

**TABLING OF THE DRAFT ANNUAL REPORT FOR 2019 / 2020 (5/14/1/1) (DIRECTOR: STRATEGY AND SOCIAL DEVELOPMENT)**

**1 PURPOSE**

To obtain support from the Council for the 2019 / 2020 annual report.

**2 STRATEGIC INTENT**

This report supports the Strategic Intent to achieve Good Governance, as well as facilitating the accomplishment of Council's other 5 strategies.

**3 FOR DECISION BY**

Council.

**4 EXECUTIVE SUMMARY**

4.1 In terms of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA), the following action is necessary:

4.1.1 the mayor of a municipality must, within seven months after the end of a financial year (i.e. by the end of January), table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control [Section 127. (2)];

4.1.2 immediately after the annual report is tabled, the report must, *inter alia*, be made public and representations invited from the local community [Section 127. (5)]; and

4.1.3 Council must consider the annual report of the municipality / municipal entity and by no later than two months from the date on which the annual report was tabled in Council (i.e. by the end of March), adopt an oversight report containing the Council's comments [Section 129. (1)].

4.2 Accordingly, the annual report for 2018 / 2019 was prepared based on the format contained in MFMA.

***The latest version of the draft Annual Report will be mailed to Councillors.***

**5 DISCUSSION/CONTENTS**

**5.1 Constitutional and Policy Implications**

5.1.1 The annual report process is currently driven by legislation.

**5.2 Legal Implications**

5.2.1 Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (Chapter 12) (MFMA).

5.2.2 Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) (Chapter 6), as read with the Local Government : Municipal Systems Amendment Act, 2003 (Act 44 of 2003) (hereinafter referred to as the Systems Act).

### 5.3 **Background**

5.3.1 In terms of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA), the following action is necessary:

- (a) the mayor of a municipality must, within seven months after the end of a financial year (i.e. by the end of January), table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control [Section 127. (2)];
- (b) immediately after the annual report is tabled, the report must, *inter alia*, be made public and representations invited from the local community [Section 127. (5)]; and
- (c) Council must consider the annual report of the municipality / municipal entity and by no later than two months from the date on which the annual report was tabled in Council (i.e. by the end of March), adopt an oversight report containing the Council's comments [Section 129. (1)].

5.3.2 According to Section 121. (2) of the MFMA, the purpose of an annual report is:

- (a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
- (b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- (c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

5.3.3 Section 121. (3) of the MFMA prescribes the contents of the annual report, which must include:

- (a) the annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1);
- (b) the Auditor-General's audit report in terms of section 126(3) on those financial statements;
- (c) the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Systems Act;
- (d) the Auditor-General's audit report in terms of section 45(b) of the Systems Act;
- (e) an assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges;
- (f) an assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year;
- (g) Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d);
- (h) Any explanations that may be necessary to clarify issues in connection with the financial statements;

- (i) Any information as determined by the municipality;
- (j) Any recommendations of the municipality's audit committee; and
- (k) Any other information as may be prescribed.

## **RECOMMENDATIONS**

1. That the Draft Annual Report for 2019 / 2020 be approved in principle by Council and that for oversight purposes, the report be advertised for public comment.
1. *Dat die Jaarverslag vir 2019/ 2020 in beginsel deur die Raad goedgekeur word en dat dit vir oorsigdoeleindes, geadverteer word vir publieke kommentaar.*

**NOTE:** The annexure was distributed as part of the agenda for the Mayco of 24 March 2021 (pg. 70 – 339)

**This item served before the Executive Mayoral Committee on 24 March 2021**  
**Hierdie item het voor die Uitvoerende Burgemeesterskomitee gedien op 24 Maart 2021**  
**Aanbeveling / Recommendation**

That the Draft Annual Report for 2019 / 2020 be approved in principle by Council and that for oversight purposes, the report be advertised for public comment.

*Dat die Jaarverslag vir 2019/ 2020 in beginsel deur die Raad goedgekeur word en dat dit vir oorsigdoeleindes, geadverteer word vir publieke kommentaar.*

**This item served before an Ordinary Meeting of Council on 30 March 2021**  
**Hierdie item het gedien voor 'n Gewone Vergadering van die Raad op 30 Maart 2021**  
**Eenparig Besluit / Unanimously Resolved**

That the Draft Annual Report for 2019 / 2020 be approved in principle by Council and that for oversight purposes, the report be advertised for public comment.

*Dat die Jaarverslag vir 2019 / 2020 in beginsel deur die Raad goedgekeur word en dat dit vir oorsigdoeleindes, geadverteer word vir publieke kommentaar.*



# **DRAFT ANNUAL REPORT**



**2019  
2020**



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## LIST OF ACRONYMS

|          |                                                                 |
|----------|-----------------------------------------------------------------|
| A        | African Race                                                    |
| ACVV     | Afrikaans Christelike Vroue Vereeniging                         |
| AG       | Auditor General                                                 |
| AGSA     | Auditor-General South Africa                                    |
| AQMP     | Air Quality Management Plan                                     |
| AR       | Annual Report                                                   |
| ART      | Anti-Retroviral Treatment                                       |
| ASC      | Audit Steering Committee                                        |
| C        | Coloured Race                                                   |
| CAD      | Computer Aided Draft                                            |
| CBD      | Central business district                                       |
| CLW      | Community Liaison Workers                                       |
| CRR      | Capital Replacement Reserve                                     |
| CRF      | Cape Retirement Fund                                            |
| CSD      | Central Supplier Database                                       |
| CWD      | Cape Winelands District                                         |
| CWDM     | Cape Winelands District Municipality                            |
| DA       | Democratic Alliance                                             |
| DCAS     | Department of Cultural Affairs and Sport                        |
| DCF      | District Coordinating Forum                                     |
| DEADP    | Department of Environmental Affairs and Development Planning    |
| DHS      | Department of Human Settlements                                 |
| DLG      | Department of Local Government                                  |
| DM       | District Municipality                                           |
| DoHS     | Department of Human Settlement                                  |
| DSBD     | Department of Small Business Development                        |
| DSD      | Department of Social Development                                |
| DTIC     | Department of Trade, Industry and Competition                   |
| DWA      | Department of Water Affairs                                     |
| EPWP     | Extended Public Works Programme                                 |
| GCIS     | Government Communication and Information System                 |
| GDP      | Gross Domestic Product                                          |
| GDPR     | Gross Domestic Product Per Region                               |
| GMA      | Govan Mbeki Awards                                              |
| GRAP     | Generally Recognised Accounting Practice                        |
| GVA      | Gross Value Added                                               |
| HDI      | Human Development Index                                         |
| HIV/AIDS | Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome |
| HR       | Human Resources                                                 |
| HSP      | Human Settlement Plan                                           |
| I        | Indian Race                                                     |
| ICROP    | Integrated Community Registration Outreach Programme            |
| ICT      | Information Communication and Technology                        |
| IDP      | Integrated Development Plan                                     |
| IEC      | Electoral Commission of South Africa                            |
| IERM     | Institute of Environment and Recreation Management              |

|          |                                                           |
|----------|-----------------------------------------------------------|
| IGR      | Inter-Governmental Relations                              |
| IIAMP    | Integrated Infrastructure Asset Management Plan           |
| IIF      | Infrastructure Investment Framework                       |
| IPS      | Integrated Performance System                             |
| IRDP     | Integrated Residential Development Programme Project      |
| ISA      | International Standard on Auditing                        |
| ISSP     | Informal Settlement Support Program                       |
| IT       | Information Technology                                    |
| ITP      | Integrated Transport Plan                                 |
| IWMP     | Integrated Waste Management Plan                          |
| IYM      | In-year Monitoring                                        |
| JOC      | Joint Operations Centre                                   |
| KPA      | Key Performance Area                                      |
| KPI      | Key Performance Indicator                                 |
| Kv       | Kilo Volt                                                 |
| LED      | Local Economic Development                                |
| LGMTECH  | Local Government Municipal Technical Engagement Committee |
| LG MTECH | Local Government Medium Term Expenditure Committee        |
| LGSETA   | Local Government Sector Education Training Authority      |
| LIZS     | Langeberg Integrated Zoning Scheme                        |
| LOC      | Local Organisational Committee                            |
| LUPA     | Land Use Planning Act                                     |
| LUPO     | Land Use Planning Ordinance                               |
| MAG      | Montagu Ashton Gemeenskapsdienste/Community Services      |
| MayCo    | Mayoral Committee                                         |
| MBRR     | Municipal Budget and Reporting Regulations                |
| MFIP     | Municipal Finance Improvement Programme                   |
| MFMA     | Municipal Finance Management Act                          |
| MIE      | Managed Integrity Evaluation                              |
| MIG      | Municipal Infrastructure Grant                            |
| MM       | Municipal Manager                                         |
| MMC      | Member of the Mayoral Committee                           |
| MMP      | Maintenance Management Plan                               |
| MN       | Municipal Notice                                          |
| MOP      | Municipal Outreach Programme                              |
| MPAC     | Municipal Property Assessment Corporation                 |
| MPRA     | Municipal Property Rates Act                              |
| MRF      | Materials Recovery Facility                               |
| MSA      | Municipal Systems Act                                     |
| mSCOA    | Municipal Standard Chart of Accounts                      |
| MSS      | Municipal Support Services                                |
| MTREF    | Medium Term Revenue and Expenditure Framework             |
| MuSSA    | Municipal Strategic Self-Assessment                       |
| NDHS     | National Department of Human Settlements                  |
| NCC      | National Consumer Commission                              |
| NGO      | Non-Governmental Organisation                             |
| NRCS     | National Regulator for Compulsory Specifications          |
| NO       | Number                                                    |



|          |                                                  |
|----------|--------------------------------------------------|
| NPO      | Non-Profit Organisation                          |
| PA       | Personal Assistant                               |
| PMP      | Pavement Management Plan                         |
| PMS      | Performance Management Systems                   |
| PMS      | Pavement Management System                       |
| PPCOM    | Public Participation and Communication           |
| PR       | Proportional Representative                      |
| PROV     | Provincial                                       |
| PSG      | Provincial Strategic Goal                        |
| PT       | Provincial Treasury                              |
| RAD      | Rural Arts Development                           |
| RDP      | Reconstruction and Development Programme         |
| SA       | South Africa                                     |
| SALGA    | South African Local Government Association       |
| SANS     | South African National Standards                 |
| SAPS     | South African Police Services                    |
| SASSA    | South African Social Security Agency             |
| SCM      | Supply Chain Management                          |
| SDBIP    | Service Delivery Budget Implementation Plan      |
| SDF      | Spatial Development Framework                    |
| SEDA     | Small Enterprise Development Agency              |
| SEPLG    | Socio-economic Profile                           |
| SLA      | Service Level Agreement                          |
| SLIMS    | Seta Library Information Management System       |
| SMME     | Small, Medium and Micro-sized Enterprises        |
| SMT      | Senior Management Team                           |
| SOP      | Standard Operating Procedure                     |
| SPCA     | Society for the Prevention of Cruelty to Animals |
| StatsSA  | Statistics South Africa                          |
| STEERCOM | Steering Committee                               |
| SWMP     | Storm water Management Plan                      |
| TB       | Tuberculosis                                     |
| TL       | Top Level                                        |
| TRP      | Title Deed Restoration Programme                 |
| UISP     | Upgrade of Informal Settlements Programme        |
| W        | White Race                                       |
| WC       | Western Cape                                     |
| WDM      | Water Demand Management                          |
| WSDP     | Water Service Development Plan                   |
| WSP      | Workplace Skills Plan                            |
| WTW      | Water Treatment Works                            |
| WWTW     | Wastewater Treatment Works                       |

## CHAPTER 1

# MAYOR'S FOREWORD & EXECUTIVE SUMMARY



## 1.1. MAYOR'S FOREWORD



Looking back on the period under review, we can proudly proclaim that, through a range of targeted interventions and strategic policy directives, we again, have put people first.

Not only have we taken great care in identifying and delivering on the needs of our community, as captured in our Integrated Development Plan (IDP), but the quality services delivered during the 2019/2020 financial year have strongly put us on a path to achieve our vision; to move us from being one of the best municipalities, through strong leadership, good governance and sound financial management.

Our IDP highlights the identified needs of our residents for better and dignified living, safer communities, more economic opportunities and excellence in service delivery. Equally, the IDP inspires the budget and creates opportunities throughout our municipality, as far as is achievable with the limited resources available.

### **Key Policy Developments**

To improve good governance and accountability, our policies and strategies are regularly revised to ensure that it remains relevant and that the Municipality's management systems stay effective, efficient and transparent.

In this reporting period our municipality continued to align its core service delivery strategy with the National Development Plan (NDP- 2030 vision) and the Provincial Strategic Plan (2014-2019).

### **Key Service Delivery Improvements**

To become the best municipality, we continually strive to deliver quality services to the people of Langeberg and to impact the lives of residents in a meaningful way. We have implemented projects that allowed for the expansion of our towns and aimed at keeping our towns clean and our facilities safe.

### **Public Participation**

Public Participation is a key performance area for the municipality, and it is included in the performance agreements of senior management.

The municipality has a Public Participation Department comprising of 7 Community Liaison Workers (CLW), a Governance Support Manager and a Ward Committee Coordinator who are responsible for managing and implementing public participation programmes and ensuring active and responsive ward committees.

We created an enabling, participative environment by convening monthly meetings with Ward Committees and quarterly block meetings in all 12 wards. Those who were unable to attend these meetings, could also provide written submission or get involved through the different platforms created for information exchange. The external media, especially the municipal newsletter and the municipal website, are utilised for notices, invitations and monthly updates.

### **Future Actions**

The adopted 2020/2021 IDP sets out Council's development path, goals and actions for the Langeberg municipal area for the next reporting year. The main focus is being pro-poor with an emphasis on providing services to the underdeveloped areas.

We will concentrate on upgrading our roads, both in the central business districts and the previously disadvantaged communities, and on addressing specific infrastructural capital investments that are aligned to the IDP focus areas.

### **Conclusion**

This Annual Report is a true testimony of the committed effort of our Council, administration and communities to collaborate and to unify to achieve success.

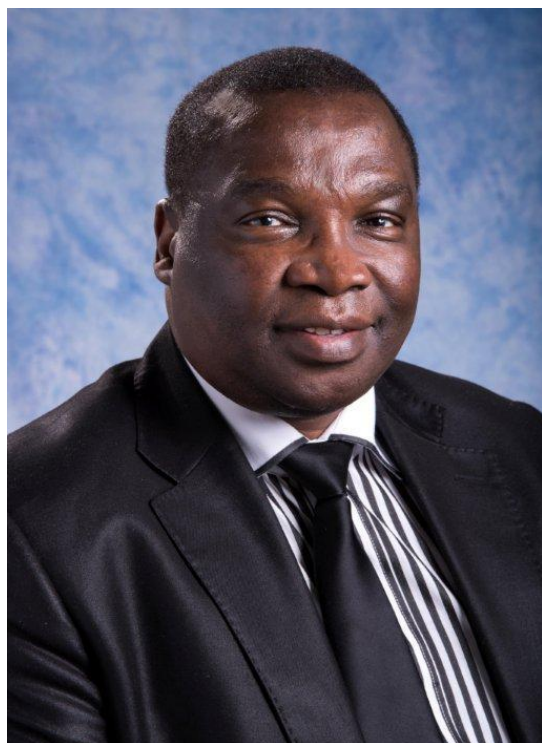
The COVID-19 pandemic has however, severely strained our economy, stalled planned development and impacted budgets. Despite this, we continued to push forward, to deliver basic services to our residents and to support government's directives in the fight to keep our residents safe. Our sincere and heartfelt condolences go out to all who have lost loved ones in these difficult and demanding times.

Victory in the battle against the COVID-19 virus cannot be claimed yet, but it is this collaboration and unity that will see us through the uncertain times ahead.

**Ald HM Jansen**  
**Executive Mayor**

## 1.2 EXECUTIVE SUMMARY

### 1.2.1 MUNICIPAL MANAGER'S OVERVIEW



Reflecting on the 2019/20 financial year, I am pleased to report that the Langeberg Municipality has performed well with service delivery, governance and financial management.

Service delivery in the 2019/2020 financial year was challenging due to, amongst other challenges, the outbreak of COVID-19, which was declared a global pandemic due to its rapid spread throughout the world.

The South African government responded to the virus with a Risk Adjusted Strategy to delay the rate at which the virus was transmitted and on 15 March 2020, a national state of disaster was declared, which enabled the rapid and effective implementation of integrated and coordinated emergency response systems to safeguard the health and wellbeing of South African citizens against this threat to the nation and economy.

Twelve days later, a nation-wide lockdown was implemented, restricting all South Africans, except essential service workers, to their homes. This helped to contain the

spread of COVID-19 and bought government valuable time to strengthen the public health response and to prepare health facilities for the inevitable increase in infected people needing hospitalisation. Unfortunately, it also caused serious economic fallout.

The lockdown had a damaging impact on our economy and threatened the livelihoods of our people. It severely affected exports, tourism, production, business viability, job creation and job retention.

#### **Impact on Local Government**

Businesses had to close down and only essential service businesses could be operational. This caused Langeberg Municipality to face increased operational and budgetary challenges, such as, but not limited to:

- Revenue collection being negatively affected by the sharp economic downturn on businesses and households. Some non-essential industries closed its businesses for an extended period and informal traders were unable to sell their products at designated areas;
- A direct increase in poverty and indigent support;
- Growing informal settlements and illegal land invasion, increasing demand for access to basic services;
- Municipal parks, community halls, sports facilities, the public swimming pool, and libraries had to close, security services had to be put in place and no access or rental income could be generated;
- Supply chain and capital project processes had to be put on hold, or were even cancelled;
- The Municipal Capital Budget was not spent as planned;
- Expenditure on salaries paid to personnel who could not work;
- Restricted Public Participation; and,
- Additional and unplanned expenses towards protective equipment and sanitizing protocols

#### **Key Interventions required**

The impact on our local economy and businesses has been significant and it will affect us for some time to come. It has also tested our flexibility to adapt to a new normal and a changed way of doing things. The following interventions are required to bring about much-needed change:

- Developing and maintaining a database of community information and contact details;

- Identifying community leaders in all wards and local sectors to lead and drive community participation;
- Closer collaboration with all role players to establish mechanisms for gaining inputs and feedback;
- Setting-up essential service office staff to be able to work from home;
- Creating a conducive environment for economic development;
- Shifting minds towards using online payment methods or external vendor pay-points, instead of going to a municipal office to pay accounts and traffic fines;
- New protocols for funeral arrangements; and
- Amending procurement plans and briefing sessions

Despite these new challenges and interventions put in place, progress was made through a collaboration of political will, accountable, administrative governance and committed support of all other government spheres.

Key performance indicators and targets were assigned to each of the five municipal strategic goals, which included service delivery improvements. These indicators have been measured and monitored on a monthly basis throughout the year.

COVID-19 and the lockdown greatly impacted our performance in terms of these five goals and targets in the last quarter of the 2019-2020 reporting year. Delivering basic services to our communities however, continued non-stop. The budgets of projects which could not be completed will roll over for completion in the next financial year.

Some achievements and challenges for each strategic objective follow below:

#### **SO1 - Facilitate integrated human settlements and improved living conditions of all households**

One of the municipality's major challenges is the continued spate of illegal squatters in the Langeberg area. This puts pressure on service delivery, financial viability and a housing backlog that cannot be met. The municipality however continues the push for integrated communities and improved living, as the following projects are testament to:

- The municipality provided free basic services to 6 738 indigent consumers;
- Some 101 signed Offer-to-Purchase contracts were provided to attorneys for the registration of title deeds. Our target of at least having 150 deeds registered was not met, due to the lockdown halting processes. Another factor slowing down these transfers is the fact that it is entirely dependent on families resolving disputes before an offer to purchase can even materialise;
- Projects for the reconstruction of streets, improved storm water drainage and an upgraded bus route in Nkqubela were all completed on target; and,
- A Sport and Recreation Framework was submitted to Council

#### **SO2 - Provide and maintain infrastructure to provide basic services to all citizens**

In response to the need identified in the IDP, the largest portion of the municipality's 2019/2020 capital spend was allocated towards the upgrading of electricity bulk infrastructure.

Successfully completed projects aimed at providing and improving basic services, included:

- 100% of water samples tested complied with SANS241 micro biological indicators, exceeding the target of 95%;
- 99,70% of the total amount budgeted for the replacement and repair of streetlights was spent, exceeding the target of 95%;
- 98.52% of the total amount budgeted for new connections was spent, exceeding the target of 95%;
- 97.45% of the total amount budgeted for the replacement of pre-paid meters was spent, exceeding the target of 95%; and,
- 109.99% of the total amount budgeted for the construction of paved roads, to upgrade gravel roads, was spent, exceeding the target of 95%

### **SO3 - Promote an enabling environment for economic growth and decent employment**

The huge economic fallout due to COVID-19 and the lockdown seriously hampered economic growth and job creation. The municipality however, managed to exceed our set target of creating 450 job opportunities by 40 when 490 job opportunities were created through the EPWP.

### **SO4 - A responsive and accountable administration**

2019-2020 tested our flexibility to adapt to a new normal, which seriously compromised the meeting of some deadlines.

Our push for good governance however, saw us responding to the changed environment by meeting set targets for statutory requirements and the delivery of accountable, administrative services. By meeting these targets, the administration was not exposed to undue risk:

- Developing an Audit Action Plan from the final management report issued by the AG;
- Developing a Risk Based Audit Plan;
- Submitting the final reviewed IDP to Council;
- Submitting the Mid-Year Performance Report in terms of Section 72 of the MFMA to Council;
- Submitting the Top Layer SDBIP to the Executive Mayor;
- The target to recycle 2 000 tons of domestic waste was exceeded by 23.42 tons;
- Completing the review of the SDF and submitting it to Council; and,
- Spend 95% of the total amount budgeted to upgrade ICT Infrastructure

It is however unfortunate and mainly due to the lockdown, that only 79.07% of the total capital budget was spent on projects as at 30 June 2020, not meeting the target of spending at least 95.00% of the budget. An application was made to have the budgets of unfinished projects roll over to the next financial year, though

### **SO5 - Sound Financial Management: Adherence to all laws and regulations applicable to Local Government**

The 2019/2020 financial year was taxing on financial management. The budget could not be spent as planned, provision for unplanned expenses had to be made and staff working from home during lockdown, were strained to meet statutory requirements.

The following targets were however met, ensuring adherence to laws and regulations:

- Submitting the final annual budget to Council;
- Submitting monthly reports in terms of Section 71 of the MFMA to Council;
- Achieving a debtor payment percentage of 98%; and,
- 105.74% of the total amount budgeted for the replacement and repair of the electricity network was spent, exceeding the target of 95%

In conclusion, the municipality remained committed to achieve the Council's objectives aimed at improving the lives and prospects of our residents. Although faced with major challenges and uncertainty, our passion and dedication allowed us to continue the promotion of good governance, accountability, financial health and improved service delivery to our citizens.

I herewith present this 2019/2020 Annual Report.

**SA Mokweni**  
**Municipal Manager**

## 1.2.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### 1.2.2.1 Municipal Functions

In accordance with Section 155/156 of the Constitution and Chapter 3 of the Municipal Systems Act, 2000 (Act no. 32 of 2000), the broad functions and powers of the municipality are tabled in this Annual Performance Report.

Langeberg Municipality is a Category B municipality that shares municipal executive and legislative authority with the Cape Winelands District Municipality.

### 1.2.2.2 Access to Basic Services and Housing

Access to basic services such as potable water, basic sanitation, safe energy sources and refuse removal services ensures that the 28 401 households within the Langeberg Municipality, enjoy a decent standard of living. To satisfy these basic requirements, the municipality contributed as follows to the functions below (StatsSA's Community Survey 2016). *The next household survey, which includes municipal level access to household services, will be the Census in 2021.*

**Water:** Access to potable water in Langeberg was recorded at 98.3%.

**Sanitation:** An estimated 92.6% of households in Langeberg had access to basic sanitation services.

**Electricity:** Langeberg Municipality's household access level to electricity was 94.7%.

**Refuse removal:** The household access level to refuse removal in the Langeberg municipal area was 79.3%.

**Housing:** 89.3% have access to housing in the form of a formal dwelling.

**Roads:** Road construction and maintenance are costly. Addressing inherited backlogs, coupled with funding constraints, remain a persistent challenge.

Table 1: Basic Services

| Non-Financial Census of Municipality                                                      | 2017/2018 | 2018/2019 | 2019/2020 |
|-------------------------------------------------------------------------------------------|-----------|-----------|-----------|
| Number of formal residential properties that receive piped water                          | 13 093    | 14 142    | 14 211    |
| Number of indigent households receiving free basic water                                  | 6 794     | 6 665     | 6 516     |
| Number of residential properties which are billed for electricity or have pre-paid meters | 16 858    | 15 201    | 17 062    |
| Number of indigent households receiving free basic electricity                            | 6 977     | 6 954     | 6 704     |
| Number of residential properties which are billed for sanitation/sewerage                 | 13 837    | 14 619    | 14 676    |
| Number of indigent households receiving free basic sanitation services                    | 6 929     | 6 828     | 6 585     |
| Number of residential properties which are billed for refuse removal                      | 14 432    | 14 664    | 14 747    |
| Number of indigent households receiving free basic refuse removal services                | 6 940     | 6 836     | 6 593     |

#### 1.2.2.2.1 Free Basic Services

As per the Constitution, it is the responsibility of the local sphere of government to provide services that satisfy the basic needs of its citizens. The Municipal Systems Act 32 of 2000 in turn defines basic municipal services as those necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health or safety or the environment. Such basic services include, but are not limited to the provision of



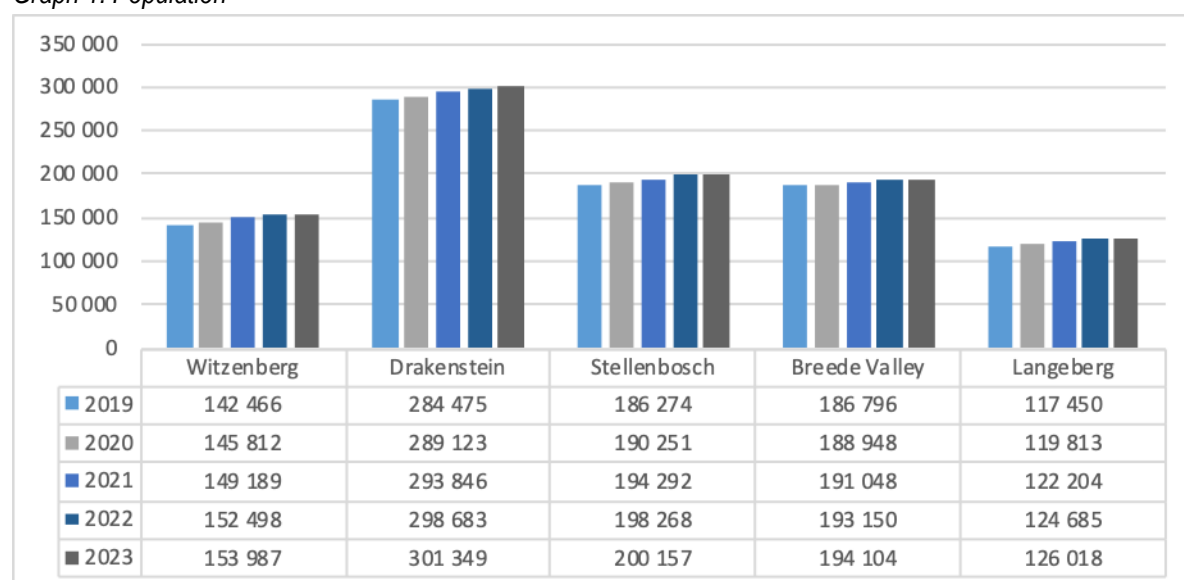
water, sewage collection and disposal, refuse removal, municipal health services, street lighting, parks and recreation facilities etc.

Government however provides a basket of free basic services (water, sanitation, refuse removal and electricity) which aims to improve the lives of the poorest and most vulnerable communities. To qualify for the basket of free basic services, a household must be classified as an indigent household as per the criteria determined by individual local municipalities. In general, a household is classified as indigent when the occupants in said households earn a combined income of less than a certain amount (poverty threshold) defined by the indigent policy of a municipality at that point in time. Municipalities review their indigent policies (and as such the determined amount) on an annual basis to bring the defined amount in line with reigning socio-economic conditions. According to StatsSA, in 2017 most municipalities classified an indigent household as a family earning a combined income of less than R3 200 per month.

The figure above illustrates access to free basic services. Indigent households qualify for free basic water, electricity, sanitation and waste removal services. In 2020, the Langeberg municipal area had 6 738 indigent households, 292 households less compared to 2017.

### 1.2.2.3 POPULATION

Graph 1: Population



With a population of 117 450, Langeberg is currently the smallest municipality within the Cape Winelands District (CWD). The total population is estimated to increase to 126 018 by 2023 which equates to a 1.8% annual average growth rate. The estimated population growth rate of Langeberg is therefore slightly above the estimated population growth of the CWD of 1.5%.

### 1.2.2.3.1 Age Cohorts

Table 2: Age Cohorts

| Langeberg: Age Cohorts, 2019 – 2025 |                          |                              |          |                  |
|-------------------------------------|--------------------------|------------------------------|----------|------------------|
| Year                                | Children<br>0 – 14 Years | Working Age<br>15 – 64 Years | Aged 65+ | Dependency Ratio |
| 2019                                | 35 318                   | 75 400                       | 6 732    | 55,8             |
| 2022                                | 37 125                   | 80 044                       | 7 516    | 55,8             |
| 2025                                | 38 750                   | 84 311                       | 8 079    | 55,5             |
| Growth                              | 1,6%                     | 1,9%                         | 3,1%     | -                |

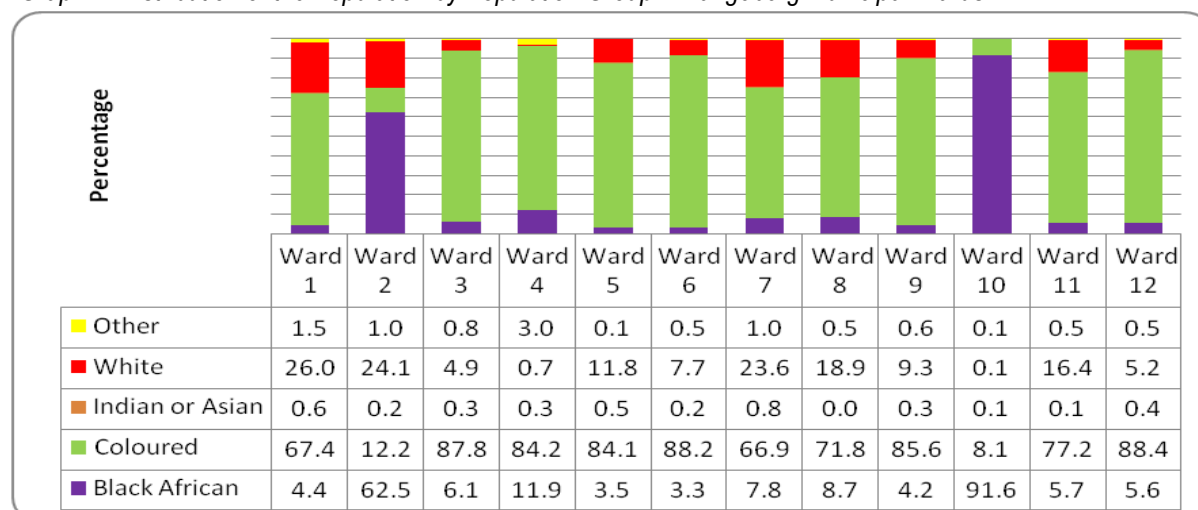
The above table depicts the Langeberg population composition per age cohorts. These groupings are also expressed as a dependency ratio which in turn, indicates who are part of the workforce (Age 15 - 64) and who are depending on them (children and seniors). A higher dependency ratio means a higher pressure on social systems and the delivery of basic services.

Between 2019 and 2025, the largest population growth will be recorded in the age cohort which grew at an annual average rate of 3.1%. The child and working age cohorts in turn only grew by 1.6% and 1.9% respectively. In Langeberg, the dependency ratio remains unchanged at 55.8% between 2019 and 2022, however, in 2025, it will decrease to 55.5%.

### 1.2.2.3.2 Population Reality and Implications

**Size:** Langeberg has the lowest population within the Cape Winelands District, which is estimated at 104 289 in 2018. According to population forecasts by the Department of Social Development, Langeberg Municipality's population will continue to grow at a rate of 4.4% on average per annum and it is projected to reach 125 937 by 2020.

Graph 2: Distribution of the Population by Population Group in Langeberg Municipal Wards



**Age/Gender:** When comparing the shape of the 2015 and 2020 population pyramids, population increases are expected at the younger ages, particularly 10 to 14 years, as well as in the working age population between 35 and 44 years. This holds particular implications for the provision of educational facilities and services related to children about to enter (and already attending) high school. The growth in the labour force will result in a greater need for employment opportunities.

## **1.2.2.4 ENVIRONMENTAL REALITY AND NATURAL RESOURCES**

### **1.2.2.4.1 Land-use**

The Premier of the Province of the Western Cape has assented to Act no 3 of 2014: Western Cape Land Use Planning Act, 2014 (LUPA), which was published in Provincial Gazette Extraordinary, 7250, for general information on 7 April 2014.

The Langeberg Municipal Land Use Planning By-Law, May 2015, was published (PN 264/2015) for general information on 30 July 2015.

The Langeberg Integrated Zoning Scheme By-Law, 2018 was published (PN 71/2018) for general information on 18 May 2018.

### **1.2.2.4.2 Solid Waste Management**

There is a need to move away from the landfill bias towards integrated waste management. The closure and rehabilitation of waste disposal facilities became increasingly expensive. Lacking the necessary resources and staff capacity, most municipalities find it difficult to comply.

More waste minimisation projects and infrastructure is needed to:

- increase the recovery of recyclable waste material;
- save landfill airspace;
- promote the waste economy;
- reduce the environmental impacts of waste management; and,
- create more jobs.

### **1.2.2.4.2 Waste Minimisation**

The Langeberg Solid Waste Management Department engages in multiple waste minimisation, reuse and recycling initiatives. Besides offering separation at source for the main towns, the municipality provides educational programmes that drive and increase the community's levels of participation. The municipal newsletter is used to encourage waste minimisation and spread useful information on recycling.

With regard to solid waste management, the municipality conducts internal and external audits on all sites as required, with an average of between 60% to 85% compliance in terms of waste licence conditions. The municipality delivers waste removal, storage and disposal services in a manner that does not conflict with national or provincial norms and standards.

All the waste management facilities which trigger waste listed activities, are licensed/authorised in terms of the National Environmental Management: Waste Act, 59 of 2008.

### **1.2.2.4.3 Air Quality**

There are good intergovernmental relations, between the Department of Environmental Affairs and Development Planning and the Cape Winelands District Municipality, on air quality matters. An Air Quality Management Plan for the Langeberg Municipal area has been approved on Friday, 24 January 2020 and the Air Quality By-law for the Langeberg Municipal area was promulgated in the Provincial Gazette Extraordinary, 8194.

### **1.2.2.4.4 Climate Change and Global Warming**

Climate change has a direct impact on the municipality's ability to meet service delivery objectives.

The following measures were implemented to improve Langeberg Municipality's response to climate change and global warming, in line with the Climate Change Response Strategy of the Western Cape Government, which aims to reduce greenhouse emissions and to help citizens adapt socially and economically to climate change:

- Employment of cleaner production methods;
- Minimizing resource use and wastage by improving water and energy efficiencies;
- Waste minimisation;
- An Air Quality Management Plan and approved Air Quality by-law;
- A Disaster Management Plan with disaster risk assessments; and,
- Improved institutional capacity to coordinate environmental management

### 1.2.2.5 Economic Sector Performance

In the Langeberg municipal area, the local economy was dominated by the wholesale & retail trade, catering and accommodation (R1 280.3 billion; 18.9%), followed by manufacturing (R1 220.4 billion; 18%) and finance, insurance, real estate and business services (R1 124.7 billion; 16.6%) in 2017. Combined, these top three sectors contributed R3 625.4 billion (or 53.4%) to Langeberg's economy, estimated to be worth R6 788.0 billion in 2017.

Table 3: GDP performance per sector, 2008 - 2017

| Langeberg: GDP performance per sector, 2008 – 2017  |                              |                      |             |              |                     |             |              |             |             |
|-----------------------------------------------------|------------------------------|----------------------|-------------|--------------|---------------------|-------------|--------------|-------------|-------------|
| Sector                                              | Contribution to GDP (%) 2017 | R million value 2017 | Trend       |              | Real GDP growth (%) |             |              |             |             |
|                                                     |                              |                      | 2008 - 2017 | 2014 – 2018e | 2014                | 2015        | 2016         | 2017        | 2018 e      |
| Primary sector                                      | <b>14,5</b>                  | <b>984,0</b>         | <b>2,3</b>  | <b>-0,1</b>  | <b>7,4</b>          | <b>-3,7</b> | <b>-10,5</b> | <b>10,0</b> | <b>-3,9</b> |
| Agriculture, forestry & fishing                     | 14,3                         | 973,4                | 2,3         | -0,1         | 7,4                 | -3,7        | -10,6        | 10,1        | -3,9        |
| Mining & quarrying                                  | 0,2                          | 10,6                 | 0,6         | 1,1          | 7,1                 | -1,0        | 1,0          | 1,1         | -2,8        |
| Secondary sector                                    | <b>25,3</b>                  | <b>1 717,7</b>       | <b>-0,2</b> | <b>0,2</b>   | <b>0,7</b>          | <b>0,3</b>  | <b>-0,9</b>  | <b>0,2</b>  | <b>0,5</b>  |
| Manufacturing                                       | 18,0                         | 1 220,4              | -1,1        | -0,5         | -0,2                | -0,4        | -1,6         | -0,8        | 0,5         |
| Electricity, gas & water                            | 2,1                          | 141,8                | 1,5         | 2,7          | 0,3                 | -0,8        | -2,5         | 14,7        | 1,7         |
| Construction                                        | 5,2                          | 355,5                | 4,3         | 2,3          | 5,0                 | 3,5         | 2,4          | 0,5         | 0,1         |
| Tertiary sector                                     | <b>60,2</b>                  | <b>4 086,4</b>       | <b>4,5</b>  | <b>3,3</b>   | <b>4,4</b>          | <b>3,8</b>  | <b>2,9</b>   | <b>2,9</b>  | <b>2,6</b>  |
| Wholesale & retail trade, catering & accommodation  | 18,9                         | 1 280,3              | 4,0         | 2,7          | 3,4                 | 4,1         | 3,1          | 1,3         | 1,5         |
| Transport, storage & communication                  | 10,4                         | 703,4                | 5,0         | 3,9          | 6,1                 | 3,5         | 2,7          | 3,9         | 3,1         |
| Finance, insurance, real estate & business services | 16,6                         | 1 124,7              | 6,1         | 5,0          | 5,8                 | 5,8         | 4,0          | 5,2         | 4,3         |
| General government                                  | 7,9                          | 538,5                | 2,5         | 0,7          | 3,0                 | 0,0         | 0,0          | -0,4        | 0,7         |
| Community, social & personal services               | 6,5                          | 439,5                | 3,0         | 2,4          | 2,9                 | 2,3         | 2,5          | 2,7         | 1,6         |
| Total Langeberg                                     | 100                          | 6 788,0              | 2,8         | 2,0          | 4                   | 1,7         | -0,2         | 3,3         | 1,1         |

Source: Quantec Research, 2019 (e denotes estimate)

The 10-year trend shows that Langeberg's economy grew by 2.8% annual average but tapered down to 2.0% annual average from 2014 to 2018 (estimated). From 2007 to 2018, the finance, insurance, real estate & business services registered the highest average growth rates (6.1%), followed by the transport, storage and communication sector (5.0%) and construction (4.3%). The manufacturing sector contracted by 1.1% from 2008 to 2017.

Growth in the agriculture, forestry and fishing sector was robust at 10.1% in 2017, however, the sector it is estimated to contract by 3.9% in 2018 as the effects of the drought becomes visible.

### 1.2.2.6 Labour

This section highlights key trends in the labour market within the Langeberg municipal area, starting with employment data per sector, a breakdown of current skill levels in the labour force as well as the unemployment rates. The agriculture, forestry and fishing sector contributed the most jobs in the Langeberg municipal area in 2017 (14 023 or 26.7%), followed by the wholesale and retail trade, catering and accommodation sector (12 249 or 23.3%) and finance, insurance, real estate & business services sector (6 583 or 12.5%).

Table 4: Langeberg trends in labour force skills, 2006 - 2017

| Langeberg: Trends in labour force skills, 2006 – 2017 |                              |                    |                     |               |
|-------------------------------------------------------|------------------------------|--------------------|---------------------|---------------|
| Formal employment by skill                            | Skill level contribution (%) | Average growth (%) | Number of jobs 2016 |               |
|                                                       | 2017                         | 2014 - 2018e       | 2017                | 2018e         |
| Skilled                                               | 16,2                         | 3,9                | 5 116               | 5 299         |
| Semi-skilled                                          | 37,1                         | 4,3                | 11 739              | 12 183        |
| Low skilled                                           | 46,7                         | 3,7                | 14 748              | 14 821        |
| <b>Langeberg</b>                                      | <b>100.0</b>                 | <b>3.9</b>         | <b>31 603</b>       | <b>32 303</b> |

Source: Quantec Research, 2019 (e denotes estimate)

The majority of workers in the Langeberg labour force in 2017 was dominated by low skilled workers (46.7%) and only 16.2% were skilled. The number of semi-skilled workers increased by 4.3% during the period of 2014 and 2018 followed by 3.9% increase in skilled workers.

Table 5: Langeberg employment growth per sector 2006 – 2017

| Langeberg: Employment growth per sector 2006 – 2017 |                                |                |               |              |                         |              |             |              |             |
|-----------------------------------------------------|--------------------------------|----------------|---------------|--------------|-------------------------|--------------|-------------|--------------|-------------|
| Sector                                              | Contribution to employment (%) | Number of jobs | Trend         |              | Employment (net change) |              |             |              |             |
|                                                     | 2017                           | 2017           | 2008 - 2017   | 2014 – 2018e | 2014                    | 2015         | 2016        | 2017         | 2017e       |
| <b>Primary sector</b>                               | <b>26,7</b>                    | <b>14 043</b>  | <b>-6 439</b> | <b>438</b>   | <b>-893</b>             | <b>3 148</b> | <b>-774</b> | <b>-642</b>  | <b>-401</b> |
| Agriculture, forestry & fishing                     | 26,7                           | 14 023         | -6 435        | 438          | -895                    | 3 148        | -773        | -643         | -399        |
| Mining & quarrying                                  | 0,0                            | 20             | -4            | 0            | 2                       | -            | -1          | 1            | -2          |
| <b>Secondary sector</b>                             | <b>13,6</b>                    | <b>7 150</b>   | <b>591</b>    | <b>486</b>   | <b>200</b>              | <b>130</b>   | <b>-6</b>   | <b>132</b>   | <b>30</b>   |
| Manufacturing                                       | 8,7                            | 4 580          | -80           | 18           | 40                      | 93           | -124        | 88           | -79         |
| Electricity, gas & water                            | 0,2                            | 107            | 35            | 8            | 4                       | 7            | 1           | 1            | -5          |
| Construction                                        | 4,7                            | 2 463          | 636           | 460          | 156                     | 30           | 117         | 43           | 114         |
| <b>Tertiary sector</b>                              | <b>59,7</b>                    | <b>31 331</b>  | <b>11 221</b> | <b>5 105</b> | <b>1219</b>             | <b>1 512</b> | <b>-73</b>  | <b>1 599</b> | <b>848</b>  |
| Wholesale & retail trade, catering & accommodation  | 23,3                           | 12 249         | 4 400         | 2 097        | 348                     | 679          | 10          | 838          | 222         |
| Transport, storage & communication                  | 3,8                            | 1 996          | 1 042         | 309          | 71                      | 200          | -125        | 125          | 38          |
| Finance, insurance, real estate & business services | 12,5                           | 6 583          | 2 913         | 1 693        | 360                     | 410          | 71          | 323          | 529         |
| General government                                  | 6,1                            | 3 199          | 720           | 174          | 182                     | -43          | 75          | -92          | 52          |
| Community, social & personal services               | 13,9                           | 7 304          | 2 146         | 832          | 258                     | 266          | -104        | 405          | 7           |
| <b>Total Langeberg</b>                              | <b>100</b>                     | <b>52 524</b>  | <b>5 373</b>  | <b>6 029</b> | <b>526</b>              | <b>4 790</b> | <b>-853</b> | <b>1 089</b> | <b>477</b>  |

Source: Quantec Research, 2019 (e denotes estimate)

The agriculture, forestry and fishing sector in the Langeberg municipal area reported net job losses (-6 435) between 2008 and 2017. This is a major cause for concern considering the significant contribution of the sector to the Langeberg economy. The sector which reported the largest increase in jobs between 2008 and 2017 was wholesale and retail trade, catering and accommodation (4 400) followed by finance, insurance, real estate and business services (2 913), community, social and personal services sector (2 146) and transport, storage and communication (1 042).

