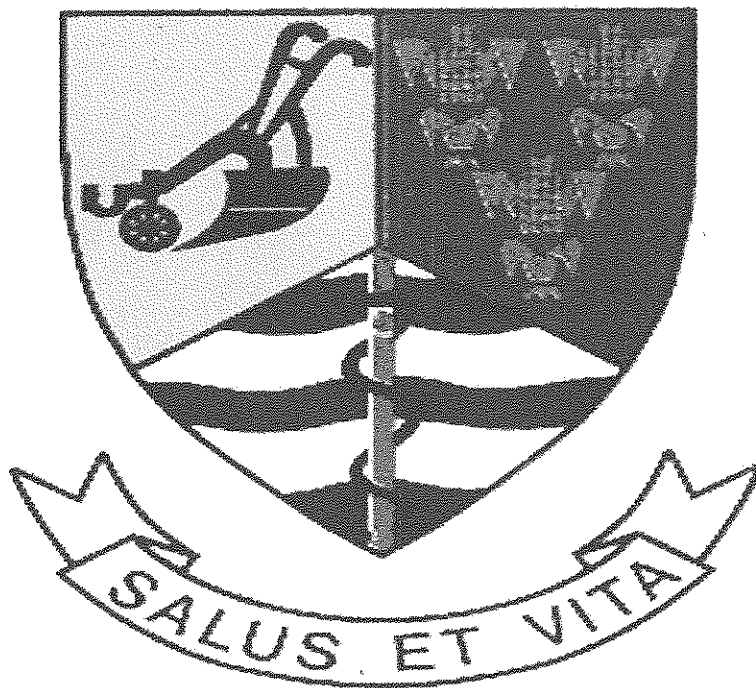


BELA-BELA LOCAL MUNICIPALITY OVERSIGHT REPORT



2014/2015 FINANCIAL YEAR

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1. FOREWORD BY CHAIRPERSON

Bela-Bela Local Municipal Council is vested with the responsibility to oversee the performance of the Municipality as required by the Constitution of the Republic of South Africa, 1996, the Local Government Municipal Finance Management Act (MFMA) and Local Government Municipal Systems Act (MSA) No 32 of 2000 and Regulations. In order to fulfil the above mentioned responsibility, Council established number of Section 79 Committees with the Municipal Public Accounts Committee (MPAC) being one of them as guided by Section 33 and 79 of the Local Government Municipal Structures Act No 117 of 1998. Furthermore, the Municipality developed and approved the Terms of Reference for the MPAC as guided by the South African Local Government Association Practical Guide for MPACs of March 2012 and incorporated the Terms of Reference in the Municipal Approved Delegation Register. The guide by SALGA advocate for the establishment of MPACs in order to enhance oversight within municipalities.

Council has an imperative role of considering the Annual Report as stipulated in Section 129 of the MFMA, Act No 56 of 2003. While the MSA, Act No 32 of 2000 reflects the responsibility of Council on ensuring better performance of the Municipality in providing services to communities thereby improving quality of livelihoods thereto. The performance of the Municipality is therefore gauged through the implementation of the objectives as outlined in the Municipal approved Integrated Development Plan (IDP) and the approved Budget for the financial year under review whereby the progress in execution of such objectives is reflected in the Annual Report.

The MFMA gives effect to financial management reforms that places greater service delivery responsibilities on managers and makes them more accountable for performance. At the same time as, the Mayor has the responsibility to resolve any performance failures of the Municipal Manager, whilst Council is vested with the power and responsibility to oversee both the executive and administration.

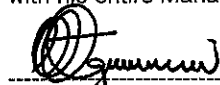
Council therefore has established Municipal Public Accounts Committee (MPAC) as per section 79 of the Municipal Structures Act No. 117 of 1998 to perform its oversight role as mentioned above.

MPAC has performed its functions as espoused by the said Legislation, and as delegated by Council according to its ability and knowledge. The Committee has probed the 2014/2015 Annual Report and developed questions for the Accounting Officer as per Section 129 (2) (a) of Municipal Finance Management Act No. 56 of 2003. Subsequently, all the questions were duly responded to satisfactorily by the Administration.

The Committee has developed the 2014/2015 Oversight Report as per the provisions of Section 129 (1) of the MFMA. The report is accordingly tabled to Council for consideration and adoption.

MPAC recommends the report to be approved **WITHOUT RESERVATIONS** and the Municipality is congratulated on maintaining the unqualified opinion.

I would also like to take this opportunity as the Chairperson of MPAC and thank the Committee members for their dedication and commitment they have demonstrated during the probing of the 2014/2015 Annual Report and further thank the Mayor, Members of the Executive Committee, Sub-Committees, the Accounting Officer with his entire Management on the support given to the Committee to render its function.



COUNCILLOR FS HLUNGWANE
MPAC: CHAIRPERSON

2. INTRODUCTIONS

The Municipal Public Accounts Committee (MPAC) has been established in terms of Section 33 and 79 of the Municipal Structures Act No. 117 of 1998. The core role functions of the Committee amongst others as per the terms of reference outlined in the Council Approved Delegation Register and the South African Local Government Association Practical Guide (SALGA) for MPACs of March 2012 is to play an oversight role by ensuring accountability and proper governance by means of evaluating the performance of the Municipality through using the Integrated Development Plan (IDP) as a tool of analysis against the approved Budget relating to a particular financial year. The Committee is also vested with the responsibility of interrogating amongst others the Annual Report, the Municipality's Annual Financial Statements and Audit Report as issued by Auditor General as well as other matters that may be referred by Council.

It is in this regard that the Committee had interrogated the 2014/2015 Annual Report and compiled the Oversight Report thereof. The Oversight Report compiled is as prescribed by Section 127 (5) (a) of the Local Government Municipal Finance Management Act No. 56 of 2003. Furthermore, the Committee followed processes to solicit inputs on the 2014/2015 Annual Report by means of opening its meetings to the public and afford an opportunity to any member of the Public who may wish to make representation before the Committee. All processes followed in the compilation of the Oversight Report were guided by the provisions of the Local Government Municipal Finance Management Act, no 56 of 2003, the Local Government Municipal Systems Act No 32 of 2000, the Local Government Municipal Structures Act No 117 of 1998 and National Treasury Circular 11, 32 and 63 respectively.

3. COMPOSITION OF MPAC MEMBERS

No.	MPAC Member Name	Designations	Party Representation
3.1	Cllr FS Hlungwane	Chairperson	African National Congress
3.2	Cllr P Mahlangu	Member	African National Congress
3.3	Cllr K Alberts	Member	Democratic Alliance

4. EXECUTIVE SUMMARY

The Municipality has developed the 2014/2015 Draft Annual Report which was duly submitted to the Auditor General with the 2014/2015 Annual Performance Report and the 2014/2015 Annual Financial Statements for auditing in August 2015.

The 2014/2015 Draft Annual Report was then tabled to Council in its sitting held on the 28th of January 2015, under Council Resolution **No MC107/01/2016**

Subsequent to that, MPAC programme was developed and approved by the MPAC in its sitting held on the 17th of February 2016.

5. PROCESSES FOLLOWED IN PROBING THE 2014/15 DRAFT ANNUAL REPORT

After approval of the MPAC programme, the programme was advertised inviting the members of the public to attend the MPAC meetings when probing the Annual Report, the schedule was as follows:

Date of Meetings	Total Number of MPAC Members	No. of MPAC Members Attended the Meetings	No. of Public Members Attended the Meetings	Activities of the Meeting	Responsible Person
17 February 2016	3	2	None	Approved the MPAC scheduled of meetings.	MPAC
22 February 2016	3	2	None	Considering and probing of Chapter 1,2&3	MPAC
23 February 2016	3	2	None	Considering and probing of Chapter 4,5&6	MPAC
23 February 2016	3	2	None	Consolidation and Signing off of Questions on the 2014/2015 Annual Report to the Municipal Manager	MPAC
26 February 2016	None	None	None	The date was set for the consolidation of comments from the public.	Manager Planning & Economic Development
26 February 2016	3	2	None	Responses on the questions of the MPAC by the Municipal Manager	Municipal Manager
29 February 2016	3	2	None	Consideration and finalization of the Oversight Report	MPAC
11 March 2016	3	2	None	Tabling of the Oversight Report to Council for adoption.	MPAC

6. FINDINGS

During the probing process of the 2014/2015 Annual Report the MPAC has identified the following key findings and the Accounting Officer was advised to develop an Action Plan to address the matters raised. The following were the key findings identified on the 2014/2015 Annual Report.

- a) Positions of Senior Managers that have been vacant from for more than twelve months.
- b) The Municipality was also advised to resolve matters raised by the Auditor General during the 2014/2015 auditing on the Annual Performance Report and the Annual Financial Statements.

7. CONCLUSION

Municipal Public Accounts Committee has performed its duties as legislated and satisfied with all the processes followed in probing the 2014/2015 Annual Report which led to the development of an Oversight Report.

This oversight report was accordingly compiled in terms of Circular 32 of the Municipal Finance Management Act (MFMA) No. 56 of 2003 read together with Section 129 of the MFMA.

8. RECOMMENDATIONS

Municipal Public Accounts Committee hereby recommend

- **THAT** Council approve the 2014/2015 Annual Report **WITHOUT RESERVATIONS**.
- **THAT** upon approval of the final Annual Report and the Oversight Report the Municipal Council approves the payment of performance bonuses to the Senior Managers who qualifies for such bonuses as per the outcomes of the Performance Assessment Committee.
- **THAT** upon approval of the Oversight Report by Council, the municipality complies with all the provisions of the MFMA and MSA as depicted in the table below.

PRESCRIBED DATES	ACTIONS	MFMA (MSA)	RESPONSIBILITY
Within two months of report being tabled (31 March)	Council to have considered the annual report and adopted an oversight report	S129(1) MFMA	Council
Within seven days of adoption of the Oversight Report	Make public the Oversight Report - S129(3)	S21A-MSA & 129 (3)-MFMA	Municipal Manager
Within seven days of adoption of Oversight Report	Submit to the Provincial Legislature, the annual report of municipality and	S132(1) & (2) of the MFMA	Municipal Manager

PRESCRIBED DATES	ACTIONS	MFMA (MSA)	RESPONSIBILITY
	the oversight reports on those annual reports.		
As soon as possible (Preferably within seven days)	Submit copies of the minutes of those meetings to the Auditor General, the relevant Provincial Treasury and the Provincial Department responsible for Local Government in the Province.	S 129 (2) (b) of MFMA	Municipal Manager

MC107 /01/2016

REPORT ON 2014/2015 DRAFT ANNUAL REPORT FOR BELA-BELA LOCAL MUNICIPALITY

RESOLVED

THAT the 2014/2015 Draft Annual Report be noted

THAT after finalization of the 2014/2015 Draft Annual Report, the report be tabled to Council for adoption as required in Section 127 (2) of the Local Government Municipal Finance Management Act. No 56 of 2003 .

THAT after the adoption of the 2014/2015 Draft Annual Report, the report be advertised for 21 days for public comments

THAT immediately after the adoption of the 2014/2015 Draft Annual Report, MPAC be mandated to assume the responsibility of an Oversight Committee in considering and probing the 2014/2015 Annual Report and compile the Oversight Report, which must be presented to Council within the next two (2) Months

THAT the presentation by the office of the Auditor General on the audit outcome of Bela Bela Local Municipality for 2014/15 financial year be noted


Cllr S E MALULEKA
SPEAKER



Bela-Bela Local Municipality

Tel: (014) 736-8000

Fax: (014) 736-3288 / 736-4837

www.belabela.gov.za

12 February, 2016

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address and room number specified above on or before 4 March 2016.
Name and address of agent: NICOLA LUDIK, Alto, Africa Town Planning & Development Consultants, P.O. Box 3007, Modimolle, 0510, 076 606 6372. (5&12/2).

MODIMOLLE LOCAL MUNICIPALITY
Notice of Application for the proposed Permanent Park and Road Closures in terms of section 67(3) (a) of the Local Government Ordinance, 1939 (Ordinance 17 Of 1939)
I, NICOLA LUDIK being the authorized agent for the Modimolle Municipality hereby give notice in terms of Section 67(3)(a) of the Local Government Ordinance, 1939, (Ordinance 17 of 1939) that it is proposed to permanently close parks, streets and sections of streets:
The streets which will be permanently closed are Masmoon, Mogra, Kisnet, Gushat, Ehsan, Salaamat and portions of First and Fourth Streets in Nyilstron Extension 14 for the purpose of the construction of a Private Hospital.
The parties which will be permanently closed are Erven 2268 and 2269 Nyilstron Extension 14.
All relevant documents relating to the applications

Municipal Building, or Private Bag X1008, Modimolle, 0510, within 28 days of the publication of the advertisement in the Local Newspaper, viz 5 February 2016. Full particulars and plans (if any) may be inspected during normal office hours (08:00 – 13:00 and 13:45 – 15:00) at the above-mentioned office, for a period of 28 days after the publication of the advertisement in the Local Newspaper. Closing date for any objections: 4 March 2016. Applicant: NICKI LUDIK, P.O. Box 3007, Modimolle, 0510, Cell phone: 076 606 6372. (5&12/2).

MODIMOLLE LAND USE SCHEME, 2004
Notice is hereby given to all whom it may concern that in terms of clause 23 of the above-mentioned scheme, I (full name) MARKIN LESOLEMOLOBI intends applying to the Modimolle Local Municipality for consent to Tarven on (property and suburb) 7257 also known as (street name and number) situated in an Residential 1 zone.
(Example: Residential 1, Business 4 etc.)
Any objection, with the grounds thereof, shall be lodged with or made in writing to: The Divisional

the Manager: Planning and Development, Bela Bela Municipality, Chris Hani Drive, Bela Bela.
Any person having any objections to the granting of this application must lodge such objection together with the grounds thereof in writing, with both the Manager: Planning and Development, Bela Bela Municipality and the undersigned not later than 14 March 2016.
Applicant's Details: ACE ENVIRONMENTAL SOLUTIONS CC
Cnr De Beer & Moffat Street, Bela Bela
Tel: 014 001 7005.

FAMILY HOWES CC NO: 1999/027116723
Notice is hereby given that application will be made to the Companies and Intellectual Property Commission for the restoration of the above corporation on the grounds that it owns immovable property. Anyone opposed to the restoration must file his objection with the said Companies and Intellectual Property Commission (P.O. Box 49, Pretoria, 0001) within a period of 21 days after the publication hereof.
STELLA DAVIS
Member
011 708 7902
083 502 5223.

10 Koop in Bela Bela
Sefitsof Gaele
2 Slagpotmer, 2 Bredakamei, Ooplin Komblis, Siltomer, heeslike Sloep, tshabal motorhuus.
PLUS
1 Slagpotmer, Bredakamei, Ooplin Komblis, Siltomer (kom as 'n akkie inkomste dan of bylykke vir ouers / studente)
R 750 000
(Onderhandelbaar)
Kontak Persone: Tlulaile Phasit - 002 396 6581

BELA-BELA LOCAL MUNICIPALITY

PUBLIC NOTICE: DRAFT 2014/15 ANNUAL REPORT

A public notice is hereby given in terms of Section 129 (3) of the Local Government: Municipal Finance Management Act, 2003 That the Accounting Officer must in accordance with Section 21 (a) of the Local Government: Municipal Systems Act, 2000 make public the Draft Annual Report as tabled in Council. The Draft 2014/15 Annual Report was tabled before Council on the 28th January 2016.

The Draft 2014/15 Annual Report is available for public inspection at Municipal Building as well as on the municipal website www.belabela.gov.za for a period of 21 working days, commencing from Friday, the 5th February 2016 to Thursday, the 25th of February 2016.

Written Comments on the Draft 2014/15 Annual Report can either be e-mailed to selapyanet@belabela.gov.za or be submitted to Records Office at Municipal Building. Members of the Public are welcome to submit written comments and representations on the Draft Annual Report to the Manager: Planning & Economic Development, Private Bag X1609, Bela-Bela 0480, or e-mail: raputsaop@belabela.gov.za or Fax to 014 736 3288. Comments must be received by not later than 26 February 2016 at 12H00.

The Municipal Public Accounts Committee (MPAC) of Council will consider comments at a Meeting and submissions (as received by not later than Friday 26 February 2016 at 12H00 must indicate whether you wish to appear before the MPAC to motivate your comments and representations. A notice to the MPAC meeting will accordingly be issued to you.

For any enquiries, do not hesitate to call Mr P Raputsoa of the Municipality at 014 736 8033 or I Selapyanet at 014 736 8037.

MM Mabileka - Municipal Manager
Notice No: 4/16

We are the prime Agricultural Hub and Tourism Destination of choice!

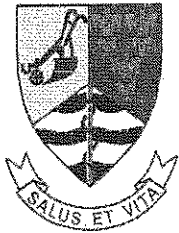


MUNICIPAL PUBLIC ACCOUNTS COMMITTEE SCHEDULE OF MEETINGS FOR PROBING 2014/2015 ANNUAL REPORT

Date of Meetings	Total Number of MPAC Members	No. of MPAC Members Attended the Meetings	No. of Public Members Attended the Meetings	Activities of the Meeting	Responsible Person
17 February 2016	3	2	None	Approved the MPAC scheduled of meetings.	MPAC
22 February 2016	3	2	None	Considering and probing of Chapter 1,2&3	MPAC
23 February 2016	3	2	None	Considering and probing of Chapter 4,5&6	MPAC
23 February 2016	3	2	None	Consolidation and Signing off of Questions on the 2014/2015 Annual Report to the Municipal Manager	MPAC
26 February 2016	None	None	None	The date was set for the consolidation of comments from the public.	Manager Planning & Economic Development
26 February 2016	3	2	None	Responses on the questions of the MPAC by the Municipal Manager	Municipal Manager
29 February 2016	3	2	None	Consideration and finalization of the Oversight Report	MPAC
11 March 2016	3	2	None	Tabling of the Oversight Report to Council for adoption.	MPAC

CLLR FS HLUNGWANE

MPAC CHAIRPERSON



BELA-BELA LOCAL MUNICIPALITY

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

NOTICE IS HEREBY GIVEN THAT IN TERMS OF SECTION 79 OF THE MUNICIPAL STRUCTURES ACT, 117 OF 1998, AS AMENDED, A MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO BE HELD ON 17 FEBRUARY 2016 AT 08H00 IN COMMITTEE, BELA-BELA.

AGENDA

- 1. Opening and Welcome**
- 2. Applications for Leave of Absence**
- 3. Adoption of the Agenda**
- 4. Presentation of the Schedule of meetings for probing 2014/2015 Annual Report**
- 5. Date of next meeting**
- 6. Closure**

**CHAIRPERSON OF THE MPAC
Cllr FS HLUNGWANE**



BELA-BELA LOCAL MUNICIPALITY
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
(COMMITTEE OF COUNCIL)

MINUTES

MUNUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING HELD ON TUESDAY, 17 FEBRUARY 2016 AT 09H00 IN COMMITTEE ROOM, BELA-BELA LOCAL MUNICIPALITY, MAIN BUILDING

1. OPENING AND WELCOME

The Chairperson (Cllr Hlungwane) opened the meeting by welcoming everybody present.

2. APPLICATION FOR LEAVE OF ABSENCE

None

3. ADOPTION OF AGENDA

Agenda was adopted without changes.

4. PRESENTATION OF THE SCHEDULE OF MEETINGS FOR PROBING 2014/2015 ANNUAL REPORT

The Chairperson presented the proposed schedule of meetings to be followed during the probing of the 2014/2015 Annual Report. The schedule was approved by the Committee. **Attached hereto as Annexure A** is the 2014/2015 approved schedule of meetings.

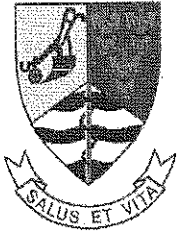
5. DATE OF NEXT MEETING

The Committee resolved that the meeting will held on 22 February 2016 as per the approved schedule.

6. CLOSURE

The Chairperson thanked everybody present and officially adjourned the meeting.

CLLR F.S. HLUNGWANE
MPAC CHAIRPERSON



BELA-BELA LOCAL MUNICIPALITY

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

NOTICE IS HEREBY GIVEN THAT IN TERMS OF SECTION 79 OF THE MUNICIPAL STRUCTURES ACT, 117 OF 1998, AS AMENDED, A MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO BE HELD 22-23 FEBRUARY 2016 AT 08H00 IN COMMITTEE, BELA-BELA.

AGENDA

- 1. Opening and Welcome**
- 2. Applications for Leave of Absence**
- 3. Adoption of the Agenda**
- 4. Minutes of the Previous Meeting**
- 5. Matters arising from the Minutes**
- 6. Probing of the 2014/2015 Draft Annual Report**
- 7. Probing of the 2014/2015 Annual Performance Assessment Report**
- 8. Consolidation of Questions**
- 9. Date of next Meeting**
- 10. Closure**

**CHAIRPERSON OF THE MPAC
Cllr FS HLUNGWANE**



BELA-BELA LOCAL MUNICIPALITY
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
(COMMITTEE OF COUNCIL)

MINUTES

MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING HELD ON TUESDAY, 22-23 FEBRUARY 2016 AT 09H00 IN COMMITTEE ROOM, BELA-BELA LOCAL MUNICIPALITY, MAIN BUILDING

1. OPENING AND WELCOME

The Chairperson (Cllr Hlungwane) opened the meeting by welcoming everybody present.

2. APPLICATION FOR LEAVE OF ABSENCE

None

3. ADOPTION OF AGENDA

Agenda was adopted without changes.

4. MINUTES OF THE PREVIOUS MEETING

Minutes of previous meeting were read and adopted as a true reflection of the meeting held on the 17th February 2016.

5. MATTERS ARISING FROM THE MINUTES

None

6. PROBING OF THE 2014/2015 DRAFT ANNUAL REPORT

The Committee verified whether all legally required information as prescribed by MFMA were included in the 2014/2015 Draft Annual Report prior probing. It was then confirmed that the following information formed part of the report .

- a) The 2014/2015 Annual Financial Statements;
- b) The 2014/2015 Auditor-General's Report on the financial statements
- c) Assessment by the accounting officer on any arrears on municipal taxes and service charges;
- d) Action Plan (particulars of any corrective action taken or to be taken in response to issues raised in the audit reports;
- e) Recommendations of the Audit Committee and,

- f) Assessment on the performance of municipal contractors and consultants.

Furthermore the Committee followed the Circular 11 and 32 respectively as guides for probing of the 2014/2015 Annual Report.

7. PROBING OF 2014/2015 ANNUAL PERFORMANCE ASSESSMENT REPORT

The assessment was conducted for Section 54/56 Managers and the Municipal Manager and it was conducted through the panel system as prescribed by Sub-Regulation 27 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers and Managers directly accountable to Municipal Managers of 2006. The Committee assessed the 2014/2015 Annual Performance Assessment Report and recommended that the report be tabled to Council.

8. CONSOLIDATIONS OF QUESTIONS ON THE 2014/2015 ANNUAL REPORT

Resolved that:

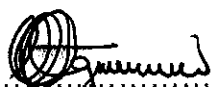
Questions raised on the 2014/2015 Annual Report were consolidated and recommended that the question must be send to Management for responses . It was then resolved that the written responses be presented to the Committee in the next meeting.

9. Date of next meeting

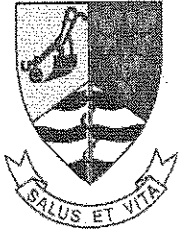
The 26 February 2016 was identified as the next date of meeting as stipulated in the approved schedule of meetings.

10. Closure

The Chairperson thanked everybody present and officially adjourned the meeting.



.....
CLLR F. S. LUNGWANE
MPAC CHAIRPERSON



BELA-BELA LOCAL MUNICIPALITY

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

NOTICE IS HEREBY GIVEN THAT IN TERMS OF SECTION 79 OF THE MUNICIPAL STRUCTURES ACT, 117 OF 1998, AS AMENDED, A MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO BE HELD 26 FEBRUARY 2016 AT 08H00 IN COMMITTEE, BELA-BELA.

AGENDA

- 1. Opening and Welcome**
- 2. Applications for Leave of Absence**
- 3. Adoption of the Agenda**
- 4. Minutes of the Previous Meeting**
- 5. Matters arising from the Minutes**
- 6. Responses by Management on the 2014/2015 Draft Annual Report Questions**
- 7. Consideration of Public Comments**
- 8. Date of next Meeting**
- 9. Closure**

**CHAIRPERSON OF THE MPAC
Cllr FS HLUNGWANE**



BELA-BELA LOCAL MUNICIPALITY
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
(COMMITTEE OF COUNCIL)

MINUTES

MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING HELD ON TUESDAY, 26 FEBRUARY 2016 AT 09H00 IN COMMITTEE ROOM, BELA-BELA LOCAL MUNICIPALITY, MAIN BUILDING

1. OPENING AND WELCOME

The Chairperson (Cllr Hlungwane) opened the meeting by welcoming everybody present.

2. APPLICATION FOR LEAVE OF ABSENCE

None

3. ADOPTION OF AGENDA

Agenda was adopted without changes.

4. MINUTES OF THE PREVIOUS MEETINGS

Minutes of the previous meeting held from the 22nd to the 23rd of February 2016 were read and confirmed as a true reflection of what transpired in the meeting.

5. MATERS ARISING FROM THE MINUTES

None

6. RESPONSES ON 2014/2015 ANNUAL REPORT QUESTIONS

It was noted that written responses was submitted on time and Managers were requested to give verbal responses on the questions relating to their respective department.

Management presented the responses to MPAC and further provided clarifications on matters raised during the meeting. After clarification on additional questions the Committee indicated that Management should make corrections as recommended by the Committee. Attached hereto as Annexure A are the written responses.

7. CONSIDERATION OF PUBLIC COMMENTS


The Committee was informed that there were no public comments, questions nor inputs submitted to the Municipality on the 2014/2015 Draft Annual Report.

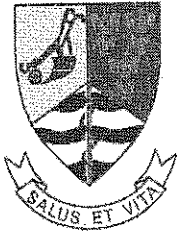
8. DATE OF THE NEXT MEETING

29 February 2016 was identified as the next date of meeting

9. CLOSURE

The Chairperson thanked everybody in attendance and officially closed the meeting.


.....
CHAIRPERSON OF MPAC
CLLR FS HLUNGWANE



BELA-BELA LOCAL MUNICIPALITY

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

NOTICE IS HEREBY GIVEN THAT IN TERMS OF SECTION 79 OF THE MUNICIPAL STRUCTURES ACT, 117 OF 1998, AS AMENDED, A MEETING OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE TO BE HELD 29 FEBRUARY 2016 AT 08H00 IN COMMITTEE, BELA-BELA.

AGENDA

- 1. Opening and Welcome**
- 2. Applications for Leave of Absence**
- 3. Adoption of the Agenda**
- 4. Minutes of the Previous Meetings**
- 5. Matters arising from the Minutes**
- 6. Pronouncement of the recommendations of the MPAC on the 2014/2015 Draft Annual Report.**
- 7. Way Forward**
- 8. Closure**

**CHAIRPERSON OF THE MPAC
Cllr FS HLUNGWANE**



BELA-BELA LOCAL MUNICIPALITY
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
(COMMITTEE OF COUNCIL)

MINUTES

MINUTES OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEETING HELD ON TUESDAY, 29 FEBRUARY 2016 AT 09H00 IN COMMITTEE ROOM, BELA-BELA LOCAL MUNICIPALITY, MAIN BUILDING

1. OPENING AND WELCOME

The Chairperson (Cllr Hlungwane) opened the meeting by welcoming everybody present.

2. APPLICATION FOR LEAVE OF ABSENCE

None

3. ADOPTION OF AGENDA

Agenda was adopted without changes.

4. Minutes of the Previous meeting

Minutes of the previous minutes were considered and approved by the MPAC members

5. Matters arising from the minutes

None

6. Pronouncement of the recommendations of the MPAC on the 2014/2015 Draft Annual Report

The MPAC Resolved as follows:

- That the presentation by Management on the issues raised was satisfactory therefore the 2014/2015 Oversight Report should be finalised.
- That the 2014/2015 Oversight Report and the 2014/2015 Final Annual Report should be tabled to Council for adoption **WITHOUT RESERVATIONS.**

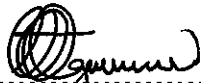
- After the adoption the Municipality make public the reports as per the legal requirements.

7. WAYFORWARD

The 2014/2015 Oversight Report, the 2014/2015 Final Annual Report and the 2014/2015 Annual Performance Assessment for Senior Managers and the Municipal Manager must be submitted to the next Council Meeting.

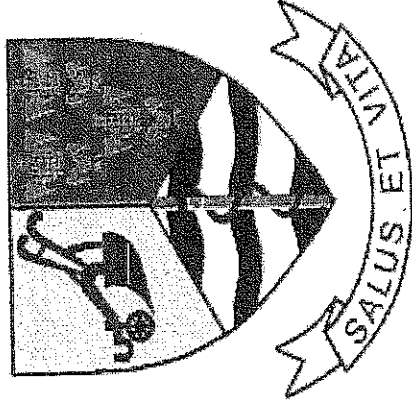
8. CLOSURE

The Chairperson thanked everybody present and officially closed the meeting.



.....
CHAIRPERSON OF MPAC
CLLR FS HLUNGWANE

BELA-BELA LOCAL MUNICIPALITY



**MPAC QUESTIONS AND RESPONSES FOR PROBING OF 2014/15 ANNUAL
REPORT**

**1|BELA-BELA LOCAL MUNICIPALITY: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
(MPAC)**

CHECKLIST FOR CONSIDERING THE BELA-BELA LOCAL MUNICIPALITY 2014/2015 ANNUAL REPORT

The MFMA provides that the purpose of the annual report of a municipality or a municipal entity for each financial year is:

- to provide a record of activities;
- to provide a report on performance against the budget; and
- to promote accountability to the local community for decisions made throughout the year.

The Municipal Systems Act (MSA) provides that an Annual Performance Report must be prepared for each financial year to report on the performance of the municipality and each external service provider, compared with targets set for performance.

The annual report requirements are provided in Chapter 12 of the Municipal Finance Management Act (MFMA), sections 45 and 46 of the MSA and the annual Division of Revenue Act (DoRA).

The following checklist summarises what must be included in the annual report and is designed to support and guide Councilors and Officials. It should be noted however, that this list is not exhaustive and from time to time other information requirements may be prescribed.

Consideration must also be given to specific circumstances and conditions in which other questions may be appropriate.

Councilors and Officials are encouraged to make suggestions to enhance this checklist and send these to the National Treasury.

Council should verify that the required information is contained in the annual report and then consider the relevance and accuracy of information accordingly. The checklist provides guidance on how matters could be considered.

The oversight committee and the full council may use this checklist as a means to organise the report and to manage requests for additional information. The questions suggested may be used by all Councillors to gain clarification on contents of reports and also to verify compliance with the MFMA and MSA. Responses to many of these questions should be provided by the Accounting Officer of the municipality and/or municipal entities

Information required to be included in annual reports	MPAC Questions	Response by the Accounting Officer	MPAC Considerations and Comments
Timing of reports	<p>1. Was the annual report tabled in time as prescribed?</p> <p>1.1 Is the audit report in the annual report?</p>	<p>Yes it was tabled on the 28th January 2016 as per Council Resolution MC 107/01/2016</p> <p>1.1 Yes, the audit report is part of the annual report.</p>	MPAC satisfied with responses
Chapter 1	<p>2 Why the performance of municipal contractor omitted in Executive Mayor foreword? Source MFMA Circular 11</p>	<p>The performance of all municipal contractors were included as appendix to the report.</p>	MPAC satisfied with responses
	<p>3. Why the number of poor households is not reflected in the report.</p>	<p>The number of poor households is included in the performance report.</p>	MPAC satisfied with responses
	<p>4. Why the statement of overall goals and priorities omitted?</p>	<p>The statement is covered in the annual performance report.</p>	MPAC satisfied with responses
	<p>5. Why the vision, mission and statement omitted from the report?</p>	<p>The vision and mission is covered in the Mayor 's foreword.</p>	MPAC satisfied with responses
	<p>6. Which actions were taken against the underperforming Contractors and Consultants?</p>	<p>Performance of contractors is monitored on regular basis to ensure the work is completed on time. -Contracts of contractors with consistent poor performance were terminated.</p>	MPAC satisfied with responses
	<p>7. What overall performance percentage municipality attained in terms achievement of its targets set in SDBIP</p>	<p>The overall Organizational Performance as encapsulated in the Audited 2014/15 Annual Performance Report (APR) is 98.98%. See page 0f the AR</p>	MPAC satisfied with responses

Information required to be included in annual reports	MPAC Questions	Response by the Accounting Officer	MPAC Considerations and Comments
	<p>8. What caused the irregular expenditure of R3 699 088 Source :AG report</p> <p>8.1 The said expenditure was it reported to Provincial Treasury and Auditor General</p> <p>8.2 What corrective action was taken to address the issue?</p>	<p>Contractors in service of the state</p> <p>8.1 Blacklisting of traced suppliers</p> <p>8.2 Utilization of crosscheck system</p>	<p>MPAC satisfied with responses</p>
	<p>9. What caused the unauthorised expenditure of R30 875 995</p> <p>9.1 The said expenditure was it reported to Provincial Treasury and Auditor General</p> <p>9.2 What corrective action was taken to address the issue?</p>	<p>9. Contractors in service of the state</p> <p>9.1 Blacklisting of traced suppliers</p> <p>9.2 Utilization of crosscheck system</p>	<p>MPAC satisfied with responses</p>
	<p>10. What caused the fruitless and wasteful expenditure of R618 070</p> <p>10.1 The said expenditure was it reported to Provincial Treasury and Auditor General</p> <p>10.2 What corrective action was taken to address the issue?</p>	<p>10. Interest on overdue accounts from Eskom due cashflow constraints</p> <p>10.1 Yes, it was reported to Provincial Treasury and Auditor General</p> <p>10.2 Credit control measures have being intensified to ensure that municipality have enough cashflow.</p>	<p>MPAC satisfied with responses</p>
	<p>11. What is the unemployment rate in municipal area for the year under review?</p>	<p>The unemployment rate of the Municipality during the period under the Audit period was 10.3 as depicted under page 23</p>	<p>MPAC satisfied with responses</p>
<p>Chapter 2</p>	<p>12. Why photos of the following Councillors omitted from the report:</p> <p>Cllr L Mpete Cllr D Senosha Cllr GT Maletse Cllr MN Ras</p>	<p>The Photos for all the Councillors are incorporated in the report. See pages 41 to 47 of the 2014/2015 Draft AR</p>	<p>MPAC satisfied with responses</p>

Information required to be included in annual reports	MPAC Questions	Response by the Accounting Officer	MPAC Considerations and Comments
Annual Performance Report	12. Why customer satisfaction survey was not conducted?	Priority was given to the establishment of the Customer Care Unit which will also enable Council to conduct the Survey in house.	MPAC satisfied with responses
	13 .In terms section 121 of MFMA, The corrective action to address the issues raised by Auditor General must be part Annual Report. With reference to the above, why the corrective action to address AG findings omitted in the Annual report?	Page 225 of the AR is the Audit Action Plan which seeks to address all the findings of the Auditor-General	MPAC satisfied with responses
	14 Why page 59 in Chapter2 states that there were no customer satisfaction conducted whereas the performance report dispute the above by stating that customer satisfaction level is at 66% under communication division.	The error has being corrected.	MPAC satisfied with responses
	15.What actions were taken to ensure that positions are filled in line with Employment Equity Plan ?	Target of filling positions according to employment equity plan will be effected in SDBIP in each department.	MPAC satisfied with responses
	16.Why employee disciplinary cases not resolved within 3 months as prescribed by law.	Cases are prolonged by unavailability of initiators due to their work commitments and request for postponement by the unions	MPAC satisfied with responses
	17.What measures were taken to reduce number injuries on duty?	Regular Safety awareness will be held regularly.	MPAC satisfied with responses
	18. Have the annual financial statements prepared in the prescribed accounting standards.	18. Yes, the annual financial statements were prepared in accordance with GRAP statements and intensive	MPAC satisfied with responses

Information required to be included in annual reports	MPAC Questions	Response by the Accounting Officer	MPAC Considerations and Comments
		review is conducted to ensure full-compliant with GRAP standards.	
	19. Taking into consideration the audit report and the audit committee comments, is sufficient explanation of financial issues contained in the notes to the statements?	19. Yes, sufficient explanation was provided on financial issues.	MPAC satisfied with responses
	20. Has an adequate assessment been included? Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation? Is any other action required to be taken?	20. Yes, the report indicates that municipality is dominated by low income employees which contributes towards high number of indigents.	MPAC satisfied with responses
	21. To what extent does the report indicate serious or minor financial issues? <ul style="list-style-type: none"> ▪ To what extent are the same issues repeated from previous audits? ▪ Is the action proposed considered to be adequate to effectively address the issues raised in the audit report? ▪ Has a schedule of action to be taken been included in the annual report, with appropriate due dates? 	21. The report indicates non-compliance with supply chain regulations -There is only three issues repeating itself for two years. -Yes, other organs of the state were consulted on how best to resolve the issue. -The schedule of action have being developed.	MPAC satisfied with responses
/	22. Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets?	22. Yes, Audit report confirm correctness of allocations of DORA.	MPAC satisfied with responses
	23. Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?	23. The internal audit and audit committee have done some review and recommendations of the performance outcomes.	MPAC satisfied with responses

Information required to be included in annual reports	MPAC Questions	Response by the Accounting Officer	MPAC Considerations and Comments
	24. Have the recommendations of internal audit been acted on during the financial year?	24. The recommendations of internal audit were acted upon by various department.	MPAC satisfied with responses
	25. Is the council satisfied with the performance of contractors?	25. The contractors who were performing badly were terminated and Council is happy with the remaining contractors that are performing very well.	MPAC satisfied with responses
	26. To what extent were the objectives and performance measures of the entity aligned to the overall strategic objectives of the municipality and its IDP?	26. The alignment of IDP is reviewed by other sector department such COGHSTA, IDP and SDBIP of the municipality is aligned	MPAC satisfied with responses
	27. Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council	27. The bonuses derived from the performance assessment and are based on the achievement made.	MPAC satisfied with responses

MC 156/03/2016

**OVERSIGHT REPORT ON THE ANNUAL REPORT FOR THE 2014/2015 FINANCIAL YEAR
PREPARED BY THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE OF BELA-BELA LOCAL
MUNICIPALITY**

RESOLVED

THAT the 2014/2015 Final Annual Report be noted

THAT Council approves the 2014/2015 Annual Report **WITHOUT RESERVATIONS**

THAT Council approves the Oversight Report in terms of Section 129 of the MFMA

THAT the 2014/2015 Oversight Report and the 2014/2015 Annual Report be made public within seven days from the date of adoption by Council

THAT upon approval of the 2014/2015 Final Annual Report and the 2014/2015 Oversight Report the Municipal Council approves the payment of performance bonuses to the Senior Managers who qualifies for such bonuses as per the outcomes of the Performance Assessment Committee.


Cllr S E MALULEKA
SPEAKER



Bela-Bela Local Municipality

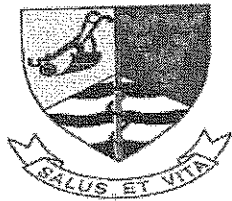
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www.belabela.gov.za

2014/2015 FY

BELA-BELA LOCAL MUNICIPALITY



ANNUAL REPORT

Volume I

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Chapter 1

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A:

1. MAYOR'S FOREWORD

2014/15 Financial Year was a fairly stable year in terms of functionality of Council and its Governance Structures, and all Councillors participated satisfactorily to the meetings of Council and its Structures. This enabled all Councillors through varying Structures therein to effectively and efficiently perform their Oversight responsibility towards realization of Council's long-term Vision.

Our Long-Term Developmental Vision remains: *"We are the Prime Agricultural Hub and Tourist Destination of choice"*

In all its endeavours, our Municipality is committed in enhancing its capabilities Administratively and Politically to be able to adequately respond to the Developmental demands of an Economy with immensely strong potential on Tourism and Agriculture as the Strategic catalysts of overall development throughout the Bela-Bela Municipal jurisdictional area.

Culminating from the Launch of the Back to Basics Approach by the President during September 2014, our Municipality went into great strides to review its Governance Model with a view of incorporating the Approach as the National Policy directive, and this was successfully done.

Pertaining to the implementation Spatial Planning Land Use and Management Act (SPLUMA) our Municipality managed to complete all the key requirements as required for readiness to implement as of 1st July 2015. We shall however, continue to enhance our Administrative and Oversight capability with regard to SPLUMA implementation thereto.

We have managed to register number improvements in Service Delivery, which is further outlined later in the report during the year under review, and our realization is that amidst these improvement, there are still a plethora of developmental challenges for us as a collective to respond to.

Community Participation remains pivotal to the sustenance of our Democracy, particularly in our Municipality. To this end, majority of the 9 Ward Committees established within our Municipality were functional as envisaged, and other Public Participation mechanisms and processes were enhanced during the year under review.

We are however not satisfied that not 100% of our Public Participation Structures functioned as envisaged.

Chapter 1

Hence moving forward we will need to strengthen them, thereby ensuring their effectiveness. Key amongst those will be the capacitation of our Communication and Public Participation Division.

Looking into the future, we will continue to engage all our Social Partners with a primary purpose addressing more resources to our jurisdictional area thereby positively impacting on the wellbeing of our communities.

The Municipality have also embarked various benchmark tours in and beyond the borders of our Country, culminating from which Partnerships were entered into with a prime view of enhancing the capability of our respective Municipalities.

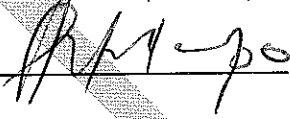
Whilst it is evident that our Leadership collective, our Municipality made many strides towards the betterment of the wellbeing of our communities, the emanating developmental challenges therein remains key to the resolve of our Municipality within its collective and our Social Partners to ameliorate such.

As 2015/16 will be the last year of the current term of Council, we will endeavour to address majority of those developmental challenges that are of short to medium – term in nature, and make necessary recommendations to the incoming Council pertaining the medium to long-term developmental priorities for their consideration when concluding the next 5 Year Strategic Plan of the Municipality.

We are truly humbled for the opportunity that our communities gave to us as a collective with a primary view of ensuring sustainable improvement of their livelihoods. Whilst Development by its nature is a fiercely contested terrain, we are pleased to pronounce that under the limitation of the availability of resources, we have managed to ensure balanced development throughout the Municipality.

We further would like to thank our Administration Team under the astute Leadership of our Municipal Manager, who dedicated their skills and traits to ensure that our Municipality is always in a favourable position to ably respond to all the developmental queries confronting our communities.

(Signed by :)



CLLR L NHLAPO

MAYOR

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

2. MUNICIPAL MANAGER'S OVERVIEW

During the Year under review, our Municipality realised far improved performance across many fronts in as far as Service delivery is concerned. Key amongst the contributing factors was that we developed and implemented a New Governance Model, which enhanced the capability of Administration to timeously and efficiently process well packaged reports to Council and its Structures thereby enabling informed decision-making and efficient and effective performance of oversight responsibilities thereto.

To further enhance the capacity of the Municipality, we concluded the process of recruiting both the M Planning & Economic Development, Manager: Technical Services and the Chief Financial Officer respectively. We also enrolled majority of our Divisional Managers into a Municipal Finance Management Programme with the prime aim of enhancing their skills in executing their tasks within the Municipality.

We have also managed to reduce the vacancy rate within the Municipality, with particular emphasis to Key Departments with the primary view of enhancing our capability to adequately and timeously respond to all the Service Delivery issues.

Our aforesaid Governance Model placed vast emphasis on putting in place reliable controls and Service Standards thereby strengthening the following quality assurance components of its Administration:

- Internal Audit
- Risk Management
- Information and Communication Technology
- Shared Audit Committee Function/ Performance Audit Committee

The Municipality will progressively continue empowering the aspects of its work, which remains pivotal to its Good Corporate Governance and the impact thereto.

Municipality also embarked on emphatic implementation of the Back to Basics (B2B) Approach, which was launched by the President in September 2014. The Approach was premised on the following priorities, which have also proven to be pivotal in our developmental Agenda as a Municipality:

Chapter 1

- Putting People and their Concerns First
- Demonstrating Good Governance and Administration;
- Delivering Municipal Services
- Sound Financial Management and Accounting and
- Sound Institutional and Administrative Capabilities

Culminating from our Governance Model, our Municipality extremely excelled in its implementation of the B2B Approach, and received resounding accolades across National and Provincial Government. As a consequence of the manner in which we packed our B2B Action Plan, COGTA and Limpopo COGHSTA identified our Action Plan as a model that can be shared with other Municipalities in the Province as they prepare their respective Action Plans.

Pertaining to Infrastructure Development, key achievements amongst our achievements the following can be highlighted:

- Successful completion of Storm water Projects throughout the Municipality;
- Successful completion of Phase of the Multipurpose Centre;
- Successful completion of Phase 4 of Road paving at Extension 2;
- Attainment of funding from the Department of Environmental Affairs for the development of New Parks and rehabilitation of Old Parks and Nursery within the Municipality;;
- Successful occupation and operation of the New Testing Station and
- In terms of Services managed to sustain 100% collection of Refuse throughout the Municipality.
- Initiated a process of taking over Electricity Infrastructure from Eskom.
- Establishment of a Customer Care Unit

Key amongst the emanating challenges with regard to Infrastructure development that will need attention as we contuse in our journey of bettering the livelihoods of our communities are:

- Underperformance of Contractors and Consultants;
- Labour related issues which are in most instances beyond the control of the Contractors;
- Inadequate Sporting and Recreational Facilities throughout the Municipality leading to over utilization with the repercussion of rapid deterioration thereto;
- Landfill site that is nearing its operational lifespan; and
- Cemetery reaching its saturation level.

Chapter 1

Pertaining to Financial Management and Sustainability thereto key amongst the notable achievements are the following:

- We managed to ensure increase in payment level from 89% in 2013/14 Financial Year to 95% in 2014/15 Financial Year.
- We managed to sustain our attainment of good Audit outcome by receiving another Unqualified outcome with a reduction of matters of emphasis from 54 of the previous Audit period to 12 during the 2014/15 Audit period.
- We also managed to reduce our Long-Term loan thereby settling it earlier than planned.
- Also managed to replace all the aging Municipal Vehicles with new Fleet thereby enhancing the Municipality's ability to adequately and efficiently perform all its Service Delivery mandate.

Whilst the aforementioned milestones are commendable, to further enhance our Financial Sustainability, the following challenges will need to be progressively addressed moving forward.

- Work towards absolute reduction of old debt, which is mainly rife at Pienaarsrivier and Masakhane areas thereby increasing payment levels throughout the Municipality.
- Illegal connection of Water and Electricity mainly in the Spa Park area.
- Increase in the cost of Electricity which impact on the affordability of Services by the Consumers, and in most instances resulting in negative impact on their payment patterns, and the ability of the Municipality to invest more funds towards Service Delivery.

Our Public Participation mechanisms, procedures and Processes can be categorised as thus:

- Direct Community Engagements;
- IPD Representative Forum and IDP Steering Committee;
- Ward Committee System, and
- Strategic Bilateral with targeted Stakeholders to achieve a specific objective.

Whilst as the Municipality we do have Ward Committees, we are of the view that they need to be strengthened and empowered for them to be able to fulfil their mandate of deepening Democracy at Local level.

All these mechanism have immensely benefited the Municipality in the development, implementation, review and monitoring of key Developmental and Governance instruments such as:

Chapter 1

- Integrated Development Plan (IDP);
- Medium Term Expenditure Framework (Annual Budget)
- Performance Monitoring and Evaluation.
- Strategies, Plans, Policies and By-Laws of Council.

Based on the assessment of our Performance and the impact thereto, we have agreed that amongst others the following will need to be prioritised in the medium to long-term period:

- Upgrading of the aging water infrastructure throughout the Municipality, particularly in Town,
- We have initiated the process of having an FET/TVET College within our jurisdictional area with a primary view of addressing the Skills challenge confronting our populace, thereby reducing the unemployment rate due to shortage of requisite skills.
- We have started mobilizing a Team of Partners and Strategic Stakeholders towards the roll-out of the Carnival at a National/International level, as one of the key Tourism supporting initiative.
- In an endeavour to address the current housing backlogs and informal Settlements therein, we have started the process of acquiring suitable land through the support of COGHSTA and HAD.

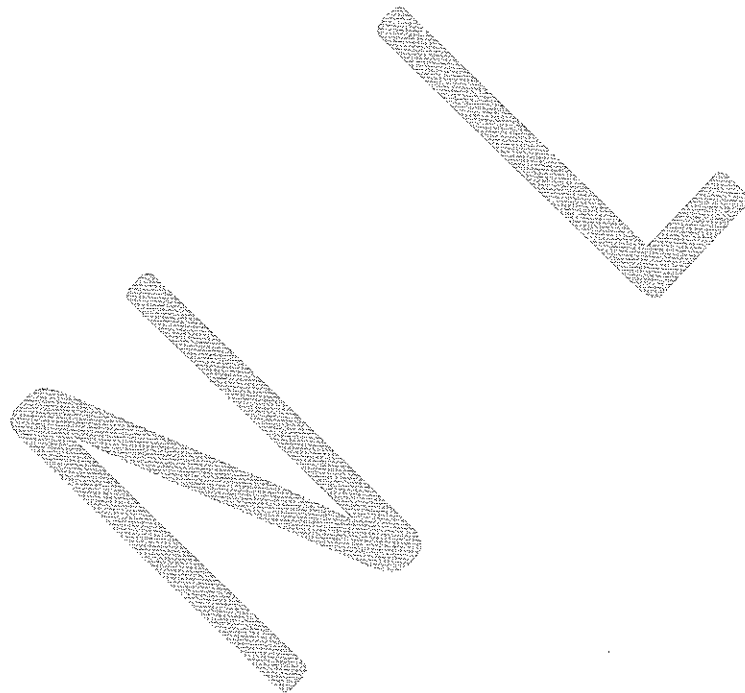
In an endeavour to ensure sustained growth to our Economic focussing its key Drivers of Tourism and Agriculture, we have established the following Partnerships:

- Partnered with the Port of Spain in Trinidad and Tobago towards successful hosting of the Multinational and Multicultural Carnival in the coming years.
- Started working on a Partnership with United Nations Industrial Development Organization (UNIDO) towards exploiting in the Agro processing opportunities within our Municipality and downstream beneficiations thereto.

As the Head and hunger to go an extra mile, which is the key requirement for Organization aspiring to grow in the of Administration within the Municipality, I am greatly humbled to have such a Team of dedicated Team of Professionals under my Stewardship, majority of whom displayed great signs and hunger, which are the key requirements for any Organization to grow and excel in mandate.

Chapter 1

It is also imperative to thank our Council and our Social Partners for making it possible for the Administration to astutely perform its responsibilities without undue interference thereto.



Chapter 1

3. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

3.1 INTRODUCTION TO BACKGROUND DATA

Bela-Bela Local Municipality is performing the Powers and Functions on the Table below: as assigned through the Constitution of the Republic of South Africa and the Local Government: Municipal Structures Act.

Table 1

Function	Is this a Shared Service (Y/N)	RESPONSIBLE DEPARTMENT AT THE MUNICIPALITY
Air Pollution	N	Social and Community Services
Building Regulation	N	Economic Development and Planning
Electricity Reticulation	N	Technical Services
Fire Fighting	Y	Social and Community Services
Local Tourism	Y	Economic Development and Planning
Municipal Airports	N	Social and Community Services
Municipal Planning	Y	Economic Development and Planning
Stormwater Management Systems in Built Up Areas	N	Technical Services
Trading Regulation	N	Economic Development and Planning
Potable Water	N	Technical Services

Whilst the Administration of the Municipality is tasked with the responsibility of ensuring optimal performance of all the Powers and Functions assigned to the Municipality as per the determination of the prescripts of the Law, Council through its Structures regularly performs an Oversight to all the respective Departments to ensure Legislative compliance to that effect and impacts aimed at improving the livelihoods of the communities therein.

Accordingly, the Municipality has developed and approved an Organizational Structure as depicted under Figure 8 below that seeks to ensure optimal performance of these Functions. The picture correctly painted by the Organizational Structure is that the Departments of Technical Services, Social & Community Services and Planning & Economic Development respectively as the primary Service Delivery oriented Departments in line with the depiction under Table 5 above jointly constitutes more than 60% of the personnel of the entire Municipality.

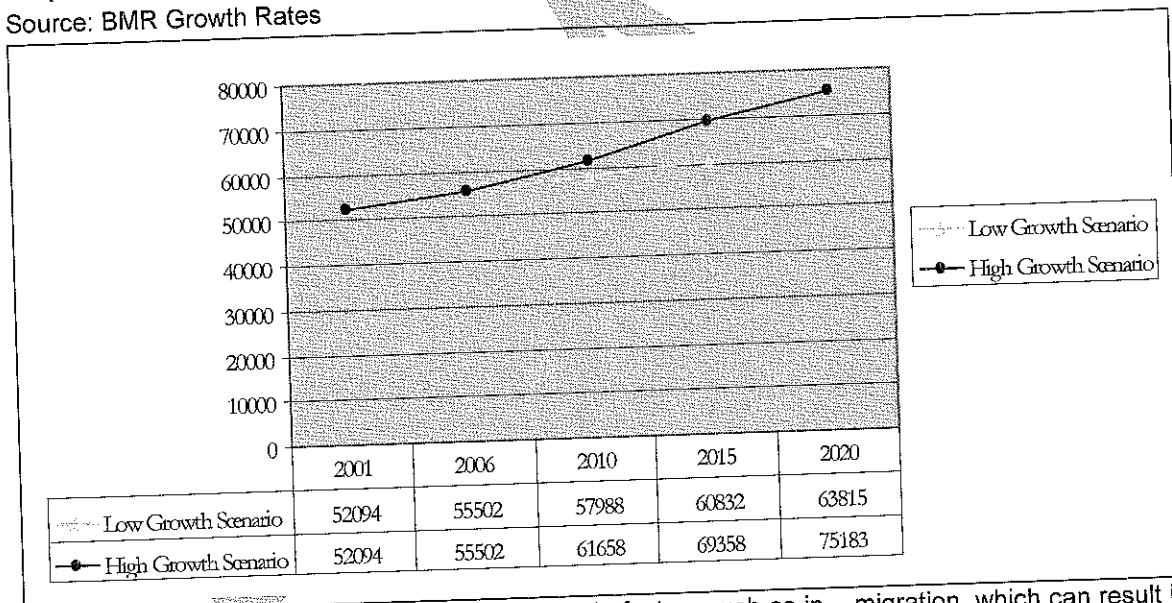
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3.1.1 Population Dynamics and Future Growth Trends

The total size of Bela-Bela's population as of 2011 was estimated to be at **66 500** individuals which has increased by 27.6 % by 2011 compared to Census 2001. Annually, the Population of the Municipality is growing at the rate of **2.44%**. This is based on Census 2011 which also estimates that there are approximately **18 068 households** within Bela-Bela which is 3.7% increase from 2001 figure. See **Table 2** below. Statistics South Africa indicated that this figure also takes into account Rapotokwane Village which was incorporated into the Municipality from Dr J.S. Moroka Local Municipality (Mpumalanga Province) in 2000. The **graph below** illustrates the estimated population projection when the information from BMR is taken into account.

Graph 1 : Population Growth 2001 – 2020

Source: BMR Growth Rates



The high growth ratio takes into account other main factors such as in – migration, which can result in further increase in the population within Bela-Bela. It would be recalled from the 2007/ 08 IDP that there are a number of people who have relocated from Gauteng to Bela-Bela Town (specifically in the Warmbaths Extensions) to get away from the busy life of Gauteng.

Some of the impacts of the HIV/AIDS

- Low and/or zero population growth rate – affecting revenue base of the Municipality and sustainability of projects

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Table 2: Households Dynamics

Municipality	Census 2001		Census 2011	
	Households	Ave HH size	Households	Ave HH size
Bela-Bela	12 335	3.7	18 068	3.7
Waterberg	145 883	3.7	179 866	3.8

[Source: StatisticsSA: Census, 2011]

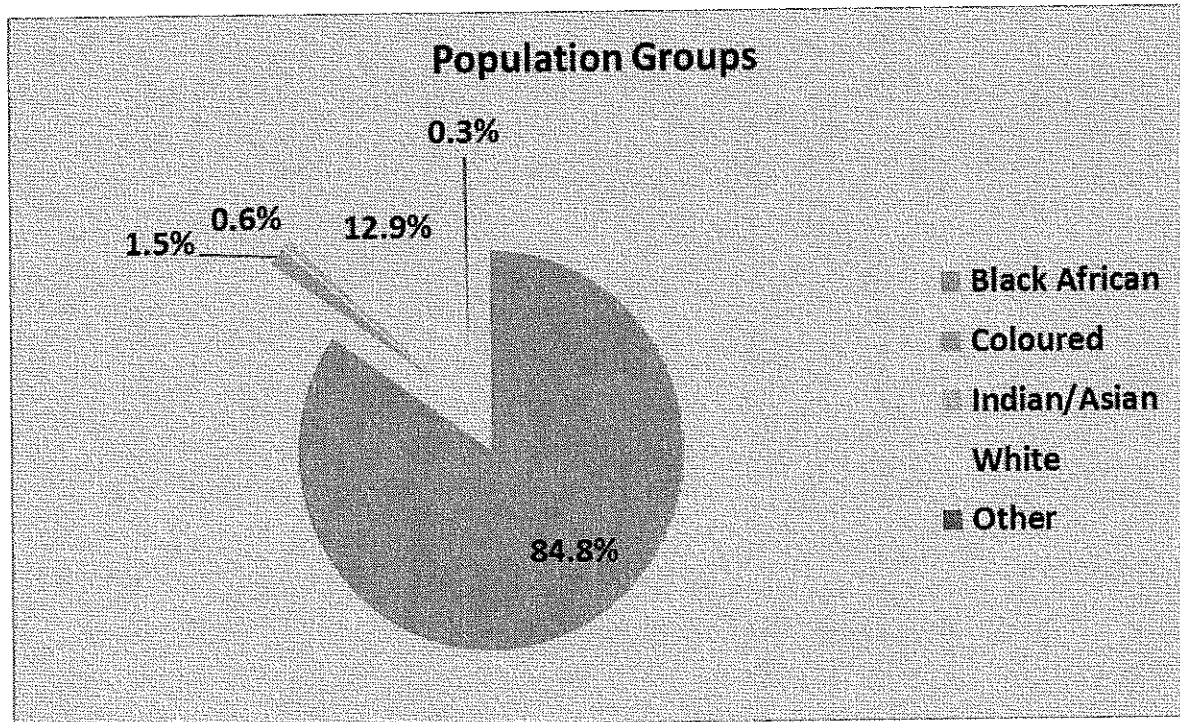
They still have offices in Gauteng, but due to the development of technology they do not need to go to the office every day and therefore choose to live in areas such as Bela-Bela Town, further away from the city. The second factor is the increase of people entering the property market to such an extent that the number of home owners have increased. There was also an increase in people who bought weekend/holiday homes in resorts, estates, etc., of which some also opted for permanent residency specifically in the Estate developments. It can be assumed that the real growth rate for permanent residence in Bela-Bela Municipal area might even be higher than anticipated BMR growth rates up to the year 2020 as indicated in **Graph 1** above.

