | 2022/23 | | | |
| | 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 | 1 | 0.34 | 17.20% |
| 14 - 18 | 1 | 1 | 1 | 0 | 0 |
| 19 - 26 | 0 | 0 | 0 | 0 | 0 |
| Interns | 2 | 0 | 0 | 0 | 0 |
| Total | 3 | 3 | 2 | 0.34 | 11% |

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 2022/23: ICT Services | | | | | |
|---|-------------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000 | | | | | |
| Capital Projects | 2022/23 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | 1490 | 400 | 833 | -79% | 833 |
| Laptop replacement | 250 | 400 | 400 | 38% | 400 |
| Desktop replacement | 250 | 0 | 246 | -2% | 246 |
| Magareng server | 800 | 0 | 0 | 0 | 0 |
| UPS Magareng | 190 | 0 | 187 | -2% | 187 |

| Financial Performance 2022/23: ICT Services | | | | | |
|---|--------------|-----------------|-------------------|--------------|--------------------|
| R'000 | | | | | |
| Details | 2021/22 | 2022/23 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | - | - | - | - | - |
| Expenditure: | | | | | |
| Employees | 2 166 | 2 388 | 2 388 | 1 917 | 80% |
| Repairs and Maintenance | - | - | - | - | - |
| Other ¹ | 2 332 | 2 776 | 2 818 | 2 520 | 89% |
| Total Operational Expenditure | 4 498 | 5 164 | 5 206 | 4 437 | 85% |
| Net Operational Expenditure | 4 498 | 5 164 | 5 206 | 4 437 | 85% |

3.4.4 Records Management (KPA 3)

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

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

3.4.5 Financial Services (KPA 5)

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

Budget & Treasury, Revenue & Expenditure and Supply Chain Management

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

| Employees: Financial Services | | | | | |
|-------------------------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2021/22 | 2022/23 | | | |
| | 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 | 4 | 4 | 0 | 0 |
| 9 - 13 | 6 | 8 | 5 | 1.62 | 20.25% |
| 14 - 18 | 5 | 6 | 5 | 0.54 | 0 |
| 19 - 26 | 0 | 0 | 0 | 0 | 0 |
| Interns | | | | | |
| Total | 15 | 18 | 14 | 2.16 | 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 x unfunded post

| Financial Performance 2022/23: Financial Services | | | | | |
|---|------------------|------------------|--------------------------------|------------------|--------------------|
| | | | | | R'000 |
| Details | 2021/22 | 2022/23 | | | |
| | Actual | Original Budget | Adjustment Budget ¹ | Actual | Variance to Budget |
| Total Operational Revenue | 135 611 | 140 731 | 140 731 | 143 522 | 102% |
| Expenditure: | | | | | |
| Employees | 13 857 | 17 237 | 17 237 | 14 389 | 83% |
| Repairs and Maintenance | – | – | – | – | – |
| Other ¹ | 5 742 | 10 455 | 9 376 | 4 356 | 46% |
| Total Operational Expenditure | 19 599 | 27 692 | 26 711 | 18 745 | 70% |
| Net Operational Expenditure | (116 012) | (113 039) | (114 020) | (124 777) | 109% |

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 implementation of the annual support plan | 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 external communication in the district | Percentage implementation of annual action plan | 100% |
| | | Development of media policies for 2x local municipalities | Percentage development of media policies | 100% |
| | To improve internal communication through the implementation of the internal communication plan | Successfully implemented internal communication plan | Percentage implementation of the internal communication plan | 100% |

3.4.8 Legal & Compliance (KPA 4)

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

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

3.4.9 Internal Auditing (KPA 4)

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

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

3.4.10 Risk Management (KPA 4)

| Goal | Objectives | Outcome | | |
|--|--|--|--|--------|
| | | Indicator | Unit of measure | Target |
| Mitigation of risks, prevention and management of fraud and corruption in the district | To manage risk activities in FBDM and 2x Local Municipalities | Implementation of annual risk management plans for FBDM | Percentage implementation of RM plan | 100% |
| | | Implementation of annual risk management plans for 2x LMs | Percentage implementation of the RM plans in 2x LMs | 100% |
| | To prevent and manage fraud and corruption in FBDM and 2x Local Municipalities | Implementation of fraud and corruption programme for FBDM | Percentage implementation of the fraud and corruption plan | 100% |
| | | Implementation of fraud and corruption awareness programmes for 2x LMs | Percentage implementation of the fraud and corruption awareness programmes | 100% |

3.4.11 Youth Development (KPA 4)

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

| Goal | Objectives | Outcome | | |
|--|--|------------------------------|---|--------|
| | | Indicator | Unit of measure | Target |
| Mainstream youth development, promote the advancement of youth economic empowerment and the provision of skills and training | To facilitate and coordinate youth development in the district | Coordination of stakeholders | Number of engagement platforms facilitated | 4 |
| | | Youth Development Programmes | Percentage coordination of youth development programmes | 100% |

3.4.12 Special Programmes (KPA 4)

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

3.4.13 Committee Services (KPA 4)

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

3.4.14 Performance Management (KPA 3)

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

| Goal | Objectives | Outcome | | |
|---|--|---|--|--------|
| | | Indicator | Unit of measure | Target |
| To maintain and improve Performance Management System within the district | To maintain a functional Performance Management System in FBDM | Maintain a PMS for FBDM | Percentage compliance on PMS in FBDM | 100% |
| | To assist and support local municipalities with performance management in the district | Support provided to local municipalities on PMS | Percentage implementation of the annual support plan | 100% |

3.4.15 Municipal institutional performance report 2022/23

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 (2022/23) and in line with the objectives stated in the SDBIP (2022/23) and the IDP of 2022/23 (page 83-102).

| FRANCES BAARD DISTRICT MUNICIPALITY | | | | | | | | | | | |
|---|---|---|---|--|--|--|-------------------------------|--------------------|-----------|---|--------------------------------|
| MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2022/2023 FY | | | | | | | | | | | |
| REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2022 TO 30 JUNE 2023) | | | | | | | | | | | |
| Key Performance Area | IDP Objectives | Key Performance Indicators | Baseline | Annual Targets | Unit of Measure | Verification | | Actual Performance | Deviation | REASON(S) FOR DEVIATION | ANNUAL REPORT FOR 2022/2023 FY |
| | | | | | | Annual Target | PoE | | | | |
| KPA 1. SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY. | | | | | | | | | | | |
| 1.1 Programme Management and Advisory Services | | | | | | | | | | | |
| 1 | To assist LMs with infrastructure upgrading, operations and maintenance | 1.1 | Number of municipalities assisted with the finalisation of prioritised project lists to guide the upgrading, operations and maintenance of infrastructure in the district (O&M) | Infrastructure needs list of LM's for 2022/23 | 4x Developed prioritised project lists for the LMs for 2023/24 | Number of municipalities assisted | Council Resolution | 4 | 0 | N/A | N/A |
| | | 1.2 | Amount spent on support for operations and maintenance of infrastructure in the LMs (O&M) | Spent R13 233 926.76 of the allocated 2021/22 budget | Total spending of annual allocated budget (R12 000 000.00) | Amount spent (R) | Quarterly Reports on spending | R12 000 000.00 | R0.00 | N/A | N/A |
| | | 1.3 | Quarterly submission of project monitoring reports developed to support infrastructure operations and maintenance in the LMs (O&M) | 4x monitoring reports | 4 Monitoring reports submitted to Council | Number of monitoring reports submitted | Quarterly monitoring reports | 4 | 0 | N/A | N/A |
| 2 | To create job opportunities for the unemployed through the promotion of EPWP principles | Number of Full-Time Equivalents (FTEs) created as per the EPWP incentive agreement | 27.84 FTEs Created in 2021/2022 | 14 FTEs | Number of FTEs created | Quarterly Reports | 14 | 32.29 | +18.29 | More FTEs were created by the Marageng and Diligatong projects. | N/A |
| 3 | To support improved infrastructure planning in the district | Percentage progress on the implementation of the RRAMS project to support improved infrastructure planning in the LMs as per the approved business plan | 100% implemented 2021/22 business plan | 100% implementation of the approved business plan | % Progress on implementation | Quarterly reports | 100.00% | 100.00% | 0.00% | N/A | N/A |
| Deviation = 0% (Target Reached) Positive Deviation = + % Full Compliance: 0% Deviation Under-Performance: - % Deviation Over-Performance: + % Deviation | | | | | | | | | | | |

| FRANCES BAARD DISTRICT MUNICIPALITY | | | | | | | | | | | |
|---|----------------------------|--|--|--|--|-------------------------------|----------------|--------------------|---|---|--|
| MUNICIPAL INSTITUTIONAL PERFORMANCE REPORT: 2022/2023 FY | | | | | | | | | | | |
| REPORTING PERIOD: ANNUAL PERFORMANCE REPORT (01 JULY 2022 TO 30 JUNE 2023) | | | | | | | | | | | |
| ANNUAL REPORT FOR 2022/2023 FY | | | | | | | | | | | |
| Key Performance Area IDP Objectives | Key Performance Indicators | Baseline | Annual Targets | Unit of Measure | Verification | | Annual Target | Actual Performance | Deviation | REASON(S) FOR DEVIATION | IMPROVEMENT PLANS |
| | | | | | | POE | | | | | |
| KPA 1. SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY. | | | | | | | | | | | |
| 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 for capital infrastructure projects in the district | 4x Developed prioritised project lists for the LMs for 2023/24 | Number of municipalities assisted | Council Resolution | | 4 | 4 | 0 | N/A | N/A |
| | 4.2 | Amount spent on support for capital infrastructure projects in the LMs | Spent R8 017 255.65 of the allocated 2021/22 budget | Total spending of annual allocated budget (R17 178 400.00) | Amount spent (R) | Quarterly Reports on spending | R17 178 400,00 | R14 253 741.53 | -R2 924 658.47 (R2.5m + R393 453.68) | •R2.5 million was rolled over for the supply and installation of the generators since the project was not completed in the 2022/2023 FY. •The projects were completed and there is a saving of R393,453.68 from the R5 million that was allocated to assist LMs with trucks and skip bins. | •The project will be completed in the 2023/2024 FY. |
| | 4.3 | Quarterly submission of project monitoring reports developed to support capital infrastructure projects in the LMs | 4x monitoring reports | Number of monitoring reports submitted to Council | Number of monitoring reports submitted | Quarterly monitoring reports | 4 | 4 | 0 | N/A | N/A |
| | 1.2 Housing | | | | | | | | | | |
| 5 To facilitate the reduction of the Housing backlog by facilitating integrated human settlement in the district | 5.1 | Number of human settlements sector plans developed | 0 | 4x Sector plans reviewed | Number of sector plans reviewed | Draft sector plans | 4 | 4 | 0 | N/A | N/A |
| | 5.2 | Number of progress reports submitted to Council for the facilitation of the subsidy application process | 4 | 4 reports submitted | Number of reports submitted | Quarterly reports | 4 | 3 | -1 | The fourth quarter progress report was not tabled to council as scheduled, as the council meeting did not sit. | The quarterly report will be tabled at the next council sitting. |
| 6 Monitoring of human settlements development in 3 LMs | 6.1 | Number of reports on the accreditation programme submitted COGHSTA and NDHS | 16 | 16 reports submitted | Number of reports submitted | Monthly / Quarterly Reports | 16 | 16 | 0 | N/A | N/A |
| Deviation = 0% (Target Reached) Positive Deviation = + % 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 | | Annual Target | Actual Performance | Deviation | REASON(S) FOR DEVIATION | IMPROVEMENT PLANS |
|---|---|--|----------------|--------------------------|-------------------|--|-------------------------------|--------------------|----------------------------------|--|--|
| | | | | | POE | | | | | | |
| KPA 2. Local Economic Development | | | | | | | | | | | |
| 2.1 Local Economic Development Unit | | | | | | | | | | | |
| 7 To support the development of a diverse economy | 7.1 Percentage completion of programmes aimed at the diversification of the district economy | 100% Implemented 2021/22 planned programmes | 2x programmes | % Progress on completion | Quarterly Reports | | 100.00% | 50.00% | -50.00% | Our participation at SAITEK exhibition had to be cancelled due to a new amendment to the existing terms and conditions. The municipality had to comply with the R50 million insurance condition, which was not affordable. | We will participate at an alternative Exhibition in the next financial year. |
| 8 To support the development of learning and skilful economies | 8.1 Percentage completion of programmes aimed at developing learning and skilful economies | 100% Implemented 2021/22 planned programmes | 2x programmes | % Progress on completion | Quarterly Reports | | 100.00% | 55.00% | -45.00% | The acquisition process of the services for training was not completed due to the insufficient intake to the internship programme. | The full compliment of the intake of interns and acquisition process for their training will be completed in the new financial year. |
| 9 To facilitate the development of enterprises | 9.1 Percentage completion of programmes aimed at developing enterprises | 00% Implemented 2021/22 planned programmes | 1x programme | % Progress on completion | Quarterly Reports | | 100.00% | 75.00% | -25.00% | The identified beneficiaries for the 2021/2022 financial year were prioritised in the 2022/2023 financial year. | The process and budget is aligned in the new financial year. |
| 10 To facilitate the development of inclusive economies | 10.1 Percentage completion of programmes aimed at developing inclusive economies | 100% Implemented 2022/22 planned programme | 1x programmes | % Progress on completion | Quarterly Reports | | 100.00% | 100.00% | 0.00% | N/A | N/A |
| Deviation = 0% (Target Reached) | | | | | | | Full Compliance: 0% Deviation | | Under-Performance: - % Deviation | | Over-Performance: + % Deviation |

| FRANCES BAARD DISTRICT MUNICIPALITY | | | | | | | | | | | | |
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| Key Performance Area | IDP Objectives | Key Performance Indicators | Baseline | Annual Targets | Unit of Measure | Verification | | Actual Performance | Deviation | REASON(S) FOR DEVIATION | IMPROVEMENT PLANS | |
| | | | | | | PoE | PoE | | | | | |
| 2.2 Tourism Unit | | | | | | | | | | | | |
| 11 | To promote tourism in the Frances Baard District | Percentage completion of programmes aimed at upgrading, restoration and promotion of tourist attractions | 100% Implemented 2021/22 planned programmes | 6x programmes | % Progress on completion | Quarterly Reports | 100.00% | 90.71% | -9.29% | There was no suitable service provider to host and maintain the tourism website. | The Tourism website will be incorporated into the municipal website. | |
| | | Percentage implementation of annual action plan to facilitate strategic partnerships and participation of role players | 100% Implemented 2021/22 action plan | 100% Implementation of the action plan | % Implementation | Quarterly Reports | 100.00% | 100.00% | 0.00% | N/A | N/A | N/A |
| 3. Institutional Development and Transformation | | | | | | | | | | | | |
| 3.1 Environmental Health Management | | | | | | | | | | | | |
| 12 | To monitor and enforce national environmental health norms and standards in the Frances Baard district | 12.1 Number of water samples collected analysed to monitor water quality | 454 water samples collected and analysed | 480 samples collected | Number of samples collected and analysed | Quarterly reports | 480 | 249 | -231 | There were no longer accredited water sampling laboratories after the dissolution of Sediberg Water Board. This affected the analysis of our water samples. | The acquisition process for an accredited laboratory services will be made in the 2023/24 FY. | |
| | | 12.2 Number of inspections at food premises to determine food safety | 635 inspections at food premises | 700 inspections completed | Number of inspections conducted | Quarterly reports | 700 | 700 | 0 | N/A | N/A | N/A |
| | | 12.3 Number of surface swabs collected to analyse for diseases and other health risks | 133 Surface swabs collected to analyse | 180 swabs collected | Number of surface swabs collected & analysed | Quarterly reports | 180 | 172 | -8 | -8 | The municipality did not receive sufficient swabs from the Department of Health. No collection of swabs could be made without the surface swab kits. | The supply of surface swabs kits rely on the availability of stock from the Department of Health. |
| | | 12.4 Number of food handlers trained on environmental health requirements | 400 food handlers trained | 420 food handlers trained | Number of food handlers trained | Quarterly reports | 420 | 457 | +37 | +37 | Training was extended to new food vendors in the area. | N/A |
| | | 12.5 Number of inspections conducted at non-food premises to determine health safety | 115 inspections conducted at non-food premises | 336 inspections | Number of inspections conducted | Quarterly reports | 336 | 343 | +7 | +7 | Re-inspections had to be done to re-evaluate the premises which did not comply with the health and safety standards. | N/A |
| Full Compliance: 0% Deviation Under-Performance: -% Deviation Over-Performance: +% Deviation Deviation = 0% (Target Reached) | | | | | | | | | | | | |

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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 | PoE | | | | | |
| KPA 3. Institutional Development and Transformation continued... | | | | | | | | | | | | |
| 13 | To implement and monitor environmental planning and management in the Frances Baard district | 13.1 | Number of awareness campaigns implemented | 82 awareness campaigns implemented | 84 awareness campaigns implemented | Number of campaigns implemented | Quarterly reports | 84 | 0 | N/A | N/A | |
| | | 13.2 | Number of environmental calendar days celebrated | 7 environmental calendar days celebrated | 7 environmental calendar days celebrated | Number of days celebrated | Quarterly reports | 7 | 0 | N/A | N/A | |
| | | 13.3 | Number of atmospheric emissions inventory updates performed | 4 atmospheric emissions inventory updates | 4 updates performed | Number of updates performed | Quarterly reports | 4 | 0 | N/A | N/A | |
| | | 13.4 | Number of ambient air quality monitoring reports | 4 ambient air quality monitoring reports | 4 monitoring reports | Number of reports | Quarterly reports | 4 | 0 | N/A | N/A | |
| | | 13.5 | Percentage progress on the development of the climate change project. | 0 | 100% Developed climate change project | Percentage progress | developed climate change project | 100.00% | 100% | 0% | N/A | N/A |
| | | 13.6 | Percentage review of the air quality management plan. | 0 | Developed Draft air quality management plan | Percentage progress | Draft air quality management plan | 100.00% | 100% | 0% | N/A | N/A |
| | | 13.7 | Percentage progress on the review of the integrated waste management plan | 0 | Developed Draft waste management | Percentage progress | Draft waste management plan | 100.00% | 100% | 0% | N/A | N/A |
| 3.2 Disaster Management | | | | | | | | | | | | |
| 14 | To support 3 local municipalities by creating integrated institutional capacity for disaster management implementation of disaster management | 14.1 | Number of volunteers trained on disaster risk management | 20 volunteers trained | 20 volunteers trained | Number of volunteers trained | Quarterly reports | 20 | 0 | N/A | N/A | |
| 15 | To reduce risk and build resilience for all communities within the district | 15.1 | Number of awareness programmes implemented | 0% | 4x awareness programmes | number of awareness programmes | Quarterly reports | 5 | +1 | An additional fire fighting awareness programme for volunteers was conducted in Majeng. | N/A | |
| Full Compliance: 0% (Target Reached) Deviation = 0% (Target Reached) Under-Performance: -% Deviation Over-Performance: +% Deviation | | | | | | | | | | | | |

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|--|---|----------------------------|---|---------------------------|--|---------------------------------|--------------------------|-------------------------------|-----------|--|---|--------------------------------|
| | | | | | | PoE | | | | | | |
| KPA 3. Institutional Development and Transformation continued... | | | | | | | | | | | | |
| 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% | 100% response to all requests received | % Maintenance | Quarterly reports | 100.00% | 100.00% | N/A | N/A | |
| | | 17.1 | Percentage maintenance of fire fighting equipment in the 3LMs as per request | 100% | 100% maintenance | % progress | Quarterly reports | 100.00% | 100.00% | N/A | N/A | |
| | | 17.2 | Percentage completion of the annual skid units inspections in 3LMS | 100% | 100% completed inspections | % completion | Annual inspection report | 100.00% | 100.00% | N/A | N/A | |
| | | 17.3 | Percentage progress on the establishment of the fire fighting satellite station (completion of phase 2 & 3) | 40% completion of phase 2 | 100% completed phase 2 and 3 | % progress | Quarterly reports | 100.00% | 100.00% | 0.00% | N/A | N/A |
| 18 | To ensure effective internal security measures | 18.1 | Percentage implementation of the security maintenance agreements | 100% | 100% implementation | % progress | Quarterly reports | 100.00% | 100.00% | N/A | N/A | |
| 3.3 Human Resource Management | | | | | | | | | | | | |
| 19 | To implement the Human Resource strategy | 19.1 | Percentage implementation of the HR strategy | 100.0% | 100% implementation | % implementation | Quarterly reports | 100.00% | 50.00% | The consultation process with internal stakeholders was not completed and this affected the scheduled timelines for tabling of draft policies to council and its committees. | The processes for consultation will be reworked and allowed for sufficient inputs for the review of policies in the financial year. | |
| 20 | To comply with legislative requirements relating to human resource management and development | 20.1 | Percentage implementation of the annual human resource development & management plan | 100.0% | 100% implementation of the HR plan | % implementation | Quarterly reports | 100.00% | 100.00% | N/A | N/A | |
| 21 | To provide support on HR management and development function to LMS | 21.1 | Percentage implementation of the annual HR support plan for local municipalities | 100.0% | 100% | % support | Quarterly reports | 100.00% | 100.00% | N/A | N/A | |
| | | | | | | Deviation = 0% (Target Reached) | | Full Compliance: 0% Deviation | | Under-Performance: -% Deviation | | Over-Performance: +% Deviation |

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|---|----------------------------|--|----------------|--|------------------|-------------------|--------------------|-----------|---|--|
| | | | | | PoE | | | | | |
| KPA 3. Institutional Development and Transformation continued... | | | | | | | | | | |
| 3.4 Records Management | | | | | | | | | | |
| 22 To comply with the provincial archives act at FBDM and support the LMs towards compliance | 22.1 | Percentage implementation of the annual records management and advisory plan | 100% | 100% implementation of the plan | % Implementation | Quarterly reports | 100.00% | 0.00% | N/A | N/A |
| | 22.2 | Percentage implementation of the annual records management and advisory support plan | 100% | 100% support | % support | Quarterly reports | 100.00% | 0.00% | N/A | N/A |
| 23 To provide effective and efficient office support functions | 23.1 | Percentage implementation of the office support plan | 100% | 100% | % implementation | Quarterly reports | 100.00% | 0.00% | N/A | N/A |
| 24 To provide effective and cost efficient office support services | 24.1 | Percentage implementation of the municipal buildings maintenance plan | 100% | 100% maintenance | % Maintenance | Quarterly reports | 100.00% | 0.00% | N/A | N/A |
| 3.5 Information Communication Technology (ICT) | | | | | | | | | | |
| 25 To upgrade obsolete ICT infrastructure and implement agile ICT solutions within the district | 25.1 | Percentage upgrading of ICT infrastructure and implementation of the ICT systems | 100.00% | 100% upgrading of ICT infrastructure and implementation of the ICT systems | % implementation | Quarterly reports | 100.00% | 0.00% | N/A | N/A |
| 26 To provide technical support to three LMs | 26.1 | Percentage implementation of the annual support plan | 100% | 100% implementation | % Implementation | Quarterly reports | 87.50% | -12.50% | The project was rolled over due to an assessment made that the server will only be delivered in the 2023/2024 financial year. | The project will be completed in the 2023/2024 FY. |
| Deviation = 0% (Target Reached) Full Compliance: 0% Deviation Under-Performance: -% Deviation Over-Performance: +% Deviation | | | | | | | | | | |

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|---|----------------------------|---|---|---|--------------|-------------------|--------------------|-----------|---|---|
| | | | | | PoE | | | | | |
| (PA 3. Institutional Development and Transformation continued...) | | | | | | | | | | |
| 3.6 Integrated Development Planning (IDP) | | | | | | | | | | |
| To develop and review the district municipality's IDP in compliance with legislation | 27.1 | Percentage development and review of the district municipal IDP | 100% | 100% reviewed 2022/23 district IDP | % Progress | Quarterly reports | 100.00% | 0.00% | N/A | N/A |
| | 28 | To support the local municipalities in the preparation and review of their IDPs | 100% | 100% implementation of the 2022/23 Support plan | % progress | Quarterly Reports | 100.00% | 0.00% | N/A | N/A |
| 3.7 Spatial Planning | | | | | | | | | | |
| To facilitate the development of urban and rural areas in accordance with the relevant legislation | 29.1 | Percentage of land development applications received from LMs processed. | 100% processed land development applications received | 100% processed applications received | % Progress | Quarterly reports | 100.00% | 0.00% | N/A | N/A |
| | 29.2 | Percentage progress on the development of a precinct plan | 0 | 100% development of a precinct plan for Digatong LM | % Progress | Quarterly reports | 85.72% | -14.28% | There are consultations that required further engagement with stakeholders regarding the precinct plan. This affected the schedule of the project as additional inputs had to be incorporated in drafting the plan. | The project timelines has been extended by a period of three months. The outstanding activities will be conducted concurrently to fast-track the completion of the project. |
| Deviation = 0% (Target Reached) Full Compliance: 0% Deviation Under-Performance: -% Deviation Over-Performance: +% Deviation | | | | | | | | | | |

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|---|----------------------------|---|----------------|---|------------------|-------------------|-------------------------------|----------------------------------|-------------------------|--|---|
| | | | | | | PoE | | | | | |
| KPA 3. Institutional Development and Transformation continued... | | | | | | | | | | | |
| 3.8 Geographic Information Systems | | | | | | | | | | | |
| 30 To promote the use of GIS as a tool in the district | 30.1 | Percentage access and maintenance of GIS in the district. | 100% | Revisit billing data base for Magareng & Phokwane | % progress | Quarterly reports | 100.00% | 62.50% | -37.50% | The procurement of the UAV drone project which would be used for the improvement of collation of current data was not completed due to the significant increase in the market price. | The focus for 2023/24 FY will be on training and licensing. Procurement of the UAV drone will be implemented in the 2024/25 FY, whilst continuing with sourcing data from existing systems. |
| | 30.2 | Number of workshops conducted at local municipalities | 100% | 4 workshops hosted | Number | Quarterly reports | 4 | 4 | 0 | N/A | N/A |
| 3.9 Performance Management Systems | | | | | | | | | | | |
| 31 To maintain a functional performance management system in FBDM | 31.1 | Percentage implementation of the performance management annual plan | 100% | 100% implementation of the annual plan | % implementation | Quarterly reports | 100.00% | 100.00% | 0.00% | N/A | N/A |
| 32 To provide assistance and support with performance management in the district | 32.1 | Percentage implementation of the annual support plan | 100% | 100% implementation of the annual support plan | % Progress | Quarterly reports | 100.00% | 100.00% | 0.00% | N/A | N/A |
| Deviation = 0% (Target Reached) | | | | | | | | | | | |
| | | | | | | | Full Compliance: 0% Deviation | Under-Performance: - % Deviation | | Over-Performance: + % Deviation | |

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|--|--|---|--|--|--|--|--------------------------|---------|--------------------|-----------|--|---------------------------------|--------------------------------|
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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 | |
| | | Percentage implementation of the annual communication action plan | Percentage development of media policies | | | | Quarterly reports | PoE | | | | | |
| KPA 4. Good Governance and Public Participation | | | | | | | | | | | | | |
| 4.1 Communication and Media | | | | | | | | | | | | | |
| 33 | To keep the public informed on government activities in the district | 33.1 | Percentage implementation of the annual communication action plan | 92.21% Implemented Communication strategy action plan | 100% implementation of the action plan | % Progress on implementation of action plan | Quarterly reports | 100.00% | 101.80% | +1.80% | Two additional press releases issued for the financial year. | N/A | |
| | | 33.2 | Percentage development of media policies | 0.0% | 100% development of media policies | % development | Developed media policies | 100.00% | 100.00% | 0.00% | N/A | N/A | |
| | | 34.1 | Percentage implementation of the internal communication plan | 100% | 100% implementation of 2022/23 communication plan | % progress on the implementation of the communication plan | Quarterly reports | 100.00% | 100.00% | 0.00% | N/A | N/A | |
| 4.2 Risk Management | | | | | | | | | | | | | |
| 35 | To manage risk activities in the district | 35.1 | Percentage implementation of risk management plan for FBDM | 100% Implemented 2021/2022 Risk implementation Plan | 100% implementation of approved annual risk implementation plan | % Progress | Quarterly Reports | 100.00% | 100.00% | 0.00% | N/A | N/A | |
| | | 35.2 | Percentage implementation of risk management plan in two LMs | 100% Implemented 2021/2022 Risk implementation Plan | 100% implementation of approved annual risk implementation plan | % Progress | Quarterly reports | 100.00% | 100.00% | 0.00% | N/A | N/A | |
| | | 36.1 | Percentage implementation of the fraud and corruption plan in FBDM | 100% Implemented Fraud and corruption Prevention Programme | 100% implementation of fraud and corruption prevention programme | % Progress | Quarterly reports | 100.00% | 100.00% | 0.00% | N/A | N/A | |
| 36 | To prevent and manage fraud and corruption in the district | 36.2 | Percentage implementation of the fraud and corruption awareness programmes in 2x LMs | 100% Implemented Fraud and Corruption Programme | 100% implementation of fraud and corruption programme | % Progress | Fraud awareness report | 100.00% | 100.00% | 0.00% | N/A | N/A | |
| Deviation = 0%(Target Reached) | | | | | | | | | | | Full Compliance: 0% Deviation | Under-Performance: -% Deviation | Over-Performance: +% Deviation |

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|---|-----------------------------------|--|--|---------------------|--|---------|---------------|-------------------------------|---------------------------------|--|--|
| | | | | | PoE | PoE | | | | | |
| 4. Good Governance and Public Participation continued... | | | | | | | | | | | |
| 4.3 Internal Audit | | | | | | | | | | | |
| To evaluate the adequacy and effectiveness of control processes and assessment of compliance with legislation in FBDM and 2 LMs | 37 | 88% | 100% Implementation of the audit plans | % Implementation | Quarterly reports | 100.00% | 100.00% | 86.65% | -13.34% | <ul style="list-style-type: none"> The ERP audit has been rescheduled due to its specialised nature and the need for research and training. The annual Internal Audit Plan for Dilkgatong and Magereng LMs was not approved by APRC as it did not include the risk based audit which was considered crucial. The ERP training and audit will be implemented in the 2023/2024 financial year. Risk management unit will perform annual operational risk assessment in the 2023/2024 financial year. | |
| | 4.4 Legal and Compliance Services | | | | | | | | | | |
| To provide legal and compliance services in the district | 38 | 100% | 100% | % Compliance | Litigation register | 100.00% | 100.00% | 100.00% | 0.00% | N/A | N/A |
| | 39 | 100% | 100% | % Provision | Contract register | 100.00% | 100.00% | 100.00% | 0.00% | N/A | N/A |
| 4.5 Council and Committee Services | | | | | | | | | | | |
| To ensure an effective and efficient functioning of council and its committees | 40 | 83% | 100% facilitation of committees and council meetings | % Compliance | Signed agendas and minutes of Council and committee meetings | 100.00% | 100.00% | 84.41% | -15.59% | Some committees of council did not reach a quorum for their sitting. | The Speaker and Chief Whips of various political parties in council will ensure sitting of all committees. |
| | 4.6 Youth Services | | | | | | | | | | |
| To facilitate and coordinate youth development in the district | 41.1 | 4x stakeholder engagements facilitated | 4 Platforms | Number of platforms | Quarterly Reports | 4 | 4 | 4 | 0 | N/A | N/A |
| | 41.2 | 83.33% coordinated programmes | 100% Coordination | % Progress | Quarterly Reports | 100.00% | 100.00% | 100.00% | 0.00% | N/A | N/A |
| Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - % | | | | | | | | | | | |
| | | | | | | | | Full Compliance: 0% Deviation | Under-Performance: -% Deviation | Over-Performance: +% Deviation | |