Table 6: Unemployment Rates for the Western Cape (%)

| Unemployment Rates for the Western Cape (%) |      |      |      |      |      |      |      |      |      |      |      |
|---------------------------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Area                                        | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Langeberg                                   | 4,0  | 4,9  | 6,0  | 6,2  | 6,1  | 5,7  | 6,0  | 5,2  | 5,9  | 6,2  | 6,2  |
| Cape Winelands District                     | 6,9  | 8,1  | 9,4  | 9,6  | 9,4  | 8,9  | 9,3  | 8,3  | 9,1  | 9,6  | 9,5  |
| Western Cape                                | 12.7 | 14.0 | 15.4 | 15.5 | 15.6 | 15.5 | 15.9 | 15.9 | 17.1 | 17.8 | 17.7 |

Source: Quantec Research, 2019 (e denotes estimate)

Over the last decade, the unemployment rate has been rising steadily. Unemployment in the Langeberg municipal area started at 4.0% in 2008, rising steadily to reach 6.0% in 2010, where after hovering around 6% till 2014, then lowered to 5.2% in 2015 where after it edged up to 6.2% in 2018. The Langeberg unemployment of 6.2% in 2018 is lower than the CWD's 9.5 and the Western Cape's 17.7%.

### 1.2.2.7 Poverty

This section shows living conditions and economic circumstances of households in the Langeberg municipal area based on the most recent data including StatsSA Non-Financial Census of Municipalities 2016 and Quantec. Economic theory suggests that when an economy prospers its households are expected to enjoy a good standard of living. On the contrary, a declining economy tends to lower the standards of living of people.

This section uses indicators in terms of GDP per capita, income inequality, human development, as well as indigent households and free basic services to show the current reality of households residing in the Langeberg municipal area. One key feature emerging from the research evidence is that South Africa has made progress in reducing poverty since 1993, with real earnings at the lower end income groups increasing. But, as the diagnostic overview explains, "per capita income growth is only one indicator of a region's wellbeing. It tells us how much income there is to share but does not communicate the distribution of that income."

In South Africa, as Professor Murray Leibbrandt from the Southern Africa Labour and Development Research Unit points out, income shares are stacked towards the top 10%, with the lowest 5.0% of the population getting hardly any of the income. This is a major sign of the growing inequality in our country. Despite this widening gap between the rich and the poor, social grants like the child support grant have undeniably had a significant impact on the lower and middle-income groups. The deteriorating financial health of households and individuals under the weight of economic pressures, specifically between 2011 and 2015, has resulted in an increase in the poverty levels, according to the Poverty Trends in South Africa report released by StatsSA in 2017.

The report cites rising unemployment levels, low commodity prices, higher consumer prices, lower investment levels, household dependency on credit, and policy uncertainty as the key contributors to the economic decline in recent times. These recent findings indicate that the country will have to reduce poverty at a faster rate than previously planned. According to the report the categories of people vulnerable to poverty remained to be African

females, children 17 years and younger, people from rural areas, and those with no education. Inflation-adjusted poverty lines show that food poverty increased from R219 in 2006 to R531 per person per month in 2017. The lower-bound poverty line has increased from R370 in 2006 to R758 per person per month in 2017 while the upper-bound poverty line has increased from R575 in 2006 to R1 138 per person per month in 2017.

#### 1.2.2.8 Indigent Households

The objective of the indigent policies of municipalities is to alleviate poverty in economically disadvantaged communities.

*Table 7: Indigent Households*

| Area      | 2016/2017 | 2017/2018 | 2018/2019 | 2019/2020 |
|-----------|-----------|-----------|-----------|-----------|
| Langeberg | 7 265     | 7 478     | 6 954     | 6 738     |

*Table 8: Basic Service Delivery Challenges as at June 2020*

| Informal settlement area | Number of | Challenges                                               |
|--------------------------|-----------|----------------------------------------------------------|
| Nkanini, Nkqubela        | 677       | 5 X Water Tanks, Limited water access points and toilets |
| Robertson North          | 142       | 2 X Water Tanks, Water Taps, No access to Sanitation     |
| Nkandla, Zolani          | 377       | 2 X Water Tanks, No access to sanitation                 |
| Riemvasmaak, Ashton      | 135       | 2 X Water Tanks, No access to sanitation                 |
| Mandela Square, Montagu  | 161       | Limited water access points and toilets                  |
| Boekenhoudskloof,        | 259       | Limited water access points and toilets                  |
| McGregor                 | 32        | Limited access to water and sanitation                   |

### 1.2.3 FINANCIAL HEALTH OVERVIEW

Table 9: Financial Overview

| Financial Overview - Year 2019/2020 |                 |                   |             |
|-------------------------------------|-----------------|-------------------|-------------|
| Details                             | Original Budget | Adjustment Budget | Actual      |
| Income                              |                 |                   |             |
| Grants                              | 131,999,040     | 169,201,019       | 159,636,211 |
| Taxes, Levies and tariffs           | 513,645,240     | 513,645,240       | 613,358,772 |
| Other                               | 47,463,890      | 42,558,076        | 42,453,225  |
| Sub Total                           | 693,108,170     | 725,404,335       | 730,541,758 |
| Less Expenditure                    | 680,022,870     | 686,225,052       | 631,395,090 |
| Net Total*                          | 13,085,300      | 39,179,283        | 99,146,668  |
| *Note: surplus/deficit)             |                 |                   |             |

The following table highlights some key financial management challenges experienced in 2019 / 2020.

- Financial system functionality

Table 10: Key Financial Challenges and Interventions

| Key Financial Challenges and Interventions                                                                                                                     |                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Challenges                                                                                                                                                     | Interventions                                                                                                                            |
| Improving the current turnaround time in populating financial information for financial reporting purposes.                                                    | Upgrading of the PROMUN financial system to its full capacity, to timely generate financial information for improved financial reporting |
| Ensuring more effective, efficient and improved interpretation of financial information, to make informed decisions throughout the financial planning process. | Linking the Stores requisition system to Collaborator for the electronic processing of transactions                                      |
| Development and implementation of a long-term financial plan to ensure long term financial sustainability                                                      | Implementing the Municipal Standard Chart of Accounts (mSCOA)                                                                            |
|                                                                                                                                                                | Updating the Accounting Policy in the financial statements to ensure consistency with the treatment of capitalized restoration cost      |
| Debt collection: Outstanding debts of more than 90 days are increasing                                                                                         | Third Party Vending Project = on-going                                                                                                   |
| The high rate of staff turnover negatively affects productivity. Trained staff is lost - many within a short space of time.                                    | Debt collection (long outstanding) by external service provider = on-going                                                               |
|                                                                                                                                                                | Investigate the viability of outsourcing external pay points through third party vending in the future                                   |
|                                                                                                                                                                | General Valuation                                                                                                                        |
| Timely processing of requisitions during high volume periods (at the beginning of a financial year and before cut-off date for requisitions)                   | Updating of the Suppliers Database to ensure that no duplicate suppliers are registered thereon                                          |
|                                                                                                                                                                | Ensure implementation of the SCM Policy i.t.o. action                                                                                    |



| Key Financial Challenges and Interventions              |                                                                                                                                                                                                                   |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Challenges                                              | Interventions                                                                                                                                                                                                     |
| Verification of false information supplied by suppliers | <p>taken against suppliers providing false information</p> <p>Develop staff capacity, to give effect to all SCM functions as prescribe in the SCM regulations</p> <p>Develop efficiency on demand management.</p> |

### 1.2.3.1 Financial Health

Based on the operating ratios provided below as well as endorsed by the opinion of the Auditor General, the municipality is of sound financial health.

*Table 11: Operating Ratios*

| Operating Ratios               |        |          |                    |                                  |
|--------------------------------|--------|----------|--------------------|----------------------------------|
| Detail                         | %      | Expected | Variance from norm | Comment                          |
|                                |        | Norm     |                    |                                  |
| Employee Cost                  | 29.62% | 30%      | 0.38%              | Below industry norm              |
| Repairs & Maintenance          | 2.95%  | 8%       | 5.05%              | Below industry norm              |
| Finance charges and Impairment | 0.63%  | 12%      | 11.37%             | Low reliance on external funding |

*Table 12: Total Capital Expenditure*

| Total Capital Expenditure |           |           |           |                                                                   |
|---------------------------|-----------|-----------|-----------|-------------------------------------------------------------------|
| Detail                    | 2017/2018 | 2018/2019 | 2019/2020 | Comments on variations between                                    |
|                           |           |           |           | Actual and Adjustment Budgets                                     |
| Original Budget           | 56 671    | 88 111    | 95 434    | Various factors contributed to the capital budget not fully spent |
| Adjustment Budget         | 58 674    | 101 331   | 83 732    |                                                                   |
| Actual                    | 53 626    | 93 290    | 66 210    |                                                                   |

## 1.2.4 RISK ASSESSMENT

The organisational risks for 2019/2020 were assessed and a Risk Register was developed. The Langeberg Municipality's strategic risks and mitigation measures follow below:

*Table 13: Strategic Risks and Mitigating Measures*

| Langeberg Municipality's Strategic Risks                                                                                                                            | Mitigating Measures to be Implemented                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The risk of illegal electricity connections.                                                                                                                        | The municipality sends out notices regarding the disconnection of electricity supply to households identified of providing electricity to other households by means of illegal connections. Disconnection of electricity supply and reviewing of indigent status of households in default of providing electricity by means of illegal connections.                                                                                                                                                                                                                                                                                                                                     |
| The risk of water, sewerage and roads infrastructure deteriorating due to lack of maintenance.                                                                      | Additional provision made in the maintenance votes. Enhanced consultation between Budget Office and Engineering Services during budgeting processes, to ensure prioritisation of funding for maintenance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| The risk of flood damage caused by storm water due to the inadequate storm water systems.                                                                           | Storm water master plans were developed and updated. Cleaning of storm water systems in the municipal area. The municipality uses a high-pressure pipe cleaning machine to clean the channels on a rotational basis between all towns. Ensure that all complaints receive due attention by reconciling the complaints received, with the job cards completed for each complaint attended to.                                                                                                                                                                                                                                                                                            |
| The risk that the municipality may have difficulties with implementing Municipal Standard Chart of Accounts (mSCOA), the new financial-reporting regulatory reform. | Assistance available from the budget manager on a regular basis in the allocation of items in the new standard chart of accounts.<br>Logic was built into the vote numbers to ensure that the correct vote numbers are being used (e.g. expense item, departmental code and 7 segments).<br>SCM officials verify requisitions against the budget book to identify whether the correct vote no. are transacted against. Old vote numbers and old vote descriptions are included in the budget book with mSCOA vote number and description for verification. The municipality has initiated the process of procuring an Enterprise Resource Planning-system that will be mSCOA compliant. |
| The risk that the capital budget for engineering might be underspend.                                                                                               | Reduction in scope of work in order to spend funds as the budgeted amounts are not adequate to complete projects. Application for roll over of projects as tender amounts received are too high (exceeding budgeted amounts).                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| The risk that the municipality is approaching a shortage of cemetery space in all towns.                                                                            | Consultant was appointed to identify possible sites for cemetery space. Environmental Impact Assessment permission has been received for the expansion of Ashton Silo's cemetery.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

|                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The risk that service delivery to the public may be unsatisfactory due to vacancies in critical positions.                                                                                                     | Review of organisational structure to reflect actual operational processes. The following activities to be implemented: Adopting of a scarce skills policy, Succession planning and career pathing, Individual performance management system, and Implementation of provision of external bursaries.                                                                                                                                                                                      |
| The financial viability is put under strain due to COVID-19 implications and by the additional influx of people in the area that do not contribute to the revenue stream, but for which services are provided. | The financial situation of the municipality is monitored on a daily basis. Reports indicating the liquidity ratios are generated and monitored to ensure that the municipality is financially viable. Appointment of Red Ant Security Relocation and Eviction Services to assist with illegal land invasion.                                                                                                                                                                              |
| The risk that community facilities may be vandalized.                                                                                                                                                          | EPWP as security officials have been appointed at the Van Zyl§, Cogmanskloof, Happy Valley, King Edward, Zolani, Nkqubela sports field. Community & Stakeholder Involvement is undertaken frequently. Additional EPWP security are appointed for Dirkie Uys swimming pool over weekends and public holidays. Daily inspections of community facilities and recording of incidents to be reported to Supervisors / Manager. Budgeting and implementation of EPWP securities at facilities. |
| The risk that the municipality is approaching a shortage of airspace at the Ashton landfill site.                                                                                                              | Application for increased height of cells at Ashton Landfill Site. Recycling of waste at the Ashton Landfill Site.                                                                                                                                                                                                                                                                                                                                                                        |

### **1.2.5 AUDITOR GENERAL REPORT**

The Auditor-General awarded the municipality unqualified with no findings for the 2019/2020 financial year.

### 1.2.6. STATUTORY ANNUAL REPORT PROCESS

The Annual Report process follows below:

Table 14: Annual Report Process

| 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 confirms 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 the 4th quarter Report for previous financial year                                                                                                                                                                                                                                            |                     |
| 4                     | Submit draft Year 1 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 audits 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                                                                                                                                                                                                                                                             |                     |
| 16                    | Council adopts Oversight report                                                                                                                                                                                                                                                                        | December            |
| 17                    | Oversight report is made public                                                                                                                                                                                                                                                                        |                     |
| 18                    | Oversight report is submitted to relevant provincial councils                                                                                                                                                                                                                                          |                     |
| 19                    | Commencement of draft Budget/IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input                                                                                                                                                                         | January             |

It is important to achieve the above deadlines, not only to achieve legislative compliance, but to ensure the smooth running of municipal planning, budgeting, service delivery implementation and reporting cycles which all feed and depend on one another. The Municipal Annual Report also informs the planning process of other spheres of government, thus influencing our equitable share of future government grants.

The table below shows that the municipality complied with legislative requirements and timeframes in terms of the 2019/2020 Annual Report Process.

Table 15: Legislative Compliance of the 2019/2020 Annual Report Process

|                                                                             | Applicable Legislation                 | Comment                                                                                                                                                  |
|-----------------------------------------------------------------------------|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Annual Report tabled to Council within 7 months after end of financial year | MFMA No. 56 of 2003<br>Section 127(2)  | The Annual Report was tabled in Council on March 2021 - within 7 months after the end of the financial year                                              |
| Annual Report made public for public comment                                | MFMA No. 56 of 2003<br>Section 127(5a) | Communities were invited to make comments on the AR on XXXXX. The advert was published at <a href="http://www.langeberg.gov.za">www.langeberg.gov.za</a> |
| Annual Report placed on website within 5 days after tabling in Council      | MFMA No. 56 of 2003<br>Section 75      | The Annual Report was placed on the municipal website on XXXXX.                                                                                          |
| Annual Report submitted to Provincial Treasury                              | MFMA No. 56 of 2003<br>Section 127(5b) | The Annual Report was submitted to PT on XXXXX.                                                                                                          |

## 1.3 COMMITTEES OF COUNCIL

### 1.3.1 POLITICAL HEADS OF SECTION 79 COMMITTEES

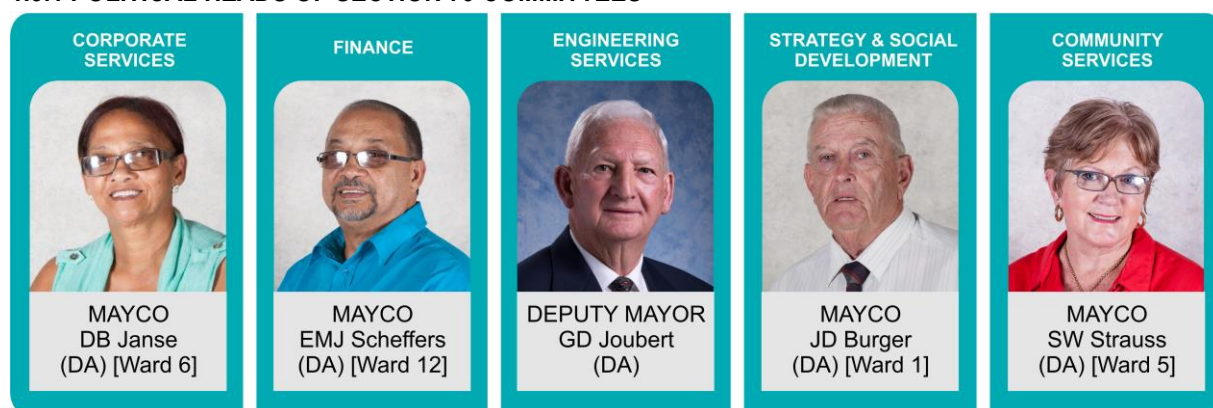


Table 16: Mayoral Committee

|   | Councillors     |                    | Party | PR/Ward |
|---|-----------------|--------------------|-------|---------|
| 1 | Executive Mayor | Ald HM Jansen      | DA    | PR 1    |
| 2 | Deputy Mayor    | Cllr GD Joubert    | DA    | PR 3    |
| 3 | MayCo Member    | Ald JD Burger      | DA    | Ward 1  |
| 4 | MayCo Member    | Cllr DB Janse      | DA    | Ward 6  |
| 5 | MayCo Member    | Cllr EMJ Scheffers | DA    | Ward 12 |
| 6 | MayCo Member    | Cllr SW Strauss    | DA    | Ward 5  |

### 1.3.2 PORTFOLIO COMMITTEES

Table 17: Portfolio Committees

| Portfolio Committee             | Chairperson          |
|---------------------------------|----------------------|
| Corporate Services              | Cllr NJ Beginsel     |
| Financial Services              | Cllr JDF Van Zyl     |
| Engineering Services            | Cllr J Kriel         |
| Community Services              | Cllr HF Mangenengene |
| Strategy and Social Development | Cllr P Hess          |
| Municipal Public Accounts       | Cllr LM Swanepoel    |

### 1.3.3 WARD COMMITTEES AND COMMUNITY PARTICIPATION

The municipality works together with Ward Committees in its public participation processes and reaches the community by disseminating information through these ward committee members. This is done by engaging with them in consultation and by allowing community inputs in municipal decision-making regarding service delivery, developing credible IDPs, policy formulation, budgeting processes and organisational performance. For this purpose, the Ward Committees of Langeberg Municipality hold various meetings with the community e.g. IDP Community Input Meetings, Ward-based Planning Sessions and ordinary Community Feedback Meetings. The Council has twelve (12) Ward Committees. Each Ward Committee has approximately ten members. Ward-based Planning reviews were conducted in all twelve (12) wards.

Table 18: Ward Committees and Chairpersons

| Ward Committee              | Chairperson     |
|-----------------------------|-----------------|
| Ward 1 – Robertson          | Cllr JD Burger  |
| Ward 2 – Robertson Nkqubela | Cllr AJ Shibili |
| Ward 3 – Robertson          | Cllr P Hess     |

|                                    |                    |
|------------------------------------|--------------------|
| Ward 4 – Bonnievale (Happy Valley) | Cllr JJS Januarie  |
| Ward 5 – McGregor                  | Cllr SW Strauss    |
| Ward 6 – Robertson                 | Cllr DB Janse      |
| Ward 7 – Montagu                   | Cllr J Kriel       |
| Ward 8 – Bonnievale                | Cllr SW Van Eeden  |
| Ward 9 – Ashton                    | Cllr N Beginsel    |
| Ward 10 – Ashton Zolani            | Cllr BH Nteta      |
| Ward 11 – Ashton Rural             | Cllr JDF Van Zyl   |
| Ward 12 – Montagu                  | Cllr EMJ Scheffers |

#### 1.3.4 COMMUNITY LIAISON WORKERS

The Langeberg Municipality embraces the use of CLWs to strengthen effective, participative democracy in the municipality.

*Table 19: Community Liaison Workers and their Linkage to Wards*

| CLW                   | Town/Area              | Ward Deployed |
|-----------------------|------------------------|---------------|
| Ms Junielle Frieslaar | Robertson              | 1 & 3         |
| Mr Johannes Jansen    | Robertson and Nkqubela | 2 & 6         |
| Mr Andries Willemse   | McGregor               | 5             |
| Ms Lindiwe Kahla      | Bonnievale             | 4 & 8         |
| Ms Nandipha Fikizolo  | Zolani                 | 10            |
| Mr Petrus Frans       | Ashton                 | 9 & 11        |
| Ms Shani Pekeur       | Montagu                | 7 & 12        |

#### 1.3.5 PERFORMANCE MANAGEMENT COMMITTEE

The Municipal Systems Act, 32 of 2000, requires the Langeberg Municipality to establish a performance management system that is commensurate with its resources, best suited to its circumstances and in line with the priorities, objectives, indicators and targets contained in the IDP.

For the purpose of evaluating the performance of employees, an evaluation panel was established in terms of Section 6.6 of the Performance Agreement.

It includes:

- Mr SA Mokweni, Municipal Manager
- Ald HM Jansen, Executive Mayor
- MayCo Members attending the evaluations for the portfolio's they represent
- Mr M Shude, Chief Audit Executive
- Mr. D McThomas, Municipal Manager from Breede Valley Municipality
- Mr. E Abrahams, Member of the Audit & Performance Committee
- Mr R King, Member of the Community for the Municipal Manager

The Executive Mayor scheduled the session to be held on 26 February 2020, but subsequently requested the date to be rescheduled to 2 April 2020 due to another commitment at the time. A national lockdown was however declared due to the COVID-19 pandemic and this resulted in the session not taking place. However, in terms of delegated authority the report was approved by the Executive Mayor and the MM during the lockdown period and posted on the municipal website as "Mid-Year Performance Evaluation 2019/2020".

#### 1.3.6 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

In terms of the provision of Section 79 of the Local Government Municipal Structures Act, 117 of 1998, five MPAC members were appointed to strengthen oversight within the municipality and to determine the institutional functionality of the municipal council in terms of effectiveness.



The members of Langeberg Municipal Public Accounts Committee are:

- Cllr LM Swanepoel                      Member of Committee & Chairperson
- Cllr NJ Beginsel                        Member of Committee
- Cllr J Kriel                                Member of Committee
- Cllr JS Maflika                          Member of Committee
- Cllr HF Mangenengene                Member of Committee

### **1.3.7 INTERNAL AUDIT AND AUDIT AND PERFORMANCE COMMITTEE**

The Audit and Performance Committee is responsible for the oversight of internal controls, financial reporting and compliance with regulatory matters.

The members of the Langeberg Municipal Audit & Performance Committee are:

- Mr E Abrahams - Chairperson
- Mr RG Nicholls
- Mr Omar Valley
- Ms K Talmakkies
- Mr A Njeza

### **1.3.8 ANTI-CORRUPTION AND FRAUD PREVENTION**

The following institutional arrangements are in place for the detection of fraud:

- An Internal Audit & Risk Management Unit has been established;
- Management takes steps against fraudulent actions;
- The Directors together with the Internal Audit & Risk Management Department identify risks;
- The Audit & Performance Committee approves the risk based Internal Audit Plan; and,
- The Risk Management Committee evaluates the effectiveness of the implementation of the fraud prevention and response plan

### 1.3.9 B-BBEE COMPLIANCE PERFORMANCE INFORMATION

In terms of Section 13G of the B-BBEE Act, read with regulation 12 of the B-BBEE Regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their audited annual financial statements and annual reports.

#### 1.3.9.1 Management Control

This element addresses issues surrounding black management and the control and/or decision-making within the organisation.

The information provided is the same information submitted to the Department of Labour for employment equity reporting.

Table 20: Management Control Element

| Categories         | % Number<br>for each<br>category | Race<br>Classification | Gender       | Age                                                                                                                                                                                   | Location | Disability |
|--------------------|----------------------------------|------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------|
| Board              | N/a                              | N/a                    | N/a          | N/a                                                                                                                                                                                   | N/a      | N/a        |
| Exec Directors     | N/a                              | N/a                    | N/a          | N/a                                                                                                                                                                                   | N/a      | N/a        |
| Non-Exec Directors | N/a                              | N/a                    | N/a          | N/a                                                                                                                                                                                   | N/a      | N/a        |
| Senior Management  | 60%                              | A x2, C x1, I x0       | M x2, F x1   | 62, 57, 47                                                                                                                                                                            | WC x3    | F x0, M x0 |
| Middle Management  | 42,1%                            | A x4, C x4, I x0       | M x7, F x1   | 51, 48, 44, 42, 37,<br>35, 32, 29                                                                                                                                                     | WC x8    | F x0, M x0 |
| Junior Management  | 67%                              | A 12, C x 41, I x0     | M x38, F x15 | 26, 27, 28 x2, 29<br>x3, 30, 31 x2, 32 x2,<br>33 x2, 34, 35, 37<br>x2, 38 x2, 39 x3, 40<br>x2, 41 x4, 42 x2, 45,<br>46 x2, 47 x2, 49 x5,<br>51 x2, 52 x2, 53 x2,<br>54, 55 x3, 57, 60 | WC x 53  | F x0, M x0 |
| Dividends Declared |                                  |                        |              |                                                                                                                                                                                       |          |            |

### 1.3.9.2 Skills Development

The Skills Development element measures the extent to which Langeberg Municipality carries out initiatives that are designed to develop the competencies of black employees and black people internally and externally through learnerships and other training programmes.

Table 21: Skills Development Element

| Categories                                                                   | Number for each category | Race classification | Gender     | Age                                                                                                                                                                                                                 | Location | Disability | Total Amount Spend              |
|------------------------------------------------------------------------------|--------------------------|---------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------|---------------------------------|
| Black Employees                                                              | 112                      | A-28, C-84, I-0     | F-9, M-103 | 24 x3, 25, 26 x2, 27 x6, 28 x3, 29 x2, 30 x4, 31 x3, 32 x8, 33 x2, 34 x9, 35 x5, 36 x3, 37 x4, 38 x5, 39 x2, 40 x4, 41, 42 x7, 43 x5, 44 x5, 45 x4, 46 x2, 47 x2, 48 x5, 49, 50 x3, 51 x2, 52 x2, 53, 54 x4, 55, 61 | WC-112   | F-0, M-1   | 940 000                         |
| Black non-employees                                                          | 0                        | N/a                 | N/a        | N/a                                                                                                                                                                                                                 | N/a      | N/a        | N/a                             |
| Black People on internships, Apprenticeship, learnership                     | 25                       | A-6, C-19, I-0      | F-0, M-25  | 30, 33 x2, 34 x3, 36 x2, 38, 40, 42 x2, 43, 44 x2, 46 x2, 47, 48, 49 x2, 50, 52 x3                                                                                                                                  | WC-25    | F-0, M-1   | Funds were received from LGSETA |
| Unemployed black people on any programme under the learning programme matrix | 0                        | N/a                 | N/a        | N/a                                                                                                                                                                                                                 | N/a      | N/a        | N/a                             |
| Black people absorbed at end of learnership, internship and apprenticeship   | 25                       | A-6, C-19, I-0      | F-0, M-25  | 30, 33 x2, 34 x3, 36 x2, 38, 40, 42 x2, 43, 44 x2, 46 x2, 47, 48, 49 x2, 50, 52 x3                                                                                                                                  | WC-25    | F-0, M-1   | N/a                             |
| Junior Management                                                            | 17                       | A-9, C-8            | F-0, M-17  | 28, 29 x2, 38, 39 x4, 45, 46 x5, 49 x2, 53                                                                                                                                                                          | WC-17    | F-0, M-1   | 250 427,72                      |
| Dividends Declared                                                           |                          |                     |            |                                                                                                                                                                                                                     |          |            |                                 |

### 1.3.9.3. Enterprise and Supplier Development

Measuring the extent to which the municipality carries out supplier development and enterprise development initiatives intended to assist and accelerate the growth and sustainability of black enterprises.

Table 22: Enterprise and Supplier Development Element

| Total Procurement Spend                            |                   |                   |                         |                         |        |
|----------------------------------------------------|-------------------|-------------------|-------------------------|-------------------------|--------|
| Total number of suppliers                          | Total Value spend |                   |                         |                         |        |
| Total number of EME supplier                       | Total Value Spend | % Black Ownership |                         | % Black Women Ownership |        |
| 2                                                  | 1 377 003,55      | 15,38%            |                         | 0,00%                   |        |
| Total number of QSE supplier                       | Total Value Spend | % Black Ownership |                         | % Black Women Ownership |        |
| 3                                                  | 7 471 615,02      | 15,54%            |                         | 8,30%                   |        |
| Total number of large suppliers                    |                   |                   |                         |                         |        |
| 8                                                  | 139 083 719,95    |                   |                         |                         |        |
| Total value of 2% NPAT or 0.2% of allocated Budget |                   |                   |                         |                         |        |
| Total number of EMEs                               | Total Value Spend | % Black Ownership | % Black Women Ownership | Location                | Sector |
| Total number of QSEs                               | Total Value Spend | % Black Ownership | % Black Women Ownership | Location                | Sector |
| Total value of 1% NPAT or 0.1% of allocated Budget |                   |                   |                         |                         |        |
| Total number of EMEs                               | Total Value Spend | % Black Ownership | % Black Women Ownership | Location                | Sector |
| Total number of QSEs                               | Total Value Spend | % Black Ownership | % Black Women Ownership | Location                | Sector |

### 1.3.9.4 Socio Economic Development

Socio-economic Development measures the extent to which Langeberg Municipality carries out initiatives that contribute towards socio-economic development or sector specific initiatives that promote access to the economy for black people.

Table 23: Socio-economic Development Element

| Total Value of 1% NPAT or 0.1% of allocated Budget: |       |               |                         |
|-----------------------------------------------------|-------|---------------|-------------------------|
| Number of Participants                              | Race  | Gender        | Geographical Indication |
| Adenco Construction                                 | I x 2 | F x 1         | WC                      |
| Alsu Enterprises                                    | A x 1 | M x 2 & F x 1 | WC                      |
| Built Environmental Partnership                     | C x 2 | M x1 & F x 1  | WC                      |
| Jvz Construction                                    | I x2  | M x 2 & F x1  | WC                      |
| Kaap-Agri Bedryf                                    | C x1  | M x 7         | WC                      |
| Kayalihle Trading                                   | A x 1 | F x 1         | EC                      |
| MDL Engineering Company                             | A x1  | M x1, Fx1     | WC                      |
| Shar Civils                                         | C x 4 | M x 3 & F x 1 | WC                      |
| Simandie Civils                                     | C x 1 | F x 1         | WC                      |
| Surtie Supply And Services                          | C x1  | M x1          | WC                      |
| VE Reticulation                                     | I x1  | F x1          | WC                      |
| WCB Civil Engineering                               | C x1  | M x1          | WC                      |
| PR Civils                                           | A x1  | M x3          | WC                      |

## CHAPTER 2

# GOVERNANCE



In terms of Section 40 of the Constitution, the South African government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated. All spheres of government must comply and adhere to the principles of the Constitution and must conduct their activities within the provisions of the Constitution. The municipality represents the local sphere of government.

The purpose of this Annual Report is to promote accountability to communities, to highlight those decisions taken by the Council and matters relating to administrative structures, throughout the 2019/20 financial year.

To ensure good governance, nine major characteristics should be applied within the political and administrative structures of the municipality, namely; participation, rule of law, transparency, responsiveness, consensus, equity/inclusiveness, effectiveness/efficiency, accountability and sustainability.

Chapter 2 seeks to report on how the municipality met these requirements with regards to handling its governance structures, intergovernmental relations, community participation and organisational management.

## **COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE**

The Constitution S151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

The municipality makes a clear distinction between the politically elected structure, namely Council, which is responsible for the oversight and legislative function, and the Administration.

The Council is chaired by the Speaker. The decision-making process is headed by the Executive Mayor together with the MayCo, who are full-time office bearers, involved in the day-to-day running of Council from a political perspective.

The Administration is headed by the Municipal Manager, who is the organisation's Accounting Officer.

Powers have been delegated to the different functions within the organisation to ensure that roles, responsibilities and decision-making are clear and unambiguous.

## 2.1 POLITICAL GOVERNANCE

In accordance with the MFMA No. 56 of 2003, Section 52 (a), the mayor provides general political guidance over the fiscal and financial affairs of the municipality. To assist the mayor with the exercise of political governance at Langeberg Municipality, a Portfolio Committee System is in place.

An established Oversight Committee comprises of non-executive councillors, with the specific purpose of providing Council with comments and recommendations on the Annual Report. The Oversight Committee Report will be published separately in accordance with MFMA No. 56 of 2003, section 129 guidance.

In addition, the municipality also has an Audit & Performance Committee. This committee provides opinions and recommendations on financial processes and performance, as well as comments to the Oversight Committee on the Annual Report.

Political decisions are made by the Executive Mayor, in terms of the powers delegated to him by law, and by the Council. General council meetings are held on a monthly basis or Special Council Meetings, that is called when urgent decisions cannot wait for the scheduled monthly meetings.

The Council of the municipality comprises of 12 Ward Councillors and 8 proportional representatives.

The table below provides a graphic illustration of Council's executive structure.

**Diagram 1: Political Structure of Langeberg Municipality**



## 2.2 ADMINISTRATIVE GOVERNANCE

The Municipal Manager and Heads of Departments meet formally on a weekly basis. This meeting deliberates on service delivery issues and reports that must be submitted to the Mayoral Committee (MayCo) or Council in terms of delegated powers, as well as on organisational management matters.

The Senior Management Team (SMT) also engages the MayCo in order to expedite the decision-making and service delivery process.

*Table 24: Top Administrative Structure – Tier 1*

| TOP ADMINISTRATIVE STRUCTURE<br>TIER 1                                             |                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>MUNICIPAL MANAGER</b><br>MR SA MOKWENI                                          | <b>FUNCTIONS</b>                                                                                                                                                                                                   |
|  | <ul style="list-style-type: none"><li>• Accounting Officer of the municipality</li><li>• Strategy</li><li>• Sound Financial Management</li><li>• Improvement of communication and stakeholder Management</li></ul> |



Table 25: Top Administrative Structure – Tier 2

| TOP ADMINISTRATIVE STRUCTURE<br>TIER 2                                              |                                                                                      |                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                     |                                                                                      | FUNCTIONS                                                                                                                                                                                                                             |
|    | <b>DIRECTOR: CORPORATE SERVICES</b><br>Mr AWJ Everson<br>(Section 56)                | <ul style="list-style-type: none"> <li>• Legal Services</li> <li>• Labour Relations</li> <li>• Governance Support</li> <li>• Administrative Support</li> <li>• Traffic Services</li> <li>• Human Resources</li> </ul>                 |
|    | <b>ACTING DIRECTOR: FINANCIAL SERVICES (CFO)</b><br>Mr M Shude                       | <ul style="list-style-type: none"> <li>• Supply Chain Management</li> <li>• Budget Office</li> <li>• Expenditure Services</li> <li>• Revenue Services</li> </ul>                                                                      |
|   | <b>DIRECTOR: ENGINEERING SERVICES</b><br>Mr M Johnson<br>(Section 56)                | <ul style="list-style-type: none"> <li>• Solid Waste</li> <li>• Electric Engineering Services</li> <li>• Civil Engineering Services</li> <li>• Project Management</li> <li>• Town Planning</li> </ul>                                 |
|  | <b>DIRECTOR: STRATEGY &amp; SOCIAL DEVELOPMENT</b><br>Mrs CO Matthys<br>(Section 56) | <ul style="list-style-type: none"> <li>• Special Projects</li> <li>• Integrated Development Plan</li> <li>• SMME Development</li> <li>• Information Technology</li> <li>• Communications</li> <li>• Performance Management</li> </ul> |
|  | <b>DIRECTOR: COMMUNITY SERVICES</b><br>Mr M Mgajo<br>(Section 56)                    | <ul style="list-style-type: none"> <li>• Community Facilities</li> <li>• Fire and Disaster Management</li> <li>• Housing</li> <li>• Libraries</li> <li>• Parks and Amenities</li> </ul>                                               |

Table 26: Top Administrative Structure – Third Tier in 2019-2020

| Top Administrative Structure – Third Tier in 2019/2020 |                    |                                          |
|--------------------------------------------------------|--------------------|------------------------------------------|
| Department                                             | Officials          | Designation                              |
| Municipal Manager                                      | Vacant             | Chief Audit Executive                    |
| Corporate Services                                     | Mrs S Kotzé        | Manager: Administrative Support          |
|                                                        | Mr JCJ Coetzee     | Manager: Governance Support              |
|                                                        | Mr TH Carstens     | Manager: Human Resources                 |
|                                                        | Mr E Jooste        | Manager: Labour Relations                |
| Strategy & Social Development                          | Mr AJ Dondolo      | Assistant Manager: Traffic Services      |
|                                                        | Mr D van Schalkwyk | Manager: Social Development              |
|                                                        | Mr MZ Prins        | Mentee Manager: ICT                      |
|                                                        | Vacant             | Manager: Local Economic Development      |
| Financial Services                                     | Vacant             | Manager: Budget Office                   |
|                                                        | Mr ZS Qhanqisa     | Manager: Income Services                 |
|                                                        | Mr CJ Franken      | Manager: Expenditure Services            |
|                                                        | Mr S Ngcongolo     | Manager: SCM                             |
| Civil Engineering Services                             | Vacant             | Manager: Civil Engineering Services      |
|                                                        | Mr CJ Vorster      | Manager: Electrical Engineering Services |
|                                                        | Mr GM Slingers     | Manager: Solid Waste Management          |
|                                                        | Mr NW Albertyn     | Manager: Project Management              |
| Community Services                                     | Mr JV Brand        | Manager: Town Planning                   |
|                                                        | Ms LJH April       | Manager: Community Facilities            |
|                                                        | Vacant             | Manager: Parks & Amenities               |
|                                                        | Vacant             | Chief: Fire & Disaster Management        |
|                                                        | Vacant             | Manager: Housing Administration          |
|                                                        | Vacant             | Librarian                                |

### 2.2.1 RISK MANAGEMENT MEETING THE REQUIREMENTS FOR POLITICAL AND ADMINISTRATIVE GOVERNANCE

This section reports on how the municipality met the requirements of participation, rule of law, transparency, responsiveness, consensus, equity/inclusiveness, effectiveness/efficiency, accountability and sustainability with regards to handling its governance structures.

**Sustainability and Productivity:** The municipality's political and administrative governance structures remained productive throughout 2019/2020 and complied well with legislative requirements.

The following meetings were held:

Table 27: Council, MayCo and Portfolio Meetings 2019/2020

| Meetings                     | 2018/2019 | Attendance | 2019/2020 | Attendance |
|------------------------------|-----------|------------|-----------|------------|
| Portfolio Committee Meetings | 59        | 81%        | 48        | 83%        |
| MayCo Meetings               | 10        | 98%        | 8         | 93%        |
| Special MayCo Meetings       | ---       | ---        | ---       | ---        |
| Council Meetings             | 11        | 89%        | 7         | 97%        |
| Special Council Meetings     | 1         | 100%       | 6         | 91%        |

Table 28: Ward Committee Meetings held in 2019/2020

| Ward Committee                    | Chairperson        | Number of meetings held in |
|-----------------------------------|--------------------|----------------------------|
| Ward 1, Robertson                 | Ald JD Burger      | 07                         |
| Ward 2, Robertson (Nkqubela)      | Cllr AJ Shibili    | 07                         |
| Ward 3, Robertson                 | Cllr P Hess        | 07                         |
| Ward 4, Bonnievale (Happy Valley) | Cllr JJS Januarie  | 07                         |
| Ward 5, McGregor                  | Cllr SW Strauss    | 07                         |
| Ward 6, Robertson                 | Cllr DB Janse      | 07                         |
| Ward 7, Montagu                   | Cllr J Kriel       | 07                         |
| Ward 8, Bonnievale                | Ald SW van Eeden   | 07                         |
| Ward 9, Ashton                    | Cllr NJ Beginzel   | 07                         |
| Ward 10, Ashton (Zolani)          | Cllr BH Nteta      | 07                         |
| Ward 11, Ashton (Rural)           | Cllr JDF van Zyl   | 07                         |
| Ward 12, Montagu                  | Cllr EMJ Scheffers | 07                         |

Table 29: Audit & Performance Committee Meetings and Attendance

| Audit Committee Members | Number of Meetings in 2018/2019 | Member Attendance in 2018/2019 | Number of Meetings in 2019/2020 | Member Attendance in 2018/2020 |
|-------------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| Mr. E Abrahams-Current  | 7                               | 7                              | 5                               | 5                              |
| Mr. RG Nicholls         | 7                               | 6                              | 5                               | 4                              |
| Mr. O Valley            | 7                               | 2                              | 5                               | 5                              |
| Ms. K Talmakkies        | 7                               | 1                              | 5                               | 4                              |
| Mr. A Njeza             | 7                               | 1                              | 5                               | 2                              |
| Mr. A Amod              | 7                               | 4                              | 0                               | 0                              |
| Mr. W van Deventer      | 7                               | 4                              | 0                               | 0                              |
| Mr. E Abrahams-Current  | 7                               | 7                              | 5                               | 5                              |

### Municipal Public Accounts Committee

The MPAC met on:

- 10 July 2019
- 13 August 2019
- 10 September 2019
- 08 October 2019
- 12 November 2019
- 15 January 2020
- 12 February 2020
- 11 March 2020

Accountability, Transparency and Rule of Law: Accountability is a key requirement of good governance and cannot be enforced without transparency and the rule of law. It means that stakeholders are provided with information on decisions that directly affect them and that legal frameworks are enforced impartially. Langeberg Municipality's political and administrative governance structures are held accountable through various measures, all of which are adhered to.

Table 30: Governance Structures and Measures of Accountability

| Governance Structures                                                                                                                                | Measures of Accountability                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Council                                                                                                                                              | Approved minutes are available on request. All Council proceedings are ruled by the <i>Council Rules of Order</i> . The councillor conduct is ruled by the <i>Code of Conduct for Councillors</i> .                            |
| Mayoral Committee                                                                                                                                    | MayCo Meetings are scheduled and minutes are kept. MayCo reports to Council.                                                                                                                                                   |
| Ward Committees                                                                                                                                      | Ward Councillors have a duty to provide feedback to Ward Committees and to Council. Meetings are scheduled and minutes are kept.                                                                                               |
| Portfolio committees                                                                                                                                 | Responsible for oversight over administrative departments and report to Council monthly. Meetings are scheduled and minutes kept.                                                                                              |
| Municipal Public Accounts Committee                                                                                                                  | The MPAC serves as an oversight committee - to determine the institutional functionality of the Municipal Council in terms of effectiveness. An Oversight Report is tabled to Council.                                         |
| The municipality reports its annual performance financial statements to the Auditor General                                                          | The Auditor General delivers an AG Report and expresses an audit opinion.                                                                                                                                                      |
| The municipality reports its annual performance financial status to its communities annually                                                         | The approved Annual Report is made available to the public.                                                                                                                                                                    |
| Municipal structures, employees, operations, procedures and processes are ruled by legislation                                                       | Policies, Bylaws, Legislation, Regulations and Codes are available.                                                                                                                                                            |
| Worker Representative Unions represent employees on organisational structures and observe the legality of labour practices procedures and processes. | Representation on recruitment and selection panels: Interviews are recorded.<br>Representation on Labour Forum: Minutes are recorded.<br>Representation on Occupational Health and Safety Committee: Minutes are recorded.     |
| Internal Auditing ensures the management of risk exposure and monitors adherence to legislation                                                      | The unit identifies municipal risk and generates a Municipal Risk Register.<br>Internal Auditing reports are generated and tabled to the Audit & Performance Committee, which then reports to Council.                         |
| The Audit & Performance Committee is responsible for the oversight of internal controls, financial reporting and compliance with regulatory matters. | Audit & Performance Committee approves the Internal Audit Plan and reports to Council.                                                                                                                                         |
| Community participation in the development of Policies and Strategies                                                                                | Participative processes were scheduled and posted on the municipal website on 30/03/2020                                                                                                                                       |
| IDP and Budgeting Participation                                                                                                                      | Participative processes were ensured with a Process Plan which was approved by Council on 27 August 2019                                                                                                                       |
| Performance Management Committee                                                                                                                     | An evaluation panel, established in terms of Section 6.6 of the Performance Agreement, evaluates the performance of employees. Performance Agreements are signed on acceptance.                                                |
| Organisational and Service Delivery Performance Reporting to Council                                                                                 | Quarterly Performance Reports on the SDBIP are tabled to Council.<br>Dates tabled:<br>1st Quarter: 29 October 2019<br>2nd Quarter (midyear report): 28 January 2020<br>3rd Quarter: 28 April 2020<br>4th Quarter: 29 July 2020 |
| Municipal website promotes                                                                                                                           | The municipal website is updated on a daily basis. All current events,                                                                                                                                                         |

|              |                                                                                                                                                                                                                                                                                                         |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| transparency | news articles, as well as required legislative documents (including budgets, tenders and vacancies) are updated on the website daily. An average of 10 763 unique visitors browsed the municipal website on a monthly basis during the 2018/2019 year, and an average of 10 391 per month in 2019/2020. |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Effective and Efficient Governance** means that governance structures and processes ensure community needs are met, with the best use of resources.

Table 31: Governance Structures and Measures of Effectiveness and Efficiency

| Governance Structure                                                                               | Measure of Effectiveness and Efficiency                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Portfolio Committees monitor municipal service delivery and budget implementation                  | Quarterly Reporting to Council on the SDBIP<br>Dates:<br>1st Quarter: 29 October 2019<br>2nd Quarter (midyear report): 28 January 2020<br>3rd Quarter: 28 April 2020<br>4th Quarter: 28 April 2020                                                                                |
| MayCo ensures the mid-term assessment of performance, spending and budget                          | Mid-Term Assessment Report tabled to Council on 28 January 2020.<br>Adjustment Budget Tabled to Council on 25 February 2020.<br>Adjusted SDBIP tabled to Council on 25 February 2020.                                                                                             |
| Audit & Performance Committee ensures oversight of internal auditing and risk management processes | Internal Audit Plan.<br>Audit & Performance Committee reports tabled to Council.<br>Risk Register.<br>Number of fraud cases reported and losses recovered.                                                                                                                        |
| Performance Management Committee                                                                   | Performance Bonuses awarded.<br>The performance management system is designed to reward superior performance. This linking increase overall organisational motivation and efficiency by focusing the executive management on the successful implementation of the IDP and Budget. |

**Equity and Inclusiveness:** Society's well-being depends on ensuring that all its members have a stake in it and do not feel excluded from mainstream society. The political and administrative governance structures of the municipality reflect equitable representation of the area's population. Different political parties are well-represented in Council, as well as both genders.