3.1.2 Population Group, Age Group and Gender in Bela-Bela Municipal Area.

The population of Bela-Bela Local Municipality in terms of groupings categorized as per the **Graph 2** below. It is evident that Black Africans are in the Majority followed by Whites. It is therefore imperative to take caution that whilst the development priorities within the Municipality seeks to address the plight of Black Africans who majority of which is still characteristics of the previous dispensation in the Country, such should not be at the detriment of the other minority groupings therein.

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Graph 2 Population Groups



[Source: StatisticsSA: Census, 2011]

All the residents of Bela-Bela Local Municipality irrespective of their Colour of ethnicity should be encouraged to partake in the developmental Agenda of the Municipality from within their respective localities and interest groupings.

The age composition or structure determines the kinds of economic activities which are currently existing and may need to be explored in the future within the locality. Different age groups have different economic needs and different spending patterns. According to Census 2011, the composition of the Population of the Municipality is Young (0-14) 28.1%, Working age (15-64) 66% and Elderly 65+ 5.9%

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Table 3 Census 2011 age group, gender and population group

	Black African	Coloured	Indian or Asian	White	Other	Unspecified
LIM366: Bela-Bela						
Male						
0 - 4	3 225	52	14	206	5	-
5 - 9	2 730	43	17	208	2	-
10 - 14	2 563	37	13	225	5	-
15 - 19	2 686	47	8	214	2	-
20 - 24	3 377	63	27	201	28	-
25 - 29	3 243	66	36	243	22	-
30 - 34	2 619	28	31	241	9	-
35 - 39	1 997	37	18	260	11	-
40 - 44	1 690	27	17	280	12	-
45 - 49	1 371	18	9	250	7	-
50 - 54	1 119	16	7	282	1	-
55 - 59	817	20	7	254	2	-
60 - 64	599	23	5	338	3	-

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65 - 69	350	10	5	333	6	-
70 - 74	188	3	2	239	2	-
75 - 79	101	1	-	198	2	-
80 - 84	68	-	-	107	1	-
85 +	56	-	4	47	1	-
Total	28 799	489	218	4 127	122	-
Female						
0 - 4	3 188	39	16	204	8	-
5 - 9	2 798	29	11	213	7	-
10 - 14	2 540	43	11	211	3	-
15 - 19	2 496	44	18	219	1	-
20 - 24	2 849	61	14	197	5	-
25 - 29	2 782	38	12	257	8	-
30 - 34	2 094	31	16	229	9	-
35 - 39	1 992	33	8	248	8	-
40 - 44	1 606	30	10	305	4	-
45 - 49	1 525	30	14	268	2	-
50 - 54	1 123	41	5	334	5	-

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55 - 59	910	24	8	310	3	-
60 - 64	554	18	4	393	1	-
65 - 69	385	8	3	336	3	-
70 - 74	312	4	6	287	4	-
75 - 79	205	3	4	207	3	-
80 - 84	129	1	-	134	-	-
85 +	117	-	-	82	-	-
Total	27 603	476	161	4 433	74	-

[Source: StatisticsSA: Census, 2011]

This trend in age composition obliges the government departments and the Municipality to ensure that a large percentage of the budget is allocated to Social Development Facilities in order to meet the needs of a youthful population and ensuring that people falling within this age acquire relevant Skills and grow up to become responsible adults. The creation of more job opportunities should also be one of the key aspects of the developmental agenda by the Municipality in partnership with the sector departments such as the Department of Education, Health, Public Works, Roads and Transport etc.

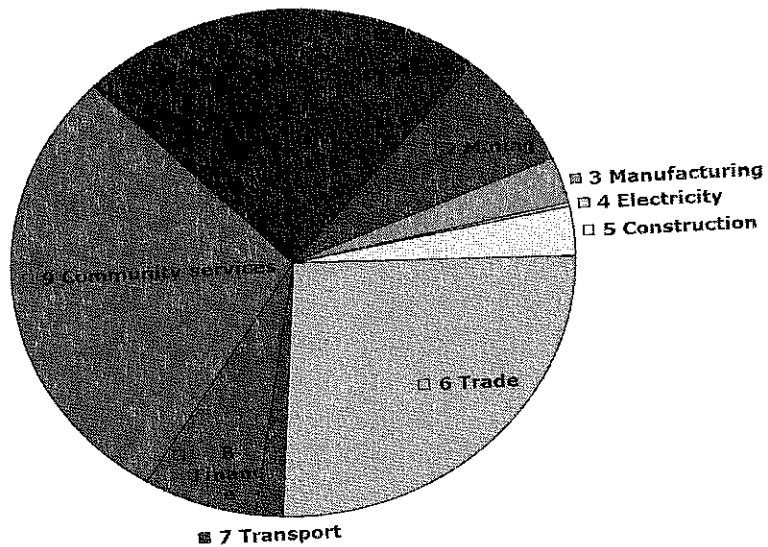
The goal of the Local Economic Development Unit is to facilitate economic development, job creation and poverty eradication within Bela-Bela Local Municipality which is part of Waterberg District Municipality. This will be achieved by reducing the numbers of unemployed people, especially the youth, women and people living with disabilities. Secondly, by ensuring that there is economic development in the Municipality and in particular in the identified sectors. Furthermore, that there is reduction in the number of people living below the poverty line. **Section 153 of the Constitution** stipulates the following developmental duties of all Municipalities:

- A Municipality must structure and manage its administration, budgeting and planning processes to give priority to the needs of the community, and to promote social and economic development.
- A Municipality must participate in national and provincial developmental programmes

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Graph 3

Formal Employment - Sector's share of H366 Bela-Bela's total (%)
2012



Source: IHS Global Insight Regional eXplorer version 920



Based on the above, Bela Bela Local Municipality is actively participating in the Expanded Public Works Programme as well as the Community Works Programme. A Municipal budget is being implemented and equally redistributed within the parameters or principles of EPWP, this implies that each and every Capital project that the Municipality is implementing (capital expenditure) the element of social partnership is being taken into cognizance.

- Number of Youth : 484
- Number of Women : 271
- Persons with Disability : 2
- The number of FTEs is : 308

Notably, Local Economic Development is also concerned with the creation of an environment, which will engage stakeholders in implementing strategies and programmes.

The LED Unit will be reviewing the LED Strategy, which will guide implementation of programmes and projects going forward.

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Table 4

Economic Activity by Sector			
Sector	2012	2013	2014
Agriculture, forestry and fishing	11.6%	11.8%	11.7%
Mining and quarrying	7.6%	7.3%	7.3%
Manufacturing	3.0%	2.9%	2.8%
Wholesale and retail trade	25.8%	25.7%	25.6%
Finance, property, etc.	6.5%	6.3%	6.2%
Government, community and social services	28.8%	29.6%	30.4%
Infrastructure services	1.6%	1.6%	1.5%
Total	84.9%	85.2%	85.5%

Table 5

Economic Employment by Sector			
Sector	2012	2013	2014
	Agriculture, forestry and fishing	1144	1207
Mining and quarrying	747	749	767
Manufacturing	292	294	293
Wholesale and retail trade	2546	2625	2674
Finance, property, etc.	644	648	648
Government, community and social services	2844	3025	3177

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Infrastructure services	157	160	155
Total			
Global Insight South Africa			

3. CONTINUATIONS ON LOCAL JOB OPPORTUNITIES:

Bela Bela Local Municipality like any other institution is actively participating in the Expanded Public Works Programme as well as the Community Works Programme. A budget have been set aside to create work opportunities through Community Works Programme by CoGHSTA and more than 1000 work opportunities have been created through this government led programme.

- Number of youth : 350
- Number of women : 470
- Senior Citizens : 120
- Persons with Disability : 10

There have been drop outs in the programme since some of the participants have been fortunate enough to get other work opportunities from the private sector. But replacements of participants are done frequently since the recruitment of participants is ongoing.

Whilst the above is indicative of job opportunities within government, there were number of initiatives from private sector which culminated into creation of number of job opportunities due to opening of shops and other developments therein. According to Census information during 2011, the unemployment rate within the municipality was at 22.5% which was 10.1 % decrease from 32.6% in 2001.

Due to the annual growth rate of 2.44% the unemployment rate within the Municipality in 2014/2015 Financial Year was projected to be at 10.3%, which was a decrease of 12.2% from 2011 rate. It is important to point out that due to the global and national economic challenges, the level of unemployment might actually increase to the figure above the projected 10.3%. This will be confirmed during the forthcoming community survey to be conducted by Stats South Africa during 2016.

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Table 6

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2012/2013	2	130
2013/14	2	130
2012 to 2015 (CWP)	1	1000
* - Extended Public Works Programme		

Table 7

REVIEW OF NEIGHBOURHOODS WITHIN BELA- BELA LOCAL MUNICIPALITY	
Settlement Type	Households
Towns and townships	
Bela Bela Town and Township(Growth Point)	12 000
Sub-total	12 000
Small Towns	
Pienaarsriver	500
Radium, Vingerkraal & Tsakane	1137
Rust de Winter, Mabula, Settlers & Farming Areas	2000
Sub-Total	3 637
Rural settlements	
Rapotokwane	600
Sub-Total	600
Informal settlements	
Jacob Zuma	1020
Bela bela ext 9	600
Spa park(proposed warmbath extension 25)	255

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Vingerkraal	250
Eersbewoon/tsakane	245
Masakhane	145
Rapotokwane	30
Sub-total	2545
Total	18 182

Table 8

Natural Resources within Bela-Bela	
Major Natural Resource	Relevance to Community
Hot Natural Springs	One of the key Tourism attraction point and the origin of the name of the Municipality. Large number of job and business opportunities.
Natural Gas	Potential employment and Business opportunities in the green Economy

MINING: The contribution of the mining sector towards economic development of Bela-Bela is not highly significant. There is only one (1) mine (i.e. NAMCO which mine Industrial Diamonds) that exists within Bela-Bela. This mine is located on the southern parts of municipal area and approximately six (6) kilometres to the south east of Radium.

Although diamonds are found on the existing mining activity the previous research undertaken as part of the past IDP reviews revealed that the mineral occurrences that existed in Bela-Bela for mining resources and precious metals (i.e. gold and diamonds) is of a very low grade and potential to such an extent that it cannot be considered probable that these minerals can be mined within the next 20 – 50 years.

Other metals that are found on a limited scale include manganese, copper, tin, cobalt and the supply of calcite, refractory clay and fluorspar is sufficient. The distribution of limestone industrial mineral is small, with a medium scale supply of sandstone and clay which is used to manufacture the bricks within the area.

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AGRICULTURE: In terms of the weather conditions, Bela-Bela comprises of temperatures between 20-29°C, with the average rainfall between 520 – 650 mm per annum. There are black and red clay soils of medium to high potential in the Springbok flats. Sandy, red soils and wetlands cover the rest of the area.

Vegetable crops include the following: Squash butternut, Squash hub barb, Onions, Watermelons, Cabbage assorted, Sweet Corn, Pumpkin Grey, Pumpkin White, Beetroot, Carrots, and Peppers. Fruit types include the following: Grapes, Citrus, and Peaches. Other crops include: Maize, Cotton, Millet, Tobacco, Lucerne, Cowpeas, Groundnuts, Wheat, Jugebeans, Chinabeans and Sunflower.

4. COMMENT ON BACKGROUND DATA

Whilst the Hot Water Springs attracts thousands upon thousands of tourists to Bela-Bela, the benefits beyond mere employment opportunities, but for those aspiring to enter the Tourism business are still to be realised, particularly to the majority of the Black population therein

Due to the various crops produced, production systems vary widely. Although the trend is changing the whole industry is still characterized by a high unskilled labour input and a serious lack of middle management capacity. In the commercial estate farming the competitiveness of commercial production will be enhanced through appropriate skills development programmes at all levels and through infrastructure development. Access to water for irrigation is particularly important, but feeder roads to production areas and arterial roads to markets are just as important.

The agriculture sector is by its nature one of the most labour intensive industries, however, this ability to create jobs has decreased in recent times and there is evidence that the sector has even shed jobs. The main reasons can be attributed to the following:

- Mechanization – As with most other sectors, there is a trend towards mechanization (e.g. precision farming) in order to increase production output (per hectare).
- Availability of labour – There are claims that those people that have access to some form of social grant, may find the agriculture sector less attractive as they can probably get a similar, or very close to, a similar income through the social grant. As such, they may either withdraw their labour effort, or only offer it partially, which presents practical problems for the farmer.
- Effects of ESTA - The Extension of Security of Tenure Act (No. 62 of 1997) (ESTA) stipulates that farm labour that has worked on the farm for longer than 10 years and is 60 years and

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older, has a right to stay on the farm. Some of the farmers are trying to avoid this by employing less people.

The main conclusion is that the agriculture sector will play an increasingly important role to secure food security to the South African population, therefore making it a key sector in the economy. It is therefore important that all land be used productively.

1.4 FINANCIAL HEALTH OVERVIEW

The municipality financial activities depict surplus of R10.2 Million based on approved original budget. The revised budget through the adjustment has led to deficit of R49 million with actual result for 2014/15 financial year resulting to deficit of R46 million. Municipality have prioritized the implementation of cost containment measure to help address the deficit in the future.

Table 9

Financial Overview: Year 2014/15			
Details	Original budget	Adjustment Budget	Actua
			R' 000
Income:			
Grants	60 905 000	61 905 000	61 905 000
Taxes, Levies and tariffs	205 154 000	193 334 000	193 334 000
Other	41 120 000	52 003 000	52 003 000
Sub Total	307 179 000	307 242 000	308 079 000
Less: Expenditure	296 979 000	356 330 000	354 680 000
Net Total*	10 200 000	(49 088 000)	(46 602 000)
* Note: surplus/(defecit)			

Table 10

Operating Ratios	
Detail	%
Employee Cost	28%
Repairs & Maintenance	5%
Finance Charges & Impairment	2%

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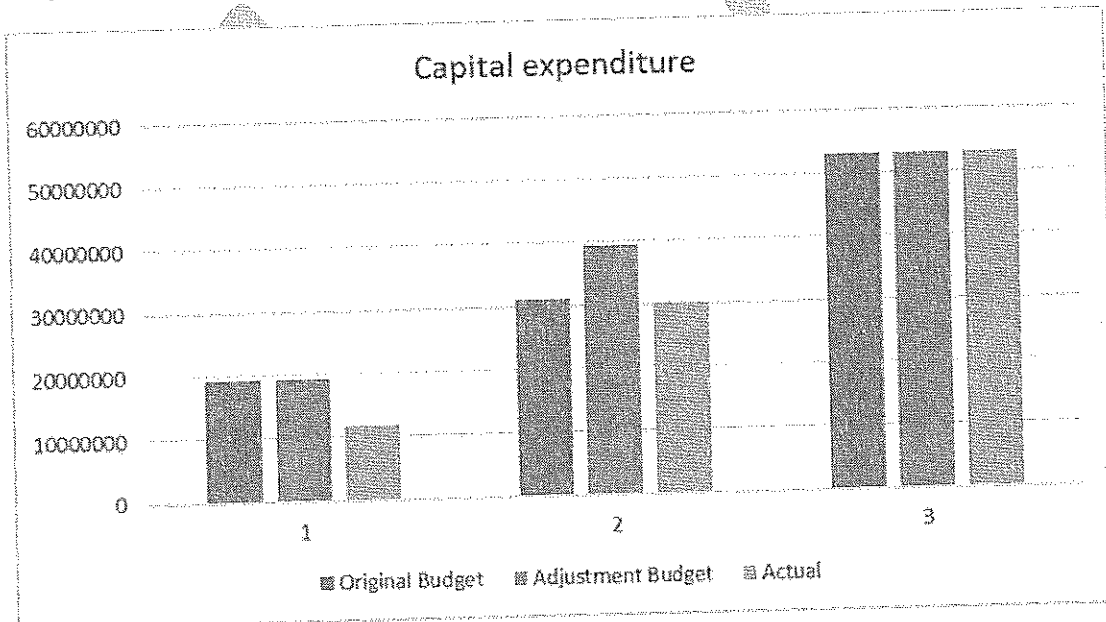
5. COMMENT ON OPERATING RATIOS:

Employee cost for ratios resulted to 28% which is below the set norm by National Treasury of 30%. Both repairs & maintenance and finance charge are calculated to be below the set norms by National Treasury of 20% and 10% respectively.

Table 11

Total Capital Expenditure: Year 2013 to Year 2016			
	R'000		
Detail	2013/14	2014/15	2015/16
Original Budget	19 347 000	31 193 000	53 183 000
Adjustment Budget	19 347 000	39 503 000	53 183 000
Actual	11 862 000	30 177 000	53 183 000

Graph 4 Total Capital Expenditure



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7. COMMENT ON CAPITAL EXPENDITURE

The actual spending on capital budget is lower than the adjustment budget due to project which are classified as multiyear projects. The effected projects are rolled over to the next financial year.

8. AUDITOR GENERAL REPORT 2014/2015

Bela-Bela Local Municipality complied with the provisions of Section 125 of MFMA and Section 45 of MSA of 2000 by compiling and submitting both the 2014/2015 Annual Performance Report and the 2014/15 Annual Financial Statements. The municipality obtained an unqualified audit opinion in the 2014/2015 financial year and the preceding financial year. Below is the detailed report of the Auditor General.

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Auditor's report
BELA-BELA LOCAL MUNICIPALITY
30 JUNE 2015

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Report of the auditor-general to the Limpopo provincial legislature and the council on Bela-bela Local Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Bela-Beta Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified audit opinion.

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Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bela-Bela Local Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Significant uncertainties

8. With reference to note 41 to the financial statements, the municipality has various lawsuits which are still pending at year end. The municipality is disputing these claims. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

9. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of an error discovered during 2015 in the financial statements of the municipality at, and for the year ended, 30 June 2014.

Material losses

10. As disclosed in note 50 to the financial statements, material losses to the amount of R5 699 088 were incurred as a result of water and electricity losses.

Irregular expenditure

11. As disclosed in note 47 to the financial statements, the municipality incurred irregular expenditure of R3 485 146 in contravention of the supply chain management (SCM) regulations.

Additional matter

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

Unaudited supplementary information

13. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

14. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not

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form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Report on other legal and regulatory requirements

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development objectives presented in the annual performance report of the municipality for the year ended 30 June 2015:

- * Technical services on pages x to x
- * Social and community services on pages x to x

17. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

18. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPi).

19. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

20. The material findings in respect of the selected objectives are as follows:

Technical services

Usefulness of reported performance information

21. The processes and systems that produced the performance indicator should be verifiable, as required by the FMPPi. A total of 29% of the indicators were not verifiable.

Reliability of reported performance information

22. The FMPPi requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting

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of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for 40.2% of the targets to assess the reliability of the reported performance information. The auditee's records did not permit the application of alternative audit procedures. This was due to a lack of adequate document management system that ensures that all reported performance information is supported by adequate supporting documents/evidence.

Social and community services

23. I did not identify material findings on the usefulness and reliability of the reported performance information for community and social services.

Additional matter

24. I draw attention to the following matters:

Achievement of planned targets

25. Refer to the annual performance report on pages xx to xx and xx to xx for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected objectives reported in paragraphs xx to xx of this report.

Compliance with legislation

26. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statement, performance and annual report

27. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, revenue, expenditure, disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Irregular expenditure

28. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.

Procurement

29. Awards were made to providers who are in the service of other state institutions or whose directors/ principal shareholders are in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulations 44. Similar awards were

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identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).

Human resources management

30. An acting municipal manager and senior managers were appointed for a period of more than for more than six months in contravention of section 54A(2A) and 56(1)(c) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Internal control

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

Leadership

32. Inadequate oversight over financial and performance reporting and compliance as well as related internal controls, resulted in material misstatements in the financial statements and findings on performance management.
33. Leadership failed to implement effective human resource management to ensure that properly skilled resources are in place. The municipality did not fill key management positions within 12 months, resulting in managers acting in positions for more than 6 months.
34. The municipality did not establish and communicate procedures to enable and support the understanding of processes for collating, monitoring and reporting on performance indicators included in the SDBIP.

Financial and performance management

35. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance reporting, as a result sufficient and appropriate evidence could not be provided for the material targets in the annual performance report.
36. Management did not implement adequate controls over daily and monthly processing and reconciling of transactions, in that material misstatements were identified on the financial statements.

Governance

37. Internal audit unit audited compliance with laws and regulations and performance information, however, some material findings were identified by the external auditors which internal audit did not report on in their audit report.

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Other reports

Investigations

38. An Independent consulting firm performed an investigation at the request of the municipality during 2013-14 financial year. The investigation was initiated based on an allegation of possible irregularities in the traffic department. The investigation concluded on 20 October 2014 and resulted in disciplinary proceedings being instituted against nine employees. These proceedings are currently in progress.
39. An independent consulting firm is performing an investigation at the request of the municipality. The investigation was initiated based on an allegation of the possible irregularities in the housing department. The outcome of the investigation is expected by 30 November 2015.

Auditor-General

Polokwane

30 November 2015



AUDITOR GENERAL
SOUTH AFRICA

Auditing to build public confidence

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9. 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 4 th quarter Report for previous financial year	
4	Submit draft 08/09 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	December
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	January
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	

Chapter 1

10. COMMENT ON THE ANNUAL REPORT PROCESS

In terms of Section 127 (2) of the Local Government Municipal Finance Management Act No 56 of 2003, the Mayor of the Municipality must within seven months after the end of the year, table in the Municipal Council the Annual Report of the Municipality and of any Municipal Entity under the Municipality's sole or shared control. In order to comply with the provisions of the above mentioned Act, Bela-Bela Local Municipality established a process of compiling the 2014-2015 Annual Report. The process began with the adoption of the National Treasury Circular 11 and 63 which provides guidance on how and when to compile and to submit the Annual Report. It should be noted that the requirements of the two circulars compliments each other hence both applied in the compilation of 2014/2015 Annual Report of the Municipality.

Management commenced with the compilation of the report from July 2015 and the 2014/2015 Draft Annual Report was tabled to the Auditor General during Auditing of the 2014/2015 Annual Financial Statements and the 2014/2015 Annual Performance Report in August 2015. Management deemed it necessary to achieve the timelines as set out in the circulars to afford Council ample time to exercise its oversight role over the Administration work. Over and above, the compilation of the Annual Report as per the above mentioned National Treasury Circulars allow the Municipality to provide more and comprehensive information on the activities and decisions made by the Municipality during the financial year under review.

Furthermore, the municipality adhered to the timeliness on the compilation of the Annual Report to provide more range of information on the challenges, successes and the overall performance of the Municipality. The information assist the new planning cycle for the 2016/2017 Financial Year. The Municipality also compiled the 2014/2015 quarterly performance reports in line with the 2014/2015 approved IDP, Budget and the SDBIP which formed the basis of the 2014/2015 Annual Performance Report outlined in Chapter 4 of this Annual Report.

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Chapter 2

CHAPTER 2 – GOVERNANCE

2. INTRODUCTION TO GOVERNANCE

To ensure accountability and governance arrangements are in place, Section 121(2)(c) of the MFMA supports the requirements of Section 18(1)(d) of the MSA: information on matters of governance should be communicated to communities. This should, according to Sections 65(1)(a) of the MFMA and 46 of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 INTRODUCTION TO POLITICAL GOVERNANCE

Bela-Bela Local Municipality is a Category B municipality established in terms of Section 12 of the Municipal Structures Act (Act 117 of 1998) and applying a collective Executive Committee System. The Municipality has established Section 80 Committees and are functional. The Committees meet on monthly basis. The recommendations of the Committees are then forwarded to the Executive Committee chaired by the Mayor which also meet monthly.

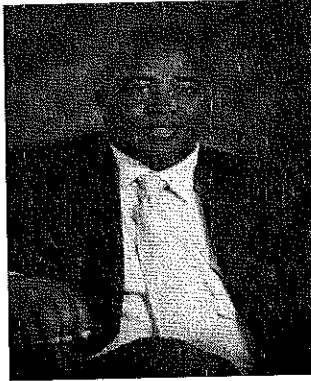
The Municipality also established an Audit Committee which comprises of three members. The Committee is functional and established in terms of section 166 of MFMA (2003). For the audit of performance the Municipality utilizes the existing Audit Committee for the purpose of the Performance Audit Committee as per Municipal Performance Regulations. Municipal Public Account Committee (MPAC) is also established, and performs the role of the Oversight Committee.

Chapter 2

POLITICAL STRUCTURE

FUNCTION

MAYOR



Cllr L Nhlapo

SPEAKER



Cllr S Maluleka – Ward 2

The Mayor provides general political guidance over the fiscal and financial affairs of the municipality and perform all duties as prescribed in of Section 53 of the Local Government Municipal Finance Management Act No 56 of the 2003.

Presides at the meetings of the Executive Committee.

Performs the duties, including and ceremonial functions, and exercises the powers delegated to the Mayor by the Municipal Council or Executive Committee. In terms of Section 49 of the Local Government Municipal Structures Act No. 117 of 1998 and Regulations.

The Speaker of Council presides at meetings of Council

Performs the duties and exercises the powers delegated to the Speaker in terms of Section 59 of the Local Government Municipal Systems Act (MSA) No 32 of 2000.

Ensures that Council meets at least quarterly

Also maintain order during meetings.

The Speaker is also responsible for ensuring compliance in Council and Council Committees with the Code of Conduct set out in Schedule 1 of MSA No 32 of 2000.

Ensures that Council meetings are conducted in accordance with the Rules and Orders of Council.

Chapter 2

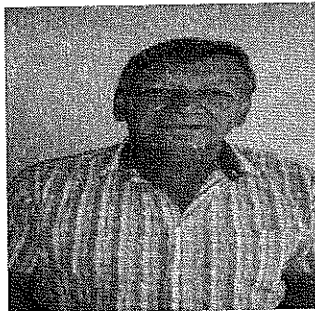
Chief Whip



**CHIEF WHIP CLLR R
RADEBE**

The Chief Whip of Council maintain sound relations between the Municipal Council and various political parties. Ensure that relationships are constructive and focused on the key issues at hand. Furthermore the Chief Whip is responsible for ensuring that Councillors of the various Political Parties are allocated to different Committees.

It is the responsibility of the Chief to ensure quorum at Council meetings, Advise councillors belonging to various parties to convene party caucuses so as to determine the party's position on specific item/motions on the Council's agenda. To collaborate with the Speaker in relation to issues of discipline and code of conduct of councillors. Attend IDP Rep Forum. Also draw Speaker's lists for the Council debates and determine the speaking time for members after consultation with the respective chief whips of all political parties in Council.



**Cllr J Van der Merwe – Ward
1
Ward Councillor , EXCO
member and Planning &
Economic
Development/Infrastructure
member**

The Executive Committee (EXCO) is the Principal Committee of Council in the Municipality. The Committee receives reports from other Committees and Sub-Committees of Council. Members of EXCO identify the needs of the Municipality. They also review and evaluate those needs in order of priority. Recommend to the municipal council strategies, programs and services to address priority needs through the Integrated Development Plan (IDP) and estimates of revenue and expenditure, taking into account any applicable national and provincial development plans; and also recommend or determine the best methods, including partnership and other approaches, to deliver those strategies, programs and services to the maximum benefit of the community.

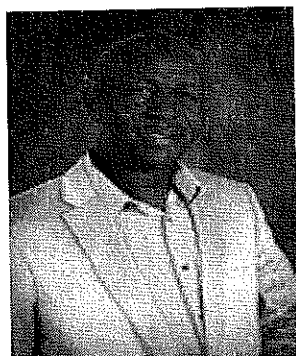
Chapter 2



Ward Councillor
Cllr W Mokgethoa – Ward 9

Planning & Economic Development and Infrastructure Committee Chairperson.

The Chairperson of the Planning & Economic Development and Infrastructure Committee presides and provide political leadership to the meetings of the Committee. The Committee is responsible for advising the Executive Committee on issues of Local Economic Development, Tourism, Town Planning and Human Settlement. The Committee further advise the Executive Committee on Infrastructure development and service delivery issues and proposals that includes water, sanitation, electricity, roads and maintenance. The Committee also serves as a hearing panel for all the applications as and when there are objections received by Council. It also plays an oversight role on the performance of the Planning & Economic Development as well as the Technical Services Departments

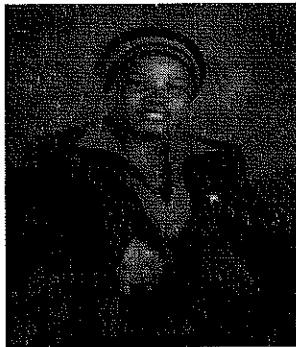


Ward Councillor
Cllr J Sesane – Ward 7

Planning & Economic Development and Infrastructure Committee member.

Members of this Committee are responsible for advising the Executive Committee on issues of Local Economic Development, Tourism, Town Planning and Human Settlement. The Committee members further advise the Executive Committee on Infrastructure development and service delivery issues and proposals which includes water, sanitation, electricity, roads and maintenance. Plays an oversight role on the performance of the Planning & Economic Development as well as the Technical Services Departments.

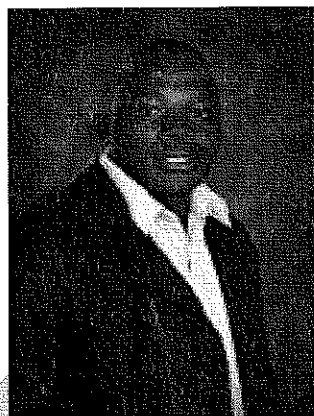
Chapter 2



PR Councillor
Cllr T Mokonyane.

Social & Community Services Chairperson

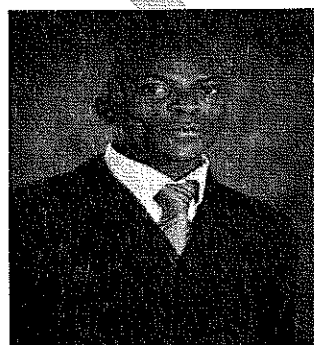
The Chairperson of the Social & Community Chairperson presides and provide political leadership to the meetings of the Committee. The Committee is responsible for advising the Executive Committee on issues of Social & Community Services. The Committee further advises the Executive Committee on Social Services, Disaster Management, Environment, Waste Management, and Safety & Security. The Committee also plays an oversight role on the performance of the Community and Social Services.



Ward Councillor
Cllr P Aphane – Ward 8

Social & Community Services Member

Councillors in this Committee advises the Executive Committee on Social Services, Disaster Management, Environment and Waste Management and Safety & Security, The Committee also plays an oversight role on the performance of the Community and Social Services.

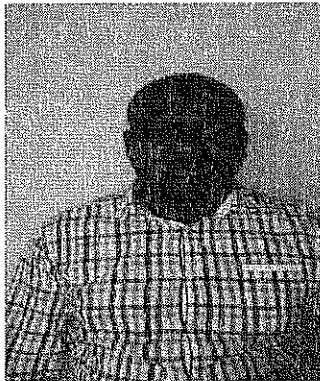


Ward Councillor
Cllr FS Hlungwane –Ward 04

Social & Community Services Member

Councillors in this Committee advises the Executive Committee on Social Services, Disaster Management, Environment and Waste Management and Safety & Security, The Committee also plays an oversight role on the performance of the Community and Social Services

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PR Councillor
Cllr D Senosha

Social & Community Services Sub-Committee and Local Labour Forum Member

Members of the Social and Community Services Sub-Committee advises the Executive Committee on Social Services, Disaster Management, Environment and Waste Management and Safety & Security, The Committee also plays an oversight role on the performance of the Community and Social Services while the Local Labour Forum (LLF) is a Structure designed to strengthen the relationship between the Organised Labour and Management. Members of the LLF has the responsibility of negotiating and consulting on matters of mutual concern pertaining to the municipality and which do not form the subject matter of negotiations at the South African Local Government Bargaining Council (SALGBC). The Forum also addresses matters referred to the Forum by the SALGBC, employees and also by the Municipal Management. Furthermore, the members of the LLF also negotiate on the implementation of Minimum Service Level Agreements and other matters as may be relevant.

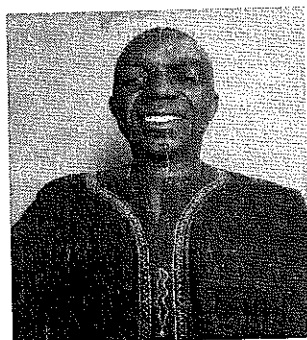


PR Councillor
Cllr GT Malet

Budget & Treasury/Governance and Transformation Sub-Committee Chairperson.

The Chairperson of the Budget & Treasury and Transformation Su-Committee also presides and provide political leadership to the meetings of the Sub- Committee. Councillors in this Sub-Committee advises the Executive Committee on Financial and Budget related issues, Administration, HR and HRD, Legal Services, Occupational Health and Safety matters. The Sub-Committee also plays an oversight role on the performance of Budget & Treasury and of Corporate Services Departments.

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Ward Councillor
Cllr LR Mpete – Ward 03

Budget & Treasury/Governance and Transformation Sub-Committee member.

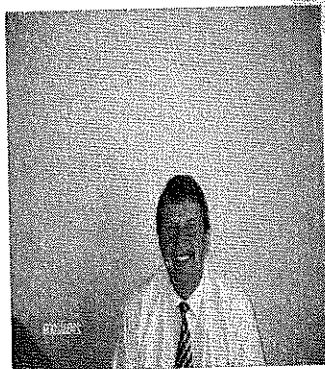
Councillors in the Budget & Treasury and Transformation Sub-Committee advises the Executive Committee on Financial and Budget related issues, Administration, HR and HRD issues, Legal Services, Occupational Health and Safety issues. Plays an oversight role on the performance of Budget & Treasury and of Corporate Services Departments.



Ward Councillor
Cllr H Ledwaba – Ward 5

Budget & Treasury/Governance and Transformation Sub-Committee member.

Members of the Budget & Treasury and Transformation Sub-Committee advises the Executive Committee on Financial and Budget related issues, Administration, HR and HRD issues, Legal Services, Occupational Health and Safety issues. Plays an oversight role on the performance of Budget & Treasury and of Corporate Services Departments.



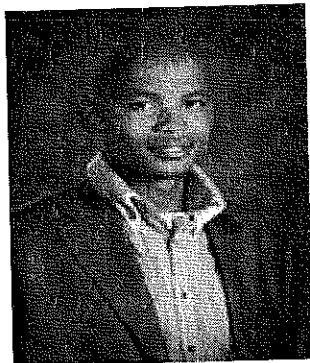
PR Councillor
Cllr MN Ras

Budget & Treasury/Governance and Transformation Sub-Committee member.

Members of the Budget & Treasury and Transformation Sub-Committee advises the Executive Committee on Financial and Budget related issues, Administration, HR and HRD issues, Legal Services, Occupational Health and Safety issues. Plays an oversight role on the performance of Budget & Treasury and of Corporate Services Departments.

Chapter 2

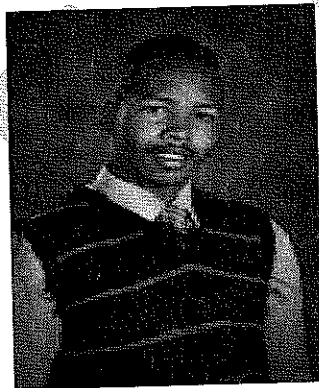
Municipal Public Accounts Committee (MPAC) Chairperson



**PR Councillor
Cllr P Mahlangu**

The Chairperson of the MPAC convene and presides over the MPAC meetings. The core functions of the MPAC includes amongst others playing an oversight on the performance of the municipality by means of interrogating financial and non-financial reports and the report findings to Council. The Committee further examine the Financial Statements and the Audit Reports of the municipality. It is this committee that consider and evaluate the content of the Annual Report and to make recommendations to Council when adopting an Oversight Report on the Annual Report. The Committee further promote good governance, transparency and accountability on the use of municipal resources. The Committee further recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Audit Committee. The Committee also performs any other functions assigned to it through a resolution of Council.

Municipal Public Accounts Committee (MPAC) Member



**PR Councillor
Cllr K Alberts**

As indicated above members of MPAC plays an oversight on the performance of the municipality by means of interrogating financial and non-financial reports and the report findings to Council. The Committee members further examines the Financial Statements and the Audit Reports of the municipality. It is the members of this committee who consider and evaluate the contents of the Annual Report and to make recommendations to Council when adopting an Oversight Report on the Annual Report. The Committee members further ensures the promotion of good governance, transparency and accountability on the use of municipal resources.

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2.1.1. COUNCILLORS

Bela-Bela Municipal Council has a total number of 17 Councillors, with the African National Congress being the majority party. Out of 17 Councillors, 9 are ward councilors and 8 are councilors appointed on a proportional basis.

2.1.2 POLITICAL DECISION-TAKING

Bela-Bela Local Municipality has established section 79 committees. The committees are structured as follows:

- Planning and Economic Development/Infrastructure Sub Committee
- Social and Community Services Sub committee
- Governance & Transformation /Budget & Treasury
- MPAC

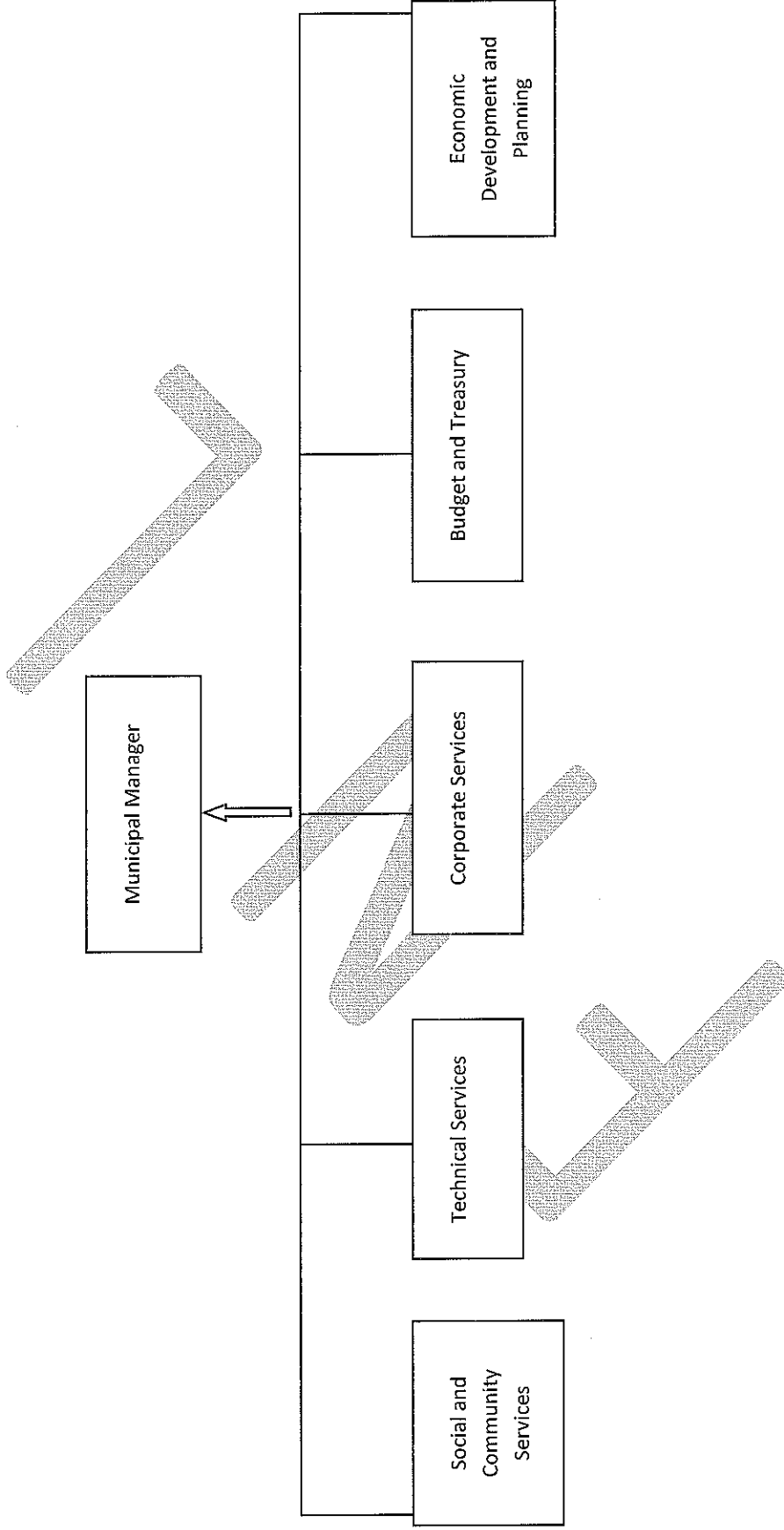
The committees sit every month. All recommendations are then forwarded to the Executive Committee for consideration. The Executive Committee has the authority to approve delegated functions and the remaining are resolved at Council meetings. During 2014/15 financial year, 4 ordinary Council meetings and 10 Special Council Meetings took place. All resolutions were taken during 2014/15 financial year were fully implemented.

2.2 ADMINISTRATIVE GOVERNANCE

2.1 INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Organizational Structure of Bela- Bela Local Municipality makes provision for a Municipal Manager and five Section 56 Managers. This indicates that there are five Head of Departments reporting to the Municipal Manager thematically depicted as follows:

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TIER 1 TOP ADMINISTRATIVE STRUCTURE

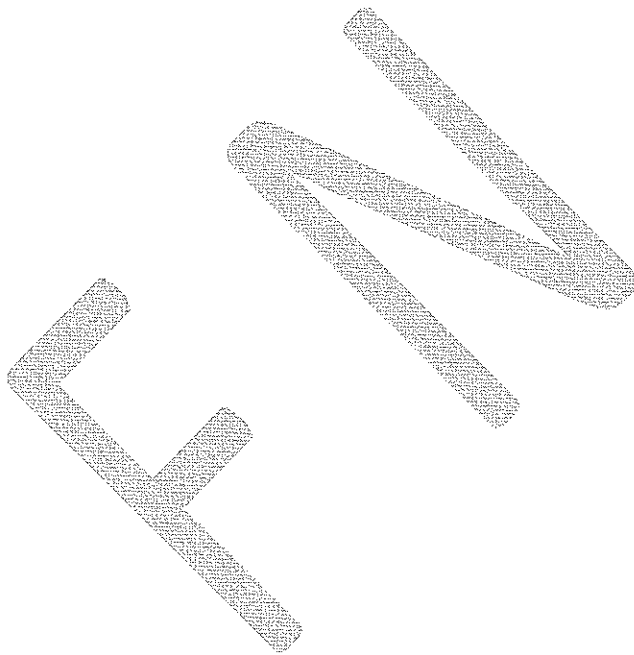
Municipal Manager
MM Maluleka

Function

- a) The Municipal Manager -
- (i) as head of the administration, is responsible for the effective day to day running of the administration of the municipality;
 - (ii) is responsible for the execution of Council resolutions;
 - (iii) plays a prominent role, together with the Mayor, in building, maintaining and enhancing a good relationship between the Council, Councillors and the administration;
 - (iv) must ensure, after consultation with the Mayor and Speaker, that a proper and effective Committee service responsible for the agenda and minutes is in place for each of the Committees, and that then Committees meet on a regular basis;
 - (v) receives reports with recommendations from the Managers on all matters that must be handled by either the Municipal Manager, the Mayor or the Council in terms of the delegation of powers of the Council;
- Managing the development, approval and implementation of the IDP.
- Monitoring the performance of the Municipality through PMS requirements.
- Compiling and monitoring the implementation of strategic, operational and activity plans to

Manager Planning & economic Development
Raputsoa P

Chapter 2



**Manager Corporate Services
Sebola OP**

give effect to the IDP.
Compiling and submitting progress performance reports on all the development initiatives, projects, programmes and activities taking place within Bela Bela (i.e. Quarterly, Mid - yearly and Annual Reports).

Developing and Implementing policies and procedures to manage and co - ordinate all approved public participation and communication projects, programmes and activities.

Marketing of Bela Bela.

Co - coordinating investments proposals

Liaison with investors

Promotion of tourism

Supporting the LED projects

Providing incentives for the SMMEs./Support SMME

Development

Ensuring the implementation of the town planning requirements within the development taking place in Bela- Bela Municipal Area.

Render Land Use, Building and Housing administration.

Render survey and demarcation of sites.

Decision - making in terms of spatial and physical planning.

Develop and advertise by-laws and policies related to Town Planning in accordance with the applicable laws.

Render acquisition of staff.

Administer employees' benefits.

Render administration, labour and legal relations.

Render training and development services.

Render organisational development services.

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	<p>Render record management services.</p> <p>Render information technology services.</p> <p>Provide auxiliary services.</p> <p>Oversee the drafting and updating of by-laws.</p> <p>Compilation of council agendas.</p> <p>Provide Legal Services</p>
<p>Acting Manager Community and Social Services Mothapo TJ</p>	<p>Responsible for the maintenance of Parks, Cemeteries and Community Facilities.</p> <p>Protection and Emergency Services</p> <p>Waste Management and Cleansing Services</p>
<p>Acting Manager Technical Services Moloto J</p>	<p>Technical Services Directorate is responsible for the provision of Water and Sanitation Roads and Storm-water Electrical Services</p>
<p>Acting Chief Financial Officer Maposa K</p>	<p>The Chief Financial Officer (CFO) is responsible for Budget and Treasury Office(Finance), Budgeting and Financial Reporting, Expenditure and Revenue collection.</p> <p>The CFO play an advisory role to the Accounting Officer on the exercise of powers and duties assigned to the Accounting Officer in terms of the MFMA. It is also the CFO who assist the Accounting Officer with the administration of the Municipality bank's accounts and in preparation and implementation of the Municipality's budget.</p> <p>Other than advising the Accounting Officer, the CFO also advise the Senior Managers and other Senior Officials in the exercise of</p>

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powers and duties assigned to them in terms of Section 78 and 79 of the MFMA.

Additionally the CFO review budget, account, analyse and draw financial reports, manage debts, supply chain and other duties as delegated to the CFO and the Accounting Officer.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Bela-Bela Municipality participates in forums for intergovernmental relations, The Premier Mayor's forum and the Municipal Manager's forum. The IDP/PMS Unit always participates in the Provincial and district municipality's Fora. These forums include sector departments operating at cold face of society and communities. The presidential hotline is established and deals with queries effectively.

2.3 INTERGOVERNMENTAL RELATIONS

2.3.1 NATIONAL INTERGOVERNMENTAL STRUCTURES

Besides Provincial forums attended by both officials and politicians, there are many formal intergovernmental structures dealing directly with the national government. Interaction between national government and municipality is done through the Provincial forums, those forums are, the Provincial IDP forum, Premier's Lekgotla, Premeir's Monitoring and Evaluation forum and the Monitoring and Evaluation Forum by CoGSTA.

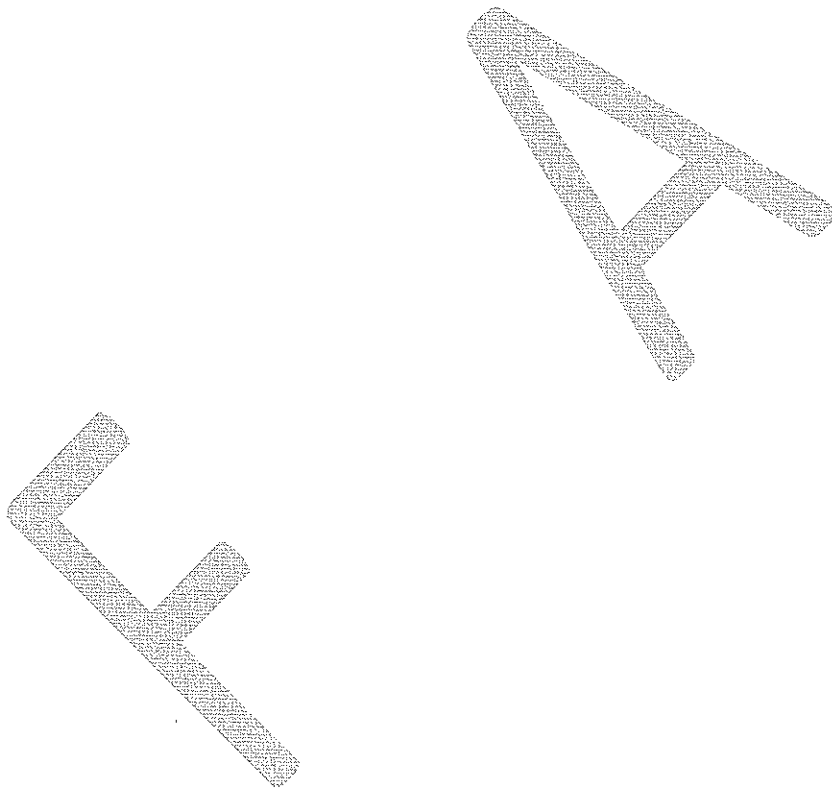
PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Provincial Planning forum, Premier's Lekgotla, Premeir's Monitoring and Evaluation forum and the Monitoring and Evaluation Forum by CoGSHTA. These forums assist with implementation of the PMS at municipal level and the establishments of credible IDP and SDBIP and ensuring that municipalities are on the road to Clean Audit.

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DISTRICT INTERGOVERNMENTAL STRUCTURES

The Waterberg District Municipality is the only district Limpopo Province that does not have powers and functions on service delivery. Its role is coordination and facilitation. Bela- Bela Local Municipality is benefitting from attending the District Monitoring and Evaluation forum, the District Planning Forum the Mayor's forum and the Municipal Managers forum.



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COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC MEETINGS

2.4.1 Ward Committee meetings

Meetings held with ward committee members to inform local community about the IDP Review process, provide report back on the progression of the implementation of the IDP review process as well as on projects that are currently being implemented in the municipal area, review the existing IDP project list and identify new projects.

2.4.2 IDP Rep Forum Meetings

The forum should be restructured so as to include the recently established ward committees, service providers and other community – based organizations. There were 1 proposed IDP Representative Forum meetings to be held during the review process.

2.4.3 IDP Road Shows

The Mayor held 2014 - 2015 IDP/ Budget Mayoral Roadshow in all the ward within the jurisdiction of Bela Bela Local Municipality. The 2014 – 2015 IDP/ Budget Mayoral Roadshows took place during the months of April and May 2015

2.4.4 Strategic Planning

Strategic planning session was held on the 25 – 27 March 2014 with Senior, Middle Management, Municipal Mayor, Executive Committee Members and the rest of the Councilors. The Strategic Framework indicated the strategic direction of the municipality, and form the basis for updating the Vision, Mission, Values, Objectives and Strategies. Furthermore, the most important aspect was the formulation of key performance indicators.

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Table 1 Public Meetings

Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issues raised by community	Issue addressed (Yes/No)	Dates and manner of feedback given to community
2014/15 IDP/Budget Roadshows in all 9 Wards	April & May 2014	17	14	620	41	Yes (those relevant to municipal functions, however, other issues were referred to sector departments)	Feedback session was arranged in 2014-13 financial year (During January month)
IDP Representative Forum	13 May 2014	17	14	93	44	Yes	The purpose of the meeting was to integrate the municipal projects and those of sectors

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2.4.5 COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

The public meetings are very effective as they guide the development of programmes for the Municipality. However, budgetary constraints sometimes hinder the programmes. The community also gets informed about the powers and functions of the municipality, the role of all three spheres of government in providing service delivery.

2.5 IDP PARTICIPATION AND ALIGNMENT

Table 2

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 54/56 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

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COMPONENT D: CORPORATE GOVERNANCE

2.6 OVERVIEW OF CORPORATE GOVERNANCE

To ensure accountability and governance arrangements are in place, Section 121(2)(c) of the MFMA supports the requirements of Section 18(1)(d) of the MSA: information on matters of governance should be communicated to communities. This should, according to Sections 65(1)(a) of the MFMA and 46 of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year.

2.6.1 RISK MANAGEMENT

No organization operates in a risk-free environment. Risk management is an integral component of good management and decision-making at all levels. It is about making decisions that contribute to the achievement of the Municipality's objectives.

The purpose of an ERM process is to ensure that all significant risks that the Municipality is exposed to (whether at an executive, cluster, branch, component or project level) are proactively identified and managed to acceptable levels on a continuous basis. The key drivers to embed such a process within the Municipality are:

- The avoidance of unplanned impacts as a consequence of risks that take us by surprise;
- The need to protect the Municipality's reputation and image;
- To comply with the requirements of applicable laws and regulations;
- To ensure that we live the Municipality's values and comply with our code of conduct, and
- To foster a culture of responsible risk taking.

Risks are defined as 'uncertain future events that could influence the achievement of objectives'. These could include strategic, operational, financial and compliance objectives. Some risks must be taken in pursuing opportunity, but the organization should be protected against avoidable losses.

In turn, ERM is defined as a 'process that is effected by people at every level of an organization, is applied in strategy setting and across the organization. It is designed to identify events potentially

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affecting the entity and manages risks within its risk appetite. It further provides management and the Executive Authority with reasonable assurance regarding the achievement of the entity's objectives.'

The definition of ERM reflects certain fundamental concepts. It is:

- A process, ongoing and flowing through an entity;
- Effected by people at every level of the organization;
- Applied in strategy setting;
- Applied across business, at every level and unit,
- Includes taking an entity level portfolio view of risk;
- Designed to identify potential events that, if they occur, will affect the entity and to manage risk within its risk appetite;
- Able to provide reasonable assurance to an entity's management and oversight structures; and
- Geared to achievement of objectives in one or more separate but overlapping categories.

Benefits of risk management

Some of the benefits of risk management can be summarized as follows:

- Ensures that management is focused on strategic objectives
- Identifies and manages cross-organizational risks
- Provides integrated responses to risks
- Ensures rationalization of capital and financial resources

Municipality has risk management committee which composed of head of departments and chaired by an external person.

The risk management committee sets on a quarterly basis to discuss risks that are threatening the municipal objectives. Below are five high risks identified by the municipality:

- Ageing Infrastructure
- Possible floods

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- High outstanding debts
- High amount of distribution losses
- Illegal occupation of land

Internal Audit Function

The internal audit department is a governance structure. The unit reports administratively to the Municipal Manager, functionally to the audit committee and has a staff complement of two.

The internal audit unit is responsible to evaluate the adequacy and effectiveness of the internal control system and report quarterly to the Audit Committee.

In our opinion, controls are adequate and moderate effective to accomplish the municipal goals and objectives in that 90% of control weaknesses raised during the year under reviews have been resolved and 10% are in the process of being resolved.

2.6.2 ANTI-CORRUPTION AND FRAUD

Bela-Bela Local Municipality has prioritized fraud risk management as per the MFMA. Fraud prevention policy and plan are in place. The hotline through which service deliver complaints are received and whistle blowers anonymous are reporting is centralized at the District municipality and well as the Officer of the premier. To instil confidence in the anonymous reporting of incidents of fraud and corrupt activities, the hotline is managed independently. Bela-Bela Local Municipality has sound internal control in place to work as a deterrent and to also prevent occurrence of fraud. All reported cases are monitored, investigated and further more discussed during top and broad management meeting as well as during the audit committee meeting. Internal audit and risk management committee assist to detect fraudulent and corrupt activities.

2.6.3 SUPPLY CHAIN MANAGEMENT

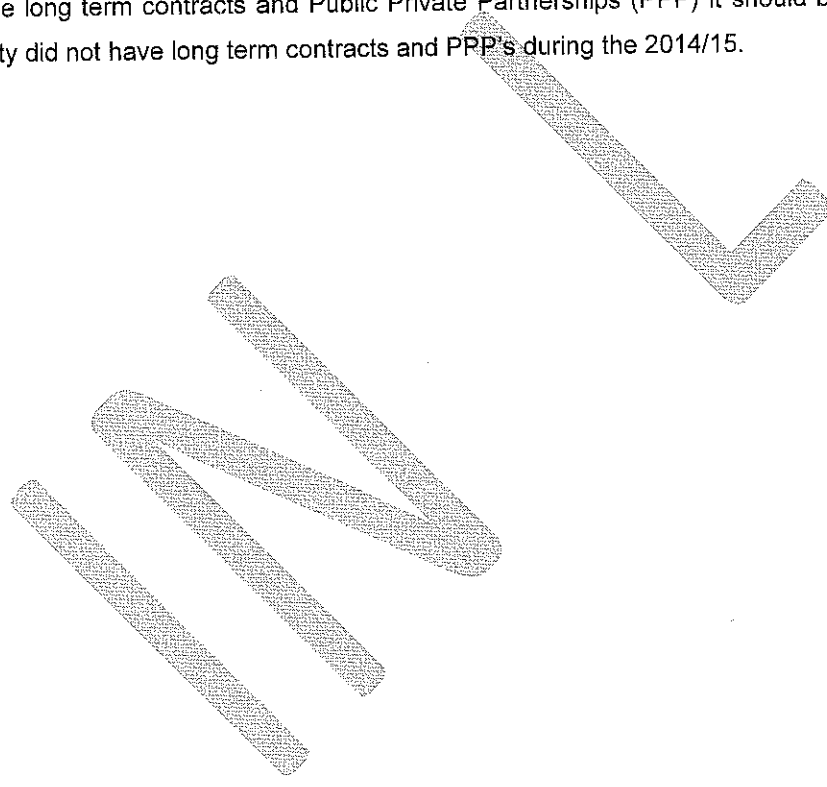
OVERVIEW SUPPLY CHAIN MANAGEMENT

Section 112 of the Municipal Financial Management Act (MFMA) No.56 of 2003 requires Municipalities to have a Supply chain Management Policy which is fair, equitable, transparent, competitive, cost-effective and comply with prescribe regulatory framework. As guided by the above mentioned Act Bela-Bela Local Municipality revised its SCM policy during 2014/15 financial year in order to comply and implement the provisions of Section 112 of MFMA.

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Supply Chain Management (SCM) have improved from the 2013/14 financial year. The Municipality improved its SCM through implementation of the sound internal policies and procedures. Furthermore it should be noted that with the improvement on SCM and other areas the municipality received unqualified audit opinion in the 2013/14 financial year. However, it should be reported that there were few noncompliance issues raised by the Auditor General. In order to address the findings of the Auditor General in this regard the municipality developed an action plan to closely monitor the implementation of the Auditor General's recommendations.

With regards to the long term contracts and Public Private Partnerships (PPP) it should be indicated that the Municipality did not have long term contracts and PPP's during the 2014/15.



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2.6.4 BY-LAWS

During 2014/15 financial year the Municipal Council approved seven by laws that were taken for public participation and promulgated. The table below depicts details of public participation dates.