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| | | | | | PoE | | | | | |
| 4. Good Governance and Public Participation continued... | | | | | | | | | | |
| 4.7 Special Programmes | | | | | | | | | | |
| 42 | To facilitate and coordinate special programmes in the district | 100% implemented programmes | 100% Implementation of approved programmes | % Progress | Quarterly Reports | 100.00% | 75.00% | -25.00% | <ul style="list-style-type: none"> The elderly people programme could not be completed as it needed stakeholder involvement for it to succeed. The back to school project was not completed due to the delay in the processes of identifying beneficiaries. | <ul style="list-style-type: none"> Engagement with all stakeholders in the district was initiated to coordinate and align all programmes. A needs list to be developed and a criteria must be set to identify deserving beneficiaries. |
| KPA 5. Municipal Financial Viability and Management | | | | | | | | | | |
| 5.1 Budget and Treasury | | | | | | | | | | |
| 43 | To ensure compliance to all accounting and legislative reporting requirements | 100% | 100% | % Compliance | Monthly / Quarterly reports | 100.00% | 100.00% | 0.00% | N/A | N/A |
| 44 | To ensure sound financial management practices according to National Treasury guidelines | 100% | 100% | % Compliance | Monthly / Quarterly reports | 100.00% | 100.00% | 0.00% | N/A | N/A |
| 45 | To provide financial management support to the local municipalities in the district | 100% | 100% implementation of the support required | % Support | Quarterly reports | 100.00% | 100.00% | 0.00% | N/A | N/A |
| 46 | To ensure implementation of supply chain management policies and related prescripts | 100% | 100% | % Compliance | Monthly / Quarterly reports | 100.00% | 100.00% | 0.00% | N/A | N/A |
| Deviation = 0% (Target Reached) Positive Deviation = + % Negative Deviation = - % | | | | | | | Full Compliance: 0% Deviation | Under-Performance: - % Deviation | Over-Performance: + % Deviation | |

| FRANCES BAARD DISTRICT MUNICIPALITY | | |
|---|----|--------|
| SUMMARY OF MUNICIPAL ANNUAL PERFORMANCE: 01 JULY 2022 - 30 JUNE 2023. | | |
| Number of (Key Performance Indicators Measured For The 2022/2023 Financial Year | 71 | 100% |
| 1. Overall achievement (including over achievement/ exceeded targets) | 56 | 78.87% |
| 2. Targets not achieved | 15 | 21.12% |
| 3. Targets Exceeded (out of the achieved indicators) | 5 | 7.04% |

3.4.16 Year-on-year comparison report of FBDM's institutional performance for 2021/22 and 2022/23

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 2021/22 & 2022/23 financial years. The indicators are aligned to the objectives formulated in the IDP 2021/22 (page 85-104) and 2021/22 (page 83-102) and SDBIP of 2021/22 & 2022/23. The SDBIPs and IDPs can be read on the FBDM website.

| Objective Nr as per the 2021/2022 SDBIP | KPI (DESCRIPTION) | 2021/2022 FY PERFORMANCE | | MITIGATION STEPS TAKEN | Objective Nr as per the 2022/2023 SDBIP | KPI (DESCRIPTION) | 2022/2023 FY PERFORMANCE | | REASONS FOR DEVIATION | IMPROVEMENT PLAN |
|---|--|--------------------------|--------------------|--|---|--|--------------------------|--------------------|---|------------------|
| | | TARGET | ACTUAL PERFORMANCE | | | | TARGET | ACTUAL PERFORMANCE | | |
| KPA 1: SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY. | | | | | | | | | | |
| 1.1 Programme Management and Advisory Services | | | | | | | | | | |
| 1 | KPI 1.1: Number of municipalities assisted with the finalisation of prioritised project lists to guide the upgrading, operations and maintenance of infrastructure in the district (O&M) | 4 | 4 | N/A | 1 | KPI 1.1: Number of municipalities assisted with the finalisation of prioritised project lists to guide the upgrading, operations and maintenance of infrastructure in the district (O&M) | 4 | 4 | N/A | N/A |
| 1 | KPI 1.2: Amount spent on support for operations and maintenance of infrastructure in the LMs (O&M) | R13 404 347.83 | R13 233 926.76 | Regular oversight visits made to the local municipalities and assistance provided with preparing O&M claims on the work done. | 1 | KPI 1.2: Amount spent on support for operations and maintenance of infrastructure in the LMs (O&M) | R12 000 000 ,00 | R12 000 000.00 | N/A | N/A |
| 1 | KPI 1.3: Timeous submission of project monitoring reports developed to support infrastructure operations and maintenance in the LMs (O&M) | 4 | 4 | N/A | 1 | KPI 1.3: Quarterly submission of project monitoring reports developed to support infrastructure operations and maintenance in the LMs (O&M) | 4 | 4 | N/A | N/A |
| 2 | KPI 2.1: Number of Full-Time Equivalents (FTEs) created as per the EPWP incentive agreement | 14 | 27.84 | More FTEs were created by the projects Dikgatlong and Magareng LM during the 2021/22 financial year, which increased the overall number of FTEs. | 2 | KPI 2.1: Number of Full-Time Equivalents (FTEs) created as per the EPWP incentive agreement | 14 | 32.29 | More FTEs were created by the Magareng and Dikgatlong projects. | N/A |
| 3 | KPI 3.1: Percentage progress on the implementation of the RRAMS project to support infrastructure planning in the LMs as per the approved business plan | 100.00% | 100.00% | N/A | 3 | KPI 3.1: Percentage progress on the implementation of the RRAMS project to support improved infrastructure planning in the LMs as per the approved business plan | 100.00% | 100.00% | N/A | N/A |
| 4 | KPI 4.1: Number of municipalities assisted with the finalisation of prioritised project lists for capital infrastructure projects in the district | 4 | 4 | N/A | 4 | KPI 4.1: Number of municipalities assisted with the finalisation of prioritised project lists for capital infrastructure projects in the district | 4 | 4 | N/A | N/A |

| Objective Nr as per the 2021/2022 SDBIP | KPI (DESCRIPTION) | 2021/2022 FY PERFORMANCE | | MITIGATION STEPS TAKEN | Objective Nr as per the 2022/2023 SDBIP | KPI (DESCRIPTION) | 2022/2023 FY PERFORMANCE | | REASONS FOR DEVIATION | IMPROVEMENT PLAN |
|---|---|--------------------------|--------------------|--|---|---|--------------------------|--------------------|---|---|
| | | TARGET | ACTUAL PERFORMANCE | | | | TARGET | ACTUAL PERFORMANCE | | |
| KPA 1: SUSTAINABLE MUNICIPAL INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY. | | | | | | | | | | |
| 1.1 Programme Management and Advisory Services | | | | | | | | | | |
| 4 | KPI 4.2: Amount spent on support for capital infrastructure projects in the LMS | R19 195 652.17 | R8 017 255.65 | Regular oversight visits made to the local municipalities and assistance provided to them with preparing their capital projects claims. Provided a checklist to the LMs on how to compile claims. Procured goods and services on behalf of the local municipalities. | 4 | KPI 4.2: Amount spent on support for capital infrastructure projects in the LMS | R17 478 400.00 | R14 253 741.53 | <ul style="list-style-type: none"> •R2.5 million was rolled over for the supply and installation of the generators since the project would not be completed in the 2022/2023 FY, based on the project assessment. •The project was completed and there is a saving of R393,453.68 from the R5 million which was meant for procurement of trucks and skip bins for local | <ul style="list-style-type: none"> •The project will be completed in the 2023/2024 FY. |
| 4 | KPI 4.3: Timeous submission of project monitoring reports developed to support capital infrastructure projects in the LMS | 4 | 4 | N/A | 4 | KPI 4.3: Quarterly submission of project monitoring reports developed to support capital infrastructure projects in the LMS | 4 | 4 | N/A | N/A |
| 1.2 Housing Unit | | | | | | | | | | |
| 5 | KPI 5.1: Number of human settlements sector plans reviewed | 4 | 4 | N/A | 5 | KPI 5.1: Number of human settlements sector plans developed. | 4 | 4 | N/A | N/A |
| 5 | KPI 5.2: Number of progress reports submitted to Council for the facilitation of the subsidy application process | 4 | 4 | N/A | 5 | KPI 5.2: Number of progress reports submitted to Council for the facilitation of the subsidy application process | 4 | 3 | The fourth quarter progress report was not tabled to council as scheduled, as the council meeting did not sit. | The quarterly report will be tabled at the next council sitting. |
| 6 | KPI 6.1: Number of reports on the accreditation programme submitted COGHSTA and NDHS | 16 | 16 | N/A | 6 | KPI 6.1: Number of reports on the accreditation programme submitted COGHSTA and NDHS | 16 | 16 | N/A | N/A |

| Objective Nr as per the 2021/2022 SDBIP | KPI (DESCRIPTION) | 2021/2022 FY PERFORMANCE | | MITIGATION STEPS TAKEN | Objective Nr as per the 2022/23 SDBIP | KPI (DESCRIPTION) | 2022/2023 FY PERFORMANCE | | REASONS FOR DEVIATION | IMPROVEMENT PLAN |
|---|--|--------------------------|--------------------|--|---------------------------------------|--|--------------------------|--------------------|--|--|
| | | TARGET | ACTUAL PERFORMANCE | | | | TARGET | ACTUAL PERFORMANCE | | |
| KPA.2: LOCAL ECONOMIC DEVELOPMENT (LED) | | | | | | | | | | |
| 2.1 Local Economic Development Unit | | | | | | | | | | |
| 7 | KPI 7.1:Percentage completion of programmes aimed at the diversification of the district economy | 100.00% | 100.00% | N/A | 7 | KPI 7.1:Percentage completion of programmes aimed at the diversification of the district economy | 100.00% | 50.00% | Our participation at SAITEY exhibition had to be cancelled due to a new amendment to the existing terms and conditions. The municipality had to comply with the R50 million insurance condition, which was not affordable. | We will participate at an alternative Exhibition in the next financial year. |
| 8 | KPI 8.1:Percentage completion of programmes aimed at developing learning and skilful economies | 100.00% | 100.00% | N/A | 8 | KPI 8.1:Percentage completion of programmes aimed at developing learning and skilful economies | 100.00% | 55.00% | The acquisition process of the services for training was not completed due to the insufficient intake to the internship programme. | The full compliment of the intake of interns and acquisition process for their training will be completed in the new financial year. |
| 9 | KPI 9.1:Percentage completion of programmes aimed at developing enterprises | 100.00% | 90.00% | The machinery and grant programme was completed in the 2022/23 FY. | 9 | KPI 9.1:Percentage completion of programmes aimed at developing enterprises | 100.00% | 75.00% | The identified beneficiaries for the 2021/2022 financial year were prioritised in the 2022/2023 financial year. | The process and budget is signed in the new financial year. |
| 10 | KPI 10.1:Percentage completion of programmes aimed at the developing inclusive economies | 100.00% | 100.00% | N/A | 10 | KPI 10.1:Percentage completion of programmes aimed at the developing inclusive economies | 100.00% | 100.00% | N/A | N/A |

| Objective Nr as per the 2021/2022 SDBIP | KPI (DESCRIPTION) | 2021/2022 FY PERFORMANCE | | MITIGATION STEPS TAKEN | Objective Nr as per the 2022/23 SDBIP | KPI (DESCRIPTION) | 2022/2023 FY PERFORMANCE | | REASONS FOR DEVIATION | IMPROVEMENT PLAN |
|--|--|--------------------------|--------------------|---|---------------------------------------|--|--------------------------|--------------------|---|---|
| | | TARGET | ACTUAL PERFORMANCE | | | | TARGET | ACTUAL PERFORMANCE | | |
| 2.2 Tourism Unit | | | | | | | | | | |
| 11 | KPI 11.1: Percentage completion of programmes aimed at upgrading, restoration and promotion of tourist attractions | 100.00% | 100.00% | N/A | 11 | KPI 11.1: Percentage completion of programmes aimed at upgrading, restoration and promotion of tourist attractions | 100.00% | 90.71% | There was no suitable service provider to host and maintain the tourism website. | The Tourism website will be incorporated into the municipal website. |
| 11 | KPI 11.2: Percentage implementation of annual action plan to facilitate strategic partnerships and participation of role players | 100.00% | 100.00% | N/A | 11 | KPI 11.2: 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. | | | | | | | | | | |
| 3.1 Environmental Health Management | | | | | | | | | | |
| 12 | KPI 12.1: Number of water samples collected analysed to monitor water quality | 480 | 457 | The challenges was raised and addressed with relevant authorities to improve access to water points. | 12 | KPI 12.1: Number of water samples collected analysed to monitor water quality | 480 | 249 | There were no longer accredited water sampling laboratories after the dissolution of Sedibeng Water Board. This affected the analysis of our water samples. | The acquisition process for an accredited laboratory services will be made in the 2023/24 FY. |
| 12 | KPI 12.2: Number of inspections at food premises to determine food safety | 650 | 644 | Communication was sent to business owners to inform them on inspection dates in advance. | 12 | KPI 12.2: Number of inspections at food premises to determine food safety | 700 | 700 | N/A | N/A |
| 12 | KPI 12.3: Number of surface swabs collected to analyse for diseases and other health risks | 180 | 132 | Supply of surface swabs was unable to meet the demand due to covid-19 requirements. | 12 | KPI 12.3: Number of surface swabs collected to analyse for diseases and other health risks | 180 | 172 | The municipality did not receive sufficient swabs from the Department of Health. No collection of swabs could be made without the surface swab kits. | The supply of surface swabs kits rely on the availability of stock from the Department of Health. |
| 12 | KPI 12.4: Number of food handlers trained on environmental health requirements | 400 | 399 | Invitations for the training of food handlers were disseminated timeously in the new financial year. | 12 | KPI 12.4: Number of food handlers trained on environmental health requirements | 420 | 457 | Training was extended to new food vendors in the area. | N/A |
| 12 | KPI 12.5: Number of inspections conducted at non-food premises to determine health safety | 320 | 325 | Additional inspections at non-food premises were conducted due to the need to ensure compliance with Covid-19 requirements. | 12 | KPI 12.5: Number of inspections conducted at non-food premises to determine health safety | 336 | 343 | Re-inspections had to be done to re-evaluate the premises which did not comply with the health and safety standards. | N/A |

| Objective Nr as per the 2021/2022 SDBP | KPI (DESCRIPTION) | 2021/2022 FY PERFORMANCE | | MITIGATION STEPS TAKEN | Objective Nr as per The 2022/23 SDBP | KPI (DESCRIPTION) | 2022/2023 FY PERFORMANCE | | REASONS FOR DEVIATION | IMPROVEMENT PLAN |
|--|---|--------------------------|--------------------|---|--------------------------------------|---|--------------------------|--------------------|-----------------------|------------------|
| | | TARGET | ACTUAL PERFORMANCE | | | | TARGET | ACTUAL PERFORMANCE | | |
| KPA.3: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION. | | | | | | | | | | |
| 3.1 Environmental Health Management | | | | | | | | | | |
| 13 | KPI.13.1: Number of awareness campaigns implemented | 120 | 98 | Invitations for awareness campaigns were communicated in advance. | 13 | KPI.13.1: Number of awareness campaigns implemented | 84 | 84 | N/A | N/A |
| 13 | KPI.13.2: Number of environmental calendar days celebrated | 7 | 6 | Joint planning with stakeholders for environmental calendar days is strengthened to ensure proper coordination. | 13 | KPI.13.2: Number of environmental calendar days celebrated | 7 | 7 | N/A | N/A |
| 13 | KPI.13.3: Number of atmospheric emissions inventory updates performed | 4 | 4 | N/A | 13 | KPI.13.3: Number of atmospheric emissions inventory updates performed | 4 | 4 | N/A | N/A |
| 13 | KPI.13.4: Number of ambient air quality monitoring reports | 4 | 4 | N/A | 13 | KPI.13.4: Number of ambient air quality monitoring reports | 4 | 4 | N/A | N/A |
| | | | | No targets were set for these KPIs in the 2021/2022 SDBP. | 13 | KPI.13.5: Percentage progress on the development of the climate change project. | 100.00% | 100% | N/A | N/A |
| | | | | | 13 | KPI.13.6: Percentage review of the air quality management plan. | 100.00% | 100% | N/A | N/A |
| | | | | | 13 | KPI.13.7: Percentage progress on the review of the integrated waste management plan | 100.00% | 100% | N/A | N/A |

| Objective Nr as per the 2021/2022 SDBP | KPI (DESCRIPTION) | 2021/2022 FY PERFORMANCE | | MITIGATION STEPS TAKEN | Objective Nr as per The 2022/23 SDBP | KPI (DESCRIPTION) | 2022/2023 FY PERFORMANCE | | REASONS FOR DEVIATION | IMPROVEMENT PLAN |
|--|--|--------------------------|--------------------|------------------------|--------------------------------------|--|--------------------------|--------------------|---|------------------|
| | | TARGET | ACTUAL PERFORMANCE | | | | TARGET | ACTUAL PERFORMANCE | | |
| KPA 3: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION. | | | | | | | | | | |
| 3.2 Disaster Management | | | | | | | | | | |
| 14 | KPI 14.1: Number of volunteers trained on disaster risk management. | 20 | 20 | N/A | 14 | KPI 14.1: Number of volunteers trained on disaster risk management. | 20 | 20 | N/A | N/A |
| No target was set for this KPI in the 2021/2022 SDBP | | | | | | | | | | |
| 15 | KPI 15.1: Percentage response to requests on disastrous incidents in the local municipalities. | 100.00% | 100.00% | N/A | 15 | KPI 15.1: Number of awareness programmes implemented | 4 | 5 | An additional fire fighting awareness programme for volunteers was conducted in Majeng. | N/A |
| 16 | KPI 16.1: Percentage maintenance of fire fighting equipment in the 3UMs as per request | 100.00% | 100.00% | N/A | 16 | KPI 16.1: Percentage response to requests on disastrous incidents in the local municipalities. | 100.00% | 100.00% | N/A | N/A |
| 16 | KPI 16.2: Percentage completion of the annual skid units inspections in 3UMS | 100.00% | 100.00% | N/A | 17 | KPI 17.1: Percentage maintenance of fire fighting equipment in the 3UMs as per request | 100.00% | 100.00% | N/A | N/A |
| 16 | KPI 16.2: Percentage completion of the annual skid units inspections in 3UMS | 100.00% | 100.00% | N/A | 17 | KPI 17.2: Percentage completion of the annual skid units inspections in 3UMS | 100.00% | 100.00% | N/A | N/A |

| Objective Nr as per the 2021/2022 SDBIP | KPI (DESCRIPTION) | 2021/2022 FY PERFORMANCE | | MITIGATION STEPS TAKEN | Objective Nr as per The 2022/23 SDBIP | KPI (DESCRIPTION) | 2022/2023 FY PERFORMANCE | | REASONS FOR DEVIATION | IMPROVEMENT PLAN |
|---|---|--------------------------|--------------------|---|---------------------------------------|--|--------------------------|--------------------|--|---|
| | | TARGET | ACTUAL PERFORMANCE | | | | TARGET | ACTUAL PERFORMANCE | | |
| KPA.3: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION. | | | | | | | | | | |
| 3.2 Disaster Management | | | | | | | | | | |
| 16 | KPI 16.3: Percentage progress on the establishment of the fire fighting satellite station (completion of phase 2) | 100.00% | 70.00% | Phase 2 of the fire fighting satellite station was completed in the 2022/23 FY. | 17 | KPI 17.3: Percentage progress on the establishment of the fire fighting satellite station (completion of phases 2 and 3). | 100.00% | 100.00% | N/A | N/A |
| 17 | KPI 17.1: Percentage implementation of the security maintenance agreements | 100.00% | 80.00% | The servicing of the fire fighting equipment was completed in the 2022/23 FY. | 18 | KPI 18.1: Percentage implementation of the security maintenance agreements | 100.00% | 100.00% | N/A | N/A |
| 3.3 Human Resource Management | | | | | | | | | | |
| No target was set for this KPI in the 2021/2022 SDBIP | | | | | | | | | | |
| 18 | KPI 18.1: Percentage implementation of the annual human resource development & management plan | 100.00% | 105.55% | Additional employee wellness programmes were implemented as per the need. | 19 | KPI 19.1: Percentage implementation of the HR strategy | 100.00% | 50.00% | The consultation process with internal stakeholders was not completed and this affected the scheduled timelines for tabling of draft policies to council and its committees. | The processes for consultation will be reworked and allowed for sufficient inputs for the review of policies in the financial year. |
| 19 | KPI 19.1: Percentage implementation of the annual HR support plan for local municipal to local municipalities | 100.00% | 100.00% | N/A | 20 | KPI 20.1: Percentage implementation of the annual human resource development & management plan | 100.00% | 100.00% | N/A | N/A |
| | | | | | 21 | KPI 21.1: Percentage implementation of the annual HR support plan for local municipal to local municipalities | 100.00% | 100.00% | N/A | N/A |

| Objective Nr as per the 2021/2022 SDBIP | KPI (DESCRIPTION) | 2021/2022 FY PERFORMANCE | | MITIGATION STEPS TAKEN | Objective Nr as per the 2022/23 SDBIP | KPI (DESCRIPTION) | 2022/2023 FY PERFORMANCE | | REASONS FOR DEVIATION | IMPROVEMENT PLAN |
|--|---|--------------------------|--------------------|------------------------|---|--|--------------------------|--------------------|---|--|
| | | TARGET | ACTUAL PERFORMANCE | | | | TARGET | ACTUAL PERFORMANCE | | |
| KPA 3: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION. | | | | | | | | | | |
| 3.4 Records Management and Office Support | | | | | | | | | | |
| 20 | KPI 20.1: Percentage implementation of the annual records management and advisory plan | 100.00% | 100.00% | N/A | 22 | KPI 22.1: Percentage implementation of the annual records management and advisory plan | 100.00% | 100.00% | N/A | N/A |
| 20 | KPI 20.2: Percentage support to local municipalities | 100.00% | 100.00% | N/A | 22 | KPI 22.2: Percentage implementation of the annual records management and advisory support plan | 100.00% | 100.00% | N/A | N/A |
| 21 | KPI 21.1: Percentage implementation of the office support plan | 100.00% | 100.00% | N/A | 23 | KPI 23.1: Percentage implementation of the office support plan | 100.00% | 100.00% | N/A | N/A |
| 22 | KPI 22.1: Percentage implementation of the municipal buildings maintenance plan | 100.00% | 100.00% | N/A | 24 | KPI 24.1: Percentage implementation of the municipal buildings maintenance plan | 100.00% | 100.00% | N/A | N/A |
| 3.5 Information Communication Technology (ICT) | | | | | | | | | | |
| 23 | KPI 23.1: Percentage implementation of the ICT systems plan | 100.00% | 100.00% | N/A | No target was set for this KPI in the 2022/2023 SDBIP | | | | | |
| 25 | KPI 24.1: Percentage implementation of the local municipalities ICT annual support plan | 100.00% | 100.00% | N/A | 25 | KPI 25.1: Percentage upgrading of ICT infrastructure and implementation of the ICT systems | 100.00% | 100.00% | N/A | N/A |
| 25 | KPI 24.1: Percentage implementation of the local municipalities ICT annual support plan | 100.00% | 100.00% | N/A | 26 | KPI 26.1: Percentage implementation of the annual support plan | 100.00% | 87.50% | The project was rolled over due to an assessment made that the server will only be delivered in the 2023/2024 financial year. | The project will be completed in the 2023/2024 FY. |

| Objective Nr as per the 2021/2022 SDBIP | KPI (DESCRIPTION) | 2021/2022 FY PERFORMANCE | | MITIGATION STEPS TAKEN | Objective Nr as per the 2022/23 SDBIP | KPI (DESCRIPTION) | 2022/2023 FY PERFORMANCE | | REASONS FOR DEVIATION | IMPROVEMENT PLAN |
|---|--|--------------------------|--------------------|--|---------------------------------------|--|--------------------------|--------------------|---|---|
| | | TARGET | ACTUAL PERFORMANCE | | | | TARGET | ACTUAL PERFORMANCE | | |
| KPA 3: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION. | | | | | | | | | | |
| 3.6 Integrated Development Planning (IDP) | | | | | | | | | | |
| 25 | KPI 25.1: Percentage progress in the review of the district municipal IDP | 100.00% | 100.00% | N/A | 27 | KPI 27.1: Percentage development and review of the district municipal IDP | 100.00% | 100.00% | N/A | N/A |
| 26 | KPI 26.1: Percentage support to local municipalities in the review of their IDPs | 100.00% | 100.0% | N/A | 28 | KPI 28.1: Percentage support to local municipalities in the development and review of their IDPs | 100.00% | 100.0% | N/A | N/A |
| 3.7 Spatial Planning | | | | | | | | | | |
| 27 | KPI 27.1: Percentage development of By-Laws for three LMs | 100.00% | 68.75% | The By-Laws were completed and submitted to all the LMs for approval by council in the 2022/23 FY. | No target was set for the 2022/23 FY. | | | | | |
| 28 | KPI 28.1: Percentage processing of land development applications received | 100.00% | 100.00% | N/A | 29 | KPI 29.1: Percentage of land development applications received from LMs processed | 100.00% | 100.00% | N/A | N/A |
| 28 | KPI 28.2: Percentage progress on the review of the SDFs | 100.00% | 53.94% | The SDF for Magareng LM is currently at a draft stage. The SDF will be completed once new data has been sourced. | No target was set for the 2022/23 FY. | | | | | |
| 29 | KPI 29.1: Percentage progress on the completion of one infill development | 100.00% | 50.00% | The project was completed in the 2022/23 FY. | No target was set for the 2022/23 FY. | | | | | |
| KPA 3: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION. | | | | | | | | | | |
| 3.6 Integrated Development Planning (IDP) | | | | | | | | | | |
| No target was set for this KPI in the 2021/2022 SDBIP | | | | | 29 | KPI 29.2: Percentage progress on the development of a precinct plan | 100.00% | 85.72% | There are consultations that required further engagement with stakeholders regarding the precinct plan. This affected the schedule of the project as additional inputs had to be incorporated in drafting the plan. | The project timelines has been extended by a period of three months. The outstanding activities will be conducted concurrently to fast-track the completion of the project. |

| Objective Nr as per the 2021/2022 SDBIP | KPI (DESCRIPTION) | 2021/2022 FY PERFORMANCE | | MITIGATION STEPS TAKEN | Objective Nr as per the 2022/23 SDBIP | KPI (DESCRIPTION) | 2022/2023 FY PERFORMANCE | | REASONS FOR DEVIATION | IMPROVEMENT PLAN |
|---|--|--------------------------|--------------------|--|---------------------------------------|---|--------------------------|--------------------|--|---|
| | | TARGET | ACTUAL PERFORMANCE | | | | TARGET | ACTUAL PERFORMANCE | | |
| KPA 3: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION. | | | | | | | | | | |
| 3.8 Geographical Information System (GIS) | | | | | | | | | | |
| 30 | KPI 30.1: Percentage access and maintenance of GIS in the district. | 100.00% | 100.00% | N/A | 30 | KPI 30.1: Percentage access and maintenance of GIS in the district. | 100.00% | 62.50% | The procurement of the UAV drone project which would be used for the improvement of collation of current data was not completed due to the significant increase in the market price. | The focus for 2023/24 FY will be on training and licensing. Procurement of the UAV drone will be implemented in the 2024/25 FY, whilst continuing with sourcing data from existing systems. |
| 30 | KPI 30.2: Number of local municipalities trained and informed on GIS | 4 | 4 | N/A | 30 | KPI 30.2: Number of workshops conducted at local municipalities | 4 | 4 | N/A | N/A |
| 3.9 Performance management System (PMS) | | | | | | | | | | |
| 31 | KPI 31.1: Percentage implementation of the performance management annual plan | 100.00% | 75.00% | The annual evaluations was concluded in the 2022/23 FY. | 31 | KPI 31.1: Percentage implementation of the performance management annual plan | 100.00% | 100.00% | N/A | N/A |
| 32 | KPI 32.1: Percentage support to three local municipalities on PMS | 100.00% | 100.00% | N/A | 32 | KPI 32.1: Percentage implementation of the annual support plan | 100.00% | 100.00% | N/A | N/A |
| KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION | | | | | | | | | | |
| 4.1 Communication and Media | | | | | | | | | | |
| 33 | KPI 33.1: Percentage implementation of the annual communication strategy action plan | 100.00% | 96.04% | <ul style="list-style-type: none"> The marketing materials were acquired in 2022/23 FY. Improved planning for media engagements and increased interaction with journalists. One-on-one engagements with content providers and continuous follow-up. | 33 | KPI 33.1: Percentage implementation of the annual communication action plan | 100.00% | 101.80% | Two additional press releases issued for the financial year. | N/A |
| No target was set for this KPI in the 2021/2022 SDBIP | | | | | | | | | | |
| 34 | KPI 34.1: Percentage implementation of the internal communication plan | 100.00% | 100.00% | N/A | 34 | KPI 34.1: Percentage implementation of the internal communication plan | 100.00% | 100.00% | N/A | N/A |

| Objective Nr as per the 2021/2022 SDBIP | KPI (DESCRIPTION) | 2021/2022 FY PERFORMANCE | | MITIGATION STEPS TAKEN | Objective Nr as per the 2022/23 SDBIP | KPI (DESCRIPTION) | 2022/2023 FY PERFORMANCE | | REASONS FOR DEVIATION | IMPROVEMENT PLAN |
|---|--|--------------------------|--------------------|--|---------------------------------------|--|--------------------------|--------------------|---|--|
| | | TARGET | ACTUAL PERFORMANCE | | | | TARGET | ACTUAL PERFORMANCE | | |
| 4.2 Risk management | | | | | | | | | | |
| 35 | KPI 35.1: Percentage implementation of risk management plan for FBDM | 100.00% | 100.00% | N/A | 35 | KPI 35.1: Percentage implementation of risk management plan for FBDM | 100.00% | 100.00% | N/A | N/A |
| 35 | KPI 35.2: Percentage implementation of risk management plan for two LMs | 100.00% | 100.00% | N/A | 35 | KPI 35.2: Percentage implementation of risk management plans in 2X LMs | 100.00% | 100.00% | N/A | N/A |
| 36 | KPI 36.1: Percentage implementation of fraud and corruption programme for FBDM | 100.00% | 100.00% | N/A | 36 | KPI 36.1: Percentage implementation of fraud and corruption plan in FBDM | 100.00% | 100.00% | N/A | N/A |
| 36 | KPI 36.2: Percentage implementation of fraud and corruption awareness programmes for two LMs | 100.00% | 100.00% | N/A | 36 | KPI 36.2: Percentage implementation of fraud and corruption awareness programmes in 2X LMs | 100.00% | 100.00% | N/A | N/A |
| 4.3 Internal Audit | | | | | | | | | | |
| 37 | KPI 37.1: Percentage implementation of the approved internal audit plans (FBDM and 2LMs) | 100.00% | 94.55% | The SCM audit which was not completed in the financial year 2021/22, was deferred to the financial 2022/2023 which was successfully completed. | 37 | KPI 37.1: Percentage implementation of the approved internal audit plans (FBDM and 2LMs) | 100.00% | 86.66% | <ul style="list-style-type: none"> The ERP audit has been rescheduled due to its specialised nature and the need for research and training. The annual Internal Audit Plan for Divkalong and Magareng LMs was not approved by APRC as it did not include the risk based audit which was considered crucial. | <ul style="list-style-type: none"> The ERP training and audit will be implemented in the 2023/2024 financial year. Risk management unit will perform annual operational risk assessment in the 2023/2024 financial year. |

| Objective Nr as per the 2021/2022 SDRIP | KPI (DESCRIPTION) | 2021/2022 FY PERFORMANCE | | MITIGATION STEPS TAKEN | Objective Nr as per the 2022/23 SDRIP | KPI (DESCRIPTION) | 2022/2023 FY PERFORMANCE | | REASONS FOR DEVIATION | IMPROVEMENT PLAN |
|---|--|--------------------------|--------------------|---|---------------------------------------|---|--------------------------|--------------------|--|--|
| | | TARGET | ACTUAL PERFORMANCE | | | | TARGET | ACTUAL PERFORMANCE | | |
| IPA.4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION | | | | | | | | | | |
| 4.4 Legal and Compliance Services | | | | | | | | | | |
| 38 | KPI 38.1: Percentage provision of legal and compliance services in the district | 100.00% | 100.00% | N/A | 38 | KPI 38.1: Percentage provision of legal and compliance services in the district | 100.00% | 100.00% | N/A | N/A |
| 39 | KPI 39.1: Percentage provision of legal contract services | 100.00% | 100.00% | N/A | 39 | KPI 39.1: Percentage provision of legal contract services | 100.00% | 100.00% | N/A | N/A |
| 4.5 Council and committee services | | | | | | | | | | |
| 40 | KPI 40.1: Percentage facilitation of council and committee meetings and its administrative systems | 100.00% | 89.83% | Council has adopted both virtual and physical sittings of council to adhere with schedules. | 40 | KPI 40.1: Percentage facilitation of council and its committee meetings | 100.00% | 84.41% | Some committees of council did not reach a quorum for their sitting. | The Speaker and Chief Whips of various political parties in council will ensure sitting of all committees. |
| 4.6 Youth Services | | | | | | | | | | |
| 41 | KPI 41.1: Number of stakeholder engagement platforms facilitated | 4 | 4 | N/A | 41 | KPI 41.1: Number of stakeholder engagement platforms facilitated | 4 | 4 | N/A | N/A |
| 41 | KPI 41.2: Percentage coordination of youth development programmes | 100.00% | 83.33% | The identification process for unemployed youth was completed in the 2022/23 FY. | 41 | KPI 41.2: Percentage coordination of youth development programmes | 100.00% | 100.00% | N/A | N/A |

| Objective Nr as per the 2021/2022 SDBIP | KPI (DESCRIPTION) | 2021/2022 FY PERFORMANCE | | MITIGATION STEPS TAKEN | Objective Nr as per the 2022/23 SDBIP | KPI (DESCRIPTION) | 2022/2023 FY PERFORMANCE | | REASONS FOR DEVIATION | IMPROVEMENT PLAN |
|---|--|--------------------------|--------------------|--|---------------------------------------|--|--------------------------|--------------------|---|--|
| | | TARGET | ACTUAL PERFORMANCE | | | | TARGET | ACTUAL PERFORMANCE | | |
| 4.7 Special Programmes | | | | | | | | | | |
| 42 | KPI 42.1: Percentage facilitation and coordination of special programmes in the district as per the annual action plan | 100.00% | 75.00% | Use intergovernmental forums to coordinate and align all programmes. | 42 | KPI 42.1: Percentage facilitation and coordination of special programmes in the district as per the annual action plan | 100.00% | 75.00% | <ul style="list-style-type: none"> The elderly people programme could not be completed as it needed stakeholder involvement for it to succeed. The back to school project was not completed due to the delay in the processes of identifying beneficiaries. | <ul style="list-style-type: none"> Engagement with all stakeholders in the district was initiated to coordinate and align all programmes. A needs list to be developed and a criteria must be set to identify deserving beneficiaries. |
| KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT | | | | | | | | | | |
| 5.1 Budget and Treasury | | | | | | | | | | |
| 43 | KPI 43.1: Percentage compliance to budgeting and reporting requirements. | 100.00% | 100.00% | N/A | 43 | KPI 43.1: Percentage compliance to budgeting and reporting requirements. | 100.00% | 100.00% | N/A | N/A |
| 44 | KPI 44.1: Percentage compliance to legislation | 100.00% | 100.00% | N/A | 44 | KPI 44.1: Percentage implementation of sound financial management practices (Revenue & expenditure) | 100.00% | 100.00% | N/A | N/A |
| 45 | KPI 45.1: Percentage provision of financial management support to local municipalities | 100.00% | 100.00% | N/A | 45 | KPI 45.1: Percentage implementation of the financial management support plan | 100.00% | 100.00% | N/A | N/A |
| 46 | KPI 46.1: Percentage compliance with National treasury supply chain management system | 100.00% | 100.00% | N/A | 46 | KPI 46.1: Percentage compliance with National treasury supply chain management system | 100.00% | 100.00% | N/A | N/A |

| FRANCES BAARD DISTRICT MUNICIPALITY | | |
|--|----|--------|
| SUMMARY OF MUNICIPAL PERFORMANCE: 01 JUNE 2021 - 30 JUNE 2022. (ANNUAL) | | |
| Number of Key Performance Indicators Measured For The 2021/22 Financial Year | 68 | 100% |
| 1. Overall achievement (including overperformance) | 51 | 75.00% |
| 2. Targets not achieved | 17 | 25.00% |
| 3. Targets Exceeded | 8 | 11.76% |

| FRANCES BAARD DISTRICT MUNICIPALITY | | |
|--|----|--------|
| SUMMARY OF MUNICIPAL PERFORMANCE: 01 JUNE 2022 - 30 JUNE 2023. (ANNUAL) | | |
| Number of Key Performance Indicators Measured For The 2022/23 Financial Year | 71 | 100% |
| 1. Overall achievement (including overperformance) | 56 | 78.87% |
| 2. Targets not achieved | 15 | 21.12% |
| 3. Targets Exceeded | 5 | 7.04% |