**Consensus Orientation:** To be consensus orientated means striving towards reaching a broad consensus on what is in the best interest of the whole community and also how it can be achieved. Langeberg's orientation towards reaching broad consensus unfolds through its scheduled and consultative IDP, Budget and Ward-based Planning processes.

**Responsiveness:** In trying to serve all stakeholders within a responsible timeframe, the governance structures of the municipality adheres to set Council schedules, approved process plans and reporting cycles determined by provincial and national government spheres. This is maintained through administrative compliance monitoring and oversight.

**Participation:** Community participation in the governance structures of the municipality is mainly achieved through the Ward Committees-system and consultative meetings with the community and all sectors.

Community Participation, in the development or revision of policies and strategies, are achieved through scheduled consultation sessions and/or workshops and/or through website uploads for community review and comments. The following table lists the dates on which such uploads were posted.

*Table 32: Website Uploads for Community Reviews and Comments in 2019/2020*

| Website Uploads for Community Reviews and Comments in 2019/2020                                                                   |            |
|-----------------------------------------------------------------------------------------------------------------------------------|------------|
| Document                                                                                                                          | Date       |
| List of Tenders from 1 July 2018 – 30 June 2019                                                                                   | 08/07/2019 |
| Monthly Budget Statement June 2019                                                                                                | 12/07/2019 |
| Municipal Notice No. 44, 55, 56, 57, 58 / 2019                                                                                    | 22/07/2019 |
| Langeberg Integrated Zoning Scheme By-Law, 2018                                                                                   | 23/07/2019 |
| Proposed Lease of a Free Base Telecommunication Station on a Portion of Municipal Land Situated on Erf1, Muiskraalskop, Robertson | 23/07/2019 |
| Proposed Lease of the Municipal Building Situated on Erf 594, Bonnievale                                                          | 23/07/2019 |
| Proposed Lease of Office Space Situated at the Thusong Centre, Erf 3944, Paddy Street, Robertson                                  | 23/07/2019 |
| Municipal Notice No. 60, 61, 62                                                                                                   | 24/07/2019 |
| Agenda of Council - 30 July 2019                                                                                                  | 26/07/2019 |
| Fourth Quarter SDBIP Report                                                                                                       | 31/07/2019 |
| Bursaries Available                                                                                                               | 06/08/2019 |
| Grant in Aid Notice and Policy                                                                                                    | 06/08/2019 |
| July 2019 Monthly Budget Statement                                                                                                | 15/08/2019 |
| Agenda of Council - 27 August 2019                                                                                                | 23/08/2019 |
| Draft Air Quality By-Law Open for Public Comment                                                                                  | 26/08/2019 |
| Notice of Amendment of the Existing Contract                                                                                      | 26/08/2019 |
| Adjustments Budget 22 August 2019                                                                                                 | 28/08/2019 |
| Budget and IDP Process Plan 2020 - 2021                                                                                           | 28/08/2019 |
| Contribute to the IDP of Langeberg Municipality                                                                                   | 29/08/2019 |
| Council Resolutions of 30 July 2019                                                                                               | 03/09/2019 |
| Municipal Notice No. 64, 65, 66 / 2019                                                                                            | 03/09/2019 |
| List of Disposed Assets                                                                                                           | 10/09/2019 |
| Monthly Budget Statement August 2019                                                                                              | 13/09/2019 |
| Agenda of Council - 25 September 2019                                                                                             | 19/09/2019 |
| Invitation to Nominate Members to Health Facility Boards                                                                          | 20/09/2019 |
| Implementation of SCM Policy                                                                                                      | 04/10/2019 |
| Electricity Tariffs 2019/2020                                                                                                     | 07/10/2019 |
| Draft Events By-Law for the Langeberg Municipality Open for Comments                                                              | 07/10/2019 |
| Council Resolutions of 22 Aug 2019                                                                                                | 07/10/2019 |
| Council Resolutions of 27 Aug 2019                                                                                                | 07/10/2019 |
| Monthly Budget Statement September 2019 Incorporating the Quarterly Budget Statement for September 2019                           | 14/10/2019 |
| Municipal Notice No. 73/2019                                                                                                      | 14/10/2019 |
| Agenda of Council - 29 October 2019                                                                                               | 15/10/2019 |
| Municipal Notice No. 73/2019                                                                                                      | 15/10/2019 |
| Adjustments Budget 25 October 2019                                                                                                | 31/10/2019 |



|                                                                                                       |            |
|-------------------------------------------------------------------------------------------------------|------------|
| Municipal Notice No. 73(2)/2019                                                                       | 31/10/2019 |
| Adjustments Budget 25 October 2019                                                                    | 31/10/2019 |
| Top Layer SDBIP Quarter 1                                                                             | 04/11/2019 |
| Top Layer SDBIP 2019/2020 (Quarter 1 Amendments)                                                      | 04/11/2019 |
| Council Resolutions of 01 Oct 2019                                                                    | 06/11/2019 |
| Municipal Notice No. 79/2019                                                                          | 11/11/2019 |
| Monthly Budget Statement October 2019                                                                 | 14/11/2019 |
| Proposed Lease of The Municipal Building, Dassieshoek House 2                                         | 18/11/2019 |
| Municipal Notice No. 78, 80, 81 / 2019                                                                | 18/11/2019 |
| Municipal Notice No. 77 and 82/2019                                                                   | 29/11/2019 |
| Agenda of Council - 04 December 2019                                                                  | 04/12/2019 |
| Draft Annual Report 2018/2019 Public Comments                                                         |            |
| Notice: Draft Annual Report Open for Public Comments                                                  | 04/12/2019 |
| Adjustments Budget 04 December 2019                                                                   |            |
| Municipal Notice No. 85/2019                                                                          | 05/12/2019 |
| Council Resolutions of 01 October 2019                                                                |            |
| Council Resolutions of 29 October 2019                                                                | 06/12/201  |
| Top Layer SDBIP 2019/2020 (Quarter 1 Approved Amendments)                                             | 10/12/2019 |
| Call For Applications: Farmers/Producers Support Towards Commercialisation                            | 10/12/2019 |
| Ordinary Meetings of Council                                                                          |            |
| Draft Events By-Law                                                                                   |            |
| Monthly Budget Statement November 2019                                                                | 11/12/2019 |
| Intention to Change Freemans Avenue, Robertson into a One-Way Street                                  | 13/12/2019 |
| Municipal Notice No. 01/2020                                                                          | 15/01/2020 |
| Monthly Budget Statement December 2019 Incorporating the Quarterly Budget Statement for December 2019 | 15/01/2020 |
| Calling for Inspection of 9th Supplementary Valuation Roll of Properties and Lodging of Objections    | 15/01/2020 |
| Municipal Notice No. 2/2020 and 3/2020                                                                | 21/01/2020 |
| Mid-Year Budget and Performance                                                                       | 27/01/2020 |
| Municipal Notice No. 4/2020                                                                           | 28/01/2020 |
| Agenda of Council - 28 January 2020                                                                   | 28/01/2020 |
| Expenditure of the 2019/2020 Budget Measured by the Top Level SDBIP for the Second Quarter (Mid-Year) | 28/01/2020 |
| Adjustment Budget 2019/2020                                                                           | 30/01/2020 |
| Events By-Law Approved 28 January 2020                                                                | 31/01/2020 |
| Council Resolutions of 04 December 2019                                                               | 31/01/2020 |
| Air Quality By-Law Approved                                                                           | 31/01/2020 |
| Proposed Alienation of Municipal Property, A Portion of Erf2, Robertson                               | 04/02/2020 |
| Municipal Notice No. 5 and 6 /2020                                                                    | 12/02/2020 |
| Annexure to Council Agenda - 25 February 2020                                                         | 21/02/2020 |
| Agenda of Council - 25 February 2020                                                                  | 21/02/2020 |
| Municipal Notice No. 7, 8, 9, 10 and 11/2020                                                          | 25/02/2020 |
| Municipal Notice No. 12 And 13/2020                                                                   | 25/02/2020 |
| Approved Annual Report 2018/19                                                                        | 25/02/2020 |

|                                                                                                                                                                                                                                                            |            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Notice of Approval: Annual Report 2018-2019                                                                                                                                                                                                                | 26/02/2020 |
| Langeberg Municipality (General Valuation: 2021 – 2026)                                                                                                                                                                                                    | 27/02/2020 |
| Mid-Year Top Layer SDBIP (February Adjustment Budget Amendments)                                                                                                                                                                                           | 27/02/2020 |
| Adjustments Budget 28 January 2020                                                                                                                                                                                                                         | 28/02/2020 |
| Council Resolutions of 28 January 2020                                                                                                                                                                                                                     | 04/03/2020 |
| Municipal Notice No. 14/2020                                                                                                                                                                                                                               | 11/03/2020 |
| Meeting Tribunal 06 March 2020                                                                                                                                                                                                                             | 11/03/2020 |
| Monthly Budget Statement February 2020                                                                                                                                                                                                                     | 13/03/2020 |
| Municipal Notice No. 16/2020                                                                                                                                                                                                                               | 17/03/2020 |
| List of Tenders from 1 July 2019 – 30 June 2020                                                                                                                                                                                                            | 23/03/2020 |
| Draft IDP 2020-2021                                                                                                                                                                                                                                        | 26/03/2020 |
| IDP Annexures                                                                                                                                                                                                                                              | 26/03/2020 |
| Council Resolutions A3980: Submission 2020-2021 To 2022-2023 Operating Capital Budget, IDP And Policy Documents                                                                                                                                            | 26/03/2020 |
| Draft Operating Capital Budget 2020-2021 to 2022-2023                                                                                                                                                                                                      | 26/03/2020 |
| Draft Budget, IDP, SDF and Determination of Tariffs Open for Comments                                                                                                                                                                                      | 30/03/2020 |
| Monthly Budget Statement March 2020 Incorporating the Quarterly Budget Statement for March 2020                                                                                                                                                            | 17/04/2020 |
| Top Layer SDBIP Quarter 3                                                                                                                                                                                                                                  | 28/04/2020 |
| Mid-Year Performance Evaluation 2019/2020                                                                                                                                                                                                                  | 15/05/2020 |
| Monthly Budget Statement April 2020                                                                                                                                                                                                                        | 15/05/2020 |
| Approved IDP 2020-2021                                                                                                                                                                                                                                     | 29/05/2020 |
| Approved Operating Capital Budget 2020-2021 to 2022-2023                                                                                                                                                                                                   | 29/05/2020 |
| Notice of Amendment of the Existing Contracts                                                                                                                                                                                                              | 03/06/2020 |
| Notice: Approved Municipal Budget, IDP, Policies, Determination of Tariffs and Spatial Development Framework for the Financial Year : 01 July 2020 to 30 June 2021 Resolution on Levying Property Rates for the Financial Year 1 July 2020 to 30 June 2021 | 04/06/2020 |
| Sundry Tariffs 2020 - 2021                                                                                                                                                                                                                                 | 05/06/2020 |
| Rates and Service Tariffs for 2020 - 2021                                                                                                                                                                                                                  | 05/06/2020 |
| SDBIP 2020/2021                                                                                                                                                                                                                                            | 11/06/2020 |
| Monthly Budget Statement May 2020                                                                                                                                                                                                                          | 18/06/2020 |
| Adjustment Budget Report 12 June 2020                                                                                                                                                                                                                      | 18/06/2020 |
| Proposed Alienation of Municipal Property, Erf 254 Nkqubela, Robertson                                                                                                                                                                                     | 24/06/2020 |



## COMPONENT B: INTERGOVERNMENTAL RELATIONS

The Section 3 of the Municipal Systems Act requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution Section 41.

Langeberg Municipality strives to uphold its legislative authority and co-operative governance as required by the Constitution and other relevant legislation. In doing so, the municipality maintains good co-operative and inter-governmental relations with the Cape Winelands District Municipality, neighbouring municipalities, provincial and national government and other government agencies.

Maintaining good relations with other government spheres makes it possible to benefit from the various contributions to service delivery offered by government, by aligning municipal planning to the development objectives and targets of provincial and national sector departments. Such contributions include various grants, skills development and capacity building roll-outs which strengthen local government in its quest to improve service delivery.

A few of the intergovernmental platforms are reflected below.

### 2.3 INTERGOVERNMENTAL RELATIONS

Engagements attended by the Langeberg Municipal staff and Management - upholding good inter-governmental relations for the purpose of good governance, government - collaborated strategic direction, aligned planning, reporting, legislative compliance, accountability and participation in government programmes and roll-outs to benefit the development of Langeberg Municipality's administration, local area and communities, are tabled below.

Table 33: 2019/2020 IGR Engagements participated in by the municipality

| IGR ENGAGEMENTS FOR THE OFFICE OF THE MUNICIPAL MANAGER |                   |               |               |
|---------------------------------------------------------|-------------------|---------------|---------------|
| Meeting                                                 | Attended by       | Hosted in     | Date          |
| Minister's and Mayoral Forum                            | Municipal Manager | Rawsonville   | 29/07/2019    |
| Department of Local Government                          | Municipal Manager | Cape Town     | 06/08/2019    |
| Department of Cooperative Governance                    | Municipal Manager | Robertson     | 15/08/2019    |
| IEC Western Cape                                        | Municipal Manager | Worcester     | 16/08/2019    |
| Ministry for Education                                  | Municipal Manager | Ashton        | 20/08/2019    |
| Local Government: SETA                                  | Municipal Manager | McGregor      | 22/08/2019    |
| WC MM Forum                                             | Municipal Manager | Swellendam    | 22/08/2019    |
| National Treasury                                       | Municipal Manager | Robertson     | 29/08/2019    |
| MinMayTech meeting                                      | Municipal Manager | Saldanha      | 09/09/2019    |
| Premiers Coordinating Forum                             | Municipal Manager | Velddrif      | 10/09/2019    |
| Eskom                                                   | Municipal Manager | Robertson     | 19/09/2019    |
| Depart of Environmental Affairs & Dev Planning          | Municipal Manager | Robertson     | 07/10/2019    |
| Depart of LG + other governmental departments           | Municipal Manager | Robertson     | 24/09/2019    |
| President Investment Summit                             | Municipal Manager | Sandton       | 05-07/11/2019 |
| Department of Community Safety                          | Municipal Manager | Robertson     | 14/11/2019    |
| WC MM Forum                                             | Municipal Manager | Mossel Bay    | 22/11/2019    |
| Minister's & Mayoral Technical Forum                    | Municipal Manager | Somerset West | 25/11/2019    |
| Special Premiers Coordinating Forum                     | Municipal Manager | Somerset West | 26/11/2019    |

|                                                    |                   |                 |            |
|----------------------------------------------------|-------------------|-----------------|------------|
| CoGTA                                              | Municipal Manager | Ashton          | 27/11/2019 |
| Depart of LG Municipal Support & Capacity Building | Municipal Manager | Robertson       | 29/11/2019 |
| DCF                                                | Municipal Manager | Worcester       | 06/12/2019 |
| SAPS                                               | Municipal Manager | Robertson       | 11/02/2020 |
| National Treasury                                  | Municipal Manager | Bellville       | 24/02/2020 |
| WC MM Forum                                        | Municipal Manager | Worcester       | 28/02/2020 |
| National Treasury                                  | Municipal Manager | Pretoria        | 03/03/2020 |
| Dept of LG: Community Dev Workers Program          | Municipal Manager | Robertson       | 12/03/2020 |
| CoGTA                                              | Municipal Manager | Microsoft Teams | 03/04/2020 |
| DG and Head of Departments                         | Municipal Manager | Microsoft Teams | 06/04/2020 |
| SALGA                                              | Municipal Manager | Microsoft Teams | 28/04/2020 |
| PTM and MMs meeting                                | Municipal Manager | Microsoft Teams | 03/05/2020 |
| District Coordinating Forum                        | Municipal Manager | Microsoft Teams | 04/05/2020 |
| PTM and MMs meeting                                | Municipal Manager | Microsoft Teams | 10/05/2020 |
| DCF                                                | Municipal Manager | Microsoft Teams | 11/05/2020 |
| Western Cape Municipal Managers Forum              | Municipal Manager | Microsoft Teams | 12/05/2020 |
| PTM and MMs meeting                                | Municipal Manager | Microsoft Teams | 17/05/2020 |
| Local Government Support Grant                     | Municipal Manager | Microsoft Teams | 20/05/2020 |
| DCF                                                | Municipal Manager | Microsoft Teams | 25/05/2020 |
| PTM and MMs meeting                                | Municipal Manager | Microsoft Teams | 31/05/2020 |
| SALGA                                              | Municipal Manager | Microsoft Teams | 03/05/2020 |
| DCF                                                | Municipal Manager | Microsoft Teams | 15/06/2020 |
| Minister's and Mayoral Forum                       | Municipal Manager | Microsoft Teams | 17/06/2020 |
| Depart of LG Municipal Support & Capacity Building | Municipal Manager | Microsoft Teams | 25/06/2020 |

| IGR ENGAGEMENTS FOR DEPARTMENT: STRATEGY AND SOCIAL DEVELOPMENT |                           |             |                 |
|-----------------------------------------------------------------|---------------------------|-------------|-----------------|
| Meeting                                                         | Attended by               | Hosted in   | Date            |
| Prestige Agri Awards                                            | Director: Strat & Soc Dev | Elsenburg   | 15/07/2019      |
| Wesgro – Western Cape Mun Engagement - Climate Change           | Director: Strat & Soc Dev | Mossel Bay  | 25 & 26/07/2019 |
| Air Quality & Noise Control                                     | Director: Strat & Soc Dev | Nekkies     | 01 & 2/08/2019  |
| EPWP Meeting                                                    | Director: Strat & Soc Dev | Nekkies     | 20/08/2019      |
| District Local Economic Dev Alignment Workshop                  | Director: Strat & Soc Dev | Worcester   | 22/08/2019      |
| Cape Winelands Human Settlement Plan                            | Director: Strat & Soc Dev | Paarl       | 21/08/2019      |
| District Local Economic Dev Alignment Workshop                  | Director: Strat & Soc Dev | Worcester   | 22/08/2019      |
| Western Cape Prov IDP M Forum                                   | Director: Strat & Soc Dev | Durbanville | 20 & 21/09/2019 |
| District Communication Meeting                                  | Director: Strat & Soc Dev | Paarl       | 24/10/2019      |
| Signage Training (Tourism)                                      | Director: Strat & Soc Dev | Worcester   | 02/10/2019      |

|                                                      |                           |                 |                    |
|------------------------------------------------------|---------------------------|-----------------|--------------------|
| Mun Engagement on Tourism Planning                   | Director: Strat & Soc Dev | Cape Town       | 02/10/2019         |
| LTA Meeting (Local Tourism Assoc)                    | Director: Strat & Soc Dev | Rawsonville     | 20/11/2019         |
| Provincial Gender Forum                              | Director: Strat & Soc Dev | Worcester       | 20/11/2019         |
| Annual Training on Predetermined Objectives          | Director: Strat & Soc Dev | Worcester       | 20-23/11/2019      |
| Greenest Mun Competition Awards                      | Director: Strat & Soc Dev | Stellenbosch    | 26/11/2019         |
| RTLCL (Reg Tourism Liaison Comm)                     | Director: Strat & Soc Dev | Grabouw         | 05/12/2019         |
| Provincial IDP Managers Forum                        | Director: Strat & Soc Dev | Montagu         | 05 &<br>06/12/2019 |
| Cape Winelands Small-scale Farmers Support Programme | Director: Strat & Soc Dev | Worcester       | 13/12/2019         |
| SeedFund Evaluation Meeting                          | Director: Strat & Soc Dev | Worcester       | 13/12/2019         |
| LTA Meeting                                          | Director: Strat & Soc Dev | Tulbagh         | 29/01/2020         |
| DARDLR                                               | Director: Strat & Soc Dev | Stellenbosch    | 04/02/2020         |
| RTLCL                                                | Director: Strat & Soc Dev | Bredasdorp      | 06/02/2020         |
| District EPWP Meeting                                | Director: Strat & Soc Dev | Paarl           | 11/02/2020         |
| TIME (Tech Int Mun Engagem Report)                   | Director: Strat & Soc Dev | Paarl           | 12/02/2020         |
| Provincial Air Quality Officer Forum                 | Director: Strat & Soc Dev | Vredendal       | 20 &<br>21/02/2020 |
| Tourism Expo                                         | Director: Strat & Soc Dev | Johannesburg    | 20-23/02/2020      |
| Depsa (Thandeka from Nat T)                          | Director: Strat & Soc Dev | Bellville       | 24/02/2020         |
| JDA Meeting                                          | Director: Strat & Soc Dev | Worcester       | 28/02/2020         |
| Rural Towns Prog Evaluation Session                  | Director: Strat & Soc Dev | Pretoria        | 03-04/03/2020      |
| Provincial IDP Managers Forum                        | Director: Strat & Soc Dev | Caledon         | 05-6/03/2020       |
| JDA Meeting (Annual Joint Approach)                  | Director: Strat & Soc Dev | Worcester       | 13/03/2020         |
| SIME (Strat Int Mun Engagem)                         | Director: Strat & Soc Dev | Microsoft Teams | 05/05/2020         |
| Business Econ and Cluster Meeting                    | Director: Strat & Soc Dev | Microsoft Teams | 15/05/2020         |
| District Co Forum Meeting                            | Director: Strat & Soc Dev | Microsoft Teams | 08/06/2020         |
| Communication Tech Forum Meeting                     | Director: Strat & Soc Dev | Microsoft Teams | 10/06/2020         |
| Cape Winelands Hotspot Cluster Meeting               | Director: Strat & Soc Dev | Microsoft Teams | 17/06/2020         |
| Humanitarian Relief Food Sec Meeting                 | Director: Strat & Soc Dev | Microsoft Teams | 19/06/2020         |
| Cape Winelands Hotspot Cluster Meeting               | Director: Strat & Soc Dev | Microsoft Teams | 24/06/2020         |
| District Communication Meeting                       | Director: Strat & Soc Dev | Microsoft Teams | 25/06/2020         |

| IGR ENGAGEMENTS FOR THE DEPARTMENT: CORPORATE SERVICES         |                                                                                                                                                                    |           |            |
|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------|
| Meeting                                                        | Attended By                                                                                                                                                        | Hosted In | Date       |
| Information session –Department of Labour and ACVV – Robertson | Ward Committee members,<br>Community Liaison Workers and<br>Farming Community Members of<br>Ward 5.<br>Department of Labour and ACVV<br>–Robertson, Social Workers | McGregor  | 13/07/2019 |
| CDW Local Coordinators Meeting                                 | Department of Community<br>Development Programmes and<br>Cape Winelands District                                                                                   | Worcester | 16/07/2019 |

|                                                           |                                                                                                                                                                                   |              |                    |
|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------------|
|                                                           | Municipalities<br>Ward Committee Coordinator-Mr<br>AG Brönn                                                                                                                       |              |                    |
| CDW Staff Meeting                                         | Department of Community<br>Development Programmes and<br>Cape Winelands District<br>Municipalities<br>Ward Committee Coordinator-Mr<br>AG Brönn and CDW –Me<br>Charmain Swanepoel | Montagu      | 30/07/2019         |
| SAPD –Robertson –School holiday<br>Programme              | SAPD –Robertson, Community<br>Liaison Workers of Wards 1, 2, 3<br>and 6. Robertson Rugby Club                                                                                     | Robertson    | 20/08/2019         |
| SAPD –Robertson- Crime prevention<br>strategy for the CBD | SAPD –Robertson, Community<br>Liaison Workers and Councillors<br>of Wards 1, 2, 3 and 6.                                                                                          | Robertson    | 20/08/2019         |
| Community Development Local<br>Coordinators Meeting       | Department of Community<br>Development Programmes and<br>Cape Winelands District<br>Municipalities<br>Ward Committee Coordinator-Mr<br>AG Brönn                                   | Paarl        | 20/08/2019         |
| Youth Outreach Workshops                                  | NYDA - Community Liaison<br>Worker and Youth from Wards 4 &<br>8                                                                                                                  | Bonnievale   | 27/08/2019         |
| Youth Outreach Workshops                                  | NYDA – Community Liaison<br>Worker and Youth from Ward 5.                                                                                                                         | McGregor     | 28/08/2019         |
| CDW Staff Meeting                                         | Department of Community<br>Development Programmes and<br>Cape Winelands District<br>Municipalities<br>Ward Committee Coordinator-Mr<br>AG Brönn and CDW –Me<br>Charmain Swanepoel | Franschoek   | 28/08/2019         |
| CDW Local Coordinators Meeting                            | Department of Community<br>Development Programmes and<br>Cape Winelands District<br>Municipalities<br>Ward Committee Coordinator-Mr<br>AG Brönn                                   | Stellenbosch | 25/09/2019         |
| CDW Staff Meeting                                         | Department of Community<br>Development Programmes and<br>Cape Winelands District<br>Municipalities<br>Ward Committee Coordinator-Mr<br>AG Brönn and CDW –Me<br>Charmain Swanepoel | Paarl        | 26/09/2019         |
| CDW Local Coordinators Extended<br>Meeting                | Department of Community<br>Development Programmes and<br>Cape Winelands District<br>Municipalities<br>Ward Committee Coordinator-Mr<br>AG Brönn                                   | Lamberts Bay | 28 -<br>30/10/2019 |

|                                                                                                                                                             |                                                                                                                                                                                                                                                                         |             |            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|------------|
| Housing Information Session                                                                                                                                 | Langeberg Municipality Housing Department, Ward Committee Members, Farming Communities in Ward 11 and Community Liaison Worker                                                                                                                                          | Ashton      | 02/11/2019 |
| Ward-based Planning                                                                                                                                         | Langeberg Municipality, Ward Councillors & Ward Committee members                                                                                                                                                                                                       | Robertson   | 15/11/2019 |
| Ward Summit                                                                                                                                                 | Langeberg Municipality, Ward Councillors & Ward Committee members & Provincial Department of Local Government                                                                                                                                                           | Robertson   | 16/11/2019 |
| Entrepreneurship Workshop                                                                                                                                   | SEDA, Langeberg Municipality, Community Liaison Worker and Youth from Ward 7 & 12.                                                                                                                                                                                      | Montagu     | 30/01/2020 |
| Ward Demarcation Board Meeting – Ward Delimitation Process                                                                                                  | Ward Demarcation Board, Langeberg Municipality Councillors, Community Members, Community Stakeholders, Community Liaison Workers, Ward Committee Coordinator, Manager: Governance Support, Mayor –Langeberg Municipality and Municipal Manager                          | Robertson   | 19/02/2020 |
| Parliament of South Africa – Education and Public Participation, Unit –Expropriation of Land without Compensation, Planning & Mobilization District Meeting | Parliament of South Africa – Education and Public Participation Unit, B –Municipalities in Cape Winelands District Municipalities – Public Participation Units and Community Development Workers Unit – Cape Winelands Region, Ward Committee Coordinator – Mr AG Brönn | Worcester   | 02/03/2020 |
| Department of Community Development Stakeholders Engagement Meeting                                                                                         | Department of Community Development Programmes and Cape Winelands District Municipalities<br>Ward Committee Coordinator-Mr AG Brönn and Municipality representatives in the Western Cape, CBO's & NGO's, Ward Committee Coordinator –Mr AG Brönn                        | Durbanville | 10/03/2020 |

| IGR ENGAGEMENTS FOR THE DEPARTMENT: FINANCE               |                            |           |            |
|-----------------------------------------------------------|----------------------------|-----------|------------|
| Meeting                                                   | Attended by                | Hosted in | Date       |
| Accounting Working Committee Meeting                      | CFO, Mrs N Hendricks       | Mosselbay | 02/08/2019 |
| Capital Expenditure Framework Knowledge Exchange Workshop | CFO                        | Worcester | 02/09/2019 |
| MPRA Forum Meeting                                        | Mr P Albanie, Mrs Y Nogaga | Worcester | 06/09/2019 |

|                                                            |                                                                                 |                           |                 |
|------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------|-----------------|
| R Data Workshop                                            | CFO, Mr C Scheepers, Mr H Wiese, Mr Z Qhanqisa, Mr C Franken, Mrs M Matthee and | Mosselbay                 | 10/09/2019      |
| Municipal Accounting Forum Meetings                        | CFO, Mr C Scheepers, Mr G Fielies, Mrs N Hendricks                              | Somerset West             | 20/09/2019      |
| Roadshow on Local Content and Production                   | CFO, Mr S Ngcongolo, Mrs L Jass-Holmes, Mrs C Coetzee,                          | Paarl                     | 03/10/2019      |
| Cigfaro Conference                                         | CFO                                                                             | Durban                    | 05 - 09/10/2019 |
| Revenue Management Master Class                            | CFO                                                                             | Kleinmond                 | 17 - 18/10/2019 |
| Combined Assurance Workshop: Cape Winelands Municipalities | CFO, Mr Shude, Mr S Ngcongolo                                                   | Cape Winelands            | 22/10/2019      |
| LED SCM Indaba                                             | Mr S Ngcongolo                                                                  | Mosselbay                 | 14- 15/11/2019  |
| Municipal Accounting Forum Meetings                        | CFO, Mr C Scheepers, Mr G Fielies, Mrs N Hendricks                              | Overstrand Municipality - | 25- 26/11/2019  |
| MPRA Forum Meeting                                         | Mr Z Qhanqisa, Mr P Albanie, Mrs Y Nogaga                                       | Worcester                 | 29/11/2019      |
| CFO Forum                                                  | CFO                                                                             | Knysna                    | 01 - 02/12/2019 |
| 2019 Western Cape Collaborator User Group Meeting          | CFO, Mr S Ngcongolo                                                             | Mosselbay                 | 05 - 06/12/2019 |
| All Regional Branch Members Meeting                        | CFO                                                                             | Kempton Park              | 29/01/2020      |
| General Recognised Accounting Practice (GRAP) Training     | Mr G Fielies, Mr C Scheepers.                                                   | Worcester                 | 30 - 31/01/2020 |
| Annual Budget and in Year Monitoring Workshop              | Mr Z Qhanqisa, Mr G Fielies, Ms S Wiese                                         | Caledon                   | 04 - 06/02/2020 |
| Time Engagement                                            | CFO                                                                             | Paarl                     | 12/02/2020      |
| SARS - Interactive Session                                 | Mr C Franken, Mrs Matthee                                                       | Bellville                 | 19/02/2020      |
| Local Cigfaro ASB Workshop                                 | CFO, Mr C Scheepers, Mr G                                                       | Worcester                 | 19/02/2020      |
| Review and Amendments of the SCM Policy                    | Mr S Ngcongolo                                                                  | Stellenbosch              | 19/02/2020      |
| Cigfaro Board Members Meeting                              | CFO                                                                             | Kempton Park              | 28/02/2020      |
| mSCOA Budgeting - Western Cape                             | CFO, Mr C Scheepers, Mr H Wiese, Ms S Wiese                                     | Rawsonville               | 27 – 28/02/2020 |
| SCM Audit Findings and The Way Forward                     | CFO, Mr S Ngcongolo                                                             | Paarl                     | 05/03/2020      |
| All Board Members Cigfaro Meeting                          | CFO                                                                             | Kempton Park              | 06/03/2020      |
| Procurement Bill Workshop                                  | CFO, Mr S Ngcongolo,                                                            | Caledon                   | 12/03/2020      |
| CFO Forum                                                  | CFO                                                                             | Caledon                   | 13/03/2020      |

| IGR ENGAGEMENTS FOR THE DEPARTMENT: COMMUNITY SERVICES |                          |              |            |
|--------------------------------------------------------|--------------------------|--------------|------------|
| Meeting                                                | Attended by              | Hosted in    | Date       |
| Municipal Funding                                      | Director: Comm. Services | Robertson    | 7/06/2019  |
| Department of Environmental Affairs                    | Director: Comm. Services | Cape Town    | 11/06/2019 |
| Initiation of the Santam-Sasria-CWDM                   | Director: Comm. Services | Stellenbosch | 13/06/2019 |



|                                                                                                  |                                               |              |             |
|--------------------------------------------------------------------------------------------------|-----------------------------------------------|--------------|-------------|
| Partnership                                                                                      |                                               |              |             |
| Regional Workshops 19 June 2019 – Cape Winelands Business Plan Reporting 2018 - 2019/ 2019- 2020 | Director: Comm. Services                      | Rawsonville  | 19/06/2019  |
| Housing coordination                                                                             | Director: Comm. Services                      | Bonnievale   | 27/06/2019  |
| Quarterly Regional Co-ordination Forum Meeting – Cape Winelands Region                           | Director: Comm. Services                      | Worcester    | 10/07/2019  |
| SANTAM Partnership                                                                               | Director: Comm. Services                      | Stellenbosch | 11/07/2019  |
| Meaningful engagement                                                                            | Director: Comm. Services                      | Robertson    | 16/07/2019  |
| Consultation on SLA                                                                              | Director: Comm. Services                      | Robertson    | 22/07/2019  |
| Kenana hand-over of enhanced serviced sites to beneficiaries                                     | Director: Comm. Services                      | Robertson    | 25/07/2019  |
| Human Settlements Technical Coordination meeting                                                 | Director: Comm. Services                      | Robertson    | 26/07/2019  |
| Invitation – 9 <sup>th</sup> ISSP Forum                                                          | Director: Comm. Services                      | Cape Town    | 02/08/2019  |
| StatsSA Meeting Minutes                                                                          | Director: Comm. Services                      | Robertson    | 05/08/2019  |
| Langeberg: Robertson Erf 136 Nkqubela: Approval of services                                      | Director: Comm. Services                      | Cape Town    | 16/08/2019  |
| Langeberg Municipality: General Support Steering Committee Meeting                               | Director: Comm. Services                      | Robertson    | 28/08/2019  |
| ASLA Project Meeting                                                                             | Director: Comm. Services                      | Robertson    | 29/08/2019  |
| Human Settlements Co Ordination Meeting Langeberg                                                | Director: Comm. Services                      | Robertson    | 30/08/2019  |
| Meaningful engagement                                                                            | Director: Comm. Services, J Wiese, A Mohammed | Robertson    | 04/09/2019  |
| Langeberg Municipality ASC meeting                                                               | Director: Comm. Services                      | Ashton       | 04/09/2019  |
| Bruwer Land Parcel: Zandvliet, Arabella Wines and Tiger Brands                                   | Director: Comm. Services                      | Ashton       | 17/09/ 2019 |
| Quarterly Regional Co-ordination Forum Meeting - Cape Winelands Region                           | Director: Comm. Services                      | Worcester    | 18/09/2019  |
| Langeberg Municipality ASC meeting                                                               | Director: Comm. Services                      | Ashton       | 18/09/2019  |
| ASLA/Langeberg Municipality Housing Project Meeting: Sept 2019                                   | Director: Comm. Services                      | Robertson    | 25/09/2019  |
| Langeberg Housing Technical Coordination Meeting                                                 | Director: Comm. Services                      | Robertson    | 26/09/2019  |
| Langeberg Municipality ASC meeting                                                               | Director: Comm. Services                      | Ashton       | 02/10/2019  |
| AGSA Meeting                                                                                     | Director: Comm. Services                      | Robertson    | 07/10/2019  |
| Langeberg Municipality ASC meeting                                                               | Director: Comm. Services                      | Ashton       | 16/10/2019  |
| Site Visit - Langeberg Municipality                                                              | Director: Comm. Services                      | Robertson    | 18/10/2019  |
| Cape Winelands Region - Quarterly Regional Co-ordination Forum Meeting                           | Director: Comm. Services                      | Paarl        | 22/10/2019  |
| Cape Winelands District follow up meeting HDD Drive                                              | Director: Comm. Services                      | Worcester    | 23/10/2019  |
| Langeberg Housing Technical Coordination Meeting                                                 | Director: Comm. Services                      | Robertson    | 01/11/2019  |
| Langeberg municipality AGSA ASC Draft Management Report 2018-19 discussion                       | Director: Comm. Services                      | Ashton       | 08/11/ 2019 |
| Langeberg Municipality ASC meeting                                                               | Director: Comm. Services                      | Ashton       | 13/11/2019  |
| Langeberg Municipality: General Support Steering Committee Meeting                               | Director: Comm. Services                      | Robertson    | 14/11/2019  |
| Langeberg Municipality ASC meeting                                                               | Director: Comm. Services                      | Robertson    | 27/11/2019  |

|                                                                                                                                                     |                                    |                 |            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------|------------|
| Langeberg Municipality: General Support Steering Committee Meeting                                                                                  | Director: Comm. Services           | Robertson       | 29/11/2019 |
| Langeberg Municipality: McGregor 68 houses Site Handover Meeting                                                                                    | Director: Comm. Services           | McGregor        | 06/12/2019 |
| McGregor Green Village: Site Visit & finalization of scope                                                                                          | Director: Comm. Services           | McGregor        | 24/01/2020 |
| MUN//ASLA Monthly project update meeting                                                                                                            | Director: Comm. Services           | Robertson       | 29/01/2020 |
| CWDM - JDA Engagement - Langeberg Municipality - Tuesday, 4 February 2020                                                                           | Director: Comm. Services           | Robertson       | 04/02/2020 |
| Quarterly Regional Co-ordination Forum Meeting - Cape Winelands Region                                                                              | Director: Comm. Services           | Worcester       | 05/02/2020 |
| Invitation - Informal Settlement Support Plan (ISSP) Forum 21 February 2020                                                                         | Director: Comm. Services           | Cape Town       | 21/02/2020 |
| Disaster Management and SANTAM Steering Committee Meeting                                                                                           | Director: Comm. Services           | Worcester       | 26/02/2020 |
| McGregor site meeting #2                                                                                                                            | Director: Comm. Services           | McGregor        | 04/03/2020 |
| Quarterly Regional Co-ordination Meeting - Cape Winelands                                                                                           | Director: Comm. Services           | Worcester       | 05/03/2020 |
| Langeberg Housing Technical Coordination Meeting                                                                                                    | Director: Comm. Services           | Montagu         | 06/03/2020 |
| CWDM JOC Meeting                                                                                                                                    | Director: Comm. Services           | Microsoft Teams | 24/04/2020 |
| McGregor Housing Project                                                                                                                            | Director: Comm. Services           | Microsoft Teams | 22/05/2020 |
| Invitation Reminder - Informal Settlement Support Plan (ISSP) Forum 27 May 2020                                                                     | Director: Comm. Services           | Microsoft Teams | 27/05/2020 |
| Langeberg Municipality McGregor 68 Houses: Project Meeting #3                                                                                       | Director: Comm. Services           | Microsoft Teams | 11/06/2020 |
| IERM Online Event: 17 June 2020                                                                                                                     | Director: Comm. Services           | Microsoft Teams | 17/06/2020 |
| Inaugural ISSP Mini-Forum, 19 June 2020: COVID-19 Response Plan for Water, Sanitation and Cleaning of Public Open Spaces and High Trafficable Areas | Director: Comm. Services           | Microsoft Teams | 19/06/2020 |
| Strydom Street meeting                                                                                                                              | Director: Comm. Services           | Microsoft Teams | 19/06/2020 |
| Quarterly Regional Co-ordination Forum Meeting - Cape Winelands Region                                                                              | Director: Comm. Services           | Microsoft Teams | 24/06/2020 |
| Langeberg Municipality: General Support Steering Committee Meeting                                                                                  | Director: Comm. Services           | Microsoft Teams | 25/06/2020 |
| DCAS Water Summit                                                                                                                                   | L. April, J. Lucas                 | Cape Town       | 22/02/2020 |
| DTIC – Paraffin Awareness Campaign LOC Meeting                                                                                                      | I. April, J Durand                 | Robertson       | 29/03/2019 |
| DCAS Nkqubela Sportsground MIG Project Evaluation Meeting                                                                                           | Director: Comm. Services, L. April | Robertson       | 05/04/2019 |
| DTIC – Paraffin Awareness Campaign LOC Meeting                                                                                                      | L. April, J Durand                 | Robertson       | 05/04/2019 |
| DTIC – Paraffin Awareness Campaign Event                                                                                                            | L. April, J Durand                 | Ashton          | 03/05/2019 |
| DCAS Nkqubela Sportsground MIG Project Conclusion Meeting                                                                                           | Director: Comm. Services, L. April | Robertson       | 10/06/2019 |
| Climate Change Workshop                                                                                                                             | A Mohammed                         | Worcester       | 25/07/2019 |
| Housing Technical Meeting                                                                                                                           | A Mohammed                         | Robertson       | 26/07/2019 |



|                                                                                                  |                                          |              |               |
|--------------------------------------------------------------------------------------------------|------------------------------------------|--------------|---------------|
| Visit to Department Human Settlements: Discussion outstanding Housing Subsidies, Various Project | A Mohammed                               | Cape Town    | 19/08/2019    |
| Cape Winelands Human Settlement Plan (HSP) Guideline Workshop                                    | A Mohammed, J Wiese                      | Paarl        | 21/08/2019    |
| Provincial Steering Committee Meeting (Title Deed Restoration Project)                           | A Mohammed, H Jeneke                     | Stellenbosch | 29/08/2019    |
| Cape Winelands District Follow Up Meeting: Housing Database Drive 26,27/10/2019                  | AMohammed, H Jeneke                      | Worcester    | 23/10/2019    |
| Provincial Steering Committee Meeting (Title Deed Restoration Project)                           | A Mohammed, H Jeneke                     | Worcester    | 26/11/2019    |
| Informal Settlement Support Plan Forum Meeting (ISSP)                                            | A Mohammed                               | Cape Town    | 21/02/2020    |
| Human Settlement Co-Ordination Meeting                                                           | Director: Comm. Services, A Mohammed     | Worcester    | 05/03/2020    |
| Visit by Housing MEC: Strydom Street                                                             | Director: Comm. Services, A Mohammed     | Montagu      | 06/03/2020    |
| Local Government Climate Change Support Programme Phase Four                                     | Michelle Hucklesby                       | Worcester    | 27-29/11/2019 |
| Department of Environmental Affairs workshop on Chemical awareness training                      | Michelle Hucklesby, Nomasibulele Mdalase | Worcester    | 02/03/2020    |

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Municipal Systems Act, 32 of 2000, Section 15 (b): requires a municipality to establish and organise its administration and to facilitate a culture of accountability amongst its staff. Section 16 (i): states that a municipality must develop a system of municipal governance that complements formal representative governance with a system of participatory governance.

Section 18 (i) (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

The municipality actively pursues meaningful public participation. This section reports on how Langeberg Municipality met the above legislative requirements, through a discussion of the characteristics through which accountability and participative governance must adhere to.

**Sustainable Participation:** The Ward Committee System provides Langeberg Municipality with a powerful governance structure through which public accountability and community participation are promoted and strengthened. Being fully capacitated and institutionalised in each of the twelve wards, the foundation has been laid to sustain a fully functional system for a continuous, two-way information flow and engagement between the municipality and the community. The Ward Committee Chairpersons per ward are set out in the table below:

Table 34: Ward Committee Chairpersons per Ward in 2019/2020

| Ward Committee                     | Chairperson        |
|------------------------------------|--------------------|
| Ward 1 – Robertson                 | Ald JD Burger      |
| Ward 2 – Robertson (Nkqubela)      | Cllr AJ Shibili    |
| Ward 3 – Robertson                 | Cllr P Hess        |
| Ward 4 – Bonnievale (Happy Valley) | Cllr JJS Januarie  |
| Ward 5 – McGregor                  | Cllr SW Strauss    |
| Ward 6 – Robertson                 | Cllr DB Janse      |
| Ward 7 - Montagu                   | Cllr J Kriel       |
| Ward 8 – Bonnievale                | Ald SW Van Eeden   |
| Ward 9 – Ashton                    | Cllr N Beginsel    |
| Ward 10 – Ashton (Zolani)          | Cllr BH Nteta      |
| Ward 11 – Ashton (Rural)           | Cllr JDF Van Zyl   |
| Ward 12 - Montagu                  | Cllr EMJ Scheffers |

**Transparency and the Rule of Law:** The following tables indicate the dates on which the municipality invited the community to participate in the development of Municipal directives and documents, as advertised on the municipal website in 2018/2019.

### 2.4 PUBLIC MEETINGS

**Effectiveness and efficiency:** In order to produce results that meet the needs of the Langeberg communities, thereby ensuring participative effectiveness and efficiency, community consultation took place on various issues throughout the year.

The table below reflects the Ward-based Planning Sessions held throughout the area in 2019/2020.

Table 35: Ward-based Planning Sessions in 2018/2019

| Ward | Date             | Venue                                 |
|------|------------------|---------------------------------------|
| 1    | 15 November 2019 | Callie De Wet Sport Centre, Robertson |
| 2    | 15 November 2019 | Callie De Wet Sport Centre, Robertson |
| 3    | 15 November 2019 | Callie De Wet Sport Centre, Robertson |

|    |                  |                                       |
|----|------------------|---------------------------------------|
| 4  | 15 November 2019 | Callie De Wet Sport Centre, Robertson |
| 5  | 15 November 2019 | Callie De Wet Sport Centre, Robertson |
| 6  | 15 November 2019 | Callie De Wet Sport Centre, Robertson |
| 7  | 15 November 2019 | Callie De Wet Sport Centre, Robertson |
| 8  | 15 November 2019 | Callie De Wet Sport Centre, Robertson |
| 9  | 15 November 2019 | Callie De Wet Sport Centre, Robertson |
| 10 | 15 November 2019 | Callie De Wet Sport Centre, Robertson |
| 11 | 15 November 2019 | Callie De Wet Sport Centre, Robertson |
| 12 | 15 November 2019 | Callie De Wet Sport Centre, Robertson |

**Equity and Inclusiveness:** In order to facilitate inclusive participation in mainstream society, Ward Committees reached out to communities - creating opportunities to improve and/or maintain their well-being.