Table 3

Description	Date Revised	By-laws Introduced during 2014/15		By-laws Gazetted (Yes/No)	Date of Publication
		Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation		
Water Services	March 2014	Yes	15 March 2014 – 28 April 2015	Yes	12 June 2014
Indigent Support	March 2014	Yes	15 March 2014 – 28 April 2015	Yes	12 June 2014
Electricity	March 2014	Yes	15 March 2014 – 28 April 2015	Yes	12 June 2014
Credit control	March 2014	Yes	15 March 2014 – 28 April 2015	Yes	12 June 2014
Property Rates	March 2014	Yes	15 March 2014 – 28 April 2015	Yes	12 June 2014
Collection	March 2014	Yes	15 March 2014 – 28 April 2015	Yes	12 June 2014
Tariff	March 2014	Yes	15 March 2014 – 28 April 2015	Yes	12 June 2014

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2.6.5 WEBSITES

Table 4

Municipal Website - Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	<Yes / No>	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	July 2015
All current budget-related policies	Yes	July 2015
The previous annual report (2013/14)	Yes	May 2015
The annual report (2013/14) published/to be published	Yes	May 2015
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2015/16) and resulting scorecards	Yes	July 2015
All service delivery agreements (2015/16)	Yes	July 2015
All long-term borrowing contracts (2015/16)	No	
All supply chain management contracts above a prescribed value (give value) for 2014/15	Yes	July 2015
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 2014/15	Yes	July 2015
Contracts agreed in 2014/15 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes	July 2015
Public-private partnership agreements referred to in section 120 made in 2014/15	No	
All quarterly reports tabled in the council in terms of section 52 (d) during 2014/15	Yes	July 2015

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2.6.6 COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS

In terms of section 75 of the Municipal Finance Act no 56 of 2003, the Accounting Officer of a Municipality is expected to place on the municipal website referred to in section 21 of the Local Government Municipal Systems Act no 32 of 2000 information as may be required and prescribed by the above mentioned Acts. It is in this regard that Bela-Bela Local Municipality establish its website and was frequently updated.

2.6.7 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

2.6.7.1 PUBLIC SATISFACTION LEVELS

The Municipality did not conduct Customer Satisfaction Survey during 2014/15 financial year however a customer care unit was established to gather service delivery issues raised by the community.

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CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

3. Introduction

The municipality is a water services authority and provider. It obtain its mandate from the water services Act, municipal systems and structures Act. Services are provided to 18 062 households of the municipality.

Generally the state of service delivery in the municipality is acceptable with a room for improvement to ensure full service delivery to the people.

Achievements and challenges will be discussed in detail as per area of service below.

COMPONENT A: BASIC SERVICES

3.1 INTRODUCTION TO BASIC SERVICES

As of June 2015, 100 percent of households in Bela Bela Local Municipality's jurisdiction have Access to potable water, either inside the dwelling or inside the yard, whilst 12% access piped (tap) water on communal stand. The state of water provision is sustainable in town and the townships, however, the village (Rapotokwane) is serviced through boreholes. Currently seven are operational while three have dried up.

Access to sanitation services is 94% (16 978 H/H) with a backlog of only 6% (1 083 H/H). This backlogs are in Informal settlements (Zuma and Dunoza), Vingerkraal and Tsakane. Water borne sanitation is provided to 87.8% (14 900 H/H) of the 94% mentioned above.

It can however be noted that the provision of water services (Water and Sanitation) to the informal settlements is only a temporally solution, the permanent arrangement to address the water supply needs by the community is to move the informally settled households to the new housing projects which are more suitable for human habitation.

Council has appointed Messrs Watelab (potable water) and ERWAT (waste water) for a period of 3 years (from July 2014) to conduct water sampling and analysis. For the past 12 months the potable water quality analysis reports were submitted to DWS and have been compliant with the SANS 241, while the waste water recorded some few elements of non-compliance of which the municipality is

Chapter 3

busy rectifying. This action confirms that the Municipality is implementing recommendations of the Blue and green drop.

The municipality has also developed a water safety report outlining all health and safety risks associated with operations of water provision.

Service providers have been appointed with a three year framework agreement for supplying all required materials related to water service provision.

The water and sanitation team is generally well staffed to respond to operations, but, some vacant positions still need to be filled.

It must be noted that the water services infrastructure, with particular reference to reticulation pipes has reached its life span and must be upgraded.

With regard to electricity, 14 504 H/H (79%) are having access. The municipality has developed and approved a feasibility study to construct an additional 40 MVA substation to cater for the demand and expansion of the community. This study was even utilized as a tool to source funding from the Department of Energy (DoE) which was approved in a staggering approach to make funding available in three financial years. Currently an amount of R 2 000 000.00 was made available for planning and designs, of which an electric service provider has been appointed. The substation will be built in the old municipal testing grounds along R516 towards the N1.

Service providers have been appointed with a three year framework agreement for supplying all required materials related to electrical services.

The water and sanitation team is generally well staffed to respond to operations, while preventative maintenance is underway to insure that the infrastructure and service provision is sustained.

The municipality has authority on all the local roads, the other roads are a responsibility of Roads Agency Limpopo (RAL).

The municipality has in its records 97.7km of roads. It must be mentioned and noted that the department of roads nationally is assisting the municipality through the district to develop a roads asset management system. The outcome thereof will be a full audit of the road infrastructure as well as confirmation of the roads length.

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3.2. WATER PROVISION

3.2.1 INTRODUCTION TO WATER PROVISION

The municipality planned to sustain water provision to 100% of its constituency as well as the industry. There is no direct supply of water for agriculture and forestry.

As of June 2015, 100 percent of households in Bela Bela Local Municipality's jurisdiction have Access to potable water, either inside the dwelling or inside the yard, whilst 12% access piped (tap) water on communal stand. The state of water provision is sustainable in town and the townships, however, the village (Rapotkwane) is serviced through boreholes. Currently seven are operational while three have dried up.

The provision of water to the informal settlements is only a temporary solution, the permanent arrangement to address the water supply needs by the community is to move the informally settled households to the new housing projects which are more suitable for human habitation.

Council has appointed Messrs Watelab for a period of 3 years (from July 2014) to conduct water sampling and analysis. For the past 12 months the potable water quality analysis reports were submitted to DWS and have been compliant with the SANS 241. This action confirms that the Municipality is implementing recommendations of the Blue.

The municipality has prioritized water quality, sustainable water to communities and customer care in ensuring that the community's confidence on service delivery is enhanced. All reported water leakages were repaired within 2 hours, while burst pipes were repaired as noticed.

The municipality further provide free basic water to 4500 indigent as per the indigent register which is regularly updated.

Table 1

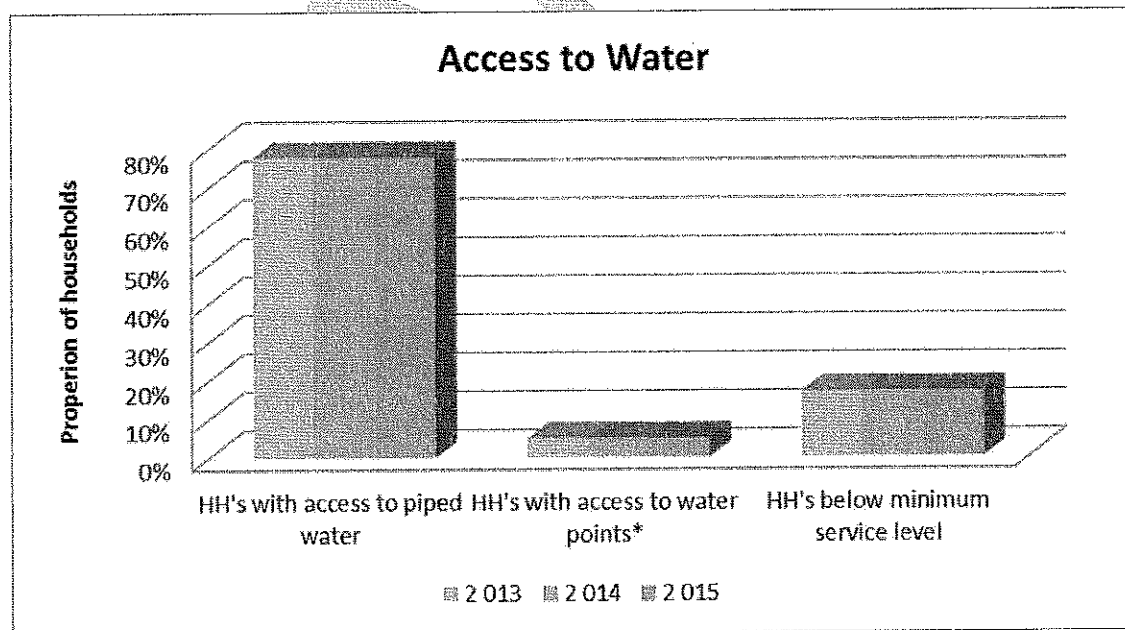
Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water
Year -	0	0	497709	1476442	740978
Year 0					

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Table 2. Access to Water Provisions

Census Category	Description	2014	
		Nr	%
	WATER (ABOVE MIN LEVEL)		
Piped (tap) water inside dwelling/institution	House connections	14 073	78%
Piped (tap) water inside yard	Yard connections	855	5%
Piped (tap) water on community stand: distance less than 200m from dwelling/institution	Standpipe connection < 200 m	3 136	17%
	Sub-Total: Minimum Service Level and Above	18 064	100%

Graph 1



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3.3 COMMENT ON WATER USE BY SECTOR

As of June 2015, 100 percent of households in Bela Bela Local Municipality's jurisdiction have Access to potable water, either inside the dwelling or inside the yard, whilst 12% access piped (tap) water on communal stand. The state of water provision is sustainable in town and the townships, however, the village (Rapotokwane) is serviced through boreholes. Currently seven are operational while three have dried up.

Table 3

Water Service Delivery Levels				Households
Description	Year -3	Year -	Year -1	Year 0
	Actual	Actual	Actual	Actual
Water: (above min level)				
Piped water inside dwelling				7568
Piped water inside yard (but not in				7462
Using public tap (within 200m from				2167
Other water supply (within 200m)				903
<i>Minimum Service Level and Above sub-</i>				18062
<i>Minimum Service Level and Above</i>	%	%	%	100%
Water: (below min level)				
Using public tap (more than 200m from				
Other water supply (more than 200m				
No water supply				
<i>Below Minimum Service Level sub-</i>				
<i>Below Minimum Service Level</i>	%	%	%	%
Total number of households*				
* - To include informal settlements				

The wording "within/more 200m from dwellings" be replaced with "stand pipes" as it is challenging to measure.

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Table 4

Households - Water Service Delivery Levels below the minimum						Households
Description	2012/13	2013/14	2014/15	2015/16		Actual No.
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	
Formal Settlements						
Total households						
Households below minimum						
Proportion of households below minimum	%	%	%	%	%	%
Informal Settlements						
Total households						903
Households below minimum						
Proportion of households below minimum	%	%	%	%	%	%

Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute# 6,000 liters of potable water supplied per formal connection per month

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Table 5

Employees: Water					
Job Level	201	2015/1			
	Empl oyees	Posts No	Employ ees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
0 - 3	2	2	1	1	50%
4 - 6	3	3	1	2	66%
7 - 9	2	2	2	0	0%
10 - 12	14	14	13	1	7%
13 - 15	14	14	11	3	21%
16 - 18					%
19 - 20					%
Total	35	35	28	6	17%

Table 6

Capital Expenditure Year 2014/15: Water Services					
					R' 000
Capital Projects	2015/				
	Budget	Adjustm ent Budg et	Actu al Expendit ure	Variance from original budget	Total Project Valu e
Total All				%	
Bulk infrastructure	7 438 696	1 611 732	9 433 582	21.67%	9 433 582
Project B				%	
Project C				%	
Project D				%	

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

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Figure 1 Extension 9 Water storage (Reservoir)

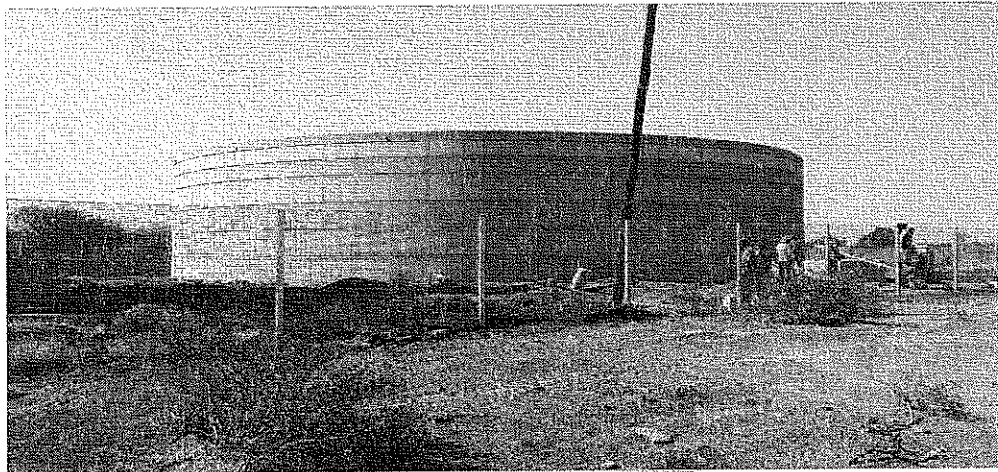
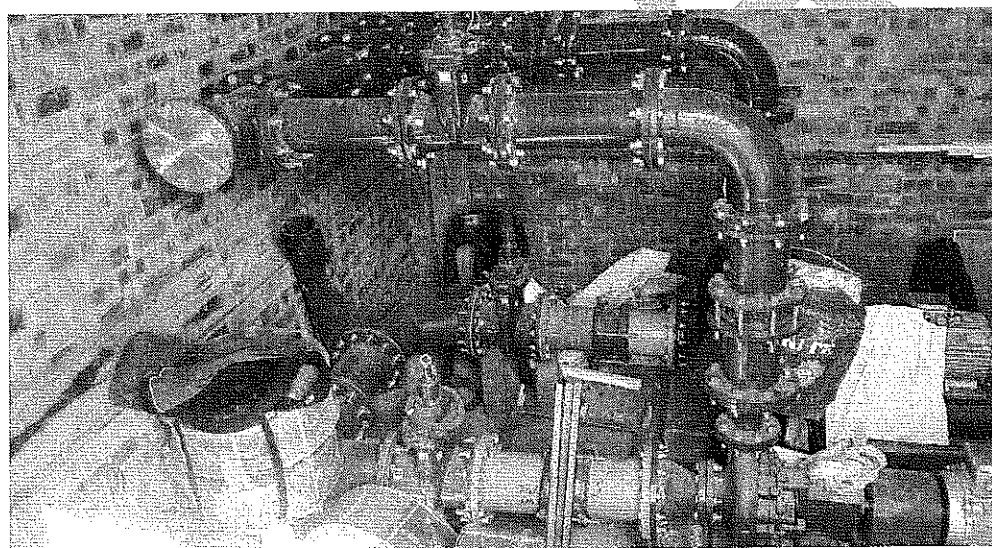


Figure 2 Pump Station Extension 9



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3.4 COMMENT ON WATER SERVICES PERFORMANCE OVERALL

The municipality has prioritized water quality, sustainable water to communities and customer care in ensuring that the community's confidence on service delivery is enhanced. Currently all households in the municipal jurisdiction have access to water and the quality is fully compliant to SANS 241.

It still must be noted that the municipality experience many water leakages due to the asbestos pipes and other aged infrastructure. Strides are being made to source funding for replacement of same. This is the objective set for the next years are

- Replacement of AC pipes
- Refurbishment of water treatment works

These objectives can only be achieved on condition that external funding is secured.

3.4.1 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Access to sanitation services is 94% (16 978 H/H) with a backlog of only 6% (1 083 H/H). This backlog is in informal settlements (Zuma and Dunoza), Vingerkraal and Tsakane. Water borne sanitation is provided to 87.8% (14 900 H/H) of the 94% mentioned above.

It can however be noted that the provision of sanitation services to the informal settlements is only a temporary solution, the permanent arrangement to address the water supply needs by the community is to move the informally settled households to the new housing projects which are more suitable for human habitation.

Council has appointed ERWAT for a period of 3 years (from July 2014) to conduct water sampling and analysis. For the past 12 months the waste water quality analysis reports were submitted to DWS and have been compliant with the general limit standards for discharge of effluent.

It is worth mentioning that nitrates were found to be high due to dysfunction of digesters of which the municipality is busy rectifying. This action confirms that the Municipality is implementing recommendations of the green drop.

The DWS is assisting the municipality with construction of VIP toilets in Vingerkraal and Tsakane. The project should be completed by August 2015 and the backlog will have reduced by 2%.

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Actual service levels	2014	
	Actual Nr of HHs	% of total HHs
Full Flush - connected to a sewage system	14928	82.60%
Low Flush - connected to a sewage system	855	4.73%
Septic tanks - full flush with septic tank	20	0.01%
VIP - Pit latrine with ventilation	962	5.69%
Chemical toilet	0	0
Pit Latrines without ventilation (Backlog)	1299	7.13%
Bucket toilet	0	0
Other <RDP sanitation services	0	0
No services	0	0
Total	18064	100

Table 7

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Table 8 Access to Sanitation

Sanitation Service Delivery Levels				
Description	2012/13	2013/14	2014/15	*Households
	Outcome No.	Outcome No.	Outcome No.	Actual No.
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)			14630	
Flush toilet (with septic tank)				
Chemical toilet				
Pit toilet (ventilated)			3071	
Other toilet provisions (above min.service level)				
Minimum Service Level and Above				
Minimum Service Level and Above	%	%	98%	%
Sanitation/sewerage: (below minimum level)				
Bucket toilet				
Other toilet provisions (below min.service level)			362	
No toilet provisions				
Below Minimum Service Level				
Below Minimum Service Level	%	%	2%	%
Total households				

*Total number of households including informal settlements

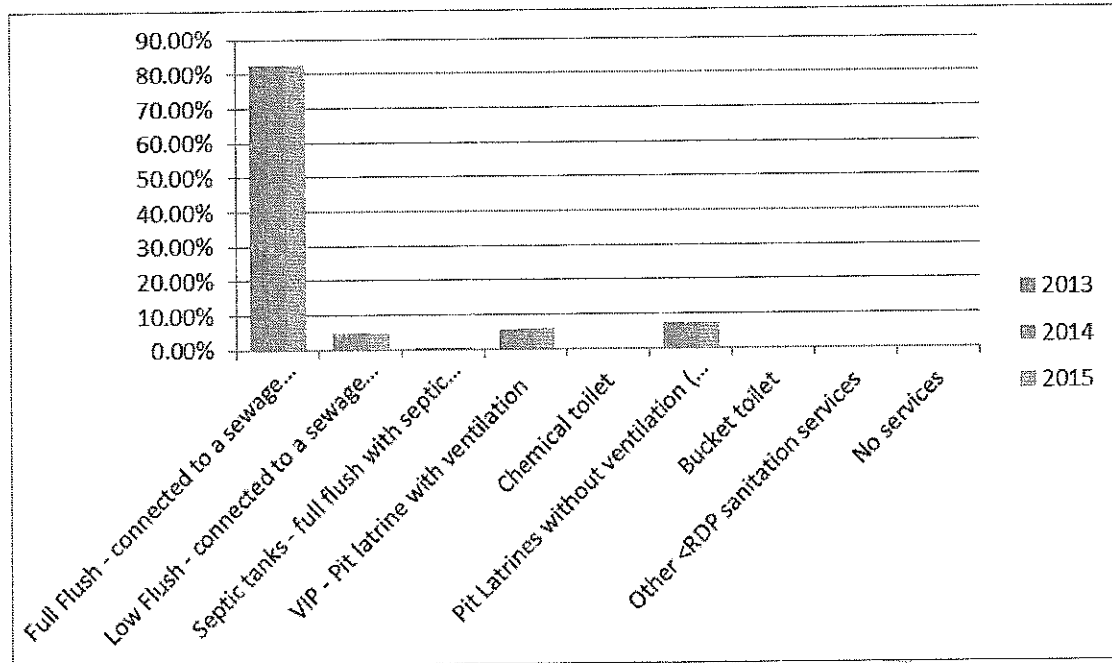
Table 9

Households - Sanitation Service Delivery Levels below the minimum						
Description	2012/13	2013/14	2014/15	2015/16		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual No.
Formal Settlements						
Total households						
level						
Proportion of households below minimum service level	%	%	%	%	%	%
Informal Settlements						
Total households						
Households below minimum			362			
Proportion of households below	%	%	2%	%	%	%

T 3.2.4

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Graph 2 Access to Sanitation



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3.4.2 COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL

Sanitation provision in the municipality is sustainable. The backlogs are mainly due to informal areas of which the municipality is working hard to address.

The waste water treatment works i.e Radium, Pienaarsrevier and Bela Bela all require maintenance and upgrade attention. The Bela bela WWTW is designed to purify 5ML/day while it serves a population of 46 000 in the Warmbath area, this dictates that the WWTW must be upgraded by additional 6ML/day to capacity of 11ML/day. This will cost the municipality an amount estimated at R 54 million. A service provider will be engaged to prepare a business plan and source external funding at pro-bono with a condition that should the funding be secured the contract will automatically be formal.

The other communities require basic sanitation technology with which DWS will be engage to support.

3.5 ELECTRICITY

3.5.1 INTRODUCTION TO ELECTRICITY

Power supply in the municipal jurisdiction is from both Eskom and the municipality. The villages are supplied by Eskom while the town and township are supplied by the municipality.

14 504 (79%) households in BBLM have access to electrical services, the backlog being 21% (3 558). Half of this backlog is in the informal areas

The Notified Maximum Demand (NMD) for the municipality is 22MVA while only 17MVA is used during peak times, while 14MVA at normal times.

The municipality developed a feasibility study to curb the population growth and increase the capacity of electricity. Land has been identified, service provider appointed and this project will be implemented in 3 financial years. The Department of Energy is funding the project after the business plan was submitted and approved, currently an amount of R 2 million for the designs has been allocated. This substation will increase the capacity by 10MVA while an application for additional NMD be made, this is in light of addressing the 20 year energy load forecast.

The municipality provides free basic electricity to 4500 indigents as registered. All households in BBLM has access above minimal level of service.

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Table 10

Electricity Service Delivery Levels				Households
Description	2012/13	2013/14	2014/15	2015/16
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)				
Electricity (at least min. service level)			14 504	
Electricity - prepaid (min. service level)				
Minimum Service Level and Above sub-Minimum Service Level and Above	%	%	79%	%
Energy: (below minimum level)				
Electricity (< min. service level)				
Electricity - prepaid (< min. service level)				
Other energy sources			13	
Below Minimum Service Level sub-Below Minimum Service Level	%	%	21%	%
Total number of households				

Table 11

Households - Electricity Service Delivery Levels below the minimum							Households
Description	Year -3	Year -2	Year -1	Year 0			
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual	
	No.	No.	No.	No.	No.	No.	
Formal Settlements							
Total households							
Households below minimum							
Proportion of households below minimum	%	%	%	%	%	%	
Informal Settlements							
Total households							
Households ts below minimum							
Proportion of households ts below minimum	%	%	%	%	%	%	

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Table 12

Employees: Electricity					
Job Level	Year Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
0 - 3	3	3	2	1	33%
4 - 6	3	3	3	0	0%
7 - 9	13	13	6	7	53%
10 - 12	13	13	11	2	15%
13 - 15	15	15	15	0	0%
16 - 18					%
19 - 20					%
Total	47	47	37	10	21%

Table 13

Capital Expenditure 2014/15: Electricity Services					
R' 000					
Capital Projects	Budget	Adjustment Budget	Year		Total Project Value
			Actual Expenditure	Variance from original budget	
Total All	R 2000 000	0	0	0%	
Project A	2000 000	0	00	%	
Project B				%	
Project C				%	
Project D				%	

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

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3.5.2 COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

14 504 (79%) households in BBLM have access to electrical services, the backlog being 21% (3 558). Half of this backlog is in the informal areas.

The notified Maximum Demand (NMD) for the municipality is 22MVA while only 17MVA is used during peak times, while 14MVA at normal times.

The Department of Energy is funding the project after the business plan was submitted and approved, currently an amount of R 2 million for the designs has been allocated. This substation will increase the capacity by 10MVA while an application for additional NMD be made, this is in light of addressing the 20 year energy load forecast.

The municipality provides free basic electricity to 4500 indigents as registered. All households in BBLM has access above minimal level of service.

3.6 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

3.6.1 INTRODUCTION TO WASTE MANAGEMENT

Section 24(Chapter 2) of the Constitution indicates that everyone has the right to have an environment that is not harmful to his or her health and to have the environment protected for the benefit of present and future generations through reasonable legislative and other measures that :

- a) prevent pollution and ecological degradation;
- b) promote conservation; and
- c) Secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

Based on the Constitution National Environmental Management Act (NEMA) 107 of 1998 came to effect with the objective to:

- a) protect health, wellbeing and the environment by providing reasonable measures for-
 - I. Minimising the consumption of natural resources.
 - II. Avoiding and minimising the generation of waste
 - III. Reducing, reusing, recycling and recovering waste.

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- IV. Treating and safely disposing of waste as a last resort.
 - V. Preventing pollution and ecological degradation.
 - VI. Securing ecologically sustainable development while promoting justifiable economic and social development.
 - VII. Promoting and ensuring the effective delivery of waste services.
 - VIII. Remediating land where contamination presents or may present a significant risk of harm to health or the environment and
 - IX. Achieving integrated waste management reporting and planning.
- b) To ensure that people are aware of the impact of waste on their health, well-being and the environment.
 - c) To provide for compliance with the measures set out.
 - d) Generally to give effect to section 24 of the constitution in order to secure an environment that is not harmful to health and well-being.

The Municipality has an approved Integrated Waste Management Plan (IWMP) which has an optimum approach to waste management planning in terms of the resources allocation, time scheduling achievable targets and allocation of responsibilities.

The overall objective of this IWMP is to reduce the generation of waste and the environmental impact of all forms of waste, thereby ensuring sound socio-economic development, a healthy population and that the quality of environmental resources are no longer adversely affected by uncontrolled and uncoordinated waste management. The internationally accepted waste hierarchy approach for waste avoidance/reduction, reuse, recovery, treatment and disposal is adopted in the strategy.

3.6.2 Achievements:

3.6.2.1 Waste and or Refuse Removal

In order to comply with the requirements of Section 24 of the 1996 Constitution of Republic of South Africa, (NEMA) 107 of 1998 and Bela Local Municipality approved Integrated Waste Management Plan, which highlighted all the pivotal areas where the municipality is responsible for Waste Management. During the 2014/2015 financial year the Municipality collected waste from all formal settlements once per week per household which was at (Bela-Bela Town, Bela-Bela Township, Pienaarsrivier and Masakhane). The collection of waste was also done twice per week in business areas. Furthermore, it should be noted that apart from the collection of waste in the formalised areas, the municipality could not ignore the informal settlements. The collection of waste was further extended to informal settlements by means of emptying of Mass Refuse Containers placed in different

Chapter 3

areas of the informal settlements. The Waste collection service in informal settlements covered Zuma, Koppewaaai and Ext 9.

Figure 1 Kerbside Waste Collection by Tractor



Figure 2 Waste Collection In Central Business District



Figure 3 Kerbside Collection by Compactor Truck

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Figure 4 Mass Refuse Containers at Illegal Dump Side.



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3.6.2.2 Street Cleaning

As part of Waste Management in the Bela-Bela municipal jurisdiction, the Municipality embarked on daily street cleaning programme. There are number of employees who were assigned to cleaning of the streets on daily basis and public holidays excluding Sundays.

Figure 5 Street Cleaning



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Figure 6 Street Cleaning



3.6.2.3 Illegal Dumping

Due to the mushrooming of informal settlements in the municipal area, the municipality is faced with the challenge of illegal dumping in some areas. In order for the municipality to comply with the provisions of Section 24 of the Constitution of RSA the municipality cleared the illegal dumping areas bi-weekly.

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Figure 7 Illegal Dumping Area



3.6.2.4 Waste Complaints Management

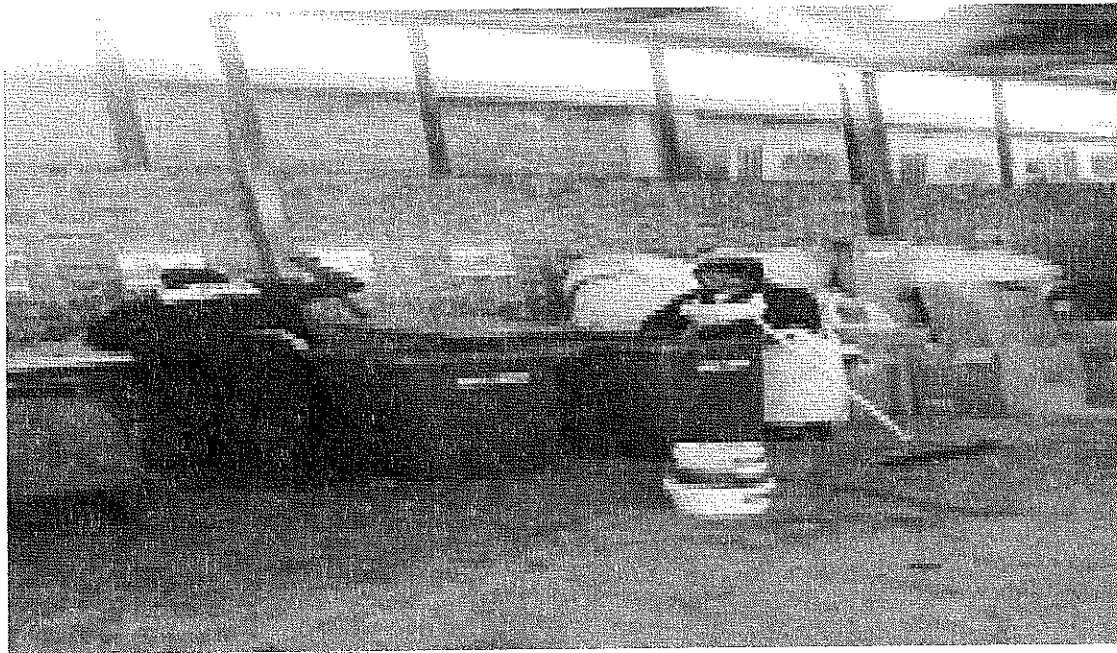
With regard to waste management complaints the municipality had developed a complaints management register. The municipality registered all complaints received from community members and other stakeholders as well as all complaints identified by municipal officials. All complaints reported in either way were attended to within 48 hours upon receipt.

3.6.2.4.5 Waste Management Initiatives

In cognisance of the challenges of high rate of unemployment, the municipality initiated waste management initiatives whereby 2x Waste recycling Co-operatives were established known as Aganang and Ntwanano Co-operatives.

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Figure 8 Recycling Co-Operative

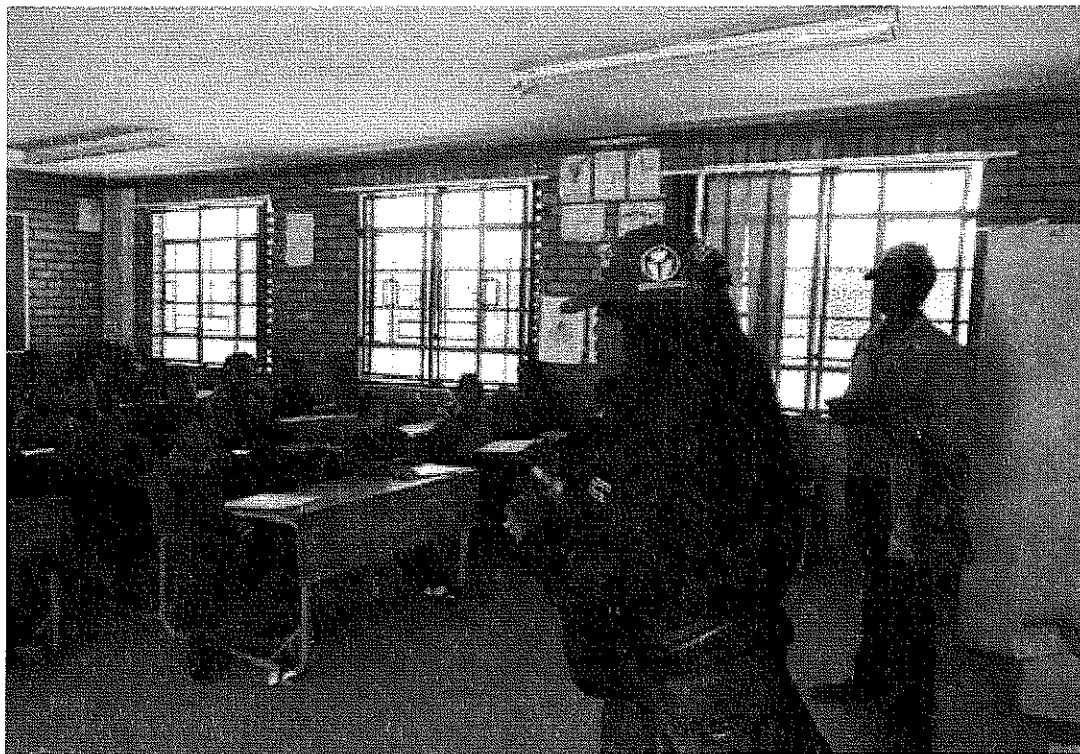


3.6.2.5 Youth Job in Waste Management

During the financial year under review (2014/2015) the municipality in partnership with the Department of Environmental Affairs (DEA) rolled out Youth Jobs in Waste Management Programme aimed at jobs creation for Youth whereby 16 youth were employed, further to assist municipalities to strengthen awareness campaigns in best waste management practises, landfill and waste collection management. The municipality with DEA embarked on the awareness campaigns at schools, government institutions, businesses and communities. The 16 awareness campaigns held were aimed at advising on the best waste management practices such as Reduce, Reuse and Recycle (3RS). Hence the establishment of Ntwanano and Aganang recycling Co-operatives and the donation of the Recycling bins the Clinics, South African Police Services, South African Social Security Agency (SASSA), and Department of Education in the Bela-Bela as well as the Department of Justice.

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Figure 9 Awareness Campaign at Mampatile Primary School



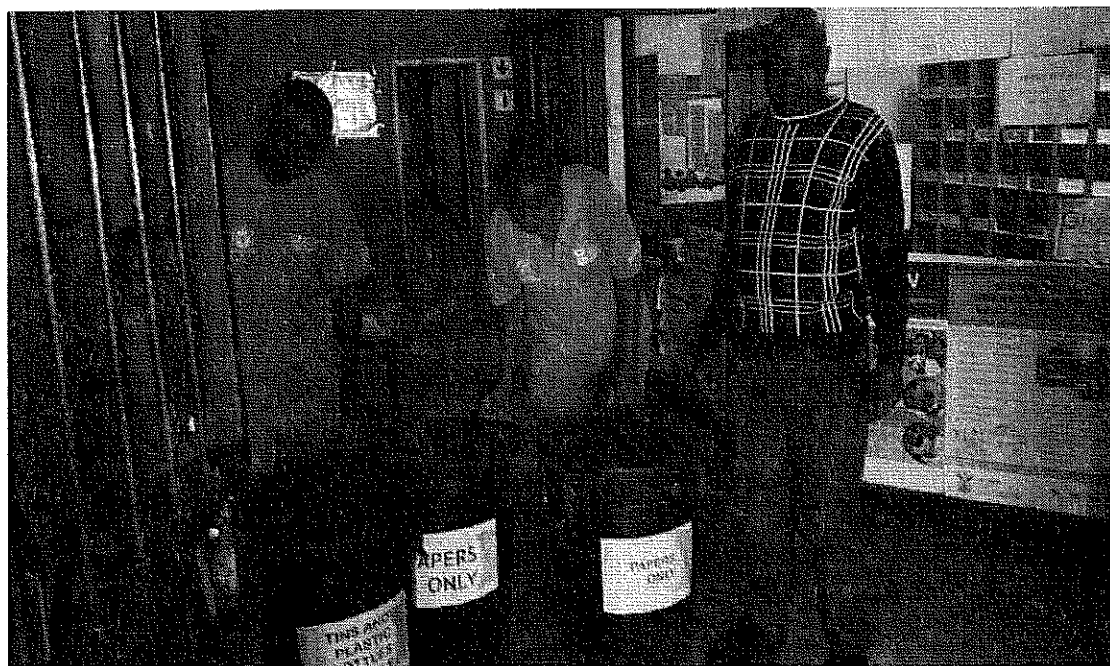
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Figure 10 Recycling Bins Donated to Raeleng High School



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Figure 11 Awareness Campaign Recycling Initiative: Education about Separation of Waste at Source



3.6.3 Challenges

The municipality is experiencing an increase in the number of illegal dumping areas. There is also a shortage of mass refuse containers to be used at illegal dumps and for rental to businesses and to the community.

The municipality has only 1 landfill site which the lifespan it cannot be determined, furthermore the landfill site is not accessible during rainy days. With regard to waste collection it should be noted that most households are using 85l waste bins which are not able to handle the amount of waste generated.

Due to the new demarcation of boundaries conducted during 2005/2006 Rapotokwane was transferred from Mpumalanga province to Limpopo Province within Bela-Bela municipal

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jurisdiction. Rapotokwane is a rural area situated about 80km from the Bela-Bela landfill site and is currently not serviced in terms of waste management.

Table 14

Solid Waste Service Delivery Levels					Households
Description	Year -3	Year -2	Year -1	Year 2014/2015	
	Actual No.	Actual No.	Actual No.	Actual No.	
Solid Waste Removal: (Minimum level)					
Removed at least once a week	13718	14805	15000	16000	
Minimum Service Level and Above sub-	13718		15000	16000	
Minimum Service Level and Above	100%	100%	100%	100%	
Solid Waste Removal: (Below minimum)					
Removed less frequently than once a	0	0	0	0	
Using communal refuse dump	0	0	0	0	
Using own refuse dump	0	0	0	0	
Other rubbish disposal	0	0	0	0	
No rubbish disposal	0	0	0	0	
Below Minimum Service Level sub-	13718	14805	15000	16000	
Below Minimum Service Level	0%	0%	0%	0%	
Total number of households	13718	14805	15000	16000	

T 3.4.2

Table 15

Households - Solid Waste Service Delivery Levels below the minimum							Households
Description	2011/12	2012/13	2013/14	2014/15			
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.	
Formal Settlements							
Total households	0	0	0	0	0	0	
Households below minimum service level							
Proportion of households below minimum service level	%	%	%	%	%	%	
Informal Settlements							
Total households							
Households below minimum service level							
Proportion of households below minimum service level	%	%	%	%	%	%	

Chapter 3

3.7 HOUSING

3.7.1 INTRODUCTION TO HOUSING

According to the powers and functions, Bela- Bela Local Municipality is not responsible for housing provision, Instead the Department of Cooperative Governance Human Settlement and Traditional Affairs (COGHSTA) is responsible for providing and administrating housing within Bela -Bela Local Municipality. However the Municipality is responsible for provision of land, basic services and identification of beneficiaries.

In order to reduce housing backlog especially from the informal settlements the Municipality has established township Bela- Bela Extension 9 consisting of 900 residential Erven. During the financial year under review (2014/2015) the Municipality commenced with the installation of bulk services. Furthermore the Municipality requested COGHSTA and Housing Development Agency (HDA) to purchase of suitable land for human settlement on its behalf.

Chapter 3

3.8 FREE BASIC SERVICES AND INDIGENT SUPPORT

3.8.1 INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

National Framework for Municipal Indigent Policies (NFMIP) requires that Municipalities should have an indigent policy to subsidise poor residence with free basic services. It is also recommended that Municipalities should allocate a minimum of 6Kl free water and 50Kwh electricity per month.

All households that earn a monthly salary of R2 576.64 or less qualify to be registered as indigents. Bela-Bela Local Municipality identifies households that qualify to be registered as indigents and allocated free basic services as follows:

Water – 10Kl

Electricity – 50Kwh

Refuse removal – Fully subsidised

Property rates – Fully subsidised.

In 2014/15 financial year 4 280 qualifying households have registered as indigents and received free basic services.

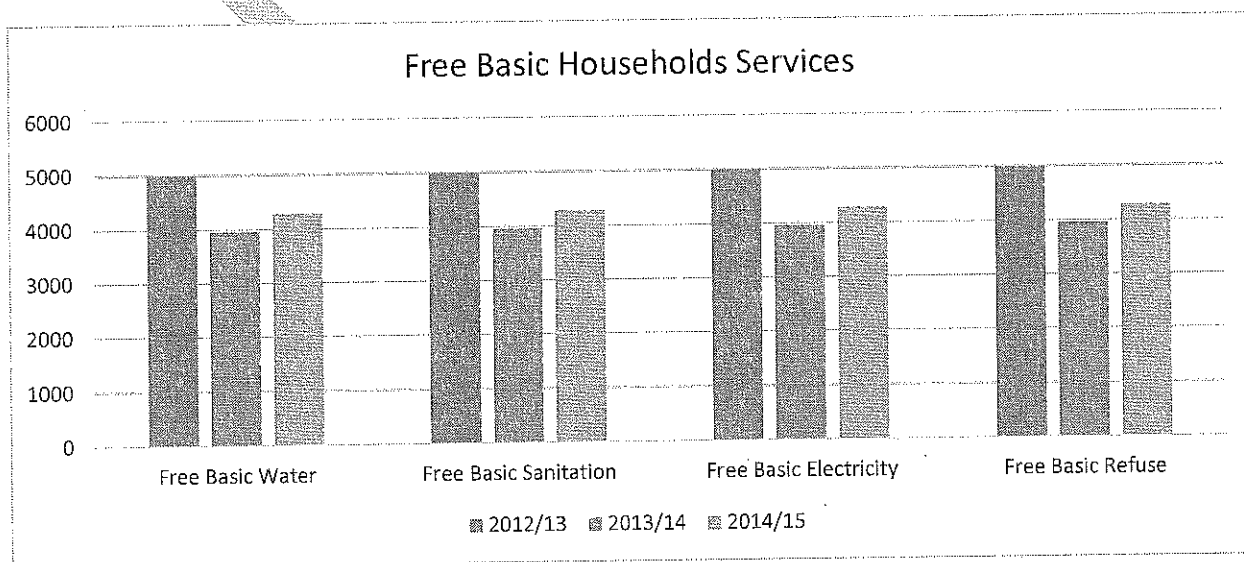
The graph and table below indicate the trends on free basic services for the past three years.

Chapter 3

Table 16

Free Basic Services to Low Income Households													
Number of households													
Households earning less than R2 576.64 per month													
Year	Free Basic Water				Free Basic Sanitation			Free Basic Electricity			Free Basic Refuse		
	Total	Total	Access	%	Total	Access	%	Total	Access	%	Total	Access	%
2012/13	18 068	7 426	5 003	67%	7 426	5 003	67%	7 426	5 003	67%	7 426	5 003	67%
2013/14	18 068	7 426	3 947	53%	7 426	3 947	53%	7 426	3 947	53%	7 426	3 947	53%
2014/15	18 068	7 426	4 280	58%	7 426	4 280	58%	7 426	4 280	58%	7 426	4 280	58%

Graph 3



Chapter 3

The table below indicates the budget and actual spending on indigent's free basic services for the 2014/15 financial years.

Table 17

Financial Performance: Cost to Municipality of free basic services delivered						
Service delivered	2013/14		2014/15			Variance %
	Actual (R)	Budget (R)	Adjustment Budget	Actual (R)		
Water	2 074	2 287	2 287	3 527		-54%
Electricity	3 016	3 131	3 005	3 022		-1%
Sanitation	1 406	1 930	1 930	2 115		-10%
Refuse removal	1 501	1 994	1 994	2 253		-13%
Property Rates	168	1 116	400	658		-65%
Total	6 093	8 173	7 330	8 049		-10%

3.9 ROADS

3.9.1 INTRODUCTION TO ROADS

The municipality has authority on all the local roads, the other roads are a responsibility of Roads Agency Limpopo (RAL).

The municipality has in its records 97.7km of roads. It must be mentioned and noted that the department of roads nationally is assisting the municipality through the district to develop a roads asset management system. The outcome thereof will be a full audit of the road infrastructure as well as confirmation of the roads length.

The municipality is hard at work to maintain all access roads and streets, but it should be noted that financial limitations stifle the maintenance programme.

Chapter 3

Table 18

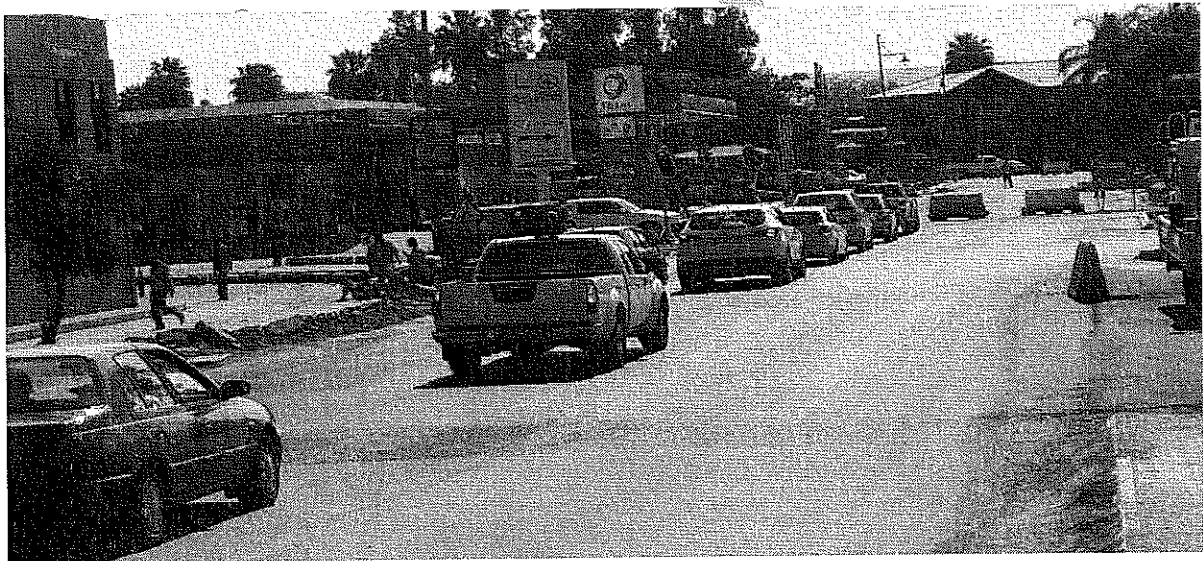
Capital Expenditure 2014/15: Road Services					
Capital Projects	Budget	Adjustment Budget	Year 0		Total Project Value
			Actual Expenditure	Variance from original	
Total All	14 440 678	291 617	10 081 606	2%	
Paving of roads phase 3c	450 678		372 361	%	372 361
Roads Paving phase 4	3 990 000	291 617	4 284 617	7.3%	4 284 617
Refurbish streets in CBD	10 000 000	0	5 424 628	0%	25 000 000
Project D				%	

Chapter 3

Figure 12 Rehabilitated Potgieter Street



Picture 13 Rehabilitated Potgieter Street



Chapter 3

3.9.2 COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The community of BBLM in general have access to roads. The roads need regular maintenance since some are damaged by heavy vehicles. The municipality still requires plant and equipment to enhance effectiveness of the maintenance team, it is however must be mentioned that the municipality does not have abundance of resources therefore posing a challenge in acquiring same.

Refurbishment of streets in the CBD remains a prioritized projects and will be continuing in the 2015/16 financial year.

RAL is being engaged to ensure proper maintenance on their roads. It must be noted that the municipality have a good rapport with the regional office of the department of roads.

3.10 WASTE WATER (STORMWATER DRAINAGE)

3.10.1 INTRODUCTION TO STORMWATER DRAINAGE

Stormwater infrastructure in the municipality requires an urgent attention. It should be noted that this system was designed with the town and township establishment early years anciently. The town has since grown and developed but the infrastructure has not been neither replaced nor upgraded. The municipality is currently upgrading the stormwater infrastructure as part of rehabilitation of streets in the CBD as well as a project in the township for a 1.5km of channel in Limpopo Street.

Table 19

Stormwater Infrastructure				Kilometers
	Total Stormwater	New Stormwater measures	Stormwater measures upgraded	Stormwater measures
Year 2014/2015	45.3	1.5	1	41.81

Table 20

Cost of Construction/Maintenance				R'
	Stormwater Measures			
	New	Upgraded	Maintained	
Year 2014/2015	R 2 675 917	R 4 000 000	R 4 262 579	

Chapter 3

Table 21

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

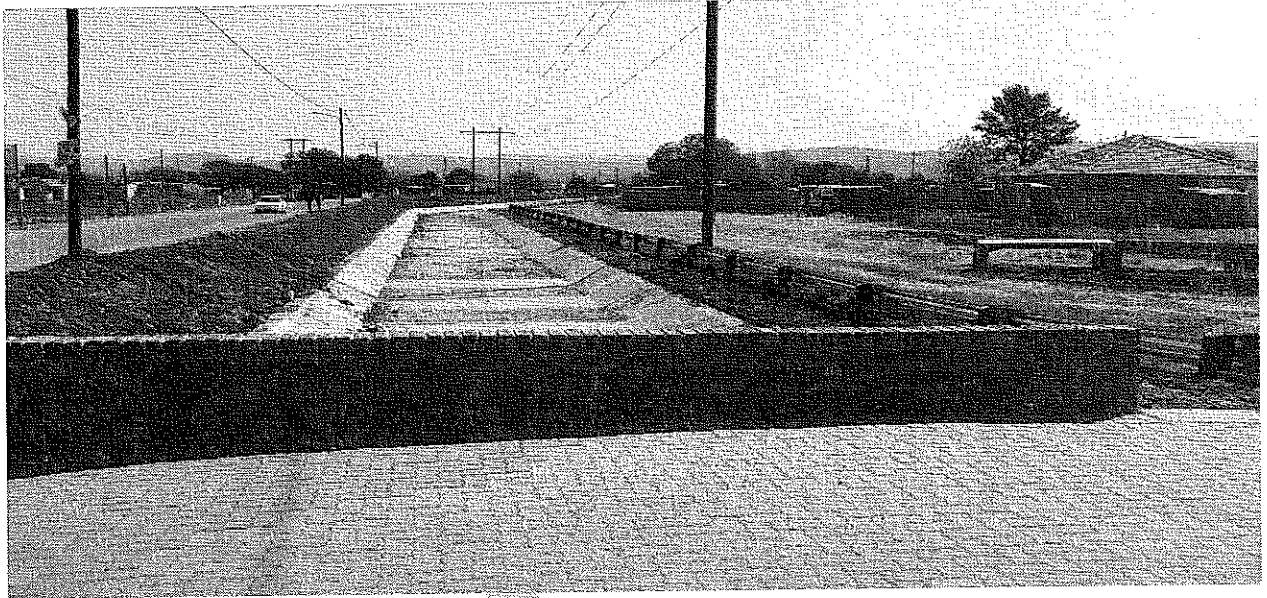
Table 22

Capital Expenditure Year 2014/2015: Stormwater Services					R' 000
Capital Projects	Year				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All				%	
Rehabilitation of streets in CBD	4000000	0	4000000	100%	
Stormwater Limpopo street	2 675 917	0	2675917	100%	
Project C				%	
Project D				%	

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

Chapter 3

Figure 14 Storm -Water Channel in Limpopo Street



3.10.2 COMMENT ON THE PERFORMANCE OF STORM-WATER DRAINAGE OVERALL:

The stormwater infrastructure is operating optimally but challenged during heavy rains. The canals and culverts are continuously cleaned. It should be mentioned that the Kariba canal has need an integrated management since it is has more than one responsible authority.

The stormwater rehabilitation in the CBD will proceed while the storm water in the township progress as well. It should be noted however that the municipal are constrained and may not address the stormwater challenge as anticipated.

Chapter 3

COMPONENT C:

3.11 PLANNING AND DEVELOPMENT

3.11.1 INTRODUCTION TO PLANNING

Planning in South Africa operates within the Legal Framework, which strives to ensure that Municipalities deliver their developmentally-oriented Planning objectives as embraced under Sections 152 and 153 of the Constitution of South Africa. Bela-Bela Local Municipality, through the Planning and Economic Development Department is the custodian of land development and land use; and this is guided by planning policies including the Spatial Development Framework (SDF) and Land Use Management Scheme (LUMS).

- Ongoing revision, implementation, monitoring, and evaluation of the SDF informed by current realities and policy frameworks
- Monitor implementation of the LUMS, capture current and future development
- Development of the Land Use and other By-Laws as well as other policy guidelines to enforce the implementation of the LUMS
- Coordinated building control activity. (Building plans, and Certificate of Occupancies, implementation of National Building Regulations Act 103 of 1977)
- Coordinated/administered land development applications (township establishment, rezoning, consent uses, subdivision and consolidation and any developmental application).

Chapter 3

Table 23

Applications for Land Use Development						
Detail	Formalisation of Township		Rezoning		Built Environment	
	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015
Planning Applications Received	3	1	17	12	41	48
Determination made in a year of recipient	1	1	17	10	41	46
Determination made in the following year	2	1	15	8	0	0
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at a year end	2	1	2	4	0	0

Table 24

Employees services in Town Planning Division					
Job Level	2013/2014			2014/2015	
	Employees Number	Post Number	Employees Number	Vacancies(Fulltime equivalents)	Vacancies(as %of total post) %
0-3	1	0	1	0	0%
4-6	1	3	2	3	
7-9	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Total	2	3	3	3	

Chapter 3

3.11.2 COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

Municipality has the approved Spatial Development Framework and Land Use Management Scheme which is currently implemented, however there are few challenges which were experienced during the implementation. Enforcement of LUMS is one of the challenges that Municipality face, as the result the illegal land uses is experienced within Municipality area. In order to educate communities about the negative impact of the illegal land use that affects municipal planning for provision of basic services, the Municipality conducted number of awareness campaigns regarding the compliance with Land Use Management to reduce the illegal land uses and ensuring proper planning for provision of basic services. Other major challenge identified in town planning was shortage of land for human settlement which resulted in increasing number of informal settlements. The Municipality has requested the Provincial Department of Cooperative Governance, Human Settlement and Traditional Affairs (CoGHSTA) through Housing Development Agency (HDA) to purchase the land for the Municipality to develop for human settlement with the aim of reducing the number of the informal settlements within the Municipality area.

3.11.2.1 Spa Park (koppewaal)

The informal settlement is located at Erven 1491 & 1492. Erven 1491 is registered under the ownership of Housing Development Agency (HAD), whereas Erf 1492 is registered under SBN Family Trust. The Map below illustrate the location of the informal Settlement:

Chapter 3

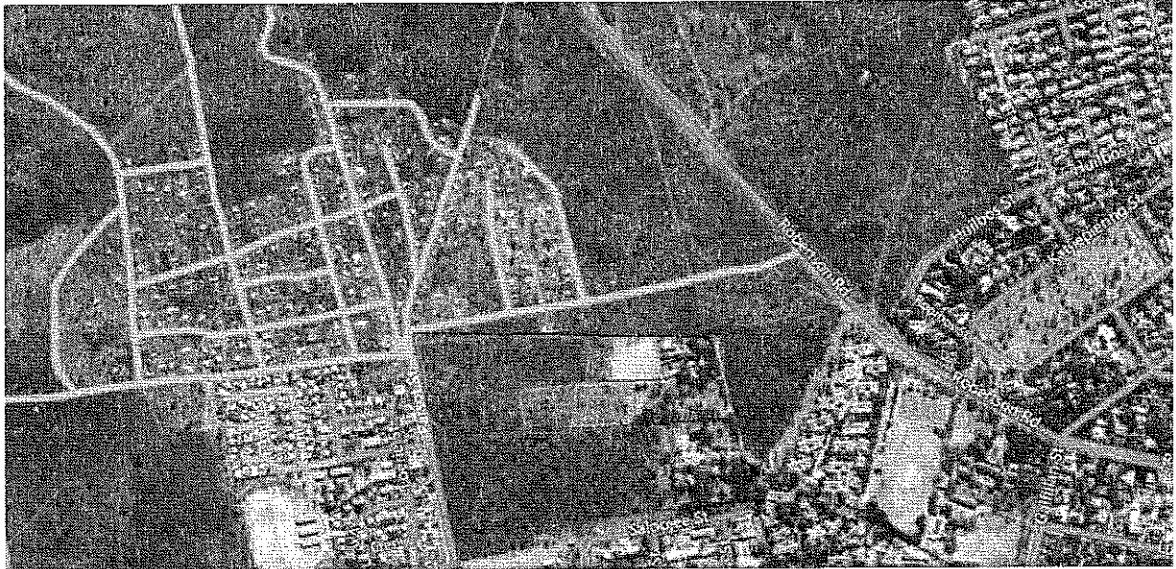


Figure 15 Spa Park Informal Settlement

Tsakane Informal Settlement

The informal settlement is located at portion 52 of the farm Tweefontein which is registered under Bosvel Distrikraad. The Map below illustrate the location of the settlement:

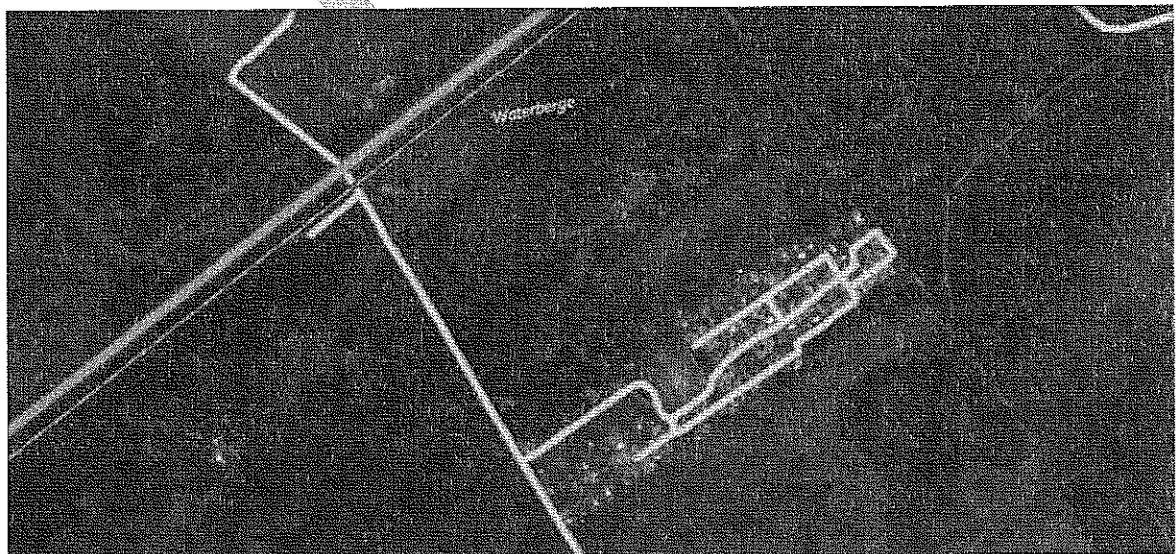


Figure 16 Tsakane Informal Settlement

Chapter 3

Zuma Informal Settlement

The informal Settlement is located within the Bela-Bela Township, See below Map



Figure 17 Zuma Informal Settlement

Chapter 3

Hlala-Mpwa Settlement

The informal Settlement is located within the Bela-Bela Township, See below Map



Figure 18 Hlala-Mpwa Settlement

Chapter 3

Vingerkraal Informal Settlement

The settlement is located on portion 05 of the farm Vingerkraal472-KQ the settlement is outside the Urban edge.