Chapter 4 - Organisational Development Performance

4.1 Introduction

FBDM is currently in the process of reviewing and adopting its human resource management policies and procedures in compliance with the provisions of the Local Government: Municipal Staff Regulations. This effort is aimed at ensuring that these policies and procedures align with the Regulations. This initiative is driven by the promulgated Local Government: Municipal Staff Regulations and Guidelines, which establish uniform standards for municipal staff establishments, organizational design principles, and metrics. These regulations come into effect from July 1, 2022, except for Chapter 2 and 4, which will be implemented on July 1, 2023. The deferment of the implementation date is aimed at affording municipalities an opportunity to review and/or adopt their human resources management policies and procedures in accordance with the provisions of section 67 of the Systems Act to ensure that such policies and procedures are in conformity with the Regulations.

The Human Resource function goes beyond administrative support; it also focuses on developing an organization's employees to drive and support its strategic objectives. FBDM views its employees as human capital and a valuable resource for achieving its strategic goals. To enhance the efficiency and effectiveness of this resource, FBDM is investing in its employees through bursaries, education, and training to help them grow their careers and improve their skills and knowledge.

The municipality maintains healthy labour relations between employers and employees through regular engagements with employee and employer representatives via the functional Local Labor Forum. This approach aims to eliminate labour unrest and promote a peaceful working environment. Notably, there were no disciplinary cases in the 2022/2023 financial year.

The municipality remains committed to an effective recruitment and selection process. The staff establishment was reviewed in the 2021/2022 financial year to ensure it aligns with the human capital needed to support the objectives outlined in the Integrated Development Plan (IDP). However, chapter 2 of the Local Government: Municipal Staff Regulations obliged municipalities to review their staff establishments in order to support and organise their administration in such a manner as to execute their constitutional obligations.

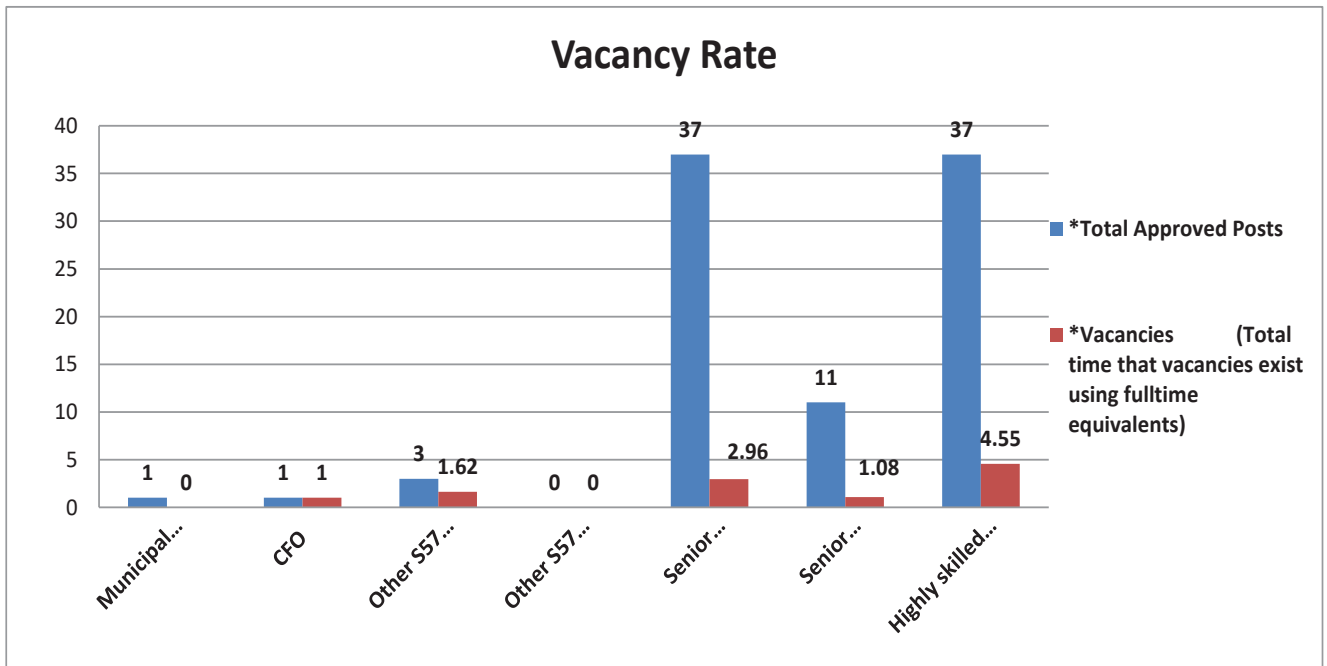
Department of Cooperative Governance has developed prototype municipal staff establishments based on the powers and functions of different categories of municipalities. Our municipality has been chosen to be part of the pilot and validation of prototype staff establishment project. The next phase of is to pilot and validate the prototype staff establishments before implementation. This will entail confirmation of the mandate of the municipality, strategy, organisational structures, identification of the change impact requirements on the current structure and job profiles of the selected pilot municipalities. This will be followed by the validation phase in 2023/2024 financial year.

| Employees | | | | | |
|--|---------------|--------------------|---------------|---------------|-------------|
| Description | 2021/22 | 2022/23 | | | |
| | Employees No. | Approved Posts No. | Employees No. | Vacancies No. | Vacancies % |
| Municipal Manager & Section 56 Managers | 1 | 5 | 1 | 4 | 43% |
| Housing Services | 5 | 13 | 5 | 8 | 33% |
| Programme Management & Advisory Services (incl. secretary) | 7 | 7 | 0 | 0 | 0% |
| Town & Regional Planning Services (includes secretary to Director) | 4 | 4 | 4 | 0 | 0% |
| Integrated Development Planning (IDP) | 2 | 2 | 1 | 1 | 13% |
| Geographic Information System Services | 2 | 2 | 1 | 0 | 11% |
| Local Economic Development Services | 7 | 7 | 6 | 1 | 1% |
| Environmental Health Services | 8 | 8 | 8 | 0 | 0% |
| Fire Fighting & Disaster Management | 8 | 14 | 8 | 6 | 23% |
| Executive & Council | 10 | 11 | 11 | 1 | 2% |
| Office of Municipal Manager | 10 | 11 | 7 | 2 | 10% |
| Corporate & Human Resource Services | 26 | 31 | 27 | 3 | 6% |
| ICT Services | 3 | 3 | 2 | 1 | 11% |
| Financial Services | 15 | 18 | 14 | 4 | 12% |
| Totals | 108 | 136 | 95 | 31 | 165% |

| Description | Incumbents |
|--------------------------|------------|
| Political office bearers | 29 |
| Internship programme | 21 |

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

| Vacancy Rate: 2022/23 | | | |
|---|----------------------|---|---|
| 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 | 0.00 |
| CFO | 1 | 1 | 100.00 |
| Other S57 Managers (excluding Finance Posts) | 3 | 1.62 | 54.00 |
| Other S57 Managers (Finance posts) | 0 | 0 | 0.00 |
| Senior management: Levels 13-17 (excluding Finance Posts) | 37 | 2.96 | 8.00 |
| Senior management: Levels 13-18 (Finance posts) | 11 | 1.08 | 9.82 |
| Highly skilled supervision: levels 9-12 (excluding Finance posts) | 37 | 4.55 | 12.30 |
| Highly skilled supervision: levels 9-12 (Finance posts) | 2 | 0.54 | 27.00 |
| Total | 92 | 11.75 | 12.77 |



| Turn-over Rate | | | |
|----------------|---|---|----------------|
| Details | Total Appointments as of beginning of Financial Year No. | Terminations during the Financial Year No. | Turn-over Rate |
| 2020/21 | 20 | 14 | 70% |
| 2021/22 | 15 | 23 | 153% |
| 2022/23 | 14 | 21 | 150% |

4.2 Managing the municipal employee costs

Managing municipal employee costs is crucial. The National Treasury's norm of 35% on personnel budget serves as a framework or guideline for municipalities to follow, helping to control unnecessary high spending on workforce expenditure. During the 2022/2023 fiscal year, FBDM exceeded this norm by 20.1%, resulting in a personnel budget of 55.1% (R 98.8m), which encompasses the remuneration of both councillors and officials.

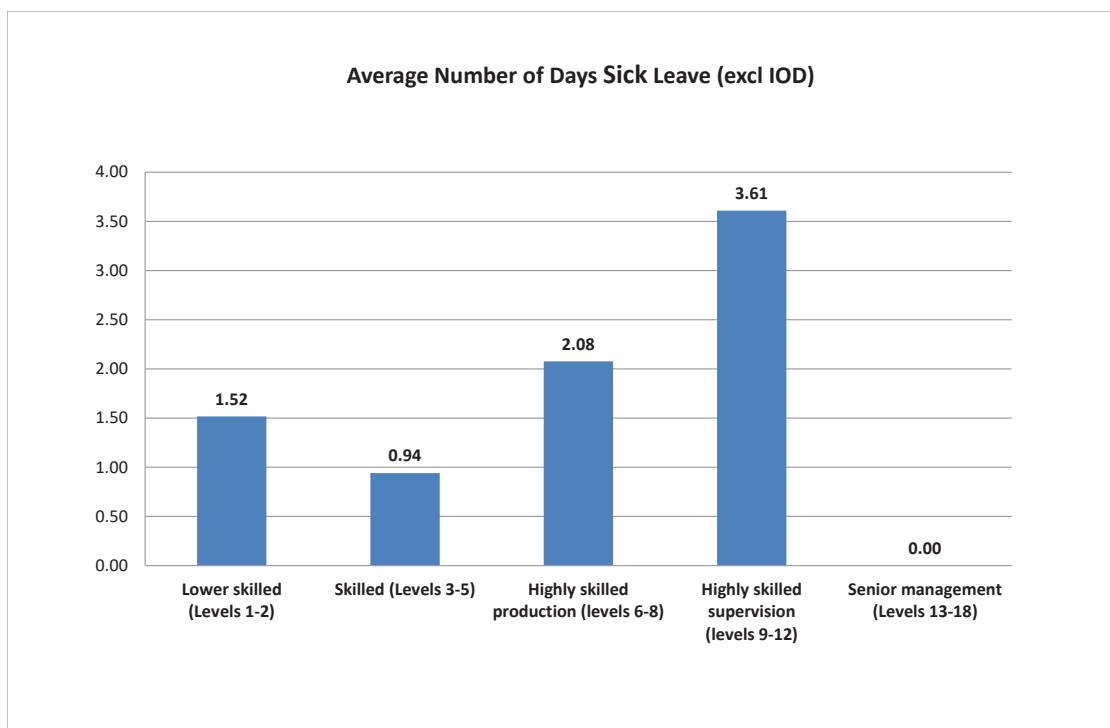
| HR Policies and Plans | | | | |
|-----------------------|----------------|----------------|---------------|--|
| | Name of Policy | Completed % | Reviewed % | Date adopted by council or comment on failure to adopt |
| None | | | | |

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 | | | | None | |
| Temporary total disablement | | | | None | |
| Permanent disablement | | | | None | |
| Fatal | | | | None | |
| Total | | | | | |

| 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 | 76 | 0% | 14 | 18 | 0.64 | 29 |
| Skilled (Levels 3-5) | 179 | 0% | 15 | 17 | 1.52 | 106 |
| Highly skilled production (levels 6-8) | 111 | 0% | 9 | 13 | 0.94 | 119 |
| Highly skilled supervision (levels 9-12) | 245 | 10% | 28 | 29 | 2.08 | 367 |
| Senior management (Levels 13-18) | 426 | 0% | 35 | 40 | 3.61 | 1 038 |
| MM and S57 | 0 | 0 | 0 | 1 | 0 | 0 |
| Total | 1 037 | 10% | 101 | 118 | 8.79 | 1 828 |

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



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

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

| Performance rewards by gender | | | | | |
|--|---------------------|------------------------------------|-------------------------|---------------------------------------|---|
| Designations | Beneficiary profile | | | | |
| | Gender | Total number of employees in group | Number of beneficiaries | Expenditure on rewards 2019/20 (R) | Proportion of beneficiaries within group % |
| %MM and S57 | Female | 2 | 2 | 263,876.04 | 100% |
| | Male | 2 | 1 | 68,007.78 | 50% |
| Total | | | | | |
| Has the statutory municipal calculator been used as part of the evaluation process ? | | | | | Yes |

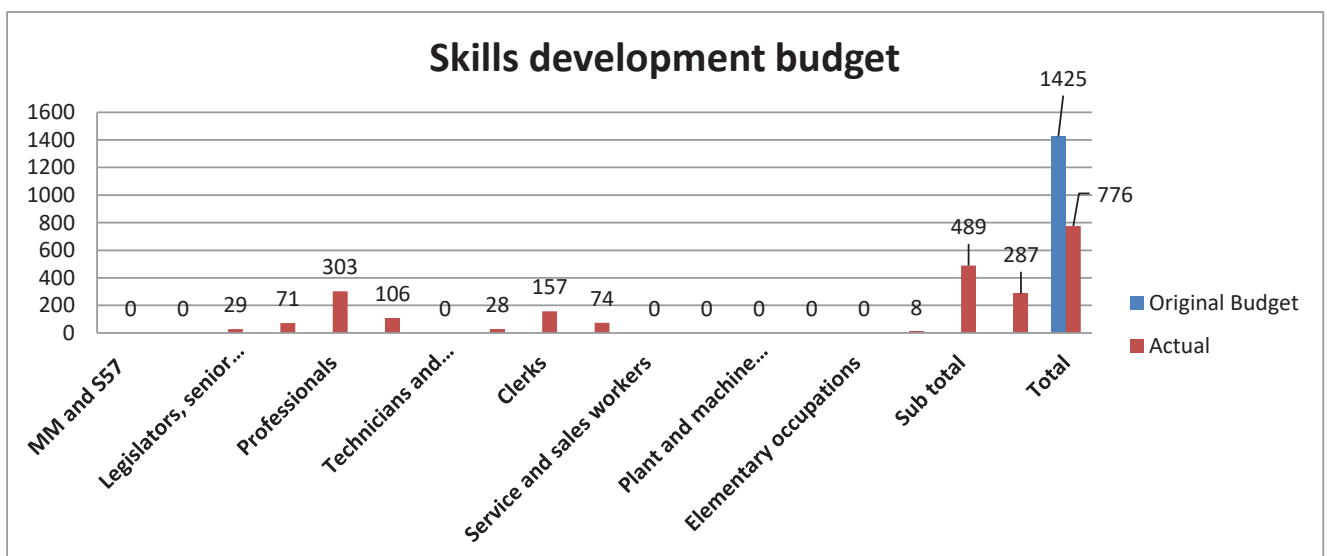
4.4 Capacitating the municipal workforce

| 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 | 1 |
| Chief financial officer | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior managers | 0 | 0 | 0 | 0 | 0 | 0 |
| Any other financial officials | 18 | 0 | 18 | 0 | 0 | 9 |
| 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 | 20 | 0 | 20 | 1 | 0 | 10 |

* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

| Skills Development Expenditure R'000 | | | | | | | |
|--|--------|---|--|---|-------------------------|-----------------|--------|
| Management level | Gender | Employees as at the beginning of the financial year | Original Budget and Actual Expenditure on skills development for 2021/22 | | | | |
| | | | Learnerships | Skills programmes & other short courses | Other forms of training | Total | |
| | | No. | Actual | Actual | Actual | Original Budget | Actual |
| MM and S57 | Female | 1 | 0 | 0 | 0 | 1,425 | 0 |
| | Male | 0 | 0 | 0 | 0 | | 0 |
| Legislators, senior officials and managers | Female | 20 | 0 | 2 | 27 | | 29 |
| | Male | 29 | 0 | 41 | 30 | | 71 |
| Professionals | Female | 20 | 0 | 235 | 68 | | 303 |
| | Male | 11 | 0 | 65 | 41 | | 106 |
| Technicians and associate professionals | Female | 7 | 0 | 0 | 0 | | 0 |
| | Male | 8 | 0 | 28 | 0 | | 28 |
| Clerks | Female | 17 | 0 | 91 | 66 | | 157 |
| | Male | 16 | 0 | 27 | 47 | | 74 |
| Service and sales workers | Female | 0 | 0 | 0 | 0 | | 0 |
| | Male | 0 | 0 | 0 | 0 | | 0 |
| Plant and machine operators and assemblers | Female | 0 | 0 | 0 | 0 | | 0 |
| | Male | 0 | 0 | 0 | 0 | | 0 |
| Elementary occupations | Female | 7 | 0 | 0 | 0 | 0 | |
| | Male | 6 | 0 | 8 | 0 | 8 | |
| Sub total | Female | 72 | 0 | 328 | 161 | 489 | |
| | Male | 70 | 0 | 169 | 118 | 287 | |
| Total | | 142 | 0 | 497 | 279 | 1,425 | 776 |
| *% and *R value of municipal salaries (original budget) allocated for workplace skills plan. | | | | | | %* | |

Note: The total budget for skills development consists of training and bursaries. The training budget was R1.25 million, and the bursaries budget was R300,000 for the 2022/23 financial year.



The district successfully developed and submitted the Workplace Skills Plan (WSP) for 2022/2023 on April 30, 2022. The WSP comprises the Annual Training Report for 2021/2022 and the training plan for 2022/2023.

The municipality committed approximately one percent of its wage bill to skills development programs. The WSP informs the Local Government Sector Education & Training Authority (LGSETA) about the accredited and Continuous Professional Development (CPD) training the organization will provide to employees in the next 12 months.

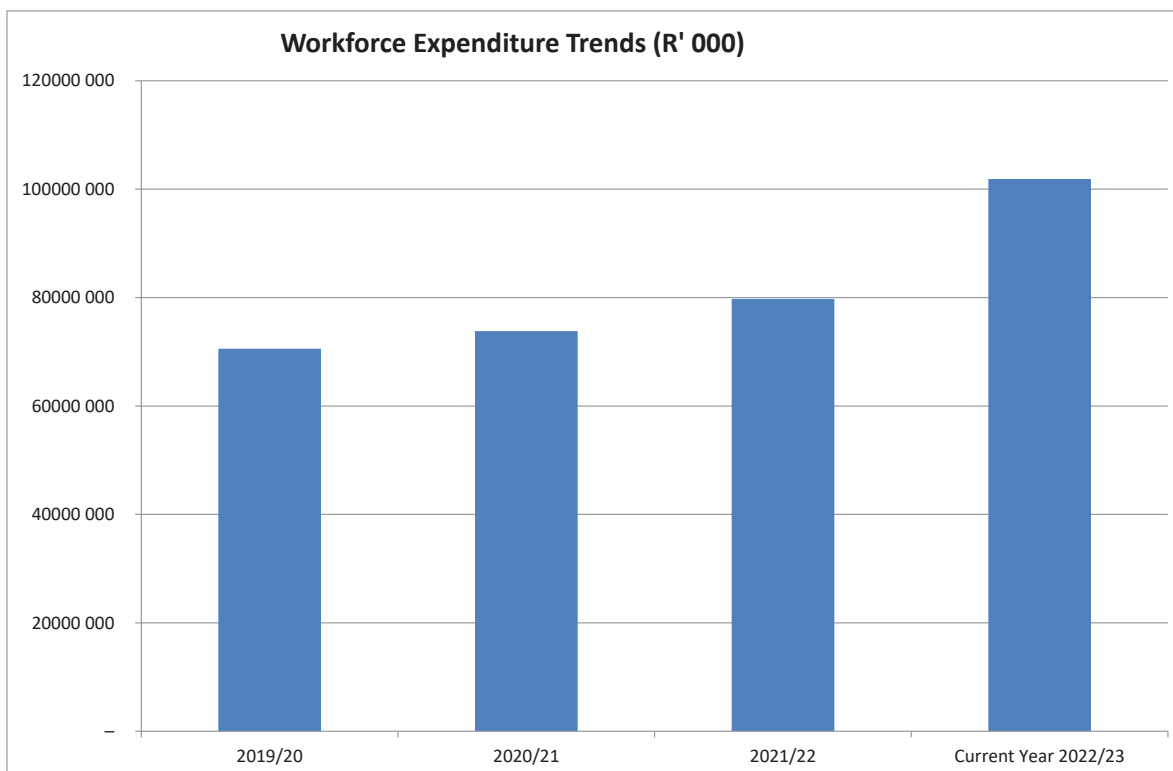
Additionally, through the WSP, skills programs, learnership, and internship opportunities for both employees and unemployed youth are identified. This is based on the operational requirements of the organization, its industry, and the critical skills identified by the SETA. All training conducted is guided by the plan developed to ensure transparency and efficiency in managing the budget allocated for such programs.

Training plans and the effectiveness of implementation

The development of a WSP document begins with a skills audit exercise in which employees submit their training needs for the upcoming financial year. Training needs are costed by the skills development facilitator and the budget office to ensure accuracy before being included in the final WSP document.

4.5 Managing the workforce expenditure

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



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

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

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

Chapter 5 - Financial Performance

5.1 Introduction

The municipality maintained an unqualified audit opinion with no findings on the financial statements which indicates that there were no material findings identified and for the past three (3) financial years. It was further assessed by the Auditor-General that the municipality maintained a good internal controls in the financial bookkeeping.

Government grants remain the main source of our revenue with the municipality only collecting about 9% as its own revenue. The growth in income is limited to the current inflation rate and an increase in the GDP that is expected to be less than 1%. Despite the fact that the low economic growth has a negative impact on the revenue of the municipality, the municipality still managed to allocate funds in various projects of the local municipalities particularly on the infrastructure projects, to insure a sustainable high level of involvement in the district.

Considering that the municipality relies heavily on grant funding to finance its operations, it still succeeded in building the capacity of the local municipalities in its area of jurisdiction to assist them to perform their functions and exercise their powers. Notwithstanding the negative economic growth forecast, the municipality was able to spend R 29 178 400 (2021/22: R 25 070 194) 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 liquidity ratio of 4.9 is an indication that the municipality has ensured that the liabilities are kept at a minimal with an increase of its assets. 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.

5.2 Summary of financial performance

| Financial Summary | | | | | | | R' 000 |
|--|----------------|-----------------------|-----------------|------------------|-----------------|-------------------|--------|
| Description | 2021/22 | Current Year: 2022/23 | | 2022/23 Variance | | | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustment Budget | |
| Financial Performance | | | | | | | |
| Property rates | – | – | – | – | – | – | |
| Service charges | – | – | – | – | – | – | |
| Investment revenue | 5 869 | 7 150 | 7 150 | 9 979 | 28.35% | 28.35% | |
| Transfers recognised - operational | 133 164 | 139 841 | 140 341 | 137 340 | -1.82% | -2.19% | |
| Other own revenue | 492 | 320 | 320 | 3 122 | 89.75% | 89.75% | |
| Total Revenue (excluding capital transfers and contributions) | 139 525 | 147 311 | 147 811 | 150 441 | 2.08% | 1.75% | |
| Employee costs | 72 813 | 91 585 | 88 507 | 72 457 | -26.40% | -22.15% | |
| Remuneration of councillors | 6 948 | 10 287 | 10 287 | 8 190 | -25.60% | -25.60% | |
| Debt impairment | – | – | – | 7 | | | |
| Depreciation & asset impairment | 4 622 | 3 591 | 5 017 | 5 304 | 32.29% | 5.42% | |
| Finance charges | – | – | – | – | – | – | |
| Materials and bulk purchases | 1 045 | 1 493 | 1 904 | 1 086 | -37.54% | -75.37% | |
| Transfers and grants | 25 070 | 25 206 | 33 806 | 30 572 | 17.55% | -10.58% | |
| Other expenditure | 24 495 | 39 292 | 39 631 | 24 831 | -58.24% | -59.60% | |
| Total Expenditure | 134 993 | 171 455 | 179 152 | 142 448 | -20.36% | -25.77% | |
| Surplus/(Deficit) | 4 532 | (24 144) | (31 341) | 7 993 | 402.05% | 492.09% | |
| Transfers recognised - capital | – | – | – | – | – | – | |
| Contributions recognised - capital & contributed assets | – | – | – | – | – | – | |
| Surplus/(Deficit) after capital transfers & contributions | 4 532 | (24 144) | (31 341) | 7 993 | 402.05% | 492.09% | |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | |
| Surplus/(Deficit) for the year | 4 532 | (24 144) | (31 341) | 7 993 | 402.05% | 492.09% | |
| Capital expenditure & funds sources | | | | | | | |
| Capital expenditure | (5 153) | (7 984) | (9 135) | 6 403 | 224.69% | 242.68% | |
| Transfers recognised - capital | – | – | – | – | 0% | 0% | |
| Public contributions & donations | – | – | – | – | 0% | 0% | |
| Borrowing | – | – | – | – | 0% | 0% | |
| Internally generated funds | (5 153) | (7 984) | (9 135) | 6 403 | 224.69% | 242.68% | |
| Total sources of capital funds | (5 153) | (7 984) | (9 135) | 6 403 | 224.69% | 242.68% | |

| Financial Summary | | | | | | | R' 000 |
|---|----------------|-----------------------|-----------------|----------------|------------------|--------------------|--------|
| Description | 2021/22 | Current Year: 2022/23 | | | 2022/23 Variance | | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget | |
| Financial position | | | | | | | |
| Total current assets | 115 445 | 106 147 | 104 457 | 124 687 | 14.87% | 16.22% | |
| Total non current assets | 60 583 | 72 257 | 79 270 | 80 433 | 10.16% | 1.45% | |
| Total current liabilities | 31 603 | 24 834 | 31 390 | (4 116) | 703.29% | 862.55% | |
| Total non current liabilities | 23 774 | 33 493 | 35 323 | 26 172 | -27.97% | -34.96% | |
| Community wealth/equity | 120 651 | 56 566 | 32 544 | 91 415 | 38.12% | 64.40% | |
| Cash flows | | | | | | | |
| Net cash from (used) operating | 6 558 | (21 545) | (21 545) | 17 602 | 222.40% | 222.40% | |
| Net cash from (used) investing | (3 314) | 7 984 | 7 984 | (7 368) | 208.36% | 208.36% | |
| Net cash from (used) financing | – | – | – | – | – | – | |
| Cash/cash equivalents at the year end | 103 180 | (13 561) | (13 561) | 113 413 | 111.96% | 111.96% | |
| Cash backing/surplus reconciliation | | | | | | | |
| Cash and investments available | 112 930 | 90 397 | 90 113 | 113 905 | 20.64% | 20.89% | |
| Application of cash and investments | 6 651 | 10 162 | 15 195 | (17 635) | 157.62% | 186.17% | |
| Balance - surplus (shortfall) | 106 278 | 80 235 | 74 917 | 131 540 | 39.00% | 43.05% | |
| Asset management | | | | | | | |
| Asset register summary (WDV) | 71 455 | 64 158 | 72 599 | 70 739 | 9.30% | -2.63% | |
| Depreciation & asset impairment | 4 622 | 3 591 | 5 017 | 5 282 | 32.01% | 5.02% | |
| Renewal of Existing Assets | 3 409 | 3 437 | 4 452 | 5 498 | 37.50% | 19.04% | |
| Repairs and Maintenance | 5 193 | 5 819 | 6 155 | 5 872 | 0.91% | -4.81% | |
| 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 | 2021/22 | 2022/23 | | | 2022/23 Variance | | |
| | Actual | Original Budget | Adjustments Budget | Actual | Original Budget | Adjustments Budget | |
| Operating Cost | | | | | | | |
| Water | – | – | – | – | – | – | |
| Waste Water (Sanitation) | – | – | – | – | – | – | |
| Electricity | – | – | – | – | – | – | |
| Waste Management | – | – | – | – | – | – | |
| Housing | 3 590 | 4 428 | 4 309 | 4 042 | -9.53% | -6.60% | |
| Component A: sub-total | 3 590 | 4 428 | 4 309 | 4 042 | -9.53% | -6.60% | |
| Waste Water (Stormwater Drainage) | – | – | – | – | – | – | |
| Roads | – | – | – | – | – | – | |
| Transport | – | – | – | – | – | – | |
| Component B: sub-total | – | – | – | – | – | – | |
| Planning | 40 838 | 48 883 | 57 494 | 48 579 | -0.63% | -18.35% | |
| Local Economic Development | – | – | – | – | – | – | |
| Component B: sub-total | 40 838 | 48 883 | 57 494 | 48 579 | -0.63% | -18.35% | |
| Planning (Strategic & Regulatory) | – | – | – | – | – | – | |
| Local Economic Development | – | – | – | – | – | – | |
| Component C: sub-total | – | – | – | – | – | – | |
| Community & Social Services | – | – | – | – | – | – | |
| Environmental Protection | 9 733 | 12 045 | 12 045 | 9 735 | -23.72% | -23.72% | |
| Health | – | – | – | – | – | – | |
| Security and Safety | – | – | – | – | – | – | |
| Sport and Recreation | – | – | – | – | – | – | |
| Corporate Policy Offices and Other | 80 832 | 108 590 | 107 828 | 80 091 | -35.58% | -34.63% | |
| Component D: sub-total | 90 565 | 120 634 | 119 872 | 89 826 | -34.30% | -33.45% | |
| Total Expenditure | 134 993 | 173 945 | 181 676 | 142 448 | -22.11% | -27.54% | |