The table below reflects the Ward Committee Outreach Programmes in 2019/2020

Table 36: Ward Committee Outreach Programmes in 2019/2020

| Ward | Date            | Programmes                                                                                                    |
|------|-----------------|---------------------------------------------------------------------------------------------------------------|
| 1    | 20/08/2019      | Meeting with Robertson SAPS, Ward Councillor & CLW                                                            |
|      | 11/10/2019      | Community Cleaning programme                                                                                  |
|      | 15/11/2019      | Ward-based Planning                                                                                           |
|      | 16/11/2019      | Ward Summit                                                                                                   |
|      | 19/02/2019      | Ward Demarcation Board, Ward Delimitation Meeting                                                             |
|      | 06 – 20/03/2020 | Mobilization Campaign, expropriation of land without compensation for Parliament of SA public hearing session |
|      | 19/03/2020      | Distribution of awareness COVID-19 pamphlets and posters                                                      |
| 2    | 20/08/2019      | Meeting with Robertson SAPS, Ward Councillor & CLW                                                            |
|      | 15/11/2019      | Ward-based Planning                                                                                           |
|      | 16/11/2019      | Ward Summit                                                                                                   |
|      | 19/02/2019      | Ward Demarcation Board, Ward Delimitation Meeting                                                             |
|      | 06 – 20/03/2020 | Mobilisation Campaign, expropriation of land without compensation for Parliament of SA public hearing session |
|      | 19/03/2020      | Distribution of awareness COVID-19 pamphlets and posters                                                      |
| 3    | 20/08/2019      | Meeting with Robertson SAPS, Ward Councillor & CLW                                                            |
|      | 11/10/2019      | Community Cleaning programme                                                                                  |
|      | 15/11/2019      | Ward-based Planning                                                                                           |
|      | 16/11/2019      | Ward Summit                                                                                                   |
|      | 19/02/2019      | Ward Demarcation Board, Ward Delimitation Meeting                                                             |
|      | 06 – 20/03/2020 | Mobilisation Campaign, expropriation of land without compensation for Parliament of SA public hearing session |
| 4    | 19/03/2020      | Distribution of awareness COVID-19 pamphlets and posters                                                      |
|      | 27/08/2019      | NYDA – Youth Outreach Workshop                                                                                |
|      | 15/11/2019      | Ward-based Planning                                                                                           |
|      | 16/11/2019      | Ward Summit                                                                                                   |
|      | 19/02/2019      | Ward Demarcation Board, Ward Delimitation Meeting                                                             |
|      | 06 – 20/03/2020 | Mobilization Campaign, expropriation of land without compensation for Parliament of SA public hearing session |
| 5    | 19/03/2020      | Distribution of awareness COVID-19 pamphlets and posters                                                      |
|      | 13/07/2019      | Department of Labour and ACVV – Information session                                                           |
|      | 28/08/2019      | NYDA – Youth Outreach Workshop                                                                                |
|      | 15/11/2019      | Ward-based Planning                                                                                           |
|      | 16/11/2019      | Ward Summit                                                                                                   |
|      | 19/02/2019      | Ward Demarcation Board, Ward Delimitation Meeting                                                             |
|      | 06 – 20/03/2020 | Mobilisation Campaign, expropriation of land without compensation for Parliament of                           |

| Ward | Date                                                                                                | Programmes                                                                                                                                                                                                                                                                                                                                                 |
|------|-----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      | 19/03/2020                                                                                          | SA public hearing session<br>Distribution of awareness COVID-19 pamphlets and posters                                                                                                                                                                                                                                                                      |
| 6    | 20/08/2019<br>11/10/2019<br>15/11/2019<br>16/11/2019<br>19/02/2019<br>06 – 20/03/2020<br>19/03/2020 | Meeting with Robertson SAPS, Ward Councillor & CLW<br>Community Cleaning programme<br>Ward-based Planning<br>Ward Summit<br>Ward Demarcation Board, Ward Delimitation Meeting<br>Mobilization Campaign, expropriation of land without compensation for Parliament of SA public hearing session<br>Distribution of awareness COVID-19 pamphlets and posters |
| 7    | 15/11/2019<br>16/11/2019<br>30/01/2020<br>19/02/2019<br>06 – 20/03/2020<br>19/03/2020               | Ward-based Planning<br>Ward Summit<br>Entrepreneurship Workshop<br>Ward Demarcation Board, Ward Delimitation Meeting<br>Mobilization Campaign, expropriation of land without compensation for Parliament of SA public hearing session<br>Distribution of awareness COVID-19 pamphlets and posters                                                          |
| 8    | 27/08/2019<br>15/11/2019<br>16/11/2019<br>19/02/2019<br>06 – 20/03/2020<br>19/03/2020               | NYDA – Youth Outreach Workshop<br>Ward-based Planning<br>Ward Summit<br>Ward Demarcation Board, Ward Delimitation Meeting<br>Mobilization Campaign, expropriation of land without compensation for Parliament of SA public hearing session<br>Distribution of awareness COVID-19 pamphlets and posters                                                     |
| 9    | 02/11/2019<br>15/11/2019<br>16/11/2019<br>30/01/2020<br>19/02/2019<br>06 – 20/03/2020<br>19/03/2020 | Housing Information Session<br>Ward-based Planning<br>Ward Summit<br>Entrepreneurship Workshop<br>Ward Demarcation Board, Ward Delimitation Meeting<br>Mobilization Campaign, expropriation of land without compensation for Parliament of SA public hearing session<br>Distribution of awareness COVID-19 pamphlets and posters                           |
| 10   | 15/11/2019<br>16/11/2019<br>19/02/2019<br>06 – 20/03/2020<br>19/03/2020                             | Ward-based Planning<br>Ward Summit<br>Ward Demarcation Board, Ward Delimitation Meeting<br>Mobilization Campaign, expropriation of land without compensation for Parliament of SA public hearing session<br>Distribution of awareness COVID-19 pamphlets and posters                                                                                       |
| 11   | 15/11/2019<br>16/11/2019<br>19/02/2019<br>06 – 20/03/2020<br>19/03/2020                             | Ward-based Planning<br>Ward Summit<br>Ward Demarcation Board, Ward Delimitation Meeting<br>Mobilization Campaign, expropriation of land without compensation for Parliament of SA public hearing session<br>Distribution of awareness COVID-19 pamphlets and posters                                                                                       |

| Ward | Date            | Programmes                                                                                                    |
|------|-----------------|---------------------------------------------------------------------------------------------------------------|
| 12   | 17-18/07/2019   | Voluntary Cleaning Programme in Ashbury and Mandela Park in honour of Nelson Mandela                          |
|      | 15/11/2019      | Ward-based Planning                                                                                           |
|      | 16/11/2019      | Ward Summit                                                                                                   |
|      | 30/01/2020      | Entrepreneurship Workshop                                                                                     |
|      | 19/02/2019      | Ward Demarcation Board, Ward Delimitation Meeting                                                             |
|      | 06 – 20/03/2020 | Mobilization Campaign, expropriation of land without compensation for Parliament of SA public hearing session |
|      | 19/03/2020      | Distribution of awareness COVID-19 pamphlets and posters                                                      |

**Consensus Orientation:** To be consensus orientated, the municipality strives towards reaching broad consensus on what is in the best interest of the community and also how it can be achieved. The IDP process served this purpose. The table below reflects the IDP Community Input Meetings held in 2019/20.

**Transparency:** In order to be transparent, stakeholders and communities were informed of decisions and actions that affected them directly. Ward Committees gave regular feedback to their communities. The table below reflects the Ward Committee – Community (Feedback) Meetings held in 2019/20.

Table 37: IDP Community Input Meetings held in 2019/20

| IDP Community Input Meetings held in 2019/20 |                     |            |                               |
|----------------------------------------------|---------------------|------------|-------------------------------|
| Date                                         | Wards               | Town       | Venue                         |
| 12 September                                 | 5 – Cllr Strauss    | McGregor   | McGregor Community Hall       |
| 16 September                                 | 6 – Cllr Janse      | Robertson  | Community Hall Robertson      |
| 17 September                                 | 1 – Cllr Burger     | Robertson  | Robertson Town Hall           |
| 18 September                                 | 3 – Cllr Hess       | Robertson  | Community Hall Robertson      |
| 19 September                                 | 10 – Cllr Nteta     | Ashton     | Rholihlahla Community Hall    |
| 26 September                                 | 12 – Cllr Scheffers | Montagu    | Kabouterland Community Center |
| 1 October                                    | 8 – Cllr Van Eeden  | Bonnievale | Chris v Zyl Hall              |
| 2 October                                    | 7 – Cllr Kriel      | Montagu    | Hofmeyer Hall                 |
| 3 October                                    | 9 – Cllr Beginsel   | Ashton     | Barnard Community Hall        |
| 9 October                                    | 2 – Cllr Shibili    | Robertson  | Nkqubela Community Hall       |
| 15 October                                   | 4 – Cllr January    | Bonnievale | Happy Valley Community Hall   |
| 16 October                                   | 11 – Cllr van Zyl   | Ashton     | Ashton Town Hall              |

Table 38: Ward Committee – Community (Feedback) Meetings held in 2019/2020

| Ward Committee – Community (Feedback) Meetings held in 2019/2020 |                 |                |                  |                   |
|------------------------------------------------------------------|-----------------|----------------|------------------|-------------------|
| Ward                                                             | Date            |                | Date             |                   |
|                                                                  | July –Sept 2019 | Oct – Dec 2019 | Jan – March 2020 | April – June 2020 |
| 1                                                                | 13/08/2019      | 08/10/2019     | 10/03/2020       | None              |
| 2                                                                | 06/08/2019      | 31/10/2019     | 05/03/2020       | None              |
| 3                                                                | 15/08/2019      | 24/10/2019     | None             | None              |
| 4                                                                | 15/08/2019      | 10/10/2019     | 12/03/2020       | None              |
| 5                                                                | 13/08/2019      | 08/10/2019     | 03/03/2020       | None              |
| 6                                                                | 07/08/2019      | 01/10/2019     | 04/03/2020       | None              |
| 7                                                                | 14/08/2019      | 09/10/2019     | 11/03/2020       | None              |
| 8                                                                | 19/08/2019      | 28/10/2019     | 16/03/2020       | None              |
| 9                                                                | 21/08/2019      | 10/10/2019     | 11/03/2020       | None              |

|    |            |            |            |      |
|----|------------|------------|------------|------|
| 10 | 14/08/2019 | 15/10/2019 | 11/03/2020 | None |
| 11 | 20/08/2019 | 15/10/2019 | None       | None |
| 12 | 20/08/2019 | 07/10/2019 | 02/03/2020 | None |

Table 39: Ward Committee – IDP Community (Feedback) Meetings held in 2019/2020

| Ward Committee – IDP Community (Feedback) Meetings held in 2019/2020 |              |              |
|----------------------------------------------------------------------|--------------|--------------|
| Ward                                                                 | Date<br>2019 | Date<br>2020 |
|                                                                      |              |              |
| 1                                                                    | 17/09/2019   | None         |
| 2                                                                    | 09/10/2019   | None         |
| 3                                                                    | 18/09/2019   | None         |
| 4                                                                    | 15/10/2019   | None         |
| 5                                                                    | 12/09/2019   | None         |
| 6                                                                    | 16/09/2019   | None         |
| 7                                                                    | 02/10/2019   | None         |
| 8                                                                    | 01/10/2019   | None         |
| 9                                                                    | 03/10/2019   | None         |
| 10                                                                   | 19/09/2019   | None         |
| 11                                                                   | 16/10/2019   | None         |
| 12                                                                   | 26/09/2019   | None         |

The tables below reflect the Ward Block Meetings held in 2019/20:

Table 40: Ward 1 - Block meetings held in 2019/20

| Ward 1 - Block meetings held in 2019/20 |                  |                                 |                                 |                                 |                                 |
|-----------------------------------------|------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Block                                   | Committee Member | 1 <sup>st</sup> Quarter<br>2019 | 2 <sup>nd</sup> Quarter<br>2019 | 3 <sup>rd</sup> Quarter<br>2020 | 4 <sup>th</sup> Quarter<br>2020 |
| 1                                       | M de Villiers    | 17/07/2019                      | None                            | None                            | None                            |
| 2                                       | F Kriel          | 07/08/2019                      | None                            | 18/03/2020                      | None                            |
| 3                                       | D van Rensburg   | 30/09/2019                      | None                            | None                            | None                            |
| 4                                       | M Kannemeyer     | None                            | None                            | 18/03/2020                      | None                            |
| 5                                       | Vacant           | None                            | None                            | None                            | None                            |
| 6                                       | J Rall           | 27/08/2019                      | None                            | 21/01/2020                      | None                            |
| 7                                       | P Veldsman       | None                            | 01/10/2019                      | 30/01/2020                      | None                            |
| 8                                       | A Koert          | None                            | 26/10/2019                      | None                            | None                            |
| 9                                       | M Tiras          | 26/09/2019                      | None                            | 18/03/2020                      | None                            |
| 10                                      | A Joseph         | 17/07/2019                      | None                            | 30/01/2020                      | None                            |

Table 41: Ward 2 - Block meetings held in 2019/20

| Ward 2 - Block meetings held in 2019/20 |                   |                                 |                                 |                                 |                                 |
|-----------------------------------------|-------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Block                                   | Committee Member  | 1 <sup>st</sup> Quarter<br>2019 | 2 <sup>nd</sup> Quarter<br>2019 | 3 <sup>rd</sup> Quarter<br>2020 | 4 <sup>th</sup> Quarter<br>2020 |
| 1                                       | Mzukisi Ngantweni | None                            | None                            | None                            | None                            |
| 2                                       | Boniswa Lugogo    | None                            | None                            | None                            | None                            |
| 3                                       | Lorna Lisea-Booi  | 09/08/2019                      | None                            | 01/03/2020                      | None                            |
| 4                                       | Nomzi Siqangwe    | None                            | 13/10/2019                      | None                            | None                            |
| 5                                       | Lungani Gxowa     | None                            | None                            | None                            | None                            |

|    |                         |            |      |            |      |
|----|-------------------------|------------|------|------------|------|
| 6  | Solomon Thobile Khuzelo | 02/09/2019 | None | 05/02/2020 | None |
| 7  | Moris Kopini            | None       | None | 30/01/2020 | None |
| 8  | Vacant                  | None       | None | None       | None |
| 9  | Frederick Strauss       | None       | None | None       | None |
| 10 | Vacant                  | None       | None | None       | None |

Table 42: Ward 3 - Block meetings held in 2019/20

| Ward 3 - Block meetings held in 2019/20 |                  |                              |                              |                              |                              |
|-----------------------------------------|------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Block                                   | Committee Member | 1 <sup>st</sup> Quarter 2019 | 2 <sup>nd</sup> Quarter 2019 | 3 <sup>rd</sup> Quarter 2020 | 4 <sup>th</sup> Quarter 2020 |
| 1                                       | G October        | 17/09/2019                   | None                         | None                         | None                         |
| 2                                       | E Jeneke         | 13/08/2019                   | None                         | 19 /03/2020                  | None                         |
| 3                                       | S Hartzenberg    | 08/08/2019                   | None                         | 19/03/2020                   | None                         |
| 4                                       | J Tobais         | 14/08/2019                   | None                         | 19/03/2020                   | None                         |
| 5                                       | F van Wyk        | 14&15/08/2019                | None                         | 19/03/2020                   | None                         |
| 6                                       | D Skippers       | 06/08/2019                   | None                         | 19/03/2020                   | None                         |
| 7                                       | D Van Wyk        | 14/08/2019                   | None                         | 19/03/2020                   | None                         |
| 8                                       | H Eksteen        | 28/08/2019                   | None                         | 19/03/2020                   | None                         |
| 9                                       | A Hektoer        | 25/09/2019                   | None                         | 19/03/2020                   | None                         |
| 10                                      | C Mc Krige       | 19/09/2019                   | None                         | 19/03/2020                   | None                         |

Table 43: Ward 4 - Block meetings held in 2019/20

| Ward 4 - Block meetings held in 2019/20 |                  |                              |                              |                              |                              |
|-----------------------------------------|------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Block                                   | Committee Member | 1 <sup>st</sup> Quarter 2019 | 2 <sup>nd</sup> Quarter 2019 | 3 <sup>rd</sup> Quarter 2020 | 4 <sup>th</sup> Quarter 2020 |
| 1                                       | Roseline Lekota  | 09/06/2019                   | 13/10/2019                   | 16/02/2020                   | None                         |
| 2                                       | Ralph Theunissen | None                         | None                         | None                         | None                         |
| 3                                       | Ntobeko Msweli   | None                         | None                         | None                         | None                         |
| 4                                       | Juan H Micheals  | None                         | None                         | None                         | None                         |
| 5                                       | Catherine Kortje | 29/08/2019                   | None                         | 13/02/2020                   | None                         |
| 6                                       | Lilian Pawuli    | None                         | 15/10/2019                   | 21/03/2020                   | None                         |
| 7                                       | Anneline Dampies | 12/08/2019                   | 10/09/2019                   | 07/02/2020                   | None                         |
| 8                                       | Salmon Marais    | 21/07/2019                   | 15/09/2019                   | 19/01/2020                   | None                         |
| 9                                       | Paulina Pause    | 30/07/2019                   | 22/10/2019                   | 18/02/2020                   | None                         |
| 10                                      | Alan Lombaard    | None                         | None                         | None                         | None                         |

Table 44: Ward 5 - Block meetings held in 2019/20

| Ward 5 - Block meetings held in 2019/20 |                       |                              |                              |                              |                              |
|-----------------------------------------|-----------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Block                                   | Committee Member      | 1 <sup>st</sup> Quarter 2019 | 2 <sup>nd</sup> Quarter 2019 | 3 <sup>rd</sup> Quarter 2020 | 4 <sup>th</sup> Quarter 2020 |
| 1                                       | John Barrow           | None                         | 23/10/2019                   | 02/03/2020                   | None                         |
| 2                                       | Henrietta Knapp       | 16/07/2019                   | 23/10/2019                   | 19/02/2020                   | None                         |
| 3                                       | William Brian Isaacs  | 18/07/2019                   | 26/10/2019                   | 19/02/2020                   | None                         |
| 4                                       | Evon Arendorf         | 18/07/ 2019                  | 24/10/2019                   | 01/03/2020                   | None                         |
| 5                                       | Pearston Hull         | None                         | None                         | 01/03/2020                   | None                         |
| 6                                       | Claudius de Vries     | None                         | None                         | None                         | None                         |
| 7                                       | Isak Loff/Hendrik Pyl | None                         | 17/10/2019                   | None                         | None                         |
| 8                                       | Willem Geduld         | None                         | 01/10/2019                   | None                         | None                         |



|    |             |            |            |      |      |
|----|-------------|------------|------------|------|------|
| 9  | Jan Jacobs  | None       | 03/10/2019 | None | None |
| 10 | Frans Brits | 30/07/2019 | 13/10/2019 | None | None |

Table 45: Ward 6 - Block meetings held in 2019/20

| A. Ward 6 - Block meetings held in 2019/20 |                  |                              |                              |                              |                              |
|--------------------------------------------|------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Block                                      | Committee Member | 1 <sup>st</sup> Quarter 2019 | 2 <sup>nd</sup> Quarter 2019 | 3 <sup>rd</sup> Quarter 2020 | 4 <sup>th</sup> Quarter 2020 |
| 1                                          | Israel van Stade | 06/09/2019                   | 02/11/2019                   | 09/01/2020                   | None                         |
| 2                                          | Godfrey Paulsen  | 22/10/2019                   | 17/11/2019                   | 12/02/2020                   | None                         |
| 3                                          | Betty Faraa      | 11/09/2019                   | 20/11/2019                   | 19/02/2020                   | None                         |
| 4                                          | Martha Petoors   | 26/09/2019                   | 11/11/2019                   | 23/02/2020                   | None                         |
| 5                                          | Slameace Adonins | 27/10/2019                   | 03/11/2019                   | 13/02/2020                   | None                         |
| 6                                          | Elizabeth George | 05/09/2019                   | 25/11/2019                   | 05/02/2020                   | None                         |
| 7                                          | Gert Olckers     | 11/09/2019                   | 01/12/2019                   | 15/02/2020                   | None                         |
| 8                                          | Muriel Pietersen | 20/09/2019                   | 04/11/2019                   | 27/01/2020                   | None                         |
| 9                                          | Elzaan Verneel   | 14/10/2019                   | 19/11/2020                   | 04/03/2020                   | None                         |
| 10                                         | Sarah van Wyk    | 22/07/2019                   | 10/12/2019                   | 22/01/2020                   | None                         |

Table 46: Ward 7 - Block meetings held in 2019/20

| Ward 7 - Block meetings held in 2019/20 |                              |                              |                              |                              |
|-----------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Committee Member                        | 1 <sup>st</sup> Quarter 2019 | 2 <sup>nd</sup> Quarter 2019 | 3 <sup>rd</sup> Quarter 2020 | 4 <sup>th</sup> Quarter 2020 |
| Stephanie Terblanche                    | 30/09/2019                   | None                         | 04/02/2020                   | None                         |
| Ryno van Zyl                            | None                         | None                         | None                         | None                         |
| Jacobus de Kock                         | 28/08/2019                   | None                         | None                         | None                         |
| Jaques Swanepoel                        | 14/08/2019                   | None                         | 24/02/2020                   | None                         |
| Hilton Koul                             | None                         | None                         | None                         | None                         |
| Catheleen Plaatjies                     | None                         | None                         | 12/02/2020                   | None                         |
| Wilna Swanepoel                         | 28/08/2019                   | None                         | None                         | None                         |
| Abe Blaauw                              | 04/02/2019                   | None                         | None                         | None                         |
| Dennis Jonker                           | None                         | None                         | None                         | None                         |
| Jan Oncke                               | None                         | None                         | None                         | None                         |

Table 47: Ward 8 - Block meetings held in 2019/20

| Ward 8 - Block meetings held in 2019/20 |                     |                              |                              |                              |                              |
|-----------------------------------------|---------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Block                                   | Committee Member    | 1 <sup>st</sup> Quarter 2019 | 2 <sup>nd</sup> Quarter 2019 | 3 <sup>rd</sup> Quarter 2020 | 4 <sup>th</sup> Quarter 2020 |
| 1                                       | Niel Stemmet        | None                         | None                         | None                         | None                         |
| 2                                       | Johanelle Crous     | 17/07/2019                   | 16/10/2019                   | 26/02/2020                   | None                         |
| 3                                       | Gabriella Goncalves | None                         | None                         | None                         | None                         |
| 4                                       | Timothy Prince      | None                         | None                         | None                         | None                         |
| 5                                       | Vacant              | None                         | None                         | None                         | None                         |
| 6                                       | Mintoor Booysen     | None                         | None                         | None                         | None                         |
| 7                                       | Frederick Erasmus   | 20/07/2019                   | 19/10/2019                   | 18/01/2020                   | None                         |
| 8                                       | Bettie Swarts       | 15/09/2019                   | 29/10/2019                   | None                         | None                         |
| 9                                       | Theresa Slingers    | 20/07/2019                   | 19/10/2019                   | None                         | None                         |
| 10                                      | Krisjan Snyders     | 20/07/2019                   | 19/10/2019                   | 18/01/2020                   | None                         |



Table 48: Ward 9 - Block meetings held in 2019/20

| Ward 9 - Block meetings held in 2019/20 |                    |                                 |                                 |                                 |                                 |
|-----------------------------------------|--------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Block                                   | Committee Member   | 1 <sup>st</sup> Quarter<br>2019 | 2 <sup>nd</sup> Quarter<br>2019 | 3 <sup>rd</sup> Quarter<br>2020 | 4 <sup>th</sup> Quarter<br>2020 |
| 1                                       | Priven September   | 29/08/2019                      | None                            | None                            | None                            |
| 2                                       | Sonia Douwrie      | 28/08/2019                      | None                            | 22/02/2020                      | None                            |
| 3                                       | Gert Maarman       | 10/09/2019                      | None                            | None                            | None                            |
| 4                                       | Henry Abrahams     | 01/07/2019                      | None                            | 11/02/2020                      | None                            |
| 5                                       | Leandrie Filander  | None                            | 28/10/2019                      | None                            | None                            |
| 6                                       | Theodore Swanepoel | None                            | 21/10/2019                      | None                            | None                            |
| 7                                       | Edean Solomons     | None                            | None                            | 20/02/2020                      | None                            |
| 8                                       | Magdalena le Roux  | 05/08/2019                      | None                            | 28/01/2020                      | None                            |
| 9                                       | Lilian du Toit     | 10/09/2019                      | None                            | 18/02/2020                      | None                            |
| 10                                      | Ashley Gertse      | 17/09/2019                      | None                            | 04/02/2020                      | None                            |

Table 49: Ward 10 - Block meetings held in 2019/20

| Ward 10 - Block meetings held in 2019/20 |                      |                                 |                                 |                              |                                 |
|------------------------------------------|----------------------|---------------------------------|---------------------------------|------------------------------|---------------------------------|
| Block                                    | Committee Member     | 1 <sup>st</sup> Quarter<br>2019 | 2 <sup>nd</sup> Quarter<br>2019 | 3 <sup>rd</sup> Quarter 2020 | 4 <sup>th</sup> Quarter<br>2020 |
| 1                                        | Zwelidumile Magazi   | 13/08/2019                      | None                            | 23/01/2020                   | None                            |
| 2                                        | Phumla Tokwe         | 29/07/2019                      | None                            | None                         | None                            |
| 3                                        | Nomawonga Mase       | 07/08/2019                      | None                            | None                         | None                            |
| 4                                        | Nomastile Ntlalombi  | 28/07/2019                      | None                            | 10/02/2020                   | None                            |
| 5                                        | Miriam Taho          | 22/09/2019                      | None                            | None                         | None                            |
| 6                                        | Fikile Matoti        | None                            | 10/10/2019                      | None                         | None                            |
| 7                                        | Mphati Ntlayithethwa | None                            | 13/10/2019                      | None                         | None                            |
| 8                                        | Thenjiswa Zenzile    | 30/09/2019                      | None                            | None                         | None                            |
| 9                                        | Lucy Plessie         | 25/09/2019                      | None                            | None                         | None                            |
| 10                                       | Mbeko Ngxingweni     | 29/09/2019                      | None                            | None                         | None                            |

Table 50: Ward 11 - Block meetings held in 2019/20

| Ward 11 - Block meetings held in 2019/20 |                  |                                 |                                 |                                 |                                 |
|------------------------------------------|------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Block                                    | Committee Member | 1 <sup>st</sup> Quarter<br>2019 | 2 <sup>nd</sup> Quarter<br>2019 | 3 <sup>rd</sup> Quarter<br>2020 | 4 <sup>th</sup> Quarter<br>2020 |
| 1                                        | Hendrik Tredoux  | 01/07/2019                      | None                            | 29/02/2020                      | None                            |
| 2                                        | Willem Sadie     | 25/09/2019                      | None                            | None                            | None                            |
| 3                                        | Sarah Doms       | None                            | None                            | None                            | None                            |
| 4                                        | A Baartman       | None                            | None                            | None                            | None                            |
| 5                                        | Penny Retief     | None                            | None                            | None                            | None                            |
| 6                                        | Abraham Jacobs   | 20/09/2019                      | None                            | None                            | None                            |
| 7                                        | B Saayman        | None                            | 17/10/2019                      | None                            | None                            |
| 8                                        | Roslynn Fuller   | 14/09/2019                      | None                            | None                            | None                            |
| 9                                        | Hansie Volschenk | None                            | None                            | None                            | None                            |
| 10                                       | Piet Engelbreg   | 27/07/2019                      | None                            | None                            | None                            |

Table 51: Ward 12 - Block meetings held in 2019/20

| Ward 12 - Block meetings held in 2019/20 |                  |                                 |                                 |                                 |                                 |
|------------------------------------------|------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Block                                    | Committee Member | 1 <sup>st</sup> Quarter<br>2019 | 2 <sup>nd</sup> Quarter<br>2019 | 3 <sup>rd</sup> Quarter<br>2020 | 4 <sup>th</sup> Quarter<br>2020 |
| 1                                        | Spaas Herder     | 12/09/2019                      | None                            | 24/01/2020                      | None                            |
| 2                                        | Jan Hoffman      | 12/09/2019                      | None                            | None                            | None                            |
| 3                                        | Dawid de Koker   | 18/09/2019                      | None                            | 17/02/2020                      | None                            |
| 4                                        | Elroy Matthys    | 09/09/2019                      | None                            | 08/01/2020                      | None                            |
| 5                                        | Alfredauw Wewers | None                            | 14/10/2019                      | 03/02/2020                      | None                            |
| 6                                        | Maria Soldaat    | 29/08/2019                      | None                            | 19/02/2020                      | None                            |
| 7                                        | Koert Ewertson   | 30/09/2019                      | None                            | 20/01/2020                      | None                            |
| 8                                        | Andre Louw       | 30/09/2019                      | None                            | 29/01/2020                      | None                            |
| 9                                        | Martin Booysen   | 30/09/2019                      | None                            | 17/02/2020                      | None                            |
| 10                                       | Cupido Appollis  | 30/09/2019                      | None                            | 10/03/2020                      | None                            |

**Rule of Law:** The municipality ensures impartiality in legislative enforcement through the implementation of its adopted Community Participation Policy and Ward Committee System reporting procedures.

## 2.5 IDP PARTICIPATION AND ALIGNMENT

The table below confirms Langeberg Municipality's IDP participation and alignment.

Table 52: IDP Participation and Alignment Criteria

| IDP Participation and Alignment Criteria*                                      |     |
|--------------------------------------------------------------------------------|-----|
| Does the municipality have impact, outcome, input, output indicators?          | Yes |
| Does the IDP have priorities, objectives, KPIs, development strategies?        | Yes |
| Does the IDP have multi-year targets?                                          | Yes |
| Are the above aligned and can they calculate into a score?                     | Yes |
| Does the budget align directly to the KPIs in the strategic plan?              | Yes |
| Do the IDP KPIs align to the Section 57 Managers                               | Yes |
| Do the IDP KPIs lead to functional area KPIs as per the SDBIP?                 | Yes |
| Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes              | Yes |
| Were the indicators communicated to the public?                                | Yes |
| Were the four quarter aligned reports submitted within stipulated time frames? | Yes |

## COMPONENT D: CORPORATE GOVERNANCE

In Langeberg Municipality, the principals of good governance as set out in the King IV Report, are embraced and implemented within the municipality. These principals relate amongst others to ethical governance, the implementation of controls to prevent fraud and corruption and the management of risks.

### 2.6 RISK MANAGEMENT

The MFMA No. 56 of 2003 Section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

By managing its risks, Langeberg Municipality maximises value by setting clear and realistic objectives, develop appropriate strategies, understands the intrinsic and associated risks of its actions and directs resources towards managing such risks on the basis of cost benefit principles.

Langeberg Municipality bases its risk management on pre-identified and regularly reviewed operational risks. A risk register has been compiled, together with mitigating measures. An adopted Risk Management Policy regulates the implementation of risk management processes and procedures throughout the 2019/20 financial year.

Table 53: Langeberg Municipality's Strategic Risks in 2019/2020

| Langeberg Municipality's top 10 risks in 2019/2020                                                                                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The risk that there may be Illegal electricity connections.                                                                                                                                                    |
| The risk of water, sewerage and roads infrastructure deteriorating due to lack of maintenance.                                                                                                                 |
| The risk that storm water may cause flood damage due to the inadequate storm water systems.                                                                                                                    |
| The risk that the municipality may have difficulties with implementing Municipal Standard Chart of Accounts (mSCOA), the new financial-reporting regulatory reform.                                            |
| The risk that the capital budget for engineering might be underspent.                                                                                                                                          |
| The risk that the municipality is approaching a shortage of cemetery space in all towns.                                                                                                                       |
| The risk that service delivery to the public may be unsatisfactory due to vacancies in critical positions.                                                                                                     |
| The financial viability is put under strain due to COVID-19 implications and by the additional influx of people in the area that do not contribute to the revenue stream, but for which services are provided. |
| The risk that community facilities may be vandalized.                                                                                                                                                          |
| The risk that the municipality is approaching a shortage of airspace at the Ashton landfill site.                                                                                                              |

### 2.7 ANTI-CORRUPTION AND FRAUD PREVENTION

The municipality's anti-corruption and fraud preventative measures include:

- Continuous promotion of an ethical culture;
- On-going staff training;
- Implementation of a policy on fraud prevention and anti-corruption;
- Provision of effective security measures at municipal buildings;
- Procedures of employee vetting before appointment; and,
- An approved Internal Audit Plan; a functional internal auditing unit and Audit and Performance Committee

During the 2019/2020 financial year, the Audit & Performance Committee had five (5) members and convened 5 meetings for the purpose of providing oversight of internal controls, financial reporting, compliance with regulatory matters and approving the Internal Audit Plan.

The municipality displays a culture of zero-tolerance towards fraud and corruption and takes immediate steps against fraudulent and corrupt actions.

## 2.8 SUPPLY CHAIN MANAGEMENT

The MFMA No. 56 of 2003, Sections 110-119, the SCM Regulations 2005 and relevant MFMA Circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer the best value for money and minimize the opportunities for fraud and corruption.

The municipality adopted a SCM Policy, based on the model prescribed by National Treasury. Implementation of the policy ensures that legal requirements are met. Certain areas of underperformance were highlighted as risks and remedial action was taken and implemented.

The municipality has Bid Specification, Bid Evaluation and Bid Adjudication Committees to ensure that fair and just supply chain processes and outcomes are achieved.

The following staff served on the Bid Adjudication Committee in 2019/2020:

*Table 54: Bid Adjudication Committee in 2019/2020*

| Langeberg Municipality's Bid Adjudication Committee in 2019/2020 |                                              |
|------------------------------------------------------------------|----------------------------------------------|
| Name                                                             | Position                                     |
| Mr. B Brown                                                      | Chief Financial Officer (Chairperson)        |
| Acting CFO from 1 <sup>st</sup> June 2020                        |                                              |
| Mr. M. Shude                                                     | Acting Chief Financial Officer (Chairperson) |
| Mr. A.W.J. Everson                                               | Director: Corporate Services                 |
| Mr. M Johnson                                                    | Director: Engineering Services               |
| Mr. M. Mgajo                                                     | Director: Community Services                 |
| Secundi                                                          |                                              |
| Mrs L. Jass-Holmes                                               | Practitioner: SCM                            |

## 2.9 POLICIES AND BY-LAWS

The Municipal Systems Act, 32 of 2000, Section 11(3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the boundaries of the legislation. The table below provides the policies and by-laws which have been passed by the municipality in 2019/2020.

Table 55: Policies and By-laws adopted in 2019 / 2020

| POLICY |                                                                                                                       | COUNCIL RESOLUTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A3844  | Audit & Performance Committee: approval of charter – 2019 / 2020 (5/14/r) (Audit & Performance Committee Chairperson) | This item served before an Ordinary Meeting of Council on 30 July 2019<br>Unanimously Resolved:<br>That the reviewed Charter of the Audit & Performance Committee be approved by Council.                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| A3884  | <b>Cost Containment Policy (1/1/b)</b><br>(Municipal Manager)                                                         | This item served before a Special Meeting of Council on 01 October 2019<br>Unanimously Resolved:<br>That the draft Cost Containment Policy, as amended, be approved and adopted as the interim Cost Containment Policy for Langeberg Municipality, applicable from the date of approval by Council.                                                                                                                                                                                                                                                                                                                                                 |
| A3926  | Reviewing of The Mayor's Discretionary Fund Policy - Rewarding Of Top Matric Learners (Office Of The Mayor)           | This item served before an Ordinary Meeting of Council on 04 December 2019<br>Unanimously Resolved:<br><ol style="list-style-type: none"> <li>1. That the Mayor's Discretionary Fund Policy be changed to allow the Mayor to reward the learners personally.</li> <li>2. That permission be granted that the money be paid directly to the learner / parent / guardian.</li> <li>3. That the recipient of the money signs a receipt document.</li> <li>4. That the ward councillor be informed of the date when the money will be presented to the learner / parent / guardian in his ward so that he / she may be present at the event.</li> </ol> |

| BY-LAWS ADOPTED |                                                                                                           | COUNCIL RESOLUTION                                                                                                                                                                                       |
|-----------------|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A3918           | Resubmission 2: Langeberg Municipality Air Quality By-Law<br><br>(17/1/5/1) (Manager: Social Development) | This item served before an Ordinary Meeting of Council on 04 December 2019<br>Unanimously Resolved:<br>That the Langeberg Municipality Air Quality By-law be approved and be submitted for promulgation. |

## 2.10 WEBSITE

The municipality's website address is <http://www.langeberg.gov.za>.

All information is regularly updated on the website.

The table below reflects the documents which are required to be published on the municipality's website and the municipality's level of compliance with such requirements.

*Table 56: Documents required to be published on the municipality's Website*

| Documents required to be published on the municipality's Website                                             | Yes/No |
|--------------------------------------------------------------------------------------------------------------|--------|
| Current Annual and Adjustments Budgets and all budget-related documents                                      | Yes    |
| All current budget-related policies                                                                          | Yes    |
| The previous Annual Report (2018/2019)                                                                       | Yes    |
| The Annual Report (2019/2020) published/to be published                                                      | Yes    |
| All current Performance Agreements required in terms of Section 57(1)(b) of the MSA and resulting scorecards | Yes    |
| All SCM contracts above the prescribed value                                                                 | Yes    |
| All quarterly reports tabled in the Council in terms of section 52(d) during 2019/20                         | Yes    |

All of municipal libraries have computers with free internet access to which residents have access to Council's website and the information posted thereon.

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The municipality did not commission any Household Satisfaction Surveys in 2019/20 as complaints and inputs, collected from Ward Block Meetings, as well as on the website and short-message service have however been regarded as community feedback and such data was fully incorporated in the 2019/20 IDP.

## CHAPTER 3

# SERVICE DELIVERY PERFORMANCE



**Annual SDBIP KPI Performance report 2019/2020**

**SO1: Facilitate integrated human settlements and improved living conditions of all households**

| Ref  | National KPA           | KPI                                                                                                                      | Unit of Measurement                                     | Baseline | KPI Calculation Type | Year – To Date As At 30 June 2020 |        |   |                                                   |                                                                                                 |
|------|------------------------|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|----------|----------------------|-----------------------------------|--------|---|---------------------------------------------------|-------------------------------------------------------------------------------------------------|
|      |                        |                                                                                                                          |                                                         |          |                      | Target                            | Actual | R | Performance Comment                               | Corrective Measures                                                                             |
| TL70 | Basic Service Delivery | Submit 150 completed signed offer to purchase contracts to the attorneys for registration of title deeds by 30 June 2020 | Number of completed signed offer to purchase registered | 200      | Accumulative         | 150                               | 101    |   | No offers to purchases registered due to lockdown | Title deeds will be issued during the housing allocation process towards approved beneficiaries |

**SO2: Provide and maintain infrastructure to provide basic services to all citizens**

| Ref  | National KPA           | KPI                                                                                                                                                                                                                                                       | Unit of Measurement                              | Baseline | KPI Calculation Type | Year – To Date As At 30 June 2020 |        |   |                     |                     |
|------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------|----------------------|-----------------------------------|--------|---|---------------------|---------------------|
|      |                        |                                                                                                                                                                                                                                                           |                                                  |          |                      | Target                            | Actual | R | Performance Comment | Corrective Measures |
| TL13 | Basic Service Delivery | Limit unaccounted electricity to less than 7.5% as at 30 June {(Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold (incl Free basic electricity)) / Number of Electricity Units Purchased and/or Generated} X 100} | % unaccounted electricity captured in the report | 7.50%    | Reverse Last Value   | 7.50%                             | 4.19%  | B |                     |                     |
| TL16 | Basic Service Delivery | 95% of water samples comply with SANS241 micro biological indicators {(Number of water samples that comply with SANS241 indicators/Number of water samples tested)x100}                                                                                   | % of water samples compliant                     | 95%      | Last value           | 95%                               | 100%   | G |                     |                     |
| TL17 | Basic Service Delivery | Spend 100% of the total amount budgeted for the replacement and repair of street lights by 30 June 2020                                                                                                                                                   | % of budget spent                                | 99%      | Last value           | 95.00%                            | 99.70% | G |                     |                     |



| Ref  | National KPA           | KPI                                                                                                                                                                                  | Unit of Measurement | Baseline                 | KPI Calculation Type | Year – To Date As At 30 June 2020 |        |   |                     |                                                                                                                                                                                                                                        |
|------|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------------|----------------------|-----------------------------------|--------|---|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      |                        |                                                                                                                                                                                      |                     |                          |                      | Target                            | Actual | R | Performance Comment | Corrective Measures                                                                                                                                                                                                                    |
|      |                        | {{(Total actual expenditure for the project/Total amount budgeted for the project)x100}}                                                                                             |                     |                          |                      |                                   |        |   |                     |                                                                                                                                                                                                                                        |
| TL19 | Basic Service Delivery | Spend 100% of the total amount budgeted for new connections by 30 June 2020 {{(Total actual expenditure for the project/Total amount budgeted for the project)x100}}                 | % of budget spent   | 90%                      | Last value           | 95.00%                            | 98.52% | G |                     |                                                                                                                                                                                                                                        |
| TL20 | Basic Service Delivery | Spend 95% of the total amount budgeted for the electrification of Kenana by 30 June 2020 {{(Total actual expenditure for the project/Total amount budgeted for the project)x100}}    | % of budget spent   | Roll over from 2018/2019 | Last Value           | 95.00%                            | 62.68% |   |                     | Delay caused by lockdown, currently there are 465 houses electrified. The rest of the 505 houses will be completed in the new financial year. Not all funds were spent due to lockdown, will roll over to the 2020/2021 financial year |
| TL21 | Basic Service Delivery | Spend 95% of the total amount budgeted for the electrification of McGregor by 30 June 2020 {{(Total actual expenditure for the project/Total amount budgeted for the project) x100}} | % of budget spent   | Roll over from 2018/2019 | Last Value           | 95.00%                            | 43.53% |   |                     | Lockdown caused construction to come to a standstill. Funds will roll over to the 2020/2021 financial year                                                                                                                             |
| TL24 | Basic Service Delivery | Spend 95% of the total amount budgeted to replace safety and test equipment by 30 June 2020 {{(Total actual expenditure for the project/Total amount budgeted for the project)x100}} | % of budget spent   | 80.00%                   | Last Value           | 95.00%                            | 91.00  | O |                     | Savings was realised on purchase of equipment.                                                                                                                                                                                         |
| TL26 | Basic Service Delivery | Spend 95% of the total amount budgeted for the replacement of pre-                                                                                                                   | % of budget spent   | 90.00%                   | Last Value           | 95.00%                            | 97.45  | G |                     |                                                                                                                                                                                                                                        |

| Ref  | National KPA           | KPI                                                                                                                                                                                                                                            | Unit of Measurement | Baseline                 | KPI Calculation Type | Year – To Date As At 30 June 2020 |         |   |                     |                                                                                                   |
|------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------------|----------------------|-----------------------------------|---------|---|---------------------|---------------------------------------------------------------------------------------------------|
|      |                        |                                                                                                                                                                                                                                                |                     |                          |                      | Target                            | Actual  | R | Performance Comment | Corrective Measures                                                                               |
|      |                        | paid meters by 30 June 2020 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}                                                                                                                             |                     |                          |                      |                                   |         |   |                     |                                                                                                   |
| TL28 | Basic Service Delivery | Spend 95% of the total amount budgeted for the construction of paved roads to upgrade gravel roads by 30 June 2020 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}                                      | % of budget spent   | 92.00%                   | Last Value           | 95.00%                            | 109.99% | G |                     |                                                                                                   |
| TL29 | Basic Service Delivery | Spend 95% of the total amount budgeted for the rehabilitation/upgrade of existing tar roads in Central Business District of all 5 towns by 30 June 2020 {(Total actual expenditure for the project/Total amount budgeted for the project)x100} | % of budget spent   | 80.00%                   | Last Value           | 95.00%                            | 71.94%  | O |                     | Lockdown created a slower expenditure. Funds will be rolled over to the 2020/2021 Financial year. |
| TL30 | Basic Service Delivery | Spend 95% of the total amount budgeted to replace the 11Kv switchgear of Ashton Main Substation by 30 June 2020 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}                                         | % of budget spent   | Roll over from 2018/2019 | Last Value           | 95.00%                            | 99.96%  | G |                     |                                                                                                   |
| TL31 | Basic Service Delivery | Spend 95% of the total amount budgeted for the upgrade of the 11Kv Line in Stockwill by 30 June 2020 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}                                                    | % of budget spent   | Roll over from 2018/2019 | Last Value           | 95.00%                            | 93.56%  | O |                     | Saving Incurred                                                                                   |