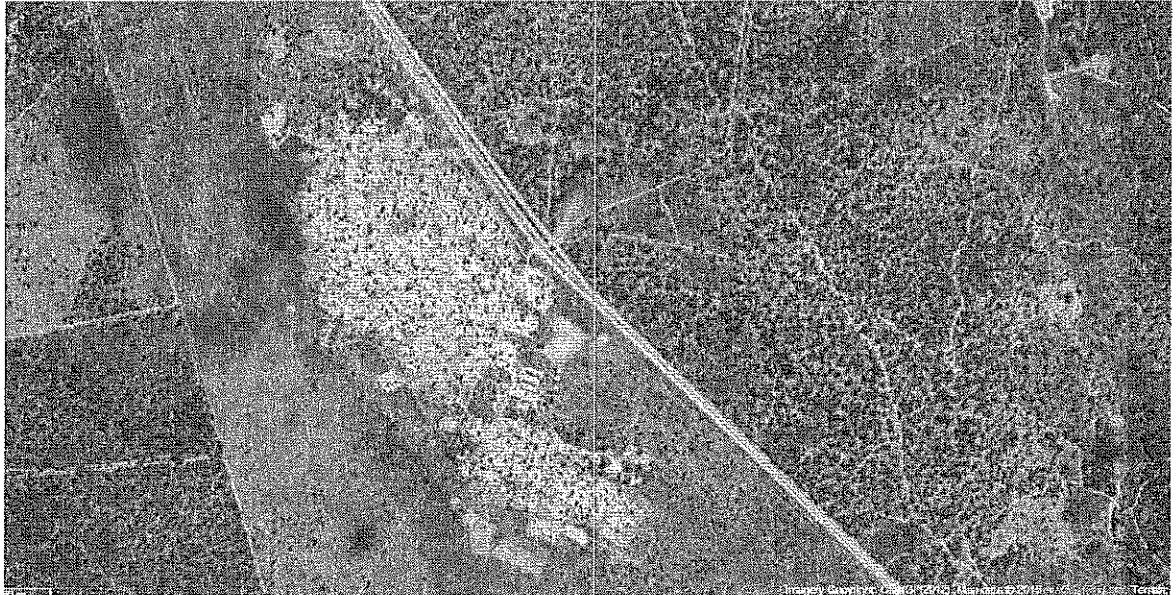


Figure 19 Informal Settlement

Chapter 3

3.12 COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: community parks & open spaces, community halls, sports fields, grounds and courts, cemeteries & crematoria and libraries & archives.

3.12.1. INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

Two of the objects of local government as enshrined in Section 152 (1) (c) (d) of the Constitution of the RSA is:

- To promote social and economic development and
- To promote safe and healthy environment.

Section 24 of the Constitution of RSA Chapter 2 (b) i, ii and iii of Bill of Rights mandate municipalities to protect the environment for the benefit of present and future generations, through reasonable measures that prevent pollution and ecological degradation, promote conservation, secure ecologically sustainable development and use of natural resources. In recognition of this Constitutional obligation, National Environmental Management: Protected Areas Act No 57 of 2003 and Biodiversity Act No 10 of 2004 were promulgated to provide for the protection and conservation of ecologically viable areas and biodiversity.

Some of the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5 within the Constitution of RSA are as follows:

- Cemeteries and crematoria
- Local sports facilities
- Municipal parks and recreation

Bela-Bela Local Municipality within Social and Community Services aim to improve the quality of life of its citizens by effectively and efficiently identifying, developing and delivering comprehensive programmes that Provide

Chapter 3

- safe, sustainable and aesthetically pleasing recreational parks, municipal buildings, community facilities, streetscape locations, road reserves/verges, sports facilities and cemeteries in accordance with acceptable management practices or standards.
- the community with a dignified and responsive cemetery and memorialisation service and consistent maintenance in accordance with acceptable management practices or standards.
- promote effective sustainable “Greening initiatives.

3.12.1.1. Cemeteries and Crematorium

Bela-Bela municipality has Four (4) cemeteries, however only three are maintained. Hereunder are the three (3) cemeteries that the Municipality is maintaining:

- Bela-Bela township cemetery which is closed and inactive.
- Masakhane cemetery used by the community of both Masakhane and Pienaarsrivier.
- The cemetery situated on the R516 road to town used by the community of Bela-Bela Township, those residing in town, Spa Park and Jinnah Park.

The fourth cemetery is in Rapotokwane used by the community of that village but the Municipality is currently not maintaining.

3.12.1.2. Maintenance Activities

Maintenance activities that takes place at the cemetery includes the following:

- Clearing of space
- Mowing/edging/ and blowing grass
- Herbicides application
- Litter picking
- Tree pruning
- Digging of graves as per bookings

Challenges

1. The cemetery in town is over busy with an interment rate of 450 burials on average per year.

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2. The rise in paupers' burials is actually making things worse.
3. The municipality is gradually running out of burial space,
4. This cemetery is not completely secured as a result there are incidents of vandalism of tombstones and other amenities.

Recommendations

1. Public awareness on alternative disposal of bodies or second and third burial in one grave.
2. Identification of land for the development of a new cemetery.
3. Construction of a crematorium

3.12.1.3 Parks and recreation

The municipality has four parks that are situated at:

- Letlhabile
- Moloto Street.
- Leseding and
- Pienaarsrivier.

The municipality had an obligation of taking care of the parks and hereunder are scheduled maintenance activities:

- Cutting and mowing of grass
- Irrigation
- Weeds control
- Litter control
- Pruning of trees
- Laying of soil/compost/fertilizers

The municipal parks were underdeveloped and inadequate, furthermore the municipality applied for funding with DEA which was approved and granted in 2014 and work commenced in November 2014. The municipality was granted funding to tune of R12m for:

- Development of three new parks
- Rehabilitation of four existing parks
- Development of a nursery

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Figure 20 Nursery next to Bela-Bela Sewerage Plant



Chapter 3

Figure 21 Rehabilitation of the existing Park at Leseding Section

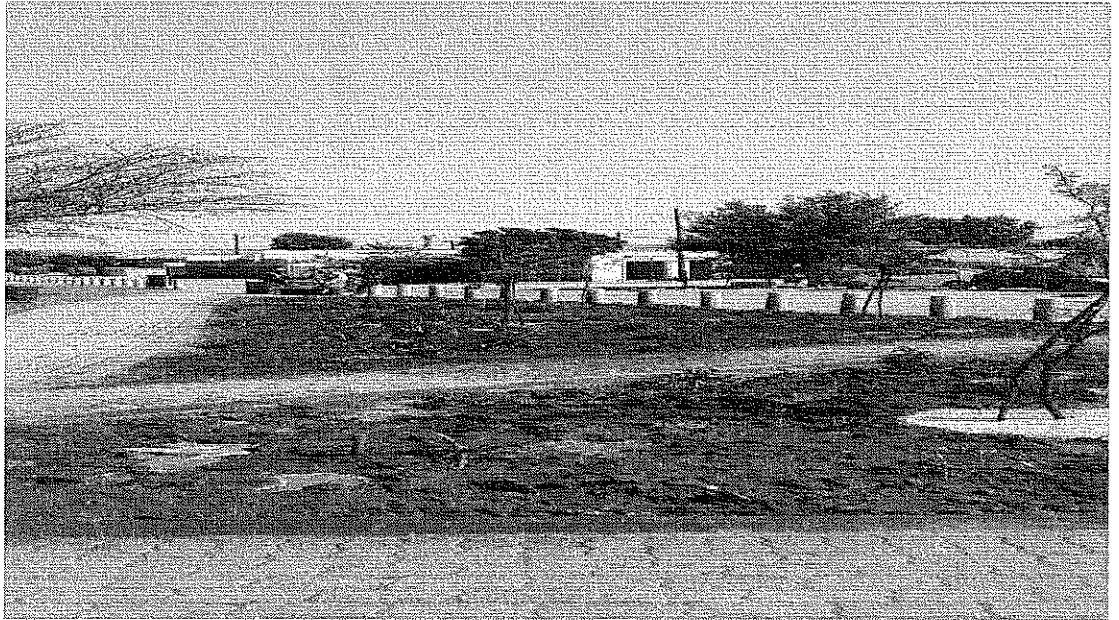
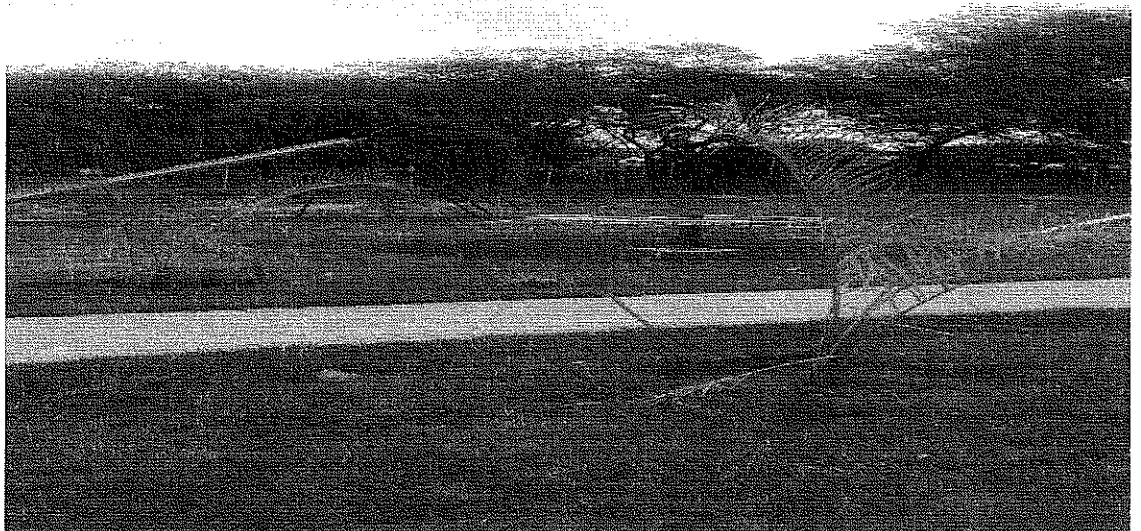


Figure 22 New Developed Park at Bela-Bela Town

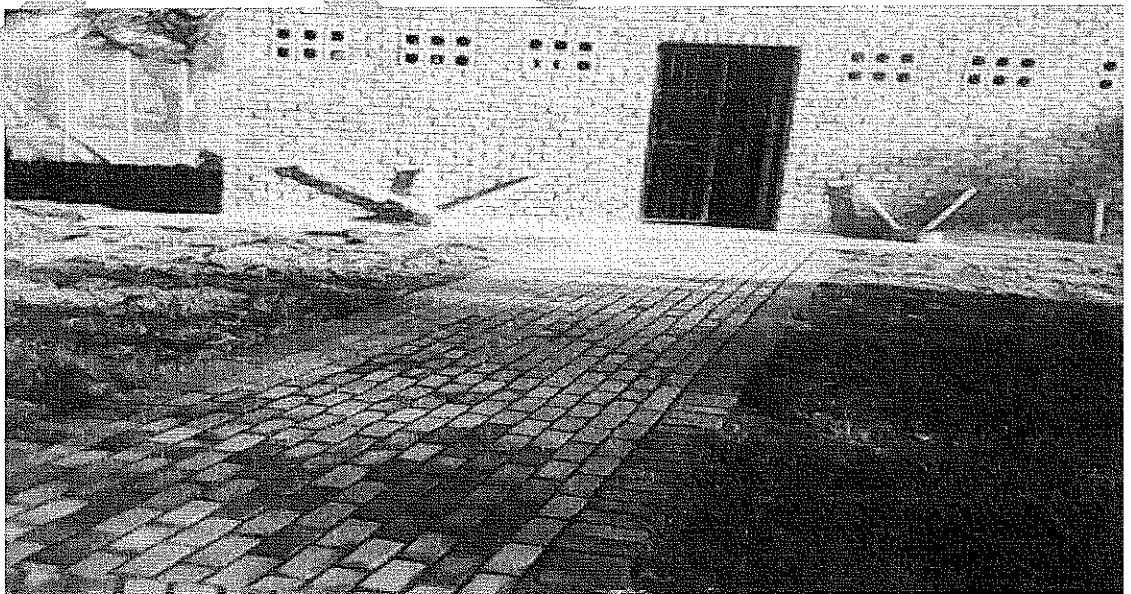


Chapter 3

Figure 23 Rehabilitation of an existing park at Lethlabile



Figure 24 New Developed Ablution Facilities at Pienaarsrivier



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Challenges

- Most of our parks are not secured as a result their amenities are vandalised as people have unfettered access to the parks
- Trees and plants are stolen from the parks
- Water restrictions because of drought which leads to incapacity to irrigate

Recommendations

- Installation of security fence in all parks.
- Access control
- Construction of bore holes in each park

Community Halls

Bela-Bela municipality has four community halls situated at:

- Bela-Bela township
- Spa Park
- Jinnah Park
- Pienaarsrivier

Scheduled maintenance activities:

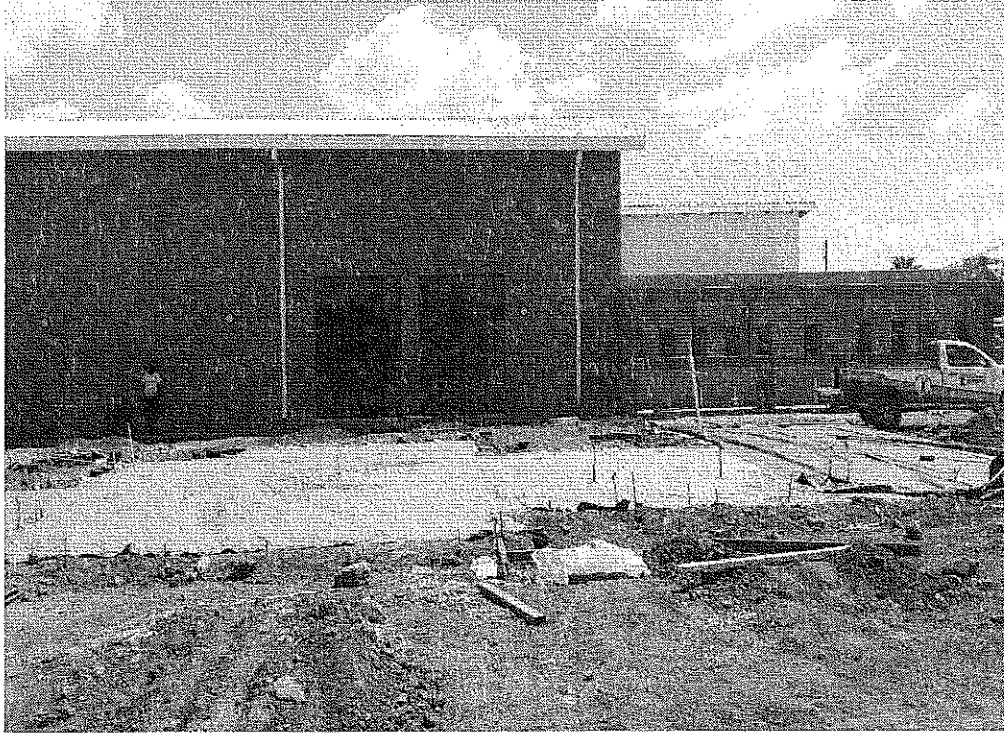
- Cleaning of the hall
- Litter picking
- Cutting of grass outside and the surrounding

As the majority of people are found in Bela-Bela Township, the community hall there is over utilised as it is the only one and therefore it is deteriorating at a faster pace but it is also ageing.

We were fortunate that we were allocated some funds through MIG for the construction of a multi-purpose centre/hall. See the picture below:

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Figure 25 New Developed Multi-Purpose Centre at Ext 6



3.12.1.4 Sports Fields, Grounds and Courts

With regard to the Bela-Bela Sports Fields, it should be noted that 8 of the 10 are just ground sports fields and the 2 with lawn pitches. Furthermore it should be noted that the Municipality has the responsibility of maintaining the sports fields, however there is a challenge of insufficient cleaning machinery such as Graders. The Municipality is currently depending on one grader to maintain both Roads and Municipal Sport Fields hence the delays and or non-adherence to the maintenance schedule which also lead to the outsourcing of the function.

Scheduled maintenance activities

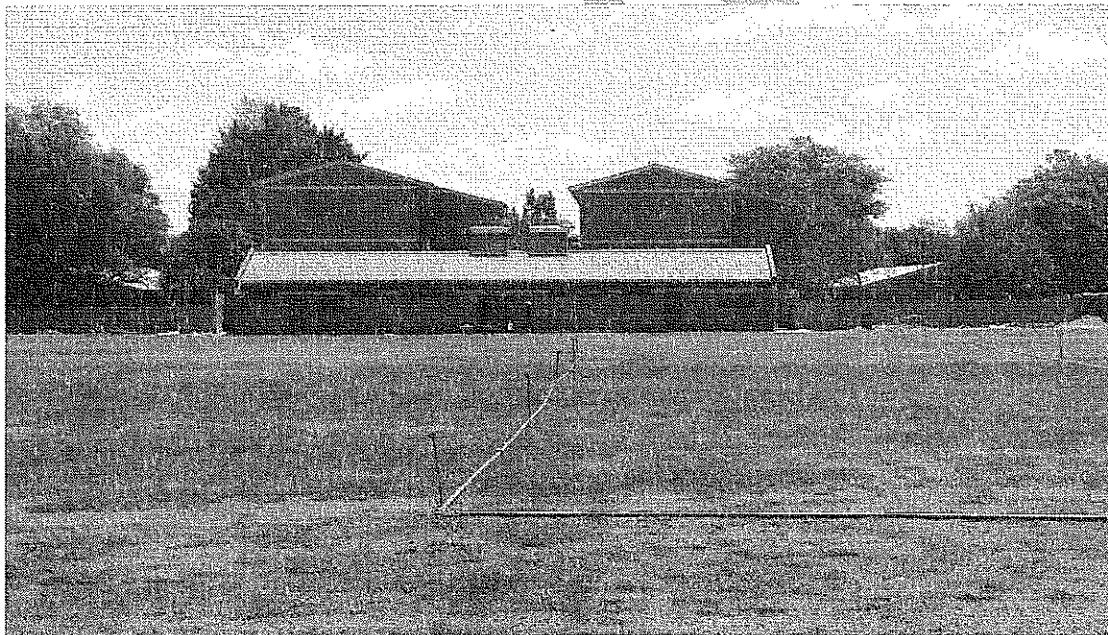
- Cutting of lawn
- Cutting of grass of surrounding areas

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- Litter control
- Weed control
- Line markings with lime
- Irrigation
- Laying of soil/compost/fertilizers
- Grading of sports grounds

Bela-Bela Municipality is faced with the challenge of under-developed and inadequate sport fields. In order to address under-development of the current sports fields the municipality managed to utilise portion of Municipal Infrastructure Grant (MIG) funds allocated for 2014/2015 Financial Year (FY) as guided by P-Component of the MIG Formula as described in Part 5 of Annexure W1 of the Division of Revenue Act (DoRA) No 10 of 2014.

Picture 26 Rehabilitated sport fields next to Bela-Bela High School.



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Table 25

Community Facilities Objectives Taken From IDP									
Service Objectives	OUTPUT	2013/13	2012/13	2013/14	2013/14	2014/15	2014/15	2015/16	
Service Indicators (i)		Target	Actual	Target	Actual	Target	Actual	Current Year	Following Year
Service Objective xxx									
Community Halls	Cleaning of 4 Com Hall	4	4	4	4	4	4	4	4
Maintenance of Parks	Maintenance of 5 Parks	5	5	5	5	5	5	5	7
Maintenance of Sports Fields	Maintain 10 sports grounds	10	10	10	10	10	10	10	11

Table 26

CEMETERIES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	OUTPUT	2013/13	2012/13	2013/14	2013/14	2014/15	2014/15	2015/16	
Service Indicators (i)		Target	Actual	Target	Actual	Target	Actual	Current Year	Following Year
Service Objective xxx									
Cemeteries	Maintenance of Cemeteries	2	2	3	3	3	3	3	3

Chapter 3

3.13 FINANCIAL SERVICES

3.13.1 INTRODUCTION FINANCIAL SERVICES

The collection rate average 80% across all revenue sources for the 2014/15 financial year with electricity being the highest with 92% collection rate. The Municipality have in the current financial year appointed a service provider to assist in the collection of debt which are not collectable by Municipality. This is meant to assist the municipality to improve in the debt collection rate.

Table 27

Debt Recovery								R' 000
Details of the types of account raised and recovered	Year - 2012/13		Year 2013/14			Year 2014/15		
	Actual for accounts billed in year	Proportion of accounts value billed that were	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed	Estimated Proportion of accounts billed that were collected %	
Property Rates	53 438	79%	53 438 214	53 438 214	79%	58 782	87%	
Electricity - B	6 661 265	83%	6 661 265	6 661 265	83%	7 327 391	91%	
Electricity - C	41 714	92%	41 714 589	41 714 589	92%	45 886	101%	
Water - B	0		0	0		0	0%	
Water - C	20 031	81%	20 031 121	20 031 121	81%	22 034	89%	
Sanitation	6 444 667	77%	6 444 667	6 444 667	77%	7 089 134	85%	
Refuse	6 052 500	78%	6 052 500	6 052 500	78%	6 657 750	86%	
Other	1 097 210	61%	1 097 210	1 097 210	61%	1 206 931	67%	
<i>B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial</i>							T 3.25.2	

Chapter 3

3.13.2 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

3.13.2.1 INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The purpose of information and communication technology (ICT) is to enable the Public Service in its service delivery quest. The ICT House of Values depicts the values and key focus areas of ICT service delivery. These objectives, principles, values and key focus areas inform the acquisition, management and use of ICT. ICT Governance is one of the key performance areas as indicated on the 2014/2015 Bela-Bela Municipality SDBIP. This accountability enables the Institution to align the delivery of ICT services with the strategic and business goals of the Institution.

During 2014/2015 Financial year Bela-Bela Municipality ICT division introduced ICT governance for effective and efficient management of ICT resources and processes to facilitate the achievement of Municipal goals and objectives as stipulated on the MFMA.

3.13.2.2 COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

The purpose of the report to highlight ICT infrastructure challenges during 2014/2015 financial year

The Municipality was utilizing the 512k Line which was extremely high on bandwidth utilization (95% bandwidth Utilization). Secondary Telkom line was installed to improve the performance of the bandwidth especially internet performance

Different 3G specifications has been identified which resulted on slow connectivity on 3G connection. Higher 3G specifications has been procured for the municipality which improved connectivity on users.

Insufficient policies on ICT environment has resulted on improper management and effectiveness of ICT resources. Policies have been developed and approved by council during the 2014/2015 financial year

Lack of email disclaimer to protect the outgoing email of the municipality has been identified and implemented with immediate effect.

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Lack of firewall has been identified which exposed the municipality against unauthorized access and attack by the intruders. The firewall was then implemented to protect the image of the municipality

Inconsistency in performing the municipality backup has been identified and strategies and procedures were developed to ensure proper information backup in accordance with best practices and Protection of Access to information Act.

Inconsistency in the deployments of updates to the ICT servers, Laptops and desktops has been identified. The WSUS server has been deployed in the ICT environment to deploy updates to all computer clients to ensure latest updates are deployed.

Lack of Municipality ICT Governance has been identified in the municipality. The ICT steering committees and policies have been developed to address this issue as it was raised in the 2013/2014 AG report.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

Annual Performance Scorecard Report for the 2014/2015 Financial Year.

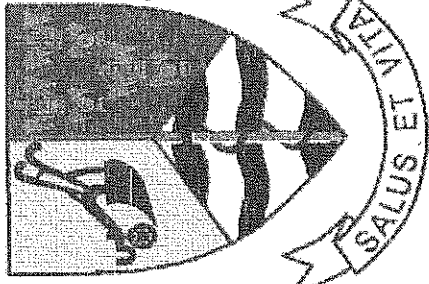
Bela-Bela Local Municipality established Performance Management Systems (PMS) as guided by Section 38 of the Local Government Municipal Systems Act, No 32 of 2000. As required by the above mentioned Act the established PMS commensurate with the resources of the municipality, its circumstances and is also in line with the priorities, objectives, indicators and targets contained in its Integrated Development Plan (IDP). Furthermore, the municipality set appropriate key performance indicators as a yardstick for measuring the 2014/2015 performance. The set indicators also outlined the outcomes and impact with regard to the municipality's developmental priorities and objectives as set out in the approved 2014/2015 IDP.

Emanating from 2014/2015 approved IDP and budget, the municipality developed an organizational score card providing a strategic direction on how will the organization implement and account for the budget, developmental objectives and priorities approved for the financial under review. The municipality also established the process of regular reporting to Council and to communities, whereby Management, Audit Committee, and the Mayor tabled quarterly performance reports as per the approved organizational score card. The municipality also complied with the provisions of Section 46 of Local Government Municipal Systems Act by compiling the 2014/2015 Annual Performance Report which was submitted to the Auditor General for 2014/2015 audit as required by the Section 45 of the of the Local Government Municipal Systems Act No 32 of 2000. Below is the detailed audited 2014/2015 Annual Performance Report.

Chapter 3

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2014/2015 ANNUAL PERFORMANCE REPORT

AUGUST 2015

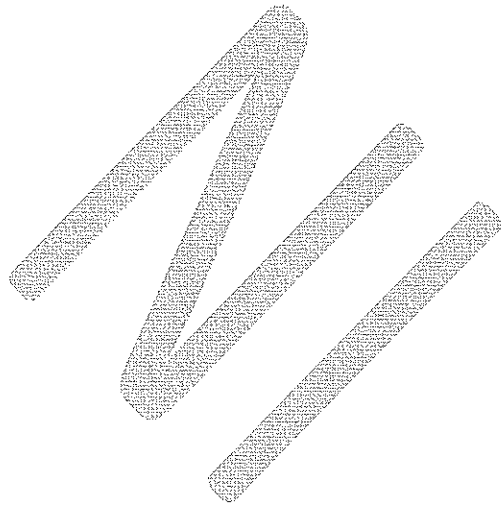
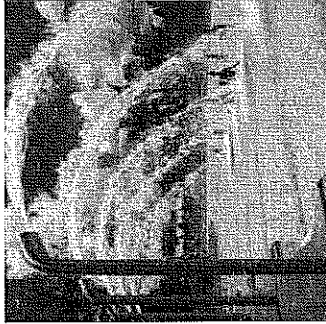
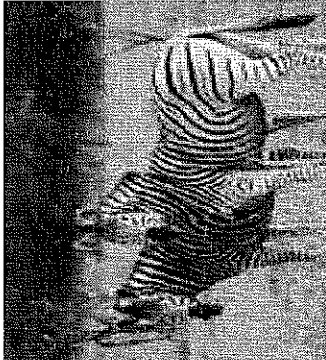
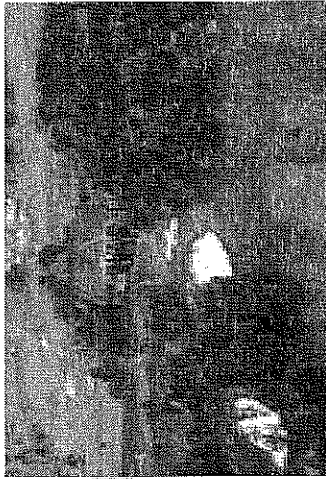


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1. INTRODUCTION

The Annual Performance Report is hereby submitted to the Bela-Bela Municipal Council in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 on annual reporting. This report covers the performance information from 01 July 2014 to 30 June 2015 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP) as amended in conjunction with the Budget Adjustment during January 2015, in relation to the objectives as encapsulated in the Municipality's Integrated Development and Plan (IDP).

This Report reflects actual performance of the Municipality as measured against the performance indicators and targets in its 2014/15 Integrated Development Plan (IDP), Annual Budget and Service Delivery and Budget Implementation Plan (SDBIP).

Furthermore, this report will also endeavour to report to Council the Municipality's performance in terms of the five (5) National Government's Strategic key Performance Areas for local government, which are (1) Basic Service Delivery; (2) Local Economic Development; (3) Municipal Institutional Transformation and Development; (4) Municipal Financial Viability and Management, (5) Good Governance and Public Participation, and (6) Spatial Rationale,

The format of the report will reflect the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Area. Each Key Municipal KPA have number of Municipal Programmes/Key Focus Areas (KFA's) which was deliberately designed by the Bela-Bela Municipality to focus its development initiatives in a more coherent and organised manner.

2. LEGISLATIVE REQUIREMENTS

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000; which stipulates as follows:

(1) A municipality must prepare for each financial year a performance report reflecting—

(a) the performance of the Municipality and each external service provider during that financial year;

*(b) a comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and
(c) measures taken to improve performance.*

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

PERFORMANCE MANAGEMENT OVERVIEW AND PROCESS

In order to improve on performance planning, implementation, reporting and measurement, the institution implemented the following actions:

- There has been a reduction in the number of KPI's that the Municipality is reporting on. The reduction on the number of KPIs afforded the institution the opportunity to focus on strategic issues which were well defined, outcome based and not operational in nature. Departmental operational plans were developed for monitoring and reporting operational programmes;
- There is a column in the SDBIP for each KPI to ensure that the portfolio of evidence was populated correctly;
- During 2014/15 Financial after the launch of the Back to Basics approach by the President on the 18th of September 2015, the Municipality inculcated the approach into its Governance Model thereby enhancing its performance Reporting and started receiving accolades from National and Provincial Departments on its performance reporting processes.

- As opposed to previous practise, where the Divisional Manager was responsible for both IDP and PMS, the Municipality decided to have separate Divisional Managers for both IDP and PMS, which further resulted in improved performance reporting, and increased compliance with all the applicable Legislation;
- The Municipality endeavoured during the development of the Top Layer as well as with the development of the Departmental SDBIP that the "SMART" principle was adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific and time bound, thus making them measurable; and
- The original five (5) year IDP was developed for 2011- 2016 and its fourth annual review culminated into the revised 2014/2015 IDP. The Top Layer SDBIP in the IDP was also amended after the Budget Adjustments that took place during January 2015.

3. THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

The Organisational Performance is evaluated by means of a Municipal Scorecard (Top Layer SDBIP) at organisational level and through the Service Delivery Budget Implementation Plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and Annual Budget into measurable operational targets on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to Departments and/or Divisions to deliver the services in terms of the IDP and Budget:

- The MFMA Circular No. 13 prescribes that:
 - The IDP and budget must be aligned;
 - The budget must address the strategic priorities;
 - The SDBIP should indicate what the municipality is going to do during next 12 months; and
 - The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The SDBIP were prepared as described in the paragraphs below and approved by the Mayor. The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

Colour Legend	Category	Explanation
	KPI Not Yet Measured	KPIs with no Targets or Actual results for the selected period
	KPI Not Met	Actual vs Target Less than 75%
	KPI Almost Met	Actual vs Target between 75% and 100%
	KPI Met	Actual vs Target 100% Achieved
	KPI Met Well	Actual vs Target More Than 100% and Less Than 150% Achieved
	KPI Extremely Met Well	Actual vs Target More Than 150%

4. PLANNED TARGETS VS ACTUAL RESULTS FOR THE 2012/2013 FINANCIAL YEAR

This section of the Annual Performance Report will report on the Municipality's actual performance against the planned targets as derived from the Municipality's IDP. Due to the fact that the Municipality has aligned its KPAs to the Six (6) National KPA's the Bela-Bela Local Municipality will report as such. An overview of the Municipality's actual performance in accordance with these KPA's are depicted in Table 1 below.

Table 1: Municipal performance against the NKPA's

Bela-Bela Municipality		National KPA					
		Basic Service Delivery	Good Governance and Public Participation	Local Economic Development	Municipal Financial Viability and Management	Municipal Transformation and Institutional Development	Spatial Rationale
KPI Not Yet Measured	0 (0%)	0	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
KPI Not Met	15(18.52%)	2(7.00%)	2(14.30%)	1(33.33%)	3(21.43%)	5(35.71%)	2(28.60%)
KPI Almost Met	14(17.28%)	4(13.00%)	3(21.43%)	0 (0%)	4(28.60%)	2(21.43%)	0 (0%)
KPI Met	40(49.38%)	18(60.00%)	9(64.30%)	1(33.33%)	4(28.60%)	4(28.60%)	4(57.14%)
KPI Met Well	7(8.64%)	2(7.00%)	0 (0%)	1(33.33%)	3(21.43%)	1(8.00%)	1(14.30%)
KPI Extremely Met Well	5(6.17%)	4(13.00%)	0 (0%)	0 (0%)	0 (0%)	1(8.00%)	0 (0%)
TOTAL	81 (100%)	30(100%)	14(100%)	3(100%)	14(100%)	13(100%)	7(100%)

Table 1 above depicts that on average the Organization attained 100% on majority of its targets in all KPAs, and also there were in all the KPAs there were few targets that were not met as planned. Also in all the KPAs, there were some indicators where the Organisation overachieved against the predetermined targets.

5. EXPLANATION ON CALCULATION OF THE ACTUAL PERFORMANCE

The calculations were done in accordance with the following six (6) Departments within the Municipality, viz:

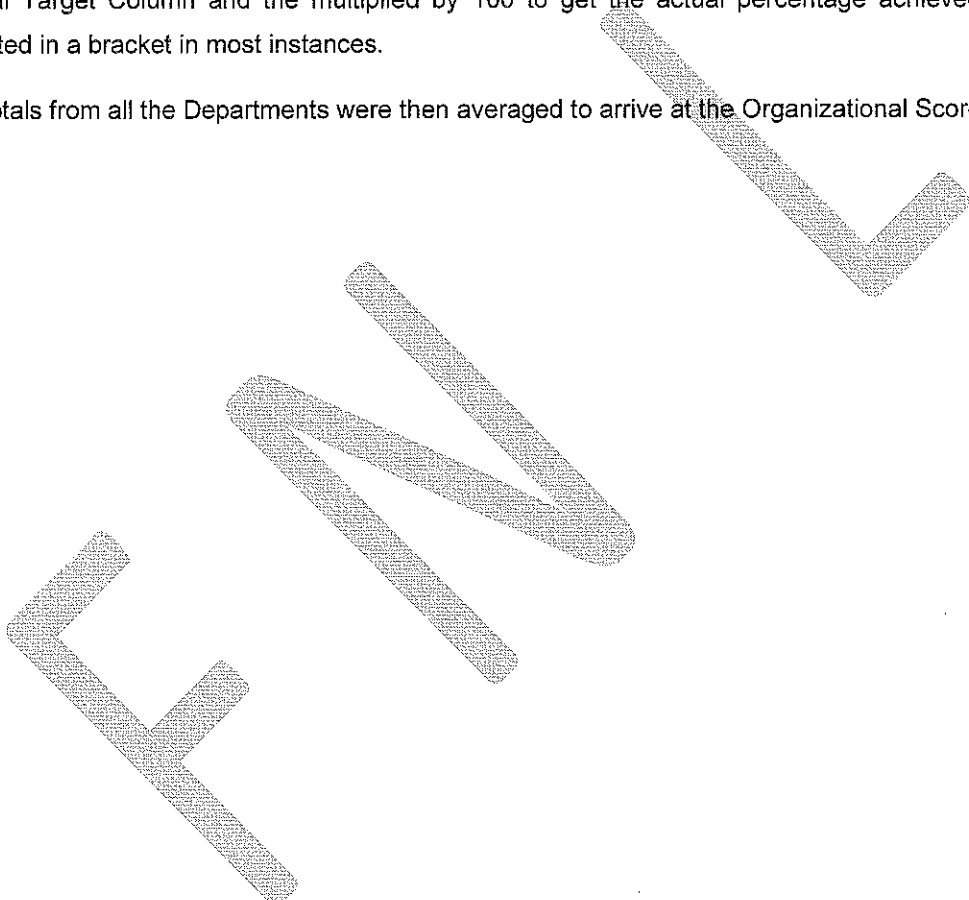
- Office of the Municipal Manager;
 - Internal Audit Unit; and
 - Communications and Public Participation
- Budget and Treasury;
- Corporate Services; Social and Community Services;
- Planning and Economic Development; and

- Technical Services

All the percentages under the Column on 2014/15 Actual Performance were added together per Department and divided by the number of indicator planned to be performed by that particular Department.

In instances where the 2014/15 Annual Target was any figure other than 100%, the figure indicated as achievement under the column for Actual Performance was then divided by that under the 2014/15 Annual Target Column and the multiplied by 100 to get the actual percentage achieved, which is indicated in a bracket in most instances.

The totals from all the Departments were then averaged to arrive at the Organizational Score



6. SERVICE DELIVERY TARGETS AND KEY PERFORMANCE INDICATORS

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
INTERNAL AUDIT														
Good Governance and Public Participation	Improve administrative and governance capacity	Audit	Number of Audit Charters developed and approved by Audit Committee by 30 June 2015		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	1	1		Achieved (100%) The Audit Charter was developed and approved by Council as per Council Resolution MC104/2015			Council Approved Audit Charter with Council Resolution	Verified & Confirmed by Internal Audit.
Good Governance and Public Participation	Improve administrative and governance capacity	Audit	Unqualified Audit Outcome for 2013/2014 financial year		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	Qualified	Unqualified Audit Opinion		Achieved (100%) The municipality obtained the Qualified Audit Opinion for the 2013/14 FY			AG's Report/Action Plan	Verified & Confirmed by Internal Audit.
Good Governance and Public Participation	Improve administrative and governance capacity	Risk Management	Number of Institutional Risk Register reviewed		2013/2014 Risk Register compiled	2013/2014 Risk Register compiled	Risk register available	1x Institutional Risk Register reviewed		Achieved (100%) The Risk Register has			Audit Committee and Council Resolution	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
			and tabled to Council for approval by June 2015					and Approved by Council		been reviewed and approved by Council as per Council Resolution no.9, 1, 25 of 30 July 2015			ons, Council Approved Risk Register with the Council Resolution	Audit.
Good Governance and Public Participation	Improve administrative governance capacity	Risk Management	Percentage risk mitigated plans implemented by 30 June 2015		2013/14 Risk Plan developed and approved	2013/14 Risk Plan developed and approved by Council	80%	100%		Not Achieved 73% A total of 105 risk were identified and 54 were successfully mitigated which amounts to 51%	Slow implementation of the risks by risk owners.	Regular monitoring and reporting to Council	Risk Action Plan	Verified & Confirmed by Internal Audit.
Good Governance and Public Participation	Improve administrative governance capacity	Risk Management	Not applicable in the previous two quarters	Number of Risk Committee meetings held by 30 June 2015	4 x meetings	4 x meetings	3	Not applicable	4	Achieved (100%) 4x Risk Committee meetings held on the following dates: 14 Oct 14, 13 Feb 2015, 19 May 2015 and 17 June 2015			4 Sets of Risk Committee Meetings Minutes and Signed Attendance Registers	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Good Governance and Public Participation	Improve administrative and governance capacity	Audit	Not applicable in the previous two quarters	Number of Audit and Performance Audit Committee meetings held by 30 June 2015	4	4	5	Not applicable	5	Achieved (100%) 5 Meetings were held on the following dates: Audit Committee Meetings: 14 August 2014, 10 Dec 2014, 24 April 2015, 25 June 2015. Performance Committee Meetings: 14 August 2014, 03 March 2015			5 Sets of Audit and Performance Audit Committee Meetings Minutes and Signed Attendance Registers	Verified & Confirmed by Internal Audit.
Good Governance and Public Participation	Improve administrative and governance capacity	Audit	Not applicable in the previous two quarters	Number of audit projects completed by 30 June 2015	8x Audit Projects	8x Audit Projects	8	Not applicable	8	Achieved (100%) 8 Audit projects completed. The projects were as follows: - Compliance Audit - IT General Control			Internal Audit Reports	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Good Governance and Public Participation	Improve administrative governance capacity (MPAC)	Risk Management	Not applicable in the previous two quarters	Number of MPAC Meetings held by 30 June 2015	4x MPAC meetings	4x MPAC meetings held	4	Not applicable	4	Achieved (100%) 4x MPAC Meetings were held as follows: 11 June 2015 23 March 2015 19 March 2015 18 Feb 2015			Minutes and Signed Attendance Registers	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
COMMUNICATIONS AND PUBLIC PARTICIPATION														
Good Governance and Public Participation	Improve administrative and governance capacity	Anti-corruption	Percentage of Presidential hotline enquiries addressed within 1 month of receipt of enquiry		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	100%	100%		Achieved 100% (the municipality resolved 51 out of 51 queries received through the Presidential Hotline)			Report on Presidential Hotline Enquiries Addressed	Verified & Confirmed by Internal Audit.
Good Governance and Public Participation	Responsible, accountable and efficient corporate governance	Communication	Percentage overall customer satisfaction level in the Municipality		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	50%	70%		Not achieved 66.7% (95.30%)	Insufficient funds	To seek financial support from CoGHS TA	Report on Overall Customer Satisfaction Level in the Municipality	Verified & Confirmed by Internal Audit.
Good Governance and Public Participation	Responsible, accountable and efficient corporate governance	Special Programmes	Number of awareness campaigns held and reported to Council by 30 June 2015		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	4	4		Achieved 5 (150%)			Attendance Registers, Reports and Council Resolutions	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Good Governance and Public Participation	Responsible, accountable and efficient corporate governance	Ward committees Functionality	Number of Ward Committee Monthly meetings held and reports submitted to Speaker/Council by 30 June 2015		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	Current Ward Committees (9)	108x9		Not Achieved 54 Ward Committee held as scheduled (50%)	Non functionality of some Ward Committees	Office of the Speaker to intervene	12 Monthly Reports per Ward Committee (108 Reports with Minutes)	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
SOCIAL & COMMUNITY SERVICES														
Basic Service Delivery	Promote the welfare of the community	Waste Management and Cleansing	Number of households with access to basic level of solid waste removal (kerbside collection once a week)	Number and percentage of households with access to basic level of solid waste removal (kerbside collection once a week)	15 000 households	9876 households	16 000 (100%)	16 000	16 000 (100%)	Achieved 16 000 households have access to basic level of waste removal			Billing Statistics & Housing Files	Verified & Confirmed by Internal Audit.
Basic Service Delivery	Promote the welfare of the community	Community Facilities	Number of community facilities maintained & cleaned	Number of Community Halls maintained and cleaned by June 20115	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	4 Community Halls	4 Community Halls		Achieved (100%) 4 Community Halls maintained and cleaned			Monthly Reports	Verified & Confirmed by Internal Audit.
Basic Service Delivery			Number of community facilities maintained & cleaned	Number of Sports Grounds maintained and cleaned by June 20115	10 sports fields to be maintained	10 sports fields maintained	10 Sport Grounds	10 Sport Grounds		Achieved (100%) 10 Sports Grounds maintained and cleaned			Monthly Reports	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Basic Service Delivery	Promote the welfare of the community	Community Facilities	Number of community facilities maintained & cleaned	Number of Sports Courts maintained and cleaned by June 20115	100%	100%	4 Sports Courts	4 Sports Courts		Achieved (100%) 4 Sports Courts in maintained and cleaned			Monthly Reports	Verified & Confirmed by Internal Audit.
Basic Service Delivery	Promote the welfare of the community	Protection and Emergency Services	Number of road blocks held by 30 June 2015		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	96	96		Achieved (107.30%) 103 Roadblocks held			Inspection Register / Reports	Verified & Confirmed by Internal Audit.
Basic Service Delivery			Percentage progress in the development of Disaster Management Plan	Develop 1 Disaster Management Plan (DMP) and table to Council for approval by 30 June 2015	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	Draft DMP	100%	1 x approved DMP by council	Achieved (100%) 1 x DMP developed and approved by Council as per Council Resolution number MC 112/2015			Council Resolution with Approved DMP	Verified & Confirmed by Internal Audit.
Basic Service Delivery			Percentage maintenance of road signs, traffic signs, parking meters and road markings		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	100%	100%		Achieved 100%			Monthly Reports	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Basic Service Delivery	Promote the welfare of the community	Parks and Cemeteries	Number of Parks maintained by 30 June 2015		5 parks to be maintained	5 parks maintained	5 parks	5 parks		Achieved (100%) 5 parks up until the end of December 2015.	These parks were however handed over to the implementing agent of DEA for rehabilitation.		Monthly Reports	Verified & Confirmed by Internal Audit.
			Number of Cemeteries maintained by 30 June 2015		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	3 cemeteries	3 cemeteries		Achieved (100%) Cemeteries maintained			Monthly Reports	Verified & Confirmed by Internal Audit.
BUDGET & TREASURY														
Municipal Financial Viability and Management	Improve Financial Viability	Revenue Management	Percentage outstanding debtors more than 90 days	Percentage reduction in debtors owing the Municipality for more than 90 days by June 2015	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	81%	65%	80%	Not Achieved 74% (92.50%)			4 Sets of Quarterly Report	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Municipal Financial Viability and Management	Improve Financial Viability	Revenue Management	Debt collection rate increased to 90% by June 2015		90%	90%	80%	90%		Achieved 90% (100%)			Monthly Reports	Verified & Confirmed by Internal Audit
Municipal Financial Viability and Management	Improve Financial Viability	Revenue Management	Percentage households that are indigent	Number of indigents that are registered for free basic services by 30 June 2015	95%		3947	4000		Achieved 4280 indigents are registered in the 2014/2015 (107%)			Indigent report, Updated Indigent Register and Council Resolution	Verified & Confirmed by Internal Audit
Municipal Financial Viability and Management	Improve Financial Viability	Expenditure Management	Percentage creditors paid within 30 days		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	95%	100%		Not achieved 96%	Municipality have experienced financial constraints for quarter 2 and 4 which led to the non-achievement of this KPI	Implementation of the payment plan or monthly cash flow will be done which will ensure financial constraint by municipality is minimised	Creditors Age Analysis	Verified & Confirmed by Internal Audit

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Municipal Financial Viability and Management	Improve Financial Viability	Expenditure Management	Percentage capital budget actually spent on capital projects identified for financial year i.t.o. IDP		100%	109%	70%	100%		Achieved 100%	(100%)		Invoices	Verified & Confirmed by Internal Audit.
Municipal Financial Viability and Management	Improve Financial Viability	Expenditure Management	Percentage MIG spent on MIG grants approved by 30 June 2015		100%	100%	70%	100%		Achieved 100%			Monthly Reports	Verified & Confirmed by Internal Audit.
Municipal Financial Viability and Management	Improve Financial Viability	Expenditure Management	Percentage variance between year to date spending of operating budget against projected spending year to date for the municipality		100%	97%	8%	6%		Achieved 5% (120%)			Monthly Reports	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Municipal Financial Viability Management	Improve Financial Viability	Accounting Services	Liquidity ratio (R-value Monetary Assets / R-value Current Liabilities)	Current ratio (Current Assets / Current Liabilities)	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	1.89:1	1.5:1		Not achieved 1.1 (57%)	Variance is due to huge short term liability which were not paid at year end due to system closer process.	Implementation for the payment schedule which will cater for system disruption.	Monthly Reports	Verified & Confirmed by Internal Audit.
Municipal Financial Viability Management	Improve Financial Viability	Supply Chain Management	Percentage Tenders adjudicated within 60 days of closure of tender		100%	100%	80%	95%		Not achieved 65% 20 out of 31 tenders were adjudicated within 60 days	Inconstant sitting of Adjudication Committee due to unplanned unavailability of managers which at times was beyond the control of the Municipality	The municipality has appointed full time HOD's in some of the department. This will improve the sitting of the Adjudication Committee.	Tender Report and Appointment Letters where applicable	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidentiary Requirement	Internal Audit Review
Municipal Financial Viability and Management	Improve Financial Viability	Accounting Services	% reduction of AG audit queries raised during the 2013/14 audit		100%	100%	25%	100%		Not Achieved 96% 52 out of 54 queries raised during 2013/2014 FY were resolved	High level of Water & Electricity losses due to illegal connections.	The municipality has put in place a system of regular monitoring of suspicious illegal consumption of water and electricity.	AG Audit Report	Verified & Confirmed by Internal Audit.
Municipal Financial Viability and Management	Improve Financial Viability	Assets Management	Not applicable in the previous two quarters	Number of times assets are physical verified and assets register updated.	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	2		2	Achieved 2x Assets verification process was conducted (100%)			Updated Assets Register	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Municipal Financial Viability and Management	Improve Financial Viability	Accounting Services		Maintaining debt coverage ratio to 24:1 (Operating revenue – Grants / Debt repayment)	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY		22 : 1	24:1	Not Achieved 46:1 (45.30%)	The KPI was affected by reduction on the debt repayment due to restructuring of the short terms loan.	Municipality started with the plan to improve the debt recovery ratio for the purpose of improving financial viability.	Monthly Reports	Verified & Confirmed by Internal Audit.
Municipal Financial Viability and Management	Improve Financial Viability	Revenue Management		Reduce Service debtors to revenue to below 50% (Outstanding service debtors / Service Revenue)	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY		34%	50%	Not achieved 34%			Debtors Age Analyses	Verified & Confirmed by Internal Audit.
Municipal Financial Viability and Management	Improve Financial Viability	Accounting Services		Maintain a cost coverage of above 100% (Cash + Investments / Operating expenditure)	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY			140%	Not achieved 59% (42.14%)	This KPI was affected by inadequate cash balance	Implementation of cost containment measure which will ensure positive bank	Monthly Reports	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
											balance			
CORPORATE SERVICES														
Municipal Institutional Development and Transformation	Improve administrative and governance capacity	ICT	Percentage electronic systems that are integrated		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	40%	70%		Achieved 70% (Munisoft Payday, Suprema) (100%)	n/a	n/a	Job Cards, Monthly and Quarterly User Logs Reports	Verified & Confirmed by Internal Audit.
Municipal Institutional Development and Transformation	Improve administrative and governance capacity	Legal Services	Percentage of litigation cases resolved by 30 June 2015		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	1	100%		Not achieved 72% (14 cases were reported and 10 cases were resolved)	The High Court has granted the municipality with costs in the orders of the outstanding matters. The municipality will proceed to apply for	Action plan developed to monitor the matters closely to ensure their efficient running and adhering	Monthly and Quarterly Litigation Reports	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
											costs in order to recover the costs incurred for the legal proceedings. The other matters are still ongoing and awaiting trial dates.	to the time lines of the courts.		
Municipal Institutional Development and Transformation	Improve administrative and governance capacity	Administration	Percentage of all Council resolutions implemented by 30 June 2015		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	100%	100%		Achieved 99.40% 155 out of 156 Council Resolutions implemented.	Due to Financial considerations on an understudy tour to Drakenstein Local Municipality was put on hold.	The Tour will be considered during the next Financial Year	Council Resolution Implementation Register	Verified & Confirmed by Internal Audit.
Municipal Institutional Development and Transformation	Improve, Attract, develop and retain human capital	Human Resources Management	Percentage of vacant positions filled by 30 June 2015		100%	93%	15%	85%		Not Achieved 55% (71 out of 130 positions were filled by 30 June 2015)	Instability within management department in the 1st & 2nd quarter impacted performance	Developed an Action Plan to finalise the remaining vacant position	Appointment Letters and Employment Contracts	Verified & Confirmed by Internal Audit. Recalculate figures: 119

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
										(65%)				budgeted positions & 71 filled positions. It was recommended that the above be corrected.
Municipal Institutional Development and Transformation	Improve, Attract, develop and retain human capital	Human Resources Management	Percentage reduction in vacancy rate by June 2015	Percentage reduction in vacancy rate by June 2015	15%		15%	85%	85%	Not achieved 58% (68.24%)	Instability within management of the department in the 1st & 2nd quarter impacted performance	Developed an Action Plan to finalise the remaining vacant position	Appointment Letters and Employment Contracts	Verified & Confirmed by Internal Audit.
Municipal Institutional Development and Transformation	Improve, Attract, develop and retain human capital	Human Resource Development	Percentage of budget spent on implementing workplace skills plan by June 2015	Percentage of budget spent on implementing workplace skills plan by June 2015	295 000 (760 000 = 0.25%)		295 000 (760 000 = 0.25%)	1 476 852	1 476 852	Not Achieved 93% of the allocated budget R1 476 852 Spent R1 375 972	The 2014/15 WSP budgeted for 25 employees (including councillors) to be enrolled for MFMP. Only 7	Fast-track the implementation of the WSP in the 2015/2016	Workplace Plan Report and Monthly Financial Report	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
										Unspent R100 880.	employees were enrolled for 2014/15 financial year.			
Good Governance and Public Participation	Improve administrative and governance capacity	Administration	Number of council meetings held by 30 June 2015				6		4	Achieved (100%) 14 (4 ordinary MCGs and 10 Special MCGs) Council meetings were held as follows: 03 July 2014, 30 July 2014, 29 August 2014, 30 October 2014, 12 December 2014, 29 January 2015, 06 February 2015, 13 March 2015.	n/a	Attendance Register and minutes	Verified & Confirmed by Internal Audit.	