5.3 Grants

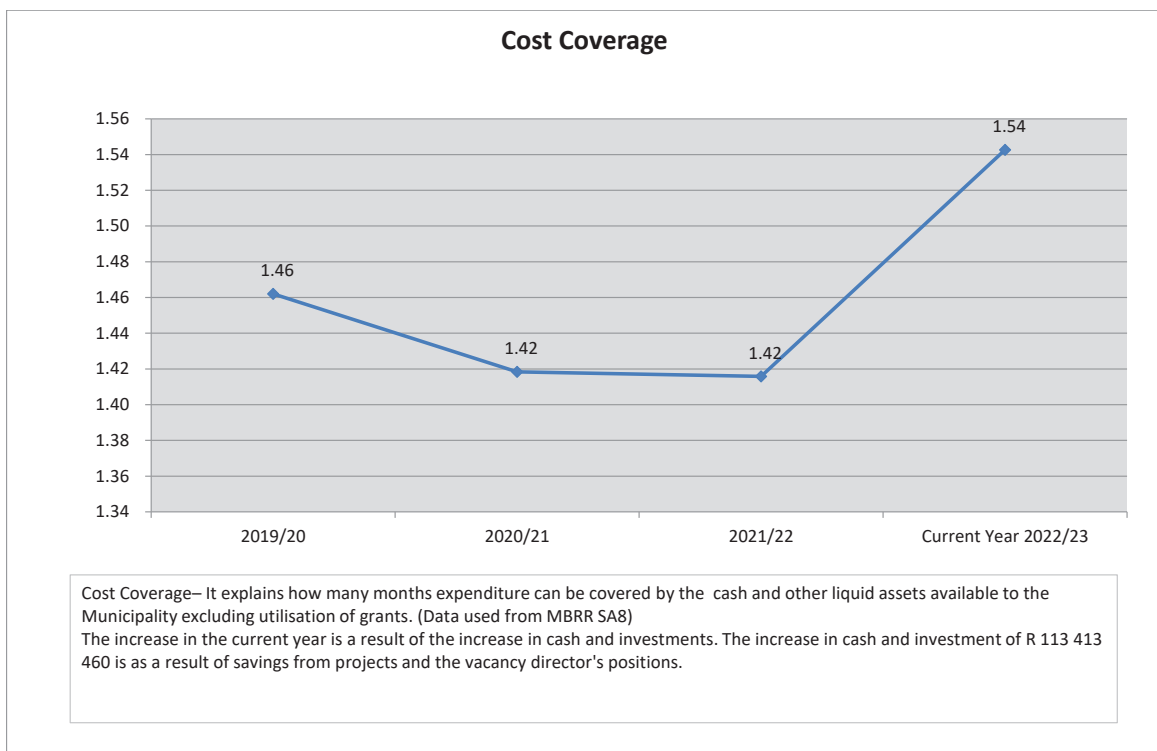
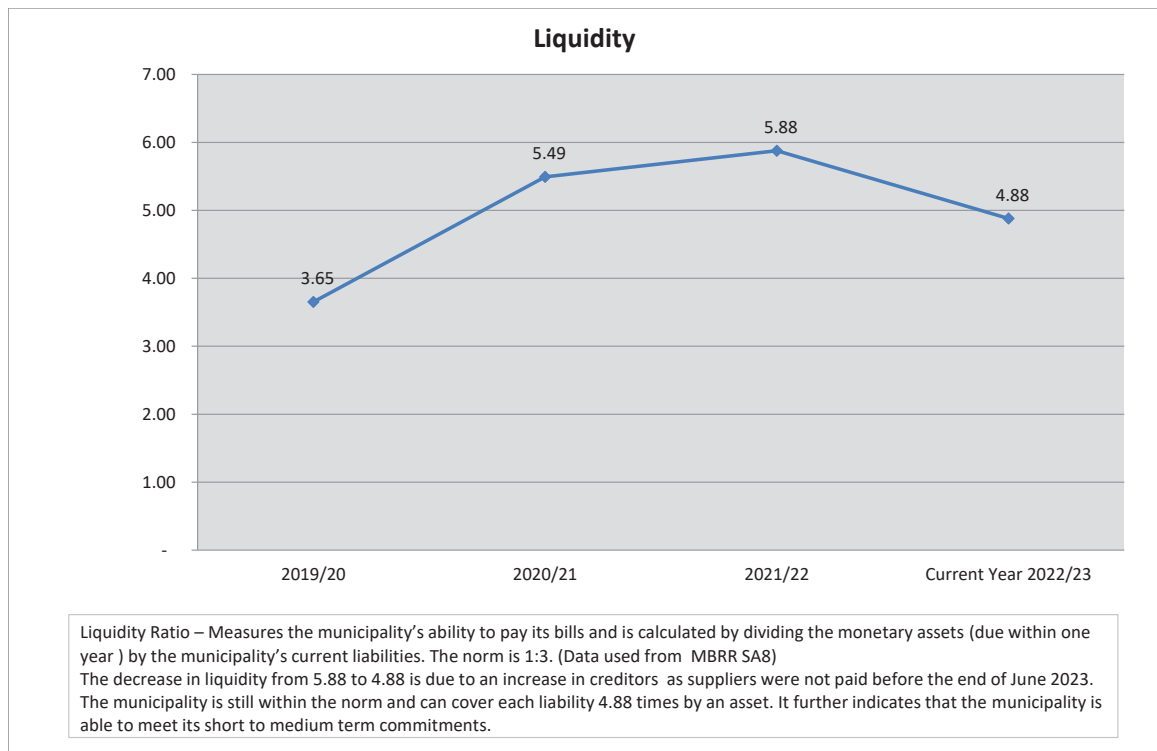
| Grant Performance | | | | | | | R' 000 |
|---|----------------|----------------|-------------------|------------------|---------------------|------------------------|--------|
| Description | 2021/22 | 2022/23 | | 2022/23 Variance | | | |
| | Actual | Budget | Adjustment Budget | Actual | Original Budget (%) | Adjustments Budget (%) | |
| Operating Transfers and Grants | | | | | | | |
| National Government: | 132 477 | 136 941 | 136 941 | 136 842 | -0.07% | -0.07% | |
| Local Government Equitable Share | 128 076 | 132 171 | 132 171 | 132 171 | 0.00% | 0.00% | |
| Expanded Public Works Programme Integrated Grant | 1 077 | 1 073 | 1 073 | 1 073 | - | - | |
| Local Government Financial Management Grant | 1 000 | 1 000 | 1 000 | 975 | -2.56% | -2.56% | |
| Municipal Disaster Recovery Grant | - | - | - | - | #DIV/0! | #DIV/0! | |
| Municipal Systems Improvement Grant | - | - | - | - | - | - | |
| Rural Road Asset Management Systems Grant | 2 324 | 2 697 | 2 697 | 2 624 | -2.80% | -2.80% | |
| Provincial Government: | | | | | | | |
| | 514 | - | - | 355 | 100.00% | 100.00% | |
| Capacity Building | - | - | - | - | - | - | |
| Disaster and Emergency Services | - | - | - | - | - | - | |
| Expanded Public Works Programme | - | - | - | - | - | - | |
| Health | - | - | - | - | - | - | |
| Housing Projects | - | - | - | - | - | - | |
| Specify (Add grant description) | 514 | - | - | 355 | 100.00% | 100.00% | |
| District Municipality: | | | | | | | |
| | - | - | - | - | - | - | |
| Other grant providers: | | | | | | | |
| | - | - | - | 142 | - | - | |
| Education Training and Development Practices SETA | 174 | - | - | 142 | 100.00% | 100.00% | |
| Northern Cape Economic Development Agency | - | - | - | - | - | - | |
| Unspecified | - | - | - | - | - | - | |
| Total Operating Transfers and Grants | 132 991 | 136 941 | 136 941 | 137 340 | 0% | 0% | |

| Grants Received From Sources Other Than Division of Revenue Act (DoRA) | | | | | | |
|--|----------------------|----------------------|--------------------------------|-----------------------|--|--|
| Details of Donor | Actual Grant 2021/22 | Actual Grant 2022/23 | 2022/23 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 | - | - | 4 362 560 | 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 | 173 565 | 142 074 | - | Ongoing | Ongoing | To be used for training and capacity building of employees as per approved Skills Work Plan. |
| Municipal Disaster Recovery Grant | - | - | - | Ongoing | Ongoing | To assist the district municipality with any disaster that might occur. |
| Health | 514 050 | 355 326 | - | July 2022 | June 2023 | To assist the district municipality with aids programmes within the district. |
| Expanded Public Works Programme | 1 077 | 1 072 | 1 073 | July 2022 | June 2023 | To assist the district municipality with cleaning programmes. |
| Covid-19 Grant | 1 032 | - | - | July 2022 | June 2023 | To assist the district municipality with Covid-19 expenditure. |

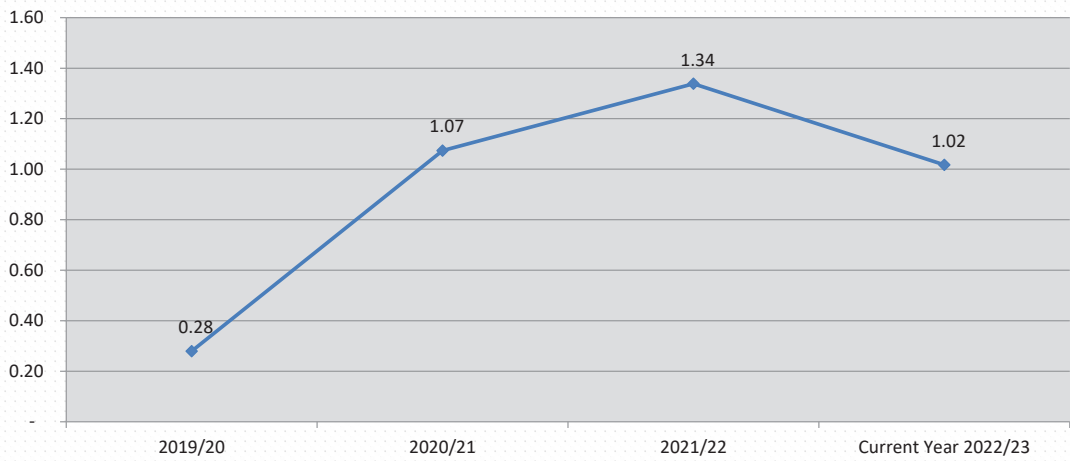
| Repair and Maintenance Expenditure: 2022/23 | | | | |
|---|-----------------|-------------------|--------|-----------------|
| | Original Budget | Adjustment Budget | Actual | Budget variance |
| Repairs and maintenance expenditure | 1 493 | 1 904 | 1 086 | 75.37% |

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

5.4 Financial ratios based on key performance indicators

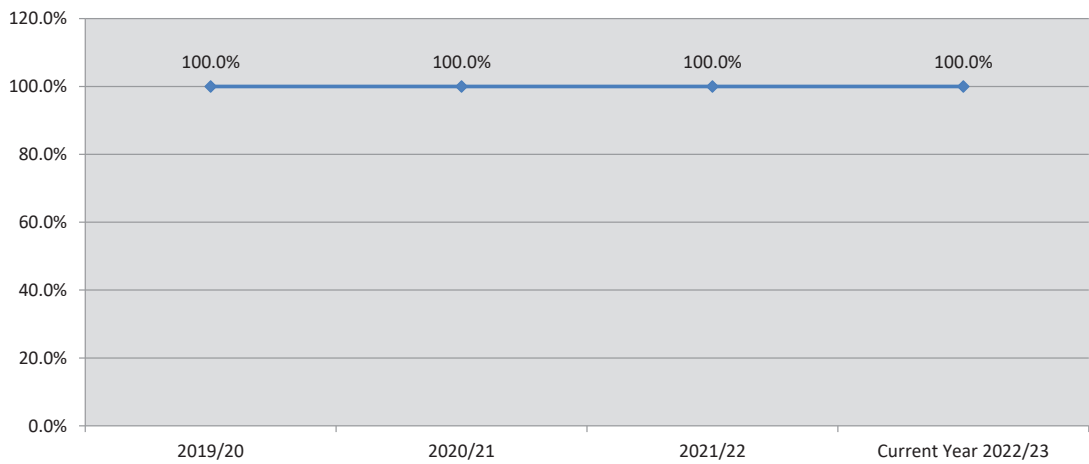


Debt Coverage



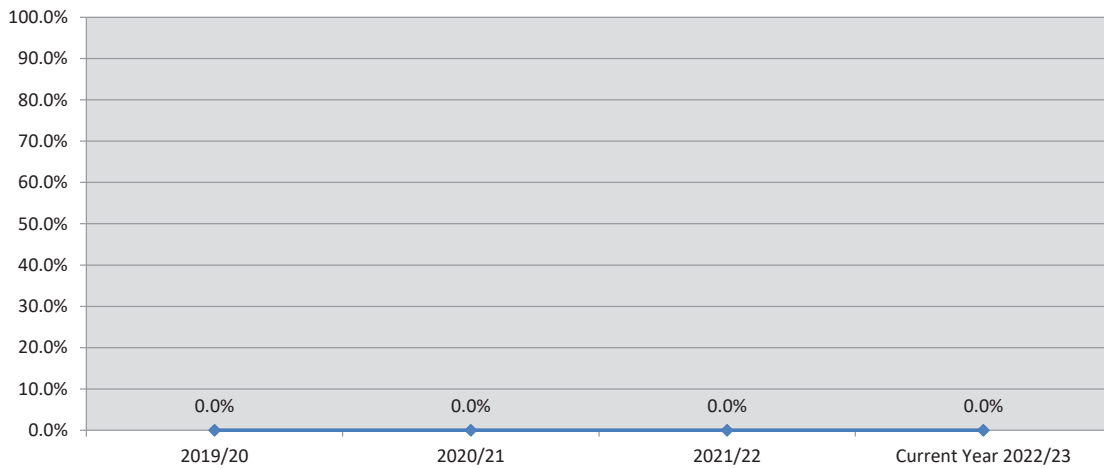
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality. (Data used from MBRR SA8). The debt coverage decreased as compared to the 2021/22 financial year, and this is as a result of an increase in operating revenue.

Creditors System Efficiency



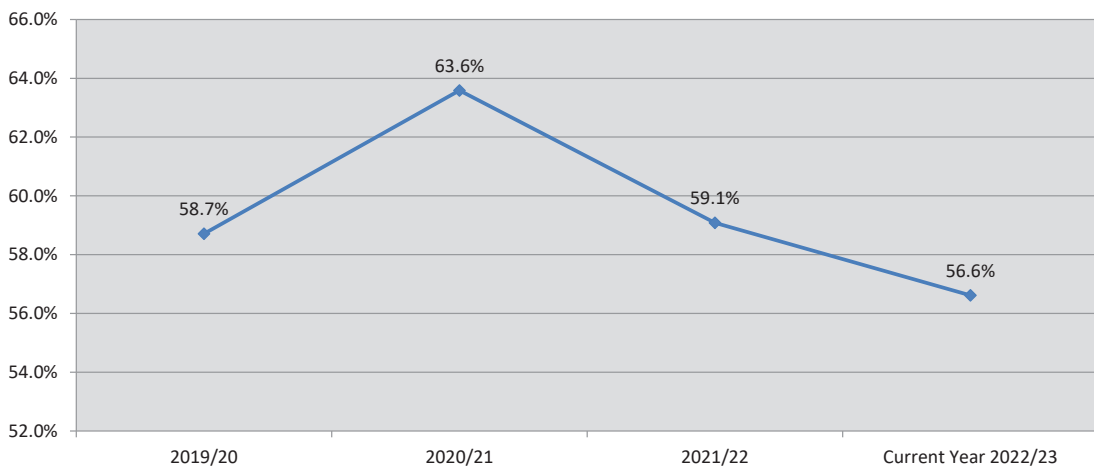
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by dividing outstanding trade creditors by credit purchases. (Data used from MBRR SA8)
The creditors' system efficiency remained consistent during 2022/23 financial year, which is an indication of good internal controls being implemented within the municipality.

Capital Charges to Operating Expenditure



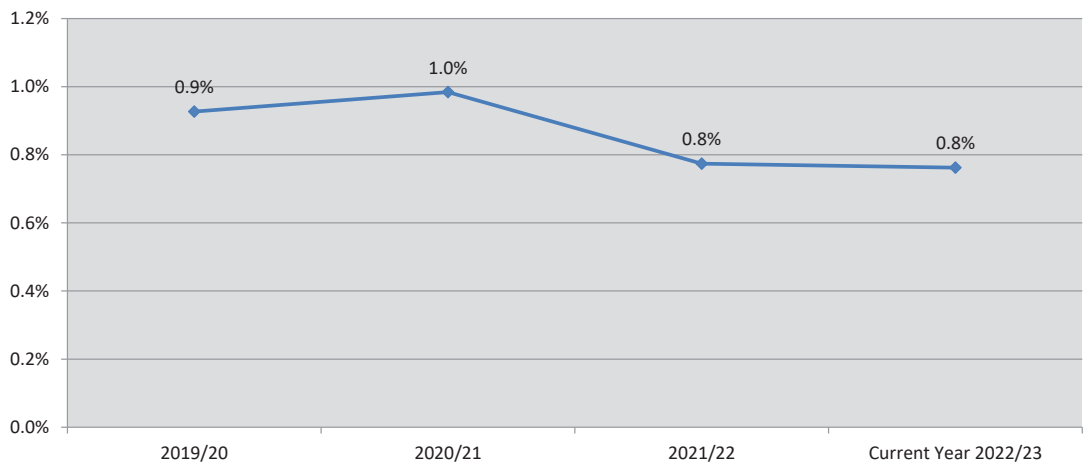
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure. (Data used from MBRR SA8)
 The capital charges to operating expenditure remained the same in the 2022/23 financial year.

Employee Costs



In terms of National Treasury's Circular employee costs must not exceed 35%. As at 30 June 2023, the employee costs were 56.6% of the total operating expenditure. Included in the actual employee costs are salaries of LED & Tourism interns and disaster practitioners situated at the local municipalities, who are on the FBDM payroll. The municipality further has Environmental, Housing and Infrastructure officials who go out to the local municipalities on a daily basis to perform tasks for the local municipalities, all of these officials are remunerated by FBDM.

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance. (Data used from MBRR SA8)
The repairs & maintenance for the 2022/23 remained the same.

5.5 Cash flow management and investments

The district municipality's cash and cash equivalents amounts to R113m which is an increase of R10m as compared to the previous financial year. The main contributors to the positive cash flow management of the municipality were because of the municipality generating a positive cash flow from operating activities such as vacancies at senior management level as well as savings resulting from projects.

| Cash Flow Outcomes | | | | |
|---|------------------------|------------------------------|------------------------|----------------|
| R'000 | | | | |
| Description | 2021/22 | Current Year: 2022/23 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| Cash flow from operating activities | | | | |
| Receipts | | | | |
| Ratepayers and other | 201 | 320 | 320 | 610 |
| Government - operating | 133 403 | 139 841 | 139 841 | 137 583 |
| Government - capital | – | – | – | – |
| Interest | 5 869 | 7 150 | 7 150 | 9 979 |
| Dividends | – | – | – | – |
| Payments | | | | |
| Suppliers and employees | (132 915) | (168 856) | (168 856) | (130 571) |
| Finance charges | – | – | – | – |
| Transfers and Grants | – | – | – | – |
| Net cash from/(used) operating activities | 6 558 | (21 545) | (21 545) | 17 602 |
| Cash flows from investing activities | | | | |
| Receipts | | | | |
| Proceeds on disposal of PPE | – | – | – | – |
| Decrease (Increase) in non-current debtors | – | – | – | – |
| Decrease (increase) other non-current receivables | 1 389 | – | – | 283 |
| Decrease (increase) in non-current investments | 450 | – | – | (1 250) |
| Payments | | | | |
| Capital assets | (5 153) | 7 984 | 7 984 | (6 401) |
| Net cash from/(used) investing activities | (3 314) | 7 984 | 7 984 | (7 368) |
| 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 | 3 244 | (13 561) | (13 561) | 10 234 |
| Cash/cash equivalents at the year begin: | 99 935 | – | – | 103 180 |
| Cash/cash equivalents at the year end: | 103 180 | (13 561) | (13 561) | 113 413 |

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 2023 |
| GRAP 2 (Revised) | Cash Flow Statements | 1 April 2023 |
| GRAP 3 (Revised) | Accounting Policies, Changes in Accounting Estimates and Errors | 1 April 2023 |
| GRAP 4 (Revised) | The Effects of changes in Foreign Exchange Rates | 1 April 2023 |
| GRAP 9 (Revised) | Revenue from Exchange Transactions | 1 April 2023 |
| GRAP 10 (Revised) | Financial Reporting in Hyperinflationary Economics | 1 April 2023 |
| GRAP 11 (Revised) | Construction Contracts | 1 April 2023 |
| GRAP 12 (Revised) | Inventories | 1 April 2023 |
| GRAP 13 (Revised) | Leases | 1 April 2023 |
| GRAP 14 (Revised) | Events after the reporting date | 1 April 2023 |
| GRAP 16 (Revised) | Investment Property | 1 April 2023 |
| GRAP 17 (Revised) | Property, Plant and Equipment | 1 April 2023 |
| GRAP 18 (Revised) | Segment Reporting | 1 April 2023 |

| Standard | Description | Effective Date |
|--------------------|---|----------------|
| GRAP 19 (Revised) | Provisions, Contingent Liabilities and Contingent Assets | 1 April 2023 |
| GRAP 20 (Revised) | Related Parties | 1 April 2023 |
| GRAP 21 (Revised) | Impairment of non-cash-generating assets | 1 April 2023 |
| GRAP 23 (Revised) | Revenue from Non-Exchange Transactions | 1 April 2023 |
| GRAP 24 (Revised) | Presentation of Budget Information in Financial Statements | 1 April 2023 |
| GRAP 25 (Revised) | Employee Benefits | 1 April 2023 |
| GRAP 26 (Revised) | Impairment of cash-generating assets | 1 April 2023 |
| GRAP 27 (Revised) | Agriculture | 1 April 2023 |
| GRAP 31 (Revised) | Intangible Assets | 1 April 2023 |
| GRAP 32 (Revised) | Service concession arrangements: Grantor - No significant impact is expected as the municipality does not participate in such business transactions. | 1 April 2023 |
| GRAP 100 (Revised) | Non-current Assets held for Sale and Discontinued Operations | 1 April 2023 |
| GRAP 104 (Revised) | Financial Instruments | 1 April 2023 |

| Standard | Description | Effective Date |
|--------------------|--|----------------|
| GRAP 105 | Transfer of functions between entities under common control - No significant impact is expected as the municipality does not participate in such business transactions. | 1 April 2023 |
| GRAP 106 | Transfer of functions between entities not under common control No significant impact is expected as the municipality does not participate in such business transactions. | 1 April 2023 |
| GRAP 107 | Mergers - No significant impact is expected as the municipality does not participate in such business transactions. | 1 April 2023 |
| GRAP 108 (Revised) | Statutory receivables | 1 April 2023 |
| GRAP 109 | Accounting by principals and agents - No significant impact is expected as the municipality does not participate in such business transactions. | 1 April 2023 |

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

Chapter 6 - Auditor-General Report

INTRODUCTION

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

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

Auditor-General opinion of financial statements 2021/22

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

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

Auditor-General opinion of financial statements 2022/23

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

| Auditor-General Report on Financial Performance 2022/23 | |
|--|------------------------------|
| 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)

Resshi
.....

Date: 30 November 2023

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 U Buda | FT | Executive Mayor | ANC | 94% | 6% |
| Cllr KC Mothibi | FT | Speaker | ANC | 100% | 0% |
| Cllr ME Mokgatlhanyane | FT | Infrastructure Development (Chairperson), Mayoral | ANC | 89% | 0% |
| Cllr OM Dithakgwe | PT | Social Development (Chairperson), Mayoral | ANC | 89% | 6% |
| Cllr AK Zalisa ** | FT | Finance (Chairperson), Mayoral | ANC | 67% | 17% |
| Cllr D Tawana * | FT | Planning & Development (Chairperson), Mayoral | ANC | 90% | 10% |
| Cllr LN Shushu | FT | Policy & Institutional Development (Chairperson), Mayoral | ANC | 78% | 17% |
| Cllr I Ruiters ** | FT | MPAC (Chairperson), Finance (Chairperson) | ANC | 94% | 6% |
| Cllr K Molale *** | FT | MPAC (Chairperson) | ANC | 100% | 0% |
| Cllr D Harmse | PT | Social Development | DA | 67% | 22% |
| Cllr MK Molatudi | PT | Finance | ANC | 83% | 11% |
| Cllr GM Aaron **** | PT | Planning & Development | ANC | 67% | 17% |
| Cllr EK Adams | PT | Planning & Development | PA | 67% | 6% |
| Cllr LO Amose | PT | Social Development | ANC | 72% | 28% |
| Cllr EL Badenhorst | PT | Policy & Institutional Development | DA | 78% | 6% |
| Cllr HJ van den Berg | PT | Infrastructure Development | FF+ | 94% | 0% |
| Cllr TH Bopape | PT | Planning & Development | ANC | 89% | 6% |
| Cllr KJ Botman | PT | Infrastructure Development | EFF | 39% | 39% |
| Cllr E Davies | PT | Social Development / MPAC | PSDF | 89% | 11% |
| Cllr TG Diloke | PT | Infrastructure Development | ANC | 61% | 17% |
| Cllr JG Diphahle | PT | Policy & Institutional Development | ANC | 94% | 6% |
| Cllr GV Fish | PT | Finance | PA | 89% | 6% |
| Cllr A Gallant **** | PT | Planning & Development | ANC | 100% | 0% |
| Cllr WAS Hendricks | PT | Finance / Infrastructure Development | ANC | 72% | 6% |
| Cllr TE Joubert | PT | Planning & Development / MPAC | FF+ | 89% | 11% |
| Cllr KC Kock | PT | Finance | EFF | 94% | 6% |
| Cllr LDK Leeuw | PT | Planning & Development | EFF | 39% | 11% |
| Cllr CC Lewis | PT | Finance / MPAC | DA | 44% | 28% |
| Cllr WA van Rooyen * | PT | Policy & Institutional Development | DA | 0% | 0% |
| Cllr RV Raphoto | PT | Policy & Institutional Development / MPAC | EFF | 61% | 6% |
| Cllr CP Whittaker | PT | Infrastructure Development | DA | 100% | 0% |
| Cllr TM van Wyk | PT | Social Development / MPAC | EFF | 50% | 11% |

* Resigned during the FY

** Changed portfolio during the FY

*** Assumed office during the FY

**** Passed away during the FY

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 2022/23

| Municipal Audit Committee Recommendations | | |
|--|--|--|
| Date of Committee | Committee recommendations during 2022/23 | Recommendations adopted (enter Yes) If not adopted (provide explanation) |
| 21/08/2023 & 28/08/2023 & 30/08/2023 | Review of the Annual financial statements: It was recommended that the final version for submission to AGSA should be shared with the committee | Yes, recommendations were adopted. |
| | Management seeks for advice concerning the matter between the Municipality and the former director whereby the Municipality won the case with cost and the attorneys were already paid. The money needs to be recovered by the lawyer from the Former Director. Municipality want know how should they treat this matter. | |
| | APRC recommended that the matter be left under the contingent. | |
| | Note No.37 Statutory Receivable with the amounts of R389 000, the municipality is not certain as when will they receive the money from COGHSTA and there is no indicated as whether the money will be paid to municipality. Municipality discussed the reclassification of the Statutory Receivable from Current Assets to Non- Current Assets. | |
| | APRC and National Treasury agreed that Municipality should not reclassify the Statutory Receivable of R389 000.00, should remain under Current Assets as money owed to the municipality by COGHSTA. | |
| | Management presented to the APRC that the actuarial gain or losses be recorded under other income not as previously reported under the Surplus. So applies to the actuarial lose will be recorded under the expenditure and Deficit. | |
| | The APRC and National Treasury shard the same sentiment that the gains and losses recorded under the other income and under expenditure. | |
| | Management presented completed components of the AFS and give indication of the few components that were still outstanding. | |
| | The APRC was impressed with the progress made. | |
| | Management presented the 4th quarter and Annual Performance Management System reports were presented to the APRC. | |
| | The APRC recommends the following; Cosmetic errors identified in the PMS reports were saving funds in certain KPIs were shown as a negative and highlighted in red to be corrected. Negative signs to be removed and the red highlights should be moved as well. It was further agreed annual comparative PMS report should be rescheduled to 30th August 2023 | |
| | Performance Management System Annual Comparison report was presented to the APRC with changes already made. | |
| | The APRC accepted the reports and changes already made in the Performance management system annual report. | |
| | Note 45 Financial Instruments - The CFO highlighted that employee benefit is removed from the financial instrument | |
| The APRC indicated that they were impressed or comfortable with the CFO's explanation. | | |

Appendix E - Disclosures of Financial Interests

| Disclosures of Financial Interests | | |
|---|---------------------|--|
| Period 1 July 2022 to 30 June 2023 of 2022/23 | | |
| Position | Name | Description of Financial interests* (Nil / Or details)" |
| Executive Mayor | Ms U Buda | Nil / None |
| Speaker | Ms KC Mothibi | Nil / None |
| Member of MayCo / Exco | Mr K Zalisa | Nil / None |
| | Mr M Mokgathlanyane | Nil / None |
| | Ms OM Ditakgwe | Nil / None |
| | Ms MD Tawana | Nil / None |
| | Ms LN Shushu | Nil / None |
| | Mr I Ruitter | Nil / None |
| Councillor | Ms D Harmse | Nil / None |
| | Mr TE Joubert | Nil / None |
| | Ms M Molatudi | Nil / None |
| | Ms LO Amose | Nil / None |
| | Mr KC Kock | Nil / None |
| | Mr TH Bopape | Nil / None |
| | Ms TG Diloke | Nil / None |
| | Mr HJ van den Berg | Nil / None |
| | Mr LDK Leeuw | Nil / None |
| | Ms KJ Botman | Nil / None |
| | Ms A Gallant | Nil / None |
| | Mr WAS Hendricks | Nil / None |
| | Ms E Davies | Nil / None |
| | Mr EK Adams | Nil / None |
| | Ms GV Fish | Nil / None |
| | Ms CC Lewis | Nil / None |
| | Mr RV Raphoto | Nil / None |
| | Mr WA van Rooyen | Nil / None |
| | Mr C Whittaker | Nil / None |
| | Mr TM van Wyk | Nil / None |
| | Mr JG Diphahle | Nil / None |
| | Ms EL Badenhorst | Nil / None |
| | Ms CM Aaron | Nil / None |
| Ms K Molale | Nil / None | |

Appendix E - Disclosures of Financial Interests

| Disclosures of Financial Interests | | |
|---|-------------------|--|
| Period 1 July 2022 to 30 June 2023 of 2022/23 | | |
| Position | Name | Description of Financial interests* (Nil / Or details)" |
| Municipal Manager | Z.M. Bogatsu | Nil / None |
| Chief Financial Officer | O Moseki (Acting) | Nil / None |
| Other S57 Officials | Vacant | |