| Ref  | National KPA           | KPI                                                                                                                                                                                                                | Unit of Measurement | Baseline                 | KPI Calculation Type | Year – To Date As At 30 June 2020 |        |   |                     |                                                                                                                         |
|------|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------------|----------------------|-----------------------------------|--------|---|---------------------|-------------------------------------------------------------------------------------------------------------------------|
|      |                        |                                                                                                                                                                                                                    |                     |                          |                      | Target                            | Actual | R | Performance Comment | Corrective Measures                                                                                                     |
| TL32 | Basic Service Delivery | Spend 95% of the total amount budgeted for the installation of the 11Kv switchgear in Brinks Substation by 30 June 2020 {(Total actual expenditure for the projects/Total amount budgeted for the projects)x100}   | % of budget spent   | Roll over from 2018/2019 | Last Value           | 95.00%                            | 92.93% | O |                     | Saving Incurred                                                                                                         |
| TL33 | Basic Service Delivery | Spend 95% of the total amount budgeted to replace 11Kv Oil Insulated Switchgears by 30 June 2020 {(Total actual expenditure for the projects/Total amount budgeted for the projects)x100}                          | % of budget spent   | Roll over from 2018/2019 | Carry Over           | 95.00%                            | 91.33% | O |                     | Contractor to complete the project in next financial year. Funds will roll over to the 2020/2021 book year.             |
| TL34 | Basic Service Delivery | Spend 95% of the total amount budgeted for the upgrade of the 11Kv Line to Poortjieskloof by 30 June 2020 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}                   | % of budget spent   | Roll over from 2018/2019 | Last Value           | 95.00%                            | 99.95% | G |                     |                                                                                                                         |
| TL35 | Basic Service Delivery | Spend 95% of the total amount budgeted to replace the 66Kv Switchgear (Goudmyn and Le Chasseur Substations) by 30 June 2020 {(Total actual expenditure for the project/Total amount budgeted for the project)x100} | % of budget spent   | Roll over from 2018/2019 | Last Value           | 95.00%                            | 65.19% | R |                     | Contractors are waiting for the delivering of equipment from overseas. Funds will roll over to the 2020/2021 book year. |
| TL36 | Basic Service Delivery | Spend 95% of the total amount budgeted to upgrade Bonnievale Main Substation by 30 June 2020 {(Total actual                                                                                                        | % of budget spent   | Roll over from 2018/2019 | Last Value           | 95.00%                            | 97.99% | G |                     |                                                                                                                         |

| Ref  | National KPA           | KPI                                                                                                                                                                                                                                               | Unit of Measurement | Baseline                 | KPI Calculation Type | Year – To Date As At 30 June 2020 |        |   |                     |                                                                                                                                                        |
|------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------------|----------------------|-----------------------------------|--------|---|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
|      |                        |                                                                                                                                                                                                                                                   |                     |                          |                      | Target                            | Actual | R | Performance Comment | Corrective Measures                                                                                                                                    |
|      |                        | expenditure for the project/Total amount budgeted for the project)x100}                                                                                                                                                                           |                     |                          |                      |                                   |        |   |                     |                                                                                                                                                        |
| TL37 | Basic Service Delivery | Spend 95% of the total amount budgeted to upgrade the 11Kv Cable Feeder from White Street Substation to Van Zyl Street Hospital Substation by 30 June 2020 {(Total actual expenditure for the project/Total amount budgeted for the project)x100} | % of budget spent   | Roll over from 2018/2019 | Last Value           | 95.00%                            | 90.35% | O |                     | Project was delayed due to lockdown. The rest of the funds will be rolled over to 2020/2021 financial year                                             |
| TL39 | Basic Service Delivery | Spend 95% of the total amount budgeted for the upgrade of the 11Kv Line at Goedemoed by 30 June 2020 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}                                                       | % of budget spent   | Roll over from 2018/2019 | Last Value           | 95.00%                            | 64.00% | R |                     | Contractor restarted after lockdown. All funds could not be spent and applied for roll over of funds. Funds will spent in the 2020/2021 financial year |
| TL40 | Basic Service Delivery | Spend 95% of the total amount budgeted for the upgrade of the 11Kv Line at Mc Gregor / Boesmansrivier by 30 June 2020 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}                                      | % of budget spent   | Roll over from 2018/2019 | Last Value           | 95.00%                            | 52.56% | R |                     | Contractor restarted after lockdown. All funds could not be spent and applied for roll over of funds. Funds will spent in the 2020/2021 financial year |
| TL41 | Basic Service Delivery | Spend 95% of the total amount budgeted for the upgrade of the 11Kv Line at Buitekantstraat in McGregor by 30 June 2020 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}                                     | % of budget spent   | Roll over from 2018/2019 | Last Value           | 95.00%                            | 36.59% | R |                     | Contractor restarted after lockdown. All funds could not be spent and applied for roll over of funds. Funds will spent in the 2020/2021 financial year |

| Ref  | National KPA           | KPI                                                                                                                                                                                                        | Unit of Measurement                                                                 | Baseline                 | KPI Calculation Type | Year – To Date As At 30 June 2020 |        |     |                     |                                                                                                                                                                                                              |
|------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------|----------------------|-----------------------------------|--------|-----|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      |                        |                                                                                                                                                                                                            |                                                                                     |                          |                      | Target                            | Actual | R   | Performance Comment | Corrective Measures                                                                                                                                                                                          |
| TL44 | Basic Service Delivery | Spend 95% of the total amount budgeted for the upgrade of the public drop-off (McGregor) by 30 June 2020 {(Total actual expenditure for the projects/Total amount budgeted for the projects)x100}          | % of budget spent                                                                   | Roll over from 2018/2019 | Last Value           | 95.00%                            | 89.40% | O   |                     | Project completed. Saving Incurred                                                                                                                                                                           |
| TL46 | Basic Service Delivery | Spend 95% of the total amount budgeted for the upgrading of Muiskraalkop sewerage outflow by 30 June 2020 {(Total actual expenditure for the projects/Total amount budgeted for the projects)x100}         | % of budget spent                                                                   | New KPI                  | Last Value           | 95.00%                            | 48.08% | R   |                     | Saving incurred on staff cost. Work was done by internal user department.                                                                                                                                    |
| TL47 | Basic Service Delivery | Spend 95% of the total amount budgeted for the upgrade of the Ashton MRF by 30 June 2020 {(Total actual expenditure for the projects/Total amount budgeted for the projects)x100}                          | % of budget spent                                                                   | New KPI                  | Last Value           | 95.00%                            | 11.78% | R   |                     | The MRF has burnt down and the tender has been cancelled. The tender will be re-advertised in the new financial year. Applied for roll over of funds and funds will be spent in the 2020/2021 financial year |
| TL55 | Basic Service Delivery | Number of formal residential properties that receive piped water that is connected to the municipal water infrastructure network and which are billed for water or have pre paid meters as at 30 June 2020 | Number of residential properties which are billed for water or have pre paid meters | 14142                    | Last Value           | 14 500                            | 14 211 | O   |                     | This is a statistical KPI and the reporting depends on formal residents in the Municipal area. Target should be aligned to baseline to make it more realistic.                                               |
| TL56 | Basic Service Delivery | Number of formal residential properties connected to the municipal electrical                                                                                                                              | Number of residential properties which are billed for electricity or have           | 15201                    | Last Value           | 15 500                            | 17 062 | G 2 |                     |                                                                                                                                                                                                              |

| Ref  | National KPA           | KPI                                                                                                                                                                                                                                                    | Unit of Measurement                                                       | Baseline | KPI Calculation Type | Year – To Date As At 30 June 2020 |        |   |                     |                                                                                                      |
|------|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------|----------------------|-----------------------------------|--------|---|---------------------|------------------------------------------------------------------------------------------------------|
|      |                        |                                                                                                                                                                                                                                                        |                                                                           |          |                      | Target                            | Actual | R | Performance Comment | Corrective Measures                                                                                  |
|      |                        | infrastructure network and which are billed for electricity or have pre paid meters as (Excluding Eskom areas) at 30 June 2020                                                                                                                         | pre paid meters (Excluding Eskom areas)                                   |          |                      |                                   |        |   |                     |                                                                                                      |
| TL57 | Basic Service Delivery | Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and which are billed for sanitation/sewerage as at 30 June 2020 | Number of residential properties which are billed for sanitation/sewerage | 14619    | Last Value           | 14 500                            | 14 676 | G |                     |                                                                                                      |
| TL58 | Basic Service Delivery | Number of formal residential properties for which refuse is removed once per week and which are billed for refuse removal as at 30 June 2020                                                                                                           | Number of residential properties which are billed for refuse removal      | 14664    | Last Value           | 14 500                            | 14 747 | G |                     |                                                                                                      |
| TL71 | Basic Service Delivery | Upgrade the ablution facilities at Van Zyl Street Sports field by 30 June 2020                                                                                                                                                                         | Ablution facilities at Van Zyl Street Sports field upgraded               | New KPI  | Accumulative         | 1                                 | 0      | R |                     | Funds could not be spent due to lockdown. Funds will be rolled over to the 2020/2021 financial year. |
| TL72 | Basic Service Delivery | Upgrade the sports ground in McGregor by 30 June 2020                                                                                                                                                                                                  | Facilities upgraded at McGregor Sports field constructed                  | New KPI  | Accumulative         | 1                                 | 0      | R |                     | Funds could not be spent due to lockdown. Funds will be rolled over to the 2020/2021 financial year. |
| TL73 | Basic Service Delivery | Replace Sand Filter System at Dirty Uys Swimming Pool by 30 June 2020                                                                                                                                                                                  | Sand Filter System at Dirty Uys Swimming Pool replaced                    | New KPI  | Accumulative         | 1                                 | 0      | R |                     | Funds could not be spent due to lockdown. Funds will be rolled over to the 2020/2021 financial year. |
| TL74 | Basic Service Delivery | Submit the Sport and Recreation Framework to Council by 30 June                                                                                                                                                                                        | Sport and Recreation Framework                                            | New KPI  | Accumulative         | 1                                 | 1      | G |                     |                                                                                                      |

| Ref  | National KPA           | KPI                                                                                                                                                                                                                | Unit of Measurement | Baseline | KPI Calculation Type | Year – To Date As At 30 June 2020 |         |        |                     |                     |
|------|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------|----------------------|-----------------------------------|---------|--------|---------------------|---------------------|
|      |                        |                                                                                                                                                                                                                    |                     |          |                      | Target                            | Actual  | R      | Performance Comment | Corrective Measures |
|      |                        | 2020                                                                                                                                                                                                               | submitted           |          |                      |                                   |         |        |                     |                     |
| TL77 | Basic Service Delivery | Spend 95% of the total amount budgeted for the Reconstruction of Wolhuter Street in Nkqubela by June 2020 {(Actual expenditure /approved budget allocation) x 100}                                                 | % of budget spent   | New KPI  | Carry Over           | 95.00%                            | 95.57%  | G<br>2 |                     |                     |
| TL78 | Basic Service Delivery | Spend 95% of the total amount budgeted for the Upgrading of the bus route (August Street) in Nkqubela by June 2020 {(Actual expenditure /approved budget allocation) x 100}                                        | % of budget spent   | New KPI  | Carry Over           | 95.00%                            | 112.66% | G<br>2 |                     |                     |
| TL80 | Basic Service Delivery | Spend 95% of the total amount budgeted for the upgrading of the roads and storm water in Robertson Nkqubela by 30 June 2020 {(Total actual expenditure for the project/Total amount budgeted for the project)x100} | % of budget spent   | New KPI  | Carry Over           | 95.00%                            | 100.00% | G      |                     |                     |

### **S03: Promote an enabling environment for economic growth and decent employment**

| Ref | National KPA               | KPI                                                                                         | Unit of Measurement                              | Baseline | KPI Calculation Type | Year – To Date As At 30 June 2020 |        |   |                     |                     |
|-----|----------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------|----------|----------------------|-----------------------------------|--------|---|---------------------|---------------------|
|     |                            |                                                                                             |                                                  |          |                      | Target                            | Actual | R | Performance Comment | Corrective Measures |
| TL5 | Local Economic Development | Create job opportunities through the Expanded Public Works Programme (EPWP) by 30 June 2020 | Number of job opportunities created through EPWP | 450      | Accumulative         | 450                               | 490    | G |                     |                     |

#### SO4: A responsive and accountable administration

| Ref | National KPA                                           | KPI                                                                                                                                                                                             | Unit of Measurement                                                                     | Baseline | KPI Calculation Type | Year – To Date As At 30 June 2020 |        |   |                     |                                                                                                                                                  |
|-----|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|----------|----------------------|-----------------------------------|--------|---|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
|     |                                                        |                                                                                                                                                                                                 |                                                                                         |          |                      | Target                            | Actual | R | Performance Comment | Corrective Measures                                                                                                                              |
| TL1 | Municipal Transformation and Institutional Development | Conduct two (2) formal evaluations of directors in terms of their signed agreements                                                                                                             | Number of formal evaluations conducted                                                  | 2        | Accumulative         | 2                                 | 2      | G |                     |                                                                                                                                                  |
| TL2 | Basic Service Delivery                                 | The percentage of the municipal capital budget spent on projects as at 30 June 2020 {(Actual amount spent on capital projects excluding orders/Total amount budgeted for capital projects)X100} | % of capital budget spent                                                               | 79.71%   | Last Value           | 95.00%                            | 79.07% | O |                     | Due to lockdown, tenders of Corporate Services was not finalized. Tender will be advertised in the new financial year where funds are available. |
| TL3 | Good Governance and Public Participation               | Develop an Audit Action Plan from the final management report issued by the AG and submit to the Municipal Manager (MM) and Audit Committee (AC) for approval by 31 January 2020                | Approved Audit Action Plan submitted to the MM and AC for approval by 31 January 2020   | 1        | Carry Over           | 1                                 | 1      | G |                     |                                                                                                                                                  |
| TL4 | Good Governance and Public Participation               | Develop a Risk Based Audit Plan and submit to the MM and Audit Committee by 30 June 2020                                                                                                        | Risk Based Audit Plan developed and submitted to MM and Audit Committee by 30 June 2020 | 1        | Carry Over           | 1                                 | 1      | G |                     |                                                                                                                                                  |
| TL6 | Good Governance and Public Participation               | Submit the final reviewed IDP to Council by 31 May 2020                                                                                                                                         | Final IDP submitted to Council by 31 May 2020                                           | 1        | Carry Over           | 1                                 | 1      | G |                     |                                                                                                                                                  |
| TL7 | Good Governance and Public Participation               | Submit the Mid-Year Performance Report in terms of Sect 72 of the MFMA to Council by 31 January 2020                                                                                            | Mid-Year Performance Report submitted to Council by 31 January 2020                     | 1        | Carry Over           | 1                                 | 1      | G |                     |                                                                                                                                                  |
| TL8 | Good Governance and Public Participation               | Submit the draft Annual Report to Council by 31 January 2020                                                                                                                                    | Draft Annual Report submitted to Council by 31 January 2020                             | 1        | Carry Over           | 1                                 | 1      | G |                     |                                                                                                                                                  |



| Ref  | National KPA                                           | KPI                                                                                                                                                                                                                                | Unit of Measurement                                                                                          | Baseline | KPI Calculation Type | Year – To Date As At 30 June 2020 |          |        |                     |                                                                                             |
|------|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|----------|----------------------|-----------------------------------|----------|--------|---------------------|---------------------------------------------------------------------------------------------|
|      |                                                        |                                                                                                                                                                                                                                    |                                                                                                              |          |                      | Target                            | Actual   | R      | Performance Comment | Corrective Measures                                                                         |
| TL9  | Good Governance and Public Participation               | Submit the Oversight Report on the Annual Report to Council by 31 March 2020                                                                                                                                                       | Oversight Report on the Annual Report submitted to Council by 31 March 2020                                  | 1        | Carry Over           | 1                                 | 1        | G      |                     |                                                                                             |
| TL11 | Good Governance and Public Participation               | Submit the Top Layer SDBIP to the Mayor for approval within 14 days after the annual budget has been approved                                                                                                                      | Top Layer SDBIP submitted to the Mayor for approval within 14 days after the annual budget has been approved | 1        | Carry Over           | 1                                 | 1        | G      |                     |                                                                                             |
| TL12 | Municipal Transformation and Institutional Development | Spend 95% of the total amount budgeted to upgrade ICT Infrastructure by June 2020 {(Actual expenditure / by approved budget allocation) x 100}                                                                                     | % of budget spent by 30 June 2020                                                                            | 82.11%   | Last Value           | 95.00%                            | 99.74%   | G<br>2 |                     |                                                                                             |
| TL14 | Basic Service Delivery                                 | Recycle 2000 tons of domestic waste by 30 June 2020                                                                                                                                                                                | Number of tons of domestic waste recycled                                                                    | 1900     | Accumulative         | 2 000                             | 2 023.42 | G<br>2 |                     |                                                                                             |
| TL18 | Basic Service Delivery                                 | Limit unaccounted water to less than 15% as at 30 June 2020 {(Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold (incl free basic water) / Number of Kiloliters Water Purchased or Purified _ 100} | % unaccounted water captured in the report                                                                   | 12.00%   | Reverse Last Value   | 15.00%                            | 14.81%   | B      |                     |                                                                                             |
| TL22 | Good Governance and Public Participation               | Complete the review of the SDF and submit to Council for approval by 31 May 2020                                                                                                                                                   | SDF submitted to Council                                                                                     | 1        | Last Value           | 1                                 | 1        | G      |                     |                                                                                             |
| TL48 | Municipal Transformation and Institutional Development | Percentage of municipality's personnel budget actually spent on implementing its workplace skills plan measured as at 30 June 2020 {(Total Actual Training Expenditure/ Total                                                      | % of municipality's personnel budget actually spent on implementing its workplace skills plan                | 1.00%    | Last Value           | 1.00%                             | 0.95%    | O      |                     | All training planned was done and amount available not sufficient for any further training. |

| Ref  | National KPA                                           | KPI                                                                                                                                                                    | Unit of Measurement                                                                       | Baseline | KPI Calculation Type | Year – To Date As At 30 June 2020 |        |     |                                              |                                                                                                                                                                                       |
|------|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|----------|----------------------|-----------------------------------|--------|-----|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      |                                                        |                                                                                                                                                                        |                                                                                           |          |                      | Target                            | Actual | R   | Performance Comment                          | Corrective Measures                                                                                                                                                                   |
|      |                                                        | Personnel Budget)x100}}                                                                                                                                                |                                                                                           |          |                      |                                   |        |     |                                              |                                                                                                                                                                                       |
| TL49 | Good Governance and Public Participation               | Arranged and attend the monthly meetings of ward committees                                                                                                            | Number of monthly ward committee meetings held                                            | 49       | Accumulative         | 110                               | 84     | O   | No meetings could take place due to lockdown | Meetings will commence when lockdown is lifted                                                                                                                                        |
| TL50 | Municipal Transformation and Institutional Development | Spend 95% of the total amount budgeted for the upgrade and alteration of the municipal offices by 30 June 2020 {(Actual expenditure / Approved budget allocation)x100} | % of budget spent                                                                         | 93.27%   | Last Value           | 95.00%                            | 20.69% | R   |                                              | Due to lockdown the contractor could not proceed with the project. The tender will be re-advertised in the 2020/2021 financial year. Funds was made available in the 2020/2021 budget |
| TL51 | Municipal Transformation and Institutional Development | Spend 95% of the total amount budgeted for the purchase of office furniture & office equipment by 30 June 2020 {(Actual expenditure / Approved budget allocation)x100} | % of budget spent                                                                         | 109.26%  | Last Value           | 95.00%                            | 99.83% | G 2 |                                              |                                                                                                                                                                                       |
| TL52 | Municipal Transformation and Institutional Development | Number of people from the EE target groups employed in the 3 highest levels of management in compliance with the approved EE plan                                      | Number of people from the EE target groups employed in the highest 3 levels of management | 1        | Accumulative         | 1                                 | 1      | G   |                                              |                                                                                                                                                                                       |
| TL53 | Municipal Transformation and Institutional Development | Report monthly to the Municipal Manager on all property contracts                                                                                                      | Number of reports submitted to the Municipal Manager                                      | 12       | Accumulative         | 12                                | 11     | O   |                                              | No report could be submitted seeing that no activities took place.                                                                                                                    |
| TL54 | Municipal Transformation and Institutional Development | Spend 95% of the amount budgeted for the purchase of a Prolazer 4 Speed Camera by 30 June 2020 {(Actual expenditure / Approved budget allocation)x100}                 | % of the budget spent                                                                     | New KPI  | Last Value           | 95.00%                            | 0.00%  | R   |                                              | Tender process was stopped as a result of the lockdown. No funds is available on the 2020/2021 budget.                                                                                |

| Ref  | National KPA           | KPI                                                                                                                                                      | Unit of Measurement            | Baseline | KPI Calculation Type | Year – To Date As At 30 June 2020 |        |   |                     |                                                                                                                                                                                                                                                            |
|------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------|----------------------|-----------------------------------|--------|---|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      |                        |                                                                                                                                                          |                                |          |                      | Target                            | Actual | R | Performance Comment | Corrective Measures                                                                                                                                                                                                                                        |
| TL69 | Basic Service Delivery | Review the Disaster Management Plan and submit the draft for assessment to the District Municipality by 31 March 2020                                    | Plan reviewed and submitted    | 1        | Carry Over           | 1                                 | 0      | R |                     | The disaster management plan was submitted to the district on 18 May 2020 due to lockdown restrictions.                                                                                                                                                    |
| TL75 | Basic Service Delivery | Submit the Sport Policy to Council by 30 June 2020                                                                                                       | Sport Policy submitted         | New KPI  | Accumulative         | 1                                 | 1      | G |                     |                                                                                                                                                                                                                                                            |
| TL76 | Basic Service Delivery | Submit the Land Invasion Policy to Council by 30 June 2020                                                                                               | Land Invasion Policy submitted | New KPI  | Carry Over           | 1                                 | 0      | R |                     | A draft Land Invasion Policy was presented at a SMT on 20 November 2019. Due to COVID-19 lockdown a Workshop for further inputs and discussion with housing officials could not be arranged. New date for Workshop will be arranged in new financial year. |
| TL79 | Basic Service Delivery | Spend 95% of the total amount budgeted for the purchase of machinery and equipment by June 2020 {(Actual expenditure /approved budget allocation) x 100} | % of budget spent              | New KPI  | Carry Over           | 95.00%                            | 0.00%  | R |                     | Due to lockdown, tender was not accepted. Tender will be advertised in the new financial year. Funding was made available in the 2020/2021 financial year.                                                                                                 |

## **SO5: Adherence to all laws and regulations applicable to LG**

| Ref  | National KPA           | KPI                                                                                                                                                                                                     | Unit of Measurement                                                        | Baseline | KPI Calculation Type | Year – To Date As At 30 June 2020 |         |        |                     |                                                                                                                                                     |
|------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|----------|----------------------|-----------------------------------|---------|--------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
|      |                        |                                                                                                                                                                                                         |                                                                            |          |                      | Target                            | Actual  | R      | Performance Comment | Corrective Measures                                                                                                                                 |
| TL15 | Basic Service Delivery | Spend 95% of the total amount budgeted for the replacement and repair on the electricity network by June 2020<br>{(Total actual expenditure for the project/Total amount budgeted for the project)x100} | % of budget spent                                                          | 90.00%   | Last Value           | 95.00%                            | 105.74% | G<br>2 |                     |                                                                                                                                                     |
| TL23 | Basic Service Delivery | 80% of effluent samples comply with permit values<br>{(Number of effluent samples that comply with permit values/Number of effluent samples tested)x100}                                                | % of effluent samples compliant                                            | 75.00%   | Last Value           | 80.00%                            | 87.10%  | G      |                     |                                                                                                                                                     |
| TL59 | Basic Service Delivery | Provide free basic water to indigent households as at 30 June 2020                                                                                                                                      | Number of indigent households receiving free basic water                   | 6665     | Reverse Last Value   | 6 000                             | 6 516   | R      |                     | Due to COVID-19 pandemic the municipality had to provide water to informal settlements. Once COVID-19 is over we will look at alternatives to bill. |
| TL60 | Basic Service Delivery | Provide free basic electricity to indigent households as at 30 June 2020                                                                                                                                | Number of indigent households receiving free basic electricity             | 6954     | Reverse Last Value   | 6 800                             | 6 704   | G<br>2 |                     |                                                                                                                                                     |
| TL61 | Basic Service Delivery | Provide free basic sanitation to indigent households as at 30 June 2020                                                                                                                                 | Number of indigent households receiving free basic sanitation services     | 6828     | Reverse Last Value   | 6 800                             | 6 585   | G<br>2 |                     |                                                                                                                                                     |
| TL62 | Basic Service Delivery | Provide free basic refuse removal to indigent households as at 30 June 2020                                                                                                                             | Number of indigent households receiving free basic refuse removal services | 6836     | Reverse Last Value   | 6 800                             | 6 593   | G<br>2 |                     |                                                                                                                                                     |

| Ref  | National KPA                                 | KPI                                                                                                                                                                                                                                                                                                                                                                   | Unit of Measurement                                                              | Baseline | KPI Calculation Type | Year – To Date As At 30 June 2020 |        |   |                     |                                                                                                           |
|------|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|----------|----------------------|-----------------------------------|--------|---|---------------------|-----------------------------------------------------------------------------------------------------------|
|      |                                              |                                                                                                                                                                                                                                                                                                                                                                       |                                                                                  |          |                      | Target                            | Actual | R | Performance Comment | Corrective Measures                                                                                       |
| TL63 | Municipal Financial Viability and Management | Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2020 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / (Total Operating Revenue - Operating Conditional Grant)                                                                              | % of debt coverage                                                               | 45.00%   | Reverse Last Value   | 5.00%                             | 6.55%  | R |                     | The borrowings will be decreased with the payment of the current portion of the 2020/2021 financial year. |
| TL64 | Municipal Financial Viability and Management | Financial viability measured in terms of the outstanding service debtors as at 30 June 2020 (Total outstanding service debtors/ revenue received for services)                                                                                                                                                                                                        | % of outstanding service debtors                                                 | 12.00%   | Reverse Last Value   | 12.00%                            | 10.84% | B |                     |                                                                                                           |
| TL65 | Municipal Financial Viability and Management | Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2020 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excl (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)) | Number of months it takes to cover fix operating expenditure with available cash | 2        | Last Value           | 2                                 | 3.66   | B |                     |                                                                                                           |
| TL66 | Good Governance and Public Participation     | Submit the final annual budget to Council by 31 May 2020                                                                                                                                                                                                                                                                                                              | Final budget submitted to Council                                                | 1        | Carry Over           | 1                                 | 1      | G |                     |                                                                                                           |
| TL67 | Good Governance and Public                   | Submit monthly reports in terms of Section 71 of the                                                                                                                                                                                                                                                                                                                  | Number of reports submitted to                                                   | 12       | Accumulative         | 12                                | 12     | G |                     |                                                                                                           |

| Ref  | National KPA                                 | KPI                                                                                                                                                                                           | Unit of Measurement | Baseline | KPI Calculation Type | Year – To Date As At 30 June 2020 |        |        |                     |                     |
|------|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------|----------------------|-----------------------------------|--------|--------|---------------------|---------------------|
|      |                                              |                                                                                                                                                                                               |                     |          |                      | Target                            | Actual | R      | Performance Comment | Corrective Measures |
|      | Participation                                | MFMA to Council                                                                                                                                                                               | Council             |          |                      |                                   |        |        |                     |                     |
| TL68 | Municipal Financial Viability and Management | Achieve a debtor payment percentage of 95% as at 30 June 2020 ((Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue) x 100 | Payment % achieved  | 95%      | Last Value           | 95.00%                            | 99.78% | G<br>2 |                     |                     |

## CHAPTER 4

# ORGANISATIONAL DEVELOPMENT PERFORMANCE



## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTALS, VACANCIES AND TURNOVER

The tables below provide the employee totals, vacancy rate and staff turnover for 2019/2020. Although 190 posts are vacant, only 76 of those posts are budgeted for.

The municipality has a total of 11 staff members with disabilities in 2019/2020 and a total of 5 Financial Management Interns.

Table 57: Employee Totals for 2019/2020

| Employee Totals for 2019/2020    |                          |                     |                     |           |
|----------------------------------|--------------------------|---------------------|---------------------|-----------|
| Description                      | 2019/2020                |                     |                     |           |
|                                  | Number of approved posts | Number of Employees | Number of Vacancies | Vacancy % |
| Water                            | 80                       | 72                  | 8                   | 10%       |
| Sanitation                       | 37                       | 31                  | 6                   | 16.2%     |
| Electricity                      | 73                       | 57                  | 15                  | 21.9%     |
| Waste Management                 | 100                      | 82                  | 18                  | 18%       |
| Storm Water Drainage             | 28                       | 26                  | 2                   | 7.1%      |
| Roads                            | 42                       | 41                  | 1                   | 2.4%      |
| Transport                        | 0                        | 0                   | 0                   | 0%        |
| Planning                         | 15                       | 11                  | 4                   | 26.7%     |
| Strategic Planning               | 7                        | 5                   | 2                   | 28.6%     |
| IT                               | 7                        | 5                   | 2                   | 28.6%     |
| Local Economic Development (LED) | 8                        | 6                   | 2                   | 25%       |
| Community Facilities             | 43                       | 36                  | 7                   | 16.2%     |
| Environmental Protection         | 81                       | 74                  | 7                   | 8.7%      |
| Security and Safety              | 76                       | 58                  | 18                  | 23.7%     |
| Corporate Services and Other     | 315                      | 218                 | 98                  | 30%       |
| Totals                           | 912                      | 722                 | 190                 | 20.8%     |

Table 58: Turnover Rate for 2019/2020

| Staff Turn-Over Rate |                                                                |                                              |                  |
|----------------------|----------------------------------------------------------------|----------------------------------------------|------------------|
| Financial Year       | Total number of appointments as at beginning of financial year | Number of terminations during financial year | % Turn-over Rate |
| 2016/2017            | 709                                                            | 62                                           | 8.7              |
| 2017/2018            | 710                                                            | 38                                           | 5.4              |
| 2018/2019            | 723                                                            | 47                                           | 6.5              |
| 2019/2020            | 734                                                            | 42                                           | 5.7              |



## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

The Municipal System Act, 32 of 2000, S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration in accordance with the Employment Equity Act, 55 of 1998.

This section reports on all the measures necessary for the effective and efficient management of the municipality's workforce and includes the regulatory environment and policy development, injuries and sickness, discipline, performance and rewards.

### 4.2 POLICIES

The municipality is keen on providing a stable, regulated working environment to its staff and regard policy development important and of high priority.

The table below reflects the status of available Human Resources policies at the municipality in 2019/2020.

Table 59: HR Policies and Plans

| Policies and Plans |                                            |                   |                             |
|--------------------|--------------------------------------------|-------------------|-----------------------------|
| No.                | Name of Policy/Plan                        | Completed %       | Adopted by Council (Yes/No) |
| 1                  | Affirmative Action                         | Part of EE Policy | Yes                         |
| 2                  | Code of Conduct for Employees              | 100               | No                          |
| 3                  | Disciplinary Code and Procedures           | 100               | No                          |
| 4                  | Dress Code                                 | 100               | No                          |
| 5                  | Employment Equity                          | 100               | Yes                         |
| 6                  | Exit Management                            | 100               | No                          |
| 7                  | Grievance Procedures                       | 100               | No                          |
| 8                  | HIV/AIDS                                   | 100               | Yes                         |
| 9                  | Human Resource and Development             | 100               | Yes                         |
| 10                 | Job Evaluation                             | 100               | No                          |
| 11                 | Leave                                      | 100               | Yes                         |
| 12                 | Occupational Health and Safety             | 100               | Yes                         |
| 13                 | Official Working Hours and Overtime        | 100               | No                          |
| 14                 | Private Work                               | 100               | Yes                         |
| 15                 | Recruitment, Selection and Appointments    | 100               | Yes                         |
| 16                 | Resettlement                               | 100               | Yes                         |
| 17                 | Skills Development                         | 100               | Yes                         |
| 18                 | Smoking                                    | 100               | Yes                         |
| 19                 | Travel and Subsistence                     | 100               | Yes                         |
| 20                 | Organisational Structure (Macro and Micro) | 100               | Yes                         |
| 21                 | Vehicle                                    | 100               | Yes                         |
| 22                 | Internal bursaries                         | 100               | Yes                         |
| 23                 | Receiving of gifts                         | 100               | Yes                         |
| 24                 | Retention                                  | 100               | Yes                         |

### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

Table 60: Number of Injuries on Duty

| Number of injuries on Duty            |                                   |                                        |                                 |                                                  |                            |
|---------------------------------------|-----------------------------------|----------------------------------------|---------------------------------|--------------------------------------------------|----------------------------|
| Type of Injury                        | Number of days Injury Leave taken | Number of Employees using Injury Leave | % of Employees using Sick Leave | Average amount of Injury Leave Days per Employee | Total estimated cost R'000 |
| Required basic medical attention only | 446                               | 47                                     | 0                               | 9.48                                             | 0                          |
| Temporary total disablement           | 0                                 | 0                                      | 0                               | 0                                                | 0                          |
| Permanent disablement                 | 0                                 | 0                                      | 0                               | 0                                                | 0                          |
| Fatal                                 | 0                                 | 0                                      | 0                               | 0                                                | 0                          |

Table 61: Number and Period of Suspensions

| Nature of Misconduct | Date of Suspension | Details of Disciplinary action taken or Status of case and reasons why not finalised | Date Finalised    |
|----------------------|--------------------|--------------------------------------------------------------------------------------|-------------------|
| Incapacity           | 22 May 2019        | Suspension has been lifted after completion of Incapacity Hearing                    | 19 September 2019 |
| Fraud                | 14 August 2019     | Employee resigned upon suspension                                                    | 22 August 2019    |

Table 62: Disciplinary Action taken on cases of Financial Misconduct

| Nature of alleged Misconduct and Rand value of any loss to the municipality | Disciplinary action taken                                  | Date Finalised |
|-----------------------------------------------------------------------------|------------------------------------------------------------|----------------|
| Fraud                                                                       | Employee resigned prior to disciplinary action being taken | 22 August 2019 |

#### 4.4 PERFORMANCE REWARDS

The performance evaluation for Section 57 managers forms the basis for rewarding outstanding performance. Performance bonuses are paid in line with the suggested calculator and provisions of the Local Government Municipal Performance Regulations for Municipal Managers and Managers, directly Accountable to the Municipal Manager of 2006.

Table 63: Section 56 and 57 Performance Bonuses

| Section 56 & 57 Performance Bonuses in Rand |                                         |                         |                         |                         |                         |
|---------------------------------------------|-----------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Name                                        | Designation                             | Bonus Amount<br>2016/17 | Bonus Amount<br>2017/18 | Bonus Amount<br>2018/19 | Bonus Amount<br>2019/20 |
| Mr IAB van der Westhuizen                   | Director: Engineering Services          | 61 637                  | 52 268                  | 70 144                  | <b>45 032.56</b>        |
| Ms CO Matthys                               | Director: Strategy & Social Development | 61 637                  | 52 268                  | 56 115                  | <b>75 054.26</b>        |
| Mr B Brown                                  | Director: Financial Services (CFO)      | 12 327                  | 52 182                  | 70 028                  | <b>193 937.31</b>       |
| Mr AWJ Everson                              | Director: Corporate Services            | 53 299                  | 52 182                  | 70 028                  | <b>74 930.32</b>        |
| Mr SA Mokweni                               | Municipal Manager                       | 80 310                  | 85 128                  | 91 394                  | <b>251 208.35</b>       |
| Mr M Mgajo                                  | Director: Community Services            | N/A                     | N/A                     | N/A                     | <b>93 165.52</b>        |
| <b>Total Bonuses</b>                        |                                         | <b>269 210</b>          | <b>294 028</b>          | <b>357 709</b>          | <b>733 328.32</b>       |

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

The MSA 32 of 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

### 4.5 SKILLS DEVELOPMENT AND TRAINING

As prescribed by legislation, the combined WSP was compiled in April 2020 and approved on 30 April 2020.

For the year under review 2019/2020, the municipality trained 169 employees, compared to 483 employees in 2018/2019, 259 employees in 2017/2018, 285 employees in 2016/2017, 360 employees in 2015/2016, 307 employees in 2014/2015 and 196 employees in the 2013/2014 financial year.

Table 64: Training per Job Category

| Training per Job Category     |       |                                            |        |                                         |                                 |                        |               |
|-------------------------------|-------|--------------------------------------------|--------|-----------------------------------------|---------------------------------|------------------------|---------------|
| Directorate                   | Total | Legislators, Senior Officials and Managers | Clerks | Technicians and Associate Professionals | Craft and Related Trade Workers | Elementary Occupations | Professionals |
| Engineering Services          | 112   | 0                                          | 0      | 28                                      | 31                              | 53                     | 0             |
| Financial Services            | 10    | 0                                          | 9      | 1                                       | 0                               | 0                      | 0             |
| Strategy & Social Development | 0     | 0                                          | 0      | 0                                       | 0                               | 0                      | 0             |
| Corporate Services            | 7     | 0                                          | 0      | 0                                       | 7                               | 0                      | 0             |
| Community Services            | 40    | 0                                          | 0      | 1                                       | 9                               | 30                     | 0             |
| Municipal Manager's Office    | 0     | 0                                          | 0      | 0                                       | 0                               | 0                      | 0             |
| Total: 2019/2020              | 169   | 0                                          | 9      | 30                                      | 47                              | 83                     | 0             |
| Total: 2018/19                | 483   | 3                                          | 74     | 39                                      | 101                             | 266                    | 0             |
| Total: 2017/18                | 259   | 2                                          | 27     | 27                                      | 49                              | 154                    | 0             |
| Total: 2016/17                | 285   | 2                                          | 12     | 14                                      | 79                              | 178                    | 0             |
| Total: 2015/16                | 360   | 0                                          | 49     | 59                                      | 71                              | 181                    | 0             |
| Total: 2014/15                | 307   | 2                                          | 72     | 42                                      | 54                              | 137                    | 0             |

#### 4.5.1 FINANCIAL COMPETENCY DEVELOPMENT PROGRESS

In terms of Section 83 (1) of the Municipal Finance Management Act (MFMA), 56 of 2003, the accounting officer, senior managers, chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are important for the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493, dated 15 June 2007.

The table below provides details of the financial competency development progress and training needs of the municipality thus far:

Table 65: Financial Competency Development Progress Report

| Financial Competency Development: Progress Report |                                                                                  |                                                                |                                                                                                        |                                                                                        |
|---------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| Description                                       | Total number of officials employed by municipality (Regulation 14(4)(a) and (c)) | Competency assessments completed (Regulation 14(4)(b) and (d)) | Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f)) | Total number of officials that meet prescribed competency levels (Regulation 14(4)(e)) |
| Financial Officials                               |                                                                                  |                                                                |                                                                                                        |                                                                                        |
| Accounting Officer                                | 1                                                                                | 1                                                              | 1                                                                                                      | 1                                                                                      |
| Chief Financial Officer                           | 0                                                                                | 0                                                              | 0                                                                                                      | 0                                                                                      |
| Senior Managers                                   | 4                                                                                | 4                                                              | 4                                                                                                      | 4                                                                                      |
| Any other financial officials                     | 17                                                                               | 12                                                             | 12                                                                                                     | 12                                                                                     |
| SCM Officials                                     |                                                                                  |                                                                |                                                                                                        |                                                                                        |
| Heads of SCM Units                                | 1                                                                                | 1                                                              | -                                                                                                      | 1                                                                                      |
| SCM Senior Managers                               | -                                                                                | -                                                              | -                                                                                                      | -                                                                                      |

### Skills Development Budget and Expenditure

The municipality offers learnerships and bursaries to staff to enhance organisational capacity and to further personal growth and career development. Organisational and staff development will continue to be a targeted focus in 2019/2020.

A total of 25 learners were recorded to have received training through learnerships in 2019/2020, compared to three (3) learners in the 2018/2019 financial year.

Table 66: Bursaries per Directorate

| Bursaries per Directorate     |                                 |                                 |                                 |                                 |
|-------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Directorate                   | Number of Beneficiaries 2016/17 | Number of Beneficiaries 2017/18 | Number of Beneficiaries 2018/19 | Number of Beneficiaries 2019/20 |
| Community Services            | 1                               | 4                               | 10                              | 4                               |
| Engineering Services          | 1                               | 0                               | 1                               | 1                               |
| Financial Services            | 9                               | 8                               | 9                               | 8                               |
| Strategy & Social Development | 1                               | 1                               | 2                               | 1                               |
| Corporate Services            | 1                               | 3                               | 5                               | 5                               |
| Municipal Manager's Office    | 0                               | 1                               | 1                               | 0                               |
| Total                         | 13                              | 17                              | 28                              | 19                              |

The table below indicates the quantum of municipal budget allocated to skills development and the percentage spent over the past four years.

Table 67: Budget Allocations for Skills Development

| Budget Allocations for Skills Development 'Rand |            |             |                  |
|-------------------------------------------------|------------|-------------|------------------|
| Financial Year                                  | Budget     | Expenditure | Percentage Spent |
| 2019/2020                                       | 129 0000   | 122 3578.75 | 94.85            |
| 2018/2019                                       | 1224379.37 | 1224379.37  | 100              |
| 2017/2018                                       | 763 320    | 756 676     | 99.13            |
| 2016/2017                                       | 714 368    | 714 368     | 100              |
| 2015/2016                                       | 663 000    | 660 889     | 99.68            |
| 2014/2015                                       | 644 540    | 640 334     | 99.35            |
| 2013/2014                                       | 566 250    | 565 996     | 99.9             |
| 2012/2013                                       | 580 000    | 580 000     | 100              |
| 2011/2012                                       | 580 000    | 402 599     | 69.4             |

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

Workforce expenditure is controlled against the approved establishment, the budget and anticipated vacancy rates arising from turnover. The municipality seeks to obtain value for money from the workforce by monitoring absenteeism and staff performance.

### 4.6. EMPLOYEE EXPENDITURE

Table 68: Employees whose salary levels exceed the grade determined by job evaluation

| Employees whose salary levels exceed the grade determined by job evaluation |                     |                      |                    |                       |
|-----------------------------------------------------------------------------|---------------------|----------------------|--------------------|-----------------------|
| Occupation                                                                  | Number of Employees | Job Evaluation Level | Remuneration Level | Reason for Deviation  |
| Senior Clerk                                                                | 11                  | T6                   | 129156-167676      | Personal to incumbent |
| Housing Administrator                                                       | 1                   | T9                   | 197952-256956      | Personal to incumbent |
| Clerk                                                                       | 5                   | T5                   | 109968-142068      | Personal to incumbent |
| Artisan (Electrician)                                                       | 2                   | T10                  | 222876-289272      | Personal to incumbent |
| Supervisor                                                                  | 4                   | T7                   | 156216-202716      | Personal to incumbent |
| Traffic Officer                                                             | 1                   | T9                   | 197952-256956      | Personal to incumbent |
| Secretary                                                                   | 1                   | T6                   | 129156-167676      | Personal to incumbent |
| General Worker                                                              | 43                  | T2                   | 95388-104916       | Personal to incumbent |
| Library Assistant                                                           | 1                   | T6                   | 129156-167676      | Personal to incumbent |
| Executive PA                                                                | 1                   | T7                   | 156216-202716      | Personal to incumbent |
| Chief Clerk                                                                 | 1                   | T8                   | 175824-228228      | Personal to incumbent |
| Storeman                                                                    | 1                   | T5                   | 109968-142068      | Personal to incumbent |

Table 69: Trends of Personnel Expenditure Compared to Operating Expenditure

| Trends of Personnel Expenditure Compared to Operating Expenditure in Rand |             |             |            |
|---------------------------------------------------------------------------|-------------|-------------|------------|
| Financial Year                                                            | Salaries    | Expenditure | Percentage |
| 2019/2020                                                                 | 194 952 107 | 681 343 975 | 28.61%     |
| 2018/2019                                                                 | 186 765 088 | 630 494 425 | 29.62%     |
| 2017/2018                                                                 | 172 604 491 | 619 459 061 | 27.86%     |
| 2016/2017                                                                 | 158 847 362 | 569 924 175 | 27.87%     |
| 2015/2016                                                                 | 154 140 976 | 555 605 290 | 27.74%     |
| 2014/2015                                                                 | 138 520 695 | 515 984 773 | 26.84%     |
| 2013/2014                                                                 | 129 208 326 | 440 959 037 | 29.30%     |
| 2012/2013                                                                 | 119 879 190 | 406 313 225 | 29.50%     |

## 4.7 ORGANISATIONAL DEVELOPMENT OVERVIEW

The municipality has an approved organisational structure which was revised on 27 May 2015. The organisational structure of the municipality provides for five (5) section 56 positions and one (1) section 57 position. One (1) the section 56 positions is vacant. The overall vacancy rate of the municipality for 2019/2020 was 9.5% (Budgeted posts).

Senior Management is capacitated and complies with the minimum requirements in terms of the National Qualifications Framework.

As required by the Skills Development Act No. 97 of 1998 and the Sector Education Training Authorities Grant Regulations, 2012, the municipality submitted its WSP for staff training and development on 24 April 2020. The municipality has a functional Training Committee.