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Good Governance and Public Participation	Improve administrative and governance	Administration	Number of Section 79 committee meetings held as scheduled	Number of Governance and Treasury Sub-committee meetings held as scheduled by 30 June 2015	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	11		12	2015: 30 March 2015, 16 April 2015, 24 April 2015, 28 May 2015, 01 June 2015 & 29 June 2015	The other 3 meetings were postponed due to unavailability of relevant councillors engaged in other municipal activities. However the agenda for consideration was referred to the next meeting.	Adhere to the annual schedule of the sub-committee meetings	Attendance Register and Minutes	Verified & Confirmed by Internal Audit
										Not achieved (67%) 8 Sub-committee meetings for Governance and Treasury were held as follows: 22 July 2014, 16 October 2014, 23 January 2015, 19 March 2015, 15 April 2015, 20 May 2015, 22 June 2015				

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
				Number of Planning and Infrastructure Sub-committee meetings held as scheduled by 30 June 2015	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	12		12	Not achieved (83.33%) Sub-committee meetings for Planning and Infrastructure were held as follows: 14 July 2014, 12 August 2014, 22 September 2014, 15 October 2014, 18 November 2014, 21 January 2015, 18 March 2015, 23 April 2015, 19 May 2015 & 26 June 2015.	The other 2 meetings were postponed due to unavailability of relevant councillors engaged in other municipal activities	Adhere to the annual schedule of the sub-committee meetings	Attendance Register and Minutes	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
				Number of Social & Community Services Sub-committee meetings held as scheduled by 30 June 2015	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	09		12	Not Achieved (33.33%) 4 Sub-Committee meetings for Social & Community Services were held as follows: 12 August 2014, 22 April 2015, 19 May 2015, 19 June 2015	The sub-committee could not quorate in 8 meetings due to non-availability of relevant councillors	Adhere to the annual schedule of the sub-committee meetings and table the report on non-attendance of sub-committee meetings by councillors at Council.	Attendance Register and Minutes	Verified & Confirmed by Internal Audit.
Good Governance and Public Participation	Improve administrative governance	ICT	Not applicable in the previous two quarters	Number of ICT Policies reviewed or developed by 30 June 2015	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	3	Not applicable	3	Achieved (300%) 9 ICT policies were developed and approved by Council as per Council Resolution Number SMC23/06/2015. The policies are		n/a	ICT Council Approved Policies with Council Resolutions	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Municipal Institutional Development and Transformation	Improve administrative and governance	Human Resources	Not applicable in the previous two quarters	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	71		28	as follows: Information Security policy Helpdesk Support Policy 3G Policy Backup Policy Disaster Recovery Policy Patch Management Policy Change Management Policy ICT Usage Policy Firewall Policy	Recruitment process took longer than anticipated in the 3 rd and 4 th quarter	Ensure appointment of people with disability as per EEP in the next financial year.	Employment Equity Plan	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
				EEP										
PLANNING & ECONOMIC DEVELOPMENT														
Good Governance and Public Participation	Improve administrative governance capacity	Performance Management	Percentage average Organizational performance rating		79.31%		60%	95%		100-100%			Organizational Performance Report with Council Resolution	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Good Governance and Public Participation	Improve administrative and governance capacity	Performance Management	Percentage development of SDBIP	Number of 2015/16 Institutional SDBIP Approved by 30 June 2015	2013/14 SDBIP to be approved by the Mayor in July 2013	2013/14 SDBIP approved by the Mayor on the 26 June 2013	2014/15 Approved SDBIP	1x 2015/16 Institutional SDBIP Approved		Achieved (100%) The Mayor Approved the Institutional SDBIP on the 25th of June 2015			Signed 2015/16 Institutional SDBIP	Verified & Confirmed by Internal Audit.
Local Economic Development	Promote and encourage sustainable economic environment	Tourism	Number of increased tourist influx		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	400 000	450 000		Achieved (109%) 488 856 [Q1=150 000 Q2=160 000 Q3=122 574 Q4=56 284] The Complete Report on Tourism Influx for the 2014/15 was approved by Council under Resolution MC /07/2015			Quarterly Reports	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Local Economic Development	Promote and encourage sustainable economic environment	Marketing and Branding	Percentage progress of development of Marketing and branding strategy		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	Not applicable	100%		Not Achieved 60% which culminate from Developed Marketing & Tourism Brochure Participation in the 2014 National Tourism Indaba, and Co-hosting of the Bela-Bela Motorsport Rally in December 2014 and June 2015	There was no Budget for the development of the actual Strategy. However, activities that the Strategy is meant to ensure their optimal implementation were rolled out	The Strategy will be developed as part of the LED Strategy after Budget in the new financial year instead of a separate Sectorial Strategy	Monthly Reports	Verified & Confirmed by Internal Audit.
Local Economic Development	Promote and encourage sustainable economic environment	Job Creation	Number of job created (both public and private)	Report on number of jobs created within the municipality by 30 June 2015	99 temporary jobs to be created (EPWP) 100 new Jobs created by private sector (LED)	99 temporary jobs created (EPWP) 50 jobs were created through the private sector (LED)	1	Not applicable	1	Achieved (100%) Report on number of jobs created within the municipality adopted by Council under Resolution MC /07/2015			Report with Council Resolution	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Municipal Institutional Development and Transformation	Plan for the future	IDP	Percentage creditable IDP	Number of 2015/16 IDP Reviewed and Approved by Council by 31 May 2015	100 Jobs created by public sector (CWP) IDP Reviewed approved on the 31 May 2014	100 Jobs created by public sector (CWP) IDP Reviewed approved on the 29 May 2014	2014/15 Approved IDP	1 x 2015/16 IDP Approved by Council		Achieved (100%) Council approved the 2015/16 IDP on 27 May 2015 under Council Resolution MC 114/05/2 015			Copy of Approved 2015/16 Final IDP with Council resolution	Verified & Confirmed by Internal Audit.
Spatial Rationale and Analysis	Plan for the future	Building Control	Number of awareness campaigns held by 30 June 2015				1	2		Achieved (150%) 3x Awareness campaigns on Building Control processes held through quarterly IDP Forum meetings to cover wide range of Stakeholders. The meetings were held as follows:			Attendance Register	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Spatial Rationale and Analysis	Plan for the future	Building Control	Not recorded in the Original SDBIP	Percentage of Building Plans meeting all requirements approved within 30 days	100%	80%	80%	100%	100%	Not Achieved 47% (47 Out of 102 building plans meeting all requirements were approved within 30 days)	The unit was understaffed to deal with the workload	The corrective action will be submitted for insertion in the APR: <input type="checkbox"/> A second Building Inspector has been appointed. <input type="checkbox"/> In some instances Building Inspectors were not permitted to enter premises for them to perform their inspection function	Register of Building Plans	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
												<p>s. <input type="checkbox"/> The Manager Planning & Economic Development to engage Acting Manager Corporate Services to introduce the Name Tags for all Municipal Employees so as to ensure that they can be easily identifiable and when they visit properties for</p>		

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Spatial Rationale and Analysis	Plan for the future	Land Use Management	Percentage of land development and land use applications responded to within 90 days in case where all legal requirements are met by applicant and council		100%	90%	100%	100% of the total number of application received.		Achieved 100% All 50 applications for land development and land use which met legal requirements by applicant and council were responded to within 90 days			Land Use Application Register	Verified & Confirmed by Internal Audit.
Spatial Rationale and Analysis	Plan for the future	Land Use Management	Number of LUMS campaigns held by 30 June 2015		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	Not applicable	4		Achieved (100%) Awareness campaigns on Building Control processes incorporated into the Quarterly IDP Forum meetings to cover wide range of Stakeholders			Attendance Register	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Spatial Rationale and Analysis	Plan for the future	Land Use Management - SPLUMA Implementation	Newly added	Report on BBLM readiness to implement SPLUMA to Council by 30 June 2015	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	Municipal Readiness conducted by DRDLR	Newly added	1 x Report on BBLM readiness to implement SPLUMA to Council	Achieved (100%) Report on BBLM readiness to implement SPLUMA was adopted by Council on 27 May 2015 as per Council Resolution number MC-103/05/2015			Report on BBLM readiness to implement SPLUMA	Verified & Confirmed by Internal Audit.
Spatial Rationale and Analysis		Land Use Management - SPLUMA Implementation	Newly added	Number of the Standing Orders and Delegation of Powers of Council amended to incorporate the SPLUMA Delegations by 30 June 2015	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	Current Standing Orders and Delegation of Powers as Approved by Council in November 2014	Newly added	1 x Amended Standing Rules and Delegation of Powers inclusive of SPLUMA Delegations Approved by Council	Achieved (100%) Amended Standing Rules and Delegation of Powers inclusive of SPLUMA Delegations approved by Council on 31 July 2015 as per Council Resolution number MC-178/07/2015			Amended Standing Rules and Delegation of Powers inclusive of SPLUMA Delegations with Council Resolution	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
TECHNICAL SERVICES														
Basic Service Delivery	Resource Management of Infrastructure and Services	Water	Percentage Meeting blue drop water quality standard		12 monthly reports on the submission of water quality results to DWA blue drop system	12 monthly reports	71.2%	75%		Achieved. 100% of activities to enable Assessments by DW&S performed (12 Monthly Reports on Water Quality Analysis submitted to DW&S and parameters were all within the SANS 241)	Regulation responsibility of DWA	DWA to provide assessment result. analysis results will be provided	Analysis Results/ Report	Verified & Confirmed by Internal Audit.
			Percentage Meeting green drop quality standard		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	50%	17.5%		Achieved. 100% of activities to enable Assessments by DW&S performed. (12 Monthly effluent quality Analysis Reports submitted within the parameters of SANS	Regulation responsibility of DWA	DWA to provide assessment result. analysis results will be provided	Analysis Results/ Report	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
										241 to DW&S, with issues thereto being rectified as per Green Drop Assessment Recommendations)				
Basic Service Delivery	Resource Management of Infrastructure and Services	Electricity	Increase MVA capacity from 16.5 to 22		16.5 MVA	22 MVA	16.5 MVA	22 MVA		Achieved (100%) MVA capacity increased from 16.5 to 22			Monthly Reports	Verified & Confirmed by Internal Audit.
Basic Service Delivery	Resource Management of Infrastructure and Services	Electricity	Number of standby generators provided		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	0	2		Not achieved (50%) Only one (1) generator procured, installed and commissioned	Budget constrain. The cost of the mobile generator which needs to drive all the induction motors in the plants is high.	The cost involved dictates that it will not be financially feasible to procure mobile standby generators for the sub stations.	Monthly Reports	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Basic Service Delivery	Resource Management of Infrastructure and Services	Electricity	Percentage of electricity meter replaced / against faulty meter		100% replacement as per the list from B&T	100% replacement as per the list from B&T	100%	100%		Achieved (100%) 153 Electricity meters replaced			Monthly Reports	Verified & Confirmed by Internal Audit.
Basic Service Delivery	Resource Management of Infrastructure and Services	Electricity	Number of new /upgrade of electricity connection within 14 days		100% installation within 14days	100% installation within 14days	100%	100%		Achieved (100%) 103 Electrical Connections			Monthly Reports	Verified & Confirmed by Internal Audit.
Basic Service Delivery	Resource Management of Infrastructure and Services	Electricity	R-Value spent on maintenance of Streetlight/ maintenance of electrical infrastructure	R-Value spent on maintenance of Streetlight/ maintenance of electrical infrastructure	100%	100%	100%		100% R3 584 000	Not Achieved. 87% R3 128 567	Budget Constraints impacted negatively on the expenditure		Monthly Reports	Verified & Confirmed by Internal Audit.
Basic Service Delivery	Resource Management of Infrastructure and Services	Roads and Storm Water	Number of km of roads re-graveled by 30 June 2015		10 km	2.93km	1.5km	10 KM		Achieved (145%) 14.47km re-gravelled			Monthly Reports	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Basic Service Delivery	Resource Management of Infrastructure and Services	Roads and Storm Water	# Km of roads graded by 30 June 2015		20 km	37km	20km	20 km		Achieved. (245%) 49km graded			Monthly Reports	Verified & Confirmed by Internal Audit.
Basic Service Delivery	Resource Management of Infrastructure and Services	Roads and Storm Water	Km of streets cleaned		20 km	21,4km	21,8km	20 km		Achieved. (209,20%) 41,84 Km of streets cleaned			Monthly Reports	Verified & Confirmed by Internal Audit.
Basic Service Delivery	Resource Management of Infrastructure and Services	Roads and Storm Water	Km of storm water channels cleaned by 30 June 2015		14km	27,1km	13,9km	14km		Achieved. 26,76 km of channels cleaned. (191,14%)			Monthly Reports	Verified & Confirmed by Internal Audit.
Basic Service Delivery	Resource Management of Infrastructure and Services	Roads and Storm Water	m ² of pavement repaired by 30 June 2015		1000 m2	4645 m2	1000 m ²	1000 m ²		Achieved. (378%) 3775 m ² of pavement repaired			Monthly Reports	Verified & Confirmed by Internal Audit.
Basic Service Delivery	Resource Management of Infrastructure and Services	Roads and Storm Water	Percentage of potholes repaired per quarter		Repaired 100% of potholes identified	Repaired 100% of potholes identified	Repaired 100% of potholes identified	Repaired 100% of potholes identified		Achieved. 100% of the identified potholes were repaired			Quarterly Reports/Registers	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Basic Service Delivery	Resource Management of Infrastructure and Services	Roads and Storm Water	Percentage of potholes reported by the community fixed within 7-days/ total # of potholes reported by the community	Repaired 100% of potholes reported within 7-days	Repair 100% of potholes reported within 7-days	Repaired 100% of potholes reported within 7-days	Repaired 100% of potholes reported within 7-days	Repair 100% of potholes reported within 7-days	Annual Revised Target 2014/15	Achieved (100%) All potholes were identified and repaired within 7 days			Customer Report/ Register	Verified & Confirmed by Internal Audit.
Basic Service Delivery	Resource Management of Infrastructure and Services	Roads and Storm Water	Percentage Speed humps constructed / speed humps requested as %	Constructed 100% of approved speed humps	Construct 100% of approved speed humps	Constructed 100% of approved speed humps	Constructed 100% of approved speed humps	Construct 100% of approved speed humps	Annual Revised Target 2014/15	Achieved (100%) 14 Speed humps were constructed in the 2014/2015 FY (4xPerinare ver, 7xBela Bela Township and 3xTomb)			Customer Report/ Register	Verified & Confirmed by Internal Audit.
Basic Service Delivery	Resource Management of Infrastructure and Services	Roads and Storm Water	R-value spent on maintenance of municipal buildings per annum / R-value budget for maintenance of municipal buildings as	100%	100%	100%	R150 000	R150 000	Annual Revised Target 2014/15	Achieved (271,20%) R406,795 spent on maintained			Customer Report/ Register	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
			%											
Basic Service Delivery	Resource Management of Infrastructure and Services	Project Management	Percentage projects completed within time		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	40%	100%		Not achieved. 75% of projects completed	Poor performance of contractors	Contractors placed on terms and projects will be completed by July 2015	Monthly Reports	Verified & Confirmed by Internal Audit.
Basic Service Delivery	Resource Management of Infrastructure and Services	Project Management	Percentage projects completed within budget		The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	14%	100%		Achieved 100%			Monthly Reports	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
Basic Service Delivery	Resource Management of Infrastructure and Services	Water	(100% households (14312) Percentage and number of households with access to basic level of water.	Percentage and number of households with access to basic level of water 30 June 2015.	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	100%	Not applicable	100%	Achieved 100% (14312 households have access to basic level of water)		None	Monthly Reports	Verified & Confirmed by Internal Audit.
Basic Service Delivery	Resource Management of Infrastructure and Services	Sanitation	93% (12229) Percentage and number of households with access to basic level of sanitation.	Percentage and number of households with access to basic level of sanitation by 30 June 2015.	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	93%	Not applicable	93%	Achieved 94% (12279 households have access to basic level of sanitation. (107.10%))	Through Magalies water funding 50 VIP toilets were constructed at Tsakane (94%) is having access to sanitation	None	Monthly reports	Verified & Confirmed by Internal Audit.
Basic Service Delivery	Resource Management of Infrastructure and Services	Electricity	94% (12432) Percentage and number of households with access to basic level of electricity	Percentage and number of households with access to basic level of electricity by 30 June 2015.	The target was not applicable for 2013/2014 FY	The target was not applicable for 2013/2014 FY	94%	Not applicable	94%	Not Achieved 84% (10 519 Households that have access to basic level of electricity) (89.36%)	The municipality depends on the financial support from DOE hence this underperformance	The municipality applied for the financial support from DoE and will continue follow up on the	Monthly reports	Verified & Confirmed by Internal Audit.

Key Performance Area	Strategic Goal	Programme / Focus Area	Performance Indicator	Amended Performance Indicator	2013/2014 Annual Target	2013/2014 Actual Performance	Baseline	Annual Projected Target 2014/15	Annual Revised Target 2014/15	2014/2015 Actual Performance	Reasons for Any Variation from the 2014/2015 Target	Corrective Action	Evidence Required	Internal Audit Review
												progress made in this regard.		

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7. BELA-BELA LOCAL MUNICIPALITY: 2014/2015 PROJECTS

No.	Project name	Institutional Indicator	2014/2015 Annual Target	2014/2015 Budget Allocated	Funding Source	2014/2015 Budget Spent	Actual Performance By 30 June 2015	Reasons For any Variations	Corrective Actions	Evidence Required	Responsible Department
1.	Road Paving Phase 4a	1.6 km road paved by 30 June 2015	1.6km paved roads	3 500 000	MIG	3 321 905.86	1.6km paved roads			Completion certificate	Technical Services :PMU
2.	Bulk Water Infrastructure X9	1 x 4Ml reservoir 1 x Pump station 850m water pipe line	100% Completion of 4ml reservoir, 850m water pipe line and pump station	R 4 025 172	MIG	4 025 172	99% Completion of 4ml reservoir, 850m water pipe line and pump station	Poor performance of contractor	Snag list items are attended to. Project will be completed at the end of July 15	Practical completion certificate with snag list	Technical Services :PMU
3.	Multipurpose Centre X6	Community hall as first phase.	100% completion of Community Hall as first phase	R 5 000 000	MIG	8 754 750	99% completion of 1 st phase community Hall	Snag list for 1 st phase will be finalised by July 2015	Project was planned as a multi-year.	Practical completion certificate with snag list	Technical Services :PMU
4.	Upgrade Moloto Street Stadium	Soccer pitch and athletic track with inner and outer perimeter fencing.	100% completion of New soccer pitch with Athletic tracks. Inner and outer perimeter fencing	R 3 754 750	MIG	0	Project cancelled	Municipal Cash flow		Formal withdrawal correspondence	Technical Services :PMU
5.	Bela Bela High sport stadium	Repair perimeter wall and new dressing rooms (14/15) Refurbish pitch and existing stands (15/16)	Repair perimeter wall and new dressing rooms (14/15)	R 2 903 428	MIG	740 684.22	Perimeter wall repaired, Earth works completed, Dressing room on 5%	Project was delayed to managed the expected higher cash flow on multi-Purpose centre project	Project is implemented as a multi-year project continuing in the 15/16 fy	Consultant and contractor's appointment letter.	Technical Services :PMU
6.	Storm Water Limpopo Street	1.4km concrete lined open storm water channel	46% completed storm water channel	R 7 900 000	MIG	2 675 915	80% completed storm water channel		Project is implemented as a multi-year project continuing in the 15/16 fy	Consultant and contractor's appointment letter.	Technical Services :PMU
7.	Rehab CBD Roads	Refurbish the following streets	100% Refurbishment	R 7 000 000	Own Source	9 305 624.50	Project on 75%	Poor performance of	Contractor was put on terms.	Rehabilitated streets as	Technical Services

No.	Project name	Institutional Indicator	2014/2015 Annual Target	2014/2015 Budget Allocated	Funding Source	2014/2015 Budget Spent	Actual Performance By 30 June 2015	Reasons For any Variations	Corrective Actions	Evidence Required	Responsible Department
		In CBD: Potgieter Road, Richie Street, Sutter Road, Marx Street, Pretoria Road,Corkery Road	of the following streets in CBD: Potgieter Road, Richie Street, Sutter Road, Marx Street, Pretoria Road,Corkery Road					contractor	New completion date 21 July 2015	indicated	:PMU

8. REPORT ON THE PERFORMANCE OF EXTERNAL SERVICE PROVIDERS

This section serves to reflect and evaluate the performance of the external Service Provider's in respect of provisions of the contract and the product that the Service Provider delivered for all aspects of the project scope. The Evaluation criteria are based on a scale of 1-5 and each of aspects measured relate to the successful completion of the project. The evaluation score guide on the performance of the service providers is as follows:

5	Excellent	Completion of the project before the scheduled time and within budget
4	Good	Completion of project within time frame and budget
3	Average	Completion of project within time frame but outside the allocated budget or vice versa
2	Below Average	Failure to complete the project
	Unacceptable	Failure to commence with the project

8.1 List of Capital Projects Per Service Provider

Service Provider	Project Name	Appointment Date	Contract Period	Budget Allocated	Budget Spent	Locality	Start Date	End Date	Progress by June 2015	Reasons For any Variations	Corrective Actions	Score (1-5)	Responsible Department
Malarapo Investment KMSD	Bulk Water Servicox X9	6 November 2013	6 months	9 050 428	7 938 688	Bela-Bela	20 November 2013	30 June 2015	The project is practically complete. Snag list outstanding	Poor performance of Contractor	Contractor was put on terms and penalised	2	Technical Services
		3 October 2012	Multi-year project									2	Technical Services
Makgale Building & Construction MSW	Road Paving Phase 4		4 months	3 755 804	3 452 757	Bela-Bela	22 July 2014	14 April 2015	Project complete	Poor performance of local subcontracts		3	Technical Services
		26 February 2014	12 Months									4	Technical Services
RS Construction GKB Design Ass.	Multi-Purpose X6	23 May 2014	9 Months	R 8 754 750,00	8 754 750,00	Bela-Bela	19 May 2014	31 July 2015	99% complete	Poor performance of Contractor		4	Technical Services
		12 December 2013	Completion of project									4	Technical Services
KIS & Phieta	Upgrade Sport Facilities Bela Bela High		26 weeks	R 1 103 428,00	740 684	Bela Bela	27 May 2015	11 December 2015	15%	Starting date delayed for cash flow	Additional funding was made available for	4	Technical Services

Service Provider	Project Name	Appointment Date	Contract Period	Budget Allocated	Budget Spent	Locality	Start Date	End Date	Progress by June 2015	Reasons For any Variations	Corrective Actions	Score (1-5)	Responsible Department
											the 2015/2016 Financial Year		
Empyrean Construction	Stormwater Limpopo Street	13 April 2015	16 Weeks	R 2 675 917	2 675 917	Bela Bela	15 April 2015	14 Aug 2015	Complete				Technical Services
Dikgabo Consulting Engineering		16 October 2014	Duration of project									2	Technical Services
Readira Matlanyapeli	Upgrade CBD Roads	12 December 2014	3 Months	12 500 000	9 305 624	Bela Bela CBD	22 Jan 2015	21 July 2015	75%	Poor performance	Contractor was put on terms	3	Technical Services
MSW		May 2014										4	Technical Services

8.2. List of operational projects per Service Providers

Service Provider	Project Name	Appointment Date	Contract Period	Budget Allocated	Start Date	End Date	Progress by June 2015	Reasons For any Variations	Corrective Actions	Score (1-5)	Responsible Department
ITTG Trading & Projects	Supply and delivery of maintenance materials for water and sewer pipeline and fittings.	02-July-2014		As and when Required	02-Jul-14						Technical Services
Elster Kent	Supply and delivery of maintenance materials for water and sewer pipeline and fittings.	02-July-2014	24 Months	As and when Required	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Technical Services
Tambo Business Enterprise	Supply and delivery of maintenance materials for water and sewer pipeline and fittings.	02-July-2014	24 Months	As and when Required	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Technical Services
Razmaime Trading & Projects	Repair and maintenance of motor and pumps	02-July-2014	24 Months	As and when Required	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Technical Services
Babmatlou Motor Rewinding & Electrician	Repair and maintenance of motor and pumps	02-July-2014	24 Months	As and when Required	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Technical Services
Moepeng	Repair and	02-July-2014	24 Months	As and when	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Technical

Service Provider	Project Name	Appointment Date	Contract Period	Budget Allocated	Start Date	End Date	Progress by June 2015	Reasons For any Variations	Corrective Actions	Score (1-5)	Responsible Department
Trading	maintenance of motor and pumps			Required							Services
Mabchem Trading & Projects	Supply and delivery of water and sewer purification chemicals	02-July-2014	24 Months	As and when Required	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Technical Services
Kelebogile Gontse's PD	Supply and delivery of water and sewer purification chemicals	02-July-2014	24 Months	As and when Required	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Technical Services
Fatima Sourang & Freight	Supply and delivery of hot and cold mix asphalt and bitumen emulsion	02-July-2014	24 Months	As and when Required	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Technical Services
Ipeleng Civil Construction	Supply and delivery of hot and cold mix asphalt and bitumen emulsion	02-July-2014	24 Months	As and when Required	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Technical Services
Seke-Trading & Project	Supply and delivery of hot and cold mix asphalt and bitumen emulsion	02-July-2014	24 Months	As and when Required	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Technical Services
Nkumba Investments	Supply and delivery of hot and cold mix asphalt and bitumen emulsion	02-July-2014	24 Months	As and when Required	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Technical Services
There's Business Enterprise	Supply and delivery of hot and cold mix asphalt and bitumen emulsion	02-July-2014	24 Months	As and when Required	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Technical Services
Afri Aga Trading	Supply and delivery of hot and cold mix asphalt and bitumen emulsion	02-July-2014	24 Months	As and when Required	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Technical Services
Alma Meter Investment	Supply and delivery of storm water pipes, culverts and manholes	02-July-2014	24 Months	As and when Required	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Technical Services
Erwat	Supply of water analysis laboratory services	02-July-2014	24 Months	As and when Required	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Technical Services
Waterlab	Supply of water analysis laboratory services	02-July-2014	24 Months	As and when Required	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Technical Services
Fidelity Cash Solutions	Cash Conveyance	02-July-2014	36 Months	R 71 163.36	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Budget & Treasury
Monaper's Traders	Electricity Power Factor	02-July-2014	36 Months	43%	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Technical Services
Dikala Plant Hire	Provision of FML Pool Vehicles	02-July-2014	36 Months	As and when Required	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Budget & Treasury
Lateral Unison	Short Term Insurance	02-July-2014	36 Months	R 276 094.40	02-Jul-14	30-Jun-16	Satisfactory	None	None	4	Budget & Treasury

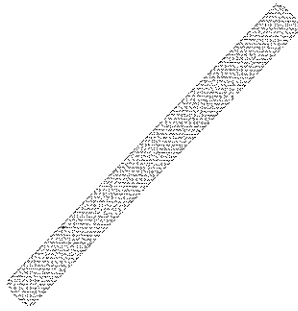
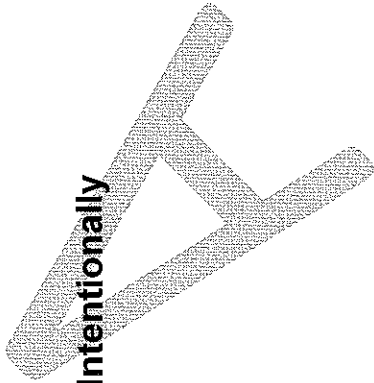
Service Provider	Project Name	Appointment Date	Contract Period	Budget Allocated	Start Date	End Date	Progress by June 2015	Reasons For any Variations	Corrective Actions	Score (1-5)	Responsible Department
Nashua Limpopo	PhotoCopier Printer services	24-July-2014	36 Months	As and when Required	24-Jul-14	30-Jun-16	Satisfactory	None	None	4	Budget & Treasury
1 Dikgabo Consul Eng.	Civil Engineering	19-September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
3 Aurecon	Civil Engineering	19-September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
4 UWP Consulting	Civil Engineering	19-September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
5 GIBB	Civil Engineering	19-September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
6 Engor Engineers	Civil Engineering	19-September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
7 MSW	Civil Engineering	19-September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
1 Aurecon	Electrical Engineering	19-September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
2 GKB Design	Electrical Engineering	19-September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
3 Thabile Engineering	Electrical Engineering	19-September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
4 Frans Masedi Techn Solutions	Electrical Engineering	19-September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
5 Molla Cons Engineers	Electrical Engineering	19-September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
1 Prism Architects	Architects	19-September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
2 Consultium Architects	Architects	19-September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
3 Delta Built	Architects	19-September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services

Service Provider	Project Name	Appointment Date	Contract Period	Budget Allocated	Start Date	End Date	Progress by June 2015	Reasons For any Variations	Corrective Actions	Score (1-5)	Responsible Department
Environme		September-2014		Required							Services
1 Akwethu Engin Dev	Land Surveyors	September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
2 Royal Haskoning	Land Surveyors	September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
1 Aurecon	OHS Consultants	September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
2 GKB Design Ass.	OHS Consultants	September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
1 Delta Built Environme	Social Consultants	September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
2 Royal Haskoning DHV	Social Consultants	September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
1 Visumusi Quantity Surveying	Quantity Surveying	September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
2 Royal Haskoning DHV	Quantity Surveying	September-2014	36 Months	As and when Required	19-Sep-14	19-Sep-17	Satisfactory	None	None	4	Technical Services
ARMS	MFMP Provider	07-November-2014	36 Months	As and when Required	01-Dec-14	30-Nov-17	Satisfactory	None	None	4	Corporate Planning & Economic Development
Bageso Housing Dev	Town Planning Services	07-November-2014	36 Months	As and when Required	01-Dec-14	30-Nov-17	Satisfactory	None	None	4	Planning & Economic Development
DELTA	Town Planning Services	07-November-2014	36 Months	As and when Required	01-Dec-14	30-Nov-17	Satisfactory	None	None	4	Planning & Economic Development
The Practice Group AOC	Town Planning Services	07-November-2014	36 Months	As and when Required	01-Dec-14	30-Nov-17	Satisfactory	None	None	4	Planning & Economic Development
	Land Surveying	07-November-2014	36 Months	As and when Required	01-Dec-14	30-Nov-17	Satisfactory	None	None	4	Planning & Economic Development

Service Provider	Project Name	Appointment Date	Contract Period	Budget Allocated	Start Date	End Date	Progress by June 2015	Reasons For any Variations	Corrective Actions	Score (1-5)	Responsible Department
Geomatics	Services	2014		Required							Economic Development
P D Bekker Environ & Sustain Solutions ZAQEN Actuaries	Land Surveying Services	07-November-2014	36 Months	As and when Required	01-Dec-14	30-Nov-17	Satisfactory	None	None	4	Planning & Economic Development
	Valuation of Landfill Closure Costs	07-November-2014	36 Months	As and when Required	01-Dec-14	30-Nov-17	Satisfactory	None	None	4	Community & Social Services
	Actuarial Services	07-November-2014	36 Months	As and when Required	01-Dec-14	30-Nov-17	Satisfactory	None	None	4	Budget & Treasury
	Supply of Fuel	07-November-2014	36 Months	As and when Required	01-Dec-14	30-Nov-17	Satisfactory	None	None	4	Community & Social services
	Advertising Agency	07-November-2014	36 Months	As and when Required	01-Dec-14	30-Nov-17	Satisfactory	None	None	4	Budget & Treasury
	Advertising Agency	07-November-2014	36 Months	As and when Required	01-Dec-14	30-Nov-17	Satisfactory	None	None	4	Budget & Treasury
Batsumi Travel	Travel Agency	07-November-2014	36 Months	As and when Required	01-Dec-14	30-Nov-17	Satisfactory	None	None	4	Budget & Treasury
Twilight Travelling Services	Travel Agency	07-November-2014	36 Months	As and when Required	01-Dec-14	30-Nov-17	Satisfactory	None	None	4	Budget & Treasury
TSS Transformers (Pty) Ltd	Repair and maintenance of Transformers	07-November-2014	36 Months	As and when Required	01-Dec-14	30-Nov-17	Satisfactory	None	None	3	Technical Services
Dr Mahlare	Occupational Health Services	07-November-2014	36 Months	As and when Required	01-Dec-14	30-Nov-17	Satisfactory	None	None	4	Corporate Services
Balimi Barui Trading cc	Traffic Management System	01-October-2014	36 Months	As and when Required	01-Oct-14	30-Sep-17	Satisfactory	None	None	3	Community & Social Services
DayBreak	Landfill Management System	30-October-2014	36 Months	133 095.90	01-Nov-14	31-Oct-17	Satisfactory	None	None	4	Community & Social Services
ABSA	Banking Services	07-November-2014	60 Months	Bank Charges	01-Dec-14	30-Nov-19	Satisfactory	None	None	4	Budget & Treasury
Cross-Check	Data Enrichment Services	16-March-2015	36 Months	As and when Required	01-Apr-15	30-Mar-18	Satisfactory	None	None	4	Budget & Treasury

Service Provider	Project Name	Appointment Date	Contract Period	Budget Allocated	Start Date	End Date	Progress by June 2015	Reasons For any Variations	Corrective Actions	Score (1-5)	Responsible Department
Bertobrite	Voice Communication Services	10-February-2015	36 Months	200 903.00	01-Jul-15	30-Jun-18	Satisfactory	None	None	4	Community & Social Services
Altimax	Financial Technical Matters	16-March-2015	36 Months	As and when Required	01-Apr-15	30-Mar-18	Satisfactory	None	None	4	Budget & Treasury
ARMS	Financial Technical Matters	16-March-2015	36 Months	As and when Required	01-Apr-15	30-Mar-18	Satisfactory	None	None	4	Budget & Treasury
Akhile Management & Cons	Financial Technical Matters	16-March-2015	36 Months	As and when Required	01-Apr-15	30-Mar-18	Satisfactory	None	None	4	Budget & Treasury
Camelsa Consulting Group	Financial Technical Matters	16-March-2015	36 Months	As and when Required	01-Apr-15	30-Mar-18	Satisfactory	None	None	4	Budget & Treasury
Renaissance Chartered Acc	Financial Technical Matters	16-March-2015	36 Months	As and when Required	01-Apr-15	30-Mar-18	Satisfactory	None	None	4	Budget & Treasury
Movundlela Consulting	Vat Review Services	16-March-2015	36 Months	12%	01-Apr-15	30-Mar-18	Satisfactory	None	None	4	Budget & Treasury
Intuate	Unified Communication Services	01-September-2015	36 Months	1 342 130.00	01-Sep-15	30-Aug-18	Satisfactory	None	None	4	Corporate Services
Warmbad Grassnyderdien ste	Repair and maintenance of Grass Cutting Machinery	16-March-2015	36 Months	As and when Required	16-Mar-15	28-Feb-18	Satisfactory	None	None	4	Community & Social Services
Bertobrite	Time Access and Attendance Control Systems	10-April-2015	36 Months		01-Jul-15	30-Jun-18	Satisfactory	None	None	4	Corporate Services
E-Valuations	Compilation of Valuation Roll	01-June-2015	48 Months	R3,119 604.87	01-Jul-15	30-Jun-19	Satisfactory	None	None	4	Budget & Treasury
BBT Capital Revenue Managem Service	Debt Collection Services	20-March-2014	36 Months	14%	20-Mar-14	28-Feb-17	Satisfactory	None	None	4	Budget & Treasury
Fawcett Security Services	Provision of Security Services	01-July-2014	36 Months	482 469.22	01-Jul-14	30-Jun-17	Satisfactory	None	None	4	Corporate Services

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9. INSTITUTIONAL PERFORMANCE ANALYSIS

In the previous Financial Year the Municipality performance was at 77.5 % currently the municipality's performance is at **100.30%** which culminates from the performance of the following departments: Office of the Municipal Manager which comprises of Office of the Mayor, Budget & Treasury, Corporate Services, Technical Services, Planning & Economic Development and the Community & Social Services. Detailed performance of the departments per Key Performance Areas is depicted on the table below.

Department	TOTAL Number of KPI's	KPI's Achieved	KPI's Overachieved	KPI's not achieved	Performance in Percentages
Office of the Municipal Manager	12	8	0	4	97.36%
Budget & Treasury	14	3	4	7	92.64%
Corporate Services	12	2	1	9	91.61%
Technical Services	21	10	7	4	135.33%
Planning & Economic Development	13	6	4	3	91.64%
Community & Social Services	9	8	1	0	100.81%
TOTAL	81	37	17	27	100.30%

As depicted on the table above, all the six Departments performed above 90% of their pre-determined targets by the end of the 2014/15 Financial Year.

This good performance can be attributed to the Management's continued Monitoring, Evaluation and directive after the Mid-Year Budget and Performance Assessment, that all the Departments should ensure drastic improvements towards attainment of their respective targets in the third and fourth Quarters respectively so as to realize or even surpass the 95% Annual Target for Institutional Performance.

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According to the depiction above, it is clearly evident that whilst Technical Services in particular did not achieve 100% of all its targets, the Departments still managed to perform far above 100%. This is due to the fact that, there were seven (7) indicators where the Department surpassed the set performance targets, Four (4) Indicators where the Departments of Planning & Economic Development and Budget & Treasury surpassed the set performance targets, and one (1) Indicator each where the Departments of Social & Community Services and Corporate Services respectively surpassed the set Targets.

According to the Table above, all the Departments combined overachieved their predetermined targets by 17 (21%), which adds into the 37 Indicators achieved making a total of 54 Indicators that were achieved.

9.1. Contributing factors to the underperformance by the municipality in some Key Performance Indicator (KPI's).

Whilst the Municipality evidently performed well, there were some indicators, although very few where the Municipality did not perform at all. Key amongst the contributing factors was that the Municipality also had financial constraints which led to the suspension of some projects which were meant to be implemented in the financial year under review. Those projects have since being planned for implementation in the subsequent Financial Year.

In Majority of the Indicator out of the 27 which were under performed, there was substantial work done even though not to the targeted levels. Hence they were recorded as underperformance, but the actual percentage in terms of work done contributed immensely to the Institutional performance.

9.2. Remedial actions to address the highlighted challenges

In an attempt to address the identified challenges the municipality advertised positions of Manager Technical Services, Chief Finance Officer and of the Manager Corporate Services. Currently the municipality has finalised the appointment of Manager Technical Services and the Chief Finance Officer. It should also be noted that the municipality in order to address the challenge of understaffing has amongst other appointed the Divisional Manager Performance Management, Divisional Manager Legal Services, and Divisional Manager for Technical Services and an Accountant in Finance Department.

With regard to the implementation of projects the municipality has adjusted its 2014/2015 budget in order to make funds available for critical projects which were due for implementation. Furthermore, the municipality sought financial assistance from sector departments for the implementation of certain

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projects. The projects include the construction of VIP toilets at Vingerkraal and Tsakane. The project was funded by the Department of Water Affairs. The municipality also received confirmation of financial assistance from the Department of Energy for the implementation of phase one (1) of the construction of the sub-station in the 2015/2016 financial year.

10. CONCLUSION

Notwithstanding teething challenges, Bela-Bela Local Municipality served its constituent Community with distinction during the 2014/2015 financial year. This report clearly demonstrates the commitment of the municipality to ensure that the local community have access to their basic needs, as espoused in the founding law of the Country, The Constitution.

Investment in capital and social infrastructure remains a clear focus area when projects are identified in the IDP. This report to Council and the local community demonstrates the ability of the Bela-Bela Municipality to adapt to the ever changing socioeconomic needs of the local community.

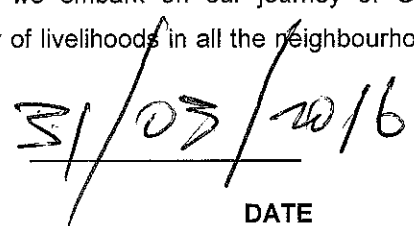
Due to various challenges, only 1.68% of the planned targets could not be met. As a Municipality, we have already put in place corrective actions in response to these unachieved targets for implementation in the 2015/16 IDP; Budget and SDBIP respectively, and will duly report to Council through its Governance Structures on the progress made to address those targets.

I wish to extend my gratitude to the Municipal Council, Executive Committee, Portfolio Committees the Management Team as well as to all the employees of the Bela-Bela Local Municipality who diligently and competently assisted to ensure that our Municipality is well on its way to become "A Place of Excellence" in all its Service Delivery and Governance processes.

Our Governance approach is that of continuous learning from our experiences and those of other well performing Municipalities [across the Country, as we embark on our journey of Good Corporate Governance, characterised by improved quality of livelihoods in all the neighbourhoods therein.


MM MALULEKA

MUNICIPAL MANAGER


DATE

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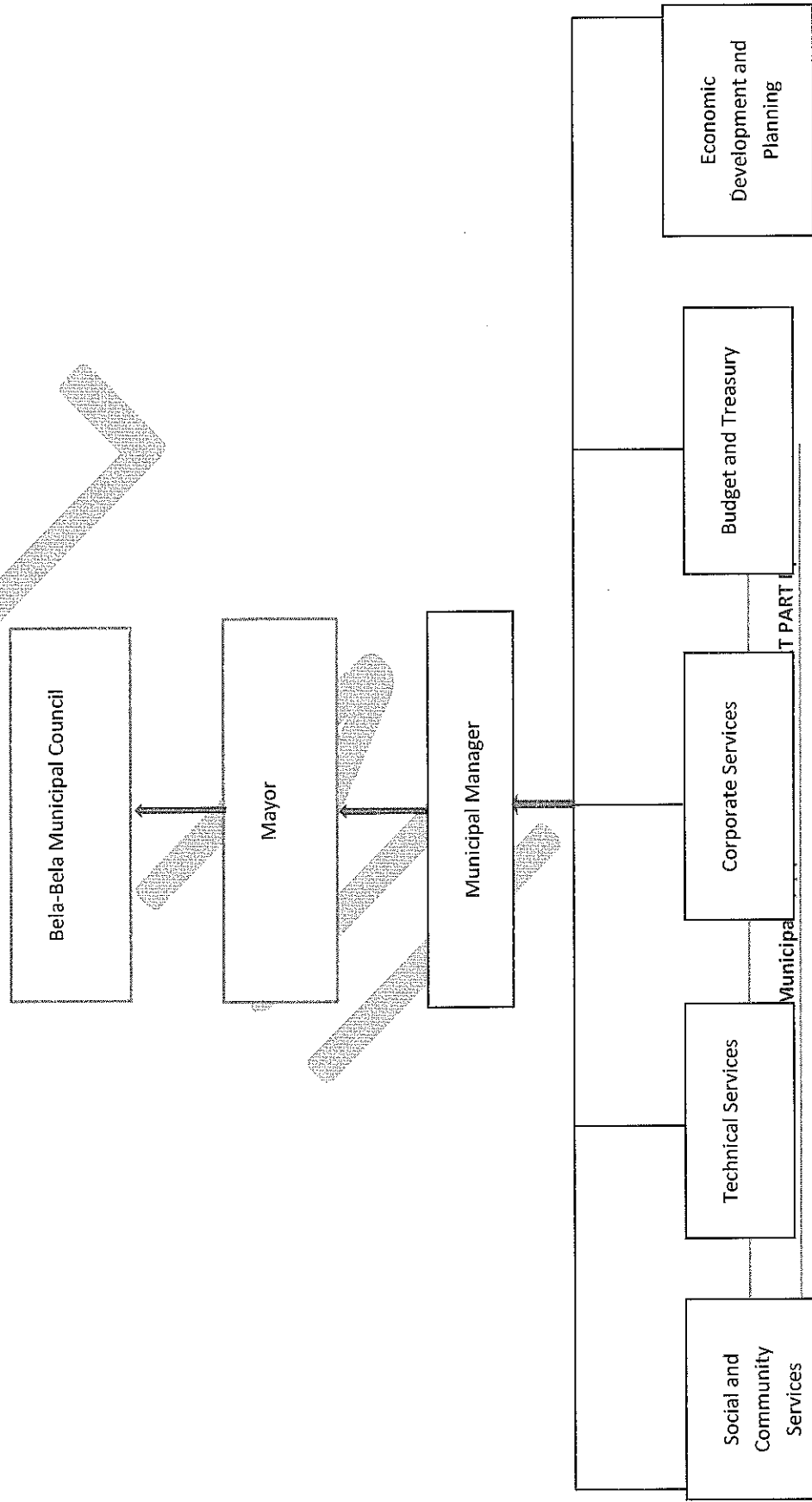
CHAPTER 4 – ORGANIZATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

4. INTRODUCTION

The municipality had a staff compliment of 501 full time staff as provided in the revised Organogram. The municipal organogram makes provision for a Municipal Manager, 5 Senior Managers (Head of Departments), 2 senior managers in the form Manager Legal & Manager Electrical Services and 17 Middle Managers (Divisional Heads)

Chapter 4

Graph 1



Chapter 4

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Table 1

TOTAL NUMBER OF EMPLOYEES					
Description	2013/14	2014/15		Variance	Variance
	Employees	Approved Posts	Employees		
	No.	No.	No.	No.	%
Water	30	38	27	11	28
Waste Water (Sanitation)	30	48	47	1	0.2
Electricity	37	44	40	4	9
Waste Management	36	51	45	6	11
Housing	6	11	6	5	45
Waste Water (Storm water Drainage)	7	11	9	2	18
Roads	22	38	22	16	42
Transport	1	3	2	1	33
Planning	2	4	3	1	25
Local Economic Development	2	4	3	1	25
Planning (Strategic & Regulatory)	2	2	2	0	0
Community & Social Services	2	5	4	1	20
Protection & Emergency	24	40	25	15	37
Parks, Sport and Recreation	37	41	38	3	7
Corporate, Budget, MM, Audit and Other	105	130	108	22	16
Totals	343	470	381	89	18

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Table 2

VACANCY RATE 2014/15		
Designations	*Total Approved Posts	*Variances (Total time that vacancies exist using fulltime equivalents)
	No.	No.
Municipal Manager	1	0
CFO	0	0.97
Other S57 Managers (excluding Finance Posts)	4	0
Other S57 Managers (Finance posts)	0	0
Municipal Police	0	0
Fire fighters	2	1.14
Senior management: Levels 1-3 (excluding Finance Posts)	14	0
Senior management: Levels 1-3 (Finance posts)	3	0
Highly skilled supervision: levels 4-6 (excluding Finance posts)	7	7.10
Highly skilled supervision: levels 4-6 (Finance posts)	2	2.18
Total	34	11.39

Table 3

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2014/15	501	16	0.04

Chapter 4

4.1.1 COMMENT ON VACANCIES AND TURNOVER

By the end of June 2015, only 4 positions out of 39 were filled. This was due to instability within management of the department in the 1st & 2nd quarter impacted on the performance. Most of the internal staff do not qualify for this senior position because of the under qualifications or lack of experience at the managerial positions. The Chief Financial Officer (CFO) and Manager Technical Services positions have been filled and incumbents will engage employment at the beginning of 2015/16 financial year. The main reason for the turnover rate experienced by Bela -Bela municipality is the issue of unattractive municipal benefits such as locomotive allowance.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The employment equity plan intends to achieve equity in the workplace, in order to make the municipal workforce more representative and ensuring fair and equitable employment practices for employees. Furthermore it is intended to create an organisational culture that is non – discriminatory, values diversity and legitimises the input of all employees. The employment equity policy within Bela-Bela has recently been reviewed and implementation of this policy has commenced. The gender composition within Bela-Bela Municipality by the end of June 2015 indicated that 76, 4% of the municipal employees are males while only 23, 6% are female. This indicates that a lot of work still needs to be done on the side of recruitment to ensure that the municipality meets its target of having 40% of the municipal employees being women. In terms of gender composition at Section 56 Management, the municipality is currently not doing well to such an extent that all section 56 managers are currently male and the target that has been set by this equity plan in this regard is 40% of women in Section 56 position by 2016.

Chapter 4

4.3 POLICIES

Table 4

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Disciplinary Code and Procedures			The municipality utilizes Collective Agreement
2	Grievance Procedures			The municipality utilizes Collective Agreement
3	HIV/Aids	100	100	12/05/2011
4	Job Evaluation			The municipality utilizes Collective Agreement
5	Travelling Allowance	100	100	01 July 2014
6	Performance Management and Development	100	100	01 July 2014
7	Recruitment, Selection policy	100	100	12/05/2011
8	Standby and Cell-phone Allowances	100	100	01 July 2014

Chapter 4

4.4 INJURIES, SICKNESS AND SUSPENSIONS

Table 5

Number and Cost of Injuries on Duty						
Type of injury	Injury Leave Taken	Employees using injury leave	Average injury leave taken per employee	Average Injury Leave per employee	Total Estimated Cost	
	Days	No.	%	Days	R'000	
Required basic medical attention only	29	5	17.29	5.8	6538,68	
Temporary total disablement						
Permanent disablement						
Fatal						
Total	29	5	17.29	5.8	6538,68	
Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Senior management (Levels 0-2)	138	9.42	13	17	8.12	168849.90
Highly skilled supervision (Levels 3-5)	144	5.56	19	25	5.76	123804.68
Highly skilled production (levels 6-8)	343	7.87	41	62	5.53	192280.46
Skilled (levels 9-12)	508	0.79	41	71	7.15	185522.87
Lower skilled (Levels 13-17)	1075	1.49	102	166	6.48	283258.50
MM and S57	15	0	3	5	3.0	33409.35
Total	3356.00	25.3	217	346	36.04	987125.76
* - Number of employees in post at the beginning of the year						
*Average calculated by taking sick leave in column 2 divided by total employees in column 5						

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4.4.1 NUMBER AND PERIOD OF SUSPENSIONS AS OF 30 JUNE 2015

Table 6

NO	CLAIMANT / PLAINTIFF/ APPLICANT	PERIOD OF SUSPENSION	SUMMARY OF THE CASE AND PROGRESS	RESPONSIBLE ATTORNEY
1.	LN NYAMBENI	January 2014 – October 2014	Mr. Nyambeni was previously employed as the Manager Technical Services and was subsequently dismissed on 28 October 2014.	Moloto Attorneys
2.	SAMWU Molekoa obo	August 2014 to date as of June 2015	Employee is still on suspension. The matter is set down to proceed on the 02/07/2015. Hearing already started, final witness outstanding on behalf of the employer. The witness has been notified.	Khomotso Chuene of Letaba Local Municipality
3.	IMATU BOTHA obo	September 2014 – May 2015	Employee's suspension has been lifted following an arbitration award in which the Employer was ordered to do so with immediate effect. The employee will report back on duty on the 01/06/2015. The disciplinary hearing has started and final witness outstanding on behalf of the employer. Imatu has suggested the 27/07/2015 still to be confirmed with all parties.	Khomotso Chuene Of Letaba Local Municipality
4.	SAMWU Mabunda obo	February 2014 to date as of June 2015	Employee found guilty of misconduct on all four charges against him on the	Kenny Mothata of Waterburg District Municipality

Chapter 4

NO	CLAIMANT / PLAINTIFF/ APPLICANT	PERIOD OF SUSPENSION	SUMMARY OF THE CASE AND PROGRESS	RESPONSIBLE ATTORNEY
			03/06/2015. We await the sanction	
5.	SAMWU Mofati obo	February 2014 to date as of June 2015	Employee currently on suspension. The matter is postponed sine die as the matter has been referred to arbitration whereby the employee has raised a procedural concern in terms of clause 6.3 of the disciplinary code.	Khomotso Chuene of Letaba Local Municipality
6.	SAMWU Masingi obo	February 2015 – May 2015	Settlement agreement entered into on the 19/06/2015 with the employee and his representatives	Angelina Serote of Bela Bela Municipality

4.4.1.1 COMMENT ON INJURY AND SICK LEAVE

For the financial year under review 29 injury leave days were taken by 5 employees injured on duty. Awareness campaigns and employee wellness programmes have been initiated by the municipality to alert employees on how to avoid health hazards. The municipality does not have its own doctor, therefore employees utilise their own doctors and submit reports. The reports are then kept in to the employees file for records. Capacity building was also identified as a means of reducing injuries on duty.

4.4.1.2 COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

The Municipality adheres strictly to the provisions of the Disciplinary Code Collective Agreement.

For the above mentioned matters the charges which the employees faced were of such a serious nature in that they impacted heavily on the trust relationship which should exist between the parties.

The Municipality, which is the Employer could not utilise any of the employees temporarily in another capacity pending finalisation of the matters. Therefore, it was the opinion of the Employer that it would be detrimental to its interest should the employees remain in active service.

Chapter 4

The reported matters have all been finalised except for one which the delay has been solely caused by unforeseen circumstances beyond the control of the Employer.

4.5 PERFORMANCE REWARDS

4.5.1 COMMENT ON PERFORMANCE REWARDS:

As already indicated in Component K under Organizational Score Card the municipality established a Performance Management Systems (PMS) as per the provisions of 38 and 41 of the Local Government Municipal Systems Act (MSA) No 32 of 2000. As guided by Section 41 (c) (i) (ii) whereby the municipality is required to monitor, measure and review performance at least once in a year. The municipality monitored its performance based on the developmental priorities and objectives as approved in the IDP, Budget and the Organizational Score Card. The monitoring of performance was also done through the compilation and submission of the quarterly reports to Council.

Furthermore, it should be noted that during the financial year under review the municipality had only two fully appointed Senior Managers, the Municipal Manager and Manager for Planning & Economic Development. The positions of the Chief Financial Officer, Manager Technical Services, Manager Community & Social Services and Manager Corporate Services were vacant hence the appointment of acting managers. In order to comply with the provisions of Section 38 (a) (i) and 41 (c) (ii) of the MSA the municipality made budget provisions for performance rewards for 2014/2015 Financial Year. Furthermore, the municipality also conducted the 2014/2015 Annual Performance Reviews for the Manager Planning and Economic Development and the Municipal Manager. Both managers qualified for the performance bonuses of 9% for the Municipal Manager and 10% for Manager Planning and Economic Development. It is therefore recommended that after the consideration and adoption of the 2014/2015 Annual Report by the Municipal Council, the municipality complies with the provisions of Sub-Regulation 8 of Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, of 2006 as amended.

Chapter 4

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.6. INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Every financial year, the municipality prepares a Work Skills Development Plan which is guided by the skills audit conducted during the year. A Training Committee has been established and sits on quarterly basis to address the issues of capacity building within the municipality. Work Skills Development Plan is then approved together with the Budget and IDP. However, some of the programmes within Work Skills Development Plan could not be achieved because of budget constraints.

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A

Chapter 4

Table 7

SKILLS MATRIX													
Management level	Gender	Number of skilled employees required and actual as at 30 June 2015											
		Learnership			Skills programmes & other short course			Other forms of training					
		Actual 30 June 2014	Actual 30 June 2015	Target	Actual 30 June 2014	Actual 30 June 2015	Target	Actual 30 June 2014	Actual 30 June 2015	Target			
Mayor and Councilor's	Female	1	1	1	3	3	5						
	Males	4	5	5	6	6	8						
MM and S56	Female	0	0	0	1	1	3						

Chapter 4

4.7 SKILLS DEVELOPMENT AND TRAINING

Table 8

Description	Financial Competency Development: Progress Report*					
	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	0	1	1	1	1
<i>Chief financial officer</i>	0	0	0	0	0	0
<i>Senior managers</i>	1	0	1	1	1	1
<i>Any other financial officials</i>	5	0	5	5	5	5
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	1	0	1	1	1	1
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
TOTAL	8	0	8	8	5	8

Chapter 4

Table 9

Occupation	EMPLOYEE TURNOVER												Total				
	Persons				Ages				Reasons for leaving								
	A	C	I	W	A	C	I	W	Total	< 35	35-55	> 55		Resigned	Dismissed	Death	End of Contract
Comptroller	2	0	0	1	0	0	0	1	2	0	2	2	4	0	0	0	4
Sub-Total	2	0	0	1	0	0	0	1	2	0	2	2	4	0	0	0	4
Production Manager	0	0	0	0	1	0	0	0	1	1	0	0	1	0	0	0	1
Sub-Total	0	0	0	0	1	0	0	0	1	1	0	0	1	0	0	0	1
Artist (General)	1	0	0	0	0	0	0	0	1	1	0	0	1	0	0	0	1
Sub-Total	1	0	0	0	0	0	0	0	1	1	0	0	1	0	0	0	1
Trade Workers	0	0	0	0	1	0	0	0	1	1	0	0	1	0	0	0	1
Engineering Technician	1	0	0	0	0	0	0	0	1	1	0	0	1	0	0	0	1
Sub-Total	1	0	0	0	1	0	0	0	2	2	0	0	2	0	0	0	2
Professional Workers	1	0	0	0	0	0	0	0	1	1	0	0	1	0	0	0	1
Sub-Total	1	0	0	0	0	0	0	0	1	1	0	0	1	0	0	0	1
Lawyer Officer	1	0	0	0	0	0	0	0	1	1	0	0	1	0	0	0	1
Sub-Total	1	0	0	0	0	0	0	0	1	1	0	0	1	0	0	0	1
Other	1	0	0	0	0	0	0	0	1	1	0	0	1	0	0	0	1
Sub-Total	1	0	0	0	0	0	0	0	1	1	0	0	1	0	0	0	1
Senior Officer	0	0	0	0	1	0	0	0	1	1	0	0	1	0	0	0	1
Sub-Total	0	0	0	0	1	0	0	0	1	1	0	0	1	0	0	0	1
Analyst	0	0	0	0	1	0	0	0	1	1	0	0	1	0	0	0	1
Sub-Total	0	0	0	0	1	0	0	0	1	1	0	0	1	0	0	0	1
Senior Worker	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Senior Officer	1	0	0	0	0	0	0	0	1	1	0	0	1	0	0	0	1
Sub-Total	1	0	0	0	0	0	0	0	1	1	0	0	1	0	0	0	1
Senior Officer	2	0	0	0	0	0	0	0	2	2	0	0	2	0	0	0	2
Sub-Total	2	0	0	0	0	0	0	0	2	2	0	0	2	0	0	0	2
Senior Officer	3	0	0	0	0	0	0	0	3	3	0	0	3	0	0	0	3
Sub-Total	3	0	0	0	0	0	0	0	3	3	0	0	3	0	0	0	3
Senior Officer	1	0	0	0	0	0	0	0	1	1	0	0	1	0	0	0	1
Sub-Total	1	0	0	0	0	0	0	0	1	1	0	0	1	0	0	0	1
Senior Officer	2	0	0	0	0	0	0	0	2	2	0	0	2	0	0	0	2
Sub-Total	2	0	0	0	0	0	0	0	2	2	0	0	2	0	0	0	2
Senior Officer	3	0	0	0	0	0	0	0	3	3	0	0	3	0	0	0	3
Sub-Total	3	0	0	0	0	0	0	0	3	3	0	0	3	0	0	0	3

Chapter 4

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

Even though the training plans are adequate, what still lacks is the post training assessment. The budget does not compliment the identified programmes for selected employees; therefore, at the end of a financial year, not all targets set out in WSDP are met.

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.8 INTRODUCTION TO WORKFORCE EXPENDITURE

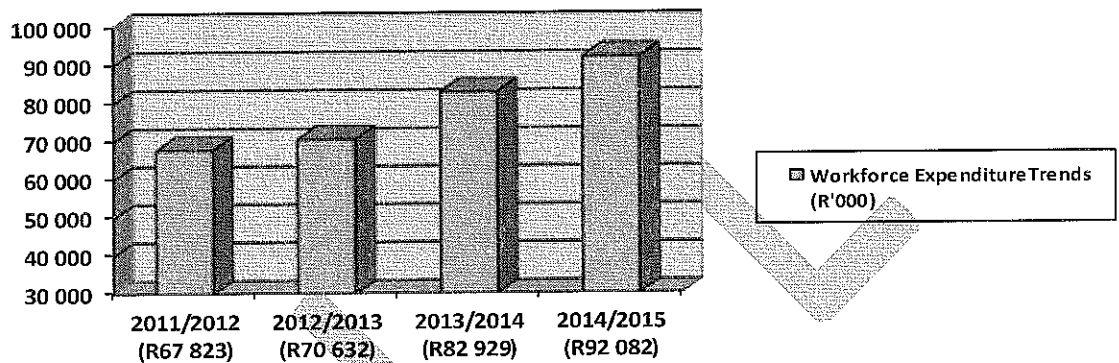
The budgeted allocation for employee related costs for the 2014/15 financial year totals R92 082 000, which equals 32% of the total operating expenditure.

In terms of Salary and Wage Agreements for the 2014/15, the municipality budgeted for an upward 6.9% per cent cost of living adjustment with effect from 1 July 2014. In that budget, Council of Bela Bela made a provision of 7 per cent increase to give itself a room to manoeuvre in case of an increase higher than 6 per cent. The budget incorporates the change in the structure which was agreed to at the Local Labour Forum (LLF). With regards to the increase in upper limit for salaries allowances and benefits of Councillors, the municipality made a provision of 6.0 per cent.

Chapter 4

4.9 EMPLOYEE EXPENDITURE

Graph 1



4.9 COMMENT ON WORKFORCE EXPENDITURE

The Operating Expenditure has been increasing in the last 4 years. Also looking at the 2014/15 financial year, the expenditure has increased significantly. This may be attributed to the Period of Salary and Wage Agreements. However, the municipality is able to curb the expenditure not to exceed 60%.

4.10 COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE

Thirteen employees were promoted and 172 positions were upgraded as follows:

Number of positions Upgraded	Original post Level	Upgraded post Level
153	17	15
3	15	13
5	13	9
11	13	10

Chapter 4

4.11 DISCLOSURES OF FINANCIAL INTERESTS

Municipal Manager, sec 56 Managers and 2 managers below sec 56 disclosed their financial interest. The types of disclosures are mainly Land and property, and share and other financial interest.

Table 10

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Descriptionn of interest
(Executive) Mayor	ClIr ML Nhlapo	Nil
Member of MayCo / Exco	ClIr MJ Ngobeni	Nil
	ClIr JF Van Der Merwe	Interest in a trust
Councillor	ClIr P Mahlangu	Nil
	ClIr TE Mokonyane	Nil
	ClIr RM Radebe	Nil
	ClIr GT Maletse	Nil
	ClIr SE Maluleka	Nil
	ClIr LR Mpete	Nil
	ClIr FS Hlungwane	Nil
	ClIr MH Ledwaba	Nil
	ClIr MJ Sesane	Nil
	ClIr WKR Mokgethoa	Nil
	ClIr Senosha	Nil
	ClIr MN Ras	Interest in a trust, Directorship and
	ClIr KB Alberts	Nil
	ClIr PM Aphane	Nil
Municipal Manager	MM Maluleka	Land and property, shares
Chief Financial Officer		
Other S57 Officials	P Raputsoa	Nil
	OP Sebola	Nil
Other Managers below	MA Serote	Nil
	A Tshabalala	Nil

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5. INTRODUCTION TO FINANCIAL STATEMENTS

In the 2014/15 financial year, the South African annual average consumer price index (Inflation) rate was 4.5%. The higher inflation rate and negative economic conditions have caused general increase in the basic services overheads cost. The Municipality has appointed the revenue experts to investigate the possibility of enhancing the current revenue base in order to avoid overburdening our consumers with higher basic services tariffs. Cost containment measures were also implemented to curb rising expenditure by cutting spending on nonessential goods and services.

The municipality financial result depict deficit of R24 million after taking into account non cash item of R30 million. The current year financial result had declined from R28 million surplus in the previous financial year.

Bela-Bela Local Municipality made use of the following consulting services during the financial year:

IT Services: Big time strategic consultants have been appointed to provide the Municipality with the server infrastructure and sever room support service. The Municipality does not have a fully functional IT support staff, processes are underway to fill all vacant IT positions.

Financial Statements review: Altimax (Pty) Ltd were utilized during the 2014/15 financial year for the review of the annual financial statements. The Municipality has internal capacity to compile the annual financial statements however needed the independent external party to review the financial statements before they were submitted to the office of The Auditor General.

Infrastructural Assets Management: I@ Consulting (Pty) Ltd was appointed assist the Municipality in the compilation of GRAP compliant infrastructural assets register.

Revenue Services: Akhile Management Consulting Services was utilized as consultants in the compilation of revenue enhancement strategy.

Landfill site Maintenance: Daybreak Properties are the Municipality's service providers responsible for the maintenance of the landfill site. The Municipality does not have the machinery and other resources necessary for the operation of the landfill site.

Chapter 5

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Below is the summarized version of the statement of financial performance.