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

| Revenue Collection Performance by Vote | | | | | | |
|--|----------------|-----------------------|-----------------|----------------|------------------|-------------------|
| | | | | | | R' 000 |
| Vote Description | 2021/22 | Current Year: 2022/23 | | | 2022/23 Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustment Budget |
| Vote 1 - Executive & Council | 514 | - | 500 | 355 | 0.00% | -0.289348 |
| Vote 2 - Budget & Treasury | - | - | - | - | 0.00% | 0.00% |
| Vote 3 - Corporate Services | 135 611 | 140 731 | 140 731 | 146 390 | 4.02% | 4.02% |
| Vote 4 - Planning & Development | - | - | - | - | 0.00% | 0.00% |
| Vote 5 - Project Management Services | 3 401 | 6 580 | 6 580 | 3 696 | -43.83% | -43.83% |
| Total Revenue by Vote | 139 525 | 147 311 | 147 811 | 150 441 | 2.12% | 1.78% |

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

| Revenue Collection Performance by Source | | | | | | |
|--|----------------|-----------------|--------------------|------------------|-----------------|--------------------|
| R '000 | | | | | | |
| Description | 2021/22 | 2022/23 | | 2022/23 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 | 218 | 200 | 200 | 195 | -2.44% | -2.44% |
| Interest earned - external investments | 5 869 | 7 150 | 7 150 | 9 979 | 28.35% | 28.35% |
| Interest earned - outstanding debtors | – | – | – | – | – | – |
| Dividends received | – | – | – | – | – | – |
| Fines | – | – | – | – | – | – |
| Licences and permits | – | – | – | – | – | – |
| Agency services | – | – | – | – | – | – |
| Transfers recognised - operational | 133 164 | 139 841 | 140 341 | 137 340 | -1.82% | -2.19% |
| Other revenue | 274 | 120 | 120 | 2 927 | 95.90% | 95.90% |
| Gains on disposal of PPE | – | – | – | – | – | – |
| Total Revenue (excluding capital transfers and contributions) | 139 525 | 147 311 | 147 811 | 150 441 | 2.08% | 1.75% |

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 | 132 171 | 132 171 | 132 171 | 0% | 0% | - | |
| Finance Management | 1 000 | 1 000 | 975 | -2.56% | -2.56% | - | |
| Municipal Disaster Recovery Grant | - | - | - | - | - | - | |
| Municipal Systems Improvement | 2 810 | 2 810 | - | - | - | - | |
| Roads asset management | 2 697 | 2 697 | 2 624 | -2.80% | -2.80% | - | |
| Kgotso Pula Nala | - | - | - | - | - | - | |
| NEAR Control Centre | - | - | - | - | - | - | |
| SETA - Skills Grant | - | - | - | - | - | - | |
| NCPA - EPWP | 1 073 | 1 073 | 1 072 | -0.04% | -0.04% | - | |
| Tourism Grant | - | - | - | - | - | - | |
| NCPA- District Aids Council | - | - | - | - | - | - | |
| Public Contributions | - | - | - | - | - | - | |
| NCPA- Housing Grants | - | - | - | - | - | - | |
| NCPA - Firefighting Equipment | - | - | - | - | - | - | |
| Covid-19 Grant | - | - | - | - | - | - | |
| Total | 139 751 | 139 751 | 136 842 | -2.13% | -2.13% | - | |

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

| Capital Expenditure - New Assets Programme* | | | | | | | |
|---|---------|-----------------|-------------------|--------------------|-----------------------------|--------|--------|
| Description | 2021/22 | 2022/23 | | | 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 | 1 744 | 4 548 | 4 684 | – | 1 817 | 190 | – |
| General vehicles | 680 | – | – | – | 700 | – | – |
| Specialised vehicles | – | – | – | – | – | – | – |
| Plant & equipment | 37 | 341 | 387 | – | 130 | – | – |
| Computers - hardware/equipment | 893 | 69 | 159 | – | 831 | 190 | – |
| Furniture and other office equipment | – | 138 | 138 | – | 156 | – | – |
| Abattoirs | – | – | – | – | – | – | – |
| Markets | – | – | – | – | – | – | – |
| Civic Land and Buildings | – | – | – | – | – | – | – |
| Other Buildings | 135 | 4 000 | 4 000 | – | – | – | – |
| Other Land | – | – | – | – | – | – | – |
| Surplus Assets - (Investment or Inventory) | – | – | – | – | – | – | – |
| Other | – | – | – | – | – | – | – |
| Intangibles | – | – | – | – | 250 | – | – |
| Computers - software & programming | – | – | – | – | 250 | – | – |
| Total Capital Expenditure on new assets | 1 744 | 4 548 | 4 684 | – | 2 067 | 190 | – |
| Specialised vehicles | – | – | – | – | – | – | – |
| Refuse | – | – | – | – | – | – | – |
| Fire | – | – | – | – | – | – | – |
| Conservancy | – | – | – | – | – | – | – |
| Ambulances | – | – | – | – | – | – | – |

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

| Capital Expenditure - Upgrade/Renewal Programme* | | | | | | | |
|--|--------------|-----------------|-------------------|--------------------|-----------------------------|----------|----------|
| R '000 | | | | | | | |
| Description | 2021/22 | 2022/23 | | | 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 | 543 | 3 437 | 4 452 | – | 5 198 | – | – |
| General vehicles | – | 1 500 | 1 500 | – | 1 600 | – | – |
| Specialised vehicles | – | – | – | – | – | – | – |
| Plant & equipment | 503 | 286 | 646 | – | 1 330 | – | – |
| Computers - hardware/ equipment | 32 | 500 | 650 | – | 400 | – | – |
| Furniture and other office equipment | 8 | 1 151 | 1 656 | – | 868 | – | – |
| Abattoirs | – | – | – | – | – | – | – |
| Markets | – | – | – | – | – | – | – |
| Civic Land and Buildings | – | – | – | – | – | – | – |
| Other Buildings | – | – | – | – | 1 000 | – | – |
| Other Land | – | – | – | – | – | – | – |
| Surplus Assets - (Investment or Inventory) | – | – | – | – | – | – | – |
| Other | – | – | – | – | – | – | – |
| | | | | | | | |
| Intangibles | 2 866 | – | – | – | – | – | – |
| Computers - software & programming | 2 866 | – | – | – | – | – | – |
| Other (list sub-class) | – | – | – | – | – | – | – |
| | | | | | | | |
| Total Capital Expenditure on renewal of existing assets | 3 409 | 3 437 | 4 452 | – | 5 498 | – | – |
| | | | | | | | |
| 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: 2022/23 | | | | |
|---|--|--------------------------------|---------------|---|
| All Organisation or Person in receipt of Loans */Grants* provided by the municipality | Nature of project | Conditions attached to funding | Value 2022/23 | Total amount per grant per local municipality |
| Dikgatlong Municipality | Operation and maintenance of electrical networks | Grant | R 755,425 | R 2,800,000 |
| Dikgatlong Municipality | Operation and maintenance of streets and stormwater drainage | Grant | R 683,727 | |
| Dikgatlong Municipality | Operation and maintenance of wastewater infrastructure | Grant | R 89,531 | |
| Dikgatlong Municipality | Operation and maintenance of water infrastructure | Grant | R 1,271,318 | |
| Magareng Municipality | Operation and maintenance of electrical networks | Grant | R 170,948 | R 3,304,870 |
| Magareng Municipality | Operation and maintenance of streets and stormwater drainage | Grant | R 107,044 | |
| Magareng Municipality | Operation and maintenance of wastewater infrastructure | Grant | R 301,282 | |
| Magareng Municipality | Operation and maintenance of water infrastructure | Grant | R 2,725,596 | |
| Phokwane Municipality | Operation and maintenance of wastewater infrastructure | Grant | R 146,134 | R 2,800,000 |
| Phokwane Municipality | Operation and maintenance of water infrastructure | Grant | R 2,653,866 | |
| Sol Plaatje Municipality | Operation and maintenance of streets and stormwater drainage | Grant | R 2,292,296 | |
| Sol Plaatje Municipality | Operation and maintenance of wastewater infrastructure | Grant | R 507,704 | |
| Frances Baard District | Provision of streetlights for Sol Plaatje LM | Grant | R 295,130 | R 295,130 |
| Dikgatlong Municipality | Supply and delivery of a trailer mounted sludge pump | Grant | R640,843 | R 3,500,000 |
| Dikgatlong Municipality | Supply and delivery of a sewer jetting machine | Grant | R 558,000 | |
| Dikgatlong Municipality | Supply and delivery of a trailer mounted diesel generator for the treatment plants | Grant | R 1,358,290 | |
| Dikgatlong Municipality | Refurbishment of Barkly West wastewater plant | Grant | R 369,852 | |
| Dikgatlong Municipality | Barkly West bulk water supply | Grant | R 573,014 | |
| Magareng Municipality | New Internal Water Reticulation in Ditshotshwaneng, Rabaki & Sonderwater (Phase 2 & 3) | Grant | R 1,500,000 | R 1,500,000 |
| Phokwane Municipality | Reseal of roads in Valspan, Pampierstad & Hartswater | Grant | R 1,339,200 | R 7,178,400 |
| Phokwane Municipality | Upgrading of wastewater pumpstation and bulk outfall line in Pampierstad | Grant | R 1,339,200 | |
| Phokwane Municipality | Supply and installation of generators | Grant | R 1,968,795 | |

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

| Declaration of Loans and Grants made by the municipality: 2022/23 | | | | |
|---|------------------------------------|--------------------------------|---------------|---|
| All Organisation or Person in receipt of Loans */Grants* provided by the municipality | Nature of project | Conditions attached to funding | Value 2022/23 | Total amount per grant per local municipality |
| Frances Baard District | Dikgatlong – Refuse removal truck | Grant | R 1,137,299 | R 5,000,000 |
| Frances Baard District | Magareng – Tipper truck | Grant | R 944,992 | |
| Frances Baard District | Sol Plaatje – Refuse removal truck | Grant | R 1,137,299 | |
| Frances Baard District | 50 Skip bins | Grant | R 1,386,957 | |

PART II
ANNUAL FINANCIAL
STATEMENTS



Frances Baard District Municipality
Annual Financial Statements
for the year ended 30 June 2023

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

General Information

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

General Information

Part-time Councillors

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

Other heads of departments

Mr. T Ndlazi (Acting) - Director: Administration
Mr F Netshivhodza (Acting) - Director: Planning & Development
Mr R Setshogoe (Acting) - Director: Infrastructure Services

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Index

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Abbreviations used:

| | |
|-------|---|
| DoRA | Division of Revenue Act |
| ITA | The Income Tax Amendment Act |
| GRAP | Generally Recognised Accounting Practice |
| VAT | Value Added Tax Amendment Act |
| MSA | Municipal Structures Act |
| MSA | Municipal Systems Act |
| MFMA | Municipal Finance Management Act |
| mSCOA | Municipal Standard Chart of Accounts |
| MPPMR | Municipal Planning & Performance Management Regulations |
| HA | Housing Act |
| SDLAA | Skills Development Levies Amendment Act |
| EEA | Employment Equity Act |
| UIF | Unemployment Insurance Act |

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Responsibilities and Approval

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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



Ms ZM Bogatsu
Accounting Officer

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Frances Baard District Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Frances Baard District Municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (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 responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 57 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2023.

Underspending of the budget

8. As disclosed in the statement of comparison of budget and actual amounts, the municipality materially underspent the budget by R35 855 463.

Other matter

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

Unaudited disclosure notes

10. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed 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

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and 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.
12. 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.

Responsibilities of the auditor-general for the audit of the financial statements

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

Report on the annual performance report

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material

performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

16. I selected the following material performance indicators related to Sustainable Municipal Infrastructure Development and Basic Service Delivery presented in the annual performance report for the year ended 30 June 2023. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

- Number of municipalities assisted with the finalisation of prioritised project lists to guide the upgrading, operations and maintenance in the district (O&M)
- Amount spent on support for operations and maintenance of infrastructure in the LMs (O&M)
- Quarterly submission of project monitoring reports developed to support infrastructure operations and maintenance in the LMs (O&M)
- Number of full-time equivalents (FTEs) created as per the EPWP incentive agreement.
- Percentage progress on the implementation of the RRAMS project to support improved infrastructure planning in the LMs as per the approved business plan
- Number of municipalities assisted with the finalisation of prioritised project lists for capital infrastructure projects in the district.
- Amount spent on support for capital infrastructure projects in the LMs
- Quarterly submission of project monitoring reports developed to support capital infrastructure projects in the LMs

17. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

18. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner.
- there is adequate supporting evidence for the achievements reported measures taken to improve performance.

19. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

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

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. The annual performance report includes information on reported achievements against planned targets and measures taken to improve performance.

Report on compliance with legislation

23. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

24. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

25. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

26. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

27. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report

and those selected objective presented in the annual performance report that have been specifically reported on in this auditor's report.

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

Internal control deficiencies

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

Other reports

33. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
34. The South African Police Services' Directorate for Priority Crime Investigation (Hawks) are investigating allegations of fraud where Frances Baard District Municipality made payment to an incorrect account number of the supplier. The proceedings were in progress at the date of this report.

Auditor General

Kimberley

30 November 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the 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

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.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

| Legislation | Sections or regulations |
|---|--|
| Municipal Finance Management Act 56 of 2003 | Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure Section 1 - Definition: service delivery and budget implementation plan Sections 11(1), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a), Sections 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), Sections 65(2)(a), 65(2)(b), 72(1)(a)(ii), 112(1)(j), Sections 116(2)(b), 116(2)(c)(ii), 117, 122(1), 126(1)(a), Sections 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), Sections 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b) |
| MFMA: Municipal Budget and Reporting Regulations, 2009 | Regulation 71(1), 71(2), 72 |
| MFMA: Municipal Investment Regulations, 2005 | Regulations 3(3), 6, 7, 12(2), 12(3) |
| MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014 | Regulations 5(4), 6(8)(a), 6(8)(b), 10(1) |
| MFMA: Municipal Supply Chain Management Regulations, 2017 | Regulations 5, 12(1)(c), 12(3), 13(c), 16(a), 17(1)(a), 17(1)(b), Regulations 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations 28(1)(a)(i), 29(1)(a) and (b), 29(5)(a)(ii), 29(5)(b)(ii), Regulations 32, 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f) |
| MSA: Disciplinary Regulations for Senior Managers, 2011 | Regulations 5(2), 5(3), 5(6), 8(4) |
| Annual Division of Revenue Act | Sections 12(5), 16(1) |
| Construction Industry Development Board Act 38 of 2000 | Section 18(1) |
| Construction Industry Development Board Regulations, 2004 | Regulations 17, 25(7A) |
| Preferential Procurement Policy Framework Act 5 of 2000 | Sections 2(1)(a), 2(1)(f) |

| Legislation | Sections or regulations |
|---|--|
| Preferential Procurement Regulations, 2017 | Regulations 5(1), 5(3), 5(6), 5(7), 6(1), 6(8), 7(1), Regulations 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1) |
| Preferential Procurement Regulations, 2022 | Regulations 4(1), 4(4), 5(1) 5(4) |
| Prevention and Combating of Corrupt Activities Act 12 of 2004 | Section 34(1) |
| Municipal Systems Act 32 of 2000 | Sections 25(1), 26(a), 26(c), 26(h), 26(i), 27(1), 29(1)(b)(ii), 29(2)(a), Sections 29(2)(c), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, Sections 43(2), 56(a), 57(2)(a), 57(4B), 66(1)(a), 66(1)(b), Sections 67(1)(d), |
| MSA: Municipal Planning and Performance Management Regulations, 2001 | Regulations 2(1)(e), 2(3)(a), 3(4)(b), 3(5)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 15(1)(a)(i), 15(1)(a)(ii) |
| MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006 | Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3) |
| MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014 | Regulations 17(2), 36(1)(a) |

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

| Figures in Rand | Note(s) | 2023 | 2022 Restated* |
|---|---------|--------------------|--------------------|
| Assets | | | |
| Current Assets | | | |
| Inventories | 2 | 239 492 | 357 534 |
| Receivables from exchange transactions | 3 | 10 018 249 | 8 124 310 |
| Statutory Receivables | 4 | 389 000 | 389 000 |
| Investments | 5 | 11 000 000 | 9 750 000 |
| VAT receivable | 6 | 2 631 927 | 2 974 152 |
| Current Portion Long-term Receivables | 8 | 736 000 | 676 000 |
| Operating lease receivable | 13 | 30 481 | 12 206 |
| Cash and cash equivalents | 7 | 113 413 460 | 103 179 504 |
| | | 138 458 609 | 125 462 706 |
| Non-Current Assets | | | |
| Long-term Receivables | 8 | 6 388 000 | 6 671 000 |
| Property, plant and equipment | 9 | 70 486 528 | 68 433 925 |
| Intangible assets | 10 | 1 700 446 | 2 707 164 |
| Investment property | 11 | - | - |
| Heritage assets | 12 | 631 417 | 631 417 |
| Operating lease receivable | 13 | 8 804 | 38 964 |
| | | 79 215 195 | 78 482 470 |
| Total Assets | | 217 673 804 | 203 945 176 |
| Liabilities | | | |
| Current Liabilities | | | |
| Payables from exchange transactions | 15 | 15 172 185 | 6 832 737 |
| Consumer deposits | 17 | 4 945 | 2 990 |
| Employee benefit obligation | 14 | 11 840 926 | 13 149 934 |
| Unspent conditional grants and receipts | 16 | 1 351 693 | 1 360 210 |
| | | 28 369 749 | 21 345 871 |
| Non-Current Liabilities | | | |
| Employee benefit obligation | 14 | 29 498 513 | 30 787 173 |
| Total Liabilities | | 57 868 262 | 52 133 044 |
| Net Assets | | 159 805 542 | 151 812 132 |
| Reserves | | | |
| Revaluation reserve | 18 | 43 620 661 | 44 668 521 |
| Accumulated surplus | 19 | 116 184 881 | 107 143 611 |
| Total Net Assets | | 159 805 542 | 151 812 132 |

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

| Figures in Rand | Note(s) | 2023 | 2022 Restated* |
|---|---------|----------------------|----------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Rental of facilities and equipment | 21 | 195 237 | 218 206 |
| Other income | 22 | 59 119 | 273 869 |
| Actuarial Gains | 33 | 2 867 871 | - |
| Interest received | 23 | 9 979 265 | 5 868 867 |
| Total revenue from exchange transactions | | 13 101 492 | 6 360 942 |
| Revenue from non-exchange transactions | | | |
| Transfer revenue | | | |
| Government grants & subsidies | 24 | 137 339 592 | 133 164 477 |
| Total revenue | 20 | 150 441 084 | 139 525 419 |
| Expenditure | | | |
| Employee related costs | 25 | (72 456 873) | (72 813 172) |
| Remuneration of councillors | 26 | (8 190 220) | (6 948 091) |
| Depreciation and amortisation | 27 | (5 304 413) | (4 260 307) |
| Debt Impairment | 28 | (7 402) | - |
| Inventory consumed | 30 | (1 085 763) | (1 045 080) |
| Transfers and Subsidies | 31 | (30 572 440) | (25 070 194) |
| Loss on Disposal of Property, Plant and Equipment | 32 | (142 141) | (82 112) |
| Actuarial losses | 33 | - | (1 566 538) |
| General Expenses | 34 | (24 688 426) | (22 844 407) |
| Total expenditure | | (142 447 678) | (134 629 901) |
| Surplus for the year | | 7 993 406 | 4 895 518 |

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

| Figures in Rand | Revaluation reserve | Accumulated surplus / deficit | Total net assets |
|---|---------------------|-------------------------------|--------------------|
| Opening balance as previously reported | 26 940 553 | 101 200 234 | 128 140 787 |
| Balance at June 30, 2021 | 26 940 553 | 101 200 234 | 128 140 787 |
| Changes in net assets | | | |
| Revaluation of Land and Buildings | 18 775 827 | - | 18 775 827 |
| Net income (losses) recognised directly in net assets | 18 775 827 | - | 18 775 827 |
| Surplus for the year | - | 4 895 518 | 4 895 518 |
| Total recognised income and expenses for the year | 18 775 827 | 4 895 518 | 23 671 345 |
| Depreciation offset | (1 047 859) | 1 047 859 | - |
| Total changes | 17 727 968 | 5 943 377 | 23 671 345 |
| Opening balance as previously reported | 44 668 521 | 106 981 893 | 151 650 414 |
| Adjustments | | | |
| Prior year adjustments 57 | - | 161 722 | 161 722 |
| Balance at June 30, 2022 | 44 668 521 | 107 143 615 | 151 812 136 |
| Changes in net assets | | | |
| Surplus for the year | - | 7 993 406 | 7 993 406 |
| Depreciation offset | (1 047 860) | 1 047 860 | - |
| Total changes | (1 047 860) | 9 041 266 | 7 993 406 |
| Balance at 30 June 2023 | 43 620 661 | 116 184 881 | 159 805 542 |
| Note(s) | 18 | | |

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

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

Figures in Rand

| | Note(s) | 2023 | 2022 Restated* |
|---|---------|---------------------------|---------------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers and subsidies | | 137 583 074 | 133 402 565 |
| External Interest and Dividends Received | | 9 979 265 | 5 868 867 |
| Other receipts | | 610 421 | 201 110 |
| | | <u>148 172 760</u> | <u>139 472 542</u> |
| Payments | | | |
| Employee related costs | | (75 084 727) | (71 805 706) |
| Remuneration of councillors | | (8 190 220) | (6 948 091) |
| Suppliers paid | | (17 267 980) | (25 195 695) |
| Other payments | | (30 027 995) | (28 965 218) |
| | | <u>(130 570 922)</u> | <u>(132 914 710)</u> |
| Net cash flows from operating activities | 35 | <u>17 601 838</u> | <u>6 557 832</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 9 | (6 400 882) | (2 286 530) |
| Purchase of other intangible assets | 10 | - | (2 866 223) |
| Decrease / (Increase) in Current Investments | | (1 250 000) | 450 000 |
| Decrease / (Increase) in Long-term Receivables | | 283 000 | 1 389 000 |
| | | <u>(7 367 882)</u> | <u>(3 313 753)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 10 233 956 | 3 244 079 |
| Cash and cash equivalents at the beginning of the year | | 103 179 504 | 99 935 425 |
| Cash and cash equivalents at the end of the year | 7 | <u>113 413 460</u> | <u>103 179 504</u> |

The accounting policies on pages 17 to 35 and the notes on pages 36 to 93 form an integral part of the annual financial statements.

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Variance % |
|--|----------------------|--------------------|----------------------|------------------------------------|--|------------|
| Figures in Rand | | | | | | |
| Statement of Financial Performance | | | | | | |
| Revenue | | | | | | |
| Revenue from exchange transactions | | | | | | |
| Rental of facilities and equipment | 200 000 | - | 200 000 | 195 237 | (4 763) | 2.38% |
| Other income | 120 000 | - | 120 000 | 59 119 | (60 881) | 50.73% |
| Actuarial Gains | - | - | - | 2 867 871 | 2 867 871 | |
| Interest received - investment | 7 150 000 | - | 7 150 000 | 9 979 265 | 2 829 265 | (39.57)% |
| Total revenue from exchange transactions | 7 470 000 | - | 7 470 000 | 13 101 492 | 5 631 492 | |
| Revenue from non-exchange transactions | | | | | | |
| Transfer revenue | | | | | | |
| Government grants & subsidies | 139 841 000 | 500 000 | 140 341 000 | 137 339 592 | (3 001 408) | 2.14% |
| Total revenue | 147 311 000 | 500 000 | 147 811 000 | 150 441 084 | 2 630 084 | |
| Expenditure | | | | | | |
| Employee Related Cost | (91 585 000) | 3 077 000 | (88 508 000) | (72 456 873) | 16 051 127 | 18.14% |
| Remuneration of councillors | (10 287 000) | - | (10 287 000) | (8 190 220) | 2 096 780 | 20.38% |
| Depreciation and amortisation | (3 591 000) | (1 426 000) | (5 017 000) | (5 304 413) | (287 413) | 5.72% |
| Debt Impairment | (10 000) | - | (10 000) | (7 402) | 2 598 | 25.98% |
| Inventory | (1 493 000) | (411 000) | (1 904 000) | (1 085 763) | 818 237 | 42.97% |
| Transfers and Subsidies | (25 326 000) | (8 600 000) | (33 926 000) | (30 572 440) | 3 353 560 | 9.88% |
| General Expenses | (38 171 000) | (338 000) | (38 509 000) | (24 688 426) | 13 820 574 | 35.88% |
| Total expenditure | (170 463 000) | (7 698 000) | (178 161 000) | (142 305 537) | 35 855 463 | |
| Operating surplus | (23 152 000) | (7 198 000) | (30 350 000) | 8 135 547 | 38 485 547 | |
| Gains/Loss on disposal of assets and liabilities | (1 111 000) | - | (1 111 000) | (142 141) | 968 859 | 87.21% |
| Surplus before taxation | (24 263 000) | (7 198 000) | (31 461 000) | 7 993 406 | 39 454 406 | |
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | (24 263 000) | (7 198 000) | (31 461 000) | 7 993 406 | 39 454 406 | |

Financial Performance: Explanation of Variances between Approved Budget and Actual

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

Other revenue

Other revenue variance is a result of the low demand of the other revenue .

Rental from Fixed Assets:

The rental of facilities and equipment received is based on the refund for rental by institutions.

Interest, Dividends and Rent on Land Earned:

The income from external investments increased due to interest rates were higher during the current financial year.

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Variance % |
|--|-----------------|-------------|--------------|------------------------------------|--|------------|
|--|-----------------|-------------|--------------|------------------------------------|--|------------|

Figures in Rand

Employee Related Costs

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

Depreciation and Amortisation:

The depreciation & amortisation on assets is more than expected due to other assets which were procured during the financial year.

Impairment Losses:

The variance is due to an assessment done on debtors at the end of the year, and a provision for impairment was made for write-off.

Contracted Services:

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

Inventory Consumed:

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

Operational Costs:

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

Loss on Disposal of Property, Plant and Equipment:

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

Reason for adjustment to original budget

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

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Variance % |
|--|--------------------|--------------------|--------------------|------------------------------------|--|------------|
| Figures in Rand | | | | | | |
| Statement of Financial Position | | | | | | |
| Assets | | | | | | |
| Current Assets | | | | | | |
| Inventories | 376 000 | (18 000) | 358 000 | 239 492 | (118 508) | 33.10% |
| Investments | - | - | - | 11 000 000 | 11 000 000 | 0% |
| Operating lease asset | - | - | - | 30 481 | 30 481 | 0% |
| Receivables from exchange transactions | 14 516 000 | (1 206 000) | 13 310 000 | 10 018 249 | (3 291 751) | 24.84% |
| Statutory Receivables | - | - | - | 389 000 | 389 000 | 0% |
| VAT receivable | - | - | - | 2 631 927 | 2 631 927 | 0% |
| Current Portion Long-term Receivables | 858 000 | (182 000) | 676 000 | 736 000 | 60 000 | 8.88% |
| Cash and cash equivalents | 90 397 000 | (284 000) | 90 113 000 | 113 413 460 | 23 300 460 | 25.88% |
| | 106 147 000 | (1 690 000) | 104 457 000 | 138 458 609 | 34 001 609 | |
| Non-Current Assets | | | | | | |
| Investment property | 530 000 | (530 000) | - | - | - | 0% |
| Property, plant and equipment | 58 911 000 | 10 668 000 | 69 579 000 | 70 486 528 | 907 528 | 1.3% |
| Intangible assets | 4 086 000 | (1 736 000) | 2 350 000 | 1 700 446 | (649 554) | 27.64% |
| Heritage assets | 631 000 | - | 631 000 | 631 417 | 417 | 0.07% |
| Operating lease asset | - | - | - | 8 804 | 8 804 | 0% |
| Long-term Receivables | 8 060 000 | (1 350 000) | 6 710 000 | 6 388 000 | (322 000) | 4.8% |
| | 72 218 000 | 7 052 000 | 79 270 000 | 79 215 195 | (54 805) | |
| Total Assets | 178 365 000 | 5 362 000 | 183 727 000 | 217 673 804 | 33 946 804 | |
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Payables from exchange transactions | 9 964 000 | 6 387 000 | 16 351 000 | 15 172 190 | (1 178 810) | 7.16% |
| Consumer deposits | 2 000 | 1 000 | 3 000 | 4 945 | 1 945 | 64.83% |
| Employee benefit obligation | 14 868 000 | 168 000 | 15 036 000 | 11 840 926 | (3 195 074) | 21.25% |
| Unspent conditional grants and receipts | - | - | - | 1 351 693 | 1 351 693 | 0% |
| | 24 834 000 | 6 556 000 | 31 390 000 | 28 369 754 | (3 020 246) | |
| Non-Current Liabilities | | | | | | |
| Employee benefit obligation | 32 758 000 | 865 000 | 33 623 000 | 29 498 513 | (4 124 487) | 12.27% |
| Total Liabilities | 57 592 000 | 7 421 000 | 65 013 000 | 57 868 267 | (7 144 733) | |
| Net Assets | 120 773 000 | (2 059 000) | 118 714 000 | 159 805 537 | 41 091 537 | |
| Net Assets | | | | | | |
| Net Assets Attributable to Owners of Controlling Entity | | | | | | |
| Reserves | | | | | | |
| Revaluation reserve | 32 164 000 | 9 779 000 | 41 943 000 | 43 620 661 | 1 677 661 | 4.0% |
| Accumulated surplus | 88 609 000 | (11 838 000) | 76 771 000 | 116 184 876 | 39 413 876 | 50.90% |
| Total Net Assets | 120 773 000 | (2 059 000) | 118 714 000 | 159 805 537 | 41 091 537 | |

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Variance % |
|--|-----------------|-------------|--------------|------------------------------------|--|------------|
|--|-----------------|-------------|--------------|------------------------------------|--|------------|

Figures in Rand

Financial Position: Explanation of Variances between Approved Budget and Actual

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

Receivables from Exchange Transactions:

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

Cash and Cash Equivalents:

The variance is due to projects which are rolled-over to the 2023/24 financial year and savings on completed projects.

Operating Lease Receivables:

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

Property, Plant and Equipment:

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

Intangible Assets:

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

Investment Property

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

Long-term Receivables:

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

Consumer Deposits:

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

Payables from Exchange Transactions:

The variance is due to the fact that the actual invoiced raised at year end were less as compared to the estimated budget.

Unspent Conditional Grants and Receipts:

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

Employee benefits liabilities:

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

Reserves:

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

Accumulated Surplus / (Deficit):

Combination of reasons stated above

Reason for adjustment to original budget

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

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Variance % |
|--|---------------------|------------------|----------------------|------------------------------------|--|------------|
| Figures in Rand | | | | | | |
| Cash Flow Statement | | | | | | |
| Cash flows from operating activities | | | | | | |
| Receipts | | | | | | |
| Grants | 139 841 000 | - | 139 841 000 | 137 583 074 | (2 257 926) | 1.61% |
| Interest income | 7 150 000 | - | 7 150 000 | 9 979 265 | 2 829 265 | 33.15% |
| Other receipts | 320 000 | - | 320 000 | 610 421 | 290 421 | 133.21% |
| | 147 311 000 | - | 147 311 000 | 148 172 760 | 861 760 | |
| Payments | | | | | | |
| Suppliers | (168 864 000) | - | (168 864 000) | (130 570 922) | 38 293 078 | 22.71% |
| Net cash flows from operating activities | (21 553 000) | - | (21 553 000) | 17 601 838 | 39 154 838 | |
| Cash flows from investing activities | | | | | | |
| Movement in investments (incl. Controlled entities, JVs & Assoc) | - | - | - | (1 250 000) | (1 250 000) | 0.0% |
| Decrease / (Increase) in Long-term Receivables | 1 725 000 | - | 1 725 000 | 283 000 | (1 442 000) | 88.90% |
| Purchase of other asset | (7 984 000) | - | (7 984 000) | (6 400 882) | 1 583 118 | 24.51% |
| Net cash flows from investing activities | (6 259 000) | - | (6 259 000) | (7 367 882) | (1 108 882) | |
| Cash flows from financing activities | | | | | | |
| Other cash item | 2 000 | - | 2 000 | - | (2 000) | |
| Net increase/(decrease) in cash and cash equivalents | (27 812 000) | - | (27 812 000) | 10 233 956 | 38 045 956 | |
| Cash and cash equivalents at the beginning of the year | 81 137 000 | 5 963 000 | 87 100 000 | 103 179 504 | 16 079 504 | 18.46% |
| Cash and cash equivalents at the end of the year | 53 325 000 | 5 963 000 | 59 288 000 | 113 413 460 | 54 125 460 | |

Cash Flow: Explanation of Variances between Approved Budget and Actual

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

Interest income:

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

Other Receipts:

VAT is accounted for under other receipts.