## 4.8 EMPLOYMENT EQUITY PROFILE

Table 70: Employment Equity Profile

| Post Category                              | Post    | Male     |          |          |           | Female   |          |          |          | Total     |
|--------------------------------------------|---------|----------|----------|----------|-----------|----------|----------|----------|----------|-----------|
|                                            | GRADE   | A        | C        | I        | W         | A        | C        | I        | W        |           |
| Legislators, Senior Officials and Managers |         |          |          |          |           |          |          |          |          |           |
| Municipal Manager                          | Sec 57  | 1        | 0        | 0        | 0         | 0        | 0        | 0        | 0        | 1         |
| Director                                   | Sec 57  | 1        | 0        | 0        | 2         | 0        | 1        | 0        | 0        | 4         |
| Snr / Manager                              | T14     | 3        | 3        | 0        | 7         | 0        | 1        | 0        | 1        | 15        |
| Assistant Manager                          | 3       | 1        | 0        | 0        | 2         | 0        | 0        | 0        | 1        | 4         |
| <b>TOTAL</b>                               |         | <b>6</b> | <b>3</b> | <b>0</b> | <b>11</b> | <b>0</b> | <b>2</b> | <b>0</b> | <b>2</b> | <b>24</b> |
| Technicians & Associated Professionals     |         |          |          |          |           |          |          |          |          |           |
| Building Control Officer                   | T12     | 0        | 0        | 0        | 0         | 0        | 0        | 0        | 0        | 0         |
| Snr Accountant                             | T12     | 0        | 0        | 0        | 0         | 1        | 1        | 0        | 1        | 3         |
| Snr Internal Auditor                       | T12     | 1        | 0        | 0        | 0         | 0        | 0        | 0        | 0        | 1         |
| Snr Technician: Civil Engineering Services | T12     | 0        | 0        | 0        | 0         | 0        | 1        | 0        | 0        | 1         |
| Snr Technician: Electrical                 | T12     | 0        | 0        | 0        | 2         | 0        | 0        | 0        | 0        | 2         |
| Snr Technician: Water & Sanitation         | T12     | 1        | 0        | 0        | 0         | 0        | 0        | 0        | 0        | 1         |
| Station Commander                          | T12     | 0        | 1        | 0        | 0         | 0        | 0        | 0        | 0        | 1         |
| Superintendent: Electrical                 | T12     | 0        | 1        | 0        | 3         | 0        | 0        | 0        | 0        | 4         |
| Superintendent: Mechanical Workshop        | T12     | 0        | 0        | 0        | 1         | 0        | 0        | 0        | 0        | 1         |
| Superintendent: Traffic / Law Enforcement  | T11     | 0        | 1        | 0        | 0         | 0        | 1        | 0        | 0        | 2         |
| Superintendent: Works                      | T11     | 1        | 2        | 0        | 0         | 0        | 0        | 0        | 0        | 3         |
| Accountant                                 | T11/6/5 | 0        | 1        | 0        | 0         | 0        | 0        | 0        | 1        | 2         |
| Artisan: Mechanic                          | T10     | 0        | 0        | 0        | 3         | 0        | 0        | 0        | 0        | 3         |
| Communication Officer                      | T11     | 0        | 1        | 0        | 0         | 0        | 0        | 0        | 1        | 2         |
| Development Officer                        | T11     | 0        | 0        | 0        | 0         | 0        | 1        | 0        | 0        | 1         |
| IDP Co-ordinator                           | T11     | 1        | 0        | 0        | 0         | 0        | 0        | 0        | 0        | 1         |



|                                        |         |          |           |          |           |          |           |          |          |           |
|----------------------------------------|---------|----------|-----------|----------|-----------|----------|-----------|----------|----------|-----------|
| Information Technology Technician      | T11     | 0        | 1         | 0        | 1         | 0        | 0         | 0        | 0        | 2         |
| Internal Auditor                       | T11     | 0        | 1         | 0        | 0         | 1        | 0         | 0        | 0        | 2         |
| Labour Relations Officer               | T11     | 0        | 0         | 0        | 0         | 0        | 1         | 0        | 0        | 1         |
| Librarian                              | T11     | 0        | 0         | 0        | 0         | 0        | 0         | 0        | 0        | 0         |
| Technician: Project Management         | T11     | 0        | 0         | 0        | 1         | 0        | 0         | 0        | 0        | 1         |
| Town Planner / Land use Co-ordinator   | T11     | 0        | 1         | 0        | 0         | 0        | 0         | 0        | 0        | 1         |
| Town Planning Technician               | T11     | 0        | 0         | 0        | 0         | 0        | 0         | 0        | 1        | 1         |
| Snr / Building Inspector               | T11/T10 | 0        | 1         | 0        | 2         | 0        | 0         | 0        | 0        | 3         |
| Artisan: Electrician                   | T10     | 2        | 4         | 0        | 4         | 0        | 0         | 0        | 0        | 10        |
| Controller                             | T10     | 1        | 2         | 0        | 0         | 0        | 0         | 0        | 2        | 5         |
| Nature Conservation Officer            | T10     | 0        | 0         | 0        | 0         | 1        | 0         | 0        | 0        | 1         |
| Superintendent: Community Facilities   | T10     | 0        | 0         | 0        | 0         | 0        | 0         | 0        | 0        | 0         |
| Superintendent: Solid Waste Management | T10     | 0        | 0         | 0        | 0         | 0        | 1         | 0        | 0        | 1         |
| Superintendent: Sport Facilities       | T10     | 0        | 0         | 0        | 0         | 0        | 0         | 0        | 0        | 0         |
| Artisan: Plumber                       | T9      | 0        | 2         | 0        | 1         | 0        | 0         | 0        | 0        | 3         |
| Assistant Internal Auditor             | T9      | 0        | 0         | 0        | 0         | 0        | 1         | 0        | 0        | 1         |
| Foreman                                | T9      | 0        | 1         | 0        | 0         | 0        | 0         | 0        | 0        | 1         |
| Housing Administrator                  | T9      | 0        | 1         | 0        | 0         | 0        | 0         | 0        | 0        | 1         |
| Traffic Officer                        | T9      | 0        | 8         | 0        | 0         | 1        | 2         | 0        | 0        | 11        |
| Sport Facilities Officer               | T7      | 0        | 1         | 0        | 0         | 0        | 0         | 0        | 0        | 1         |
| CAD Operator                           | T7      | 0        | 0         | 0        | 0         | 0        | 0         | 0        | 0        | 0         |
| Vehicle Inspector                      | T7      | 0        | 0         | 0        | 1         | 0        | 0         | 0        | 0        | 1         |
| Customer Care Officer                  | 6       | 0        | 0         | 0        | 0         | 0        | 1         | 0        | 0        | 1         |
| Supply Chain Practitioner              | 5       | 0        | 0         | 0        | 0         | 1        | 1         | 0        | 1        | 3         |
| Ward Committee Co-ordinator            | 4       | 0        | 1         | 0        | 0         | 0        | 0         | 0        | 0        | 1         |
| <b>TOTAL</b>                           |         | <b>7</b> | <b>31</b> | <b>0</b> | <b>19</b> | <b>5</b> | <b>10</b> | <b>0</b> | <b>7</b> | <b>79</b> |
| Clerks                                 |         |          |           |          |           |          |           |          |          |           |
| Chief Clerk                            | T8      | 0        | 0         | 0        | 0         | 0        | 0         | 0        | 1        | 1         |
| Administrative Assistant               | T7/T5   | 0        | 0         | 0        | 0         | 0        | 2         | 0        | 1        | 3         |
| Executive Personal Assistant           | T7      | 0        | 0         | 0        | 0         | 0        | 0         | 0        | 1        | 1         |
| Personal Assistant                     | T5/T7/8 | 0        | 1         | 0        | 1         | 0        | 4         | 0        | 2        | 8         |
| Principal Clerk                        | T7      | 0        | 0         | 0        | 0         | 0        | 3         | 0        | 0        | 3         |
| Snr Library Assistant                  | T7      | 0        | 0         | 0        | 0         | 0        | 3         | 0        | 1        | 4         |
| Assistant CAD / GIS Operator           | T6      | 0        | 0         | 0        | 0         | 1        | 0         | 0        | 0        | 1         |
| Receptionist / Switchboard Operator    | T6      | 0        | 0         | 0        | 0         | 0        | 4         | 0        | 0        | 4         |
| Secretary                              | T6      | 0        | 0         | 0        | 0         | 2        | 3         | 0        | 1        | 6         |
| Snr Clerk                              | T6      | 2        | 5         | 0        | 0         | 5        | 17        | 0        | 9        | 38        |
| Library Assistant                      | T6/T5   | 1        | 0         | 0        | 0         | 5        | 21        | 0        | 1        | 28        |
| ICT Cadet                              | -       | 0        | 0         | 0        | 1         | 0        | 0         | 0        | 0        | 1         |

|                                  |        |                 |            |          |           |                   |            |          |           |            |
|----------------------------------|--------|-----------------|------------|----------|-----------|-------------------|------------|----------|-----------|------------|
| Cashier                          | T5     | 0               | 0          | 0        | 0         | 1                 | 4          | 0        | 1         | 6          |
| Clerk                            | T5/9/7 | 6               | 5          | 0        | 1         | 5                 | 14         | 0        | 2         | 33         |
| Word Processing Operator         | T5     | 0               | 0          | 0        | 0         | 0                 | 1          | 0        | 0         | 1          |
| Internship: Financial Management | T5     | 2               | 0          | 0        | 0         | 2                 | 1          | 0        | 0         | 5          |
| Community Liaison Worker         | 12     | 1               | 2          | 0        | 0         | 2                 | 2          | 0        | 0         | 7          |
| Call Centre Operator             | 9      | 0               | 0          | 0        | 0         | 1                 | 2          | 0        | 0         | 3          |
| <b>TOTAL</b>                     |        | <b>12</b>       | <b>13</b>  | <b>0</b> | <b>3</b>  | <b>24</b>         | <b>81</b>  | <b>0</b> | <b>20</b> | <b>153</b> |
| Craft & Related Trades           |        |                 |            |          |           |                   |            |          |           |            |
| Snr Supervisor                   | T8     | 0               | 3          | 0        | 1         | 0                 | 0          | 0        | 0         | 4          |
| Snr Fire Fighter                 | T7     | 0               | 2          | 0        | 0         | 0                 | 1          | 0        | 0         | 3          |
| Supervisor                       | T7     | 7               | 22         | 0        | 1         | 0                 | 1          | 0        | 0         | 31         |
| Driver Operator                  | T6     | 6               | 20         | 0        | 2         | 0                 | 1          | 0        | 0         | 29         |
| Fire Fighter                     | T6     | 0               | 6          | 0        | 0         | 1                 | 0          | 0        | 0         | 7          |
| Plant Operator: Sewerage         | T6     | 0               | 3          | 0        | 1         | 0                 | 0          | 0        | 0         | 4          |
| Handyman                         | T6/T5  | 3               | 6          | 0        | 0         | 0                 | 0          | 0        | 0         | 9          |
| Cadet Firefighter                | T5     | 0               | 4          | 0        | 0         | 0                 | 0          | 0        | 0         | 4          |
| Caretaker: Facilities            | T5     | 0               | 2          | 0        | 0         | 0                 | 0          | 0        | 0         | 2          |
| Meter Reader                     | T5/T4  | 1               | 4          | 0        | 0         | 0                 | 0          | 0        | 0         | 5          |
| Snr / Storeman                   | 9/T5   | 0               | 5          | 0        | 0         | 0                 | 0          | 0        | 0         | 5          |
| Weighbridge Operator             | T5     | 0               | 1          | 0        | 0         | 1                 | 0          | 0        | 0         | 2          |
| Facilities Attendant             | T4     | 2               | 4          | 0        | 0         | 0                 | 1          | 0        | 0         | 7          |
| Sewerage Attendant               | T4     | 1               | 6          | 0        | 0         | 0                 | 0          | 0        | 0         | 7          |
| Small Plant Operator             | T4     | 0               | 3          | 0        | 0         | 0                 | 0          | 0        | 0         | 3          |
| Team leader                      | T4     | 0               | 1          | 0        | 0         | 0                 | 0          | 0        | 0         | 1          |
| Water Attendant                  | T4     | 0               | 1          | 0        | 0         | 0                 | 0          | 0        | 0         | 1          |
| Water Purification Attendant     | T4     | 4               | 11         | 0        | 0         | 0                 | 0          | 0        | 0         | 15         |
| Office Assistant                 | T4     | 1               | 0          | 0        | 0         | 0                 | 0          | 0        | 0         | 1          |
| Office Attendant                 | 11     | 1               | 0          | 0        | 0         | 0                 | 0          | 0        | 0         | 1          |
| Law Enforcement Officer          | 10/9   | 1               | 2          | 0        | 1         | 0                 | 1          | 0        | 0         | 5          |
| Security Officer                 | 9/T5   | 9               | 7          | 0        | 0         | 2                 | 2          | 0        | 0         | 20         |
| Special Workman                  | 7      | 0               | 1          | 0        | 0         | 0                 | 0          | 0        | 0         | 1          |
| <b>TOTAL</b>                     |        | <b>36</b>       | <b>114</b> | <b>0</b> | <b>6</b>  | <b>4</b>          | <b>7</b>   | <b>0</b> | <b>0</b>  | <b>167</b> |
| Elementary Occupations           |        |                 |            |          |           |                   |            |          |           |            |
| General Assistant / Worker       | T3/T2  | 80              | 161        | 0        | 8         | 16                | 29         | 0        | 5         | 299        |
| <b>TOTAL</b>                     |        | <b>80</b>       | <b>161</b> | <b>0</b> | <b>8</b>  | <b>16</b>         | <b>29</b>  | <b>0</b> | <b>5</b>  | <b>299</b> |
| <b>TOTAL</b>                     |        | <b>141</b>      | <b>322</b> | <b>0</b> | <b>47</b> | <b>49</b>         | <b>129</b> | <b>0</b> | <b>34</b> | <b>722</b> |
| TOTAL PER RACE TYPE              |        | <b>A</b>        | <b>C</b>   | <b>I</b> | <b>W</b>  |                   |            |          |           |            |
|                                  |        | <b>190</b>      | <b>451</b> | <b>0</b> | <b>81</b> |                   |            |          |           |            |
| TOTAL PER GENDER                 |        | <b>510 Male</b> |            |          |           | <b>212 Female</b> |            |          |           |            |

## CHAPTER 5

# FINANCE





# Langeberg Local Municipality

(Registration number WC026)

Annual Financial Statements for the year ended 30 June 2020

## General Information

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### Legal form of entity

Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act no. 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act no. 108 of 1996)

### Nature of business and principal activities

Langeberg Municipality is a local municipality performing the functions as set out in the Constitution (Act no 105 of 1996). South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998). Demarcation code : WC026

### Executive Mayor

HM Jansen

### Deputy Executive Mayor

GB Joubert

### Speaker

SW van Eeden

### Members of the Executive Committee

Executive Mayor  
Deputy Executive Mayor  
Speaker  
Executive Councillors

HM Jansen  
GD Joubert  
SW van Eeden  
JB Burger  
DB Janse  
EMJ Scheffers  
SW Strauss  
NJ Beginsel  
E Bosjan  
JD Burger  
S Du Plessis  
CJ Grootboom  
P Hess  
DB Janse  
HM Jansen  
JJS Januarie  
GD Joubert  
J Kriel  
DJW Kuhn  
JS Mafilika  
H Mangenengene  
BH Nteta  
EMJ Scheffers  
AJ Shibili  
OC Simpson  
SW Strauss  
LM Swanepoel  
SW van Eden  
TM van der Merwe  
JDF van Zyl

### Councillors

### Accounting Officer

SA Mokweni

### Acting Chief Financial Officer

M Shude

# Langeberg Local Municipality

(Registration number WC026)

Annual Financial Statements for the year ended 30 June 2020

## General Information

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|                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Registered office</b>                                   | 28 Main Road<br>Ashton<br>6715                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Bankers</b>                                             | ABSA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Auditors</b>                                            | Auditor-General of South Africa                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Attorneys</b>                                           | Van Niekerk & Linde Attorneys<br>Van Zyl & Hofmeyer Attorneys<br>De Klerk van Gend Attorneys                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Published</b>                                           | 30 October 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Legislation governing the municipality's operations</b> | Basic Conditions of Employment Act (Act no 75 of 1997)<br>Collective Agreements (Act no 66 of 1995)<br>Disaster Management Act (Act no 57 of 2002)<br>Division of Revenue Act (Act no 1 of 2005)<br>Electricity Act (Act no 41 of 1987)<br>Employment Equity Act (Act no 55 of 1998)<br>Housing Act (Act no 107 of 1997)<br>Municipal Budget and Reporting Regulations, 2009<br>Municipal Finance Management Act (Act no 56 of 2003)<br>Municipal Planning and Performance Management Regulations, 2006<br>Municipal Property Rates Act (Act no 6 of 2004)<br>Municipal Regulations on Standard Chart of Accounts<br>Municipal Structures Act (Act no 117 of 1998)<br>Municipal Systems Act (Act no 32 of 2000)<br>Municipal Systems Amendment Act (Act no 7 of 2011)<br>SALGBC Leave Regulations, 2019<br>Skills Development Levies Act (Act no 9 of 1999)<br>Supply Chain Management Regulations, 2005<br>Income Tax Act (Act 58 of 1962)<br>Unemployment Insurance Act (Act no 30 of 1966)<br>Value Added Tax Act (Act no 89 of 1991)<br>Water Services Act (Act no 108 of 1997) |

# Langeberg Local Municipality

(Registration number WC026)

Annual Financial Statements for the year ended 30 June 2020

## Index

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

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|        |                                                        |
|--------|--------------------------------------------------------|
| ASB    | Accounting Standards Board                             |
| CDWM   | Cape Winelands District Municipality                   |
| COGTA  | Co-operative Governance and Traditional Affairs        |
| CRR    | Capital Replacement Reserve                            |
| DBSA   | Development Bank of South Africa                       |
| DSCAR  | Department of Sport, Arts, Culture and Recreation      |
| GRAP   | Generally Recognised Accounting Practice               |
| IAS    | International Accounting Standards                     |
| IASB   | International Accounting Standards Board               |
| IFRS   | International Financial Reporting Standards            |
| IPSAS  | International Public Sector Accounting Standards       |
| IPSASB | International Public Sector Accounting Standards Board |
| ME's   | Municipal Entities                                     |
| MEC    | Member of the Executive Council                        |
| MFMA   | Municipal Finance Management Act                       |
| MIG    | Municipal Infrastructure Grant                         |
| SALGA  | South African Local Government Association             |

# Langeberg Local Municipality

(Registration number WC026)

Annual Financial Statements for the year ended 30 June 2020

## Accounting Officer's Responsibilities and Approval

---

I am responsible for the preparation of these annual financial statements year ended 30 June 2020, which are set out on pages 5 - 125 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any Interpretations, Guidelines and Directives issued by the Accounting Standards Board (ASB).

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2021 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

In terms of Section 13(g), read with regulation 12 of the B-BBEE regulations, all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their audited annual financial statements and chapter 1 of the annual reports. Please refer to note 65.

The annual financial statements set out on pages 5 - 125 which have been prepared on the going concern basis.

The accounting officer as at 30 June 2020 was SA Mokweni as indicated in the general information. He retired after the financial year-end as such I signed the financial statements as the Acting Accounting Officer.

  
A Everson  
Acting Accounting Officer

Ashton

30 October 2020



# Langeberg Local Municipality

(Registration number WC026)

Annual Financial Statements for the year ended 30 June 2020

## Statement of Financial Position as at 30 June 2020

| Figures in Rand                            | Note(s) | 2020                 | 2019<br>Restated*  |
|--------------------------------------------|---------|----------------------|--------------------|
| <b>Assets</b>                              |         |                      |                    |
| <b>Current Assets</b>                      |         |                      |                    |
| Inventories                                | 2       | 40 895 223           | 26 789 164         |
| Operating lease asset                      | 3       | 108 595              | 97 014             |
| Receivables from exchange transactions     | 4&5     | 63 026 560           | 45 189 774         |
| Receivables from non-exchange transactions | 6&7     | 15 522 838           | 10 235 965         |
| VAT receivable (Statutory receivable)      | 8       | 1 518 864            | 1 470 581          |
| Cash and cash equivalents                  | 9       | 200 973 607          | 154 703 659        |
|                                            |         | <b>322 045 687</b>   | <b>238 486 157</b> |
| <b>Non-Current Assets</b>                  |         |                      |                    |
| Investment property                        | 10      | 28 040 106           | 28 586 421         |
| Property, plant and equipment              | 11      | 748 561 387          | 710 103 881        |
| Intangible assets                          | 12      | 1 017 125            | 1 017 125          |
| Heritage assets                            | 13      | 275 448              | 275 448            |
| Other financial assets (investments)       | 14      | 72 499               | 118 944            |
| Receivables from exchange transactions     | 4&5     | 255 168              | 390 039            |
| Receivables from non-exchange transactions | 7&6     | 341 803              | 561 269            |
|                                            |         | <b>778 563 536</b>   | <b>741 053 127</b> |
| <b>Total Assets</b>                        |         | <b>1 100 609 223</b> | <b>979 539 284</b> |
| <b>Liabilities</b>                         |         |                      |                    |
| <b>Current Liabilities</b>                 |         |                      |                    |
| Long-term borrowings                       | 15      | 4 063 951            | 2 383 586          |
| Finance lease obligation                   | 16      | 964 664              | 815 495            |
| Payables from exchange transactions        | 17      | 77 506 366           | 70 261 075         |
| Consumer deposits                          | 18      | 12 726 209           | 12 524 220         |
| Employee benefit obligation                | 19      | 22 022 820           | 18 258 556         |
| Unspent conditional grants and receipts    | 20      | 6 642 626            | 6 236 251          |
| Provisions                                 | 21      | 21 053 680           | 15 327 335         |
|                                            |         | <b>144 980 316</b>   | <b>125 806 518</b> |
| <b>Non-Current Liabilities</b>             |         |                      |                    |
| Long-term borrowings                       | 15      | 39 782 572           | 11 456 958         |
| Finance lease obligation                   | 16      | 833 141              | 1 403 851          |
| Employee benefit obligation                | 19      | 53 274 861           | 58 346 870         |
| Provisions                                 | 21      | 45 075 532           | 44 960 495         |
|                                            |         | <b>138 966 106</b>   | <b>116 168 174</b> |
| <b>Total Liabilities</b>                   |         | <b>283 946 422</b>   | <b>241 974 692</b> |
| <b>Net Assets</b>                          |         | <b>816 662 801</b>   | <b>737 564 592</b> |
| Reserves                                   |         |                      |                    |
| Capital replacement reserve                | 22      | 62 921 000           | 62 921 000         |
| Accumulated surplus                        |         | 753 741 801          | 674 643 592        |
| <b>Total Net Assets</b>                    |         | <b>816 662 801</b>   | <b>737 564 592</b> |

\* See Note 56

# Langeberg Local Municipality

(Registration number WC026)

Annual Financial Statements for the year ended 30 June 2020

## Statement of Financial Performance

| Figures in Rand                                         | Note(s) | 2020                 | 2019<br>Restated*    |
|---------------------------------------------------------|---------|----------------------|----------------------|
| <b>Revenue</b>                                          |         |                      |                      |
| <b>Revenue from exchange transactions</b>               |         |                      |                      |
| Service charges                                         | 23      | 521 213 436          | 461 658 832          |
| Rental of facilities and equipment                      | 24      | 2 762 518            | 3 163 209            |
| Agency services                                         | 25      | 3 834 776            | 4 144 683            |
| Operational revenue                                     | 26      | 1 589 849            | 7 268 468            |
| Licences and permits                                    | 27      | 841 971              | 1 453 968            |
| Sales of goods and rendering of services                | 28      | 5 929 764            | 9 850 225            |
| Interest received                                       | 29      | 15 348 823           | 15 275 944           |
| Gain on disposal of assets                              | 30      | 423 487              | 1 420 265            |
| Reversal of write-down of inventory to NRV              | 2       | -                    | 30 438               |
| <b>Total revenue from exchange transactions</b>         |         | <b>551 944 624</b>   | <b>504 266 032</b>   |
| <b>Revenue from non-exchange transactions</b>           |         |                      |                      |
| <b>Taxation revenue</b>                                 |         |                      |                      |
| Property rates                                          | 31      | 56 956 651           | 52 679 495           |
| Interest and dividends                                  | 32      | 534 734              | 561 515              |
| <b>Transfer revenue</b>                                 |         |                      |                      |
| Government grants and subsidies                         | 33      | 143 892 587          | 160 815 447          |
| Fines, penalties and forfeits                           | 34      | 7 113 588            | 5 476 744            |
| <b>Total revenue from non-exchange transactions</b>     |         | <b>208 497 560</b>   | <b>219 533 201</b>   |
| <b>Total revenue</b>                                    |         | <b>760 442 184</b>   | <b>723 799 233</b>   |
| <b>Expenditure</b>                                      |         |                      |                      |
| Employee related costs                                  | 35      | (195 933 107)        | (184 341 035)        |
| Remuneration of councillors                             | 36      | (11 017 973)         | (10 537 991)         |
| Depreciation and amortisation                           | 37      | (29 379 130)         | (24 639 084)         |
| (Impairment of assets) / reversal of impairment         | 38      | (10 167 229)         | (2 926 194)          |
| Finance costs                                           | 39      | (4 455 396)          | (5 434 749)          |
| Bad debts written off                                   | 40      | (4 124 938)          | (18 663 913)         |
| Bulk purchases                                          | 41      | (342 704 763)        | (292 999 544)        |
| Contracted services                                     | 42      | (26 155 231)         | (23 462 326)         |
| Transfers and subsidies                                 | 43      | (3 124 532)          | (1 765 020)          |
| Loss on fair value adjustments                          | 44      | (43 104)             | (13 353)             |
| Inventories losses / write-down to net realisable value | 2       | (53 309)             | -                    |
| Inventory consumed                                      | 45      | (15 920 273)         | (18 176 816)         |
| Operational costs                                       | 46      | (38 264 989)         | (40 195 261)         |
| <b>Total expenditure</b>                                |         | <b>(681 343 974)</b> | <b>(623 155 286)</b> |
| <b>Surplus for the year</b>                             |         | <b>79 098 210</b>    | <b>100 643 947</b>   |

\* See Note 56

# Langeberg Local Municipality

(Registration number WC026)

Annual Financial Statements for the year ended 30 June 2020

## Statement of Changes in Net Assets

| Figures in Rand                             | Capitalisation<br>reserve | Accumulated<br>surplus | Total net<br>assets |
|---------------------------------------------|---------------------------|------------------------|---------------------|
| Opening balance as previously reported      | 56 421 002                | 583 278 343            | 639 699 345         |
| Adjustments                                 |                           |                        |                     |
| Transfer                                    | 6 499 998                 | (6 499 998)            | -                   |
| Prior year adjustments (refer to note 53)   | -                         | (2 778 700)            | (2 778 700)         |
| <b>Balance at 01 July 2018 as restated*</b> | <b>62 921 000</b>         | <b>573 999 645</b>     | <b>636 920 645</b>  |
| Changes in net assets                       |                           |                        |                     |
| Surplus for the year                        | -                         | 100 643 947            | 100 643 947         |
| Total changes                               | -                         | 100 643 947            | 100 643 947         |
| <b>Restated* Balance at 01 July 2019</b>    | <b>62 921 000</b>         | <b>674 643 591</b>     | <b>737 564 591</b>  |
| Changes in net assets                       |                           |                        |                     |
| Surplus for the year                        | -                         | 79 098 210             | 79 098 210          |
| Total changes                               | -                         | 79 098 210             | 79 098 210          |
| <b>Balance at 30 June 2020</b>              | <b>62 921 000</b>         | <b>753 741 801</b>     | <b>816 662 801</b>  |
| Note(s)                                     | 22                        |                        |                     |

\* See Note 56

# Langeberg Local Municipality

(Registration number WC026)

Annual Financial Statements for the year ended 30 June 2020

## Cash Flow Statement

| Figures in Rand                                             | Note(s) | 2020                 | 2019<br>Restated*    |
|-------------------------------------------------------------|---------|----------------------|----------------------|
| <b>Cash flows from operating activities</b>                 |         |                      |                      |
| <b>Receipts</b>                                             |         |                      |                      |
| Taxation                                                    |         | 51 435 345           | 41 032 995           |
| Service charges                                             |         | 502 530 207          | 442 481 409          |
| Sale of goods and services                                  |         | 16 806 934           | 22 495 215           |
| Dividends                                                   |         | 1 658                | 2 623                |
| Grants                                                      |         | 142 370 472          | 160 815 448          |
| Interest income                                             |         | 13 267 134           | 13 101 220           |
|                                                             |         | <b>726 411 750</b>   | <b>679 928 910</b>   |
| <b>Payments</b>                                             |         |                      |                      |
| Employees                                                   |         | (208 307 107)        | (194 141 712)        |
| Transfers and grants                                        |         | (3 124 531)          | (1 765 021)          |
| Suppliers                                                   |         | (427 002 459)        | (381 019 331)        |
| Finance costs                                               |         | (1 639 586)          | (1 499 785)          |
|                                                             |         | <b>(640 073 683)</b> | <b>(578 425 849)</b> |
| <b>Net cash flows from operating activities</b>             | 49      | <b>86 338 067</b>    | <b>101 503 061</b>   |
| <b>Cash flows from investing activities</b>                 |         |                      |                      |
| Purchase of property, plant and equipment                   | 11      | (69 068 368)         | (94 270 424)         |
| Purchase of investment property                             | 10      | -                    | (201 841)            |
| Proceeds from sale of investment property                   | 10      | -                    | 18 000               |
| Purchase of other intangible assets                         | 12      | -                    | (112 000)            |
| Purchases of heritage assets                                | 13      | -                    | (15 448)             |
| Decrease/(increase) in other financial assets               | 14      | 3 341                | -                    |
| <b>Net cash flows from investing activities</b>             |         | <b>(69 065 027)</b>  | <b>(94 581 713)</b>  |
| <b>Cash flows from financing activities</b>                 |         |                      |                      |
| Increase in long term borrowings                            |         | 35 000 000           | -                    |
| Increase / (decrease) in consumer deposits                  |         | 201 989              | 1 437 348            |
| Repayment of borrowings                                     |         | (4 994 021)          | (2 393 263)          |
| Finance lease payments                                      |         | (1 211 060)          | (396 606)            |
| <b>Net cash flows from financing activities</b>             |         | <b>28 996 908</b>    | <b>(1 352 521)</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |         | <b>46 269 948</b>    | <b>5 568 827</b>     |
| Cash and cash equivalents at the beginning of the year      |         | 154 703 659          | 149 134 832          |
| <b>Cash and cash equivalents at the end of the year</b>     | 9       | <b>200 973 607</b>   | <b>154 703 659</b>   |

\* See Note 56

# Langeberg Local Municipality

(Registration number WC026)

Annual Financial Statements for the year ended 30 June 2020

## 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                                 | 565 360 660        | (72 182 196)        | 493 178 464        | 521 213 436        | 28 034 972        |    |
| Rental of facilities and equipment              | 3 541 510          | (231 839)           | 3 309 671          | 2 762 518          | (547 153)         | 71 |
| Agency services                                 | 5 596 790          | (366 177)           | 5 230 613          | 3 834 776          | (1 395 837)       | 71 |
| Operational revenue                             | 2 894 000          | (156 836)           | 2 737 164          | 1 589 849          | (1 147 315)       | 71 |
| Licences and permits                            | 1 127 070          | (730 244)           | 396 826            | 841 971            | 445 145           | 71 |
| Sales of goods and rendering of services        | 9 171 506          | -                   | 9 171 506          | 5 929 764          | (3 241 742)       | 71 |
| Interest received                               | 12 662 290         | (800 700)           | 11 861 590         | 15 348 823         | 3 487 233         | 71 |
| Gains on disposal of assets                     | -                  | -                   | -                  | 423 487            | 423 487           | 71 |
| <b>Total revenue from exchange transactions</b> | <b>600 353 826</b> | <b>(74 467 992)</b> | <b>525 885 834</b> | <b>551 944 624</b> | <b>26 058 790</b> |    |

##### Revenue from non-exchange transactions

##### Taxation revenue

|                        |            |             |            |            |           |    |
|------------------------|------------|-------------|------------|------------|-----------|----|
| Property rates         | 62 249 600 | (4 887 040) | 57 362 560 | 56 956 651 | (405 909) |    |
| Interest and dividends | 841 540    | (55 074)    | 786 466    | 534 734    | (251 732) | 71 |

##### Transfer revenue

|                                                     |                    |                     |                    |                    |                     |    |
|-----------------------------------------------------|--------------------|---------------------|--------------------|--------------------|---------------------|----|
| Government grants and subsidies - operational       | 135 972 300        | (14 075 999)        | 121 896 301        | 111 885 738        | (10 010 563)        |    |
| Fines, penalties and forfeits                       | 4 300 750          | (281 382)           | 4 019 368          | 7 113 588          | 3 094 220           | 71 |
| Government grants and subsidies - capital           | 26 528 700         | 7 322 441           | 33 851 141         | 32 006 849         | (1 844 292)         |    |
| Gains on disposal of PPE                            | 1 596 970          | (104 530)           | 1 492 440          | -                  | (1 492 440)         |    |
| <b>Total revenue from non-exchange transactions</b> | <b>231 489 860</b> | <b>(12 081 584)</b> | <b>219 408 276</b> | <b>208 497 560</b> | <b>(10 910 716)</b> |    |

#### Total revenue

|                    |                     |                    |                    |                   |  |
|--------------------|---------------------|--------------------|--------------------|-------------------|--|
| <b>831 843 686</b> | <b>(86 549 576)</b> | <b>745 294 110</b> | <b>760 442 184</b> | <b>15 148 074</b> |  |
|--------------------|---------------------|--------------------|--------------------|-------------------|--|

#### Expenditure

|                                  |                      |                   |                      |                      |                   |    |
|----------------------------------|----------------------|-------------------|----------------------|----------------------|-------------------|----|
| Employee costs                   | (223 216 250)        | 17 248 719        | (205 967 531)        | (195 933 107)        | 10 034 424        |    |
| Remuneration of councillors      | (11 987 050)         | 760 943           | (11 226 107)         | (11 017 973)         | 208 134           |    |
| Depreciation and amortisation    | (24 598 910)         | (4 861 631)       | (29 460 541)         | (29 379 130)         | 81 411            |    |
| Impairment of receivables        | (8 971 620)          | -                 | (8 971 620)          | (10 167 229)         | (1 195 609)       | 71 |
| Finance costs                    | (5 797 070)          | 752 984           | (5 044 086)          | (4 455 396)          | 588 690           |    |
| Lease rentals on operating lease | (6 360)              | 360               | (6 000)              | -                    | 6 000             | 71 |
| Bad debts written off            | (6 346 270)          | 440 520           | (5 905 750)          | (4 124 938)          | 1 780 812         | 71 |
| Bulk purchases                   | (352 985 440)        | 18 157 782        | (334 827 658)        | (342 704 763)        | (7 877 105)       |    |
| Contracted services              | (82 942 230)         | 14 313 371        | (68 628 859)         | (26 155 231)         | 42 473 628        | 71 |
| Transfers and subsidies          | (3 718 950)          | (905 052)         | (4 624 002)          | (3 124 532)          | 1 499 470         | 71 |
| Inventory consumed               | (24 215 020)         | 2 156 273         | (22 058 747)         | (15 920 273)         | 6 138 474         | 71 |
| Operational costs                | (50 693 550)         | (252 355)         | (50 945 905)         | (38 264 989)         | 12 680 916        | 71 |
| <b>Total expenditure</b>         | <b>(795 478 720)</b> | <b>47 811 914</b> | <b>(747 666 806)</b> | <b>(681 247 561)</b> | <b>66 419 245</b> |    |

#### Operating surplus

|                   |                     |                    |                   |                   |  |
|-------------------|---------------------|--------------------|-------------------|-------------------|--|
| <b>36 364 966</b> | <b>(38 737 662)</b> | <b>(2 372 696)</b> | <b>79 194 623</b> | <b>81 567 319</b> |  |
|-------------------|---------------------|--------------------|-------------------|-------------------|--|

# Langeberg Local Municipality

(Registration number WC026)

Annual Financial Statements for the year ended 30 June 2020

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

|                                                                                                                  | Approved<br>budget | Adjustments         | Final budget       | Actual amounts<br>on comparable<br>basis | Difference<br>between final<br>budget and<br>actual | Reference |
|------------------------------------------------------------------------------------------------------------------|--------------------|---------------------|--------------------|------------------------------------------|-----------------------------------------------------|-----------|
| Figures in Rand                                                                                                  |                    |                     |                    |                                          |                                                     |           |
| Fair value adjustments                                                                                           | -                  | -                   | -                  | (43 104)                                 | <b>(43 104)</b>                                     |           |
| Inventories losses/write-downs                                                                                   | -                  | -                   | -                  | (53 309)                                 | <b>(53 309)</b>                                     |           |
|                                                                                                                  | -                  | -                   | -                  | <b>(96 413)</b>                          | <b>(96 413)</b>                                     |           |
| <b>Surplus before taxation</b>                                                                                   | <b>36 364 966</b>  | <b>(38 737 662)</b> | <b>(2 372 696)</b> | <b>79 098 210</b>                        | <b>81 470 906</b>                                   |           |
| <b>Actual amount on comparable<br/>basis as presented in the<br/>budget and actual comparative<br/>statement</b> | <b>36 364 966</b>  | <b>(38 737 662)</b> | <b>(2 372 696)</b> | <b>79 098 210</b>                        | <b>81 470 906</b>                                   |           |

# Langeberg Local Municipality

(Registration number WC026)

Annual Financial Statements for the year ended 30 June 2020

## 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 position

#### Assets

##### Current Assets

|                                                            |                    |                   |                    |                    |                    |    |
|------------------------------------------------------------|--------------------|-------------------|--------------------|--------------------|--------------------|----|
| Inventories                                                | 25 432 330         | 1 925 935         | <b>27 358 265</b>  | 40 895 223         | <b>13 536 958</b>  | 71 |
| Operating lease asset                                      | 97 015             | 4 585             | <b>101 600</b>     | 108 595            | <b>6 995</b>       |    |
| Receivables from exchange transactions                     | 36 453 805         | 15 514 935        | <b>51 968 740</b>  | 63 026 560         | <b>11 057 820</b>  | 71 |
| Receivables from non-exchange transactions                 | 13 621 801         | (6 704 462)       | <b>6 917 339</b>   | 15 522 838         | <b>8 605 499</b>   | 71 |
| VAT receivable                                             | 1 407 801          | -                 | <b>1 407 801</b>   | 1 518 864          | <b>111 063</b>     |    |
| Current portion of receivables - non-exchange transactions | 818 610            | (811 613)         | <b>6 997</b>       | -                  | <b>(6 997)</b>     | 71 |
| Cash and cash equivalents                                  | 117 156 862        | 4 620 592         | <b>121 777 454</b> | 200 973 607        | <b>79 196 153</b>  | 71 |
|                                                            | <b>194 988 224</b> | <b>14 549 972</b> | <b>209 538 196</b> | <b>322 045 687</b> | <b>112 507 491</b> |    |

##### Non-Current Assets

|                                                                      |                    |                     |                    |                    |                     |    |
|----------------------------------------------------------------------|--------------------|---------------------|--------------------|--------------------|---------------------|----|
| Investment property                                                  | 26 794 760         | 1 496 903           | <b>28 291 663</b>  | 28 040 106         | <b>(251 557)</b>    |    |
| Property, plant and equipment                                        | 782 077 280        | (14 207 691)        | <b>767 869 589</b> | 748 822 140        | <b>(19 047 449)</b> |    |
| Intangible assets                                                    | 471 376            | (117 307)           | <b>354 069</b>     | 1 017 125          | <b>663 056</b>      | 71 |
| Heritage assets                                                      | 260 000            | 15 450              | <b>275 450</b>     | 275 448            | <b>(2)</b>          |    |
| Other financial assets (investments)                                 | 125 000            | (11 710)            | <b>113 290</b>     | 72 499             | <b>(40 791)</b>     | 71 |
| Receivables from exchange transactions                               | 9 996 177          | (9 996 177)         | -                  | 255 168            | <b>255 168</b>      |    |
| Receivables from non-exchange transactions                           | 1 764 868          | (827 648)           | <b>937 220</b>     | 341 803            | <b>(595 417)</b>    |    |
| Non-current portion of long term receivables - exchange transactions | 3 828 530          | (3 764 381)         | <b>64 149</b>      | -                  | <b>(64 149)</b>     | 71 |
|                                                                      | <b>825 317 991</b> | <b>(27 412 561)</b> | <b>797 905 430</b> | <b>778 824 289</b> | <b>(19 081 141)</b> |    |

#### Total Assets

|  |                      |                     |                      |                      |                   |  |
|--|----------------------|---------------------|----------------------|----------------------|-------------------|--|
|  | <b>1 020 306 215</b> | <b>(12 862 589)</b> | <b>1 007 443 626</b> | <b>1 100 869 976</b> | <b>93 426 350</b> |  |
|--|----------------------|---------------------|----------------------|----------------------|-------------------|--|

#### Liabilities

##### Current Liabilities

|                                         |                    |                   |                    |                    |                    |    |
|-----------------------------------------|--------------------|-------------------|--------------------|--------------------|--------------------|----|
| Long-term borrowings                    | 2 216 675          | 7 410 858         | <b>9 627 533</b>   | 4 063 951          | <b>(5 563 582)</b> | 71 |
| Finance lease obligation                | 804 385            | 216 677           | <b>1 021 062</b>   | 964 664            | <b>(56 398)</b>    |    |
| Payables from exchange transactions     | 76 100 950         | 3 335 588         | <b>79 436 538</b>  | 77 506 366         | <b>(1 930 172)</b> |    |
| Consumer deposits                       | 12 457 200         | 818 471           | <b>13 275 671</b>  | 12 726 209         | <b>(549 462)</b>   |    |
| Employee benefit obligation             | 19 059 195         | 387 743           | <b>19 446 938</b>  | 22 022 820         | <b>2 575 882</b>   | 71 |
| Unspent conditional grants and receipts | -                  | -                 | -                  | 6 642 626          | <b>6 642 626</b>   | 71 |
| Provisions                              | 20 232 085         | 719 951           | <b>20 952 036</b>  | 21 053 680         | <b>101 644</b>     | 71 |
|                                         | <b>130 870 490</b> | <b>12 889 288</b> | <b>143 759 778</b> | <b>144 980 316</b> | <b>1 220 538</b>   |    |

##### Non-Current Liabilities

|                          |            |              |                   |            |                   |  |
|--------------------------|------------|--------------|-------------------|------------|-------------------|--|
| Long-term borrowings     | 44 455 862 | (25 210 014) | <b>19 245 848</b> | 39 782 572 | <b>20 536 724</b> |  |
| Finance lease obligation | 1 464 135  | (693 748)    | <b>770 387</b>    | 833 141    | <b>62 754</b>     |  |

# Langeberg Local Municipality

(Registration number WC026)

Annual Financial Statements for the year ended 30 June 2020

## 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                                                |                      |                     |                      |                                    |                                            |           |
| Employee benefit obligation                                    | 60 702 708           | (11 548 722)        | <b>49 153 986</b>    | 53 274 861                         | <b>4 120 875</b>                           |           |
| Provisions                                                     | 57 858 032           | -                   | <b>57 858 032</b>    | 45 336 286                         | <b>(12 521 746)</b>                        |           |
|                                                                | <b>164 480 737</b>   | <b>(37 452 484)</b> | <b>127 028 253</b>   | <b>139 226 860</b>                 | <b>12 198 607</b>                          |           |
| <b>Total Liabilities</b>                                       | <b>295 351 227</b>   | <b>(24 563 196)</b> | <b>270 788 031</b>   | <b>284 207 176</b>                 | <b>13 419 145</b>                          |           |
| <b>Net Assets</b>                                              | <b>724 954 988</b>   | <b>11 700 607</b>   | <b>736 655 595</b>   | <b>816 662 800</b>                 | <b>80 007 205</b>                          |           |
| <b>Net Assets</b>                                              |                      |                     |                      |                                    |                                            |           |
| <b>Net Assets Attributable to Owners of Controlling Entity</b> |                      |                     |                      |                                    |                                            |           |
| <b>Reserves</b>                                                |                      |                     |                      |                                    |                                            |           |
| Capital replacement reserve                                    | (55 000 000)         | (273 909)           | <b>(55 273 909)</b>  | 62 921 000                         | <b>118 194 909</b>                         |           |
| Accumulated surplus                                            | (669 954 988)        | (11 426 698)        | <b>(681 381 686)</b> | 753 741 800                        | <b>1 435 123 486</b>                       |           |
| <b>Total Net Assets</b>                                        | <b>(724 954 988)</b> | <b>(11 700 607)</b> | <b>(736 655 595)</b> | <b>816 662 800</b>                 | <b>1 553 318 395</b>                       |           |



# Langeberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2020

## 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                                         |                      |                     |                      |                                    |                                            |           |
| <b>Cash flow statement</b>                              |                      |                     |                      |                                    |                                            |           |
| <b>Cash flows from operating activities</b>             |                      |                     |                      |                                    |                                            |           |
| <b>Receipts</b>                                         |                      |                     |                      |                                    |                                            |           |
| Taxation                                                | 55 078 013           | (9 963)             | <b>55 068 050</b>    | 51 435 345                         | <b>(3 632 705)</b>                         | 71        |
| Service charges                                         | 515 986 533          | (32 671 633)        | <b>483 314 900</b>   | 502 530 207                        | <b>19 215 307</b>                          | 71        |
| Sale of goods and services                              | 21 967 618           | (307 157)           | <b>21 660 461</b>    | 16 806 934                         | <b>(4 853 527)</b>                         | 71        |
| Grants                                                  | 150 978 000          | 4 769 446           | <b>155 747 446</b>   | 142 370 472                        | <b>(13 376 974)</b>                        | 71        |
| Interest income                                         | 12 544 000           | 27 190              | <b>12 571 190</b>    | 13 267 134                         | <b>695 944</b>                             | 71        |
| Dividends received                                      | -                    | -                   | -                    | 1 658                              | <b>1 658</b>                               | 71        |
|                                                         | <b>756 554 164</b>   | <b>(28 192 117)</b> | <b>728 362 047</b>   | <b>726 411 750</b>                 | <b>(1 950 297)</b>                         |           |
| <b>Payments</b>                                         |                      |                     |                      |                                    |                                            |           |
| Employee related costs                                  | (684 744 571)        | (10 776 983)        | <b>(695 521 554)</b> | (208 307 107)                      | <b>487 214 447</b>                         | 71        |
| Suppliers                                               | -                    | -                   | -                    | (427 002 459)                      | <b>(427 002 459)</b>                       | 71        |
| Finance costs                                           | (4 133 370)          | (110 720)           | <b>(4 244 090)</b>   | (1 639 586)                        | <b>2 604 504</b>                           | 71        |
| Transfers and grants                                    | (3 104 000)          | (1 520 000)         | <b>(4 624 000)</b>   | (3 124 531)                        | <b>1 499 469</b>                           | 71        |
|                                                         | <b>(691 981 941)</b> | <b>(12 407 703)</b> | <b>(704 389 644)</b> | <b>(640 073 683)</b>               | <b>64 315 961</b>                          |           |
| <b>Net cash flows from operating activities</b>         | <b>64 572 223</b>    | <b>(40 599 820)</b> | <b>23 972 403</b>    | <b>86 338 067</b>                  | <b>62 365 664</b>                          |           |
| <b>Cash flows from investing activities</b>             |                      |                     |                      |                                    |                                            |           |
| Purchase of property, plant and equipment               | (92 915 310)         | 13 896 418          | <b>(79 018 892)</b>  | (69 068 368)                       | <b>9 950 524</b>                           | 71        |
| Proceeds from sale of property, plant and equipment     | 1 492 440            | -                   | <b>1 492 440</b>     | -                                  | <b>(1 492 440)</b>                         | 71        |
| Decrease/(increase) in other financial assets           | -                    | -                   | -                    | 3 341                              | <b>3 341</b>                               | 71        |
| <b>Net cash flows from investing activities</b>         | <b>(91 422 870)</b>  | <b>13 896 418</b>   | <b>(77 526 452)</b>  | <b>(69 065 027)</b>                | <b>8 461 425</b>                           |           |
| <b>Cash flows from financing activities</b>             |                      |                     |                      |                                    |                                            |           |
| Repayment of long-term borrowings                       | (3 000 000)          | -                   | <b>(3 000 000)</b>   | (4 994 021)                        | <b>(1 994 021)</b>                         | 71        |
| Increase/(decrease) in consumer deposits                | 705 120              | 46 330              | <b>751 450</b>       | 201 989                            | <b>(549 461)</b>                           | 71        |
| Long-term borrowing                                     | 27 128 750           | (8 872 559)         | <b>18 256 191</b>    | 35 000 000                         | <b>16 743 809</b>                          | 71        |
| Finance lease payments                                  | -                    | -                   | -                    | (1 211 060)                        | <b>(1 211 060)</b>                         |           |
| <b>Net cash flows from financing activities</b>         | <b>24 833 870</b>    | <b>(8 826 229)</b>  | <b>16 007 641</b>    | <b>28 996 908</b>                  | <b>12 989 267</b>                          |           |
| Net increase/(decrease) in cash and cash equivalents    | (2 016 777)          | (35 529 631)        | <b>(37 546 408)</b>  | 46 269 948                         | <b>83 816 356</b>                          | 71        |
| Cash and cash equivalents at the beginning of the year  | 119 173 652          | 40 150 210          | <b>159 323 862</b>   | 154 703 659                        | <b>(4 620 203)</b>                         | 71        |
| <b>Cash and cash equivalents at the end of the year</b> | <b>117 156 875</b>   | <b>4 620 579</b>    | <b>121 777 454</b>   | <b>200 973 607</b>                 | <b>79 196 153</b>                          |           |

# Langeberg Local Municipality

(Registration number WC026)

Annual Financial Statements for the year ended 30 June 2020

## Accounting Policies

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### 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

The annual financial statements have been prepared in accordance with the MFMA and effective Standards of GRAP, including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the MFMA.