Table 1

Description	2013/14	Budget Year 2014/15						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Financial Performance								
Property rates	53 089	53 083	53 799	54 229	53 083	1 146	2%	53 799
Service charges	117 170	136 409	139 535	115 338	136 409	(21 071)	-15%	139 535
Investment revenue	782	376	2 000	2 268	376	1 892	503%	12 333
Transfers recognised - operational	64 022	60 905	61 905	58 543	60 905	(2 362)	-4%	61 905
Other own revenue	39 275	40 744	50 003	24 259	40 744	(6 485)	-16%	50 003
Total Revenue (excluding capital transfers and contributions)	274 317	291 517	307 242	264 637	291 517	(26 880)	-9%	317 575
Employee costs	81 314	91 494	91 459	89 682	91 494	(1 811)	-2%	91 459
Remuneration of Councilors	1 015	5 956	5 956	4 195	5 956	(1 761)	-30%	5 956
Depreciation & asset impairment	54 772	22 040	14 040	8 558	22 040	(13 482)	-61%	14 040
Finance charges	3 310	3 100	1 100	6 957	3 100	3 857	124%	1 100
Materials and bulk purchases	70 751	93 372	89 614	85 174	93 372	(8 198)	-9%	89 614
Transfers and grants	-	-	-	-	-	-	-	-
Other expenditure	50 370	65 356	90 851	135 686	65 356	70 330	108%	90 851
Total Expenditure	262 131	281 317	293 030	330 251	281 317	48 934	17%	293 030
Surplus/(Deficit)	12 186	10 200	14 212	(65 614)	10 200	(75 814)	-745%	24 545
Transfers recognised - capital	15 836	22 193	22 193	24 701	22 193	2 508	11%	22 193
Contributions & Contributed assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	28 022	32 393	36 405	(40 914)	32 393	(73 306)	-226%	46 738
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	28 022	32 393	36 405	(40 914)	32 393	(73 306)	-226%	46 738
Capital expenditure & funds sources								
Capital expenditure	11 861	32 193	39 503	40 863	32 193	8 670	27%	39 503

Chapter 5

- Service charges revenue was below anticipated as a result of lesser electricity sales which was caused by higher electricity theft by local residence.
- The Municipality has been maintaining higher bank balances during the 2014/15 financial year.
- VAT audit project was still underway during the 2014/15 financial year end, the budgeted VAT recovery not yet received resulted in lower than anticipated other income.
- Remuneration of councilors actual expenditure is below the budget as result of councilors vacancy.
- The Municipality has restructured the long term borrowings to be repaid earlier than anticipated which led to lower than budgeted finance costs.

Below is the expenditure per vote for the financial year end 30 June 2015.

Table 2

Description	Ref	2013/14	Budget Year 2014/15					Variance %	Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Actual	Budget	Variance		
R thousands									
Expenditure - Standard									
Governance and administration		131 428	117 829	130 059	180 974	117 829	63 145	54%	130 059
Executive and council		13 079	19 119	19 127	13 662	19 119	(5 458)	-29%	19 127
Budget and treasury office		88 522	54 079	50 508	105 611	54 079	51 532	95%	50 598
Corporate services		29 827	44 631	60 335	61 701	44 631	17 070	38%	60 335
Community and public safety		23 671	24 943	25 122	18 651	24 943	(6 291)	-25%	25 122
Community and social services		9 447	10 713	10 188	7 986	10 713	(2 727)	-25%	10 188
Sport and recreation		-	-	-	-	-	-	-	-
Public safety		14 224	14 230	14 934	10 665	14 230	(3 565)	-25%	14 934
Housing		-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-
Economic and environmental services		15 362	20 725	20 023	17 970	20 725	(2 755)	-13%	20 023
Planning and development		5 180	8 542	8 560	6 899	8 542	(1 643)	-19%	8 560
Road transport		10 182	12 183	11 463	11 071	12 183	(1 112)	-9%	11 463
Environmental protection		-	-	-	-	-	-	-	-
Trading services		92 852	117 821	117 825	112 632	(47 972)	160 604	-335%	117 825
Electricity		63 304	82 896	81 150	78 116	(82 896)	161 012	-194%	81 150
Water		21 958	24 248	26 037	24 478	24 248	229	1%	26 037
Waste water management		-	-	-	-	-	-	-	-
Waste management		7 590	10 676	10 638	10 039	10 676	(638)	-6%	10 638
Other		-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	263 313	281 317	293 030	330 227	115 524	214 702	186%	293 030

Chapter 5

5.2 GRANTS

Table 3

Description	2013/14	2014/15		2014/15 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:		-	-			
Equitable share	59 949	54 332	54 332	54 332	0%	0%
Municipal Systems Improvement	890	934	934	934	0%	0%
Department of Water Affairs		999	999	999	0%	0%
FMG	1 550	1 600	1 600	1 600	0%	0%
EPWP	1 000	1 075	1 075	1 075		
Provincial Government:						
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation						
Other transfers/grants [insert description]						
District Municipality:	-	-	-	-		
[insert description]						
Other grant providers:	-	-	-	-		
[insert description]						
Total Operating Transfers and Grants	63 389	58 940	58 940	58 940	0%	0%

Municipality has complied with all requirements to qualify itself to receive all budgeted grants as set out by National Treasury. This led to 0% variance between the budgeted grant amounts and actual received.

Bela-Bela Local Municipality has fully spent on all conditional grants.

Chapter 5

5.3 ASSET MANAGEMENT

5.3.1 INTRODUCTION TO ASSET MANAGEMENT

Municipality has movable and immovable assets of which from immovable assets, there are infrastructure assets. Municipality have two services provider assisting in the assets management with each services provider being allocated to either movable or immovable assets.

F M A

Chapter 5

Table 4

TREATMENT OF THREE LARGEST ASSETS ACQUIRED 2014/15					
Asset 1					
Name	Multi-Purpose Center				
Description	Sports and Entertainment Center				
Asset Type	Infrastructure Building				
Key Staff Involved	Technical Services				
Staff Responsibilities	Construction				
		2011/2012	2012/2013	2013/2014	2014/2015
Asset Value	R12,722,702			R2,510,561	R10,212,141
Capital Implications	N/A				
Future Purpose of the Asset					
Describe Key issues					
Policies in place to manage asset					
Asset 2					
Name	Bulk Water Services				
Description	Reservoirs				
Asset Type	Water network Infrastructure				
Key Staff Involved	technical Services				
Staff Responsibilities	Construction				
		2011/2012	2012/2013	2013/2014	2014/2015
Asset Value	R12,299,665		R294,900	R3,372,923	R8,631,840
Capital Implications					
Future Purpose of the Asset					
Describe Key issues					
Policies in place to manage asset					
Asset 3					
Name	Beis-Beis Road tarring				
Description	Reseal internal road town				
Asset Type	Roads Infrastructure				
Key Staff Involved	Technical services				
Staff Responsibilities					
		2011/2012	2012/2013	2013/2014	2014/2015
Asset Value	R11,834,912				R11,834,912
Capital Implications					
Future Purpose of the Asset					
Describe Key issues					
Policies in place to manage asset					

The construction of all major assets listed above has been financed through the MIG grant allocated by the National Treasury.

Chapter 5

Table 5

Repair and Maintenance Expenditure: Year 0				
				R' 000
	Original Budget	Adjustment Budget	Actu al	Budget
Repairs and Maintenance	19 778 175	17 863 994	14 445 200	18%
				T 5.3.4

5.3.2 COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

The variance of 18% is as result of additional/reactive maintenance performed on the municipality aging assets infrastructure

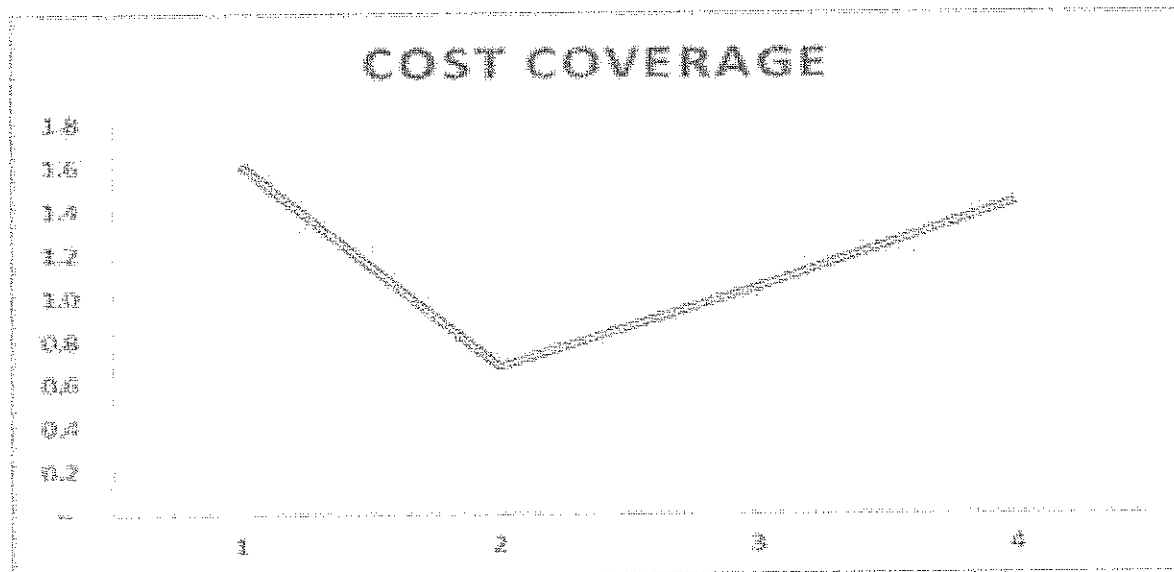
The Municipality has spent the required 8% of the operational budget on the repairs and maintenance of infrastructural assets

Chapter 5

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Below is the analyses of key financial ratios:

Graph 1

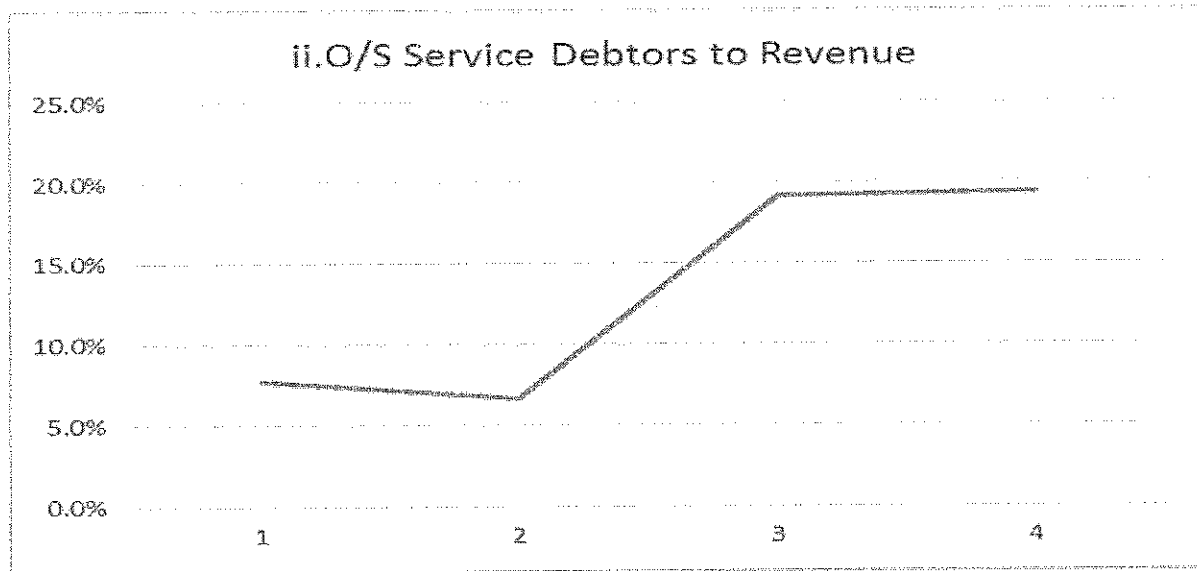


The cost coverage ratio is below the acceptable norms due to the cash flow challenges that the Municipality experienced just before the end of the financial year.

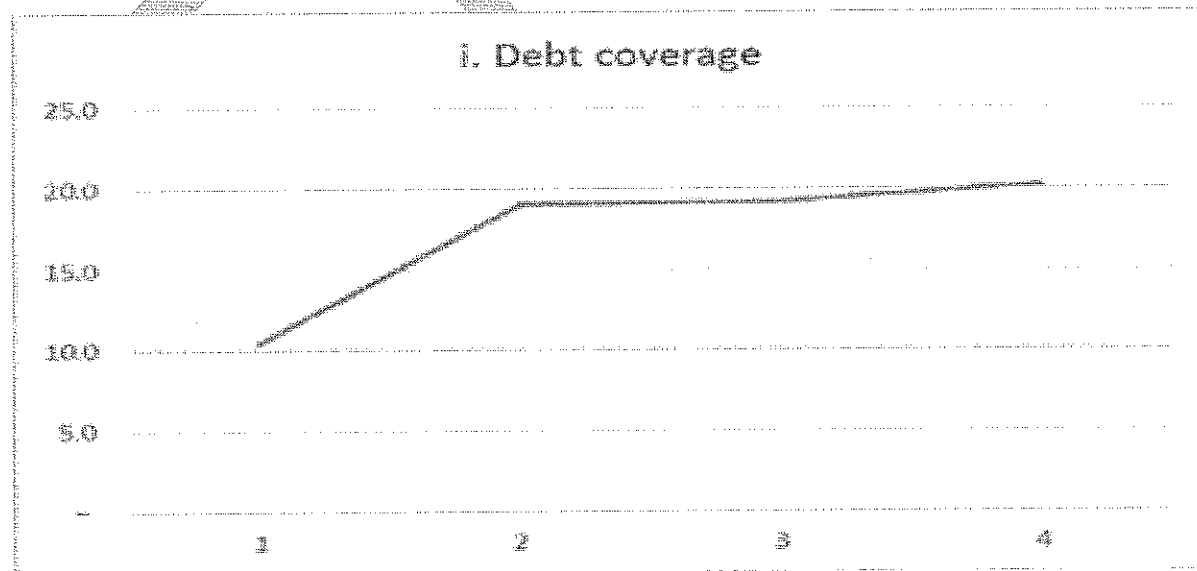
Service debtors to revenue ratio has improved significantly as a result of Indigents debtors that were written off in the beginning of the financial year.

Chapter 5

Graph 2



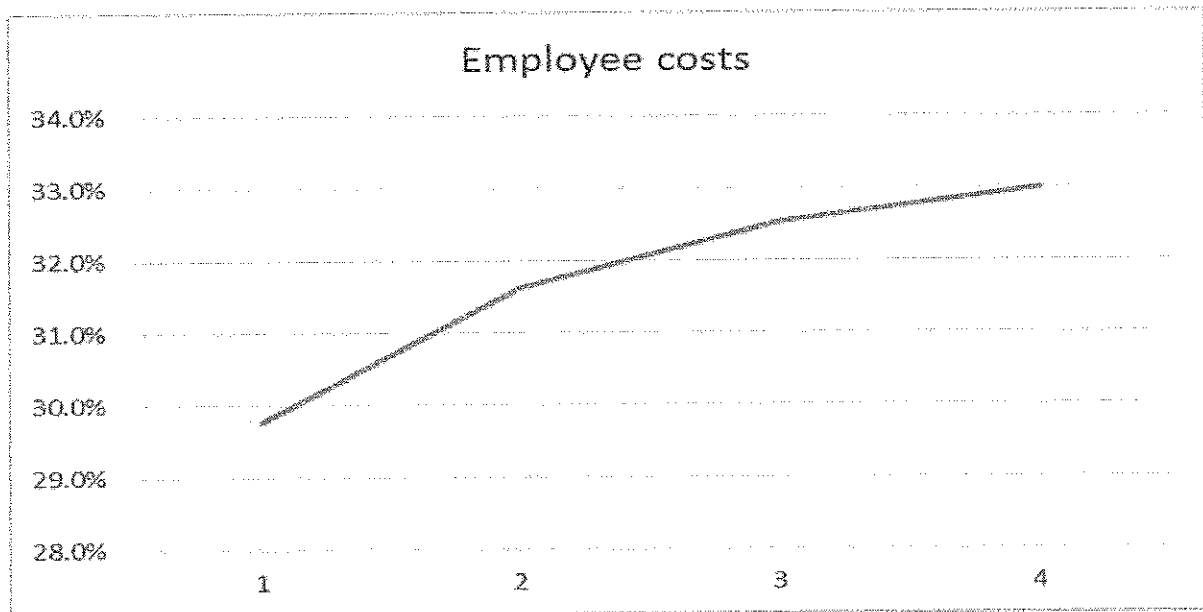
Graph 3



The Municipality has restructured the INCA loan which boosted the debt coverage ratio 20:1

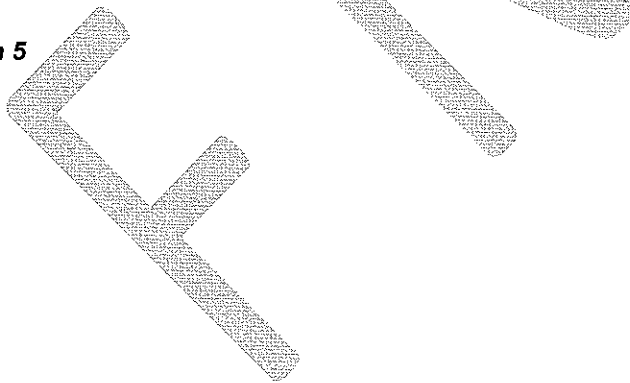
Chapter 5

Graph 4

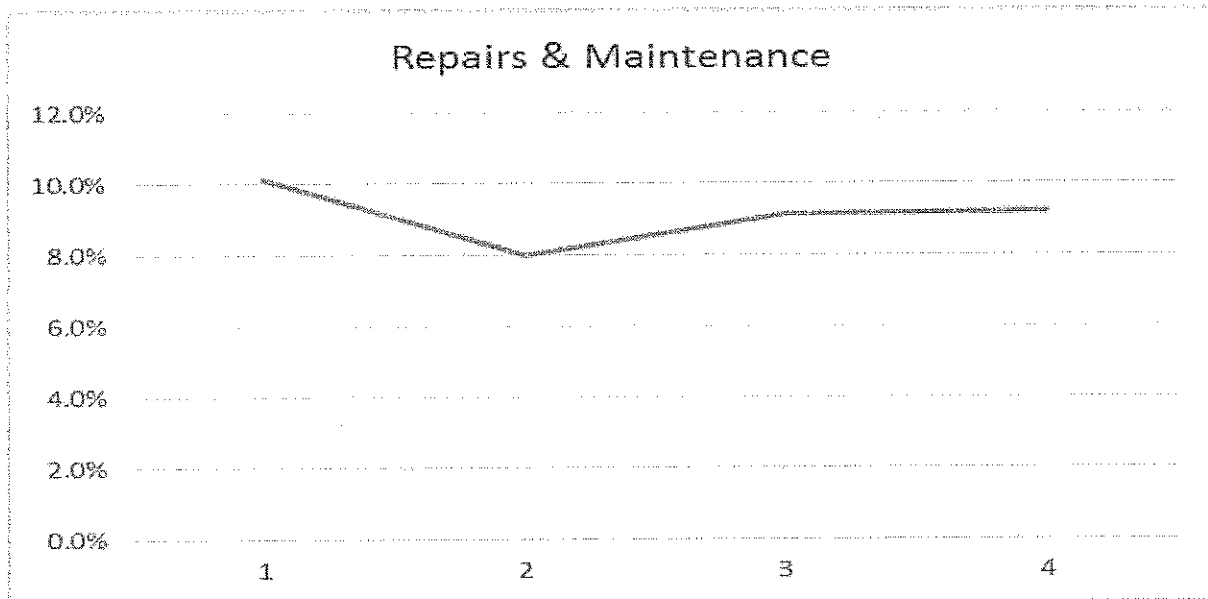


The Municipality has spent 33% of the budget on remuneration of employees which is within the norms of between 25% and 40% as per MFMA circular 71.

Graph 5



Chapter 5



The Municipality has spent the required 8% on repairs and maintenance of infrastructural assets.

5.4.1 COMMENT ON FINANCIAL RATIOS

The financial ratios of municipality shows a steady increase in the outer years of the MBRR. Municipality continue to implement cost containment measures which will assist to cut cost to ensure financial health of the municipality in the long run are achieved.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Single year capital expenditure has been appropriated at R32 million and later increase to R33 million in the outer years. R10 million has been budgeted from municipality's own sources, R22 million of capital expenditure was financed by MIG grant for the 2014/15 financial year.

5.6 SOURCES OF FINANCE

The Municipality's sources of funds to finance capital assets are listed below:

Chapter 5

Table 6

Capital Expenditure - Funding Sources - 2013/14 to 2014/2015						
Details	2013/2014		2014/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans						
Public contributions and donations						
Grants and subsidies	R11,852,000	R21,083,350	R21,083,350	R21,083,350	0	0
Other		R10,000,000	R20,219,750	R20,219,750	51%	51%
Total	R11,852,000	R31,083,350	R41,303,100	R22,193,000	0	0
Percentage of finance						
External loans						
Public contributions and donations						
Grants and subsidies	100%	68%	68%	68%		
Other		32%	32%	32%		
Capital Expenditure						
Water and sanitation						
Electricity			R1,400,500	R513,892		
Housing						
Roads and stormwater	R7,848,000	R21,200,000	R25,832,000	R28,954,296		
Other	R4,014,000	R9,883,350	R14,070,600	R11,834,912		
Total	R11,862,000	R31,083,350	R41,303,100	R41,303,100		
Percentage of expenditure						
Water and sanitation						
Electricity			3%	1%		
Housing						
Roads and stormwater	66%	68%	63%	70%		
Other	37%	32%	37%	29%		

5.6.1 COMMENT ON SOURCES OF FUNDING:

The source of funding from National treasury variance is zero, all allocations were received as stipulated to the DORA. The determination of grant to be received resides with National Treasury and this also shows positive outcome since the outcome for the received grant is dependent on the municipality having to meet certain condition attached to the grant.

Chapter 5

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Table below depicts spending on five largest capital projects.

Table 7

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original	Adjustment Budget	Actual Expenditure	Original Variance	Adjustment variance (%)
A - Multi-Purpose centre	12 442	12 442	12 442 158	100%	0%
B - Bulk Water Services	4 342	5 258 919	5 258 919	100%	0%
C- Bela-Bela: Road Tarring	12 514	12 514	11 834 913	95%	0%
D- Road Paving Phase 3	4 524	0	4 524 083	100%	
E- Bela Bela High Sport	1 103	0	678 723	62%	
* Projects with the highest capital expenditure in Year 0					
Name of Project - A					
Objective of Project	Social and Community services				
Delays	N/A				
Future Challenges	None				
Anticipated citizen benefits	Bela Bela community				
Name of Project - B					
Objective of Project	Bulk Water Services				
Delays	N/A				
Future Challenges	None				
Anticipated citizen benefits	Bela Bela community				
Name of Project - C					
Objective of Project	Road tarring				
Delays	N/A				
Future Challenges	None				
Anticipated citizen benefits	Bela Bela community and tourist				
Name of Project - D					
Objective of Project	Road Paving Phase 3				
Delays	N/A				
Future Challenges	None				
Anticipated citizen benefits	Bela Bela community				
Name of Project - E					
Objective of Project	Bela Bela High Sports Ground				
Delays	N/A				
Future Challenges	None				
Anticipated citizen benefits	Bela Bela community				

Chapter 5

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

5.8.1 COMMENT ON BACKLOGS

Table 8

Municipal Infrastructure Grant (MIG)* Expenditure Year 2014/15 on Service backlogs						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust-	
Infrastructure -				%	%	
Roads	3 500	2 675 917	2 770	79%	104%	
Storm water	3 700	4 524 083	4 281	86%	95%	
Infrastructure -				%	%	
Generation				%	%	
Transmission & Street Lighting				%	%	
Infrastructure - W				%	%	
Dams & Water purification				%	%	
Reticulation				%	%	
Infrastructure - S				%	%	
Reticulation				%	%	
Sewerage				%	%	
Infrastructure -				%	%	
Waste				%	%	
Transportation				%	%	
Gas				%	%	
Other Specify:				%	%	
				%	%	
				%	%	
Total				%	%	

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new ungraded and

T 5 8 3

Municipality utilized all MIG allocated for the period 2014/15 financial year in accordance to DoRA.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Below is the summary of the municipality cash flow statement

Chapter 5

5.9 CASH FLOW

Table 9

Cash Flow Outcomes				
R'000				
Description	2013/14	Current: Year 2014/15		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CAS H FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	193 359	219 903	233 004	271 796
Government - operating	64 022	60 905	61 905	58 288
Government - capital	15 836	22 193	22 193	12 192
Interest	4 674	10 709	12 333	8 217
Dividends	-	-	-	-
Payments				
Suppliers and employees	(205 922)	(256 177)	(277 890)	(380 607)
Finance charges	(3 310)	(3 100)	(1 100)	(201)
Transfers and Grants	-	-	-	-
NET CAS H FROM/(USED) OPERATING ACTIVITIES	-	-	-	-
CAS H FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	19 396
Decrease (increase) in non-current investments	-	-	-	-
Payments				
Capital assets	-	-	-	-
NET CAS H FROM/(USED) INVESTING ACTIVITIES	-	-	-	-
CAS H FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	-	-	-	-
Borrowing long term/refinancing	38	-	-	2 528
Increase (decrease) in consumer deposits	2 004	-	-	(5 581)
Payments				
Repayment of borrowing	(370)	-	-	(23 570)
NET CAS H FROM/(USED) FINANCING ACTIVITIES	-	-	-	-
NET INCREASE/ (DECREASE) IN CAS H HELD	56 774	22 240	10 942	(69 438)
Cash/cash equivalents at the year begin:	2 548	-	-	30 653
Cash/cash equivalents at the year end:	59 323	22 240	10 942	(38 786)
Source: MBRR A7				T 5.9.1

Chapter 5

5.9.1 COMMENT ON CASH FLOW OUTCOMES:

The cash flow statement as at year end was not showing a favorable results. Municipality has introduced monthly cash flow monitoring template which will assist in implementing cost containment measure.

5.10 BORROWING AND INVESTMENTS

5.10.1 INTRODUCTION TO BORROWING AND INVESTMENTS

Municipality does not have major borrowing other than finance lease. Bela-Bela Local Municipality leases computer servers infrastructure from Big time strategic sourcing. The finance lease liability balance was R 6 490 091 at the end of the 2014/15 financial year.

Municipality had R10 million under its investment account held with the local bank.

Chapter 5

5.10.2 Investments

Table 10

Municipal and Entity Investments			
Investment* type	2012/13	2013/14	R' 000 2014/15
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total			
Municipal Entities N/A			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total			
Consolidated total:			

Chapter 5

5.10.3 COMMENT ON BORROWING AND INVESTMENTS

The Municipality has investments worth R10 million with the local bank, the investments are on saved on a call account which is immediately available.

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

Bela-Bela Local Municipality does not have any Public Private Partnership arrangements.

5.12 SUPPLY CHAIN MANAGEMENT

Supply Chain Management have improved from the past financial period. This was made possible through implementation of the sound internal policies and procedures. The municipality received Unqualified Audit Opinion in the past financial year with only reported few noncompliance issues in the SCM unit. The municipality has in the current financial year developed action plan to closely monitor the implementation of the action plan to ensure no occurrence of the previously reported findings.

COMPONENT D: OTHER FINANCIAL MATTERS

5.13 GRAP COMPLIANCE

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.

Municipality has in the current year complied with GRAP when compiling the annual financial statement.

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2014/2015

6.1 AUDITOR GENERAL REPORTS 2014/2015

The detailed Auditor General's report is attached in chapter 1, section 8. Below is the 2014/15 Action Plan on the findings of the Auditor General.

FINDINGS

Chapter 6

Table 1

2014/2015 Audit Action Plan

Municipality Name	Bela Bela	Audit Opinion	Unqualified	Reporting Period	Component	Category of Finding	Description of Finding	Root Cause	Action Plan Description	Start Date	Completion Date	Person Responsible	Status	Resolved with AG but more action required
1	Human Resources	Matters affecting the auditor's report	EX.58: Section 56 Managers acting for longer than 6 months	Slow recruitment process	- Fast-tracking filling of vacant positions - Issuing of advertisements for vacant positions monthly	4-Jan-16	30-Jun-16	HR Manager N Ramolobeng	N					
2	Predetermined Objectives	Matters affecting the auditor's report	EX.28: Technical Services Performance Indicators not verifiable	SDBIP required evidence not acceptable for audit purposes	- Revise SDBIP required evidence during the SDBIP review in February 2016 - Verification of revised SDBIP	25-Jan-16	28-Feb-16	Technical Manager R Ntekele	N					

Chapter 6

Municipality Name	Bela Bela	Resolved with AG but more action required
Audit Opinion Reporting Period	Unqualified	A
Number	Component	Status
	Category of Finding	Person Responsible
	Description of Finding	Completion Date
	Root Cause	Start Date
	Action Plan Description	Progress
3	<p>Pre-determine Objectives</p> <p>Matters affecting the auditor's report</p> <p>EX-32: AOP - Reliability of performance information</p>	<p>4-Jan-16</p> <p>30-Jun-16</p> <p>PED Manager P Rauptsoa Technical Manager R Ntekele DM: Internal Audit MC Kabe</p> <p>N</p>
	<p>evidence by AG</p> <p>Inadequate review of the reported performance information</p> <p>Office of the internal auditor will verify supporting evidence for the quarterly reports</p>	

Chapter 6

Municipality Name	Bela Bela	Resolved with AG but more action required					
Audit Opinion Reporting Period	Unqualified	A					
Number	Component	Status					
	Category of Finding	Person Responsible					
	Description of Finding	Completion Date					
	Root Cause	Start Date					
	Action Plan Description	Progress					
4	<p>Procurement</p> <p>Matters affecting the auditor's report</p>	DM: SCM L Matwalana	30-Jun-16	Ongoing	<p>- Utilisation of CrossCheck vetting system in all suppliers when registering on the suppliers database.</p> <p>- Vetting of all winning bidders before awarding tenders to minimise the risk of awards to persons in service of state.</p>	N	
5	<p>Information Technology</p> <p>Other important matters</p>	DM Expenditure V Baartman	30-Mar-16	30-Nov-15	<p>- Upgrade the banking system to the new Business</p>	N	

Chapter 6

Municipality Name	Bela Bela	Resolved with AG but more action required	A									
Audit Reporting Period	Unqualified											
Number	Component	Category of Finding	Description of Finding	Root Cause	Action Plan Description	Start Date	Completion Date	Person Responsible	Status	Progress		
6	Predetermined Objectives	Other important matters	<p>system users activities not reviewed (Cash focus)</p> <p>EX.29: AOPO: No documented and approved standard operating procedures</p>	users activities	integrator	Ongoing	Ongoing	Technical Manager R Ntekele	N			
7	Procurement	Other important matters	EX.12: Procurement:	No consideration of	<p>- Reporting of the irregular expenditure to</p>	1-Jan-16	30-Mar-16	DM SCM L Matwalani	A			

Chapter 6

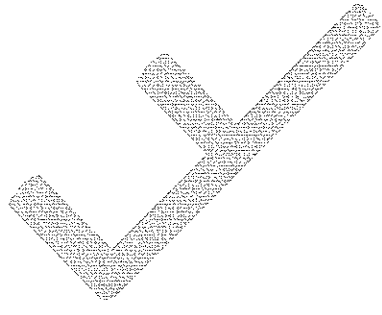
Municipality Name	Bela Bela	Resolved with AG but more action required	
Audit Opinion Reporting Period	Unqualified	A	
Number	Component	Status	
Category of Finding	Other important matters	Person Responsible	
Description of Finding	EX.16: Procurement to close family members of persons employed by the state: TROMAR EMS TRAINING ACADE	Completion Date	
Root Cause	Lack of monitoring of independence declarations	Start Date	
Action Plan Description	- The bid evaluation committee to review declaration forms in all tenders - A register of winning bidder who declared relationship should be kept for AFS disclosure purposes	Ongoing	
Progress	Ongoing	Ongoing	
8	Procurement	DM SCM L Matwalani	N

Chapter 6

Municipality Name	Bela Bela	Resolved with AG but more action required	A							
Audit Opinion Reporting Period	Unqualified									
Number	Component	Category of Finding	Description of Finding	Root Cause	Action Plan Description	Start Date	Completion Date	Person Responsible	Status	Progress
9	Other Disclosure	Other important matters	EX.44: Percentage of monthly electricity and water losses beyond acceptable range	Water and electricity theft	<ul style="list-style-type: none"> - Intensify water and electricity theft campaigns - Bulk meters to be installed for the isolation of areas where water and electricity is lost - Continuous disconnections of illegal water and electricity users 	1-Jan-16	30-Jun-16	Technical Manager R Ntekele	N	
10	Procurement	Administrative matters	EX.14: Possible bid rigging	Two bidders with the same directors	Bid committees to review all qualifying	Ongoing	Ongoing	DM SCM L Matwalani	A	

Chapter 6

Municipality Name	Bela Bela		Resolved with AG but more action required							
Audit Opinion Reporting Period	Unqualified		A							
Number	Component	Category of Finding	Description of Finding	Root Cause	Action Plan Description	Start Date	Completion Date	Person Responsible	Status	Progress
					bidders directors					



Chapter 6

6.2 DECLARATION BY THE CHIEF FINANCIAL OFFICER

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES: Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief financial officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief financial Officer).....



Dated

31/03/2016

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A

GLOSSARY

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.

GLOSSARY

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.
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
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".
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.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of

GLOSSARY

	<p>information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)</p>
Performance Information	<p>Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.</p>
Performance Standards:	<p>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 EPMS performance standards are divided into indicators and the time factor.</p>
Performance Targets:	<p>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.</p>
Service Delivery Budget Implementation Plan	<p>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.</p>
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>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</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

GLOSSARY

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APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Table 2

Council Members	Full Time / Part Time	Councillors, Committees Allocated and Council Attendance			
		Comm55itees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
Clr ML Nhlapo (Mayor)	Full Time	Executive Committee Chairperson	Proportional Representatives	10000%	0%
Clr R Radebe (Chiefwhip)	Full Time	Chiefwhip	Proportional Representatives	10000%	0%
Clr S Maluleka	Full Time	Speaker (PED/I Sub-committee)	2	100%	0%
Clr J Van der Merwe	Full Time	EC Member (PED/I Sub-committee)	1	95%	5%
Clr J Ngobeni	Full Time	EC Member (PED/I Sub-committee)	6	10000%	0%

APPENDICES

Councillors, Committees Allocated and Council Attendance						
Council Members	Full Time / Part Time	Comm55itees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance	
				%	%	%
Cllr H Ledwaba	Part Time	B&T/GT Sub-committee	5	5000%	50%	
Cllr P Aphane	Part Time	SOCOM Sub-committee	8	100%	0%	
Cllr F Hlongwane	Part Time	B&T/GT Sub-committee	4	70%	0%	
Cllr J Sesane	Part Time	PED/I Sub-committee	7	95%	0%	
Cllr W Mokgethoa	Part Time	PED/I Sub-committee	9	10000%	0%	
Cllr T Mokonyane	Part Time	SOCOM Sub-committee	Proportional Representatives	9800%	0%	
Cllr L Mpete	Part Time	B&T/GT Sub-committee/MPAC	3	7800%	0%	
Cllr P Mahlangu	Part Time	SOCOM Sub-committee/MPAC	Proportional Representatives	9500%	5%	

APPENDICES

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Comm551fitees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
Cllr K Alberts	Part Time	SOCOM Sub-committee	Proportional Representatives	9800%	200%
Cllr MN Ras	Part Time	B&T/GT Sub-committee	Proportional Representatives	9200%	8%
Cllr Senosha	Part Time	SOCOM Sub-committee	Proportional Representatives	10000%	0%
Cllr J Sesane	Part Time	PED/I Sub-committee	7	100%	0%

Note: * Councillors appointed on a proportional basis do not have wards allocated to them

T A

VOLUME III

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Table 3

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Social and Community Services Sub-committee	Section 80 Committee
Planning/Infrastructure Sub-committee	Section 80 Committee
Budget and Treasury/Governance Subcommittee	Section 80 Committee
Municipal Public Account Committee (MPAC)	Oversight Committee
Integrated Development Planning (IDP) Steering Committee	Technical support through IDP Review process
IDP Rep Forum	Stakeholder participatory mechanism during the IDP Review process
Top Management	Strategic management decision making structure
Broader Management	Operational management decision making structure

T B

APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE

Table 4

Third Tier Structure			
Initials & Surname	Title	Directorate/ Department	
1. Ramolobeng MN	Human Resources Divisional Manager	Corporate Services	
2. Nkuna D	Divisional Manager Information Technology	Corporate Services	
3. Seleka GM	Divisional Manager: Council Support and Administration	Corporate Services	
4. Mahlare K	Divisional Manager: Human Resources Development	Corporate Services	
5. Serote A	Manager Legal Services	Corporate Services	
6. Mashishi L	Divisional Manager: Integrated Development & Planning	Planning & Economic Development	
7. Mogweemang L	Divisional Manager: Local Economic Development	Planning & Economic Development	
8. Selaplane J	Divisional Manager: Performance Management Systems	Planning & Economic Development	
9. Manzini M	Divisional Manager: Town Planning	Planning & Economic Development	
10. Pilane T	Divisional Manager: Roads & Stormwater	Technical Services	
11. Moloto MJ	Divisional Manager: Water & Sanitation	Technical Services	
12. Tshabalala M	Chief Electrical Engineer	Technical Services	
13. Mothapo TJ	Divisional Manager: Parks	Community & Social Services	
14. -Monare I	Divisional Manager: Protection and Emergency Services	Community & Social Services	
15. Mohlala AMS	Divisional Manager: Waste &	Community & Social	

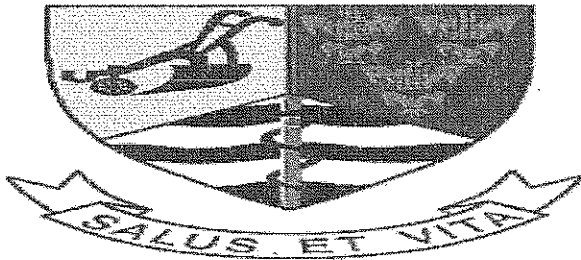
Third Tier Structure

Initials & Surname	Title	Directorate/ Department
	Cleansing	Services
16. Kabe KC	Divisional Manager: Internal Audit	Office of the Municipal Manager
17. Sebelebele M	Divisional Manager: Communications.	Office of the Municipal Manager
18. Maposa K	Divisional Manager: Accounting Services	Budget & Treasury Office
19. Phasha LJ	Divisional Manager: Revenue	Budget & Treasury Office
20. Baartman V	Divisional Manager: Expenditure	Budget & Treasury Office
21. Matwalana LT	Divisional Manager: SCM	Budget & Treasury Office
22. Motshoane LJ	Divisional Manager: Assets	Budget & Treasury Office
23. Hoffman C	Specialist Financial Statements	Budget & Treasury Office

**APPENDIX D – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE
2014/2015**

Appendix G (i) Report of the Chairperson of the Audit Committee

BELA-BELA LOCAL MUNICIPALITY



**CHRIS HANI DRIVE, BELA-BELA, LIMPOPO PRIVATE BAG X1609 BELA-BELA 0480
TEL: 014 736 8000 FAX: 014 736 3288
WEBSITE: WWW.BELABELA.GOV.ZA
OFFICE OF THE MUNICIPAL MANAGER**

TO : Municipal Council

FROM : Chairperson of the Performance and Audit Committee

SUBJECT : Report of the Audit committee for the period ending 2015

1. PURPOSE OF THE REPORT

To submit the report of the Audit Committee to Municipal Council as stipulated in Section 166 of Municipal Finance Management Act (MFMA) no 56 of 2003 and performance regulations.

2. BACKGROUND

Section 166 sub-sections (1) and (2) of the MFMA provides for the establishment of an Audit Committee which should be independent to advise the municipal council, the political office –bearers , the accounting officer and the management staff of the municipality , on matters that relate to:-

- Internal and financial control systems
- Effectiveness of internal audit
- Risk management
- Accounting Policies
- The adequacy, reliability and accuracy of financial reporting and information
- Performance management and evaluation
- Effective governance
- Compliance with applicable legislation
- Review the annual financial statement
- Respond to the council on any issues raised by the Auditor General in the audit report and other issues referred to it by the municipality.

3. PERFORMANCE AND AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee operated in accordance with approved terms of reference (audit committee charter) and substantially fulfilled its responsibilities, as set out in section 166 of the MFMA and the performance regulations. The Audit Committee continued to maintain a good working relationship with the office of the Auditor General, management and Internal Audit Unit. This relationship enabled the committee to fulfill its mandate as required by the MFMA

Summary of the meetings

Name of the Member.	No. of normal audit committee meeting attended (including performance committee).	No. of special meetings attended.	No. of special Assignment Meetings Attended with the AG	No. of meeting with Head of the Internal Audit.
Mr. SAB Ngobeni – Chairperson	3	1	0	2
Mr. MA Mashego – Member	3	0	3	2
Mr. KTE Seletela – Member	3	1	0	2
Cllr G P Maletle – (Chairperson sub-committee budget and transformation)	1	0	n/a	n/a
Mayor – Cllr Nthlapo	1	0	n/a	n/a
Municipal Manager	2	1	n/a	n/a
Divisional Manager Audit	3	1	n/a	n/a

4. THE FOLLOWING DOCUMENTS WERE SUBMITTED TO THE AUDIT COMMITTEE FOR INPUTS, COMMENTS AND RECOMMENDATION

- Internal audit reports
- Annual Financial Statements
- Performance management report
- Annual report
- Mid-year assessment report

- AG audit report and management report
- Audit Action plan
- Internal audit plan
- Financial report and Section 71 reports.
- Risk Management reports and policies.
- Audit charters

5. RECOMMENDATIONS BY THE AUDIT COMMITTEE.

5.1 Annual Financial Statements and Performance Report for 2013/14

The Annual Financial Statements and annual performance report were served before the audit and performance committee on the 14th of August 2014, and the following recommendations were made on the Annual Financial Statements:-

- The changes in political management team i.e. Mayor, Chief Whip and Speaker which occurred after year-end (July 2014) should be reflected in Accounting Officer report under subsequent events item.
- Statement of budget vs actual should be included under Index on page 2.
- There should be for abbreviations used in AFS.
- The statement of "Mr. M.A Mashego was the Chairperson of the audit committee for the 6 months under review" be reviewed.
- The statement indicating that the figures are been rounded off be provided.
- The "other provisions" under liabilities as should be classified as "employee benefit obligations".
- Analysis of transactions included in "other income" should be conducted and determine whether amount can breakdown into line items
- The "other receipts" should be captured as "grants".
- Actuarial gain/ (loss) for non-cash items should be reviewed.
- The statement should be included indicating that "movement in deposits" is the difference between "unknown deposits".
- The useful lives of items of property, plant and equipment should be the same as the useful life in the asset register.

- The definition of depreciation under Heritage assets should be removed.
- Management should ensure that all contingencies are supported by documents.
- Risk management is not reflecting the business activity of municipality and therefore should be reviewed.

5.2 Performance report

- All targets should be reviewed.
- Column for explanation of variance should be included and the remedial actions be reviewed
- The period of maintaining park should be indicated whether it was on a weekly, monthly or yearly basis.
- Where there is under-performance, management should provide an explanation why there is under-performance.
- Forums with other organs of state and stakeholders should be removed from SDBIP, because this are activities are not in control of the municipality.

5.3 Internal Audit Three Year Rolling Plan

- The plan was approved and further recommended that it being distributed to management.

5.4 AG Audit Report, Management Report and Action Plan

- The Audit Committee has noted the unqualified opinion as expressed by the Auditor General and further appreciate the good work done by the municipality
- All issues raised by the AG should be attended to.

5.5 Financial Report and Section 71 Report.

The audit committee noted section 71 report.

The committee recommend to Provincial Treasury to continuously ensure that municipality submit the correct report.

5.6 Internal Audit Reports.

The following internal audit reports were submitted to the Audit Committee meeting:

- Three (3) Performance audit reports
- IT General Control audit report
- Internal control and compliance audit report
- Revenue audit report
- Traffic and licensing audit report
- Assets management audit report

The following were recommended:-

- Management should ensure that all findings raised by the internal audit are addressed.
- The position of Senior Internal Auditor be budgeted for in the next financial year

(Specific recommendation are outlined on the attached minutes)

5.7 Risk Management policies and report

- The risk management policy were reviewed for approval by Municipal Council.

5.8 Audit charter

- Internal audit charter was approved for notification by Municipal Council.
- Audit committee charter was reviewed by the audit committee for approval by council

5.9 Annual report and Mid-year report

The annual report and mid-year report were reviewed by the audit committee.

5.10 Audit Steering Committee Meeting

The Chairperson of the audit committee attend three (3) audit steering committee meeting.

6 RECOMMENDATIONS TO COUNCIL

That the Municipal Council should ensure that management implement the following:-

- Municipal council should ensure that the positions of head of department are filled as a matter of urgency.
- Management should continue to ensure that the Financial Statements are submitted within prescribed time frame (31 August each year)
- Management should continue to ensure that (submit) Draft Annual Financial Statements are submitted to the audit committee at least 10 working days prior submission to Auditor General in order to give the committee permissible time to review the statements
- Management to ensure that irregular expenditure are avoided and that SCM officials are trained.
- Management should ensure that all issues raised by AG are resolved
- Management should implement all queries raised by internal audit
- The position of Senior internal audit be budgeted for in the next financial year

Municipal Council should play an oversight role in ensuring that all the above recommendations are implemented.

Following meetings of the performance and audit committee were held:-

- 14 August 2014

- 10 December 2014
- 03 March 2015
- 24 April 2015

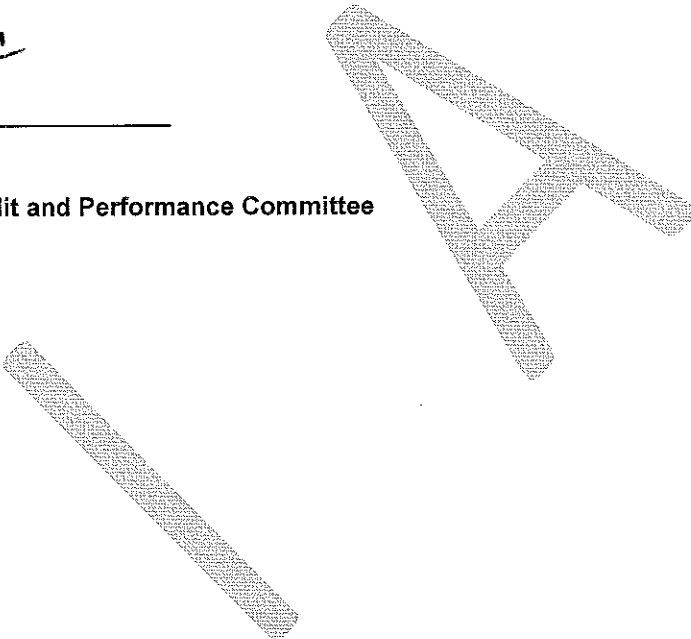
Compiled by

Approved for submission to Council

Your's in service delivery



Mr. SAB Ngobeni
Chairperson: Audit and Performance Committee



Appendix E (ii) Recommendations of the Audit Committee

Table 4

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2014/2015 Financial Year	Recommendations adopted shall be indicate by means of "Yes" and where not adopted provide an explanation.
Annual Financial Statements		
14 August 2014	The changes in political management team i.e. Mayor, Chief Whip and Speaker which occurred after year-end (July 2014) should be reflected in Accounting officer report under subsequent events item.	Yes
14 August 2014	Statement of budget vs actual should be included under Index on page 2	Yes
14 August 2014	There should be for abbreviations used in AFS.	Yes
14 August 2014	The statement indicating that the figures are been rounded off be provided. The "other provisions" under liabilities as should be classified as "employee benefit obligations".	Yes
14 August 2014	Analysis of transactions included in "other income" should be conducted and determine whether amount can breakdown into line items	Yes
14 August 2014	The "other receipts" should be captured as "grants".	Yes
14 August 2014	Actuarial gain/ (loss) for non-cash items should be reviewed.	Yes
14 August 2014	The statement should be included indicating that "movement in deposits" is the difference between "unknown deposits".	Yes
14 August 2014	The useful lives of items of property, plant and equipment should be the same as the useful life in the asset register	Yes
14 August 2014	The definition of depreciation under Heritage assets should be removed.	Yes

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during 2014/2015 Financial Year	Recommendations adopted shall be indicate by means of "Yes" and where not adopted provide an explanation.
14 August 2014	Management should ensure that all contingencies are supported by documents.	Yes
14 August 2014	Risk management is not reflecting the business activity of municipality and therefore should be reviewed.	Yes
Performance Report		
03 March 2015	All targets should be reviewed	Yes
03 March 2015	Column for explanation of variance should be included and the remedial actions be reviewed	Yes
03 March 2015	The period of maintaining park should be indicated whether it was on a weekly, monthly or yearly basis.	Yes
03 March 2015	Where there is under-performance, management should provide an explanation why there is under-performance.	Yes
03 March 2015	Forums with other organs of state and stakeholders should be removed from SDBIP, because this are activities are not in control of the municipality.	Yes
RECOMMENDATIONS TO COUNCIL		
10 December 2014	Municipal council should ensure that the positions of head of department are filled as a matter of urgency.	Yes
10 December 2014	Management should continue to ensure that the Financial Statements are submitted within prescribed time frame (31 August each year)	Yes
10 December 2014	Management should continue to ensure that (submit) Draft Annual Financial Statements are submitted to the audit committee at least 10 working days prior submission to Auditor General in order to give the committee permissible time to review the statements	Yes
10 December 2014	Management to ensure that irregular expenditure are avoided and that SCM officials are trained.	Yes

Municipal Audit Committee Recommendations

Date of Committee	Committee recommendations during 2014/2015 Financial Year	Recommendations adopted shall be indicate by means of "Yes" and where not adopted provide an explanation.
10 December 2014	Management should ensure that all issues raised by AG are resolved.	Yes
24 April 2015	Management should implement all queries raised by Internal Audit	Yes
24 April 2015	The position of Senior internal audit be budgeted for in the next financial year	Yes

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VOLUME II: ANNUAL FINANCIAL STATEMENTS

Bela-Bela Local Municipality compiled the 2014/2015 Annual Financial Statements and submitted to the Auditor General for auditing. Below are the final audited 2014/2-15 Annual Financial Statements.

FM



Bela Bela Local Municipality
Annual financial statements
for the year ended June 30, 2015

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Local Municipality
Council	
Mayor	Hon. M.L. Nhlapo
Executive Councillors	Cllr S.E. Matuleka (Speaker) Cllr R.M. Radebe (Chief Whip) Cllr J.F. Van der Merwe Cllr M.J. Ngobeni
Councillors	Cllr M.D. Senosha Cllr F.S. Hlungwane Cllr G.T. Malele Cllr M.N. Ras Cllr K.B. Alberts Cllr M.H. Ledwaba Cllr M.J. Sesane Cllr M.M. Mononyane Cllr L.R. Mpete Cllr P.M. Aphane Cllr P.M. Mahlangu Cllr T.E. Mokonyane Cllr W.K.R. Mokgethoa
Grading of local authority	Level 3
Acting Chief Finance Officer (CFO)	Mr. K. Maposa
Accounting Officer	Mr. M.M. Matuleka
Registered office	58 Chris Hani Drive Bela Bela
Postal address	Bela Bela Local Municipality Private Bag X1609 Bela Bela 0480
Bankers	Absa Bank Limited
Auditors	Auditor General of South Africa
Attorneys	Moloto Attorneys Lensor and William Attorneys Mohale Incorporated Attorneys
Published	August 31, 2015

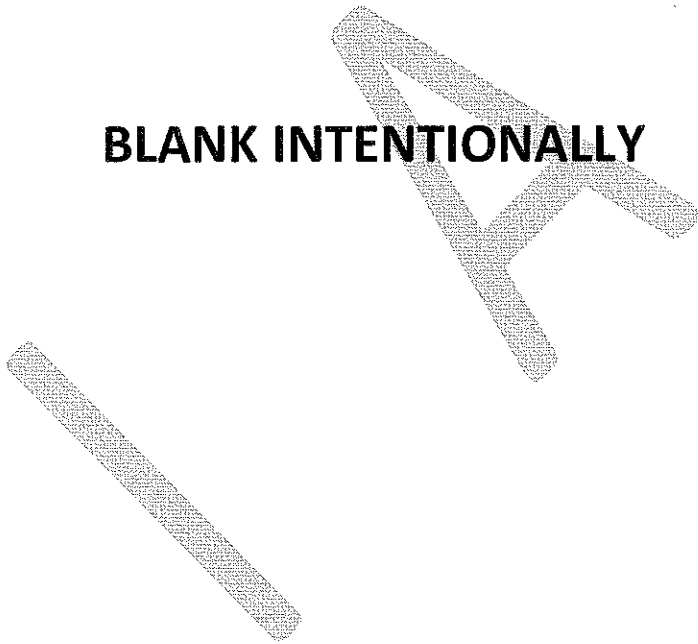
Bela Bela Local Municipality
Annual Financial Statements for the year ended June 30, 2015

Index

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

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Statement of Financial Performance	8
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Statement of Comparison of Budget and Actual Amounts	11 - 12
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Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
FMG	Financial Management Grant
EPWP	Extended Public Works Programme

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Accounting Officer's Responsibilities and Approval

The accounting officer is 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 the responsibility of the accounting officer 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.

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 75, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The 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.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the set standards 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 that 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 accounting officer endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

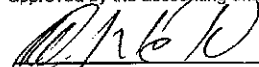
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial 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 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is substantially dependent on the government for continued funding of operations. The financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

The accounting officer certifies that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 30 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on pages 5 to 75, which have been prepared on the going concern basis, were approved by the accounting officer on August 31, 2015 and were signed on its behalf by:



Mr. M.M. Maluleka
Accounting Officer

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Accounting Officer's Report

The accounting officer submits his report for the year ended June 30, 2015.

1. Review of activities

Main business and operations

The operating results and state of affairs of the municipality are fully set out in the attached financial statements.

Net deficit of the municipality was R 40 913 544 (2014: surplus R 28 021 974).

2. Going concern

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.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the year ended, 30 June 2015.

4. Submission of annual financial statements

The financial statements were submitted 31 August 2015. The Municipality complied with the requirements of Section 126 of the Municipal Finance Management Act

5. Accounting policies

The annual financial statements were prepared in accordance with the Generally Recognised Accounting Practices (GRAP), including any interpretations of such Statements issued by the Accounting Standard Board.

6. Corporate governance

The Council

- retains full control over the municipality, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality.

6.1 Fruitless and wasteful expenditure

During the current financial year payments to the value of R122 were regarded as fruitless and wasteful expenditure. This was due to late payment of invoices to Eskom.

6.2 Remuneration

The remuneration of the Accounting Officer and section 56 managers are determined by the Upper Limits for senior managers.

6.3 Audit Committee

Mr. S.A.B Ngobeni was the chairperson of the audit committee for the financial year under review.

In terms of Section 166 of the Municipal Finance Management Act, municipality, must appoint members of the Audit Committee. National Treasury policy requires that municipalities should appoint further members of the municipality's audit committees who are not councillors of the municipality onto the audit committee.

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Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Accounting Officer's Report

6.4 Internal audit

The municipality has an independent internal audit function. This is in compliance with the Municipal Finance Management Act, 2003.

The chief internal auditor is Mr.M.C Kabe.

7. Bankers

The municipality has its primary bank account with ABSA Bank Limited.

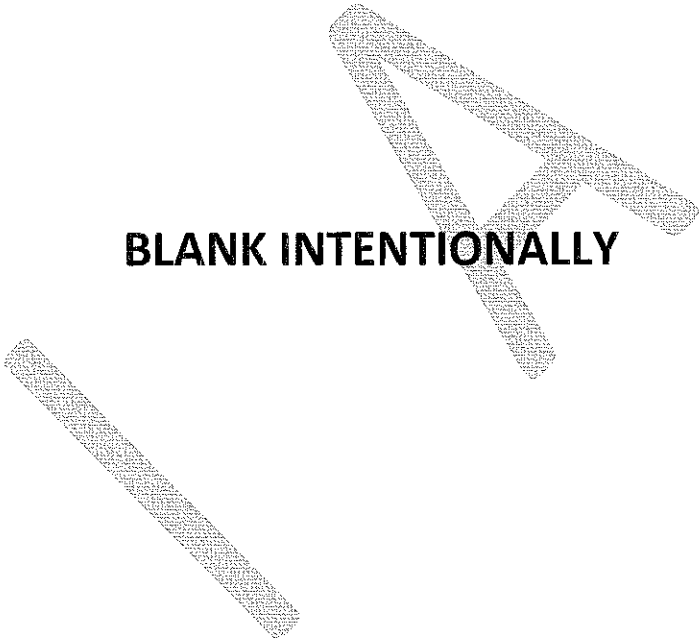
8. Auditors

The municipality is audited by the Auditor General of South Africa

9. Public Private Partnership

During the financial period under review, Bela Bela Local municipality did not enter into any Private Public Partnerships.