VAT Receivable / Payable:

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

Suppliers Paid:

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

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Variance % |
|--|--------------------|-------------|--------------|--|---|------------|
|--|--------------------|-------------|--------------|--|---|------------|

Figures in Rand

Purchase of Property, Plant and Equipment:

The variance is due to purchases of property, plant and equipment and intangible assets.

Reason for adjustment to original budget

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

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Appropriation Statement

Figures in Rand

| | Original budget | Budget adjustments (i.t.o. s28 and budget s31 of the MFMA) | Final adjustments (i.t.o. s31 of the MFMA) | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget | Actual outcome | Unauthorised expenditure | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget |
|--|----------------------|--|--|--|---|----------------------|----------------------|--------------------------|-------------------|-------------------------------------|--|
| 2023 | | | | | | | | | | | |
| Financial Performance | | | | | | | | | | | |
| Investment revenue | 7 150 000 | - | 7 150 000 | - | | 7 150 000 | 9 979 265 | | 2 829 265 | 140 % | 140 % |
| Transfers recognised - operational | 139 841 000 | 500 000 | 140 341 000 | - | | 140 341 000 | 137 339 592 | | (3 001 408) | 98 % | 98 % |
| Other own revenue | 320 000 | - | 320 000 | - | | 320 000 | 3 122 227 | | 2 802 227 | 976 % | 976 % |
| Total revenue (excluding capital transfers and contributions) | 147 311 000 | 500 000 | 147 811 000 | - | | 147 811 000 | 150 441 084 | | 2 630 084 | 102 % | 102 % |
| Employee costs | (91 585 000) | 3 077 000 | (88 508 000) | - | | (88 508 000) | (72 456 873) | | 16 051 127 | 82 % | 79 % |
| Remuneration of councillors | (10 287 000) | - | (10 287 000) | - | | (10 287 000) | (8 190 220) | | 2 096 780 | 80 % | 80 % |
| Debt impairment | (10 000) | - | (10 000) | | | (10 000) | (7 402) | | 2 598 | 74 % | 74 % |
| Depreciation and asset impairment | (3 591 000) | (1 426 000) | (5 017 000) | | | (5 017 000) | (5 304 413) | | (287 413) | 106 % | 148 % |
| Materials and bulk purchases | (1 493 000) | (411 000) | (1 904 000) | - | | (1 904 000) | (1 085 763) | | 818 237 | 57 % | 73 % |
| Transfers and grants | (25 326 000) | (8 600 000) | (33 926 000) | - | | (33 926 000) | (30 572 440) | | 3 353 560 | 90 % | 121 % |
| Other expenditure | (39 281 000) | (338 000) | (39 619 000) | - | | (39 619 000) | (24 830 567) | | 14 788 433 | 63 % | 63 % |
| Total expenditure | (171 573 000) | (7 698 000) | (179 271 000) | - | | (179 271 000) | (142 447 678) | | 36 823 322 | 79 % | 83 % |
| Surplus/(Deficit) | (24 262 000) | (7 198 000) | (31 460 000) | - | | (31 460 000) | 7 993 406 | | 39 453 406 | (25)% | (33)% |
| Surplus/(Deficit) for the year | (24 262 000) | (7 198 000) | (31 460 000) | - | | (31 460 000) | 7 993 406 | | 39 453 406 | (25)% | (33)% |
| Capital expenditure and funds sources | | | | | | | | | | | |
| Total capital expenditure | 7 984 000 | 1 151 000 | 9 135 000 | - | | 9 135 000 | 6 400 882 | | (2 734 118) | 70 % | 80 % |

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Appropriation Statement

Figures in Rand

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments and budget (i.t.o. s28 and s31 of the MFMA) | Shifting of funds (i.t.o. s31 of the MFMA) | Virement (i.t.o. council approved policy) | Final budget | Actual outcome | Unauthorised expenditure | Variance | Actual outcome as % of final budget | Actual outcome as % of original budget |
|---|---------------------|---|---|--|---|---------------------|--------------------|--------------------------|---------------------|-------------------------------------|--|
| Cash flows | | | | | | | | | | | |
| Net cash from (used) operating | (21 545 000) | - | (21 545 000) | - | - | (21 545 000) | 17 601 838 | | 39 146 838 | (82)% | (82)% |
| Net cash from (used) investing | (7 984 000) | - | (7 984 000) | - | - | (7 984 000) | (7 367 882) | | 616 118 | 92 % | 92 % |
| Net increase/(decrease) in cash and cash equivalents | (29 529 000) | - | (29 529 000) | - | - | (29 529 000) | 10 233 956 | | 39 762 956 | (35)% | (35)% |
| Cash and cash equivalents at the beginning of the year | 51 607 000 | 5 963 000 | 57 570 000 | - | - | 57 570 000 | 103 179 504 | | 45 609 504 | 179 % | 200 % |
| Cash and cash equivalents at year end | 22 078 000 | 5 963 000 | 28 041 000 | - | - | 28 041 000 | 113 413 460 | | (85 372 460) | 404 % | 514 % |

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

| Figures in Rand | Note(s) | 2023 | 2022 |
|-----------------|---------|------|------|
|-----------------|---------|------|------|

1.1 BASIS FOR PRESENTATION

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

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

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

1.1.1 Presentation Currency

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

1.1.2 Changes in Accounting Policy and Comparability

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

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

1.1.3 Critical Judgements, Estimations and Assumptions

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

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

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

1.1.4 Revenue Recognition

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

Accounting Policies

(continued)

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

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

Impairment of Trade Receivables:

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

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

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

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

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

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

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

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

1.1.7 Defined Benefit Plan Liabilities

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

Accounting Policies

(continued)

1.1.8 Provisions and Contingent Liabilities

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

1.1.9 Budget Information

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

1.1.5 Going Concern Assumption

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

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

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

GRAP 25 Employee Benefits (Effective date to be determined)

GRAP 104 Financial Instruments (Effective 1 April 2025)

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

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

1.2 NET ASSETS

1.2.1 Revaluation Reserve

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

1.2.2 Capital Replacement Reserve (CRR)

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

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

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

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

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

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

Accounting Policies

(continued)

1.3 PROPERTY, PLANT AND EQUIPMENT

1.3.1 Initial Recognition

Property, Plant and Equipment are initially recognised at cost.

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

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

1.3.2 Subsequent Measurement

Plant and Equipment

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

Revaluation Model:

Buildings and Land

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

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

1.3.3 Depreciation

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

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

Accounting Policies

(continued)

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

1.3.4 Land

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

1.3.5 Incomplete Construction Work

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

1.3.6 Derecognition

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

1.4 HERITAGE ASSETS

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

Accounting Policies

(continued)

1.4.1 Initial Recognition

Heritage Assets are initially recognised at cost.

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

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

1.4.2 Subsequent Measurement

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

1.4.3 Derecognition

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

1.5 INTANGIBLE ASSETS

1.5.1 Initial Recognition

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

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

Intangible Assets are initially recognised at cost.

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

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

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

1.5.2 Subsequent Measurement, Amortisation and Impairment

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

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

(continued)

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

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

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

1.5.3 Derecognition

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

1.6 INVESTMENT PROPERTY

1.6.1 Initial Recognition

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

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

1.6.2 Subsequent Measurement

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

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

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

1.6.3 Derecognition

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

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

(continued)

1.7 IMPAIRMENT OF ASSETS

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

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

1.7.1 Impairment of Cash Generating Assets

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

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

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

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

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

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

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

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

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

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

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

1.7.2 Impairment of Non-cash Generating Assets

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

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

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

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

(continued)

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

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

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

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

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

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

1.8 FINANCIAL INSTRUMENTS

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

Initial Recognition

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

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

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

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

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

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

(continued)

1.8.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

| Type of Financial Asset | Classification in terms of GRAP 104 |
|---|-------------------------------------|
| 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 |

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

1.8.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

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

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

1.8.3 Initial and Subsequent Measurement

1.8.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

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

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

(continued)

Financial Assets measured at Cost

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

Financial Assets measured at Fair Value

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

1.8.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value

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

Financial Liabilities held at Amortised Cost

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

Prepayments are carried at cost less any accumulated impairment losses.

1.8.4 Impairment of Financial Assets

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

1.8.4.1 Financial Assets at Amortised Cost

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

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

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

(continued)

1.8.4.2 Financial Assets at Cost

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

1.8.5 Derecognition of Financial Assets

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

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

1.8.6 Derecognition of Financial Liabilities

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

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

1.9 INVENTORIES

1.9.1 Initial Recognition

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

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

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

1.9.2 Subsequent Measurement

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

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

Accounting Policies

(continued)

1.9.2.2 Other Arrangements

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

1.10 REVENUE RECOGNITION

1.10.1 General

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

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

1.10.2 Revenue from Exchange Transactions

1.10.2.1 Rentals Received

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

1.10.2.2 Finance Income

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

1.10.2.3 Sale of Goods (including Houses)

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

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

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

The amount of revenue can be measured reliably;

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

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

1.10.3 Revenue from Non-exchange Transactions

1.10.3.1 Public Contributions

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

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

(continued)

1.10.3.2 Government Grants and Receipts

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

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

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

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

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

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

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

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

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

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

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

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

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

1.11 PROVISIONS

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

Accounting Policies

(continued)

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

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

1.12 EMPLOYEE BENEFIT LIABILITIES

1.12.1 Short-term Employee Benefits

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

1.12.2 Provision for Staff Leave

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

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

Accumulated leave is vesting.

1.12.3 Staff Bonuses Accrued

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

1.12.4 Provision for Performance Bonuses

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

1.12.5 Post-employment Benefits

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

Accounting Policies

(continued)

1.12.5.1 Defined Contribution Plans

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

1.12.5.2 Defined Benefit Plans

Post-retirement Health Care Benefits

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

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

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

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

Long-service Allowance

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

Provincially-administered Defined Benefit Plans

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

Defined Benefit Pension Plans

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

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

(continued)

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

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

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

Ex gratia Gratuities

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

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

Provision for Staff Leave

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

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

Accumulated leave is vesting.

1.13 LEASES

1.13.1 The Municipality as Lessor

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

1.14 GRANTS-IN-AID

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

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

Expect to be repaid in future; or

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

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

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

(continued)

1.15 VALUE ADDED TAX

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

1.16 UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised

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

1.17 IRREGULAR EXPENDITURE

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

1.18 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.19 MATERIAL LOSSES

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

1.20 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

1.21 STATUTORY RECEIVABLES

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

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

(continued)

1.22 COMMITMENTS

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

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

1.23 RELATED PARTIES

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

1.24 EVENTS AFTER THE REPORTING DATE

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

1.25 BUDGET INFORMATION

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

The approved budget covers the period from 1 July 2022 to 30 June 2023.

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

| Figures in Rand | 2023 | 2022 |
|------------------------|----------------|----------------|
| 2. Inventories | | |
| Consumable stores | 239 492 | 357 534 |
| Reconciliation | | |
| Opening balance | 357 534 | 375 696 |
| Purchases | 289 622 | 226 696 |
| Issues | (316 106) | (244 858) |
| Inventory write-off | (91 558) | - |
| Closing balance | 239 492 | 357 534 |

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 R316,106 for the current year (2022: R244,858)

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

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

| Figures in Rand | 2023 | 2022 |
|--|-------------------|------------------|
| 3. Receivables from exchange transactions | | |
| Gross balances | | |
| Service debtors | 7 956 366 | 6 634 931 |
| Prepayments and Advances | 1 574 851 | 1 271 219 |
| Other Debtors | 582 555 | 306 281 |
| | 10 113 772 | 8 212 431 |
| Less: Allowance for impairment | | |
| Trade debtors | (95 523) | (88 121) |
| Prepayments and Advances | - | - |
| | (95 523) | (88 121) |
| Net balance | | |
| Service Debtors | 7 860 843 | 6 546 810 |
| Prepayments and Advances | 1 574 851 | 1 271 219 |
| Other Debtors | 582 555 | 306 281 |
| | 10 018 249 | 8 124 310 |
| Service Debtors Ageing | | |
| Current (0 -30 days) | 523 081 | 884 743 |
| 31 - 60 days | 131 358 | 253 459 |
| 61 - 90 days | 174 436 | 174 548 |
| 91 - 120 days | 7 031 968 | 5 234 060 |
| | 7 860 843 | 6 546 810 |
| Prepayments and Advances Ageing | | |
| Current (0 -30 days) | 1 574 851 | 1 271 219 |
| 31 - 60 days | - | - |
| 61 - 90 days | - | - |
| 91 - 120 days | - | - |
| | 1 574 851 | 1 271 219 |
| Other Debtors Ageing | | |
| Current (0 -30 days) | 582 555 | 306 281 |
| 31 - 60 days | - | - |
| 61 - 90 days | - | - |
| 91 - 120 days | - | - |
| | 582 555 | 306 281 |
| Service Debtors By Type | | |
| Provincial Departments | 7 053 475 | 5 911 811 |
| Councillors | 233 259 | 153 044 |
| Officials | 19 430 | 5 979 |
| Medical Aid Debtor | 1 871 | 1 871 |
| Private Business | 648 331 | 562 226 |
| | 7 956 366 | 6 634 931 |
| Summary of debtors by customer classification | | |
| Service debtors | | |
| Current (0 -30 days) | 523 081 | 884 743 |
| 31 - 60 days | 131 358 | 253 459 |
| 61 - 90 days | 174 436 | 174 548 |

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

| Figures in Rand | 2023 | 2022 |
|--|--------------------------|-------------------------|
| 3. Receivables from exchange transactions (continued) | | |
| 91 - 120 days | 7 127 491 | 5 322 181 |
| | <u>7 956 366</u> | <u>6 634 931</u> |
| Less: Allowance for impairment | (95 523) | (88 121) |
| | <u>7 860 843</u> | <u>6 546 810</u> |
| Prepayments and Advances | | |
| Current (0 -30 days) | 1 574 851 | 1 271 219 |
| 31 - 60 days | - | - |
| 61 - 90 days | - | - |
| 91 - 120 days | - | - |
| | <u>1 574 851</u> | <u>1 271 219</u> |
| Less: Allowance for impairment | - | - |
| | <u>1 574 851</u> | <u>1 271 219</u> |
| Other Debtors | | |
| Current (0 -30 days) | 582 555 | 306 281 |
| 31 - 60 days | - | - |
| 61 - 90 days | - | - |
| 91 - 120 days | - | - |
| | <u>582 555</u> | <u>306 281</u> |
| Less: Allowance for impairment | - | - |
| | <u>582 555</u> | <u>306 281</u> |
| Total Debtors | | |
| Current (0 -30 days) | 2 680 487 | 2 476 545 |
| 31 - 60 days | 131 358 | 253 459 |
| 61 - 90 days | 174 436 | 174 548 |
| 91 - 120 days | 7 127 491 | 5 307 879 |
| | <u>10 113 772</u> | <u>8 212 431</u> |
| Less: Allowance for impairment | (95 523) | (88 121) |
| | <u>10 018 249</u> | <u>8 124 310</u> |
| As at 30 June 2023 Receivables of R7,337,762 (30 June 2022 - R5,647,167) were past due on accounts older than 30 days, R95,523 (30 June 2022 - R88,121) was assessed to be impaired in accordance with the municipal policy. The age analysis of these Receivables are as follows: | | |
| The past due accounts are changed from accounts older than 90 days as stated in 2021/22 financial year to older than 30 days in 2022/23 financial year. | | |
| Total debtor past due but not impaired | | |
| Current (0 -30 days) | - | - |
| 31 - 60 days | 131 358 | 238 559 |
| 61 - 90 days | 174 436 | 174 548 |
| 91-120 days | 7 031 968 | 5 234 060 |
| | <u>7 337 762</u> | <u>5 647 167</u> |
| Reconciliation of allowance for impairment | | |
| Balance at beginning of the year | 88 121 | 88 121 |
| Contributions to allowance | 7 402 | - |
| Debt impairment written off against allowance | - | - |
| Reversal of allowance | - | - |
| | <u>95 523</u> | <u>88 121</u> |

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

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| Figures in Rand | 2023 | 2022 |
|---|----------------|----------------|
| 4. Statutory Receivables | | |
| Recovery of disaster grant DORA | 389 000 | 389 000 |
| Statutory receivables included in receivables from non-exchange transactions above are as follows: | | |
| Gross Balances | 389 000 | 389 000 |
| Provision for impairment | - | - |
| | 389 000 | 389 000 |
| Total Statutory Receivables | 389 000 | 389 000 |

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

None of the statutory receivables is pledged as security.

5. Investments

At amortised cost

| | | |
|---|------------|-----------|
| Fixed term deposit | 11 000 000 | 9 750 000 |
| Fixed deposit at Nedbank until 30 June 2023 | | |

Reconciliation

| | | |
|-----------------|-------------------|------------------|
| Opening Balance | 9 750 000 | 10 200 000 |
| Invested | 1 250 000 | - |
| Withdrawn | - | (450 000) |
| | 11 000 000 | 9 750 000 |

2023

| | Cashbook | Bank statement | Difference |
|---------|------------|----------------|------------|
| Nedbank | 11 000 000 | 11 000 000 | - |

2022

| | Cashbook | Bank statement | Difference |
|---------|-----------|----------------|------------|
| Nedbank | 9 750 000 | 9 750 000 | - |

None of the investments is pledged as security.

The amount of -R450,000 previously reported as invested has been correctly reported as withdrawn in the 2022/23FY.

6. VAT receivable

| | | |
|-----|-----------|-----------|
| VAT | 2 631 927 | 2 974 152 |
|-----|-----------|-----------|

Reconciliation

| | | |
|-----------------|------------------|------------------|
| Opening Balance | 2 974 152 | 1 776 354 |
| Input VAT | 6 819 451 | 5 983 157 |
| Output VAT | 222 058 | 47 008 |
| VAT Accruals | (9 525) | (14 050) |
| Sars Refunds | (7 374 209) | (4 818 317) |
| | 2 631 927 | 2 974 152 |

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2023

2022

6. VAT receivable (continued)

The presentation for VAT has been adjusted to better present the information. As such comparative amounts have also been presented in line with the current year. There has been no change in the prior year balance.

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.

None of the VAT receivable is pledged as security.

Frances Baard District Municipality

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7. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | | | |
|---|--|--|--------------------|--------------------|
| Cash on hand | | | 3 300 | 3 300 |
| Bank balances | | | 7 055 270 | 13 199 195 |
| Current Investments - Short-term deposits | | | 106 354 890 | 89 977 009 |
| | | | 113 413 460 | 103 179 504 |

The list of municipal bank accounts

| Bank accounts | Bank statement balances | | Cash book balances | |
|---|-------------------------|--------------|--------------------|--------------|
| | 30 June 2023 | 30 June 2022 | 30 June 2023 | 30 June 2022 |
| FNB - Kimberley Regional Office - Primary Account | 7 167 567 | 13 207 195 | 7 055 270 | 13 199 195 |

7.1 Current Investment Deposits

| | | |
|--|--------------------|-------------------|
| | 106 354 890 | 89 977 009 |
| Total Current Investment Deposits | 106 354 890 | 89 977 009 |

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 4.00% to 7.6% (2022: 3.05 % to 4 %) per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 4.9% to 8.6 % (2022: 4.97 % to 5.60 %) per annum.

7.2 Notice Deposits

| | | |
|---|--------------------|-------------------|
| Deposits attributable to Unspent Conditional Grants | 1 351 693 | 1 360 210 |
| Deposits attributable to Capital Replacement Reserve | 7 957 082 | 7 957 082 |
| Deposits attributable to Payables | 15 172 185 | 6 832 738 |
| Deposits attributable to Current Provisions | 11 840 926 | 13 149 934 |
| Deposits attributable to Consumer Deposits | 4 945 | 2 990 |
| Deposits available for operations | 70 028 059 | 60 674 055 |
| Total Deposits attributable to Commitments of the Municipality | 106 354 890 | 89 977 009 |

7.3 Bank Accounts

| | | |
|----------------------------|------------------|-------------------|
| Cash in bank | 7 055 270 | 13 199 195 |
| Bank Overdraft | - | - |
| Total bank accounts | 7 055 270 | 13 199 195 |

Primary Bank Account

FNB - Kimberley Regional Office - Primary Account:

| | | |
|----------------------------------|-----------|------------|
| Cash book balance at end of year | 7 055 270 | 13 199 195 |
|----------------------------------|-----------|------------|

FNB - Kimberley Regional Office - Primary Account:

| | | |
|---------------------------------------|-----------|------------|
| Bank statement balance at end of year | 7 167 567 | 13 207 195 |
|---------------------------------------|-----------|------------|

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.

Notes to the Annual Financial Statements

| Figures in Rand | 2023 | 2022 |
|--|--------------------|-----------------------|
| 7. Cash and cash equivalents (continued) | | |
| 2023 | Cashbook | Bank statement |
| ABSA | 30 179 801 | 30 179 801 |
| FNB | 25 975 089 | 25 998 749 |
| Nedbank | 20 100 000 | 20 100 000 |
| Standard Bank | 30 100 000 | 30 100 000 |
| | 106 354 890 | 106 378 550 |
| 2022 | Cashbook | Bank statement |
| ABSA | 24 001 920 | 24 001 920 |
| FNB | 30 975 089 | 30 975 089 |
| Nedbank | 17 500 000 | 17 500 000 |
| Standard Bank | 17 500 000 | 17 567 864 |
| | 89 977 009 | 90 044 873 |
| Cash on hand | | |
| | 3 300 | 3 300 |
| Total Cash on hand in Cash Floats, Advances and Equivalents | 3 300 | 3 300 |
| Total cash and cash equivalents | 113 413 460 | 103 179 504 |

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

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

8. Long-term Receivables

8.1 Employee Benefits

| | | |
|---|------------------|------------------|
| Opening Balance | 7 347 000 | 8 918 000 |
| Interest cost | 807 000 | 807 000 |
| Payments made | (707 514) | (732 502) |
| Actuarial loss/(gain) | (322 486) | (1 645 498) |
| Total Long Term Receivables | 7 124 000 | 7 347 000 |
| Less: Current Portion transferred to Current Receivables:-Employee Benefits | (736 000) | (676 000) |
| Non-Current Potion of Long Term Receivables | 6 388 000 | 6 671 000 |

Employee benefits receivables

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

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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9. Property, plant and equipment

| | 2023 | | | 2022 | | |
|--------------------------------|---------------------|---|-------------------|---------------------|---|-------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Land | 3 120 700 | - | 3 120 700 | 3 120 700 | - | 3 120 700 |
| Buildings and Ancillary Assets | 57 066 703 | (3 682 657) | 53 384 046 | 56 730 097 | (1 673 026) | 55 057 071 |
| Plant and machinery | 7 938 548 | (5 642 241) | 2 296 307 | 10 397 171 | (7 322 330) | 3 074 841 |
| Furniture and fixtures | 8 827 401 | (7 627 185) | 1 200 216 | 8 587 904 | (7 216 159) | 1 371 745 |
| Motor vehicles | 10 694 541 | (8 450 295) | 2 244 246 | 9 209 637 | (8 076 829) | 1 132 808 |
| IT equipment | 8 154 873 | (5 587 005) | 2 567 868 | 7 244 544 | (5 019 808) | 2 224 736 |
| Work In Progress | 5 673 145 | - | 5 673 145 | 2 452 024 | - | 2 452 024 |
| Total | 101 475 911 | (30 989 383) | 70 486 528 | 97 742 077 | (29 308 152) | 68 433 925 |

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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9. Property, plant and equipment (continued)

9.1 Reconciliation of property, plant and equipment - 2023

| | Opening balance | Additions | Disposals | Transfers | Revaluations | Other changes, movements | Depreciation | Impairment loss | Total |
|--------------------------------|-------------------|------------------|-----------------|-----------|--------------|--------------------------|--------------------|-----------------|-------------------|
| Land | 3 120 700 | - | - | - | - | - | - | - | 3 120 700 |
| Buildings and Ancillary Assets | 55 057 071 | - | - | - | - | - | (1 673 025) | - | 53 384 046 |
| Plant and machinery | 3 074 841 | 308 167 | (42 912) | - | - | - | (1 043 787) | - | 2 296 307 |
| Furniture and fixtures | 1 371 745 | 260 482 | (1 735) | - | - | - | (430 276) | - | 1 200 216 |
| Motor vehicles | 1 132 808 | 1 484 904 | - | - | - | - | (373 466) | - | 2 244 246 |
| IT equipment | 2 224 736 | 1 126 208 | (5 937) | - | - | - | (777 140) | - | 2 567 868 |
| Work In Progress | 2 452 024 | 3 221 121 | - | - | - | - | - | - | 5 673 145 |
| | 68 433 925 | 6 400 882 | (50 584) | - | - | - | (4 297 693) | - | 70 486 528 |

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

| | Opening balance | Additions | Disposals | Transfers received | Transfers | Revaluations | Other changes, movements | Depreciation | Total |
|--------------------------------|-------------------|------------------|-----------------|--------------------|-------------------|------------------|--------------------------|--------------------|-------------------|
| Land | 7 943 000 | - | - | 150 000 | - | - | (4 972 300) | - | 3 120 700 |
| Buildings and Ancillary Assets | 32 596 496 | - | - | 385 475 | 21 116 877 | 2 631 248 | - | (1 673 025) | 55 057 071 |
| Plant and machinery | 3 515 920 | 519 542 | (1 853) | - | - | - | - | (958 768) | 3 074 841 |
| Furniture and fixtures | 1 793 840 | 28 078 | (172) | - | - | - | - | (450 001) | 1 371 745 |
| Motor vehicles | 773 824 | 679 844 | (39 085) | - | - | - | - | (281 775) | 1 132 808 |
| IT equipment | 1 914 716 | 924 457 | (31 294) | - | - | - | - | (583 143) | 2 224 736 |
| Work In Progress | 2 317 415 | 134 609 | - | - | - | - | - | - | 2 452 024 |
| | 50 855 211 | 2 286 530 | (72 404) | 535 475 | 21 116 877 | 2 631 248 | (4 972 300) | (3 946 712) | 68 433 925 |

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

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

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

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

9.5 Assets pledged as security

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

9.6 Impairment of Property, Plant and Equipment

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

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

There are changes in the estimated useful life of various assets during the financial year due to the reassessment of useful life. The changes resulted in a decrease in current year depreciation by R101,475. Effects on future periods is impractical to estimate as the municipality reassess its useful life at the end of the each financial year

9.8 Land and Buildings carried at Fair Value

The municipality's Land and Buildings are accounted for according to the revaluation value model. Revaluation is done every five years.

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

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|-----------------|------|------|
|-----------------|------|------|

9. Property, plant and equipment (continued)

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

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

| | | |
|-----------|-----------|-----------|
| Buildings | 5 673 145 | 2 452 024 |
|-----------|-----------|-----------|

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

| | | |
|---|-----------|-----------|
| Project 1: Disaster Management Center - Delayed | 5 673 145 | 2 452 024 |
|---|-----------|-----------|

Project experienced some delays and went beyond the projected completion date. These delays were beyond the control of the municipality, as the municipality was experiencing difficulty to remove the Department of Transport, Safety and Liason from the building in order to complete the project. The department moved out of the building at the end of January 2022.

| | |
|------------------|------------------|
| 5 673 145 | 2 452 024 |
|------------------|------------------|

Reconciliation of Work-in-Progress 2023

| | Included within Infrastructure | Buildings | Plant and Machinery | Total |
|-------------------------------|--------------------------------|------------------|---------------------|------------------|
| Opening balance | - | 2 452 024 | - | 2 452 024 |
| Additions/capital expenditure | - | 3 082 650 | 138 471 | 3 221 121 |
| | - | 5 534 674 | 138 471 | 5 673 145 |

Reconciliation of Work-in-Progress 2022

| | Included within Infrastructure | Buildings | Total |
|-------------------------------|--------------------------------|------------------|------------------|
| Opening balance | - | 2 317 415 | 2 317 415 |
| Additions/capital expenditure | - | 134 609 | 134 609 |
| | - | 2 452 024 | 2 452 024 |

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

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

| | | |
|--|------------------|------------------|
| Information and Communication Infrastructure | 16 866 | 15 926 |
| Computer Equipment | 7 065 | 48 906 |
| Furniture and Office Equipment | 272 535 | 432 952 |
| Machinery and Equipment | 394 923 | 224 693 |
| Other Assets - Buildings | 510 545 | 548 880 |
| Transport Assets | 136 121 | 169 083 |
| | 1 338 055 | 1 440 440 |

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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10. Intangible assets

| | 2023 | | 2022 | | | |
|-------------------|---------------------|---|----------------|---------------------|---|----------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software | 4 049 621 | (2 349 175) | 1 700 446 | 4 049 620 | (1 342 456) | 2 707 164 |

10.1 Reconciliation of intangible assets - 2023

| | Opening balance | Amortisation | Total |
|-------------------|--------------------|--------------|-----------|
| Computer software | 2 707 164 | (1 006 719) | 1 700 446 |

Frances Baard District Municipality

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Notes to the Annual Financial Statements

Figures in Rand

10. Intangible assets (continued)

10.2 Reconciliation of intangible assets - 2022

| | Opening balance | Additions | Disposals | Amortisation | Total |
|-------------------|-----------------|-----------|-----------|--------------|-----------|
| Computer software | 155 968 | 2 866 223 | (9 708) | (305 319) | 2 707 164 |

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (**see Note 27**).

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

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

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

10.3 Significant Intangible Assets

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

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

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

There are changes in the estimated useful life of some intangible assets during the financial year due to the reassessment of useful live. The changes resulted in a decrease in current year depreciation by R9,372. Effects on future periods is impractical to estimate as the municipality reassess its useful live at the end of the each financial year

10.5 Impairment of Intangible Assets

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

10.6 Work-in-Progress

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

10.7 Delayed Projects

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

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10. Intangible assets (continued)

10.7 Expenditure incurred to repair and maintain intangible assets

Cumulative expenditure recognised in the carrying value of Intangible assets

| | | |
|---|------------------|------------------|
| Licenses and franchises | 3 068 850 | 3 505 880 |
| Computer software, internally generated | 139 717 | 129 253 |
| | 3 208 567 | 3 635 133 |

11. Investment property

11.1 Reconciliation of investment property - 2023

| | Opening balance | Additions | Fair value adjustments | Depreciation | Total |
|---------------------|--------------------|-----------|---------------------------|--------------|-------|
| Investment property | - | - | - | - | - |

11.2 Reconciliation of investment property - 2022

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

All of the municipality's Investment Property was transferred to buildings and ancillary assets in 2021/22 financial year.

11.3 Maintenance of investment property

The municipality did not repair any of its investment property.

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

| | | |
|---|---|---------|
| Rental revenue from Investment property | - | 217 216 |
|---|---|---------|

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Annual Financial Statements for the year ended 30 June 2023

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12. Heritage assets

| | 2023 | | 2022 | |
|------------------|-------------------------------|----------------|------------------|-------------------------------|
| Cost / Valuation | Accumulated impairment losses | Carrying value | Cost / Valuation | Accumulated impairment losses |
| 631 417 | - | 631 417 | 631 417 | - |
| | | | | 631 417 |

Art Collections, antiquities and exhibits

12.1 Reconciliation of heritage assets 2023

| Opening balance | Additions | Disposals | Transfers | Impairment losses recognised | Total |
|-----------------|-----------|-----------|-----------|------------------------------|---------|
| 631 417 | - | - | - | - | 631 417 |

Art Collections, antiquities and exhibits

12.2 Reconciliation of heritage assets 2022

| Opening balance | Additions | Disposals | Transfers | Impairment losses recognised | Total |
|-----------------|-----------|-----------|-----------|------------------------------|---------|
| 631 417 | - | - | - | - | 631 417 |

Art Collections, antiquities and exhibits

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.