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2019) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies is disclosed below. These policies are consistent with those used to present the previous year's financial statements unless explicitly stated otherwise. The details of any changes in accounting policy, or use of transitional provisions, where applicable, are explained in the relevant notes to the annual financial statements.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

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

#### 1.1. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand (which is the functional currency of the municipality) and at actual values. Financial values are rounded to the nearest Rand. No foreign exchange transactions are included in the statements.

#### 1.2. GOING CONCERN ASSUMPTION

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

#### 1.3. COMPARATIVE INFORMATION

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

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.3, on which the municipality was required to transact for periods after 1 July 2019. The result of this process was a reclassification and naming of items in the annual financial statements. The reclassification of 2019 audited amounts is set out in note 56 of the annual financial statements.

#### 1.4. AMENDED DISCLOSURE POLICY

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

#### 1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

# Langeberg Local Municipality

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## Accounting Policies

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Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Conceptual Framework for General Purpose Financial Reporting states that users are assumed to have a reasonable knowledge of the municipality's activities and the environment in which it operates, to be able and prepared to read annual financial statements and to review and analyse the information presented with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

### 1.6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the municipality's accounting policies management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### 1.6.1 Post-retirement medical obligations, long service awards and ex gratia gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 17 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### 1.6.2 Impairment of Loans and Receivables

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

The impairment for loans and receivables is considered first for individually significant loans and receivables and then calculated on a portfolio basis for the remaining balance, including those individually significant loans and receivables for which no indicators of impairment were found. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

On loans and receivables, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the loan's or receivable's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition (if practically determinable). Where the effective interest rate at initial recognition is not practically determinable, the government bond rate is used as the risk-free rate and adjusted for any risks specific to the loans and receivables.

#### 1.6.3 Useful lives of property, plant and equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings, management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets. The municipality referred to buildings in other municipal areas to determine the useful life of buildings. The municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

# Langeberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2020

## Accounting Policies

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The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the municipality's asset register.
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the municipality and that the other municipality's asset register is considered to be accurate.
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

### 1.6.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

### 1.6.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuer. The valuer's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

### 1.6.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

### 1.6.7 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate or net present value of the expected future cash flows to rehabilitate the landfill site at year-end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

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## Accounting Policies

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### **1.6.8 Provision for staff leave**

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

### **1.6.9 Provision for performance bonuses**

The provision for performance bonuses represents the best estimate of the obligation at year-end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

### **1.6.10 Pre-paid electricity estimation**

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

### **1.6.11 Componentisation of infrastructure assets**

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the Standards of GRAP.

### **1.6.12 Revenue Recognition**

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

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

### **1.6.13 Impairment of statutory receivables**

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality determines the impairment loss. For amounts due to the municipality, significant financial difficulties of the statutory receivable, the probability that the statutory receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

## **1.7. PRESENTATION OF BUDGET INFORMATION**

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

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## Accounting Policies

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Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts. Comparable information includes the following:

- The approved and final budget amounts.
- Actual amounts and final budget amounts.

The approved budget covers the fiscal period from 2019/07/01 to 2020/06/30.

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the notes to the annual financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

### 1.8. ACCUMULATED SURPLUS/DEFICIT

The accumulated surplus / (deficit) represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific reporting period are credited/debited against accumulated surplus / (deficit). Prior year adjustments, relating to income and expenditure, are credited/debited against accumulated surplus / (deficit) when retrospective adjustments are made.

### 1.9. RESERVES

#### 1.9.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilised for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

### 1.10. LEASES

#### 1.10.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments.

The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

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

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



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## Accounting Policies

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### 1.10.2. Municipality as Lessor

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

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

### 1.11. BORROWING COST

The municipality recognises all borrowing costs as an expense in the period in which they are incurred.

### 1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

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

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

### 1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets that are separately disclosed in the Statement of Financial Position. The asset is recognised when the municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

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

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

### 1.14. UNSPENT PUBLIC CONTRIBUTIONS

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

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## Accounting Policies

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Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the public contribution becomes repayable to the donor due to conditions not met, the remaining portion of the unspent public contribution is reclassified as payables, which is considered to be a financial instrument.

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

Unspent public contributions are recognised as a liability when the grant is received:

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

### 1.15. PROVISIONS

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

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

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

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

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

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



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## Accounting Policies

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### 1.16. CONSUMER DEPOSITS

Consumer deposits are partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months of consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

### 1.17. EMPLOYEE BENEFITS

#### 1.17.1 Pension and Retirement Fund Obligations

The municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

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

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The municipality operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The municipality has both defined benefit and defined contribution plans. A defined-contribution plan is a pension plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance in the period that it occurs.

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 municipality recognises past service cost as an expense in the reporting period in which the plan is amended. For defined contribution plans, the municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### 1.17.2 Post-Retirement Medical Obligations

The municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as a contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in

# Langeberg Local Municipality

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## Accounting Policies

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accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high-quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

### **1.17.3 Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of interest cost in GRAP 25.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

### **1.17.4 Ex-Gratia Pension Benefits**

Ex-gratia gratuities are provided to employees that were not previously members of a pension fund. The municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of interest cost in GRAP 25.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

### **1.17.5 Staff Leave**

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

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

Accumulated leave is vesting.

### **1.17.6 Staff Bonuses**

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

### **1.17.7 Performance Bonuses**

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

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### **1.17.8 Other Short-term Employee Benefits**

When an employee has rendered service to the municipality during a reporting period, the municipality recognises 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 recognises 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.
- As an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

### **1.18. PROPERTY, PLANT AND EQUIPMENT**

#### **1.18.1 Initial Recognition**

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

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure 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.

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

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred is recognised as part of the cost of the asset.

#### **1.18.2 Subsequent Measurement – Cost Model**

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

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

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### 1.18.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

|                              | Years |                                            | Years |
|------------------------------|-------|--------------------------------------------|-------|
| Buildings                    | 1-105 | Plant and machinery                        | 1-40  |
|                              |       | Furniture and fixtures                     | 1-100 |
| <b>Finance Leased assets</b> |       | Motor vehicles                             | 4-45  |
| Office equipment             | 2-22  | Specialised vehicles                       | 10-20 |
| Other assets                 | 2-22  | IT equipment                               | 2-20  |
| <b>Infrastructure</b>        |       | <b>Other property, plant and equipment</b> |       |
| Roads and Paving             | 1-100 | Landfill sites                             | 1-15  |
| Pedestrian Malls             | 1-100 | Quarries                                   | 25    |
| Electricity                  | 1- 80 |                                            |       |
| Water                        | 1-125 |                                            |       |
| Sewerage                     | 1-100 |                                            |       |
| Housing                      | 1-105 |                                            |       |
| <b>Community</b>             |       |                                            |       |
| Recreational Facilities      | 7-100 |                                            |       |
| Security                     | 5     |                                            |       |
| Halls                        | 1-105 |                                            |       |
| Libraries                    | 1-100 |                                            |       |
| Parks and gardens            | 1-100 |                                            |       |
| Other assets                 | 7-100 |                                            |       |

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting estimate or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable service amount is estimated. The impairment charged to the Statement of Financial Performance is the difference between the carrying value and the recoverable service amount.

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

### 1.18.4. De-recognition

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

### 1.18.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2007. The municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009. For other assets, the depreciation cost method was used to establish the deemed cost as on 1 July 2009.

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### 1.19. INTANGIBLE ASSETS

#### 1.19.1 Initial Recognition

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

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

- Is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability or
- Arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations, is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability.

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

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

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

Intangible assets are initially recognised at cost.

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

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

#### 1.19.2 Subsequent Measurement – Cost Model

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

#### 1.19.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately.

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

| <u>Intangible Assets</u> | <u>Years</u> |
|--------------------------|--------------|
| Computer Software        | Indefinite   |
| Servitudes               | Indefinite   |

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting estimate or retrospectively as a prior period error depending on the specific circumstances.

### **1.19.4 De-recognition**

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

### **1.19.5 Application of deemed cost (Directive 7)**

The municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets, the depreciation cost method was used to establish the deemed cost as on 1 July 2009.

## **1.20. INVESTMENT PROPERTY**

### **1.20.1 Initial Recognition**

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

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

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

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

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

### **1.20.2 Subsequent Measurement – Cost Model**

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

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### 1.20.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

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

| <u>Investment Property</u> | <u>Years</u> |
|----------------------------|--------------|
| Buildings                  | 1-100        |
| Land                       | Indefinite   |

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting estimate or retrospectively as a prior period error depending on the specific circumstances.

### 1.20.4 De-recognition

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

### 1.20.5 Application of deemed cost (Directive 7)

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

## 1.21. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

## 1.22. HERITAGE ASSETS

### 1.22.1 Initial Recognition

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

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

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



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### 1.22.2 Subsequent Measurement – Cost Model

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

### 1.22.3 Depreciation and Impairment

Heritage assets are not depreciated.

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

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

### 1.22.4 De-recognition

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

### 1.22.5 Application of deemed cost (Directive 7)

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

## 1.23 IMPAIRMENT OF NON-FINANCIAL ASSETS

### 1.23.1 Cash-generating assets

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

#### (a) Designation

At initial recognition, the municipality designates an asset as non-cash-generating or an asset or cash-generating unit as cash-generating. The designation is made on the basis of the municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- Its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return such that
- The asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of non-cash-generating assets, rather than this accounting policy.

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

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

#### (b) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.



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- Significant changes with an adverse effect on the municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

### *(c) Internal sources of information*

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

### **1.23.2 Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

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

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

### *(a) External sources of information*

- Cessation, or near cessation, of the demand or need for services provided by the asset.

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- Significant long-term changes with an adverse effect on the municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the municipality operates.

### *(b) Internal sources of information*

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- Depreciated replacement cost approach - the present value of the remaining service potential of an asset is simulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- Restoration cost approach - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- Service unit approach - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit.

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

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

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### 1.24 OTHER FINANCIAL ASSETS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

### 1.25. INVENTORIES

#### 1.25.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is measured by multiplying the cost per kilolitre of purified water by the amount of water in storage.

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

#### 1.25.2 Subsequent Measurement

Inventories, consisting of consumable stores, finished goods, housing stock, land, materials and supplies, water and work-in-progress, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method or first-in-first-out method. The first-in-out-method is applied to maintenance material inventory items. The weighted average method is applied to compost, low-cost housing, water for distribution and the remaining inventory items which are not maintenance related.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

### 1.26 FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilisation of unspent conditional grants is evaluated in order to determine whether it is treated as financial instruments.

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### **1.26.1 Initial Recognition**

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

### **1.26.2 Subsequent Measurement**

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

#### **1.26.2.1 Receivables**

Receivables are classified as financial assets at amortised cost and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance.

Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

#### **1.26.2.2 Payables and Annuity Loans**

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### **1.26.2.3 Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

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Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

### **1.26.3 De-recognition**

#### **1.26.3.1 Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

the rights to receive cash flows from the asset have expired or the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either the municipality has transferred substantially all the risks and rewards of the asset, or the municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### **1.26.3.2 Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

### **1.26.4 Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## **1.27 STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions. Statutory receivables arise from the following legislation:

- Property Rates - Municipal Property Rates Act (6 of 2004)
- Fines - Criminal procedures Act (51 of 1977)

### **1.27.1 Initial Recognition**

The municipality recognises statutory receivables as follows:

- If the transaction is an exchange transaction, using the policy on revenue from exchange transactions.

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- If the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers).
- If the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

### **1.27.2 Initial measurement**

The municipality initially measures statutory receivables at their transaction amount.

### **1.27.3 Subsequent measurement**

The municipality initially measures the statutory receivables at their transaction amount. The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- Interest or other charges that may have accrued on the receivable.
- Impairment losses.
- Amounts derecognised.

### **1.27.4 Accrued interest**

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate. Interest on statutory receivables is recognised as revenue in accordance with the policy on revenue from exchange transactions or the policy on revenue from non-exchange transactions (taxes and transfers), whichever is applicable.

### **1.27.5 Impairment losses**

The municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.



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### 1.27.6 Derecognition

The municipality derecognises a statutory receivable when:

- The rights to the cash flows from the receivable are settled, expire or are waived.
- The municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable.
- The municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable 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:
  - derecognises the receivable; and
  - recognises separately any rights and obligations created or retained in the transfer.

### 1.28 REVENUE

#### 1.28.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the municipality when the receivable meets the definition of an asset. All unpaid receivables relating to traffic fines as at 30 June 2018 was written off in the 2018/2019 financial year.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment when such items of property, plant and equipment qualify for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualify for recognition and become available for use by the municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires when all unclaimed deposits into the municipality's bank account will be treated as revenue. This policy is in line with the prescribed debt principle as enforced by the law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

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When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the municipality's operations are recognised as assets and the related revenue when:

- It is probable that the future economic benefits or service potential will flow to the Municipality and
- The fair value of the assets can be measured reliably.

If the services in-kind are not significant to the municipality's operations or does not satisfy the above-mentioned criteria, the municipality only discloses the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset because the municipality controls the resource from which future economic benefits or service potential is expected to flow to the municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

### 1.28.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

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

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

At the time of initial recognition, the full amount of revenue is recognised where the municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after the date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.



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Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property, a fixed monthly tariff is levied and in the case of commercial property, a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

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

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

### 1.29 ACCOUNTING BY PRINCIPALS AND AGENTS

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

#### 1.29.1 Identifying whether an entity is a principal or an agent

When the municipality is a party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether the municipality is the principal or the agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or its own benefit.

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### 1.29.2 Binding arrangement

The municipality assesses whether it is the agent or the principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as the principal or the agent. Assessing which entity benefits from the transactions with third parties The municipality is the agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

The municipality is an agent for the Western Cape Provincial Department and receives a commission of 12% per signed agreement.

### 1.29.3 Recognition

The municipality, as the agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

## 1.30 TRANSFER GRANTS IN AID

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

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

These transfers are recognised in the statement of financial performance as expenses in the period that the event giving rise to the transfer has occurred.

## 1.31 TRANSFER OF FUNCTIONS (Municipality as the acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving the municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between municipalities by transferring functions between municipalities or into another entity.

The municipality accounts for each transfer of functions between municipalities not under common control by applying the acquisition method. Applying the acquisition method requires:

- Identifying the acquirer (municipality).
- Determining the acquisition date.

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- Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree.
- Recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the Conceptual Framework for General Purpose Financial Reporting and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

### 1.32 RELATED PARTIES

A related party is a person or an entity:

- With the ability to control or jointly control the other party
- Or exercise significant influence over the other party, or vice versa
- Or an entity that is subject to common control, or joint control

The following are regarded as related parties of the municipality:

- A person or a close member of that person's family is related to the municipality if that person:
  - has control or joint control over the municipality
  - has significant influence over the municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the municipality
  - is a member of the management of the municipality or its controlling entity
- An entity is related to the municipality if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and a fellow controlled entity is related to the others)
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member)
  - both entities are joint ventures of the same third party
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity
  - the entity is a post-employment benefit plan for the benefit of employees of either the municipality or an entity related to the municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity
  - the entity is controlled or jointly controlled by a person or a close member of that person's family which is related to the municipality
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity)

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Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the municipality. A person is considered to be a close member of the family of another person if they:

- Are married or live together in a relationship similar to a marriage or
- Are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- All members of the governing body of the municipality.
- A member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the municipality.
- Any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the municipality.
- The senior management team of the municipality, including the chief executive officer or permanent head of the municipality, unless already included in above.

Management personnel include:

- All directors or members of the governing body of the municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as reimbursement for expenditure incurred by those persons for the benefit of the municipality.

The municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

### 1.33 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the MFMA. Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.34 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the MFMA, the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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### 1.35 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.36 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

### 1.37 TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

### 1.38 COMMITMENTS

Items are classified as capital commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual future capital commitments relating to property, plant and equipment, investment property, intangible assets and heritage assets, as applicable. Refer to note - Commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services).
- Contracts should relate to something other than the routine, steady, state business of the municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Capital commitments disclosed in the financial statements represent the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

### 1.39 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date).
- Those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the municipality discloses the nature and an estimate of the financial effect.

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### 1.40 TAXATION

#### 1.40.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities / (assets) for the current and prior periods are measured at the amount expected to be paid to / (recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

#### 1.40.2 Deferred tax assets and liabilities

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

#### 1.40.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

### 1.41 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

#### 1.41.1 GRAP 20: Related Parties

The objective of this Standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this Standard referred to as the reporting entity) shall apply this Standard in:

- Identifying related party relationships and transactions;
- Identifying outstanding balances, including commitments, between an entity and its related parties;
- Identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- Determining the disclosures to be made about those items

This Standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This Standard also applies to individual annual financial statements.

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Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The Standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity
- Related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The Standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The Standard elaborates on the definitions and identification of:

- Close member of the family of a person
- Management
- Related parties
- Remuneration
- Significant influence.

The Standard sets out the requirements, inter alia, for the disclosure of:

- Control
- Related party transactions
- Remuneration of management.

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The effective date of the standard is for years beginning on or after 01 April 2019.

The municipality has adopted the standard for the first time in the 2019/2020 annual financial statements.

The adoption of this standard has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

### **1.41.2 GRAP 108: Statutory Receivables**

The objective of this Standard is to prescribe accounting requirements for statutory receivables. Statutory receivables are receivables that:

- Arise from legislation, supporting regulations, or similar means; and
- Require settlement by another entity in cash or another financial asset.

It furthermore covers definitions, recognition, derecognition, measurement, presentation, disclosure, transitional provisions, and effective date.

The effective date of the standard is for years beginning on or after 01 April 2019.

The municipality has adopted the standard for the first time in the 2019/2020 annual financial statements.

The impact of the standard is not material.

### **1.41.3 GRAP 109: Accounting by Principals and Agents**

The objective of this Standard is to outline principles to be used by an entity to assess whether it is a party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does, however, provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers definitions, Identifying whether an entity is a principal or agent, accounting by a principal or agent, presentation and disclosure, transitional provisions and effective date.

The effective date of the standard is for years beginning on or after 01 April 2019.

The municipality has adopted the standard for the first time in the 2019/2020 annual financial statements.

The impact of the standard is not material.

## **1.42 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality and are mandatory for accounting periods beginning on or after 01 July 2020 or later periods:



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| REFERENCE        | TOPIC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | EFFECTIVE DATE |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| GRAP 1 (amended) | <p><b>Presentation of financial statements</b></p> <p>Amendments to this Standard of GRAP, are primarily drawn from the IASB's amendments to the IFRS on Presentation of financial statements.</p> <p>Summary of amendments are:</p> <p><b>Materiality and aggregation</b></p> <p>The amendments clarify that:</p> <ul style="list-style-type: none"><li>• Information should not be obscured by aggregating or by providing immaterial information.</li><li>• Materiality considerations apply to all parts of the financial statements.</li><li>• Even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.</li></ul> <p><b>Statement of financial position and statement of financial performance</b></p> <p>The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.</p> <p><b>Notes structure</b></p> <p>The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in the Standard.</p> <p><b>Disclosure of accounting policies</b></p> <p>Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.</p> <p>A municipality applies judgement based on past experience and current facts and circumstances.</p> <p>The expected impact of the amendment is not material.</p> | 1 April 2020   |

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### GRAP 18 (as amended 2016): **Segment reporting**

1 April 2020

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The impact of the amendment is expected to be material.

### GRAP 32

#### **Service concession arrangements: Grantor**

1 April 2020

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

No significant impact expected as no such transactions or events are expected in the foreseeable future.

### GRAP 34

#### **Separate financial statements**

1 April 2020

The objective of this Standards is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact expected as no such transactions or events are expected in the foreseeable future.

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### GRAP 35

#### Consolidated financial statements

1 April 2020

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- Requires a municipality (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements.
- Defines the principle of control and establishes control as the basis for consolidation.
- Sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity.
- Sets out the accounting requirements for the preparation of consolidated financial statements.
- Defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

No significant impact expected as no such transactions or events are expected in the foreseeable future.

### GRAP 36

#### Investments in associates and joint ventures

1 April 2020

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

No significant impact expected as no such transactions or events are expected in the foreseeable future.

### GRAP 37

#### Joint arrangements

1 April 2020

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

No significant impact expected as no such transactions or events are expected in the foreseeable future.

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### GRAP 38

#### Disclosure of interest in other entities

1 April 2020

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- The nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated.
- The effects of those interests on its financial position, financial performance and cash flows.

No significant impact expected as no such transactions or events are expected in the foreseeable future.

### GRAP 104

#### Financial Instruments

Unknown

(Revised – April 2019)

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued.
- Loan commitments issued.
- Classification of financial assets.
- Amortised cost of financial assets.
- Impairment of financial assets.
- Disclosures.

No significant impact is expected as the Municipality's current treatment is already in line with the standard's treatment.

### GRAP 110

#### Living and non-living resources

1 April 2020

The objective of this Standard is to prescribe the recognition, measurement, presentation and disclosure requirements for living resources, and disclosure requirements for non-living resources.

No significant impact expected as no such transactions or events are expected in the foreseeable future.

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IGRAP1 (Revised)

### Applying the probability test on initial recognition of revenue 1 April 2020

The amendments to this Interpretation clarifies that a municipality should also consider other factors in assessing the probability of future economic benefits or service potential to the municipality.

Municipalities are also uncertain of the extent to which factors, other than the uncertainty about the collectability of revenue, should be considered when determining the probability of the inflow of future economic benefits or service potential on initial recognition of revenue.

For example, in providing certain goods or services, or when charging non-exchange revenue, the amount of revenue charged may be reduced or otherwise modified under certain circumstances. These circumstances include, for example, where a municipality grants early settlement discounts, rebates or similar reductions based on the satisfaction of certain criteria, or as a result of adjustments to revenue already recognised following the outcome of any review, appeal or objection process.

The consensus is that on initial recognition of revenue, a municipality considers the revenue it is entitled to, following its obligation to collect all revenue due to it in terms of legislation or similar means. In addition, an entity considers other factors that will impact the probable inflow of future economic benefits or service potential, based on past experience and current facts and circumstances that exist on initial recognition.

A municipality applies judgement based on past experience and current facts and circumstances.

The expected impact of the amendment is not material.

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IGRAP 20

### Accounting for adjustments to revenue

1 April 2020

Adjustments to revenue already recognised in terms of legislation or similar means arise from the completion of an internal review process within municipalities, and/or the outcome of an external appeal or objection process undertaken in terms of legislation or similar means. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process can either result in a change in an accounting estimate or a correction of an error.

As per the scope, this Interpretation clarifies the accounting for adjustments to exchange and non-exchange revenue charged in terms of legislation or similar means, and interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal or objection process. Changes to the measurement of receivables and payables, other than those changes arising from applying this Interpretation, are dealt with in accordance with the applicable Standards of GRAP. The principles in this Interpretation may be applied, by analogy, to the accounting for adjustments to exchange or non-exchange revenue that arises from contractual arrangements where the fact patterns are similar to those in the Interpretation.

The Interpretation sets out the issues and relating consensus with accounting for adjustments to revenue.

The expected impact of the interpretation is not material.

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### Directive 7 (revised)

### The application of deemed cost

1 April 2020

This Directive was originally issued by the Accounting Standards Board in December 2009. Since then, it has been amended by:

(a) Consequential amendments when the following Standards of GRAP were amended to clarify some of the principles:

- Transfer of functions between entities under common control.
- Mergers.

(b) Consequential amendments arising from the Standard of GRAP on Living and non-living resources issued in December 2017.

(c) Consequential amendments arising from the following Standards of GRAP in May 2018:

- Separate financial statements.
- Consolidated financial statements.
- Investments in associates and joint ventures.
- Joint arrangements.
- Disclosure of interests in other entities.

The effective date of this Directive coincides with the effective dates of the applicable Standards of GRAP, as determined by the Minister of Finance. If an entity has assets that it previously could not recognise and/or measure in accordance with the Standards of GRAP on their initial adoption on the transfer date or the merger date because information about the acquisition cost of the assets was not available, an entity applies this Directive to those assets. The fair value of those assets is determined at the date of adopting the Standards of GRAP on the transfer date or the merger date in accordance with the Directive's Appendix paragraph A3.

No significant impact is expected as the municipality's current treatment is already in line with the Standard's treatment

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|                  |                                                                                   |         |
|------------------|-----------------------------------------------------------------------------------|---------|
| <b>Guideline</b> | <b><u>Guideline on the application of materiality to financial statements</u></b> | Unknown |
|------------------|-----------------------------------------------------------------------------------|---------|

The objective of the Guideline is to provide guidance that will assist municipalities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist municipalities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by municipalities when applying materiality to the preparation of financial statements.

The guideline is encouraged to be used by municipalities.

No significant impact is expected as the municipality's current treatment is already in line with the Standard's treatment.

|                  |                                                          |         |
|------------------|----------------------------------------------------------|---------|
| <b>Guideline</b> | <b><u>Guideline on accounting for landfill sites</u></b> | Unknown |
|------------------|----------------------------------------------------------|---------|

The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to municipalities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold municipalities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

The effective date of the guideline is for years beginning on or after 01 April 2020.

The municipality expects to adopt the guideline for the first time in the 2019/2020 annual financial statements.

No significant impact is expected as the municipality's current treatment is already in line with the Standard's treatment.



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## Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
|-----------------|------|------|
|-----------------|------|------|

### 2. Inventories

|                       |                   |                   |
|-----------------------|-------------------|-------------------|
| Compost               | 460 960           | 206 556           |
| Land inventory        | 2 916 627         | 2 282 247         |
| Low cost housing      | 27 215 481        | 14 039 720        |
| Maintenance materials | 10 139 983        | 10 124 047        |
| Water                 | 162 172           | 136 594           |
|                       | <b>40 895 223</b> | <b>26 789 164</b> |

#### 2.1 Inventory losses / write-down to net realisable value

|                                                                               |               |                 |
|-------------------------------------------------------------------------------|---------------|-----------------|
| Consumable stores materials written down due to damages (annual stock count). | 40 417        | 5 839           |
| Consumable stores materials shortages / (surpluses)                           | 32 745        | (87 444)        |
| (Reversal) / write down of inventory to lower of cost or net realisable value | (19 853)      | 51 167          |
|                                                                               | <b>53 309</b> | <b>(30 438)</b> |

|                                                      |            |            |
|------------------------------------------------------|------------|------------|
| Inventories recognised as an expense during the year | 15 950 272 | 18 176 815 |
|------------------------------------------------------|------------|------------|

In the prior year inventories were written down to net realisable value. In the current year the write down was reversed, as a new estimate of net realisable value was performed.

#### Inventory pledged as security

No inventory was pledged as security.

### 3. Operating lease asset

#### Gross investment in the lease due

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| - within one year                   | 1 741 699        | 1 379 479        |
| - in second to fifth year inclusive | 2 062 072        | 1 480 200        |
| - later than five years             | 329 622          | 253 360          |
|                                     | <b>4 133 393</b> | <b>3 113 039</b> |

#### Reconciliation operating lease

|                                      |                |               |
|--------------------------------------|----------------|---------------|
| Balance at the beginning of the year | 97 013         | 102 156       |
| Movement during the year             | 11 580         | (5 142)       |
| <b>Balance at end of year</b>        | <b>108 593</b> | <b>97 014</b> |

|                    |                |               |
|--------------------|----------------|---------------|
| Non-current assets | -              | -             |
| Current assets     | 108 595        | 97 014        |
|                    | <b>108 595</b> | <b>97 014</b> |

This operating lease income was determined from contracts that have a specific conditional income. It does not include lease income which has a undetermined conditional income. The leases are in respect of land and buildings being leased out.

### 4. Receivables from exchange transactions

|                                                             |            |            |
|-------------------------------------------------------------|------------|------------|
| Electricity                                                 | 29 790 222 | 21 323 393 |
| Other arrears                                               | 1 052 583  | 617 014    |
| Other receivables                                           | 14 807 918 | 12 001 501 |
| Prepayments and advances                                    | 125 093    | 1 144 973  |
| Property rentals                                            | 576 329    | 668 997    |
| Provincial government housing loans - at amortised cost     | 71 838     | -          |
| Receivables with repayment arrangements - at amortised cost | 32 419     | -          |

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## Notes to the Annual Financial Statements

| Figures in Rand                                              | 2020              | 2019              |
|--------------------------------------------------------------|-------------------|-------------------|
| <b>4. Receivables from exchange transactions (continued)</b> |                   |                   |
| Service connections - at amortised cost                      | 732 254           | 662 507           |
| Short term instalments                                       | -                 | 330 436           |
| Waste management                                             | 3 856 574         | 2 219 933         |
| Waste water management                                       | 4 154 740         | 2 389 533         |
| Water                                                        | 8 081 758         | 4 221 526         |
|                                                              | <b>63 281 728</b> | <b>45 579 813</b> |
| Non-current assets                                           | 255 168           | 390 039           |
| Current assets                                               | 63 026 560        | 45 189 774        |
|                                                              | <b>63 281 728</b> | <b>45 579 813</b> |

### Receivables from exchange transactions pledged as security

No receivables from exchange transactions were pledged as security.

### Credit quality of receivables from exchange transactions

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of receivables from exchange transactions on initial recognition is not deemed necessary.

Receivables from exchange transactions with a gross total outstanding balance of R12,114,511 (2019: R9,323,498) have arranged to settle their account over a re-negotiated period. The total value has been deferred beyond 12 months after year-end and subsequently included as part of non-current receivables

### Receivables from exchange transactions past due but not impaired

Receivables from exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2020, R 42 212 640 (2019: R 31 774 712) were past due but not impaired.

Receivables from exchange transactions were assessed to determine if any were significant as required by GRAP 104. No debtors were identified to be individually significant for impairment purposes.

The services connections are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

The repayment arrangements with consumer debtors are receivable from various customers of the municipality.

When tested for impairment; management determined that none of the financial assets are individually significant therefore impairment was performed on a group basis.

The ageing of amounts past due but not impaired is as follows:

|                    |                   |                   |
|--------------------|-------------------|-------------------|
| 1 month past due   | 38 354 173        | 29 606 640        |
| 2+ months past due | 3 858 467         | 2 168 102         |
|                    | <b>42 212 640</b> | <b>31 774 742</b> |

### Receivables from exchange transactions impaired

As of 30 June 2020, total receivables from exchange transactions of R 97 524 507 (2019: R 75 880 983) were impaired and provided for.

The total amount of the allowance for impairment was R 32 242 779 as of 30 June 2020 (2019: R 30 301 171).

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| Figures in Rand | 2020 | 2019 |
|-----------------|------|------|
|-----------------|------|------|

### 4. Receivables from exchange transactions (continued)

#### Reconciliation of receivables from exchange transactions

|                                                      |                   |                   |
|------------------------------------------------------|-------------------|-------------------|
| Gross balance receivables from exchange transactions | 97 524 507        | 75 880 983        |
| Allowance for impairment                             | (34 242 779)      | (30 301 170)      |
|                                                      | <b>63 281 728</b> | <b>45 579 813</b> |

#### Reconciliation of allowance for impairment of receivables from exchange transactions

|                                          |                     |                     |
|------------------------------------------|---------------------|---------------------|
| Opening balance                          | (30 301 170)        | (29 383 695)        |
| Contribution to allowance for impairment | (3 941 609)         | (917 475)           |
|                                          | <b>(34 242 779)</b> | <b>(30 301 170)</b> |

#### The total amount of this impairment allowance consists of:

|                                        |                   |                   |
|----------------------------------------|-------------------|-------------------|
| Electricity                            | 2 286 066         | 3 271 775         |
| Water                                  | 6 027 597         | 5 351 745         |
| Waste management                       | 4 940 528         | 4 246 773         |
| Waste water management                 | 6 219 922         | 5 348 397         |
| Other debtors                          | 2 722 635         | 2 758 971         |
| Receivables with repayment arrangement | 12 046 031        | 9 323 509         |
|                                        | <b>34 242 779</b> | <b>30 301 170</b> |

None of these debtors have been pledged as collateral for loans.

The municipality holds consumer deposits and guarantees in lieu of water and electricity as security for non-payment. See note 18 for more detail.

Concentrations of credit risk with respect to receivables from exchange transactions are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's receivables.

There are no receivables from exchange transactions which are subject to any restrictions.

### 5. Receivables from exchange transactions ageing

#### Gross balances

|                                                             |                   |                   |
|-------------------------------------------------------------|-------------------|-------------------|
| Electricity                                                 | 32 076 288        | 24 595 168        |
| Other arrears                                               | 2 992 942         | 2 589 678         |
| Other receivables                                           | 14 807 918        | 12 001 501        |
| Prepayments and advances                                    | 125 093           | 1 144 973         |
| Provincial government housing loans - at amortised cost     | 71 838            | -                 |
| Property rental                                             | 1 358 605         | 1 455 305         |
| Receivables with repayment arrangements - at amortised cost | 12 078 450        | 9 323 498         |
| Service connections - at amortised cost                     | 732 254           | 662 517           |
| Waste management                                            | 8 797 102         | 6 466 706         |
| Short term instalments                                      | -                 | 330 436           |
| Waste water management                                      | 10 374 662        | 7 737 930         |
| Water                                                       | 14 109 355        | 9 573 271         |
|                                                             | <b>97 524 507</b> | <b>75 880 983</b> |

#### Less: allowance for impairment

|               |             |             |
|---------------|-------------|-------------|
| Electricity   | (2 286 066) | (3 271 775) |
| Other arrears | (1 940 359) | (1 972 664) |

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## Notes to the Annual Financial Statements

| Figures in Rand                                                     | 2020                | 2019                |
|---------------------------------------------------------------------|---------------------|---------------------|
| <b>5. Receivables from exchange transactions ageing (continued)</b> |                     |                     |
| Property rental                                                     | (782 276)           | (786 308)           |
| Receivables with repayment arrangements - at amortised cost         | (12 046 031)        | (9 323 508)         |
| Waste management                                                    | (4 940 528)         | (4 246 773)         |
| Waste water management                                              | (6 219 922)         | (5 348 397)         |
| Water                                                               | (6 027 597)         | (5 351 745)         |
|                                                                     | <b>(34 242 779)</b> | <b>(30 301 170)</b> |
| <b>Net balance</b>                                                  |                     |                     |
| Electricity                                                         | 29 790 222          | 21 323 393          |
| Other arrears                                                       | 1 052 583           | 617 014             |
| Other receivables                                                   | 14 807 918          | 12 001 501          |
| Prepayments and advances                                            | 125 093             | 1 144 973           |
| Provincial government housing loans - at amortised cost             | 71 838              | -                   |
| Property rental                                                     | 576 329             | 668 997             |
| Receivables with repayment arrangements - at amortised cost         | 32 419              | -                   |
| Service connections - at amortised cost                             | 732 254             | 662 507             |
| Waste management                                                    | 3 856 574           | 2 219 933           |
| Short term instalments                                              | -                   | 330 436             |
| Waste water management                                              | 4 154 740           | 2 389 533           |
| Water                                                               | 8 081 758           | 4 221 526           |
|                                                                     | <b>63 281 728</b>   | <b>45 579 813</b>   |
| <b>Electricity</b>                                                  |                     |                     |
| Current (0 -30 days)                                                | 27 109 120          | 21 240 547          |
| 31 - 60 days                                                        | 1 646 700           | 716 044             |
| 61 - 90 days                                                        | 610 400             | 494 882             |
| +91 days                                                            | 2 710 067           | 2 143 696           |
|                                                                     | <b>32 076 287</b>   | <b>24 595 169</b>   |
| <b>Water</b>                                                        |                     |                     |
| Current (0 -30 days)                                                | 5 907 151           | 3 932 237           |
| 31 - 60 days                                                        | 877 118             | 564 402             |
| 61 - 90 days                                                        | 710 176             | 377 089             |
| +91 days                                                            | 6 614 910           | 4 699 543           |
|                                                                     | <b>14 109 355</b>   | <b>9 573 271</b>    |
| <b>Waste water management</b>                                       |                     |                     |
| Current (0 -30 days)                                                | 2 455 681           | 2 053 547           |
| 31 - 60 days                                                        | 667 655             | 412 957             |
| 61 - 90 days                                                        | 520 629             | 336 781             |
| +90 days                                                            | 6 730 696           | 4 934 645           |
|                                                                     | <b>10 374 661</b>   | <b>7 737 930</b>    |
| <b>Waste management</b>                                             |                     |                     |
| Current (0 -30 days)                                                | 2 274 475           | 1 907 563           |
| 31 - 60 days                                                        | 597 522             | 376 890             |
| 61 - 90 days                                                        | 461 596             | 308 607             |
| +90 days                                                            | 5 463 508           | 3 873 646           |
|                                                                     | <b>8 797 101</b>    | <b>6 466 706</b>    |
| <b>Other arrears</b>                                                |                     |                     |
| Current (0 -30 days)                                                | 391 420             | 397 986             |
| 31 - 60 days                                                        | 23 609              | 38 623              |

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|--------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>5. Receivables from exchange transactions ageing (continued)</b>                                    |                   |                   |
| 61 - 90 days                                                                                           | 31 414            | 28 765            |
| +90 days                                                                                               | 2 546 499         | 2 454 740         |
|                                                                                                        | <b>2 992 942</b>  | <b>2 920 114</b>  |
| <b>Property rental</b>                                                                                 |                   |                   |
| Current (0 -30 days)                                                                                   | 216 325           | 216 976           |
| 31 - 60 days                                                                                           | 45 862            | 59 187            |
| 61 - 90 days                                                                                           | 47 039            | 105 357           |
| 91 - 120 days                                                                                          | 1 049 379         | 1 073 785         |
|                                                                                                        | <b>1 358 605</b>  | <b>1 455 305</b>  |
| <b>6. Receivables from non-exchange transactions</b>                                                   |                   |                   |
| Accrued income                                                                                         | 3 341             | -                 |
| Accrued interest                                                                                       | 229 449           | 673 899           |
| Administration cost                                                                                    | 410 263           | 278 737           |
| Availability charges                                                                                   | 745 427           | 432 120           |
| District municipality                                                                                  | 434 783           | -                 |
| Fines                                                                                                  | 458 443           | 303 107           |
| Insurance claims                                                                                       | 648 942           | -                 |
| Other                                                                                                  | 405 824           | 159 201           |
| Property rates                                                                                         | 5 262 920         | 3 804 261         |
| Security deposits                                                                                      | 6 907 975         | 4 564 975         |
| Provincial Government Housing Loans - at amortised cost                                                | 161 054           | 382 455           |
| Staff bursaries and other advances - at amortised cost                                                 | 196 220           | 198 479           |
|                                                                                                        | <b>15 864 641</b> | <b>10 797 234</b> |
| Non-current assets                                                                                     | 341 803           | 561 269           |
| Current assets                                                                                         | 15 522 838        | 10 235 965        |
|                                                                                                        | <b>15 864 641</b> | <b>10 797 234</b> |
| <b>Included in receivables from non-exchange transactions are the following statutory receivables:</b> |                   |                   |
| Property rates                                                                                         | 15 620 678        | 12 726 548        |
| Fines                                                                                                  | 6 158 100         | 4 002 016         |
| Allowance for impairment of receivables                                                                | (16 057 415)      | (12 621 195)      |
|                                                                                                        | <b>5 721 363</b>  | <b>4 107 369</b>  |

Refer to note 68 for GRAP 108 disclosure on statutory receivables

### Receivables from non-exchange transactions pledged as security

No receivables from non-exchange transactions were pledged as security.

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### 6. Receivables from non-exchange transactions (continued)

#### Credit quality of receivables from non-exchange transactions

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of receivables from non-exchange transactions on initial recognition is not deemed necessary.

Receivables from non-exchange transactions with a total outstanding balance of R1,875,524 (2019: R1,499,436) have arranged to settle their account over a re-negotiated period. The total value has been deferred beyond 12 months after year-end and subsequently included as part of non-current receivables.

#### Receivables from non-exchange transactions past due but not impaired

Receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2020, R 3 798 704 (2019: R 2 923 054) were past due but not impaired.

Receivables from non-exchange transactions were assessed to determine if any were significant as required by GRAP 104. No debtors were identified to be individually significant for impairment purposes.

The ageing of amounts past due but not impaired is as follows:

#### 1 month past due

|                    |                  |                  |
|--------------------|------------------|------------------|
| 1 month past due   | 3 349 365        | 2 714 395        |
| 2+ months past due | 449 339          | 208 659          |
|                    | <b>3 798 704</b> | <b>2 923 054</b> |

#### Receivables from non-exchange transactions impaired

As of 30 June 2020, total receivables from non-exchange transactions of R 40 322 773 (2019: R 31 194 704) were impaired and provided for.

The amount of the allowance for impairment of receivables from non-exchange transactions was R 24 458 132 as at 30 June 2020 (2019: R20,397,470).

#### Reconciliation of receivables from non-exchange transactions

|                                                          |                   |                   |
|----------------------------------------------------------|-------------------|-------------------|
| Gross balance receivables from non-exchange transactions | 40 322 773        | 31 194 704        |
| Allowance for impairment of non-exchange receivables     | (24 458 132)      | (20 397 470)      |
|                                                          | <b>15 864 641</b> | <b>10 797 234</b> |

#### Reconciliation of allowance for impairment of receivables from non-exchange transactions

|                                      |                     |                     |
|--------------------------------------|---------------------|---------------------|
| Balance at beginning of year         | (20 397 471)        | (17 864 798)        |
| Contribution to impairment allowance | (4 060 662)         | (2 532 672)         |
|                                      | <b>(24 458 133)</b> | <b>(20 397 470)</b> |

#### The total amount of this allowance consists of:

|                      |                   |                   |
|----------------------|-------------------|-------------------|
| Fines                | 5 699 657         | 3 698 909         |
| Property rates       | 10 357 758        | 8 922 286         |
| Availability charges | 6 525 193         | 6 276 839         |
| Arrangements         | 1 875 524         | 1 499 436         |
|                      | <b>24 458 132</b> | <b>20 397 470</b> |

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### 6. Receivables from non-exchange transactions (continued)

Concentrations of credit risk with respect to receivables from non-exchange transactions are limited due to the municipality's large number of customers. The municipality's historical experience in collection of receivables from non-exchange transactions falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's receivables from non-exchange transactions.

There are no receivables from non-exchange transactions which are subject to any restrictions.

The municipality does not hold any assets for collateral for receivables from non-exchange transactions.