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Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Statement of Financial Position as at June 30, 2015

Figures in Rand	Note(s)	2015	Restated 2014
Assets			
Current Assets			
Inventories	11	134 461	105 832
Trade and other receivables from exchange transactions	12	3 427 572	112 928
Receivables from non-exchange transactions	13	438 715	1 267 220
VAT	14	5 631 042	2 991 285
Consumer debtors from non-exchange transactions	15	14 198 712	11 203 004
Consumer debtors from exchange transactions	15	13 653 163	15 050 870
Sundry debtors	9	3 493 291	3 660 004
Agreements	10	889 344	3 975 883
Cash and cash equivalents	16	12 656 366	30 652 565
		54 522 666	69 019 591
Non-Current Assets			
Investment property	4	176 952 621	174 992 702
Property, plant and equipment	5	538 495 779	515 606 184
Intangible assets	6	2 063 602	2 130 110
Heritage assets	7	538 950	538 950
Sundry debtors	10	1 204 661	7 664 731
		719 255 613	700 992 677
Total Assets		773 778 279	770 012 268
Liabilities			
Current Liabilities			
Financial liabilities	19	3 278 875	375 474
Finance lease obligation	17	4 735 602	16 054
Trade and other payables from exchange transactions	22	71 836 359	22 084 122
Consumer deposits	23	5 473 413	5 531 705
Unspent conditional grants and receipts	18	-	292 682
Provisions	20	4 721 807	2 688 391
Unknown Deposits	21	4 196 948	3 687 463
		94 243 004	34 675 891
Non-Current Liabilities			
Financial liabilities	19	-	10 723 619
Finance lease obligation	17	1 754 489	27 438
Retirement benefit obligation	8	26 763 894	35 827 894
Provisions	20	18 943 072	15 770 064
		47 461 455	62 349 015
Total Liabilities		141 704 459	97 024 906
Net Assets		632 073 820	672 987 362
Accumulated surplus		632 073 820	672 987 362

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014
Revenue			
Service charges	26	114 337 480	115 763 329
Rental of facilities and equipment		1 113 795	998 416
Licences and permits		2 741 698	3 122 476
Administration and management fees received		1 139 387	905 489
Commissions received		72 982	45 543
Demand charges		956 487	1 363 874
Donations received		32 000	30 000
Other income		3 980 969	2 815 479
Town planning scheme		440 731	374 864
Interest received	32	8 317 352	4 673 523
Property rates	25	54 228 731	53 068 691
Government grants & subsidies		84 130 870	80 417 666
Fines	27	4 450 800	29 904 329
Total revenue		275 943 282	293 483 679
Expenditure			
Personnel	29	(89 902 742)	(77 111 892)
Remuneration of councillors	30	(5 968 024)	(5 801 381)
Depreciation and amortisation	34	(27 727 459)	(28 883 761)
Impairment loss/ Reversal of impairments		(2 310)	(383 478)
Finance costs	36	(6 956 553)	(3 309 616)
Debt Impairment	31	(30 309 529)	(25 504 702)
Repairs and maintenance		(14 445 200)	(12 277 714)
Bulk purchases	38	(72 297 651)	(59 902 603)
Loss on disposal of assets		(997 644)	(20 786)
General expenses	28	(82 212 082)	(44 091 409)
Total expenditure		(330 820 294)	(257 287 342)
Operating (deficit) surplus		(54 877 012)	36 196 337
Fair value adjustments	33	1 959 918	1 772 020
Actuarial gain / (loss)	35	12 003 331	(9 946 382)
		13 963 249	(8 174 362)
(Deficit) surplus for the year		(40 913 763)	28 021 975

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at July 01, 2013	644 965 388	644 965 388
Changes in net assets		
Surplus for the year	28 021 975	28 021 975
Total changes	28 021 975	28 021 975
Opening balance as previously reported	669 860 326	669 860 326
Adjustments		
Prior year adjustments - note 43	3 127 036	3 127 036
Balance at July 01, 2014 as restated*	672 987 362	672 987 362
Changes in net assets		
Deficit for the year	(40 913 544)	(40 913 544)
Total changes	(40 913 544)	(40 913 544)
Balance at June 30, 2015	632 073 818	632 073 818

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Cash Flow Statement

Figures in Rand	Note(s)	2015	Restated 2014
Cash flows from operating activities			
Receipts			
Sale of goods and services		143 565 533	125 334 559
Interest income		8 317 352	4 673 523
Other receipts		94 265 960	122 094 468
		246 148 845	252 102 550
Payments			
Employee costs		(104 935 866)	(69 717 583)
Suppliers		(121 778 041)	(125 900 090)
Finance costs		(201 257)	(3 309 616)
		(226 914 964)	(198 927 289)
Net cash flows from operating activities	39	19 233 881	53 175 261
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(50 492 635)	(14 830 890)
Actuarial gain / (loss)		-	1 158 083
Proceeds from sale of other asset 3		2 632 844	-
Other movement PPE and Intangible		-	38 318
Net cash flows from Investing activities		(47 859 791)	(13 636 489)
Cash flows from financing activities			
Repayment of financial liabilities		4 183 113	(11 477 938)
Finance lease payments		6 446 598	43 495
Net cash flows from financing activities		10 629 711	(11 434 446)
Net increase/(decrease) in cash and cash equivalents		(17 996 199)	28 104 326
Cash and cash equivalents at the beginning of the year		30 652 565	2 548 239
Cash and cash equivalents at the end of the year	16	12 656 366	30 652 565

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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	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	145 752 805	(6 217 514)	139 535 291	114 337 480	(25 197 811)	
Rental of facilities and equipment	1 616 264	-	1 616 264	1 113 795	(502 469)	
Licences and permits	10 000 000	-	10 000 000	2 741 698	(7 258 302)	
Administration and management fees received	2 324 986	-	2 324 986	1 139 387	(1 185 599)	
Commissions received	16 368	-	16 368	72 982	56 614	
Demand charges	3 758 146	-	3 758 146	956 487	(2 801 659)	
Donation received	31 680	-	31 680	32 000	320	
Sale of land	1 584 000	3 000 000	4 584 000	-	(4 584 000)	
Other income	20 862 820	258 857	21 121 677	3 980 969	(17 140 708)	
Traffic fines	-	6 000 000	6 000 000	-	(6 000 000)	
Town planning scheme	550 000	-	550 000	440 731	(109 269)	
Interest received	376 000	1 624 064	2 000 064	8 317 352	6 317 288	
Total revenue from exchange transactions	186 873 069	4 665 407	191 538 476	133 132 881	(58 405 595)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	59 401 000	(5 602 163)	53 798 837	54 228 731	429 894	
Government grants & subsidies	60 805 000	1 000 000	61 805 000	84 130 870	22 225 870	
Transfer revenue						
Fines	-	-	-	4 450 800	4 450 800	
Total revenue from non-exchange transactions	120 306 000	(4 602 163)	115 703 837	142 810 401	27 106 564	
Total revenue	307 179 069	63 244	307 242 313	275 943 282	(31 299 031)	
Expenditure						
Personnel	(91 493 526)	(1 273 700)	(92 767 226)	(89 902 742)	2 864 484	
Remuneration of councillors	(5 955 742)	(888 126)	(6 843 868)	(5 968 924)	674 944	
Depreciation and amortisation	(12 040 000)	(15 560 727)	(27 600 727)	(27 727 459)	(126 732)	
Impairment loss/ Reversal of impairments	-	-	-	(2 310)	(2 310)	
Finance costs	(3 100 000)	(4 400 000)	(7 500 000)	(6 956 553)	543 447	
Debt impairment	(10 000 000)	(19 213 797)	(29 213 797)	(30 309 529)	(1 095 732)	
Repairs and maintenance	(19 778 175)	1 914 181	(17 863 994)	(14 445 200)	3 418 794	
Bulk purchases	(73 083 800)	540 000	(72 523 600)	(72 297 851)	225 949	
Contracted Services	(24 923 574)	(13 684 242)	(38 607 816)	(27 186 051)	11 421 765	
General expenses	(56 624 833)	(5 091 370)	(61 716 203)	(55 026 031)	6 690 172	
Total expenditure	(296 979 450)	(57 457 781)	(354 437 231)	(329 822 450)	24 614 781	
Operating deficit	10 199 619	(57 394 537)	(47 194 918)	(53 879 168)	(6 684 250)	
Loss on disposal of assets and liabilities	-	-	-	(997 844)	(997 844)	
Fair value adjustments	-	-	-	1 959 918	1 959 918	

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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	Reference
Figures in Rand						
Actuarial gain / (Loss)	-	-	-	12 003 331	12 003 331	
	-	-	-	12 965 405	12 965 405	
Deficit before taxation	10 199 619	(57 394 537)	(47 194 918)	(40 913 763)	6 281 155	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	10 199 619	(57 394 537)	(47 194 918)	(40 913 763)	6 281 155	

Bela Bela Local Municipality
Annual Financial Statements for the year ended June 30, 2015

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. The accounting policies are consistent with the previous period.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and estimates

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Available-for-sale financial assets

The municipality follows the guidance of GRAP 104 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the municipality evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Accounting Policies

1.4 Investment property

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or either land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods and services, or the sale of an asset in the ordinary course of operations.

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

The cost of self-constructed investment property is the cost at date of completion. Subsequent to initial recognition property plant is carried at cost less accumulated depreciation and any impairment losses.

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. The valuations are performed annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Changes in fair values are recorded in the Statement of Financial Performance as part of the surplus and deficit.

Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property and from property held for sale in the ordinary course of business:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment properties.
- land held for a currently undetermined future use.
- a building owned and leased out under one or more operating leases
- leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held.
- a building that is vacant but is held to be leased out under one or more operating leases.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

The gain or loss arising from the de-recognition of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Such difference is recognised in surplus or deficit when the asset is derecognised.

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Subsequent to initial recognition property plant is carried at cost less accumulated depreciation and any impairment losses.

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Accounting Policies

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	15-60 years
Leasehold property	5 years
Plant and machinery	4 - 5 years
Furniture and fixtures	5 years
Motor vehicles	5 - 10 years
Office equipment	5 years
IT equipment	3 years
Computer software	2-5 years
Infrastructure	
• Roads and paving	5 - 100 years
• Pedestrian Malls	20 - 30 years
• Electricity	10 - 60 years
• Water	10 - 60 years
• Sewerage	12 - 80 years
Community	
• Buildings	15 - 60 years
• Recreational Facilities	15 - 50 years
• Taxi ranks	10 - 40 years
• Stadiums	20 - 40 years
• Libraries	15 - 60 years
• Parks and gardens	10 - 50 years
• Other assets	7 - 20 years

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Accounting Policies

Ancillary fleet equipment and security	15 years
Artwork	5 years
Other equipment	5 years
Land	Indefinite
Communication equipment	10 - 15 years

1.6 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.7 Intangible assets

An asset is identifiable if it either:

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

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Subsequent to initial recognition intangible assets are carried at cost less accumulated depreciation and any impairment losses.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at that date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale,
- there is an intention to complete and use or sell it,
- there is an ability to use or sell it,
- it will generate probable future economic benefits or service potential,
- there are available technical, financial and other resources to complete the development and to use or sell the asset,
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Accounting Policies

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	2 years
Rights to use naturally occurring assets	indefinite

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.8 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and held indefinitely for the benefit of present and future generations.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that a municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

Bela Bela Local Municipality

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Accounting Policies

Recognition

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

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one municipality and a financial liability or a residual interest of another municipality.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an municipality on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Bela Bela Local Municipality

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Accounting Policies

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an municipality's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, a municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another municipality; or
- a contractual right to:
 - receive cash or another financial asset from another municipality; or
 - exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by a municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Bela Bela Local Municipality
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Accounting Policies

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of a municipality after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of a municipality's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of a municipality.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the municipality had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the municipality designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalent	Financial asset measured at amortised cost
Agreements	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unknown deposits	Financial liability measured at amortised cost
Financial liabilities	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

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Accounting Policies

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Accounting Policies

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, if there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the municipality cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

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If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured 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 are not reversed.

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Accounting Policies

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when: -

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its Statement of Financial Position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a 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, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

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Accounting Policies

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the Statement of Financial Position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the Statement of Financial Position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term. Any contingent rents are recognised separately as an expense in the period in which they are incurred.

1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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Accounting Policies

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.

Any contingent rents are recognised separately as an expense in the period which they are incurred.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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Accounting Policies

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality must:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

Cash-generating units

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 municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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Accounting Policies

Reversal of Impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.13 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or

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Accounting Policies

- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.14 Employee benefits

Employee benefits are all forms of consideration given by an municipality in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting municipality, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, unless either:

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- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting municipality to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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Accounting Policies

Post-employment benefits: Defined contribution plans

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

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Accounting Policies

Post-employment benefits: Defined benefit plans

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an municipality (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Accounting Policies

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Accounting Policies

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other long-term employee benefits

The municipality provides post-retirement health care benefits to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

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 service awards are recognised in the statement of financial performance.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Accounting Policies

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes (as a minimum):

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.15 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Accounting Policies

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 41.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the Municipality consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.12 and 1.13.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Accounting Policies

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. Revenue from traffic fines is recognised at a full amount on the issue of fines. Fines that are subject to settlement discount are measured using the Municipality's consideration on past history in assessing the likelihood of these discounts being taken up by debtors. Revenue is then measured at the fair value of the consideration received or receivable, net of estimated settlement discounts.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imburement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

Bela Beta Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Accounting Policies

1.19 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of a municipality directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.21 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2013), and include:

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance 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 the statement of financial performance.

1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance 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 the statement of financial performance.

1.23 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.25 Value Added Tax

The Municipality is registered as category C VAT vendor. The Municipality accounts for VAT on a cash basis as per Section 15 of the VAT Act. VAT receivable or payable is calculated on a monthly bases. VAT receivable is treated as current assets while VAT payable is treated as VAT current liability. Annual Financial Statements are prepared on the accrual basis of accounting.

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Accounting Policies

1.26 Commitments

Commitments consist of expenditure committed but not yet incurred. Commitments are categorised as follows::

- Commitments approved and contracted for
- Commitments approved but not yet contracted for

1.27 Budget information

The municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01-Jul-14 to 30-Jun-15.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

1.28 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager. Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

1.29 Agreements

One of the key objectives of debt collection is to encourage debtors to start paying their monthly accounts in full. In addition it is also necessary to ensure that arrear debt is addressed. The current average balances on consumer accounts necessitates that innovative ideas be implemented to encourage consumers to pay off their arrears. At the same time it is also of utmost importance that regular payers not be discouraged through the implementation of any possible incentives.

Recognition

Agreements are recognised when a debtor enter into a payment arrangement with the municipality. The amount to be recognised in the financial statements as an agreement, for either less than 12 months or over 12 months, consists of the amount outstanding as receivables as at the reporting date.

Measurement

Short term agreements are payment arrangements shorter than 12 months and long term agreements are payment arrangements that are longer than 12 months. Agreements are measured at amortised cost, using the effective interest rate, less provision for impairment losses ..

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Accounting Policies

1.30 Unknown deposits

Unknown deposits refer to amounts which were paid into municipal accounts without proper reference to be able to allocate amounts received to correct debtor accounts or relevant vote accounts.

Recognition

Once the payment is received, the municipality will try to trace the amount to allocate it to the correct debtors or vote account. After the municipality have exhausted all options, then the municipality will advertise to the public. Should the public not come to claim the amounts, then the municipality will classify the amount as liability.

Measurement

The amount of unknown deposits is valued at fair value of the amount actually received.

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following revised standard.

- GRAP 100

Nature

During the year, the municipality changed its accounting policy with respect to the treatment of non current assets held for sale (GRAP 100). The municipality no longer reclassify property, plant and equipment as non current assets held for sale. The standard now requires assets that are available for sale to be classified as property plant and equipment and be treated as such until date of sale.

The change in accounting policy is made in accordance with GRAP 100 transitional provisions as follows:

(a) Changes to the way in which non-current assets held for sale are measured, shall be applied prospectively at the beginning of the period in which these amendments are adopted.

(b) Changes to the way in which non-current assets held for sale are classified and presented on the statement of financial position and accompanying notes, shall be applied retrospectively by adjusting information for the earliest period presented.

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended June 30, 2014 is as follows:

Statement of financial position

Property, plant and equipment	
Previously stated	- 512 499 103
Adjustment	- 2 456 902
	<hr/>
	- 514 956 005
	<hr/>
Non current assets held for sale	
Previously stated	- 2 456 902
Adjustment	- (2 456 902)
	<hr/>
	-

Bela Bela Local Municipality
Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

3. New standards and interpretations

3.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 01, 2015 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	April 01, 2016	No material impact
• GRAP32: Service Concession Arrangements: Grantor	April 01, 2015	No material impact
• GRAP108: Statutory Receivables	April 01, 2015	No material Impact
• IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	April 01, 2015	No material impact

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

Figures in Rand

2015 2014

4. Investment property

	2015		2014	
	Cost / Valuation	Carrying value	Cost / Valuation	Carrying value
Investment property	176 952 620	- 176 952 621	174 992 702	- 174 992 702

Reconciliation of investment property - 2015

	Opening balance	Fair value adjustments	Total
Investment property	174 992 702	1 959 918	176 952 620

Reconciliation of investment property - 2014

	Opening balance	Fair value adjustments	Total
Investment property	173 368 943	1 623 759	174 992 702

Pledged as security

The Municipality does not have any assets pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

5. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	72 398 461	(36 862 114)	35 536 347	71 933 561	(34 827 882)	37 105 679
Plant and machinery	862 221	(669 185)	193 036	1 073 652	(732 945)	340 707
Furniture and fixtures	3 689 137	(2 736 430)	952 707	3 461 203	(2 583 414)	877 789
Motor vehicles	-	-	-	9 595 000	(7 658 570)	1 936 430
Office equipment	13 109 635	(5 202 263)	7 907 372	3 785 920	(2 796 630)	989 290
Infrastructure	879 044 974	(468 150 643)	410 894 331	873 549 543	(451 181 039)	422 368 504
Community	67 293 660	(35 382 190)	31 911 470	64 984 872	(34 247 168)	30 737 714
Other property, plant and equipment	42 856 967	-	42 856 967	11 169 667	-	11 169 667
Emergency equipment	77 724	(53 266)	24 469	78 579	(43 869)	34 710
Recreational facilities	22 299 190	(14 080 110)	8 219 080	34 448 446	(24 342 752)	10 105 694
Total	1 101 631 969	(563 136 190)	538 495 779	1 074 080 443	(558 414 259)	515 666 184

Bela Bela Local Municipality
Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

Figures in Rand

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions (cost)	Derecognition (cost)	Impairment loss	Derecognition impairment loss	Transfers	Depreciation	Derecognition (acc depr)	Total
Buildings	37 105 679	464 900	-	-	-	-	(2 034 232)	-	35 538 347
Plant and machinery	340 707	55 745	(267 176)	-	-	-	(143 707)	207 467	193 036
Furniture and fixtures	877 789	636 353	(308 419)	-	-	-	(425 482)	272 466	952 707
Motor vehicles	1 936 430	-	(9 595 000)	-	-	-	(139 742)	7 798 312	-
Office equipment	989 290	11 588 609	(2 264 894)	-	-	-	(4 350 832)	1 945 299	7 907 372
Infrastructure	422 368 504	6 901 535	(1 406 102)	(2 310)	126 618	-	(18 003 646)	909 734 410	894 331
Community	30 737 714	3 019 989	(711 202)	-	-	(7 546 742)	(1 646 024)	510 993	31 811 470
Other property, plant and equipment	11 169 667	39 234 042	-	-	-	-	-	-	42 866 967
Emergency equipment	34 710	-	(855)	-	-	-	(10 156)	770	24 469
Recreational facilities	10 105 694	-	(12 149 256)	-	-	-	(907 029)	11 169 671	8 219 080
	515 666 184	61 801 173	(26 702 904)	(2 310)	126 618	(7 546 742)	(27 660 952)	22 814 712	538 495 779

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Derecognition (cost)	Impairment loss	Derecognition impairment loss	Transfers	Depreciation	Derecognition (acc depr)	Total
Buildings	27 429 184	11 783 719	-	-	-	-	-	(2 107 224)	-	37 105 679
Plant and machinery	461 898	75 426	-	-	-	-	8 586	(205 205)	-	340 707
Furniture and fixtures	1 403 956	152 958	-	-	-	-	815	(681 062)	-	877 789
Motor vehicles	4 285 672	-	-	-	-	-	(878 920)	(1 470 322)	-	1 936 430
Office equipment	765 380	278 616	-	-	-	-	-	(518 386)	-	989 290
Infrastructure	440 574 396	3 121 554	-	-	-	-	-	(20 943 988)	(383 478)	422 368 504
Community	31 640 474	891 419	-	-	-	-	-	(1 794 179)	-	30 737 714
Other property, plant and equipment	11 366 151	15 285 179	-	-	-	-	-	-	-	11 169 667
Emergency equipment	19 573	28 800	-	-	-	-	-	-	-	34 710
Recreational facilities	9 984 701	1 247 453	(233 847)	-	-	-	-	(1 115 674)	-	10 105 694
	527 941 385	32 885 124	(233 847)	(14 802 800)	(383 478)	(869 517)	(28 850 683)	(383 478)	515 666 184	

Bela Bela Local Municipality

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Pledged as security

The municipality does not have any assets pledged as security.

Change in accounting estimates

Change in estimated costs of dismantling, removing or restoring items of landfill sites

In accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors an entity discloses the nature and effect of a change in an accounting estimate that has an effect in the current period, or is expected to have an effect in subsequent periods. For property, plant and equipment, such disclosure may arise from changes in estimates with respect to:

(b) the estimated costs of dismantling, removing or restoring items of property, plant and equipment;

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. The valuation of the landfill site was performed as at 30 June 2015 by Environmental and Sustainability Solutions CC. It is calculated as the present value of the future obligation, discounted at prime interest rate. The following key assumptions were used: CPI of 4.1306% (2014: 6.2663%), discount rate of 3.6713% (2014: 8.5163%) and net effective discount rate of 2.25% (2014: 2.25%). The remaining estimated life of the landfill site of 10 years is used in the discounted calculation of the provision

The valuation resulted to change in estimate as follows:

	2015	2014
Change in provision for landfill closure	R2 839 681	R891 419

Change in useful lives

The Municipality reviews the remaining useful life of every movable asset on an annual basis year. All categories remaining useful life was reviewed and the effect is shown in the table below:

	Depreciation 2014	Depreciation 2015
Emergency equipment	7 699	3 850
Furniture and fittings	525 716	298 611
Office equipment	184 803	103 492
Plant and equipment	130 185	92 447
	848 403	498 400

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

6. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 617 886	(199 947)	1 417 939	1 617 886	(133 439)	1 484 447
Rights to use naturally occurring assets	645 663	-	645 663	645 663	-	645 663
Total	2 263 549	(199 947)	2 063 602	2 263 549	(133 439)	2 130 110

Bela Bela Local Municipality

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Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer software	1 484 447	(66 508)	1 417 939
Rights to use naturally occurring assets	645 663	-	645 663
	2 130 110	(66 508)	2 063 602

Reconciliation of Intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software	1 441 011	78 308	(34 872)	1 484 447
Rights to use naturally occurring assets	645 663	-	-	645 663
	2 086 674	78 308	(34 872)	2 130 110

7. Heritage assets

	2015			2014		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	538 950	-	538 950	538 950	-	538 950

Reconciliation of heritage assets 2015

	Opening balance	Total
Historical buildings	538 950	538 950

Bela Bela Local Municipality

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	2015	2014
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Reconciliation of heritage assets 2014

	Opening balance	Total
Historical buildings	538 950	538 950

8. Retirement benefit obligations

Post retirement Health Care Benefits Liability

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(35 827 894)	(22 632 206)
Benefits paid	1 022 000	1 021 000
Current service costs	(2 182 987)	(2 472 000)
Net actuarial gains or losses	13 437 934	(9 949 688)
Interest costs	(3 212 947)	(1 795 000)
	(26 763 894)	(35 827 894)

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 Aids 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 2015 by Hildegard Wilson, a 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. An actuarial valuation has been performed of the liability in respect of post-employment health care benefits to employees and retirees of Bela Bela Municipality and to their registered dependants.

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

In-service members (Employees)	159	191
Continuation members	26	29

Net expense recognised in the statement of financial performance

Current service cost	2 182 987	2 472 000
Interest cost	3 212 947	1 795 000
Actuarial (gains) losses	(13 437 934)	(9 949 688)
	(8 042 000)	(5 682 688)

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

In-service members (Employees)	14 937 000	23 352 975
Continuation members	11 827 000	12 474 919
	26 764 000	35 827 894

The municipality makes monthly contributions of health care arrangements to the following medical aid schemes:

- Keyhealth
- Bonitas
- Hosmed
- Samwumed
- LA Health

The current service cost for the year ending 30 June 2015 is estimated to be R 2 182 987 (2014 R2 472 000).

Bela Bela Local Municipality
Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
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Key assumptions used

Assumptions used at the reporting date:

Discount rates used	Yield curve	7.78 %
CPI (Consumer Price Inflation)	Difference between nominal and real yield curve	5.99 %
Normal salary increase rate	6.79 %	6.79 %
Net effective discount rate	Yield curve based	0.74 %

The basis used to determine the overall expected rate of return on assets is as follow: [provide details]

The effect of the major categories of plan assets is as follow: [state effect]

Salaries - Changes in an index or other variable specified in the formal or constructive terms of a plan as the basis for future benefit increases: [provide details]

The basis on which the discount rate has been determined is as follow: [state basis]

The basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets, is as follows:

Movement in the present value of the defined benefit obligation are as follows:

Opening balance	13 106 216	20 870 206
Net expense recognised in the statement of financial performance	(7 952 000)	(7 563 990)
Present value of fund obligation at the end of the year	5 154 216	13 106 216

The amounts recognised in the Statement of Financial Performance

Current service cost	2 182 987	2 472 000
Interest cost	3 212 947	1 795 000
Actuarial (gains) losses	(13 347 934)	(9 949 688)
	(7 952 000)	(5 682 688)

The history of experienced adjustments is as follows:

Present value of Defined Benefit Obligation	26 764 000	35 827 894
	26 764 000	35 827 894

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

Changes in the fair value of plan assets are as follows:

Management has indicated that there are no long-term assets set aside off-balance sheet in respect of the Municipality's post-employment health care liability.

Bela Bela Local Municipality

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Figures in Rand 2015 2014

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

The liability at the valuation date was recalculated to show the effect of 1% increase and decrease in the assumed general salary inflation rate. Using central assumption of R267 639 for current service cost and R180 406 for interest costs the effect is as follows:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	270 315	264 963
Effect on defined benefit obligation	182 210	179 602
Total	452 525	443 565

Amounts for the current and previous four years are as follows:

	2015 R	2014 R	2013 R	2012 R	2011 R
Defined benefit obligation	4 403 000	2 527 592	2 050 334	1 610 516	1 547 642
Surplus/(deficit) of defined benefit obligation	4 403 000	2 527 592	2 050 334	1 610 516	1 547 642

9. Sundry debtors

Cash suspense RD	1 057 349	1 057 349
VAT suspense	2 210 487	-
Other receivables	225 456	2 602 656
Total	3 493 291	3 660 004

10. Agreements

Agreements consist of consumer debtors payment arrangements. Short term agreements are payment arrangements shorter than 12 months and long term agreements are payment arrangements that are longer than 12 months.

Short term agreements	889 344	3 975 883
Long term agreements	1 204 681	7 664 731
Total	2 094 025	11 640 614

11. Inventories

Water	134 461	105 832
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Inventory pledged as security

No inventory was pledged as security.

12. Trade and other receivables from exchange transactions

Sundry debtors	3 345 335	-
WDM fire fighting	82 237	112 928
Total	3 427 572	112 928

13. Receivables from non-exchange transactions

Fines	25 738 545	25 176 823
Allowance for impairment	(25 299 830)	(23 909 603)
Total	438 715	1 267 220

Bela Bela Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
Reconciliation of provision for impairment of receivables from non-exchange transactions		
Opening balance	(23 909 603)	-
Provision for impairment	(1 914 284)	(23 909 603)
	(25 823 887)	(23 909 603)
14. VAT receivable		
VAT	5 631 042	2 991 285
15. Consumer debtors		
Gross balances		
Rates	61 306 012	57 428 286
Electricity	6 829 871	9 293 596
Water	12 972 259	19 728 143
Sewerage	3 303 075	4 954 944
Refuse	3 033 757	4 981 688
Other	38 666 546	48 688 732
	126 111 520	145 075 389
Less: Allowance for impairment		
Rates	(47 107 299)	(46 225 282)
Electricity	(3 854 238)	(6 915 945)
Water	(9 980 016)	(17 876 212)
Sewerage	(2 789 712)	(4 166 215)
Refuse	(2 575 894)	(4 281 432)
Other	(31 952 484)	(39 356 429)
	(98 259 643)	(118 821 515)
Net balance		
Rates	14 198 712	11 203 004
Electricity	2 975 634	2 377 651
Water	2 991 428	1 851 931
Sewerage	513 362	788 729
Refuse	457 863	700 256
Other	6 714 876	9 332 303
	27 851 875	26 253 874
Included in above is receivables from exchange transactions		
Electricity	2 975 634	2 377 651
Water	1 629 138	1 851 931
Sewerage	513 362	788 729
Refuse	457 863	700 256
Other	6 714 876	9 332 303
	12 290 873	15 050 870
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	14 198 712	11 203 004
	26 489 585	26 253 874
Net balance		

Bela Bela Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
Summary of debtors by customer classification		
Government		
Current (0 -30 days)	3 795 024	1 18 836
31 - 60 days	389 180	844 526
61 - 90 days	278 432	431 708
91 - 120 days	201 082	292 394
121 - 365 days	1 243 971	245 038
> 365 days	4 493 444	6 918 509
	10 401 133	8 851 011
Business		
Current (0 -30 days)	5 956 146	2 423 573
31 - 60 days	891 021	4 596 760
61 - 90 days	628 799	1 361 664
91 - 120 days	880 340	960 345
121 - 365 days	3 495 012	848 463
> 365 days	20 037 444	22 475 177
	31 888 762	32 665 982
House holds		
Current (0 -30 days)	8 880 496	1 280 499
31 - 60 days	2 279 739	7 518 906
61 - 90 days	1 334 871	2 987 464
91 - 120 days	1 877 024	2 738 465
121 - 365 days	6 790 481	2 283 218
> 365 days	30 197 658	55 746 215
	51 360 249	72 534 757
Other		
Current (0 -30 days)	8 822 407	103 888
31 - 60 days	806 822	3 986 027
61 - 90 days	657 557	1 219 363
91 - 120 days	863 024	1 129 345
121 - 365 days	3 366 111	1 071 117
> 365 days	16 583 669	24 213 082
	31 099 090	31 722 822
	126 111 520	145 075 390
Reconciliation of allowance for impairment		
Balance at beginning of the year	(118 821 515)	(117 226 416)
Debt Impairment written off against allowance	20 561 871	(1 595 099)
	(98 259 644)	(118 821 515)
16. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	2 000	-
Bank balances	907 833	1 932 807
Short-term deposits	11 746 533	28 719 758
	12 656 366	30 652 565

Bela Bela Local Municipality

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Figures in Rand	2015	2014
Credit quality of cash at bank and short term deposits, excluding unspent conditional grant		
Credit rating	11 746 533	28 719 758
Investment	2 051 978	7 789 972
Cash and cash equivalent	13 798 511	36 509 730
Total cash	-	(292 682)
Less: Unspent Conditional Grant	13 798 511	36 217 048

See note 25 for reconciliation of grants

Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral	800 000	800 000
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Local Guarantees

The above guarantee is pledged to Eskom by means of the ABSA Bank Call account with the number 2066701092. The valuation amount for the current year ended 30 June 2015: R800 000 (2014: R800 000).

Current Account (Primary Bank Account)

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2015	June 30, 2014	June 30, 2013
ABSA BANK - Current Account - 1330000062	2 051 978	7 428 239	1 834 455	906 729	1 571 073	(511 686)
ABSA BANK - Call Account - 4078360937	1 104	361 733	401 526	1 104	361 733	401 526
Total	2 053 082	7 789 972	2 235 981	907 833	1 932 806	(110 160)

Call deposits

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2015	June 30, 2014	June 30, 2013
ABSA BANK - Call Account - 9078442012	-	1 085 760	1 055 836	-	1 085 760	1 055 836
ABSA BANK - Call Account - 4073741532	-	-	281 657	-	-	281 657
ABSA BANK - Call Account - 4078462834	54 128	-	269 014	54 128	-	269 014
ABSA BANK - Account Type - Deposit - 2066701092	800 000	800 000	800 000	800 000	800 000	800 000
FNB Limited - Call Account - 6204584148	261 629	254 988	249 892	261 629	254 988	249 892
Petty Cash	-	-	2 000	-	-	2 000
ABSA BANK - Call Account - 9295746149	2 147	16 001	-	2 147	16 001	-
ABSA BANK - Call Account - 9295745884	2 281	16 450 119	-	2 281	16 450 119	-
NEDBANK - Call Account - 03-7881110678	10 620 384	10 112 890	-	10 620 384	10 112 890	-
ABSA BANK - Call Account - 4073741532	3 960	-	-	3 960	-	-
ABSA BANK - Call Account - 9296620730	2 005	-	-	2 005	-	-
Total	11 746 534	28 719 758	2 658 399	11 746 534	28 719 758	2 658 399

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

Figures in Rand			2015	2014
Total cash and cash equivalents	13 799 616	36 509 730	12 656 366	30 652 565
17. Finance lease obligation				
Minimum lease payments due				
- within one year			5 221 469	20 068
- in second to fifth year inclusive			1 794 880	29 663
- later than five years			-	-
			7 016 349	49 731
less: future finance charges			(526 258)	(6 239)
Present value of minimum lease payments			6 490 091	43 492
Non-current liabilities			1 754 489	27 438
Current liabilities			4 735 602	16 054
			6 490 091	43 492

Bela-Bela Local Municipality has leased computer equipment from BIG Time Strategic sourcing. The monthly lease payment is R372 446 with a 10% annual increment. The lease agreement is for the period of 36 month from 01 November 2013 to 31 October 2016. Ownership will pass to the Municipality after the expiry of lease contract

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
FMG Grant	(33)	-
Municipal System Infrastructure Grant (MSIG)	268	272
Department of Water and Forestry Grant (DWAF)	105	-
Disaster Management Grant	(234)	292 410
Expanded Public Works Programme (EPWP)	(106)	-
	-	292 682
Movement during the year		
Balance at the beginning of the year	292 682	257
Additions during the year	81 330 302	80 710 082
Income recognition during the year	(81 622 984)	(80 417 667)
	-	292 682

See note 26 for reconciliation of grants from National/Provincial Government.

19. Financial liabilities

At amortised cost		
INCA Loan 00-003-7509	3 278 876	11 099 093
Interest rate 0%, monthly repayment R1 092 958.37. Settlement date 30 September 2015		
Non-current liabilities		
At amortised cost	-	10 723 619
Current liabilities		
At amortised cost	3 278 875	375 474

Bela Bela Local Municipality

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20. Provisions

Reconciliation of provisions - 2015

	Opening Balance	Additions	Total
Rehabilitation of landfill site	15 770 064	3 173 008	18 943 072
Performance bonus	160 797	158 008	318 805
Long service award provision	2 527 592	1 875 410	4 403 002
	18 458 453	5 206 426	23 664 879

Reconciliation of provisions - 2014

	Opening Balance	Additions	Total
Rehabilitation of landfill site	14 568 729	1 201 335	15 770 064
Performance bonus	96 278	64 519	160 797
Long service award provision	2 050 334	477 258	2 527 592
	16 715 341	1 743 112	18 458 453
Non-current liabilities		18 943 072	15 770 064
Current liabilities		4 721 807	2 688 391
		23 664 879	18 458 455

Rehabilitation of landfill site

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. The valuation of the landfill site was performed as at 30 June 2015 by Environmental and Sustainability Solutions CC. It is calculated as the present value of the future obligation, discounted at prime interest rate. The following key assumptions were used: CPI of 4.1306% (2014: 6.2663%), discount rate of 3.8713% (2014: 8.5163%) and net effective discount rate of 2.25% (2014: 2.25%). The remaining estimated life of the landfill site of 10 years is used in the discounted calculation of the provision.

Provision for rehabilitation of landfill sites:

Carrying value		
Balance at the beginning of the year	15 770 064	14 568 729
Change in provision for landfill closure	2 839 681	891 419
Interest charge	333 327	309 916
Total Recognised Liability	18 943 072	15 770 064

Long Service Awards

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 thereafter 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 2015 by Hildegard Wilson, a 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.

For the year ended 30 June 2015, 373 (2014: 324) employees were eligible for long service awards. The current service cost for the year ending 30 June 2015 is estimated to be R 267 639 (2014: R 234 989).

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

Discount rate used	7.78 %	7.78 %
Salary increase rate	6.79 %	6.99 %

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Figures in Rand	2015	2014
Net effective discount rate	0.74 %	0.74 %

Movement in the present value of the defined benefit obligation were as follows:

Carrying value		
Balance at the beginning of the year	2 527 592	2 050 334
Current service costs	267 639	234 989
Interest cost	180 406	146 366
Benefits paid	(408 000)	(160 793)
Actuarial losses	1 833 363	256 690
Total recognised benefit liability	4 403 000	2 527 592

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

Current service cost	2 839 681	891 419
Interest cost	333 327	309 918
Total post retirement benefit included in employee related costs	3 173 008	1 201 335

The liability at the valuation date was recalculated to show the effect of 1% increase and decrease in the assumed general salary inflation rate. Using central assumption of R2 839 681 for current service cost and R333 327 for interest costs the effect is as follows:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	2 888 078	2 811 284
Effect on defined benefit obligation	336 660	329 994
	3 204 738	3 141 278

Amounts for the current and previous year are as follows:

	2015	2014	2013	2012	2011
	R	R	R	R	R
Defined benefit obligation	4 403 000	2 527 592	2 050 334	1 610 516	1 547 642
Plan assets	-	-	-	-	-
Surplus (deficit)	4 403 000	4 403 000	2 050 334	1 610 516	1 547 642

Performance bonus

Chapter 3 of government gazette no 290289, of 01 august 2006, government: municipal performance regulations for municipal managers and managers directly accountable to municipal managers stipulate that, performance bonus ranging between 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance.

Management has made provision for performance bonus based at 10% of annual remuneration of section 56 managers.

21. Unknown deposit

Unknown deposits	4 196 948	3 687 463
Deposits received in our bank account but we are unable to track who paid it and why.		

Bela Bela Local Municipality
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Figures In Rand	2015	2014
22. Trade and other payables from exchange transactions		
Trade payables	30 367 789	732 389
Payments received in advanced	19 279 899	10 540 369
Year end accruals	7 930 745	1 964 681
Accrued leave pay	6 278 507	5 100 892
Accrued bonus	1 780 891	1 608 549
Accrued payroll expenses	2 446 391	-
Retention creditors	3 313 220	1 462 661
Other Creditors	-	654 601
Deposits on sale of land	438 917	-
	71 836 359	22 084 122
23. Consumer deposits		
Deposit received	5 473 413	5 531 705
24. Revenue		
Service charges	114 337 480	115 763 329
Rental of facilities and equipment	1 113 795	998 416
Licences and permits	2 741 698	3 122 476
Administration and management fees received	1 139 387	905 489
Commissions received	72 982	45 543
Demand charges	956 487	1 363 874
Donations received	32 000	30 000
Other income	3 980 969	2 815 479
Town planning scheme	440 731	374 864
Interest received	8 317 352	4 673 523
Property rates	54 228 731	53 068 691
Government grants & subsidies	84 130 870	80 417 666
Fines	4 450 800	29 904 329
	275 943 282	293 483 679
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	114 337 480	115 763 329
Rental of facilities and equipment	1 113 795	998 416
Licences and permits	2 741 698	3 122 476
Administration and management fees received	1 139 387	905 489
Commissions received	72 982	45 543
Demand charges	956 487	1 363 874
Donations received	32 000	30 000
Other income	3 980 969	2 815 479
Town planning scheme	440 731	374 864
Interest received	8 317 352	4 673 523
	133 132 881	130 092 993
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue	54 228 731	53 068 691
Property rates	84 130 870	80 417 666
Transfer revenue	4 450 800	29 904 329
Government grants & subsidies		
Traffic fines		
	142 810 401	163 390 686

Bela Bela Local Municipality

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Figures in Rand

	2015	2014
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25. Property rates

Rates received

Property rates	54 228 731	53 068 691
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Valuations

Valuations of properties are performed every 4 years. The last general valuation came into effect on 1 July 2012. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations, subdivisions, consolidations and other alterations as stipulated in the Municipal Property Rates Act.

The rate randages are as follows:
Farms is R0.0113
Residential properties R0.0113
Government properties R0.0133
Business / Industrial R0.0133 and
Vacant land R0.0133

26. Service charges

Sale of electricity	84 979 807	84 137 611
Sale of water	17 522 872	18 779 788
Solid waste	5 468 562	6 029 531
Sewerage and sanitation charges	6 366 239	6 816 399
	114 337 480	115 763 329

Service charge revenue had decline by 2% from 2014. The reduction in revenue is due to the following reasons:
Electricity charge -municipality had experienced high bypass or illegal connection by the residents which led to loss of revenue.

Additional to the above, on the 08 September 2014 the prepaid system crashed/experienced a breakdown. Upon investigation which was conducted, it was found that the database for the system was corrupt meaning it was no longer usable due prepaid system was running on an old computer desk top was malfunction of the hard drive, electronic failure and power surges and mechanical or internal failure.

When the migration was done to rectify the system error the old tariffs was also moved to the new system instead of the new tariff which was updated on 30 June 2014 for implementation of the new tariffs as approved by Council and Nersa. It was discovered on the 25 June 2015 that the old tariffs for the 2013/2014 financial year were used for the period 01 October 2014 to 25 June 2015 instead of tariffs for the 2014/2015 financial year which resulted on financial loss.

Water charge -water consumption from 2014 to 2015 had decline as a result of faulty meters.

Municipality had embarked on a several strategy which will ensure the findings identified above are eliminated going forward. Revenue section has started with data cleansing and drafting of revenue enhancement strategy, such as conducting monthly programs to investigate illegal connection, tightening of financial system controls and intergration of prepaid system together with financial system.

Bela Bela Local Municipality

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Operating grants		
Equitable share	54 332 000	59 949 000
Finance Management Grant	1 600 047	1 550 000
Municipal System Improvement Grant	934 004	889 985
Department of Water Affairs	999 895	1 000 000
SETA	148 302	192 681
Extended Public Works Program	1 123 106	1 000 000
Disaster Management Grant	292 644	-
	59 429 998	64 581 666
Capital grants		
Municipal Infrastructure Grant	24 700 872	15 836 000
	24 700 872	15 836 000
	84 130 870	80 417 666

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Finance Management Grant

Current-year receipts	1 600 000	1 550 000
Conditions met - transferred to revenue	(1 600 033)	(1 550 000)
	(33)	-

The purpose of the FMG is to promote and support municipal financial management reforms and assist municipalities with the implementation of the MFMA.

The conditions of the grant are as follows:

- Appointment of an appropriately skilled municipal manager and CFO
- Appointment of at least two interns for purposes of building future financial management capacity
- Council resolution committing council to reforms
- Submission of primary bank account details
- Development of an action plan for implementation
- Monthly reporting on performance

Municipal System Improvement Grant

Balance unspent at beginning of year	272	272
Current-year receipts	934 000	890 000
Conditions met - transferred to revenue	(934 004)	(889 985)
	268	272

Municipal Systems Improvement Grant (MSIG) deals with transfers to assist municipalities with building in-house capacity to perform their functions and stabilise institutional and governmental systems

Department of Water and Forestry Grant

Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(999 895)	(1 000 000)
	105	-

The purpose of this grant is to ensure that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable manner for the benefit of all people and the environment, through effective policies, integrated planning, strategies, knowledge base and procedures.

Bela Bela Local Municipality

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Housing Grant

This grant is received from Provincial Government for the construction of houses

Municipal Infrastructure Grant

Current-year receipts	22 193 000	15 836 000
Conditions met - transferred to revenue	(22 193 000)	(15 836 000)
	-	-

The Municipal Infrastructure Grant complements the equitable share grant for local government, however, it is provided conditionally to municipalities. The key principles underpinning the design of the MIG are outlined below:

- a) Focus on infrastructure required for a basic level of service: The MIG programme is aimed at providing only basic infrastructure.
- b) Targeting the poor: The programme is aimed at providing services to the poor and funds will therefore be targeted to reach them.
- c) Maximising economic benefits: The programme will be managed to ensure that the local economic spin-offs through providing infrastructure are maximised. This includes employment creation and the development of enterprises.
- d) Equity in the allocation and use of funds: The mechanism for distributing funds must provide for equitable access to such funds by the poor in order to make uniform progress in closing the infrastructure gap.

SETA Grant

Current-year receipts	78 492	192 681
Conditions met - transferred to revenue	(78 492)	(192 681)
	-	-

The grant is utilised for training of officials in the municipality.

Disaster Management Grant

Balance unspent at beginning of year	292 410	292 410
Current-year receipts	(292 644)	-
	(234)	292 410

Conditions still to be met - remain liabilities (see note 18).

The grant is utilised to fund relief operations after disasters within the jurisdiction of the municipality. The municipality were declared a disaster in March 2014.

Extended Public Works Program

Current-year receipts	1 123 000	1 000 000
Conditions met - transferred to revenue	(1 123 106)	(1 000 000)
	(106)	-

The grant is to incentivise municipalities to increase labour intensive employment through infrastructure programmes that maximise job creation and skills development in line with the EPWP guidelines.

27. Fines

Traffic fines	4 450 800	29 904 329
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The measurement of traffic fines at initial recognition has changed from an estimated revenue amount based on past experience of amounts collected to the full amount recognition on the issue of fines. The speed cameras were not working for the major part of the financial year resulting in material reduction on traffic fines revenue.

Bela Bela Local Municipality

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Figures in Rand	2015	2014
28. General expenses		
Advertising	895 342	691 436
Auditors remuneration	3 206 430	3 684 594
Bank charges	1 831 314	1 714 166
Cleaning	162 335	101 470
Consulting and professional fees	8 894 677	7 857 039
Debt collection	6 015 307	498 784
Donations	130 888	-
Entertainment	15 490	46 272
Internal audit	143 754	76 646
Insurance	21 937	18 070
IT expenses	2 053 321	1 919 063
Lease rentals on operating lease	23 664 578	4 122 426
Fuel and oil	2 643 166	2 830 754
Recruitment costs	57 571	101 142
Postage and courier	383 119	480 880
Printing and stationery	519 915	646 497
Research and development costs	271 916	153 122
Staff welfare	61 685	72 827
Subscriptions and membership fees	1 031 743	1 514 976
Telephone and fax	1 634 884	1 707 720
Extinguish material	13 172	17 729
Uniforms	1 157 380	667 717
Community outreach program	1 340 780	1 265 053
Equitable share levy	3 533 946	3 386 965
Valuation costs	1 380 967	2 037 191
Risk and asset management	5 342 888	879 584
Contractor services	11 442 063	4 729 678
Delegation costs	1 314 645	787 143
Other expenses	28 238	-
Capacity building	1 560 325	841 108
Chemicals	1 199 450	1 003 532
Disaster management	258 856	337 826
	82 212 082	44 091 409

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29. Employee related costs		
Basic	52 966 308	48 196 387
Bonus	3 654 853	2 681 301
Medical aid - company contributions	3 876 987	3 753 432
UIF	488 910	445 348
SDL	702 109	612 558
Leave pay provision charge	117 376	-
Current service costs	2 450 626	2 708 989
Post-employment benefits - pension	10 154 604	7 618 384
Overtime payments	5 233 561	4 522 152
Workmens compensation	1 987 404	-
Acting allowances	1 555 906	1 396 722
Transport allowance	5 514 278	3 954 132
Cellphone allowance	784 522	1 159 968
Performance bonus	415 298	64 519
	89 902 742	77 111 892

Remuneration of municipal manager

Annual remuneration	425 965	-
Car allowance	175 020	-
Contributions to UIF, medical and pension Funds	99 274	-
Other allowances	19 664	-
Cellphone allowance	13 578	-
	733 501	-

The Municipal Manager was appointed on 01 January 2015.

Remuneration of chief finance officer

Annual remuneration	335 369	633 212
Car allowance	106 622	198 982
Contributions to UIF, medical and pension Funds	90 064	164 042
Cellphone allowances	10 200	20 400
Other allowances	70 947	84 209
Acting allowances	83 982	146 135
	697 185	1 244 979

The Chief Financial Officer was in employment for 6 months during the current year, he resigned on 31 December 2014.

Remuneration corporate services manager

Annual remuneration	508 037	535 692
Car allowance	192 400	183 790
Contributions to UIF, medical and pension Funds	97 642	10 922
Other allowances	36 148	108 109
Cellphone allowance	15 000	18 173
	849 227	856 687

The Manager Corporate Services was in employment for 10 months, he resigned on 30 April 2015.

Remuneration of social and community services manager

Annual remuneration	-	272 101
Car allowance	-	93 473
Contributions to UIF, medical and pension funds	-	60 253

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Cellphone allowance	-	10 500
Other allowances	-	143 392
	-	579 719

The Manager Health, Safety and Social Services position was vacant during the current year.

Remuneration of planning and economic development manager

Annual remuneration	451 400	-
Car allowance	191 670	-
Contributions to UIF, medical and pension funds	128 090	-
Cellphone Allowance	15 000	-
Other allowances	24 822	-
	810 982	-

The Manager Planning and Economic Development was employed from 01 September 2014.

Remuneration of technical services manager

Annual remuneration	-	525 777
Car allowance	-	196 982
Contributions to UIF, medical and pension funds	-	136 488
Cellphone allowance	-	19 500
Other allowance	-	21 606
	-	900 053

The Manager Technical Services position was vacant during the current year.

30. Remuneration of councillors

Mayor	762 768	708 012
Chief Whip	584 170	581 512
Executive Committee Members	1 205 121	826 133
Speaker	634 874	607 614
Councillors	2 781 991	3 078 110
	5 968 924	5 801 381

Bela Bela Local Municipality

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Reconciliation of councillors - 2015

	Position	Annual salary	Travelling allowance	Medical allowance	Other allowances	Reimbursement	Pension contribution @ 15%	Cell allowance	Mobile data allowance	Total
Nhlapo ML	Mayor-FT	410 505	171 996	44 057	30 502	19 664	61 576	20 868	3 600	762 768
Maluleka SE	Speaker-FT	329 892	137 598	34 474	24 401	34 787	49 454	20 868	3 600	634 873
Radebe RM	Chief Whip-FT	301 665	129 000	42 438	22 877	18 472	45 250	20 868	3 600	584 170
Sesane MJ	EC Member-FT	151 280	-	-	10 857	-	22 692	13 912	2 400	201 141
VD Merwe JF	EC Member-FT	246 779	-	-	12 582	-	37 017	20 868	3 600	320 846
Ngobeni MJ	EC Member-FT	310 137	128 998	31 061	22 877	20 014	46 521	20 868	3 600	584 076
Maletse GT	EC Member-FT	79 045	-	-	-	-	11 857	6 956	1 200	99 058
Ras MN	Councillor-PT	179 472	-	-	9 150	-	26 921	20 868	3 600	240 011
Ledwaba MH	Councillor-PT	179 472	-	-	9 150	-	26 921	20 868	3 600	240 011
Hlungwane FS	Councillor-PT	114 462	51 596	23 737	9 704	2 314	17 169	20 868	3 600	243 451
Aphane PM	Councillor-PT	120 309	51 596	20 934	9 150	14 700	18 046	20 868	3 600	259 201
Mokgethoa WKR	Councillor-PT	166 485	63 820	-	16 075	5 328	24 973	20 868	3 600	301 149
Mokonyane TE	Councillor-PT	121 383	46 531	-	4 332	7 706	18 208	15 651	2 700	216 511
Mahlangu PM	Councillor-PT	166 485	63 820	-	16 075	1 938	24 973	20 868	3 600	297 759
Senosha MD	Councillor-PT	167 759	13 473	-	9 150	3 802	25 164	20 868	3 600	243 816
Alberts KB	Councillor-PT	134 612	51 596	-	9 150	16 820	20 191	20 868	3 600	256 837
Mpete LR	Councillor-PT	120 532	-	-	5 083	-	18 080	13 912	2 400	160 007
Sesane MJ	Councillor-PT	61 592	-	-	-	-	9 239	6 956	1 200	78 987
Maletse GT	Councillor-PT	103 145	-	-	7 675	-	8 841	12 173	2 100	133 934
Monanyane M	Councillor-PT	22 104	8 472	-	365	-	3 315	3 478	600	38 334
		3 486 915	918 496	196 701	229 155	145 545	516 408	344 322	59 400	5 896 940

Reconciliation of councillors - 2014

	Position	Annual salary	Travelling allowance	Medical allowance	Other allowances	Reimbursement	Pension contribution @ 15%	Cell allowance	Mobile data allowance	Total
Hlungwane FS	Mayor-FT	412 042	164 748	21 313	19 409	13 130	64 961	20 287	3 600	719 489
Mononyane MM	Speaker-FT	343 824	131 798	-	15 644	39 291	53 170	20 287	3 600	607 614

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Figures in Rand		2015						2014		
Maluleka SE	Chief Whip-FT	296 572	123 564	30 956	14 702	45 067	46 764	20 287	3 600	581 512
Nhlapo ML	EC Member-FT	350 104	52 955	40 401	14 702	-	58 434	20 287	3 600	540 483
Fourie JW	EC Member-FT	211 108	-	15 840	10 590	2 943	27 682	14 187	3 300	285 650
Radebe RM	EC Member-FT	134 750	63 431	44 370	12 191	47 978	19 125	15 926	3 600	341 371
Sesane MJ	Chair Sec 79- PT	220 620	-	-	12 191	-	30 460	15 926	3 600	282 797
Ledwaba MH	Councillor-PT	147 350	28 245	-	10 889	1 708	23 092	15 926	3 600	230 810
Seleka GM	Councillor-PT	128 935	49 425	-	10 590	17 862	20 329	15 926	3 600	246 667
Ngobeni MJ	Councillor-PT	133 860	55 430	23 430	10 590	47 818	21 068	15 926	3 600	311 718
Aphane PM	Councillor-PT	116 222	49 425	17 090	10 590	25 041	19 534	15 926	3 600	257 429
Mokgethoa WKR	Councillor-PT	135 953	41 355	-	10 590	13 896	21 539	15 926	3 600	242 859
Mokonyane TE	Councillor-PT	135 953	41 355	-	10 590	8 296	21 540	15 926	3 600	237 280
Mahlangu PM	Councillor-PT	153 498	21 180	-	10 590	15 259	24 566	15 926	3 600	244 619
VD Merwe JF	Councillor-PT	171 913	-	-	12 709	-	33 065	15 926	3 600	237 213
Boshoff C	Councillor-PT	142 443	-	-	10 590	-	22 908	12 448	3 000	191 389
Alberts KB	Councillor-PT	153 498	21 180	-	10 590	13 141	24 566	15 926	3 600	242 501
		3 388 645	844 091	193 400	207 747	291 430	532 803	282 969	60 300	5 801 381

In-kind benefits

The mayor, speaker and chief whip are full-time. Each is expected to be provided with an office and secretarial support at the cost of the Council.

31. Debt impairment

Debt impairment - traffic fines	4 958 107	23 909 603
Debt impairment - consumer debtors	25 351 422	1 595 099
	30 309 529	25 504 702

32. Interest received

Interest revenue	2 268 353	782 137
Interest received - investment	6 048 999	3 891 386
Interest charged on trade and other receivables	8 317 352	4 673 523

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33. Fair value adjustments		
Investment property (Fair value model)	1 959 918	1 772 020
34. Depreciation and amortisation		
Property, plant and equipment	27 727 459	28 883 761
35. Actuarial Gain / (Loss)		
Actuarial gain / (loss) - post-employment medical aid	13 825 104	(9 949 688)
Change in provision for landfill closure	-	(896 081)
Actuarial gain / (loss) - long service award	(1 821 773)	899 387
	12 003 331	(9 946 382)
36. Finance costs		
Finance leases	949 401	3 564
Current borrowings	2 280 472	1 208 913
Other interest paid	3 726 680	2 097 139
	6 956 553	3 309 616
37. Auditors' remuneration		
Fees	3 206 430	3 684 594
38. Bulk purchases		
Electricity	65 912 735	52 952 088
Water	6 384 916	6 950 515
	72 297 651	59 902 603
39. Cash generated from operations		
(Deficit) surplus	(40 913 763)	28 021 975
Adjustments for:		
Depreciation and amortisation	27 727 459	28 883 761
Actuarial (gain) loss	(12 003 331)	9 946 382
Fair value adjustments	(1 959 918)	(1 772 020)
Debt impairment	30 309 529	25 504 702
Movements in retirement benefit assets and liabilities	(9 064 000)	13 195 688
Movements in provisions	5 206 424	(2 429 535)
Impairment loss	2 310	383 478
Changes in working capital:		
Inventories	(28 629)	(5 383)
Trade and other receivables from exchange transactions	(5 947 488)	(12 563)
Trade and other receivables from non-exchange transactions	(33 305 237)	(28 650 919)
Consumer debtors from non-exchange transactions	1 397 707	(9 432 338)
Consumer debtors from non-exchange transactions	451 193	4 828 003
Movement in deposits	49 752 237	(6 658 818)
Trade and other payables from exchange transactions	(2 639 756)	(3 505 124)
VAT	(292 682)	292 424
Unspent conditional grants and receipts	995 217	(2 991 533)
Sundry debtors	9 546 609	(2 422 919)
Agreements		
	19 233 881	53 175 261

Bela Bela Local Municipality

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40. Commitments**Capital commitments**

Approved and contracted for		
• Property, plant and equipment	9 226 991	18 257 549
Approved but not yet contracted for		
• Property, plant and equipment	209 266 077	-

Operational commitments

Approved and contracted for		
• Summary	136 886 464	7 670 404
Approved but not yet contracted for		
• Property, plant and equipment	-	-

This committed expenditure relates to property, plant and equipment and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	34 157 054	2 608 357
- in second to fifth year inclusive	37 164 648	18 935
	71 321 702	2 627 292

Operating lease payments represent rentals payable by the municipality for motor vehicles that are leased from ABSA Bank and Dikala plant hire, and photocopying machines that are leased from Nashua, Tenderwood and Palesa Tech (Pty) Ltd. Tenderwood trading as Panasonic, Sci-fi and Kinolta Minolta and cash collection device from Fedelity. The operating lease term for motor vehicles is three years and rentals are payable at a fixed rate for the period of the lease term. Lease payments for the photocopying machines are paid at a fixed amount over the lease term. No contingent rent is payable.

Operating leases - as lessor (income)

Minimum lease payments due		
- within one year	824 508	998 416
- in second to fifth year inclusive	-	-
- later than five years	-	-
	824 508	998 416

The municipality owns properties that are leased out to the employees for the period not exceeding 12 months.

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41. Contingencies

The legal claims listed below are those that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims prove successful. The amounts have been based on the attorney's best estimates of the possible amount payable. Amounts have not been provided in certain cases as the court has not yet determined a value. The claims are divided in the under mentioned groups

41.1 Contingent liabilities:

1. Nyambeni LR vs Bela-Bela - the value of the claim is R350,000 and it is regarding a disciplinary hearing due to misconduct. Mr. Nyambeni LR was previously employed as the Manager Technical Services and was subsequently dismissed due to misconduct on 28 October 2014. The matter was referred for arbitration as unfair dismissal. The matter is ongoing and will proceed on arbitration.
2. Medupi Lehong Incorporated vs Bela Bela (Freddy Hlungwane, O.P. Sebola and M.M. Maluleka). The applicants applied for an interdict to prevent the Municipality from adjudicating on bids for the appointment of and appointing additional firms to Council's panel of attorney. Application was dismissed in high court. The Municipality will proceed to apply for a cost and proceed to set aside the appeal noted by the applicant. No date of hearing for the appeal has been received.
3. Molohe Abel Ramolotja vs Bela Bela (Freddy Hlungwane, Municipal Council, O.P. Sebola and M.M. Maluleka. MA Ramolotja made an application to compel the Municipality to appoint him as the Manager Corporate Services. Application was dismissed in high court. The Municipality will proceed to apply for a cost and proceed to set aside the appeal noted by the applicant. No date of hearing for the appeal has been received.
4. Mills vs Bela Bela - Declaration order amounting to R6 000. The applicant obtained judgement to the effect that the Municipality to refund him in the amount of R6000 regarding the dispute in his municipal account. The papers have been filed, the matter has reached litis contestation. The municipality is in the process of applying for trial date.
5. Bakone Power Con (Pty) Ltd vs Bela Bela - the value of the claim is R1 743 662 and it is regarding compelling the Municipality to appoint them as the preferred bidder for tender. The applicant have now lodged an appeal in the 03 August 2015.

41.2 Contingent assets:

1. Bela-Bela vs Compensation Commissioner. Value of the claim with Compensation Commissioner is R101 108.63. Municipality have lodged an application to Compensation Commissioner to be reimbursed of the medical expenses incurred to one of the employee injured while on duty. The timing of the litigation is unknown at the moment.