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12. Heritage assets (continued)

12.3 Impairment of Heritage Assets

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

12.4 Heritage Assets measured after recognition using the Cost Model

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

12.5 Work-in-Progress

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

12.6 Delayed Projects

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

12.7 Expenditure incurred to repair and maintain heritage assets

Expenditure incurred to repair and maintain heritage assets included in Statement of Financial Performance

Contracted services

- -

Frances Baard District Municipality

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13. Operating lease asset (receivable)

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

| | | |
|--------------------|---------------|---------------|
| Non-current assets | 8 804 | 38 964 |
| Current assets | 30 481 | 12 206 |
| | 39 285 | 51 170 |

Reconciliation of Operating Lease Receivables

| | | |
|----------------------------------|---------------|---------------|
| Balance at beginning of year | 51 170 | 45 817 |
| Operating Lease Revenue affected | (11 885) | 5 353 |
| | 39 285 | 51 170 |

The following amounts are due as shown below:

| | | |
|--------------|---------------|---------------|
| Up to 1 year | 30 481 | 12 206 |
| 2 to 5 years | 8 804 | 38 964 |
| | 39 285 | 51 170 |

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 -R11,885 (2022: increase of R5,353) in current year income.

13.1 Leasing Arrangements

The Municipality as Lessor:

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

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

Amounts receivable under Operating Leases

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

| | | |
|--------------|----------------|----------------|
| Up to 1 year | 240 797 | 223 238 |
| 2 to 5 years | 259 738 | 500 535 |
| | 500 535 | 723 773 |

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

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14. Employee benefit obligations

Defined benefit plan

14.1 Employee Benefit Liabilities

| | | |
|--|--------------------------|--------------------------|
| Post-retirement Health Care Benefits Liability | 28 900 000 | 29 999 999 |
| Long Service Awards Liability | 3 233 963 | 3 431 963 |
| Total Employee Benefit Liabilities | <u>32 133 963</u> | <u>33 431 962</u> |
| Less: Current Portion of Employee Benefit Liabilities | - | - |
| Current - Post-retirement Health Care Benefits Liability | (2 347 000) | (2 161 000) |
| Current - Long Service Awards Liability | (307 000) | (575 000) |
| | <u>29 479 963</u> | <u>30 695 962</u> |
| | | |
| Non-current liabilities | 29 498 513 | 30 787 173 |
| Current liabilities | 11 840 926 | 13 149 934 |
| | <u>41 339 439</u> | <u>43 937 107</u> |

14.2 Post-retirement Health Care Benefits Liability

Liability

| | | |
|---|--------------------------|--------------------------|
| Opening balance | 29 999 999 | 28 967 999 |
| Interest cost | 3 329 000 | 2 652 000 |
| Current service cost | 589 000 | 589 000 |
| Actual employer benefit payments | (2 217 253) | (2 068 464) |
| Actuarial loss/ (gain) recognised in the year | (2 800 747) | (140 536) |
| Balance at end of Year | <u>28 899 999</u> | <u>29 999 999</u> |
| Less: Current Portion of Liability | (2 347 000) | (2 161 000) |
| Non-Current Portion of Liability | <u>26 552 999</u> | <u>27 838 999</u> |

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by Mr. Chanan Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

| | | |
|---|-------------------|-------------------|
| In-service Members (Employees) | 69 | 75 |
| In-Service Non-members (Employees) | 16 | 16 |
| Continuation Members (Retirees, widowers and orphans) | 37 | 36 |
| Total Members | <u>122</u> | <u>127</u> |

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

| | | |
|------------------------|--------------------------|--------------------------|
| In-service Members | 5 933 000 | 6 453 000 |
| In-service Non-members | 276 000 | 267 000 |
| Continuation Members | 22 691 000 | 23 280 000 |
| Total Liability | <u>28 900 000</u> | <u>30 000 000</u> |

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14. Employee benefit obligations (continued)

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Hosmed
- Samwumed

The Interest Cost for the year ending 30 June 2023 is estimated to be R3,329,000 whereas the cost for the ensuing year is estimated to be R3,356,000 (30 June 2022: R2,652,000 and R3,329,000 respectively).

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

| | | | |
|-----------------------------------|---|-------------------|-------------------|
| Discount Rate | 1 | Yield Curve | Yield Curve |
| Health Care Cost Inflation Rate | 1 | Equal to CPI + 1 | Equal to CPI + 1 |
| Net Effective Discount Rate | 1 | Yield Curve Based | Yield Curve Based |
| Expected Rate of Salary Increase | | 4.90% | 4.90% |
| Expected Retirement Age - Females | | 63 | 63 |
| Expected Retirement Age - Males | | 63 | 63 |

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

| | | |
|--|-------------------|-------------------|
| Opening balance | 29 999 990 | 28 967 990 |
| Interest Cost | 3 329 000 | 2 652 000 |
| Current service cost | 589 000 | 589 000 |
| Actual employer benefit payments | (2 217 253) | (2 068 464) |
| Actuarial loss/gain recognised in the year | (2 800 747) | (140 536) |
| Total Recognised Benefit Liability | 28 899 990 | 29 999 990 |

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

| | | |
|-----------------------------------|-------------------|-------------------|
| Present value of fund obligations | 28 899 990 | 29 999 990 |
| Unfunded Accrued Liability | 28 899 990 | 29 999 990 |
| Total Benefit Liability | 28 899 990 | 29 999 990 |

The history of fair values are as follows:

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|-------------|------------|------------|-------------|------------|
| Present Value of Defined Benefit Obligation | 28 899 990 | 29 999 999 | 28 967 999 | 23 729 970 | 31 091 999 |
| Experienced adjustments on Plan Liabilities | (1 100 009) | 1 031 991 | 5 238 030 | (7 362 030) | 2 578 000 |

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

The amount for present value of fund obligations and unfunded accrued liability previously disclosed as R27 657 102 is restated in the 2022/23 to R29 999 990.

| | | |
|---|-----|-------------|
| Increase: | - | - |
| Effect on the aggregate of the current service cost and the interest cost | 1 | 4 483 000 |
| Effect on the defined benefit obligation | 1 | 32 096 000 |
| Decrease: | - | - |
| Effect on the aggregate of the current service cost and the interest cost | (1) | (3 457 000) |

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14. Employee benefit obligations (continued)

Effect on the defined benefit obligation (1) (26 198 000)

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

The municipality expects to make a contribution of R2,347,000 (2022: R2,161,000) to the Defined Benefit Plans during the next financial year.

Refer to Note 49, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

14.3 Long Service Awards Liability

| | | |
|--|------------------|------------------|
| Opening Balance | 3 431 963 | 3 102 963 |
| Increases | 390 669 | 674 386 |
| Other Reductions | (588 669) | (345 386) |
| Balance at end of year | 3 233 963 | 3 431 963 |
| Less: Current Portion of Liability | (307 000) | (575 000) |
| Total Non-Current - Long Service Awards Liability | 2 926 963 | 2 856 963 |

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by Chanan Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 85 (2022: 91) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2023 is estimated to be R342,000 whereas the cost for the ensuing year is estimated to be R312,000 (30 June 2022: R335,000 whereas the cost for the ensuing year is estimated to be R342,000).

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

| | | |
|-----------------------------------|-------|-------|
| Cost Inflation Rate | CPI+1 | CPI+1 |
| Expected Rate of Salary Increase | 4.90% | 4.90% |
| Expected Retirement Age - Females | 63 | 63 |
| Expected Retirement Age - Males | 63 | 63 |

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

| | | |
|------------------|------------------|------------------|
| Opening balance | 3 431 963 | 3 102 963 |
| Increases | 390 669 | 674 386 |
| Payments Made | - | - |
| Other reductions | (588 669) | (345 386) |
| | - | - |
| | 3 233 963 | 3 431 963 |

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

| | | |
|-----------------------------------|-----------|-----------|
| Present value of fund obligations | 3 233 963 | 3 431 963 |
| Unfunded Accrued Liability | 3 233 963 | 3 431 963 |

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14. Employee benefit obligations (continued)

Total Benefit Liability **3 233 963 3 431 963**

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

| | | |
|---|----------------|----------------|
| Current service cost | 342 000 | 335 000 |
| Interest cost | 352 000 | 291 000 |
| Expected return on reimbursement rights | - | - |
| Actuarial losses / (gains) | (303 331) | 48 386 |
| Total Post-retirement Benefit included in Employee Related Costs | 390 669 | 674 386 |

The history of experienced adjustments is as follows:

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|-----------|-----------|-----------|-----------|-----------|
| | 3 233 963 | 3 431 963 | 3 102 963 | 2 206 054 | 2 110 964 |

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 | 747 000 | 676 000 |
| Effect on the defined benefit obligation | 3 439 000 | 3 648 000 |

Decrease

| | | |
|---|-------------|-------------|
| Effect on the aggregate of the current service cost and the interest cost | (646 000) | (581 000) |
| Effect on the defined benefit obligation | (3 047 000) | (3 237 000) |

The municipality expects to make a contribution of R307,000 (2022: R575,000) to the defined benefit plans during the next financial year.

The amounts recognised in the statement of financial position are as follows:

Carrying value

| | | |
|---|---------------------|---------------------|
| Present value of the defined benefit obligation-wholly unfunded | (29 498 513) | (30 787 173) |
| Present value of the defined benefit obligation - current | (11 840 926) | (13 149 934) |
| | (41 339 439) | (43 937 107) |

| | | |
|-------------------------|---------------------|---------------------|
| Non-current liabilities | (29 498 513) | (30 787 173) |
| Current liabilities | (11 840 926) | (13 149 934) |
| | (41 339 439) | (43 937 107) |

The major categories of plan assets as a percentage of total plan assets are as follows:

14.4 Current Liabilities: Employee benefit obligation

| Reconciliation - 2023 | Opening Balance | Additions | Payments made | Reversed/ Reductions during the year | Total |
|-----------------------------|-------------------|------------------|--------------------|--------------------------------------|-------------------|
| Ex-gratia Pensions | 31 100 | - | - | (19 680) | 11 420 |
| Leave provision | 9 741 071 | 7 849 579 | (8 830 450) | - | 8 760 200 |
| Performance bonus provision | 641 763 | 343 836 | (430 832) | (139 461) | 415 306 |
| Employee benefit cost | 2 161 000 | 186 000 | - | - | 2 347 000 |
| Long service award | 575 000 | - | - | (268 000) | 307 000 |
| | 13 149 934 | 8 379 415 | (9 261 282) | (427 141) | 11 840 926 |

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14. Employee benefit obligations (continued)

| Reconciliation - 2022 | Opening Balance | Additions | Payments made | Reversed/ Reductions during the year | Total |
|-----------------------------|--------------------|------------------|--------------------|---|-------------------|
| Ex-gratia Pensions | 31 400 | - | - | (300) | 31 100 |
| Leave provision | 10 231 680 | 8 215 145 | (8 705 754) | - | 9 741 071 |
| Performance bonus provision | 466 327 | 320 974 | (145 538) | - | 641 763 |
| Employee benefit cost | 2 094 000 | 67 000 | - | - | 2 161 000 |
| Long service award | 159 000 | 416 000 | - | - | 575 000 |
| | 12 982 407 | 9 019 119 | (8 851 292) | (300) | 13 149 934 |

14.5 The movement in Non-current Employee benefit obligations are reconciled as follows:

Staff Benefit:

Ex-Gratia Pension

| | | |
|------------------|---------------|---------------|
| Opening balance | 91 211 | 103 811 |
| Increases | 9 000 | 21 190 |
| Payments made | (15 061) | (34 090) |
| Other reductions | (86 279) | - |
| Reversals | 19 980 | 300 |
| | 18 851 | 91 211 |

Ex-gratia Pensions

Ex-gratia Pensions Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised

Leave Provision

Leave Provision Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Performance Bonus

Performance 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.

15. Payables from exchange transactions

| | | |
|----------------------|-------------------|------------------|
| Trade payables | 12 844 706 | 4 758 039 |
| Bonus | 2 040 026 | 2 070 513 |
| Retentions | 285 453 | - |
| Third Party Payments | 2 000 | 4 185 |
| | 15 172 185 | 6 832 737 |

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

Frances Baard District Municipality

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|-----------------|------|------|

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

| | | |
|---|------------------|------------------|
| Rural Road Asset Management System Grant (RRAMS) | 73 541 | 252 138 |
| National Revenue Fund - Fuel Levy & Equitable Share | 1 031 708 | 1 031 708 |
| Provincial Government | 221 038 | 76 364 |
| Financial Management Grant (FMG) | 24 991 | - |
| Extended Public Woks Programme (EPWP) | 415 | - |
| | 1 351 693 | 1 360 210 |

Movement during the year

| | | |
|--------------------------------------|------------------|------------------|
| Balance at the beginning of the year | 1 360 210 | 2 162 319 |
| Additions during the year | 5 412 075 | 5 326 565 |
| Income recognition during the year | (5 168 592) | (5 088 477) |
| Repayment of unspent grant | (252 000) | (1 040 197) |
| | 1 351 693 | 1 360 210 |

The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

17. Consumer deposits

| | | |
|-------------------|-------|-------|
| Rental Properties | 4 945 | 2 990 |
|-------------------|-------|-------|

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

No interest is paid on Consumer Deposits held.

18. Reserves

| | | |
|---------------------------------------|-------------------|-------------------|
| Opening balance | 44 668 521 | 26 940 553 |
| Transfers to/from Accumulated Surplus | (1 047 860) | (1 047 859) |
| Current Year Revaluation | - | 18 775 827 |
| | 43 620 661 | 44 668 521 |

Reserves

| | | |
|-----------------------------|-------------------|-------------------|
| Revaluation Reserve | 36 711 438 | 18 983 471 |
| Capital Replacement Reserve | 7 957 082 | 7 957 082 |
| | 44 668 520 | 26 940 553 |

18.1 Reconciliation of the Capital Replacement Reserve

| | | |
|---|------------------|------------------|
| Revaluation surplus beginning of period | 7 957 082 | 7 957 082 |
| Movements in the reserve for the year | - | - |
| | 7 957 082 | 7 957 082 |

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

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| 18. Reserves (continued) | | |
| 18.2 Reconciliation of Revaluation Reserve | | |
| Revaluation surplus beginning of period | 36 509 666 | 18 983 471 |
| Transfers to/from Accumulated Surplus | (1 047 860) | (1 047 859) |
| Current year Revaluation | - | 18 775 825 |
| | 35 461 806 | 36 711 437 |

The Revaluation Reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

R

19. Accumulated surplus

Reconciliation of Accumulated Surplus:

| | | |
|--|--------------------|--------------------|
| Opening Balance | 107 143 613 | 101 200 235 |
| Correction of Prior Period Error | - | - |
| Depreciation Offsets | 1 047 860 | 1 047 860 |
| Accumulated Surplus As Per Financial Performance | 7 993 406 | 4 895 518 |
| | 116 184 879 | 107 143 613 |

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

20. Revenue

| | | |
|------------------------------------|--------------------|--------------------|
| Rental of facilities and equipment | 195 237 | 218 206 |
| Other Income | 59 119 | 273 869 |
| Actuarial Gains | 2 867 871 | - |
| Interest received - investment | 9 979 265 | 5 868 867 |
| Government grants & subsidies | 137 339 592 | 133 164 477 |
| | 150 441 084 | 139 525 419 |

The amount included in revenue arising from exchanges of goods or services are as follows:

| | | |
|------------------------------------|-------------------|------------------|
| Rental of facilities and equipment | 195 237 | 218 206 |
| Other income | 59 119 | 273 869 |
| Actuarial Gains | 2 867 871 | - |
| Interest received - investment | 9 979 265 | 5 868 867 |
| | 13 101 492 | 6 360 942 |

The amount included in revenue arising from non-exchange transactions is as follows:

| | | |
|-------------------------------|-------------|-------------|
| Transfer revenue | | |
| Government grants & subsidies | 137 339 592 | 133 164 477 |

21. Rental of facilities and equipment

Premises

| | | |
|------------------------------------|---------|---------|
| Rental of facilities and equipment | 195 237 | 218 206 |
|------------------------------------|---------|---------|

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|--|------|------|
|--|------|------|

21. Rental of facilities and equipment (continued)

Rental income generated are at market related premiums.

22. Other revenue

| | | |
|----------------|------------------|----------------|
| Other income | 59 119 | 273 869 |
| Acturial Gains | 2 867 871 | - |
| | 2 926 990 | 273 869 |

23. Investment revenue

Interest revenue

| | | |
|---------------------------|------------------|------------------|
| Bank - Investment account | 9 886 331 | 5 847 285 |
| Bank - Operating account | 92 934 | 21 582 |
| | 9 979 265 | 5 868 867 |

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24. Government grants & subsidies

Operating grants

| | | |
|---|--------------------|--------------------|
| National Revenue Fund: Equitable share | 132 171 000 | 128 076 000 |
| National Government: Rural Road Asset Management System Grant (RRAMS) | 2 623 598 | 2 323 862 |
| National Governments: Extended Public Works Programme (EPWP) | 1 072 585 | 1 077 000 |
| National Governments: Financial Management Grant (FMG) | 975 009 | 1 000 000 |
| Departmental Agencies and Accounts: SETA | 142 074 | 173 565 |
| Provincial Government | 355 326 | 514 050 |
| | 137 339 592 | 133 164 477 |

Conditional and Unconditional

Included in above are the following grants and subsidies received:

| | | |
|-------------------------------|--------------------|--------------------|
| Conditional grants received | 5 168 592 | 5 088 477 |
| Unconditional grants received | 132 171 000 | 128 076 000 |
| | 137 339 592 | 133 164 477 |

24.1 National Revenue Fund - Fuel Levy & Equitable Share

| | | |
|---|------------------|------------------|
| Balance unspent at beginning of year | 1 031 708 | 1 031 708 |
| Current year receipts | 132 171 000 | 128 076 000 |
| Conditions met - transferred to Revenue | (132 171 000) | (128 076 000) |
| | 1 031 708 | 1 031 708 |

This grant has been used to fund operational expenses within the municipality. Included in the Equitable share allocation is the Covid-19 share allocation of R1 469 000 which was received during the 2020/21 FY. The unspent amount is of Covid-19.

24.2 Rural Road Asset Management System Grant (RRAMS)

| | | |
|---|---------------|----------------|
| Balance unspent at beginning of year | 252 138 | 1 040 197 |
| Current-year receipts | 2 697 000 | 2 576 000 |
| Conditions met - transferred to revenue | (2 623 597) | (2 323 862) |
| Repayment of unspent grant | (252 000) | (1 040 197) |
| | 73 541 | 252 138 |

Conditions still to be met - remain liabilities (see note 16).

The purpose of the grant is to assist the municipality in monitoring the conditions of the municipal roads within the district.

24.3 Provincial Government

| | | |
|---|----------------|---------------|
| Balance unspent at beginning of year | 76 364 | 90 414 |
| Current-year receipts | 500 000 | 500 000 |
| Conditions met - transferred to revenue | (355 326) | (514 050) |
| | 221 038 | 76 364 |

Conditions still to be met - remain liabilities (see note 16).

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

Frances Baard District Municipality

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24. Government grants & subsidies (continued)

24.4 Financial Management Grant (FMG)

| | | |
|---|---------------|-------------|
| Current-year receipts | 1 000 000 | 1 000 000 |
| Conditions met - transferred to revenue | (975 009) | (1 000 000) |
| | 24 991 | - |

Conditions still to be met - remain liabilities (see note 16).

The purpose of the grant is to assist the municipality in building in house capacity, promote and support reform to financial management and implementation of the Municipal Financial Management Act (MFMA) 56 of 2003.

24.5 Extended Public Woks Programme (EPWP)

| | | |
|---|-------------|-------------|
| Current-year receipts | 1 073 000 | 1 077 000 |
| Conditions met - transferred to revenue | (1 072 585) | (1 077 000) |
| | 415 | - |

Conditions still to be met - remain liabilities (see note 16).

The purpose of the grant is to expand job creation programs in the Frances Baard District.

24.6 SETA: Skills grant

| | | |
|---|-----------|-----------|
| Current-year receipts | 142 074 | 173 565 |
| Conditions met - transferred to revenue | (142 074) | (173 565) |
| | - | - |

Conditions still to be met - remain liabilities (see note 16).

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

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|--|-------------------|-------------------|
| 25. Employee related costs | | |
| Basic | 49 488 415 | 50 831 782 |
| Bonus | 4 102 209 | 3 768 213 |
| Medical aid - company contributions | 2 731 210 | 2 628 932 |
| UIF | 243 540 | 255 864 |
| Other payroll levies | 16 330 | 16 418 |
| Leave pay provision charge | 742 588 | 1 002 260 |
| Pension | 6 378 470 | 6 288 555 |
| Overtime payments | 175 425 | 188 634 |
| Long-service awards | 342 000 | 335 000 |
| Car allowance | 2 724 129 | 3 103 098 |
| Housing benefits and allowances | 495 889 | 490 687 |
| Cellular and Telephone | 337 600 | 351 803 |
| Group life insurance | 1 207 068 | 818 926 |
| Post retirement benefits movement - Current Service Cost | 589 000 | 589 000 |
| Post retirement benefits movement - Interest cost | 2 883 000 | 2 144 000 |
| | 72 456 873 | 72 813 172 |

No advances were made to employees.

25.1 Remuneration of municipal manager - Ms ZM Bogatsu

| | | |
|---|------------------|------------------|
| Annual Remuneration | 1 354 611 | 1 186 548 |
| Car Allowance | 192 592 | 192 592 |
| Performance Bonuses | 277 359 | 115 497 |
| Contributions to UIF, Medical and Pension Funds | 18 324 | 2 249 |
| | 1 842 886 | 1 496 886 |

25.2 Remuneration of chief finance officer - Ms. O Moseki (Acting)

| | | |
|---|------------------|------------------|
| Annual Remuneration | 1 107 268 | 1 383 453 |
| Car Allowance | 149 040 | 149 040 |
| Performance Bonuses | 213 358 | 66 816 |
| Contributions to UIF, Medical and Pension Funds | 248 855 | 210 282 |
| | 1 718 521 | 1 809 591 |

25.3 Remuneration of Executive Director: Administration - Ms. K.G Gaborone

| | | |
|---|---------------|----------------|
| Annual Remuneration | 44 021 | 888 764 |
| Contributions to UIF, Medical and Pension Funds | 617 | 1 996 |
| | 44 638 | 890 760 |

25.4 Remuneration of Executive Director: Planning & Development - Mr F Netshivhodza (Acting)

| | | |
|---|------------------|------------------|
| Annual Remuneration | 981 709 | 1 175 965 |
| Car Allowance | 149 040 | 149 040 |
| Performance Bonuses | 170 019 | 61 227 |
| Contributions to UIF, Medical and Pension Funds | 216 258 | 182 386 |
| | 1 517 026 | 1 568 618 |

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|--|------------------|------------------|
| 25. Employee related costs (continued) | | |
| 25.5 Remuneration of Executive Director: Administration - Mr T Ndlazi (Acting) | | |
| Annual Remuneration | 116 845 | - |
| Car Allowance | 24 840 | - |
| Contributions to UIF, Medical and Pension Funds | 32 391 | - |
| | 174 076 | - |
| 25.6 Remuneration of Executive Director: Infrastructure Services- Mr R.R Setshogoe (Acting) | | |
| Annual Remuneration | 852 475 | 937 573 |
| Car Allowance | 120 000 | 120 000 |
| Performance Bonuses | 102 012 | 77 434 |
| Contributions to UIF, Medical and Pension Funds | 189 927 | 160 859 |
| | 1 264 414 | 1 295 866 |
| Total Remuneration of Section 56 Employees | | |
| Annual Remuneration | 6 561 561 | 7 061 721 |

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| Figures in Rand | 2023 | 2022 |
|--|------------------|------------------|
| 26. Remuneration of councillors | | |
| Executive Mayor | 993 847 | 730 522 |
| Mayoral Committee Members | 4 343 718 | 3 315 428 |
| Speaker | 795 242 | 712 793 |
| Other Councillors | 2 057 413 | 2 189 348 |
| | 8 190 220 | 6 948 091 |

| 26.1 Remuneration Councillors: Reconciliation 2023 | Basic salary | Cellphone allowance | Travel allowance | Other allowances | Total |
|---|---------------------|----------------------------|-------------------------|-------------------------|------------------|
| Executive Mayor | 949 447 | 44 400 | - | - | 993 847 |
| Speaker | 750 842 | 44 400 | - | - | 795 242 |
| Mayoral Committee Members | 3 468 232 | 223 470 | - | - | 3 691 702 |
| MPAC Chairperson | 652 016 | - | - | - | 652 016 |
| Other Councillors | 1 835 413 | 222 000 | - | - | 2 057 413 |
| | 7 655 950 | 534 270 | - | - | 8 190 220 |

| 26.2 Remuneration Councillors: Reconciliation 2022 | Basic salary | Cellphone allowance | Travel allowance | Other allowance | Total |
|---|---------------------|----------------------------|-------------------------|------------------------|------------------|
| Executive Mayor | 704 129 | 26 393 | - | - | 730 522 |
| Speaker | 670 983 | 41 810 | - | - | 712 793 |
| Mayoral Committee Members | 2 683 952 | 190 323 | 195 530 | - | 3 069 805 |
| MPAC Chairperson | 245 623 | - | - | - | 245 623 |
| Other Councillors | 1 913 244 | 252 531 | 23 573 | - | 2 189 348 |
| | 6 217 931 | 511 057 | 219 103 | - | 6 948 091 |

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

27. Depreciation and amortisation

| | | |
|-------------------------------|------------------|------------------|
| Property, plant and equipment | 4 297 694 | 3 946 712 |
| Investment property | - | 8 276 |
| Intangible assets | 1 006 719 | 305 319 |
| | 5 304 413 | 4 260 307 |

27.1 Depreciation: Property, Plant and Equipment Reconciliation

| | | |
|--------------|------------------|------------------|
| Buildings | 1 673 025 | 1 673 025 |
| Other Assets | 2 624 669 | 2 273 687 |
| | 4 297 694 | 3 946 712 |

28. Debt impairment

| | | |
|-----------------|-------|---|
| Debt impairment | 7 402 | - |
|-----------------|-------|---|

Debt impairment is for debtors which the municipality foresee not collecting its remaining debt on the debtors list.

29. Contracted services

| | | |
|---------------------------------------|-----------|-----------|
| Outsourced Services | 5 342 638 | 3 994 124 |
| Consultants and Professional Services | 3 430 028 | 3 873 543 |
| Contractors | 5 492 945 | 5 675 639 |

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|--|-------------------|-------------------|
| 29. Contracted services (continued) | | |
| Total Contracted Services | 14 265 611 | 13 543 306 |
| 30. Inventory consumed | | |
| Consumables | 34 840 | 64 664 |
| Materials and Supplies | 1 050 923 | 980 416 |
| | 1 085 763 | 1 045 080 |
| 31. Transfer and subsidies paid | | |
| Capital Grants | | |
| Local Municipalities | 14 441 738 | 8 017 256 |
| Non-Profit Institutions | - | - |
| | 14 441 738 | 8 017 256 |
| Operational Grants | | |
| Local Municipalities | 15 525 357 | 16 243 854 |
| Households | 605 345 | 809 084 |
| | 16 130 702 | 17 052 938 |
| | 30 572 440 | 25 070 194 |
| Capital Grants | | |
| Local Municipalities | 14 441 738 | 8 017 256 |
| Non-profit Institutions | - | - |
| | 14 441 738 | 8 017 256 |
| Operational Grants | | |
| Departmental Agencies and Accounts | - | - |
| Local Municipalities | 15 525 357 | 16 243 854 |
| Households | 605 345 | 809 084 |
| Non-Profit Institutions | - | - |
| | 16 130 702 | 17 052 938 |
| The allocations made non-profit institutions consist of equipment given to schools during the tourism business competition held on a yearly basis. | | |
| 32. Gains and losses on disposal of assets | | |
| Property, Plant and Equipment | (50 583) | (82 112) |
| Disposal of inventory | (91 558) | - |
| | (142 141) | (82 112) |
| The loss on disposal of PPE and inventory is assets/goods which were no longer in use for the municipality and were donated to either local municipalities or NGO's. | | |

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|------------------------------------|------------------|--------------------|
| 33. Actuarial Gain / Losses | | |
| Actuarial Gain | 2 867 871 | - |
| Actuarial Losses | - | (1 566 538) |
| | 2 867 871 | (1 566 538) |

The actuarial gains and losses relate to the employee benefit obligations. Refer to employee benefit obligations note 14.

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|---|-------------------|-------------------|
| 34. General expenses | | |
| Advertising, Publicity and Marketing | 578 532 | 654 983 |
| External Audit Fees | 2 451 617 | 2 189 390 |
| Bank Charges, Facility and Card Fees | 71 208 | 82 727 |
| Cleaning Services | 10 349 | 11 957 |
| Legal costs | 441 | 393 083 |
| Entertainment | 18 620 | 153 039 |
| Fines and penalties | 137 592 | - |
| Insurance Underwriting | 685 618 | 630 330 |
| Registration Fees | 99 504 | 30 042 |
| External computer service | 445 144 | 522 758 |
| Licences | 20 192 | 21 000 |
| Wet Fuel | 1 700 | 1 477 |
| Printing, Publications and Books | 10 409 | 22 346 |
| Event Promoters | 210 463 | 193 759 |
| Uniform and Protective Clothing | 84 822 | 26 732 |
| Maintenance of equipment | 794 725 | 1 007 227 |
| Maintenance of buildings and facilities | 520 127 | 550 635 |
| Business and Advisory | 6 843 311 | 6 257 359 |
| Security services | 1 060 165 | 1 029 787 |
| Maintenance of computer software | 3 208 566 | 3 635 133 |
| Employee Wellness | 4 351 | 5 151 |
| Professional Bodies, Membership and Subscription | 875 972 | 869 416 |
| Communication | 36 153 | 38 700 |
| Transport and freight | 1 371 | 89 |
| Disability Training | 589 709 | - |
| Travel and Subsistence | 1 053 735 | 394 915 |
| Municipal Services | 2 225 625 | 2 069 021 |
| Catering Services | 874 499 | 183 572 |
| Exhibit installations | 135 210 | - |
| Bursaries (employees) | 279 789 | 287 308 |
| Resettlement costs | 2 917 | 69 575 |
| Transport provided as part of Departmental activities | 295 558 | 206 039 |
| Burial Services | 4 800 | 12 600 |
| Stage and sound crew | 6 531 | 48 160 |
| Graphic designers | 12 064 | 226 840 |
| Skills Development Levy | 663 737 | 638 478 |
| Workmen's Compensation Fund | 373 300 | 380 779 |
| | 24 688 426 | 22 844 407 |

Calculation of Cash Flow:

| | | |
|-----------------------------------|------------|------------|
| Expenditure for Operational Costs | 24 688 426 | 22 844 407 |
|-----------------------------------|------------|------------|

Travel and subsistence

| | | |
|----------------------------|------------------|----------------|
| Accommodation | 389 620 | 227 454 |
| Daily allowance | 144 297 | 42 437 |
| Food and beverage (served) | 54 532 | 32 601 |
| Transport without operator | 465 286 | 92 423 |
| Transport with operator | - | - |
| | 1 053 735 | 394 915 |

No other extra-ordinary expenses were incurred.

Frances Baard District Municipality

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|--|-------------------|------------------|
| 35. Cash generated from operations | | |
| Surplus | 7 993 406 | 4 895 518 |
| Adjustments for: | | |
| Depreciation and amortisation | 5 304 413 | 4 260 307 |
| Loss on disposal of assets | 142 141 | 82 112 |
| Debt impairment | 7 402 | - |
| Movements in operating lease assets and accruals | 11 885 | (5 353) |
| Contribution to Employee Benefits | 3 771 253 | 5 836 464 |
| Expenditure incurred from Post-retirement Employee Benefits | (2 217 253) | (2 068 464) |
| Contribution to Long Service Awards Liability | (198 000) | 329 000 |
| Contribution to Provisions - Current | (8 506 293) | (8 385 079) |
| Contribution to Provisions - Non-Current | (57 299) | 21 490 |
| Expenditure incurred from Employee Benefits - Current | 4 624 982 | 5 333 610 |
| Expenditure incurred from Provisions - Non-current | (15 061) | (34 090) |
| Changes in working capital (Decrease/Increase): | | |
| Inventories | 118 042 | 18 159 |
| Receivables from exchange transactions | (1 893 939) | (2 119 053) |
| Debt Impairment | (7 402) | - |
| Current Portion Long-term Receivables | (60 000) | 182 000 |
| Payables from exchange transactions | 8 339 456 | 209 853 |
| Decrease/(Increase) in VAT Receivable | 342 225 | (1 197 798) |
| Unspent conditional grants and receipts | (8 517) | (802 109) |
| Increase/(Decrease) in Consumer deposits | 1 955 | 1 265 |
| Loss on inventories | (91 558) | - |
| | 17 601 838 | 6 557 832 |
| 36. Auditors' remuneration | | |
| Fees | 2 451 617 | 2 189 390 |
| 37. Commitments | | |
| Authorised capital expenditure | | |
| Already contracted for but not provided for | | |
| • Property, plant and equipment | - | 154 800 |
| • Investment property | - | - |
| | - | 154 800 |
| Not yet contracted for and authorised by accounting officer | | |
| • Land and Buildings | 1 000 000 | 4 000 000 |
| • Other | 6 565 400 | 3 984 000 |
| | 7 565 400 | 7 984 000 |
| Total capital commitments | | |
| Already contracted for but not provided for | - | 154 800 |
| Not yet contracted for and authorised by accounting officer | 7 565 400 | 7 984 000 |
| | 7 565 400 | 8 138 800 |
| Total commitments | | |
| Total commitments | | |
| Authorised capital expenditure | 7 565 400 | 8 138 800 |

This committed expenditure relates to property, plant and equipment and will be financed by internally generated funds.

Frances Baard District Municipality

Annual Financial Statements for the year ended 30 June 2023

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38. Contingencies

38.1 Contingent liabilities

| | | |
|--|----------------|----------------|
| Case 1 - State Attorney | 100 000 | 100 000 |
| Case 2 - Opinion - Appointed Adv C. Towell | 77 533 | 77 533 |
| | 177 533 | 177 533 |

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

2023 Litigation and Claims

Case 1

State Attorney

Damages to infrastructure. filed plea:

MTN claims that they suffered damages as a result of employees of A-Municipality that were working in a project which led to the damage of their fibre cables.

Case 2

(i) Opinion. Appointed Adv.C.Towell:

In this matter the former senior manager for administration filed a High Court application requesting the court to review the decision of council that resolved that she be granted leave without pay for being absent from work without authorization. We awaiting matter to be set down for hearing.

2022 Litigation and Claims

Case 1

State Attorney

Damages to infrastructure. filed plea:

(i) MTN claims that they suffered damages as a result of employees of A-Municipality that were working in a project which led to the damage of their fibre cables.

Case 2

(i) Opinion. Appointed Adv.C.Towell:

In this matter the former senior manager for administration filed a High Court application requesting the court to review the decision of council that resolved that she be granted leave without pay for being absent from work without authorization. We awaiting matter to be set down for hearing.

38.2 Contingent assets

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

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39. Related parties

Relationships

Accounting Officer

Councillors

Members of key management

Refer to accounting officers' report note

Refer to general information

Refer to employee costs

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

39.1 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.

39.2 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.

39.3 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Note 25 and 26, to the Annual Financial Statements.

39.4 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 2022/23 financial year

40. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of R 116 184 881 and that the municipality's total assets exceed its liabilities by R 159 805 542.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The municipality's cash flow forecast for the year to 30 June 2024 has been reviewed and management is satisfied that the municipality can continue in operational existence for the foreseeable future. The accumulated surplus and cash & cash equivalents as at 30 June 2022 was taken into consideration during the review.

41. Events after the reporting date

No events having financial implications requiring disclosure occurred subsequent to 30 June 2023.

Frances Baard District Municipality

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42. Unauthorised expenditure

| | |
|--|----------------|
| Opening balance as previously reported | - |
| Add: Unauthorised expenditure - current | 387 874 |
| Add: Unauthorised expenditure - prior period | - |
| Less: Amount recovered - current | - |
| Less: Amount recovered - prior period | - |
| Less: Amount authorised - current | - |
| Less: Amount authorised - prior period | - |
| Closing balance | 387 874 |

Unauthorised expenditure is presented exclusive of VAT.

Unauthorised expenditure awaiting condonement

Incidents/cases identified/reported in the current year include those listed below:

| | | |
|----------------------------|--|----------------|
| Overspending on Bid: 04/22 | | 100 461 |
| Depreciation | | 287 413 |
| | | 387 874 |

Disciplinary steps taken/criminal proceedings

| | | |
|-------------------------------------|--|----------------|
| Overspending is under investigation | | - |
| Overspending is under investigation | | - |
| | | 387 874 |

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|---|----------------|--------------|
| 43. Fruitless and wasteful expenditure | | |
| Opening balance as previously reported | 1 207 | 1 207 |
| Add: Fruitless and wasteful expenditure identified - current | 137 592 | - |
| Add: Fruitless and wasteful expenditure identified - prior period | - | - |
| Less: Amount recovered - current | - | - |
| Less: Amount recovered - prior period | - | - |
| Less: Amount written off - current | - | - |
| Less: Amount written off - prior period | - | - |
| Closing balance | 138 799 | 1 207 |

Fruitless and wasteful expenditure is presented exclusive of VAT

Fruitless and Wasteful Expenditure awaiting condonement.

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43. Fruitless and wasteful expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

Fines/Penalties for late payment

Disciplinary steps taken/criminal proceedings
Sars is under investigation

137 592

-

44. Irregular expenditure

| | |
|---|-----------|
| Opening balance as previously reported | 127 449 |
| Add: Irregular expenditure - current | - |
| Add: Irregular expenditure - prior period | - |
| Less: Amount recovered - current | - |
| Less: Amount recovered - prior period | - |
| Less: Amount written off - current | (127 449) |
| Less: Amount written off - prior period | - |

Closing balance

-

Amount written-off

Kenosi Solutions

ABSA Bank

Rennies

| | |
|---|----------------|
| - | 69 200 |
| - | 16 170 |
| - | 42 079 |
| - | 127 449 |

Frances Baard District Municipality

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45. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he/she records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements.

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

| Service | Supplier | Nature | | |
|---|---|------------------------|------------------|----------------|
| Testing of water samples | SIMLAB | Urgency | 132 082 | - |
| Repairs to 5 RDP Houses damaged by Gail Force Wind in Dikgatlong Local Municipality | Frances S Construction Trading Enterprise | Emergency/Im practical | - | 161 750 |
| Legal Assistance | Mjila and Partners | | - | 201 844 |
| Procurement of trailer mounted diesel generator for Dikgatlong LM | Tencon Trading | Emergency/Im practical | 1 562 033 | - |
| Annual maintenance charge of the of the Teammate software licence. | Wolters Kluwer | Sole supplier | 19 396 | 18 513 |
| Competency assessment for senior managers | Gijima Holdings | Impractical | 36 120 | - |
| | | | 1 749 631 | 382 107 |

46. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

| | At fair value | At amortised cost | Total |
|---|---------------|--------------------|--------------------|
| Receivables from Exchange Transactions - Other Services Charges | - | 7 938 482 | 7 938 482 |
| Receivables from Exchange Transactions - Control, Clearing and Interface Accounts | - | 582 555 | 582 555 |
| Investments | - | 11 000 000 | 11 000 000 |
| Cash and cash equivalents - Call Deposits | - | 106 354 890 | 106 354 890 |
| Cash and cash equivalents - Bank Balances | - | 7 055 270 | 7 055 270 |
| Cash and cash equivalents - Cash Floats and Advances | 3 300 | - | 3 300 |
| | 3 300 | 132 931 197 | 132 934 497 |

Financial liabilities

| | At amortised cost | Total |
|--|-------------------|-------------------|
| Payables from Exchange Transactions - Bonus Rentention | 2 040 026 | 2 040 026 |
| Payables from Exchange Transactions - Trade Creditors | 285 453 | 285 453 |
| Third Party Payments | 12 844 706 | 12 844 706 |
| | 2 000 | 2 000 |
| | 15 172 185 | 15 172 185 |

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46. Financial instruments disclosure (continued)

2022

Financial assets

| | At fair value | At amortised cost | Total |
|---|---------------|----------------------|--------------------|
| Receivables from Exchange Transactions - Other Services Charges | - | 6 635 150 | 6 635 150 |
| Receivables from Exchange Transactions - Control, Clearing and Interface Accounts | - | 306 281 | 306 281 |
| Investments | - | 9 750 000 | 9 750 000 |
| Cash and cash equivalents - Call Deposits | - | 89 977 009 | 89 977 009 |
| Cash and cash equivalents - Bank Balances | - | 13 199 195 | 13 199 195 |
| Cash and cash equivalents - Cash Floats and Advances | 3 300 | - | 3 300 |
| | 3 300 | 119 867 635 | 119 870 935 |

Financial liabilities

| | At amortised cost | Total |
|---|----------------------|------------------|
| Payables from Exchange Transactions - Bonus | 2 070 513 | 2 070 513 |
| Payables from Exchange Transactions - Trade Creditors | 4 758 031 | 4 758 031 |
| Third Party Payments | 4 185 | 4 185 |
| | 6 832 729 | 6 832 729 |

The line for employee benefits has been removed from the financial instruments, refer to note 57.

No Financial Instruments of the municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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46. Financial instruments disclosure (continued)

Financial Instruments at Fair Value: 30 June 2023

| | Level 1 | Level 2 | level 3 | Total |
|------------------------------------|----------|--------------|----------|--------------|
| Cash and Cash Equivalents | - | 3 300 | - | 3 300 |
| Total Financial Assets | - | 3 300 | - | 3 300 |
| Total Financial Instruments | - | 3 300 | - | 3 300 |

Financial Instruments at Fair Value: 30 June 2022

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|----------|--------------|----------|--------------|
| Cash and Cash Equivalents | - | 3 300 | - | 3 300 |
| Subtotal | - | 3 300 | - | 3 300 |
| Total Financial Instruments | - | 3 300 | - | 3 300 |

Frances Baard District Municipality

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47. Risk management

47.1 Capital Risk Management

Gearing Ratio

The gearing ratio is not applicable because the municipality does not have long-term debt.

- -

47.2 Financial risk management

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal Audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

47.3 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

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

Risks and exposures are disclosed as follows:

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47. Risk management (continued)

47.3.1 Liquidity risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 47.3.4 to the Annual Financial Statements.

47.3.2 Credit risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, 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.

Trade Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties, except for Councillors and Department of Roads and Public Works for which there is uncertainty about the collectivity. Councillors have been included in the Provision for Impairment of Consumer Debtors.

| Counterparty and Location | Credit Limit 30 June 2023 | Carrying Amount 2023 | Credit Limit 30 June 2022 | Carrying Amount 2022 |
|--------------------------------|------------------------------|-------------------------|------------------------------|-------------------------|
| Department of Safety & Liaison | - | 55 234 | - | 55 234 |

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|---|---|------------------|--------------------|
| 47. Risk management (continued) | | | |
| Department of Roads and Public Works | - | 365 931 | - 223 916 |
| Department of Transport | - | 6 632 310 | - 5 632 880 |
| Councillors | - | 246 710 | - 153 044 |
| Officials | - | 5 979 | - 5 979 |
| Venue Hire Customer | - | - | - 2 875 |
| Medical Aid | - | 1 871 | - 1 871 |
| Raillex | - | 130 461 | - 30 000 |
| MTN | - | - | - 5 705 |
| Sedibeng Water | - | 499 986 | - 499 986 |
| Kopantsha budhle trading and construction | - | - | - 23 660 |
| | - | 7 938 482 | - 6 635 150 |

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

Maximum Credit and Interest Risk Exposure

| | | |
|--|--------------------|--------------------|
| Receivables from Exchange Transactions | 10 018 249 | 8 124 310 |
| Investments | 11 000 000 | 9 750 000 |
| Bank, Cash and Cash Equivalents | 113 413 460 | 103 179 504 |
| Maximum Credit and Interest Risk Exposure | 134 431 709 | 121 053 814 |

Credit quality of Financial Assets:

The line long term receivables is removed, refer to note 57.

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:

Capital Risk Management

47.3.3 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

Interest rate risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade 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.

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47. Risk management (continued)

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 47.3.4 below:

Cash and Cash Equivalents:

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2023 would have increased / decreased by R3,097,888 (30 June 2022: -R2,810,304). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

Surplus for the year ended 30 June 2023 would have increased / decreased was incorrectly recorded as R2,031,083, the amount is restated to -R2,810,304 taking into consideration all the restatements under the statement of performance.

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47. Risk management (continued)

47.3.4 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 47.3.4 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

| Reconciliation | Average effective interest rate | Total | 6 months or less | 6 - 12 months | 1 - 2 years | 2 - 5 years | Over 5 years |
|---------------------------------------|---------------------------------|-------------------|-------------------|---------------|-------------|-------------|--------------|
| Non-interest Bearing | 0.00% | 16 523 878 | 16 523 878 | - | - | - | - |
| - Payables from Exchange transactions | | 16 523 878 | 16 523 878 | - | - | - | - |
| | | 16 523 878 | 16 523 878 | - | - | - | - |
| 30 June 2022 | | - | - | - | - | - | - |
| Non-interest Bearing | 0.00% | 8 192 948 | 8 192 948 | - | - | - | - |
| - Payables from Exchange transactions | | 8 192 948 | 8 192 948 | - | - | - | - |
| | | 8 192 948 | 8 192 948 | - | - | - | - |

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

| Description | Average effective interest rate | Total | 6 months or less | 6-12 months | 1 - 2 years | 2 - 5 years | over 5 years |
|--|---------------------------------|--------------------|--------------------|-------------------|-------------|-------------|--------------|
| 30 June 2023 | | - | - | - | - | - | - |
| Non-interest Bearing | 0.00% | 10 021 549 | 10 021 549 | - | - | - | - |
| - Trade Receivables from Exchange Transactions | | 10 018 249 | 10 018 249 | - | - | - | - |
| - Cash and Cash Equivalents | | 3 300 | 3 300 | - | - | - | - |
| Variable Interest Rate Instruments | 8.6% | 113 410 160 | 113 410 160 | - | - | - | - |
| - Call Deposits | | 106 354 890 | 106 354 890 | - | - | - | - |
| - Bank Account | | 7 055 270 | 7 055 270 | - | - | - | - |
| Fixed Interest Rate Instruments | | 11 000 000 | - | 11 000 000 | - | - | - |
| - Fixed Deposits | 10.30% | 11 000 000 | - | 11 000 000 | - | - | - |
| | | 134 431 709 | 123 431 709 | 11 000 000 | - | - | - |

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|--|-------|--------------------|--------------------|------------------|------|---|---|
| 47. Risk management (continued) | | | | | | | |
| 30 June 2022 | | | | | | | |
| Non-interest Bearing | 0.00% | - | - | - | - | - | - |
| - Trade Receivables from | | 8 127 610 | 8 127 610 | - | - | - | - |
| Exchange Transactions | | 8 124 310 | 8 124 310 | - | - | - | - |
| - Cash and Cash | | 3 300 | 3 300 | - | - | - | - |
| Equivalents | | | | | | | |
| Variable Interest Rate | 3.75% | 103 176 204 | 103 176 204 | - | - | - | - |
| Instruments | | | | | | | |
| - Call Deposits | | 89 977 009 | 89 977 009 | - | - | - | - |
| - Bank Account | | 13 199 195 | 13 199 195 | - | - | - | - |
| Fixed Interest Rate | | 9 750 000 | - | 9 750 000 | - | - | - |
| Instruments | | | | | | | |
| - Fixed Deposits | 6.67% | 9 750 000 | - | 9 750 000 | - | - | - |
| | | 121 053 814 | 111 303 814 | 9 750 000 | - | - | - |

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48. Additional disclosure in terms of Municipal Finance Management Act

48.1 Contributions to organised local government

| | | |
|---------------------------------|-----------|-----------|
| Current year subscription / fee | 864 569 | 856 553 |
| Amount paid - current year | (864 569) | (856 553) |
| | - | - |

The municipality made the above contributions to SALGA.

48.2 Audit fees

| | | |
|---------------------------------|-------------|-------------|
| Current year subscription / fee | 2 451 617 | 2 189 390 |
| Amount paid - current year | (2 451 617) | (2 189 390) |
| | - | - |

Any unpaid balances are included as part of creditors.

48.3 PAYE, Skills Development Levy and UIF

| | | |
|---------------------------------|--------------|--------------|
| Opening balance | 5 555 | 5 555 |
| Current year subscription / fee | 30 018 869 | 14 626 897 |
| Amount paid - current year | (30 018 869) | (14 626 897) |
| | 5 555 | 5 555 |

Any unpaid balances are included as part of creditors.

48.4 Pension and Medical Aid Deductions

| | | |
|---------------------------------|--------------|--------------|
| Opening balance | 5 928 | - |
| Current year subscription / fee | 33 395 461 | 16 456 510 |
| Amount paid - current year | (33 395 461) | (16 450 582) |
| | 5 928 | 5 928 |

Any unpaid balances are included as part of creditors.

48.5 VAT

| | | |
|----------------|-----------|-----------|
| VAT receivable | 2 631 927 | 2 974 152 |
|----------------|-----------|-----------|

Refer to note 6

48.6 Non-compliance with the Municipal Finance Management Act

None

49. 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.

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49. Multi-employer retirement benefit information (continued)

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R2,217,253 (2022: R2,068,464) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The 2022 total expense recognised in the statement of financial performance was erroneously reported as R2,087,086, the amount is corrected as R2,068,464.

49.1 Defined Contribution schemes

Council contribute to the Municipal Council Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

49.2 Cape Joint Retirement Fund:

The scheme is subject to an annual actuarial valuation which is not the responsibility of the Municipality. The last statutory valuation was performed as at 30 June 2018.

The statutory valuation performed as at 30 June 2018 revealed that the assets of the fund amounted to R23 318 184, R70 111 and R651 455 (30 June 2017: R21 359,334 in total) million, with funding levels of 100.4%, 100% and 128% (2017: 100.3%, 100% and 127.3%) for the Share Account, Preservation Account and the Pensions Account respectively. The contribution rate paid by the members (7,50%) and the municipalities (19,50%) is sufficient to fund the benefits accruing from the fund in the future.

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49. Multi-employer retirement benefit information (continued)

49.3 Municipal Councillors Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2012.

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future. The actuarial valuation of the fund was undertaken at 30 June 2005 and reported a funding ratio of 147.3%.

The statutory valuation performed as at 30 June 2012 revealed that the net assets of the fund were R1 183,5 (30 June 2009: R1 123,7) million, with a funding level of 99,5% (30 June 2009: 102,0%). The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

The deficit of R6,4 (2009: surplus R22,5) million is regarded as relatively insignificant in the context of the fund. There is a strong possibility that SARS may reverse penalties and interest in the order of R10,3 million which will result in a fully funded position.

The next statutory valuation was due at 30 June 2009, but an extension has been granted until 31 December 2010.

As reported by the Actuaries, the Fund was following an appropriate investment strategy during the valuation period.

No further information could be obtained.

None of the above mentioned plans are State Plans.

50. Assessment on impact of Covid 19

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

51. In-kind donations and assistance

Mr. G Botha served on the audit committee for the 2022/23 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.

52. Private Public Partnerships

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

53. Declaration of suppliers

| Supplier | Capacity | | |
|----------------------------|--|------------------|------------------|
| Chanic Holdings PTY (LTD) | N. Damon - Spouse HR Department at Transnet | 1 121 858 | - |
| Lucem Group | Free State Dept. Of Education - Wife is a teacher | - | 379 046 |
| Tshepo Zikhali Engineers | Wife, K.P. Zikhali Works for Dept. of Health as a Pharmaceutical Assistant | - | 93 720 |
| Mosima IT Solutions | DR. T.C. Motaung - Spouse Department of Health Medical Officer | 918 621 | 700 000 |
| Steve Lawrence Productions | CSIR Video Production | - | 173 043 |
| | | 2 040 479 | 1 345 809 |

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54. Segment information

General information

Identification of segments

For management purposes the municipality is broadly organised into business units based on the nature of operations and the services they provide. The municipality has seven primary reportable segments:

- Executive and Council: consist of mayor and council, and the department of the municipal manager.
- Finance and Administration: consist of finance, and administration.
- Internal Audit: consist of internal audit services.
- Community and Social Services: consist of the fire-fighting and disaster services.
- Housing: consist of housing services.
- Environmental Protection: consist of environmental health and safety services.
- Planning and Development: consist of project and advisory services and, planning and development services.

No individually material operating segments have been aggregated to form the above reportable operating segments.

The municipality operates within the following geographical area:

Local Municipal Areas

Dikgatlong Local Municipality
Magareng Local Municipality
Phokwane municipality
Sol Plaatje Municipality

The municipality does however not monitor operating results for these geographical segments, and operational results are only monitored within the business units as previously disclosed.

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54. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

| | Executive and Council | Finance and Administration | Internal Audit | Community and Social Services | Housing | Environmental Protection | Planning and Development | Total |
|---|-----------------------|----------------------------|--------------------|-------------------------------|--------------------|--------------------------|--------------------------|--------------------|
| Revenue | | | | | | | | |
| Revenue from non-exchange transactions | - | - | - | - | - | - | - | - |
| Transfers and subsidies | 355 326 | 133 288 083 | - | - | - | - | 3 696 183 | 137 339 592 |
| Revenue from exchange transactions | | | | | | | | |
| Other Revenue | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | - | 59 119 | - | - | - | - | - | 59 119 |
| Interest, Dividends and Rent on Land Earned | - | 195 237 | - | - | - | - | - | 195 237 |
| Actuarial Gains | - | 9 979 265 | - | - | - | - | - | 9 979 265 |
| | - | 2 867 871 | - | - | - | - | - | 2 867 871 |
| Total segment revenue | 355 326 | 146 389 575 | - | - | - | - | 3 696 183 | 150 441 084 |
| Entity's revenue | | | | | | | | 150 441 084 |
| Expenditure | | | | | | | | |
| Employee related costs | 14 098 899 | 26 430 230 | 2 784 702 | 4 761 833 | 3 052 306 | 5 750 807 | 15 578 097 | 72 456 874 |
| Remuneration of councillors | 8 190 220 | - | - | - | - | - | - | 8 190 220 |
| Depreciation and amortisation | 199 762 | 3 823 667 | 1 750 | 916 265 | 19 411 | 73 027 | 270 532 | 5 304 414 |
| Debt Impairment | 7 402 | - | - | - | - | - | - | 7 402 |
| Interest, Dividends and Rent on Land | - | - | - | - | - | - | - | - |
| Contracted services | 1 352 166 | 4 707 413 | 68 155 | 1 476 709 | 870 896 | 166 212 | 5 624 060 | 14 265 611 |
| Inventory consumed | 134 344 | 836 303 | 1 764 | 2 799 | 37 671 | 46 108 | 26 774 | 1 085 763 |
| Transfers and subsidies paid | - | 187 997 | - | 552 725 | - | 3 525 357 | 26 306 361 | 30 572 440 |
| Operational costs | 2 380 953 | 6 806 809 | 106 169 | 131 665 | 62 038 | 173 569 | 761 613 | 10 422 816 |
| Loss on disposal of Property, Plant and Equipment | 178 | 128 858 | - | 1 257 | - | 108 | 11 740 | 142 141 |
| Total segment expenditure | 26 363 924 | 42 921 277 | 2 962 540 | 7 843 253 | 4 042 322 | 9 735 188 | 48 579 177 | 142 447 681 |
| Total segmental surplus/(deficit) | (26 008 598) | 103 468 298 | (2 962 540) | (7 843 253) | (4 042 322) | (9 735 188) | (44 882 994) | 7 993 403 |

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54. Segment information (continued)

| | Original Budget | Budget Adjustments | Final Budget | Actual Outcome | Unauthorised Expenditure | Variance of Actual Outcome against Final Budget | Actual Outcome as % of the Final Budget |
|---|------------------|--------------------|------------------|------------------|--------------------------|---|---|
| Capital Expenditure Per Function | | | | | | | |
| Executive and Council | 173 000 | - | 173 000 | 77 971 | - | 95 029 | 55 % |
| Finance and Administration | 3 193 000 | 752 000 | 3 945 000 | 2 734 946 | - | 1 210 054 | 31 % |
| Community and Social Services | 4 333 000 | 54 000 | 4 384 000 | 3 524 607 | - | 859 393 | 24 % |
| Environmental Services | - | - | - | - | - | - | - % |
| Planning and Development | 285 000 | 349 000 | 634 000 | 63 358 | - | 570 642 | 90 % |
| Total Capital Expenditure | 7 984 000 | 1 155 000 | 9 136 000 | 6 400 882 | - | 2 735 118 | - |

Executive and Council

Savings realised on capital items budgeted due to implementation of cost containment.

Finance and Administration:

Savings realised on capital items budgeted due to projects which were rolled over to the 2023/24 fy and savings realised.

Community and Social Services

Savings realised on capital items budgeted due to savings on projects.

Planning and Development:

Savings realised on capital items budgeted due to implementation of cost containment and savings on projects.

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54. Segment information (continued)

2022

| | Executive and Council | Finance and Administration | Internal Audit | Community and Social Services | Housing | Environmental Protection | Planning and Development | Total |
|---|-----------------------|----------------------------|--------------------|-------------------------------|--------------------|--------------------------|--------------------------|--------------------|
| Revenue | | | | | | | | |
| Revenue from non-exchange transactions | 514 050 | 129 249 565 | - | - | - | - | 3 400 862 | 133 164 477 |
| Transfers and subsidies | - | - | - | - | - | - | - | - |
| Revenue from exchange transactions | | | | | | | | |
| Other Income | - | 273 869 | - | - | - | - | - | 273 869 |
| Rental from Fixed Assets | - | 218 206 | - | - | - | - | - | 218 206 |
| Interest, Dividends and Rent on Land Earned | - | 5 868 867 | - | - | - | - | - | 5 868 867 |
| Total segment revenue | 514 050 | 135 610 507 | - | - | - | - | 3 400 862 | 139 525 419 |
| Entity's revenue | | | | | | | | 139 525 419 |
| Expenditure | | | | | | | | |
| Employee related costs | 12 797 153 | 27 266 488 | 2 618 284 | 5 051 526 | 3 037 327 | 5 679 520 | 16 362 874 | 72 813 172 |
| Remuneration of councillors | 6 948 091 | - | - | - | - | - | - | 6 948 091 |
| Depreciation and amortisation | 119 217 | 2 680 399 | 9 521 | 800 517 | 23 242 | 70 600 | 556 811 | 4 260 307 |
| Debt Impairment | - | - | - | - | - | - | - | - |
| Interest, Dividends and Rent on Land | - | - | - | - | - | - | - | - |
| Contracted services | 1 040 350 | 5 479 323 | 101 808 | 1 289 474 | 456 890 | 546 237 | 4 629 224 | 13 543 306 |
| Inventory consumed | 139 044 | 749 138 | - | 5 442 | 28 892 | 74 081 | 48 483 | 1 045 080 |
| Transfer and subsidies paid | - | - | - | 432 660 | - | 3 257 746 | 21 379 787 | 25 070 193 |
| Operational costs | 2 163 234 | 6 200 175 | 46 602 | 91 524 | 43 823 | 104 385 | 651 359 | 9 301 102 |
| Loss on disposal of Property, Plant and Equipment | 3 697 | 219 769 | 232 | (151 172) | 7 | 798 | 8 781 | 82 112 |
| Actuarial losses | - | 1 566 538 | - | - | - | - | - | 1 566 538 |
| Total segment expenditure | 23 210 786 | 44 161 830 | 2 776 447 | 7 519 971 | 3 590 181 | 9 733 367 | 43 637 319 | 134 629 901 |
| Total segmental surplus/(deficit) | (22 696 736) | 91 448 677 | (2 776 447) | (7 519 971) | (3 590 181) | (9 733 367) | (40 236 457) | 4 895 518 |

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54. Segment information (continued)

| | Original Budget | Budget Adjustments | Final Budget | Actual Outcome | Variance of Actual Outcome against Final Budget | Actual Outcome as % of Final Budget |
|---|-------------------|--------------------|------------------|------------------|---|-------------------------------------|
| Capital Expenditure Per Function | | | | | | |
| Executive and Council | 48 170 | - | 48 170 | 19 775 | 28 395 | 58.95% |
| Finance and Administration | 8 287 800 | (2 975 000) | 5 312 800 | 3 726 985 | 1 585 815 | 29.85% |
| Community and Social Services | 3 764 490 | (2 362 290) | 1 402 200 | 624 609 | 777 597 | 55.46% |
| Environmental Services | 60 600 | - | 60 600 | 22 661 | 37 939 | 62.61% |
| Planning and Development | 18 000 | 750 420 | 768 420 | 758 723 | 9 697 | 1.26% |
| Total | 12 179 060 | (4 586 870) | 7 592 190 | 5 152 753 | 2 439 437 | - |

Executive and Council

Savings realised on capital items budgeted due to implementation of cost containment.

Finance and Administration:

Savings is due to implementation of the cost containment.

Community and Social Services

Savings realised due to roll over of the Jan Kemp dorp building project to the 2022/23.

Planning and Development:

Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.

Environmental Protection:

Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.

55. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

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| 55. Reconciliation between budget and statement of financial performance (continued) | | |
| Net surplus per the statement of financial performance | 7 993 406 | 4 895 518 |
| Revenue from Non-exchange Transactions | | |
| Transfer and Subsidies | 3 001 408 | 4 225 013 |
| Revenue from Exchange Transactions | | |
| Other Income | 60 881 | (153 937) |
| Rental from Fixed Assets | 4 763 | (18 206) |
| Interest, Dividends and Rent on Land Earned | (2 829 265) | 1 281 133 |
| Gains on Disposal of Property, Plant and Equipment | - | - |
| Actuarial Gains | (2 867 871) | - |
| Expenditure | | |
| Employee Related Costs | (16 051 127) | (5 463 208) |
| Remuneration of Councillors | (2 096 780) | (14 299) |
| Depreciation and Amortisation | 287 413 | 612 192 |
| Impairment Losses | (2 598) | (10 000) |
| Inventory Consumed | (818 237) | (1 215 796) |
| Grants and Subsidies | (3 353 560) | (11 840 808) |
| Operational Costs | (13 820 574) | (13 815 628) |
| Loss on Disposal of Property, Plant and Equipment | (968 859) | (1 022 810) |
| Actuarial Losses | - | 1 566 538 |
| | (39 454 406) | (25 869 816) |

56. Operating (deficit) surplus

Operating (deficit) surplus for the year is stated after accounting for the following:

| | | |
|---|------------|------------|
| Loss on sale/ disposal of property, plant and equipment | (50 583) | (82 112) |
| Loss on disposal of inventory | (91 558) | - |
| Amortisation on intangible assets | 1 006 719 | 305 319 |
| Depreciation on property, plant and equipment | 4 297 694 | 3 946 712 |
| Depreciation on investment property | - | 8 276 |
| Employee costs | 80 647 093 | 79 761 263 |

57. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments. The prior period error was mainly necessitated by unadjusted prior period errors identified by management and the auditors during the audit.

Statement of financial position

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57. Prior-year adjustments (continued)

2022

| | Note | As previously reported | Correction of error | Restated |
|--|------|------------------------|---------------------|--------------------|
| Non Current Assets | | - | - | - |
| Property, Plant and Equipment | | 68 082 372 | 351 553 | 68 433 926 |
| Statement of Net Assets | | - | - | - |
| Accumulated Surplus | | (106 981 888) | (161 722) | (107 143 609) |
| Revaluation Reserves | | (44 466 748) | (201 773) | (44 668 520) |
| Reconciliation of Revaluation Reserve (Note 18.2) | | 36 509 666 | 201 770 | 36 711 437 |
| Financial Instrument | | - | - | - |
| Financial Assets | | 127 214 635 | (7 347 000) | 119 867 636 |
| Risk Management | | - | - | - |
| Reconciliation | | 128 400 836 | (7 347 023) | 121 053 814 |
| Reconciliation between budget and statement of financial performance | | 25 635 821 | 233 995 | 25 869 817 |
| | | 234 394 694 | (14 270 200) | 220 124 501 |

Statement of financial performance

2022

| | Note | As previously reported | Correction of error | Restated |
|---|------|------------------------|---------------------|--------------------|
| Depreciation | | (4 622 291) | 361 984 | (4 260 306) |
| Loss on disposal of Property, Plant and Equipment | | (83 624) | 1 512 | (82 111) |
| | | - | - | - |
| Surplus for the year | | (4 705 915) | 363 496 | (4 342 417) |

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