42. Related parties

Relationships
Accounting Officer
Remuneration of key management and councillors

Refer to accounting officer's report note
Refer to note 28 & 29

Bela Bela Local Municipality

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43. Prior period errors

1. During the 2015 financial period the municipality conducted a VAT review. The findings of the VAT review indicated that the VAT receivable in the 2014 financial period was understated by R2 881 426,35. South African Revenue Services (SARS) has been notified of this error and the municipality is in process of recovering the amounts due.

2. Provision for leave has been reclassified from provisions to trade and other payables.

3. Change in accounting policy - During the year, the municipality changed its accounting policy with respect to the treatment of non current assets held for sale (GRAP 100). The municipality no longer reclassify property, plant and equipment as non current assets held for sale. The standard now requires assets that are available for sale to be classified as property plant and equipment and be treated as such until date of sale.

4. During the 2014/15 financial year:

4.1 It was determined that the depreciation calculated on assets impaired in the prior financial year was not done so correctly. This was corrected in the current financial year, as a prior period correction.

4.2 we have perform a thorough review of the Investment Property (IP) asset register, to ensure that all included items are appropriately classified as such. During this assessment it was determined that two items included in the IP register, was actually (correctly) included in the Property, Plant and Equipment (PPE) asset register. These duplicate items were removed from the IP register. Another item of Investment Property was determined to in fact relate to PPE, and was reclassified as a prior period correction.

4.3 the municipality has erroneously accounted for change in estimated dismantling cost as an expenditure in the 2013/2014 financial year. Increase in estimate of dismantling cost is capitalised to the concern assets in terms of GRAP 17, paragraph 82.

The correction of the error(s) results in adjustments as follows:

Statement of financial position	Restated 30 June 2014
VAT	2 881 426
Investment property	(148 261)
Non current assets held for sale	(2 456 902)
Property plant and equipment	3 167 081
Provisions	5 100 890
Trade and other payables	(5 267 725)
Accumulated Surplus	3 127 036

44. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality credit profile and diversified funding sources to ensure that sufficient liquid funds are maintained to meet its daily cash requirements. The municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

The municipality manages liquidity risk through ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared.

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Credit risk

This creditworthiness can mainly be ascribed to three things,

- (i) adequate revenue that supports borrowing
- (ii) reliable financial information, which is necessary for public disclosure, and
- (iii) proper credit ratings.

All three these elements are important to ensure municipal creditworthiness. The municipality faces enormous constraints on all three these elements.

The municipality does not have adequate revenue to support borrowing, mainly due to debt outstanding and the collection is hampered by the poverty levels which increase the indigent book of the municipality. Incentives were implemented to enter into agreement with debtors with intention to write-off 50% of debts owed if 50% is paid within agreed time.

The reliability of financial information is determined by factors such Auditor General's opinion of financial statements which will turn effect credit ratings of municipality

Council took a resolution to pay-off its loan term loan with INCA within next twelve months and the loan is converted into short-term as result of the decision taken. As a result of restructuring the outstanding amount as at 30 June 2015 is R3 278 875 (2014: R11 099 093).

Interest rate risk

The municipality's interest rate risk arises from investments at variable rates which exposes the municipality to cash flow interest rate risk. Investment at fixed rates exposes the municipality to fair value interest rate risk. The municipal policy is to not invest with one institution and to invest at different maturity dates over the short term to alleviate major fluctuations in the interest rates. The majority of investments are call deposits.

Refer to note 16 that indicates the breakdown of all the investments.

45. Unauthorised expenditure

Opening balance	30 875 995	30 875 995
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The municipality took an exercise of fully comply with GRAP 17 (Property, plant and Equipment). This exercise has led to an increase in depreciation on the adjustment budget which was more than was anticipated. This is non-cash item and it contributed significantly to the R30 875 995 disclosed as unauthorised expenditure.

The municipality further calculated a more realistic debt impairment cost. This resulted into overspending on that line item. Again this is a non-cash item. Therefore the overspending is due to non-cash items.

46. Fruitless and wasteful expenditure

Opening balance	617 948	499 458
Fruitless and wasteful expenditure current year	122	118 490
	618 070	617 948

The current year fruitless and wasteful expenditure amounting to R122 emanates from the late payment of invoices to Eskom and Magalies due to late payments.

47. Irregular expenditure

Opening balance	49 218 923	42 866 885
Add: Irregular expenditure - current year	3 485 146	6 352 038
	52 704 069	49 218 923

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
48. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	728 180	1 514 976
Amount paid - current year	(728 180)	(1 514 976)
	-	-
Material losses through criminal conduct		
Opening balance	855 454	695 785
Current year	3 000	159 669
	858 454	855 454
An amount of R3000 was withdrawn on one of the municipality's bank accounts fraudulently in the current financial year. The case is still on going internally		
Audit fees		
Current year subscription / fee	3 265 682	3 684 594
Amount paid - current year - Note 36	(3 083 462)	(3 621 524)
	182 220	63 070
PAYE and UIF		
Current year subscription / fee	10 337 970	8 519 633
Amount paid - current year	(9 374 286)	(8 519 633)
	963 684	-
Pension and medical aid deductions		
Current year subscription / fee	22 137 742	19 416 582
Amount paid - current year	(20 126 698)	(19 416 582)
	2 011 044	-
VAT		
VAT receivable	5 631 042	2 991 285

VAT output payables and VAT input receivables are shown in note 13.

All VAT returns have been submitted by the due date throughout the year.

Bela Bela Local Municipality

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

Figures in Rand 2015 2014

Councillors' arrear consumer accounts

The following councillors had arrear accounts outstanding for more than 90 days at June 30, 2015:

June 30, 2015	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
REM Radebe	338	-	338
SE Maluleka	666	-	666
MJ Ngobeni	247	-	247
ML Nhlapo	1 252	-	1 252
JFMP Van Der Merwe	2 221	-	2 221
MJ Sesane	1 548	41	1 589
Hlungwane FS	527	-	527
MH Ledwaba	2 452	12 547	14 999
	9 251	12 588	21 839

June 30, 2014	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
REM Radebe	195	-	195
MH Ledwaba	834	8 399	9 233
SE Maluleka	869	-	869
MM Monanyane	252	-	252
MJ Sesane	1 326	-	1 326
JFMP Van Der Merwe	10 374	-	10 374
MJ Ngobeni	41	-	41
	13 891	8 399	22 290

During the year all Councillors were informed about the amount owing and were informed that they are in contravention of Scheme B of the Municipal Systems Act

49. Deviation from supply chain management regulations

Paragraph 36(2) of SCM regulation states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that the accounting officer records the reasons for any deviations and then reports them to the next meeting of the accounting officer and includes a note to the annual financial statements. In terms of section 36(1)(a) of the Supply Chain Management Regulations, the accounting officer may dispense with the official procurement processes in the following instances:

- Sole suppliers
- Emergency
- Impracticality

In terms of section 36 of the Municipal Supply Chain Management Regulations, any deviation from the supply chain management policy needs to be approved/condoned by the accounting officer and noted by Council. Deviations from the official procurement process during the financial year were approved by the accounting officer and noted by council in terms of the delegations as stipulated in the Supply Chain Management Policy and amount to approximately the following:

	2015	2014
Deviation from SCM regulation	R3 397 614	R6 523 028

Bela Bela Local Municipality
Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

Figures in Rand 2015 2014

50. Distribution Losses

Distribution losses incurred by the Municipality were as follows:

2015	Water	Electricity	Total
Description			
Purchases	3 168 675	90 788 316	93 956 991
Sales	2 427 697	71 948 914	74 376 611
Losses (Kl or Kwh)	740 978	18 839 402	19 580 380
Amount losses (R)	1 885 614	9 696 012	11 581 626
Percentage losses	23.38%	20.75%	44.13%
Avoidable losses			
Units (Kl or Kwh)	265 586	9 760 172	10 025 758
Amounts (R)	675 853	5 023 235	5 699 088
Percentage	8.38%	10.75%	19.13%
Technical losses			
Units (Kl or Kwh)	475 392	9 079 230	9 554 622
Amounts (R)	1 209 761	4 672 777	5 882 538
Percentage	15%	10%	25%
2014			
Purchases	2 888 303	87 297 183	90 185 486
Sales	2 396 174	76 261 035	78 657 209
Losses (Kl or Kwh)	492 129	11 036 148	11 528 277
Percentage losses	26%	13%	39%

51. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E for the comparison of actual operating expenditure versus budgeted expenditure.

Appendix A
June 2015

Schedule of external loans as at 30 June 2015

Loan Number	Redeemable June 30, 2014	Balance at June 30, 2014		Received during the period		Redeemed during the period		Balance at June 30, 2015		Carrying Value of Property, Plant & Equip		Other Costs in accordance with the MFMA	
		Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
00-0003 and 00-0004	11 099 093			-	7 820 218	3 278 875	-	-	-	-	-	-	-
	<u>11 099 093</u>				<u>7 820 218</u>	<u>3 278 875</u>							
Total external loans													
External Loans													
Annuity Loan - INCA													
	11 099 093			-	7 820 218	3 278 875	-	-	-	-	-	-	-
	<u>11 099 093</u>				<u>7 820 218</u>	<u>3 278 875</u>							

Appendix B
June 2015

Analysis of property, plant and equipment as at 30 June 2015
Cost/Revaluation

	Accumulated depreciation												
	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes/movements	Closing Balance	Opening Balance - Acc depr	Disposals - Impairment	Depreciation	Impairment loss	Closing Balance	Carrying amount
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land and buildings													
Housing (the land)	21 819 971	464 900	-	-	-	-	21 819 971	(15 468 180)	-	(897 724)	-	(16 856 984)	5 963 007
Community buildings	49 237 233	-	-	-	-	-	49 237 233	(19 367 702)	-	(1 832 066)	-	(21 000 169)	28 207 365
Roads and stormwater	879 392	-	-	-	-	-	879 392	-	-	(4 332)	-	(4 332)	871 974
	71 933 596	464 900	-	-	-	-	72 398 466	(34 877 882)	-	(2 034 232)	-	(36 862 114)	35 536 348
Infrastructure													
Electricity	121 034 184	6 638 575	(168 255)	-	-	-	126 904 504	(69 901 151)	88 381	(2 924 205)	(2 310)	(72 723 275)	49 189 555
Roads and stormwater network	343 868 732	16 638 575	(668 257)	-	-	-	348 838 950	(140 575 151)	489 002	(7 006 202)	-	(146 743 351)	192 095 600
Sanitation network	19 748 135	148 135	(668 257)	-	-	-	187 828 013	(113 609 241)	53 805	(2 116 949)	-	(142 904 385)	44 923 628
Water supply network	227 557 224	388 895	(342 992)	-	-	-	233 003 127	(127 097 485)	238 965	(5 252 382)	-	(132 337 381)	55 665 746
	873 549 544	6 907 635	(1 489 504)	-	-	-	879 047 675	(451 181 038)	909 734	(16 003 948)	(2 310)	(488 191 644)	410 884 331
Community Assets													
Parks & gardens	84 884 872	3 018 989	(711 201)	-	-	-	87 192 660	(54 247 188)	510 959	(1 646 024)	-	(35 382 188)	31 911 471
Recreational facilities	34 448 447	-	(12 149 257)	-	-	-	22 299 190	(24 942 752)	11 769 871	(907 020)	-	(14 880 111)	8 219 079
	99 443 319	3 018 989	(12 860 458)	-	-	-	89 539 939	(66 889 910)	11 989 864	(2 553 084)	-	(49 462 301)	40 139 650

Appendix B
June 2015

Analysis of property, plant and equipment as at 30 June 2015
Accumulated depreciation

	Opening Balance		Additions		Disposals		Transfers		Revaluations		Other charges, movements		Closing Balance		Description - Impairment		Depreciation		Impairment loss		Closing Balance		Carrying value	
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Heritage assets																								
Buildings	538 950	-	-	-	-	-	-	-	-	-	-	-	538 950	-	-	-	-	-	-	-	-	-	-	538 950
Specialised vehicles																								
Other assets																								
General vehicles	6 856 000	-	(6 595 000)	-	-	-	-	-	-	-	-	(7 658 670)	7 788 812	-	-	(138 742)	-	-	-	-	(689 185)	-	155 035	
Plant & equipment	1 075 551	65 745	(267 178)	-	-	-	-	-	-	-	-	(32 945)	207 897	-	-	(32 741)	-	-	-	-	(2 336 439)	-	852 707	
Fire-fighting equipment	3 464 203	635 353	(308 419)	-	-	-	-	-	-	-	-	(2 898 14)	1 565 298	-	-	(4 365 832)	-	-	-	-	(5 202 263)	-	7 807 372	
Office Equipment	3 768 920	11 686 609	(2 264 684)	-	-	-	-	-	-	-	-	(2 143 888)	1 525 770	-	-	(10 165)	-	-	-	-	(63 254)	-	24 470	
Emergency/ Equipment	78 679	-	(655)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42 895 957	
Work in progress	11 168 867	39 224 042	-	(7 646 742)	-	-	-	-	-	-	-	42 836 867	-	-	-	-	-	-	-	-	-	-	-	-
	25 184 920	51 414 749	(12 456 344)	(7 546 742)	-	-	-	-	-	-	-	(6 958 683)	10 224 314	-	-	(6 070 019)	-	-	-	-	(8 661 182)	-	51 834 551	
	538 950	-	-	-	-	-	-	-	-	-	-	538 950	-	-	-	-	-	-	-	-	-	-	-	538 950

Appendix B
June 2015

Analysis of property, plant and equipment as at 30 June 2015
Accumulated depreciation

	Cost/Revaluation		Revolutions		Other changes, impairments		Closing Balance		Opening Balance		Depreciation		Impairment less		Closing Balance		Carrying Value		
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
Total property plant and equipment																			
Land and buildings	71 935 550	464 900	-	-	-	72 398 450	(34 027 892)	-	-	-	-	(2 034 232)	(2 310)	(36 862 144)	35 596 346				
Infrastructure	673 546 544	5 601 535	(1 406 104)	-	-	672 741 975	(451 151 539)	-	-	909 724	128 518	(18 003 549)	(2 310)	(468 150 844)	410 894 331				
Community Assets	58 433 319	3 015 899	(12 850 459)	-	-	49 598 759	(58 889 910)	-	-	11 660 664	-	(2 555 054)	-	(49 462 900)	41 739 560				
Heritage assets	938 850	-	-	-	-	938 850	-	-	-	-	-	(5 270 019)	-	(6 681 123)	51 834 351				
Other assets	29 154 020	51 414 749	(12 435 344)	(7 546 742)	-	69 586 683	(13 815 427)	-	-	10 224 314	-	(27 681 953)	(2 310)	(563 135 130)	333 034 729				
	1 074 618 293	61 891 873	(26 702 305)	(7 546 742)	-	1 102 170 918	(558 144 267)	-	-	22 814 712	128 518	(27 681 953)	(2 310)	(563 135 130)	333 034 729				
Agricultural/biological assets																			
Intangible assets																			
Computers - software & programming	1 817 898	-	-	-	-	1 817 898	(133 439)	-	-	-	-	(66 508)	-	(199 947)	1 417 939				
Other	645 984	-	-	-	-	645 984	-	-	-	-	-	(61 508)	-	(169 547)	2 065 803				
	2 263 882	-	-	-	-	2 263 882	(133 439)	-	-	-	-	(128 016)	-	(269 494)	1 965 269				
Investment properties																			
Investment property	174 992 701	-	-	-	-	174 992 701	-	-	-	-	1 955 916	-	-	(1 955 916)	176 992 691				
	174 992 701	-	-	-	-	174 992 701	-	-	-	1 955 916	-	-	-	(1 955 916)	176 992 691				
Total																			
Land and buildings	71 935 550	464 900	-	-	-	72 398 450	(34 027 892)	-	-	909 724	128 518	(2 034 232)	(2 310)	(36 862 144)	35 596 346				
Infrastructure	673 546 544	5 601 535	(1 406 104)	-	-	672 741 975	(451 151 539)	-	-	11 660 664	-	(18 003 549)	(2 310)	(468 150 844)	410 894 331				
Community Assets	58 433 319	3 015 899	(12 850 459)	-	-	49 598 759	(58 889 910)	-	-	11 660 664	-	(2 555 054)	-	(49 462 900)	41 739 560				
Heritage assets	938 850	-	-	-	-	938 850	-	-	-	-	-	(5 270 019)	-	(6 681 123)	51 834 351				
Other assets	29 154 020	51 414 749	(12 435 344)	(7 546 742)	-	69 586 683	(13 815 427)	-	-	10 224 314	-	(27 681 953)	(2 310)	(563 135 130)	333 034 729				
	1 251 875 544	61 891 873	(26 702 305)	(7 546 742)	-	1 251 875 544	(558 547 638)	-	-	22 814 712	2 086 516	(27 727 461)	(2 310)	(563 135 130)	719 059 390				

Appendix B

Analysis of property, plant and equipment as at 30 June 2014
Accumulated depreciation
Cost/Revaluation

	Opening Balance	Additions	Disposals	Revaluations	Other changes	Closing Balance	Opening Balance	Fair value adjustments	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land and buildings													
Housing (incl. fuel)	21 819 971	10 307 262	-	-	-	21 819 971	(6 485 161)	-	-	(464 008)	-	(15 930 169)	6 658 762
Operational assets	38 220 870	876 358	-	-	-	49 237 222	(7 234 476)	-	-	(1 843 215)	-	(18 867 653)	30 839 559
Roads and stormwater	80 148 841	11 793 718	-	-	-	71 933 559	(25 720 659)	-	-	(2 107 223)	-	(34 827 882)	37 165 677
Infrastructure													
Electricity network	121 034 134	2 388 461	-	-	-	123 422 595	(65 380 565)	-	-	(2 269 367)	(250 232)	(189 541 161)	81 130 033
Roads and stormwater network	341 159 681	2 684 664	-	-	-	343 844 345	(131 905 044)	-	-	(6 534 881)	(138 246)	(450 518 571)	292 974 071
Sanitation network	50 426 869	2 684 664	-	-	-	53 111 534	(115 694 988)	-	-	(6 274 511)	-	(141 559 241)	57 400 749
Water supply network	227 673 550	277 701	-	-	-	227 951 251	(120 872 385)	-	-	(6 224 622)	-	(127 057 487)	100 893 751
	870 427 968	3 121 556	-	-	-	873 549 524	(423 863 385)	-	-	(20 343 967)	(383 472)	(451 151 048)	422 389 564
Community Assets													
Parks & gardens	64 093 453	881 419	-	-	-	64 974 872	(32 459 939)	-	-	(1 784 179)	-	(34 247 458)	30 727 714
Recreational facilities	33 434 840	1 247 454	(233 847)	-	-	34 448 447	(29 440 130)	213 061	-	(1 115 674)	-	(24 342 751)	10 105 999
	97 528 293	2 128 873	(233 847)	-	-	99 423 319	(62 899 117)	213 061	-	(2 900 853)	-	(58 590 209)	40 843 410

Appendix B
June 2016

Analysis of property, plant and equipment as at 30 June 2014
Cost/Revaluation

Accumulated depreciation

Opening Balance Rand	Additions		Disposals		Revaluations		Transfers		Other changes movements		Closing Balance		Opening Balance		Fair value adjustments		Transfers		Depreciation		Impairment loss		Closing Balance		Carrying value			
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		
538 950	-	-	-	-	-	-	-	-	-	-	538 950	-	-	-	-	-	-	-	-	-	-	-	-	-	538 950	-	538 950	
528 850	-	-	-	-	-	-	-	-	-	-	528 850	-	-	-	-	-	-	-	-	-	-	-	-	-	-	528 850	-	528 850
9 595 000	75 427	-	-	-	-	-	-	-	-	-	6 595 000	(5 308 328)	-	-	-	-	-	-	-	(1 470 322)	-	-	-	(6 779 659)	2 815 350	-	2 815 350	
3 585 150	132 854	-	-	-	-	-	-	-	-	4 073 822	(538 267)	-	-	-	-	-	-	-	-	(245 202)	-	-	-	(732 914)	240 708	-	240 708	
3 642 823	278 877	-	-	-	-	-	-	-	-	3 460 001	(1 903 187)	-	-	-	-	-	-	-	-	(881 052)	-	-	-	(2 993 107)	878 974	-	878 974	
48 779	28 800	-	-	-	-	-	-	-	-	3 788 800	(2 277 244)	-	-	-	-	-	-	-	-	(513 395)	-	-	-	(2 795 630)	58 290	-	58 290	
11 386 151	15 285 175	(15 491 659)	-	-	-	-	-	-	-	11 180 567	(36 208)	-	-	-	-	-	-	-	-	(10 650)	-	-	-	(4 864)	11 185 687	-	11 185 687	
28 368 871	16 820 381	(15 016 993)	-	-	-	-	-	-	-	28 162 665	(10 062 242)	-	-	-	-	-	-	-	-	9 710	-	-	-	(12 595 189)	16 228 700	-	16 228 700	

Heritage assets

Buildings

Specialised vehicles

Other assets

General vehicles

Fleet & equipment

Tools & fittings

Emergency Equipment

Work in progress

Appendix B
June 2015

Analysis of property, plant and equipment as at 30 June 2014
Accumulated depreciation
Cost/Revaluation

	Opening Balance Rand	Additions Rand	Derecognition Rand	Transfers Rand	Revaluations Rand	Other changes movements Rand	Closing Balance Rand	Opening Balance Rand	Fair value adjustments Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	80 149 841	11 783 718	-	-	-	-	71 933 559	(32 720 659)	-	-	(2 107 223)	-	(84 827 882)	37 105 677
Infrastructure	870 427 988	3 121 589	-	-	-	-	873 549 577	(429 838 935)	-	-	(20 943 987)	(383 478)	(481 811 040)	422 388 594
Community Assets	57 633 850	2 139 973	(233 847)	-	-	-	59 539 976	(66 853 117)	-	213 081	(4 909 835)	-	(66 888 059)	40 288 840
Heritage assets	23 335 871	15 820 541	(15 016 883)	-	-	-	29 139 529	(10 058 242)	-	9 710	(2 888 837)	-	(12 385 188)	16 228 700
Other assets	1 057 003 843	32 885 128	(15 250 830)	-	-	-	1 074 638 141	(529 524 613)	-	222 771	(28 850 680)	(383 478)	(557 536 000)	517 083 241
Agricultural/Biological assets														
Intangible assets	1 536 578	76 308	-	-	-	-	1 612 886	(98 567)	-	-	(34 872)	-	(163 438)	1 454 447
Computers - software & programming	845 664	-	-	-	-	-	845 664	-	-	-	-	-	(133 439)	685 654
Other	2 185 242	79 308	-	-	-	-	2 264 550	(98 857)	-	-	(34 872)	-	(133 439)	2 130 111
Investment properties														
Investment property	173 308 943	-	-	-	-	-	173 308 943	-	1 623 759	-	-	-	1 623 759	174 932 702
	173 308 943	-	-	-	-	-	173 308 943	-	1 623 759	-	-	-	1 623 759	174 932 702
Total														
Land and buildings	60 149 841	11 783 718	-	-	-	-	71 933 559	(32 720 659)	-	-	(2 107 223)	-	(84 827 882)	37 105 677
Infrastructure	870 427 988	3 121 589	-	-	-	-	873 549 577	(429 838 935)	-	-	(20 943 987)	(383 478)	(481 811 040)	422 388 594
Community Assets	57 633 850	2 139 973	(233 847)	-	-	-	59 539 976	(66 853 117)	-	213 081	(4 909 835)	-	(66 888 059)	40 288 840
Heritage assets	23 335 871	15 820 541	(15 016 883)	-	-	-	29 139 529	(10 058 242)	-	9 710	(2 888 837)	-	(12 385 188)	16 228 700
Other assets	1 057 003 843	32 885 128	(15 250 830)	-	-	-	1 074 638 141	(529 524 613)	-	222 771	(28 850 680)	(383 478)	(557 536 000)	517 083 241
Intangible assets	1 536 578	76 308	-	-	-	-	1 612 886	(98 567)	-	-	(34 872)	-	(163 438)	1 454 447
Investment properties	173 308 943	-	-	-	-	-	173 308 943	-	1 623 759	-	-	-	1 623 759	174 932 702
	173 308 943	-	-	-	-	-	173 308 943	-	1 623 759	-	-	-	1 623 759	174 932 702

Appendix C
June 2015

Segmental analysis of property, plant and equipment as at 30 June 2015
Accumulated Depreciation
Cost/Revaluation

	Opening Balance		Additions		Disposals		Transfers		Revaluations		Other changes, movements		Closing Balance		Development		Transfers		Depreciation		Impairment deficit		Closing Balance		Carrying value		
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
Municipality																											
Land and buildings	71 933 561	464 900													72 398 461	(84 827 885)	510 293				(2 054 232)		(35 862 115)	35 595 345			
Comm. & Social / Libraries and archives	64 984 872	3 019 989	(714 201)												67 268 660	(84 827 156)					(1 646 024)		(35 382 189)	31 811 471			
Sport and Recreation	34 448 447	-	(19 148 257)												22 299 190	(24 342 752)	11 188 671				(807 030)		(14 080 111)	8 218 079			
Electricity / Electricity Distribution	445 549 132	6 164 605	(108 265)												439 587 529	(89 801 151)	96 381				(2 654 205)		(22 729 279)	49 168 063			
Water / Water Management / Sewerage	131 009 130	545 135	(88 126)												348 823 216	(140 573 191)	489 502				(7 098 202)		(46 713 241)	45 017 755			
Water / Water Distribution	227 967 238	308 895	(84 382)												191 287 899	(173 005 241)	53 948				(4 238 392)		(132 137 381)	85 665 300			
Other	29 166 019	51 419 749	(12 420 344)				(7 548 742)								39 197 022	(13 815 428)	10 224 314				(5 070 019)		(8 681 132)	51 938 549			
	1 074 086 443	81 801 173	(26 702 905)				(7 548 742)								1 101 631 588	(588 414 259)	22 814 712				(27 668 963)		(563 135 192)	359 482 716			
Municipal Owned Entities																											
Total	1 074 086 443	81 801 173	(26 702 905)				(7 548 742)								1 101 631 588	(588 414 259)	22 814 712				(27 668 963)		(563 135 192)	359 482 716			
Municipality	1 074 086 443	81 801 173	(26 702 905)				(7 548 742)								1 101 631 588	(588 414 259)	22 814 712				(27 668 963)		(563 135 192)	359 482 716			

Appendix D
June 2015

Segmental Statement of Financial Performance for the year ended
Current Year **Prior Year**

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality						
-	13 661 615	(13 661 615)	Executive & Council/Mayor and Council	-	13 078 907	(13 078 907)
116 565 861	93 301 390	23 264 471	Finance & Admin/Finance	118 331 145	96 670 817	21 660 328
197 229	6 901 611	(6 704 382)	Planning and Development/Economic Development/Plan	142 334	5 180 189	(5 037 855)
1 684 978	9 109 266	(7 424 288)	Comm. & Social/Libraries and archives	258 264	9 446 775	(9 188 511)
7 766 043	10 038 552	(2 272 509)	Waste Water Management/Sewerage	7 573 353	7 590 229	(16 876)
24 700 872	11 070 790	13 630 082	Road Transport/Roads	18 836 771	10 182 169	6 654 602
30 555 103	24 477 531	6 077 574	Water/Water Distribution	30 116 912	21 957 854	8 158 058
95 027 815	148 850 691	(53 822 876)	Electricity /Electricity Distribution	126 225 989	107 354 852	18 871 137
276 497 903	317 411 446	(40 913 543)		299 483 768	271 461 792	28 021 976
Municipal Owned Entities						
Other charges						
276 497 903	317 411 446	(40 913 543)	Municipality	299 483 768	271 461 792	28 021 976
276 497 903	317 411 446	(40 913 543)	Total	299 483 768	271 461 792	28 021 976

Appendix E(1)
June 2015

Actual versus Budget(Revenue and Expenditure) for the year ended 30 Jun
2015

	Forecast # 1	Forecast # 1	Variance		Explanation of Significant Variances greater than 10% versus Budget
	2015 Act. Bal.	2015 Adjusted budget	Rand	Var	
Revenue					
Property rates	54 228 731	53 798 934	429 797	0.8	
Service charges	114 337 480	135 533 486	(21 196 006)	(15.6)	Water and electricity losses - Refer to note 26. Refuse revenue - increase in collection points
Rental of facilities and equipment	1 113 795	1 616 264	(502 469)	(31.1)	Higher vacancy rate
Licences and permits	2 741 698	10 000 000	(7 258 302)	(72.6)	
Government Grants and subsidies	84 660 195	84 357 056	303 139	0.4	
Administration and management fees received	1 049 660	1 324 986	(275 326)	(20.8)	Below anticipated revenue earned (Non billing revenue, dependant of customers request)
Commissions received	72 982	16 368	56 614	345.9	Above anticipated revenue earned (Non billing revenue, dependant of customers request)
Royalties received	-	-	-	-	
Donation received	32 000	31 680	320	1.0	
Other income	5 298 912	20 673 467	(15 374 555)	(74.4)	Below anticipated revenue earned (Non billing revenue, dependant of customers request)
Town planning schemes	194 299	200 000	(5 701)	(2.9)	
Fines	4 450 800	6 000 000	(1 549 200)	(25.8)	Multifunctioning speed cameras for major part of the financial year
Gain (loss) on disposal of assets	-	-	-	-	
Other income 2	-	-	-	-	
Interest received	8 317 352	12 332 960	(4 015 608)	(32.6)	Decrease in debtors book due to indigents write off and incentive scheme
	<u>276 497 904</u>	<u>325 885 201</u>	<u>(49 387 297)</u>	<u>(15.2)</u>	
Expenses					
Personnel	(89 905 444)	(92 767 226)	2 861 782	(3.1)	
Remuneration of councillors	(5 968 924)	(6 643 868)	674 944	(10.2)	Vacancy
Depreciation	(27 727 459)	(27 600 727)	(126 732)	0.5	
Impairments	-	-	-	-	
Finance costs	(6 956 553)	(7 500 000)	543 447	(7.2)	Restructuring of long term loan
Debt impairment	(30 311 839)	(29 213 797)	(1 098 042)	3.8	
Repairs and maintenance	(14 445 200)	(17 773 994)	3 328 794	(18.7)	Cost containment measures implemented
Bulk purchases	(72 297 650)	(72 523 600)	225 950	(0.3)	
General Expenses	(83 761 627)	(100 363 919)	16 602 292	(16.5)	Cost containment measures implemented
	<u>(331 374 696)</u>	<u>(354 387 131)</u>	<u>23 012 435</u>	<u>(6.5)</u>	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	12 003 331	-	12 003 331	-	
Fair value adjustments	1 959 918	-	1 959 918	-	
Gains or losses on biological assets and agricultural produce	-	-	-	-	
	<u>13 963 249</u>	<u>-</u>	<u>13 963 249</u>	<u>-</u>	
Net surplus/ (deficit) for the year	<u>(40 913 543)</u>	<u>(28 501 930)</u>	<u>(12 411 613)</u>	<u>43.5</u>	

Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2015

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed / withheld				Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of framework link in the latest Division of Revenue Act	Reason for noncompliance
		Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun			
Equitable Share	National Treasury	21 507	18 110	14 715	-	-	-	-	-	-	-	-	-	-	Yes	
EPWP	National Treasury	449	337	337	-	156	522	192	253	-	-	-	-	-	Yes	
MIG	National Treasury	10 115	6 254	6 824	-	5 090	7 102	3 010	6 691	-	-	-	-	-	Yes	
FMG	National Treasury	1 800	-	-	-	1 353	247	-	-	-	-	-	-	-	Yes	
MSIG	National Treasury	934	-	-	-	420	513	-	-	-	-	-	-	-	Yes	
DWA ²	National Treasury	-	1 000	-	-	-	505	285	210	-	-	-	-	-	Yes	
		-	34 805	25 701	20 876	-	7 019	8 889	3 487	7 454	-	-	-	-		

Note: A municipality should provide additional information on how a grant was spent per-Vote. This excludes allocations from the Equitable Share.

**Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended June 30, 2015**

	2015/2014				2014/2013				
	Original Budget	Budget Adjustments (MFRMA)	Final Budget	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in section 32 of MFRMA	Revised Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard									
Governance and administration	142 123 354	(1 155 613)	140 967 741	(23 127 300)	84 %	83 %			119 502 722
Executive and council	140 853 418	(1 155 613)	139 697 805	(22 801 712)	84 %	84 %			118 331 145
Budget and treasury office	1 762 185	-	1 762 188	(1 625 983)	54 %	54 %			1 171 677
Corporate services	17 004 579	258 856	17 263 435	1 658 770	270 %	450 %			39 731 998
Community and public safety	358 322	-	358 326	1 004 976	DIV0 %	DIV0 %			258 264
Community and social services	-	-	-	(8 516 487)	46 %	46 %			39 473 704
Sport and recreation	16 532 227	-	16 532 227	-	DIV0 %	DIV0 %			-
Public safety	-	-	-	1 347 285	DIV0 %	103 %			-
Health	-	-	-	-	DIV0 %	103 %			16 873 015
Ecological and environmental	23 550 835	-	23 550 836	(35 607)	85 %	85 %			142 334
Fire services	232 835	-	232 839	1 362 872	105 %	105 %			16 588 771
Planning and development	23 316 000	-	23 316 005	-	DIV0 %	DIV0 %			-
Road transport	-	-	-	(23 230 544)	24 %	24 %			123 239 973
Environmental protection	145 644 238	1 000 000	146 644 238	(2 291 283)	53 %	56 %			85 590 708
Treating services	108 377 931	-	108 377 931	-	DIV0 %	DIV0 %			30 115 912
Waste	31 798 366	1 000 000	32 798 366	1 232 074	119 %	119 %			7 975 353
Waste water management	6 533 959	-	6 533 959	-	DIV0 %	DIV0 %			-
Waste management	-	-	-	-	DIV0 %	DIV0 %			-
Other	-	-	-	-	DIV0 %	DIV0 %			-
Total Revenue - Standard	323 322 057	(5 243 249 356 300)	318 078 701	(52 387 355)	84 %	84 %			295 487 769

Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended June 30, 2015

	2015/2014				2014/2013				Residual Audited Outcome			
	Original Budget	Budget Adjustments (Lia. s31 of the MFMA)	Final Adjustments Budget	Variance of Actual Outcome against Approved Budget	Final Budget	Actual Outcomes	Unauthorized expenditure	Variance of Actual Outcome against Approved Budget		Actual Outcome as % of Original Budget	Reported unauthorised expenditure as % of Original budget	Expenditure authorised in terms of MFMA
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source												
Property rates - rates & collection charges	98 401 087	(5 602 163)	92 798 924	-	93 798 924	54 228 721	-	428 787	101 %	91 %	-	53 068 891
Service charges - electricity revenue	139 517 286	(5 004)	139 512 282	-	139 512 282	84 978 607	-	(18 932 469)	82 %	82 %	-	84 437 741
Service charges - water revenue	24 423 076	(2 287 151)	22 135 925	-	22 143 825	17 522 872	-	(4 620 953)	79 %	82 %	-	19 179 700
Service charges - sanitation revenue	7 310 216	(1 530 846)	5 779 370	-	5 379 372	5 359 229	-	(20 143)	122 %	84 %	-	5 816 339
Service charges - refuse revenue	6 450 409	(1 894 519)	4 555 890	-	4 490 894	1 000 986	-	(3 091 610)	25 %	25 %	-	8 029 591
Service charges - other	4 304 800	-	4 304 800	-	1 113 755	1 113 755	-	(602 459)	69 %	69 %	-	979 895
Rental of facilities and equipment	1 518 254	-	1 518 254	-	2 000 000	2 288 353	-	288 353	113 %	603 %	-	82 185
Interest earned - external investments	785 000	-	785 000	-	10 332 960	6 048 589	-	(4 283 961)	59 %	59 %	-	9 691 185
Dividends received - standing orders	10 532 860	-	10 532 860	-	6 000 000	4 459 100	-	(1 546 700)	72 %	72 %	-	29 904 329
Dividends received	-	6 000 000	6 000 000	-	10 000 000	2 741 898	-	(7 258 102)	27 %	27 %	-	3 122 478
Licenses and permits	10 000 000	-	10 000 000	-	10 000 000	7 411 698	-	(2 588 302)	74 %	74 %	-	8 517 052
Agency services	85 088 200	1 000 000	84 088 200	-	84 088 200	84 367 562	-	269 362	100 %	102 %	-	85 247 052
Transfers received	18 794 785	(2 741 144)	16 053 641	-	16 053 641	8 386 678	-	(7 666 963)	54 %	29 %	-	5 554 655
Gain on disposal of PPE	-	6 000 000	6 000 000	-	6 000 000	-	-	(6 000 000)	- %	- %	-	-
Total Revenue (excluding capital transfers and contributions)	326 372 657	53 243 329 435 900	273 129 328	(53 492 016)	323 435 300	276 943 332	(46 491 968)	(46 491 968)	84 %	84 %	(46 491 968)	233 483 680

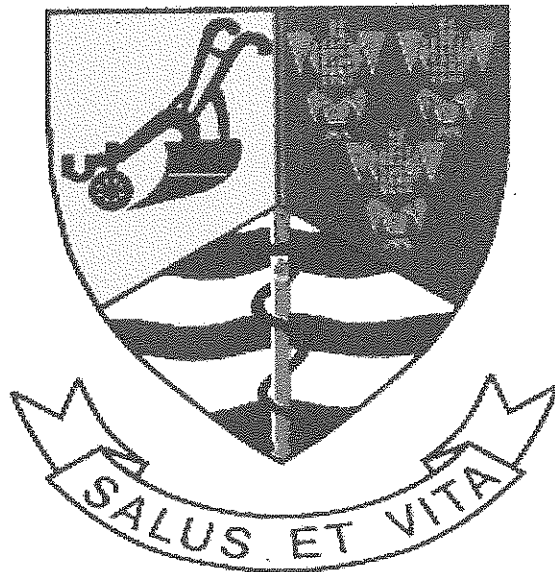
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended June 30, 2015

2015/2014

2014/2013

Original Budget	Budget Adjustments (Less: 2014 and 2015 MRA)	Final Budget	Shifting of funds (i.e. MRA)	Virement (i.e. Council policy)	Final Budget	Actual Outcome	Unauthorized expenditure	Variance of Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported expenditure	Unauthorized expenditure	Expenditure in terms of section 32 of MRA	Balance to be recovered	Revised Audited Outcome
Expenditure by Type															
Employee related costs	91 428 526	(94 174)	91 488 352		1 927 874	93 757 226	83 056 444	(2 861 782)	87%	88%					77 111 891
Renovation of councilors	8 965 742		42 000 000		888 126	6 645 868	5 068 924	(674 944)	90%	100%					5 601 382
Debt repayment	4 200 000	32 000 000	42 000 000		(12 786 203)	29 213 797	30 509 629	1 059 732	104%	289%					26 506 703
Information and communication	12 040 000	18 000 000	30 040 000		(2 439 272)	27 600 728	27 727 459	128 731	100%	230%					2 508 618
Florence charges	3 103 900	(2 000 000)	1 103 900		8 400 000	7 600 000	6 595 553	(454 447)	83%	80%					6 802 608
Bulk purchases	78 003 900		73 003 900		(390 000)	72 613 900	72 528 000	(85 900)	81%	73%					12 277 714
Other materials	79 778 975	(1 577 312)	78 201 663		4 352 695	82 554 358	14 242 200	(3 241 794)	81%	102%					22 716 625
Connected services	24 562 974	8 121 039	32 684 013		4 352 695	36 807 676	25 379 725	(19 237 091)	68%	102%					21 789 047
Other expenditure	68 624 834	4 240 806	72 865 640		890 754	61 716 205	67 638 808	(3 977 394)	87%	111%					21 789 047
Loss on disposal of PPE															
Capital expenditure															
Total Expenditure	286 979 460	89 380 759	355 330 209		(1 982 977)	354 437 232	330 620 294	(23 616 938)	93%	111%					287 287 242
Surplus/(Deficit)	32 392 607	(59 287 576)	(26 894 969)		(26 894 969)	(26 894 969)	(26 894 969)		219%	(169)%					35 198 338
Fair value adjustments							1 595 918	1 595 918							1 772 020
Actual surplus/(loss)							12 003 331	12 003 331							(9 346 362)
Surplus/(Deficit) after capital transfers & contributions	32 392 607	(59 287 576)	(26 894 969)		(26 894 969)	(26 894 969)	(26 894 969)		152%	(128)%					23 021 976
Taxation															
Surplus/(Deficit) after taxation	32 392 607	(59 287 576)	(26 894 969)		(26 894 969)	(26 894 969)	(26 894 969)		162%	(128)%					28 021 976
Attributable to municipalities															
Surplus/(Deficit) attributable to municipalities	32 392 607	(59 287 576)	(26 894 969)		(26 894 969)	(26 894 969)	(26 894 969)		152%	(128)%					28 021 976
Share of surplus/(deficit) of associate municipalities															
Surplus/(Deficit) for the year	32 392 607	(59 287 576)	(26 894 969)		(26 894 969)	(26 894 969)	(26 894 969)		152%	(128)%					28 021 976

BELA-BELA LOCAL MUNICIPALITY



2014-2015 ANNUAL INDIVIDUAL PERFORMANCE REVIEWS REPORT FOR SECTION 54/56 MANAGERS

REPORT ON THE 2014/2015 ANNUAL PERFORMANCE REVIEWS FOR SECTION 56 MANAGERS OF BELA-BELA LOCAL MUNICIPALITY

A. Executive Summary

The purpose of this report is to give feedback regarding the 2014/2015 Annual individual performance reviews for Section 54/56 Managers of Bela-Bela Local Municipality (BBLM). The 2014/2015 annual individual performance reviews were successfully conducted on the 19th of October 2015. Before detailing of the assessment processes and the outcome, it should be noted that during the financial year under review (2014/2015) the Municipality had only two fully appointed Senior Managers which were the Municipal Manager and the Manager for Planning & Economic Development. The position of the Technical Services Manager, Manager Corporate Services, Manager Community and Social Services and the Chief Financial Officer were vacant. It is in this regard that only the Municipal Manager and the Manager for Planning and Economic Development were assessed.

B. Notification and Schedule of Reviews

The municipality had formally notified the candidates and the panel members in advance of its intention to conduct the 2014/2015 Annual Individual Performance Reviews. The invitation outlined the date, time, venue and panel members to conduct the performance evaluation. Below is the full detail of schedule followed during the session.

No	INCUMBENT	DATE	TIME	VENUE	PANEL MEMBERS	OUTCOME
1	Mr P Raputsoa	19 October 2015	14H00-15H00	Municipal Committee Room	Municipal Manager – MM Maluleka	Assessment successfully concluded.
					Member of Executive Committee – Cllr MJ Ngobeni Municipal	
					Manager From another Municipality- OP Sebola	
					Audit Committee Chairperson – SAB Ngobeni	
2	Mr MM Maluleka	19 October 2015	15H00-16H00	Municipal Committee Room	Mayor – Cllr ML Nhlapo	Assessment successfully concluded.
					Member of Executive Committee- MJ Ngobeni	
					Municipal Manager From another Municipality- OP Sebola	
					Audit Committee Chairperson - SAB Ngobeni	
					Ward Committee Member – ML Maila	

C. Proceedings and Attendance of Panel Members and Candidates

The session was held at BBLM in the Municipal Committee Room as indicated in the above schedule. The reviews were conducted using the assessment panel as prescribed in the Local Government Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006. The reviews were conducted on both components which are KPA's (80%) and core competencies (20%) using the assessment rating of 1-5 scores.

For the reviews of the Municipal Manager the session was chaired by the Mayor, while for Manager Planning & Economic Development the session was chaired by the Municipal Manager with Divisional Manager for Performance Management Systems (PMS) providing secretariat for both sessions. Panel members' attendant the session as proposed. Prior to the assessment proceedings candidates were informed about the process to be followed and allowed to present their performance information with the portfolio of evidence to the Assessment Committee. The assessments proceeded with no challenges.

D. Overall Performance Report

The table below presents the overall performance of the Municipal Manager and for the Manager Planning and Economic Development Managers as per Key Performance Areas (KPA's) and CCR's . The Formula to calculate the scores is as follows:

Total KPA's = (KPA's Weighted Score/100%) x80%

Total CCR's = (CCR's weighted Score/100%) x20%

Total Weighted Score (KPA's+CCR's

Total Weighted Score converted to %=(Total weighted Score/3) x100%

Departments/Units		KPAs ¹						KPI's Asses sed	KPI's Total Score	CCR' Asses sed	CCR's Total Averaged Scores	Weighted Tot Score		Final Total Score	Total %
Departme nt	Position	1	2	3	4	5	6					KPAs	CC		
												x0.8	x0.2		
Manager Planning & Economic Development															
1. P Raputsoa	Manager Planning & Economic Develop ment	5	2	5	1	8	8	27	4.63	12	4.2	3.704	0.84	4.544	151.4%
Municipal Manager															
2. MM Maluleka	Municipal Manager	7	17	1	7	7	8	47	4.54	12	4	3.652	0.80	4.452	148.4%

¹ KPA 1: Municipal Transformation & Institutional Transformation; KPA 2: Basic Service Delivery; KPA 3: Local Economic Development; KPA 4: Municipal Financial Viability and Management; KPA 5: Good Governance and Public Participation; KPA 6: Spatial Rationale

E. Analysis of Performance

A total number of 2 Managers were targeted for the 2014/2015 Annual Performance Assessments. The two (2) Managers were assessed yielding an overall assessment turn-up of 100%.

The overall assessment results are as summarised below:

Performance Description	Number of Officials	%
Not Assessed	0	0%
Not Acceptable Performance	0	0%
Not Fully Effective Performance	0	0%
Fully Effective Performance	0	0%
Above Expectation Performance	2	100%
Outstanding Performance	0	0%

Total scores of each assessed candidate demonstrates different assessment outcomes whereby by both the Municipal Manager and the Manager Planning & Economic Development scores indicated that the performance is above expectation. Both of the assessed candidates performed above expectations.

Based on the scores above, it can be generally deduced that the performance of the managers and of the municipality is acceptable. In terms of Sub-Regulation 32 (1) of Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006, the evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable behaviour. Sub-Regulation 32 (2) further indicate that a performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance.

Therefore, based on the above mentioned regulation, the outcome of the assessment indicated in section D warrant payment of bonuses of 9% to the Municipal Manager and 10% the Manager for Planning and Economic Development. However, more emphasis should be placed on complying with the provisions of Sub-Regulation 8 (1) (2) (3) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006.

F. Recommendations of the Assessment Committee

During the performance review session the Assessment Committee appreciated the performance of the Senior Managers assessed and recommended that the performance reviews should be conducted on quarterly basis as prescribed in the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006.

Furthermore, the Assessment Committee agreed and confirmed the scores of the Mayor with regard to the performance of the Municipal Manager and that of the Municipal Manager with regard to the Performance of the Manager Planning & Economic Development.

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DR MAMA NISHA

7 YEARS BACK BEFORE I MET MAMA NISHA, HAPPINESS WAS RARE IN MY LIFE.

MY HUSBAND WAS CHEATING ON ME. HE DID NOT EVEN CARE FOR OUR KIDS. THEY ALWAYS HAD NIGHTMARES & ALWAYS SICK. THERE WAS NO MONEY IN THE HOUSE AND MY MOTHER-IN-LAW ALWAYS HATED ME. I THREW EVERYTHING AWAY. MY PRIESTS, CURSUS BUT NOTHING WORKED FOR ME. LUCKILY I SAW TESTIMONIALS ON LOCAL TV ABOUT MAMA NISHA. I MADE AN APPOINTMENT AND SHE PERFORMED A 4 DAY SPECIAL PRAYER FOR ME. I CLEANSED ME FROM BAD LUCK & LOVE CRYSTALS & SPECIAL RING. SHE FIXED MY FINANCIAL PROBLEMS. TODAY I AM HAPPY BECAUSE OF MAMA NISHA. ARE YOU HELPLESS, HEARTBROKEN AND FINANCIALLY DOWN? CALL MAMA NISHA FOR FAMILY PROBLEMS, FINANCIAL PROBLEMS, LOVE, HOMES, JOBS, TENDERS, ETC.

071 376 1038

GOGO MKHUWU

100% GUARANTEED ALL PROBLEMS R250.

My muhi is your answer same day, same time. I use computer calculator. Bring back lost lover in 10mins and get married quickly. Stop your lover from cheating and make them stay forever using Mikomo Power and Sona to make your partner think about you always. Poina calculator for all sizes from 15cm, 22cm, 28cm & 30cm. I use Chiwole Oil in 10mins and get married. Don't go to another herbalist now - Gogo Mkhuluwa is here to help you. U will make 3 rounds a day and get rich in bed. Come and borrow magic stick and become rich and magic wafers for 3 days and get rich lucky charms. Come and get short boys and girls, chase away enemies and bad luck. Boost your business. Bind your body & disease, court cases & relief from job promotion & get double salary every week. Chinkala Dubacht to get numbers to win lotto, casino or any competition for playing. Chisoi to bring money to your house like R200 000 per day. Chisanya get money in 30mins in my office or in your house. Kamanga get money fast in your bank account 1645mins. Treatment for HIV or AIDS and STD's. Power to buy and powerful rita and Tikolote to bring money in your place. For financial problems try and get good results from Gogo Mkhuluwa. Finish unfinished jobs same day. Trust my muhi. I handle everyone who has problems. Pay after job is done. I do mail order or visit me @ Commissioner & Eloff Street. JHB & PTA.

078 780 7491

WITH ONLY R300 MAMA HELLEN MADE ME A RICH WOMAN

My name is Londive, I live in Pretoria. For the past six years I have been working as a domestic worker receiving R1,800 per month. With 3 children this amount was not enough. I was living in poverty until one day when I read about mama Hellen. She is traditional doctor who has helped people on many problems including financial problems. I called her to help me with financial problems and she made me choose amount Short boys, Rats and Magic wallet. I chose short boys at the price of R300 and they brought hundreds of thousands of money into my home. Today I am a very Rich woman I have houses, cars and my own domestic workers.

Pui a stop to your problems 7 people.

CALL MAMA HELLEN ON 078 586 8455.
You will be believers.

CASH IN 15 MINUTES

"Why sell your CAR when you can LOAN against your CAR!"

INSTANT CASH against CAR, BARKIES, JEWELLERY and anything of VALUE!

LOWEST RATES!!! INSTANT PAYOUTS!!! GET CASH TODAY!!!!

Call Sheena on:
083 767 6161
011 068 2206

2081
Herbalist

THANK YOU BABA KARIM

I am Mrs ZANELE from SOBANEWIVE. I wish to say thank you to BABA KARIM long time before and I would not have wasted a lot of money to many healers, doctors and even sangomas.

I saw a testimony that was published in Daily Sun through the Bonga's family thanking BABA KARIM for changing their lives by helping them with their financial problems.

I was very interested in the short boys to put R500 000 in my bank account that I waited only 2 hours and the money was deposited in my account and I paid R200 000 from the money I got. My brother chose the magic wafers to get R150 000 every day, but because he was far he asked him to post it through Speed Courier which he received the next day and started getting the first R15 000 the very same day of which he's paying R500 every week. Also my cousin chose the rita to put money in her house and was shocked to see R100 000 in her house in the morning and she paid R100 000 from the money she got. One of my friends chose to win the lottery on the 7th of August through the numbers that BABA KARIM gave him and was shocked to see all the numbers appear and paid him 10%. To all the people that referred them to him, all say they have been helped the same day. I would like to thank the Bonga Family for their testimony as well as BABA KARIM for his help. If you have any problem please do not hesitate, just call him and he will help you.

Call BABA KARIM 076 700 0289 011 045 6434

DR KASIM MONYISREAL

GUARANTEE 100% SAME DAY RESULTS

- * 100% MAGIC RING TO BRING MONEY 100% SHORT SIGHT BOYS TO PUT MONEY 100% LUCKY STICK TO BOOST BUSINESS
- * PROMOTION AT WORK
- * BRING BACK LOST LOVER
- * MARRIAGE AND DIVORCE
- * LOVE ATTRACTION - IT'S NEVER TOO LATE TO BE SUCCESSFUL

063 882 6416

2270
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FAX: 036 603 1993
theofficial@grail.com

LOAN R1000 - R300 000
Stacked/welcomed.
Same day approval.
075 255 2956
Fax: 099 545 824
rosalyn@theofficialgrail.com

2275
Loans & Finance

A BRIDGING LOAN? WAITING FOR PENSION LUMP SUM? SMS OR SEND "PLS CALL ME" TO 082 301 7856
PH: 0850 105 546

A BRIDGING LOAN? WAITING FOR PENSION LUMP SUM? SMS OR SEND "PLS CALL ME" TO 082 301 7856
PH: 0850 105 546

BRIDGING CASH

White waiting for PENSION / PACKAGE Payout (lumpsum only)

East Rand: 011 394 6937
081 582 0510
JHB CBD: 011 338 9015
081 468 9898
PTA: 012 323 4641
072 851 1028
VVAAL: 016 933 8451
081 404 0345
Polokwane: 015 295 2070
081 411 1418

CASH IN 15 MINUTES

"Why sell your CAR when you can LOAN against your CAR!"

INSTANT CASH against CAR, BARKIES, JEWELLERY and anything of VALUE!

LOWEST RATES!!! INSTANT PAYOUTS!!! GET CASH TODAY!!!!

Call Sheena on:
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011 068 2206

2275
Loans & Finance

INSTANT CASH LOANS AGAINST YOUR CAR OR OTHER SELECTED ASSETS

and an option to still drive.

WE PAWN AND BUY ALL CARS / BIKES / BOATS / TRUCKS / GOLD / DIAMONDS / KRUGER RANDBS / JEWELLERY

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011 049 9961
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FAMILY BROKERS

505 CASH NOW!!

CASH LOANS AGAINST CARS, GOLD, ELECTRICAL ITEMS OR ANY OTHER VALUABLES.

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071 777 9999

6001
Employment

Company seeks to employ PHIRA registered GRADE D - A SECURITY OFFICERS to patrol facility and serve with other general work when required.

Send CV, Phia certificates to email: [dndadadadad@gmail.com](mailto:dndadadadadad@gmail.com)
Fax: 085-537-4946

6150
Employment Wanted

LOOKING FOR EMPLOYMENT (Manufactured & have my own car. Available immediately). Call me on 082 215 4281

8050
Houses For Sale

COSMOPOLITAN PROJECTS

REAL Houses for REAL People

MOST AFFORDABLE PROJECT IN JHB GOVERNMENT SUBSIDY IN PALM SPRINGS

Available from 2 bedroom new houses in STRELFORD (Palm Springs)

Avoid the price increase! R90 000 Government Subsidy available (Te & Ce Apply). Cosmopolitan Projects.

All costs included. We will ASSIST you throughout the process: BEST VALUE IN SAVING WHILE STANDS LAST.

For more info call:
061 494 9128
OR SMS ROW TO 35430

8050
Stands For Sale

HUGE STANDS

INSTALLMENT SALES
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The "New Volvo" 800 sqm from R120 000
1000 sqm from R160 000
Call: 011 728 9165
Call: 082 908 5707
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Vereeniging, Vanderbijl, Sebokeng & Golden Gardens

From R125 000
Call: 011 728 9165
or 072 812 4548
www.buvastand.co.za

GREATER GIYANI MUNICIPALITY
Ndhlovu & Rifuwo

PUBLIC NOTICE

APPROVED ADJUSTMENT BUDGET 2015 /2016 FINANCIAL YEAR

Notice is hereby given, in terms of section 28 MFMA which state that within 10 working days after the municipal council has approved an adjustment budget the municipal manager must in accordance with section 21A of the Municipal Systems Act make public the approved adjustment budget and supporting documentation as well as the resolution referred to in regulation 25(3).

The copies of the final documents are available at municipal offices as well as the municipal website at www.greatergiyani.gov.za.

Enquiries can be directed to Mrs Mashau N at 076 522 0295 or 015 811 5501

ACTING MUNICIPAL MANAGER - CHAAMANO MC

BELA-BELA LOCAL MUNICIPALITY

PUBLIC NOTICE

2014/ 2015 OVERSIGHT REPORT AND 2014/2015 FINAL ANNUAL REPORT

Notice is hereby given in terms of Section 129 of the Local Government Municipal Finance Management Act, No. 56 of 2003, read with Section 21A of the Local Government Municipal System Act, No 32 of 2000, as amended that Bela-Bela Local Municipal Council approved the 2014/2015 Oversight Report and 2014/2015 Final Annual Report at its Council sitting on the 31st of March 2016 as per Council Resolutions No MC156/03/2016.

The copies of the approved 2014/2015 Oversight Report and 2014/2015 Final Annual Report are available in the Bela-Bela Local Municipal Website: www.belabela.gov.za, also at Bela-Bela Local Municipal Offices of Planning & Economic Development and Records Section at No. 58 Chris Hani Drive, Bela-Bela, Limpopo.

For further enquiries on the approved 2014/2015 Oversight Report and the 2014/2015 Final Annual Report contact Ms J Selapanyane at 014 736 8079.

P RAPUTSOA
ACTING MUNICIPAL MANAGER

"We are the prime Agricultural Hub and Tourism Destination of choice"

Sedibeng WATER

APPOINTMENT OF A PANEL OF CONSULTING ENGINEERS AND MECHANICAL, ELECTRICAL AND CIVIL CONTRACTORS FOR THE PROVISION OF INFRASTRUCTURE PROJECTS FOR A PERIOD OF 36 MONTHS.

Sedibeng Water is a water board established in terms of Water Services Act, No.108 of 1997. In order to comply with the procedure of the Public Finance Management Act, (Act No.1 of 1999 as amended by Act 29 of 1999), and with the Preferential Procurement Regulations, 2011, SEDIBENG WATER invites consulting engineers and contractors in order to establish a panel of approved service providers.

Request for formal quotations or proposals from the panel will be based on "as and when required" basis. Successful applicants must note that this is only an establishment of a panel of approved service providers.

Prospective service providers are hereby invited for the following categories:

BID NO.	CATEGORIES	BIDDING DATE AND TIME	COMPULSORY BRIEFING SITE
RFP/PC/ 201609	Registered Consulting Engineers.	8 April 2016 at 11H00	Sedibeng Water, Balkfontein, Bothaville
RFP/PC/ 201610	Mechanical, Electrical, and Civil Contractors -with CIDB grading.	8 April 2016 at 12H00	Sedibeng Water, Balkfontein,

Successful applicants will be approached, depending on the circumstances, either by obtaining proposals or formal quotes according to the bid procedures when the above highlighted services are required, with the condition that the tender documents will not be advertised externally, but only limited to successful applicants.

Application forms can be downloaded on our website "www.sedibengwater.co.za" from the 5 April 2016.

All prospective service providers are required to adhere to all the requirements on the applications forms and the required documentations must be hand delivered to the addresses provided above, on or before the closing date.

THE CLOSING DATE FOR SUBMISSION OF APPLICATION FORMS IS WEDNESDAY, 20 APRIL 2016 AT 14H00.

Any enquiries related to the above mentioned bids may be directed to Supply Chain Officer, Ms. Patricia Nkwale at 056 515 0357/ 0282 during office hours.