### 7. Receivables from non-exchange transactions ageing

#### Gross balance

|                      |                   |                   |
|----------------------|-------------------|-------------------|
| Property Rates       | 15 620 678        | 12 726 547        |
| Fines                | 6 158 100         | 4 002 016         |
| Other                | 2 489 876         | 1 692 771         |
| Availability charges | 7 270 620         | 6 708 959         |
| Arrangements         | 1 875 524         | 1 499 436         |
| Security deposits    | 6 907 975         | 4 564 975         |
|                      | <b>40 322 773</b> | <b>31 194 704</b> |

#### Less: allowance for impairment

|                      |                     |                     |
|----------------------|---------------------|---------------------|
| Property Rates       | (10 357 758)        | (8 922 286)         |
| Fines                | (5 699 657)         | (3 698 909)         |
| Availability charges | (6 525 193)         | (6 276 839)         |
| Arrangements         | (2 098 521)         | (1 499 436)         |
|                      | <b>(24 681 129)</b> | <b>(20 397 470)</b> |

#### Net balance

|                      |                   |                   |
|----------------------|-------------------|-------------------|
| Property Rates       | 5 262 920         | 3 384 277         |
| Fines                | 458 443           | 303 107           |
| Other                | 2 489 876         | 1 692 771         |
| Availability charges | 745 427           | 852 104           |
| Security deposits    | 6 907 975         | 4 564 975         |
|                      | <b>15 864 641</b> | <b>10 797 234</b> |

#### Property Rates

|                     |                   |                   |
|---------------------|-------------------|-------------------|
| Current (0-30 days) | 3 349 365         | 2 714 395         |
| 31 - 60 days        | 449 339           | 208 659           |
| 61 - 90 days        | 290 925           | 169 085           |
| +90 days            | 11 531 049        | 9 634 407         |
|                     | <b>15 620 678</b> | <b>12 726 546</b> |

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| <b>8. VAT receivable (Statutory receivable)</b> |                   |                  |
| VAT                                             | 1 518 864         | 1 470 581        |
| <b>VAT payable</b>                              |                   |                  |
| VAT payable                                     | 19 496 148        | 636 279          |
| VAT output suspense                             | 11 603 951        | 8 978 109        |
| Less: allowance for impairment of receivables   | (5 353 658)       | (4 796 387)      |
|                                                 | <b>25 746 441</b> | <b>4 818 001</b> |
| <b>VAT receivable</b>                           |                   |                  |
| VAT receivable                                  | 20 142 074        | 94 344           |
| VAT input in suspense                           | 7 123 230         | 6 194 240        |
|                                                 | <b>27 265 304</b> | <b>6 288 584</b> |

VAT is accounted for on the payments basis. VAT is paid over to SARS based on cash payments made and received.

The transactions arise through the application of the Value-Added Tax Act 89 of 1991 (VAT Act).

The VAT amount due to SARS or to be refunded from SARS is determined monthly by applying the legislative requirements as set out in the VAT Act.

Interest is not levied or charged to SARS.

No indicators were present to indicate any possible impairment of the refundable amount from SARS.

The amount of the allowance for impairment was R 0 as at 30 June 2020 (2019: R0).

No receivables from statutory receivables were pledged as security.

### VAT receivable past due but not impaired

At 30 June 2020, R0 (2019: R0) was past due but not impaired.

### VAT receivable past due and impaired

At 30 June 2020, R0 (2019: R0) was past due and impaired.

## 9. Cash and cash equivalents

The Municipality does not have a bank overdraft facility as management did not deem it necessary to have an overdraft facility in place. The total cash and cash equivalents which consist of the following are available for use:

|                                 |                    |                    |
|---------------------------------|--------------------|--------------------|
| Cash on hand                    | 11 000             | 10 300             |
| Call deposits and investments   | 104 960 632        | 130 051 054        |
| Other cash and cash equivalents | 96 001 975         | 24 642 305         |
|                                 | <b>200 973 607</b> | <b>154 703 659</b> |

Short term investments are invested over periods from 0 to 3 months. The municipality have the following call deposits and investments:

- ABSA Bank - Invested for 70 days - Interest rate @ 4.68% pa - Maturity date - 2020/08/18
- Nedbank - Invested for 85 days - Interest rate @ 4.62% pa - Maturity date - 2020/09/02
- ABSA depositor plus - call at variable interest rate



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### 9. Cash and cash equivalents (continued)

The municipality had the following bank accounts

| Account number / description                             | Bank statement balances |                    |                    | Cash book balances |                    |                    |
|----------------------------------------------------------|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                                          | 30 June 2020            | 30 June 2019       | 30 June 2018       | 30 June 2020       | 30 June 2019       | 30 June 2018       |
| ABSA Bank - primary bank account - 1050 000 008          | 94 627 839              | 23 692 245         | 18 694 120         | 96 001 974         | 24 642 305         | 19 089 790         |
| Investec Private Bank - Call account - 1 100 458 195 450 | -                       | 35 000 000         | 35 000 000         | -                  | 35 000 000         | 35 000 000         |
| Nedbank - Call account - 03-7881034971-000064            | 40 000 000              | 35 000 000         | 35 000 000         | 40 000 000         | 35 000 000         | 35 000 000         |
| Standard Bank - Call account - 28 847 690 5-004          | -                       | 35 000 000         | 35 000 000         | -                  | 35 000 000         | 35 000 000         |
| Depositor Plus - 92 99946707                             | 24 960 632              | 25 051 054         | 25 034 742         | 24 960 632         | 25 051 054         | 25 034 742         |
| ABSA Bank Limited - Call account - 20 792 043 550        | 40 000 000              | -                  | -                  | 40 000 000         | -                  | -                  |
| <b>Total</b>                                             | <b>199 588 471</b>      | <b>153 743 299</b> | <b>148 728 862</b> | <b>200 962 606</b> | <b>154 693 359</b> | <b>149 124 532</b> |

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### 10. Investment property

|                    | 2020                |                                                        |                | 2019                |                                                        |                |
|--------------------|---------------------|--------------------------------------------------------|----------------|---------------------|--------------------------------------------------------|----------------|
|                    | Cost /<br>Valuation | Accumulated depreciation and<br>accumulated impairment | Carrying value | Cost /<br>Valuation | Accumulated depreciation and<br>accumulated impairment | Carrying value |
| Land and buildings | 30 218 581          | (2 178 475)                                            | 28 040 106     | 30 498 581          | (1 912 160)                                            | 28 586 421     |

#### Reconciliation of investment property - 2020

|                    | Opening balance | Disposals | Transfer to inventory | Impairments | Depreciation | Total      |
|--------------------|-----------------|-----------|-----------------------|-------------|--------------|------------|
| Land and buildings | 28 586 421      | (4 220)   | (275 780)             | (208 379)   | (57 936)     | 28 040 106 |

#### Reconciliation of investment property - 2019

|                    | Opening balance | Additions | Disposals | Transfer to inventory | Depreciation | Total      |
|--------------------|-----------------|-----------|-----------|-----------------------|--------------|------------|
| Land and buildings | 28 732 321      | 201 841   | (18 000)  | (278 873)             | (50 868)     | 28 586 421 |

#### Pledged as security

No investment property was pledged as security.

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

#### Maintenance of investment property

##### The following maintenance costs were incurred:

|                             |                  |                  |
|-----------------------------|------------------|------------------|
| Repairs and maintenance     | 1 234 056        | 90 367           |
| Other operating expenditure | 2 156 379        | 3 717 252        |
|                             | <b>3 390 435</b> | <b>3 807 619</b> |

#### Revenue from investment property

|                                         |           |           |
|-----------------------------------------|-----------|-----------|
| Rental revenue from investment property | 1 532 224 | 1 619 767 |
|-----------------------------------------|-----------|-----------|

There is no investment property which is in the process of being constructed or developed.

There is no investment property that is taking a significantly longer period of time to complete than expected.

There is no investment property where construction or development has been halted.

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for the repairs, maintenance or enhancements thereof.

There are no investment property disclosed which are either owner occupied or held for sale in the ordinary course of operations.

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### 11. Property, plant and equipment

|                                     | 2020                 |                                                              |                    | 2019                 |                                                              |                    |
|-------------------------------------|----------------------|--------------------------------------------------------------|--------------------|----------------------|--------------------------------------------------------------|--------------------|
|                                     | Cost /<br>Valuation  | Accumulated depreciation<br>and<br>accumulated<br>impairment | Carrying value     | Cost /<br>Valuation  | Accumulated depreciation<br>and<br>accumulated<br>impairment | Carrying value     |
| Buildings                           | 59 196 825           | (9 763 933)                                                  | 49 432 892         | 59 203 195           | (9 136 187)                                                  | 50 067 008         |
| Community                           | 127 402 509          | (27 865 336)                                                 | 99 537 173         | 127 746 790          | (25 235 509)                                                 | 102 511 281        |
| Furniture and fixtures              | 9 635 963            | (5 985 571)                                                  | 3 650 392          | 9 218 739            | (5 407 644)                                                  | 3 811 095          |
| IT equipment                        | 19 632 663           | (10 523 264)                                                 | 9 109 399          | 16 429 271           | (8 855 974)                                                  | 7 573 297          |
| Infrastructure                      | 780 381 274          | (233 602 441)                                                | 546 778 833        | 716 304 965          | (215 215 125)                                                | 501 089 840        |
| Finance lease assets                | 4 022 165            | (2 050 910)                                                  | 1 971 255          | 3 775 257            | (1 185 659)                                                  | 2 589 598          |
| Motor vehicles                      | 45 992 369           | (20 896 447)                                                 | 25 095 922         | 48 249 666           | (19 365 238)                                                 | 28 884 428         |
| Other property, plant and equipment | 4 055 182            | (388 488)                                                    | 3 666 694          | 4 013 246            | (368 890)                                                    | 3 644 356          |
| Plant and machinery                 | 17 459 689           | (10 465 494)                                                 | 6 994 195          | 16 992 230           | (9 609 867)                                                  | 7 382 363          |
| Specialised vehicles                | 5 538 317            | (3 213 685)                                                  | 2 324 632          | 5 538 317            | (2 987 702)                                                  | 2 550 615          |
| <b>Total</b>                        | <b>1 073 316 956</b> | <b>(324 755 569)</b>                                         | <b>748 561 387</b> | <b>1 007 471 676</b> | <b>(297 367 795)</b>                                         | <b>710 103 881</b> |

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### 11. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2020

|                                           | Opening<br>balance | Additions          | WIP finalised       | Disposals /<br>transfer cost | Cost<br>adjustments | Depreciation        | Disposals /<br>transfer<br>depreciation | Depreciation<br>adjustment | Impairment<br>loss | Disposal /<br>transfer<br>impairment | Total              |
|-------------------------------------------|--------------------|--------------------|---------------------|------------------------------|---------------------|---------------------|-----------------------------------------|----------------------------|--------------------|--------------------------------------|--------------------|
| Buildings                                 | 50 067 008         | 44 824             | (15 088)            | (24 091)                     | (12 015)            | (627 746)           | -                                       | -                          | -                  | -                                    | 49 432 892         |
| Community                                 | 102 511 281        | 1 026 274          | (651 387)           | (13 393)                     | (705 775)           | (2 629 827)         | -                                       | -                          | -                  | -                                    | 99 537 173         |
| Furniture and<br>fixtures                 | 3 811 095          | 475 270            | -                   | -                            | -                   | (590 149)           | -                                       | (33 593)                   | (12 231)           | -                                    | 3 650 392          |
| IT equipment                              | 7 573 297          | 3 063 722          | -                   | (8 650)                      | 148 320             | (1 592 952)         | 3 816                                   | (66 218)                   | (11 936)           | -                                    | 9 109 399          |
| Infrastructure                            | 501 089 840        | 94 775 680         | (29 072 864)        | (3 211 312)                  | 1 591 663           | (19 213 861)        | 820 939                                 | -                          | (2 398 483)        | 2 397 231                            | 546 778 833        |
| Finance lease<br>assets                   | 2 589 598          | 520 871            | -                   | (125 643)                    | (148 320)           | (1 015 839)         | 84 370                                  | 66 218                     | -                  | -                                    | 1 971 255          |
| Motor vehicles                            | 28 884 428         | -                  | -                   | (2 315 344)                  | -                   | (2 458 051)         | 1 023 689                               | 33 593                     | (72 393)           | -                                    | 25 095 922         |
| Other property,<br>plant and<br>equipment | 3 644 356          | 41 935             | -                   | -                            | -                   | (19 597)            | -                                       | -                          | -                  | -                                    | 3 666 694          |
| Plant and<br>machinery                    | 7 382 363          | 641 368            | -                   | (173 908)                    | -                   | (947 190)           | 110 370                                 | -                          | (18 808)           | -                                    | 6 994 195          |
| Specialised<br>vehicles                   | 2 550 615          | -                  | -                   | -                            | -                   | (225 983)           | -                                       | -                          | -                  | -                                    | 2 324 632          |
|                                           | <b>710 103 881</b> | <b>100 589 944</b> | <b>(29 739 339)</b> | <b>(5 872 341)</b>           | <b>873 873</b>      | <b>(29 321 195)</b> | <b>2 043 184</b>                        | <b>-</b>                   | <b>(2 513 851)</b> | <b>2 397 231</b>                     | <b>748 561 387</b> |

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### 11. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2019

|                                           | Opening<br>balance | Additions         | WIP finalised    | Disposal /<br>transfer cost | Cost<br>adjustment | Depreciation        | Disposal /<br>transfer<br>depreciation | Impairment<br>loss | Total              |
|-------------------------------------------|--------------------|-------------------|------------------|-----------------------------|--------------------|---------------------|----------------------------------------|--------------------|--------------------|
| Buildings                                 | 49 632 186         | 2 997 655         | (1 902 913)      | (81 611)                    | -                  | (578 309)           | -                                      | -                  | 50 067 008         |
| Community                                 | 91 855 247         | 15 577 849        | (2 074 844)      | (532 569)                   | (561 000)          | (1 863 218)         | 119 618                                | (9 802)            | 102 511 281        |
| Furniture and<br>fixtures                 | 3 994 082          | 547 266           | -                | (816 501)                   | -                  | (712 852)           | 814 435                                | (15 335)           | 3 811 095          |
| IT equipment                              | 8 155 739          | 642 134           | -                | (26 287)                    | -                  | (1 201 207)         | 18 322                                 | (15 404)           | 7 573 297          |
| Infrastructure                            | 445 062 202        | 60 139 244        | 10 307 615       | (84 717)                    | 2 006 995          | (16 391 585)        | 50 086                                 | -                  | 501 089 840        |
| Finance lease<br>assets                   | 880 980            | 2 139 840         | -                | -                           | -                  | (431 222)           | 3 347                                  | (3 347)            | 2 589 598          |
| Motor vehicles                            | 28 178 662         | 3 059 018         | -                | (78 939)                    | -                  | (2 332 792)         | 69 389                                 | (10 910)           | 28 884 428         |
| Other property,<br>plant and<br>equipment | 4 462 106          | -                 | -                | (130 000)                   | (668 500)          | (19 250)            | -                                      | -                  | 3 644 356          |
| Plant and<br>machinery                    | 5 413 498          | 2 837 559         | -                | (37 064)                    | -                  | (832 415)           | 17 301                                 | (16 516)           | 7 382 363          |
| Specialised<br>vehicles                   | 2 775 981          | -                 | -                | -                           | -                  | (225 366)           | -                                      | -                  | 2 550 615          |
|                                           | <b>640 410 683</b> | <b>87 940 565</b> | <b>6 329 858</b> | <b>(1 787 688)</b>          | <b>777 495</b>     | <b>(24 588 216)</b> | <b>1 092 498</b>                       | <b>(71 314)</b>    | <b>710 103 881</b> |

# Langeberg Local Municipality

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Annual Financial Statements for the year ended 30 June 2020

## Notes to the Annual Financial Statements

| Figures in Rand | 2020 | 2019 |
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### 11. Property, plant and equipment (continued)

#### Pledged as security

A bond is registered against the Ashton Town Hall in favour of the Development Bank of South Africa as security for the following loans:

- Vehicle Testing Station
- Paving

#### Effect of changes in accounting estimates

|                                         | 2020      | 2021      | 2022      |
|-----------------------------------------|-----------|-----------|-----------|
| Effect on property, plant and equipment | 1 048 826 | 1 048 826 | 1 048 826 |

#### Contractual commitments for acquisition of property, plant and equipment

##### Including VAT

|                |                   |                   |
|----------------|-------------------|-------------------|
| Infrastructure | 50 276 903        | 33 424 016        |
| Community      | 1 007 470         | 753 025           |
| Other          | 302 057           | 1 339 399         |
|                | <b>51 586 430</b> | <b>35 516 440</b> |

##### Excluding VAT

|                |                   |                   |
|----------------|-------------------|-------------------|
| Infrastructure | 43 719 048        | 29 064 362        |
| Community      | 877 914           | 654 804           |
| Other          | 262 658           | 1 215 691         |
|                | <b>44 859 620</b> | <b>30 934 857</b> |

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

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

|                  |                   |                   |
|------------------|-------------------|-------------------|
| Roads            | 35 215 747        | 11 981 516        |
| Electricity      | 15 360 286        | 9 374 000         |
| Sanitation       | 351 853           | -                 |
| Solid waste      | 23 570            | 1 150             |
| Community assets | 15 813            | 292 312           |
| Other assets     | 25 825            | -                 |
|                  | <b>50 993 094</b> | <b>21 648 978</b> |

The following projects were paused due to COVID 19 and will take a significantly longer period of time to complete:

Purchase of flow meters, purchase of skips, upgrading of Ashton MRF as well as the rehabilitation of existing tar roads in 5 towns.

#### Reconciliation of work-in-progress

|                       |                   |                   |
|-----------------------|-------------------|-------------------|
| Community assets      | 15 813            | 292 312           |
| Infrastructure assets | 50 951 456        | 21 356 666        |
| Other assets          | 25 825            | -                 |
|                       | <b>50 993 094</b> | <b>21 648 978</b> |

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### 11. Property, plant and equipment (continued)

The movements for the year can be reconciled as follows:

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Opening balance                  | 21 648 978        | 15 319 121        |
| Expenditure during the year      | 59 083 455        | 12 659 715        |
| Assets unbundled during the year | (29 739 339)      | (6 329 858)       |
|                                  | <b>50 993 094</b> | <b>21 648 978</b> |

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

|                           |                   |                   |
|---------------------------|-------------------|-------------------|
| Contracted services       | 6 371 710         | 7 715 453         |
| Other expenditure         | 276               | 653 554           |
| Sale of goods / inventory | 12 572 048        | 10 166 182        |
|                           | <b>18 944 034</b> | <b>18 535 189</b> |

An amount of R740,716 (2019: R781,778) was received as insurance refunds for losses on property, plant and equipment.

### Funding of property, plant and equipment acquisitions

#### Funding type

Additions to property, plant and equipment was funded from the following sources:

#### Property, plant and equipment

|                                     |                             |            |            |
|-------------------------------------|-----------------------------|------------|------------|
| Infrastructure, community and other | External loans              | 3 904 864  | 21 277 542 |
| Infrastructure, community and other | Capital replacement reserve | 23 294 561 | 8 056 167  |
| Infrastructure, community and other | Government grants           | 24 372 799 | 6 182 731  |
| Infrastructure, community and other | District Council grant      | 14 208     | -          |

Langeberg Municipality does not have a costing system in place in order to allocate employee related costs to repairs and maintenance. A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

### 12. Intangible assets

|                   | 2020             |                                                     |                  | 2019             |                                                     |                  |
|-------------------|------------------|-----------------------------------------------------|------------------|------------------|-----------------------------------------------------|------------------|
|                   | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value   | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value   |
| Computer software | 964 125          | -                                                   | 964 125          | 964 125          | -                                                   | 964 125          |
| Servitudes        | 53 000           | -                                                   | 53 000           | 53 000           | -                                                   | 53 000           |
| <b>Total</b>      | <b>1 017 125</b> | <b>-</b>                                            | <b>1 017 125</b> | <b>1 017 125</b> | <b>-</b>                                            | <b>1 017 125</b> |

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### 12. Intangible assets (continued)

#### Reconciliation of intangible assets - 2020

|                   | Opening balance  | Total            |
|-------------------|------------------|------------------|
| Computer software | 964 125          | 964 125          |
| Servitudes        | 53 000           | 53 000           |
|                   | <b>1 017 125</b> | <b>1 017 125</b> |

#### Reconciliation of intangible assets - 2019

|                   | Opening balance | Additions      | Total            |
|-------------------|-----------------|----------------|------------------|
| Computer software | 852 125         | 112 000        | 964 125          |
| Servitudes        | 53 000          | -              | 53 000           |
|                   | <b>905 125</b>  | <b>112 000</b> | <b>1 017 125</b> |

#### Pledged as security

No intangible assets were pledged as security.

#### Material intangible assets included in the carrying value:

|                                             |                  |                  |
|---------------------------------------------|------------------|------------------|
| Internal audit and risk management software | 507 307          | 393 121          |
| Omron Scada software - vehicle testing      | 3 018            | -                |
| Other intangible assets                     | 218 454          | 459 004          |
| Servitude Bonnievale                        | 53 000           | 53 000           |
| Software Bytes NBD                          | 100              | -                |
| Website costs                               | 235 246          | 112 000          |
|                                             | <b>1 017 125</b> | <b>1 017 125</b> |

All of the above intangible assets have an indefinite life.

#### Intangible assets in the process of being constructed or developed

There are no intangible assets which is in the process of being constructed or developed.

There are no intangible assets that is taking a significantly longer period of time to complete than expected.

There are no intangible assets where construction or development has been halted.

There are no contractual commitments for the acquisition of intangible assets.

#### Restricted title

There are no intangible assets whose title is restricted.

#### Effect of change of accounting policy

|                          |   |         |
|--------------------------|---|---------|
| Amortisation             | - | 129 216 |
| Accumulated amortisation | - | 442 236 |

The useful life of computer software and servitudes is considered to be indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to be used by the municipality.

There are no indications of impairment of any of these assets.



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### 12. Intangible assets (continued)

There are no internally generated intangible assets at reporting date.

### 13. Heritage assets

|                      | 2020                |                                     |                | 2019                |                                     |                |
|----------------------|---------------------|-------------------------------------|----------------|---------------------|-------------------------------------|----------------|
|                      | Cost /<br>Valuation | Accumulated<br>impairment<br>losses | Carrying value | Cost /<br>Valuation | Accumulated<br>impairment<br>losses | Carrying value |
| Historical monuments | 664 448             | (389 000)                           | 275 448        | 664 448             | (389 000)                           | 275 448        |

#### Reconciliation of heritage assets 2020

|                      | Opening<br>balance | Total   |
|----------------------|--------------------|---------|
| Historical monuments | 275 448            | 275 448 |

#### Reconciliation of heritage assets 2019

|                      | Opening<br>balance | Additions | Total   |
|----------------------|--------------------|-----------|---------|
| Historical monuments | 260 000            | 15 448    | 275 448 |

#### Assets declared as heritage assets

According to the South African Heritage Resources Agency, the following assets are declared as heritage sites. However, Langeberg Municipality classifies such assets as follows based on their use:

- Montagu Municipal Offices - Administrative Use - Property, plant and equipment
- Hofmeyer Hall - Community Hall - Property, Plant and equipment
- McGregor Municipal Offices - Mixed Use - Investment property
- Robertsons Old Library - Administrative Use - Property, Plant and equipment

#### Restrictions on heritage assets

There are no restrictions on the realisability of heritage assets or the remittance of revenue and proceeds of disposal.

#### Pledged as security

No heritage assets were pledged as security.

#### Contractual commitments for the acquisition, maintenance and restoration of heritage assets

There are no contractual obligations to purchase, construct or develop heritage assets or for repairs, maintenance or enhancements.

#### Heritage assets used for more than one purpose

There are no heritage assets that are used by the municipality for more than one purpose.

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### 13. Heritage assets (continued)

#### Other information

The Museum collapsed on 26 August 2014 when maintenance work was done by a contractor. The municipality instituted legal proceedings against the contractor to recover costs to reinstate the building.

### 14. Other financial assets (investments)

|                           |        |         |
|---------------------------|--------|---------|
| Investments - shares      | 72 499 | 118 944 |
| <b>Non-current assets</b> |        |         |
| At amortised cost         | 72 499 | 118 944 |

#### Financial assets

##### Investments

Financial assets are recognised at the following hierarchy:

- Level 1 - represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to those shares.

Listed investments represent 270 Sanlam shares, 685 Distell shares.

The market value per share at year end: Sanlam shares R58.94 (2019: R78.16).

The market value per share at year end: Distell shares R76.30 (2019: R129.70)

Unlisted investments comprise 1309 Hosken Passenger Logistics & Retail Ltd shares held at fair value, available for sale.

Valuations of investments supplied by council are:

The market value per share at year end: Hosken Passenger Logistics & Retail Ltd R3.30 (2019: R-).

The market value per share at year end: La Concorde Holdings Ltd R- (2019: R3.25)

The share prices are publicly available and is not appended on valuations.

|                                                              |       |       |
|--------------------------------------------------------------|-------|-------|
| Dividends earned on listed and unlisted shares for the year. | 1 658 | 2 623 |
|--------------------------------------------------------------|-------|-------|

#### Current operating lease asset

##### Gross investment in the lease due

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| - within one year                   | 1 741 699        | 1 379 479        |
| - in second to fifth year inclusive | 2 062 072        | 1 480 200        |
| - later than five years             | 329 622          | 253 360          |
|                                     | <b>4 133 393</b> | <b>3 113 039</b> |

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### 15. Long-term borrowings

#### At amortised cost

|               |            |            |
|---------------|------------|------------|
| Annuity Loans | 43 846 523 | 13 840 544 |
|---------------|------------|------------|

No borrowings were in default during the financial year.

There are no borrowings which are subject to any restrictions.

#### Non-current liabilities

|                   |            |            |
|-------------------|------------|------------|
| At amortised cost | 39 782 572 | 11 456 958 |
|-------------------|------------|------------|

#### Current liabilities

|                   |           |           |
|-------------------|-----------|-----------|
| At amortised cost | 4 063 951 | 2 383 586 |
|-------------------|-----------|-----------|

#### Obligations under annuity loans are shown below:

The municipality have the following annuity loans:

- DBSA @ 8.81% redeemable on 31 December 2020
- DBSA @ 10.15% redeemable on 31 December 2020
- DBSA @ 9.68% redeemable on 31 December 2024
- DBSA @ 9.68% redeemable on 31 December 2027
- Standard Bank @ 10.52% redeemable on 30 June 2034

#### Amounts payable under annuity loans

|                                  |              |             |
|----------------------------------|--------------|-------------|
| Payable within one year          | 8 341 878    | 3 779 968   |
| Payable within two to five years | 35 167 531   | 11 193 619  |
| Payable after five years         | 28 625 220   | 3 343 000   |
| Less: future finance obligations | (28 288 106) | (4 476 042) |

|                                                   |                   |                   |
|---------------------------------------------------|-------------------|-------------------|
| <b>Present value of annuity loans obligations</b> | <b>43 846 523</b> | <b>13 840 545</b> |
|---------------------------------------------------|-------------------|-------------------|

Assets pledged as security:

A mortgage bond is registered on the Ashton Town Hall in favour of the Development Bank of South Africa as security for the following loans:

- Vehicle testing station
- Paving

### 16. Finance lease obligation

#### Minimum lease payments due

|                                    |           |           |
|------------------------------------|-----------|-----------|
| - within one year                  | 1 121 424 | 1 211 061 |
| - payable within two to five years | 882 353   | 2 003 777 |

|                                  |           |           |
|----------------------------------|-----------|-----------|
|                                  | 2 003 777 | 3 214 838 |
| Less: future finance obligations | (205 972) | (995 492) |

|                                                |                  |                  |
|------------------------------------------------|------------------|------------------|
| <b>Present value of minimum lease payments</b> | <b>1 797 805</b> | <b>2 219 346</b> |
|------------------------------------------------|------------------|------------------|

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| <b>16. Finance lease obligation (continued)</b> |                  |                  |
| Non-current liabilities                         | 833 141          | 1 403 851        |
| Current liabilities                             | 964 664          | 815 495          |
|                                                 | <b>1 797 805</b> | <b>2 219 346</b> |

The capitalised lease liability consist out of the following contracts:

| Supplier                   | Item nr | Serial nr                     | Item leased      | Lease term months | Maturity date |
|----------------------------|---------|-------------------------------|------------------|-------------------|---------------|
| Sasfin                     | 1       | V3L6606303/09                 | Copy machine     | 36                | 25/02/2020    |
| Sasfin                     | 2       | LW16220247/15Y0567<br>6       | Copy machine     | 36                | 27/07/2019    |
| Sasfin                     | 3       | A44163500019                  | Telephone system | 36                | 25/01/2020    |
| Sasfin                     | 4       | Radio links 23 units          | Netlink console  | 36                | 25/09/2019    |
| Sasfin                     | 5       | Z1149000GB                    | Telephone system | 36                | 01/11/2020    |
| Sasfin                     | 6       | SQ966456ZA                    | Telephone system | 36                | 25/06/2021    |
| Sasfin                     | 7       | VCG8164312                    | Copy machine     | 36                | 25/11/2021    |
| Sasfin                     | 8       | 12 Task Alfa 5052ci<br>units  | Copy machine     | 36                | 25/03/2022    |
| Sasfin                     | 9       | VCG8164308                    | Copy machine     | 36                | 25/03/2022    |
| Konica Minolta             | 10      | B367 2 units A7 series        | Copy machine     | 36                | 25/03/2022    |
| Konica Minolta             | 11      | B287 16 units A7 series       | Copy machine     | 36                | 25/03/2022    |
| Vodacom                    | 12      | 15 Tablets for<br>Councillors | Tablets          | 24                | 01/10/2018    |
| Vodacom                    | 13      | 8 Tablets for<br>Councillors  | Tablets          | 24                | 01/12/2018    |
| Bytes Document Solutions   | 14      | Xerox WO3345 4 units          | Copy machine     | 36                | 25/03/2022    |
| Bytes Document Solutions   | 15      | Veralink B7025 5 units        | Copy machine     | 36                | 25/03/2022    |
| Sasfin                     | 16      | VCG8Y01994                    | Copy machine     | 36                | 25/07/2022    |
| Sasfin                     | 17      | Z493829884A                   | Telephone system | 36                | 25/09/2022    |
| Outsource Telecoms Pty Ltd | 18      | 439554/43971/43972            | Copy machine     | 36                | 25/06/2021    |
| Sasfin                     | 19      | VCG9734308                    | Copy machine     | 36                | 25/10/2022    |
| Sasfin                     | 20      | VCG9114041                    | Copy machine     | 36                | 25/01/2023    |
| Sasfin                     | 21      | Z49332S0044                   | Telephone system | 36                | 25/03/2023    |
| Sasfin                     | 22      | VCG92533578                   | Copy machine     | 36                | 25/04/2023    |
| Sasfin                     | 23      | VCG9253633                    | Copy machine     | 36                | 25/04/2023    |

The above finance leases have no escalation over the period of the lease.

After the initial period the finance leases will continue indefinite until terminated by either party with a 30 day notice period.

Hire purchases and leases are secured by property, plant and equipment.

### Defaults and breaches

No finance leases were in default during the financial year.

There are no finance leases which are subject to any restrictions.

### 17. Payables from exchange transactions

|                              |            |            |
|------------------------------|------------|------------|
| Trade payables               | 53 414 637 | 48 615 189 |
| Payments received in advance | 5 682 251  | 4 663 060  |
| Other payables               | 15 486     | 967 685    |
| Retentions                   | 6 519 151  | 4 548 160  |
| Deposits                     | 11 874 841 | 11 466 981 |

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### 17. Payables from exchange transactions (continued)

|                   |                   |
|-------------------|-------------------|
| <b>77 506 366</b> | <b>70 261 075</b> |
|-------------------|-------------------|

Payables from exchange transactions are recognised net of any discount.

Payables are paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation and discounting of payables from exchange transactions on initial recognition is thus not deemed necessary.

The carrying value of payables from exchange transactions approximates its fair value.

Sundry deposits include hall, builders and other general deposits.

No financial assets have been pledged as collateral for receivables from exchange transactions.

### 18. Consumer deposits

|                                                           |                   |                   |
|-----------------------------------------------------------|-------------------|-------------------|
| Guarantees held in lieu of electricity and water deposits | 2 414 449         | 2 414 449         |
| Municipal services                                        | 12 416 552        | 12 214 563        |
| Posters                                                   | 13 311            | 13 311            |
| Building plans                                            | 296 346           | 296 346           |
|                                                           | <b>12 726 209</b> | <b>12 524 220</b> |

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

### 19. Employee benefit obligations

#### Current employee benefits

|                                                 |                   |                   |
|-------------------------------------------------|-------------------|-------------------|
| Performance bonuses                             | 919 219           | 815 109           |
| Staff bonuses                                   | 5 401 231         | 4 760 850         |
| Staff leave                                     | 11 770 231        | 10 143 082        |
| Current portion of post-retirement benefit plan | 2 245 139         | 1 217 715         |
| Current portion of long service award           | 1 687 000         | 1 322 000         |
|                                                 | <b>22 022 820</b> | <b>18 258 756</b> |

The municipality applied to SALGA for exemption for the 2019/2020 salary increases.

#### Performance bonuses

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the Council. There is no possibility of reimbursement.

|                                 |                |                |
|---------------------------------|----------------|----------------|
| Balance at beginning of year    | 815 109        | 433 989        |
| Contribution to current portion | 837 438        | 738 831        |
| Expenditure incurred            | (733 328)      | (357 711)      |
|                                 | <b>919 219</b> | <b>815 109</b> |

#### Staff bonuses

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

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| <b>19. Employee benefit obligations (continued)</b>                                                                                                                                                                                            |                     |                     |
| Balances at the beginning of year                                                                                                                                                                                                              | 4 760 650           | 4 532 480           |
| Contribution to current portion                                                                                                                                                                                                                | 9 485 492           | 8 940 171           |
| Expenditure incurred                                                                                                                                                                                                                           | (8 844 911)         | (8 712 000)         |
|                                                                                                                                                                                                                                                | <b>5 401 231</b>    | <b>4 760 651</b>    |
| <b>Staff leave</b>                                                                                                                                                                                                                             |                     |                     |
| Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement. |                     |                     |
| Balance at beginning of year                                                                                                                                                                                                                   | 10 143 082          | 9 294 129           |
| Contribution to current portion                                                                                                                                                                                                                | 6 868 882           | 5 827 339           |
| Expenditure incurred                                                                                                                                                                                                                           | (5 241 733)         | (4 978 385)         |
|                                                                                                                                                                                                                                                | <b>11 770 231</b>   | <b>10 143 083</b>   |
| <b>Employee benefit obligation</b>                                                                                                                                                                                                             |                     |                     |
| Employee benefit obligations are recognised in the statement of financial position as follows:                                                                                                                                                 |                     |                     |
| <b>Carrying value</b>                                                                                                                                                                                                                          |                     |                     |
| Present value of the defined benefit obligation-wholly unfunded                                                                                                                                                                                | (75 297 681)        | (76 605 426)        |
| Non-current liabilities                                                                                                                                                                                                                        | (53 274 861)        | (58 346 870)        |
| Current liabilities                                                                                                                                                                                                                            | (22 022 820)        | (18 258 556)        |
|                                                                                                                                                                                                                                                | <b>(75 297 681)</b> | <b>(76 605 426)</b> |
| <b>Non-current employee benefits</b>                                                                                                                                                                                                           |                     |                     |
| Post-retirement benefit plan                                                                                                                                                                                                                   | 42 805 862          | 47 053 870          |
| Long service award                                                                                                                                                                                                                             | 10 469 000          | 11 293 000          |
|                                                                                                                                                                                                                                                | <b>53 274 862</b>   | <b>58 346 870</b>   |
| <b>Defined benefits are:</b>                                                                                                                                                                                                                   |                     |                     |
| <b>Long service awards:</b>                                                                                                                                                                                                                    |                     |                     |
| Balance 1 July                                                                                                                                                                                                                                 | 12 615 000          | 10 633 381          |
| Contribution for the year                                                                                                                                                                                                                      | 1 154 000           | 889 347             |
| Interest cost                                                                                                                                                                                                                                  | 981 000             | 837 472             |
| Expenditure for the year                                                                                                                                                                                                                       | (1 238 210)         | (1 328 027)         |
| Actuarial loss / (gain)                                                                                                                                                                                                                        | (1 355 790)         | 2 615 533           |
| Correction of error                                                                                                                                                                                                                            | -                   | (1 032 706)         |
| Transfer of current portion                                                                                                                                                                                                                    | (1 687 000)         | (1 322 000)         |
|                                                                                                                                                                                                                                                | <b>10 469 000</b>   | <b>11 293 000</b>   |
| <b>Post-retirement medical contribution</b>                                                                                                                                                                                                    |                     |                     |
| Balance 1 July                                                                                                                                                                                                                                 | 48 271 585          | 53 056 050          |

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### 19. Employee benefit obligations (continued)

|                             |                   |                   |
|-----------------------------|-------------------|-------------------|
| Contribution for the year   | 1 751 388         | 2 085 290         |
| Interest cost               | 4 368 093         | 4 985 294         |
| Expenditure for the year    | (2 245 139)       | (2 082 647)       |
| Actuarial loss / (gain)     | (7 094 926)       | (9 772 402)       |
| Transfer of current portion | (2 245 139)       | (1 217 715)       |
|                             | <b>42 805 862</b> | <b>47 053 870</b> |

An actuarial valuation has been performed of the liability in respect of the post-employment medical aid subsidy to employees and retirees of Langeberg Municipality and to their registered dependants by ARCH actuarial consulting.

The effective date of this valuation is 30 June 2020 and its purpose is to enable the Municipality to provide appropriate disclosure in their Financial Statements in respect of this liability.

The post-retirement medical contributions are regarded as a defined benefit, of which the members are made up as follows:

|                        |            |            |
|------------------------|------------|------------|
| In-service members     | 200        | 188        |
| In-service non-members | 509        | 525        |
| Continuation members   | 67         | 64         |
|                        | <b>776</b> | <b>777</b> |

Continuation members includes retirees, widows, orphans.

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

|                        |                   |                   |
|------------------------|-------------------|-------------------|
| In-service members     | 14 687 000        | 17 062 165        |
| In-service non-members | 4 773 000         | 5 540 106         |
| Continuation members   | 25 591 000        | 25 669 313        |
|                        | <b>45 051 000</b> | <b>48 271 584</b> |

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

|                        | 2018              | 2017              | 2016              |
|------------------------|-------------------|-------------------|-------------------|
| In-service members     | 26 932 914        | 25 602 644        | 25 242 938        |
| In-service non-members | 4 689 272         | 4 533 937         | 4 820 764         |
| Continuation members   | 21 433 864        | 21 973 279        | 21 349 268        |
|                        | <b>53 056 050</b> | <b>52 109 860</b> | <b>51 412 970</b> |

Experience adjustments were calculated as follows:

|                             | 2020      | 2019   | 2018       | 2017    | 2016       |
|-----------------------------|-----------|--------|------------|---------|------------|
| Liabilities: (gains) / loss | 1,430,000 | 34,000 | -1,247,000 | 956,000 | -3,558,000 |

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Hosmed
- LA Health
- Key Health
- SAMWU Medical Aid

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### 19. Employee benefit obligations (continued)

The current-service cost for the ensuing year is estimated to be R1 423 000, whereas the interest cost for the next year is estimated to be R4 418 000.

#### Key assumptions used

The projected unit credit method has been used to value the liabilities.

The liability for eligible employees is accrued over their expected working lifetimes. The average expected remaining working-lifetime of eligible employees is 19.3 years.

#### Rate of interest:

|                                 |         |        |
|---------------------------------|---------|--------|
| Discount rate                   | 10.08 % | 9.26 % |
| Health-care cost inflation rate | 6.19 %  | 6.77 % |
| Net effective discount rate     | 3.66 %  | 2.33 % |
| Maximum subsidy inflation rate  | 4.27 %  | 4.70 % |

The discount rate used is a composite of all government bonds and calculated using a technique is known as "bootstrapping"

#### Mortality rates:

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

#### Normal retirement age:

It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement.

#### Expected rate of salary increases:

2018/2019: 7% + additional 0,5% for employees who earn a basic salary of R9 000 or less.

The three-year salary and wage collective agreement ends on 30 June 2021.

#### The amounts recognised in the Statement of Financial Position

|                                             |            |            |
|---------------------------------------------|------------|------------|
| Present value of wholly unfunded obligation | 45 051 001 | 48 271 585 |
|---------------------------------------------|------------|------------|

Reconciliation of present value of fund obligation:

|                                                               |                   |                   |
|---------------------------------------------------------------|-------------------|-------------------|
| Present value of fund obligation at the beginning of the year | 48 271 585        | 53 056 050        |
| Current service cost                                          | 1 751 388         | 2 085 290         |
| Interest cost                                                 | 4 368 093         | 4 985 294         |
| Benefits paid                                                 | (2 245 135)       | (2 082 647)       |
| Actuarial (gains) / losses                                    | (7 094 926)       | (9 772 402)       |
|                                                               | <b>45 051 005</b> | <b>48 271 585</b> |

These unexpected movements, actuarial gains and losses, are separated into four main components:

- the effect of the change in the basis (assumptions)
- unexpected changes in the subsidies
- unpredicted movements in the membership profile, and



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### 19. Employee benefit obligations (continued)

- the effect of actual benefits vested being different from what was expected.:

#### Sensitivity analysis on the accrued liability on 30 June 2020

| Assumption         | In-service members | Continuation members | Total liability |
|--------------------|--------------------|----------------------|-----------------|
| Central assumption | 19 460 000         | 25 591 000           | 45 051 000      |

The effect of movements in the assumptions are as follows:

| Assumption                | Change | In-service members | Continuation members | Total liability    | % change |
|---------------------------|--------|--------------------|----------------------|--------------------|----------|
| Health-care inflation     | +1%    | 21 785 000         | 26 988 000           | 48 773 000         | 8%       |
| Health-care inflation     | -1%    | 16 808 000         | 23 994 000           | 40 802 000         | -9%      |
| Discount rate             | +1%    | 16 486 000         | 23 692 000           | 40 178 000         | -11%     |
| Discount rate             | -1%    | 23 241 000         | 27 789 000           | 51 030 000         | 13%      |
| Post-retirement mortality | -1yr   | 19 913 000         | 26 433 000           | 46 346 000         | 3%       |
| Post-retirement mortality | +1%    | 18 998 000         | 24 750 000           | 43 748 000         | -3%      |
| Average retirement age    | -1%    | 21 195 000         | 25 591 000           | 4 679 000          | 4%       |
| Withdrawal rate           | -10%   | 14 466 000         | 255 910 000          | 40 057 000         | -11%     |
|                           |        | <b>152 892 000</b> | <b>435 147 000</b>   | <b>315 613 000</b> |          |

#### Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

| Assumption         | Current cost | Interest cost | Total     |
|--------------------|--------------|---------------|-----------|
| Central assumption | 1 751 400    | 4 368 100     | 6 119 500 |

The effect of movements in the assumptions are as follows:

| Assumption                               | Change | Current service cost | Interest cost     | Total             | % change |
|------------------------------------------|--------|----------------------|-------------------|-------------------|----------|
| Health-care inflation                    | +1%    | 1 998 900            | 4 795 300         | 6 794 200         | 11%      |
| Health-care inflation                    | -1%    | 1 457 300            | 3 887 200         | 5 344 500         | -13%     |
| Discount rate                            | +1%    | 1 432 800            | 4 248 500         | 5 681 300         | -7%      |
| Discount rate                            | -1%    | 2 171 700            | 4 490 400         | 6 662 100         | 9%       |
| Post-retirement mortality                | -1yr   | 1 797 800            | 4 513 800         | 6 311 600         | 3%       |
| Average retirement age                   | -1yr   | 1 803 000            | 4 550 900         | 6 353 900         | 4%       |
| Continuation of membership at retirement | -10%   | 1 283 400            | 3 832 200         | 5 115 600         | -16%     |
|                                          |        | <b>11 944 900</b>    | <b>30 318 300</b> | <b>42 263 200</b> |          |

The effect of movements in the assumptions are as follows:

| Assumption                | Change | In-service members | Continuation member | Total      | % change |
|---------------------------|--------|--------------------|---------------------|------------|----------|
| Health-care inflation     | +1%    | 21 785 000         | 26 988 000          | 48 773 000 | 8%       |
| Health-care inflation     | -1%    | 16 808 000         | 23 994 000          | 40 802 000 | -9%      |
| Discount rate             | +1%    | 16 486 000         | 23 692 000          | 40 178 000 | -11%     |
| Discount rate             | -1%    | 23 241 000         | 27 789 000          | 51 030 000 | 13%      |
| Post-retirement mortality | -1yr   | 19 913 000         | 26 433 000          | 46 346 000 | 3%       |
| Post-retirement mortality | 1%     | 18 998 000         | 24 750 000          | 43 748 000 | -3%      |
| Average retirement age    | -1%    | 21 195 000         | 25 591 000          | 46 786 000 | 4%       |
| Withdrawal rate           | -10%   | 14 466 000         | 25 591 000          | 40 057 000 | -11%     |

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### 19. Employee benefit obligations (continued)

**152 892 000    204 828 000    357 720 000**

#### Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2019

| Assumption          | Current service cost | Interest cost | Total     |
|---------------------|----------------------|---------------|-----------|
| Central assumptions | 2 085 300            | 4 985 300     | 7 070 600 |

The effect of movements in the assumptions are as follows:

| Assumption                               | Change | Current service cost | Interest cost     | Total             | % change |
|------------------------------------------|--------|----------------------|-------------------|-------------------|----------|
| Health-care inflation                    | +1%    | 2 322 800            | 5 399 000         | 7 721 800         | 9%       |
| Health-care inflation                    | -1%    | 1 779 900            | 4 491 500         | 6 271 400         | -11%     |
| Discount rate                            | +1%    | 1 731 300            | 487 000           | 2 218 300         | -7%      |
| Discount rate                            | -1%    | 2 542 100            | 5 124 500         | 7 666 600         | 8%       |
| Post-retirement mortality                | -1yr   | 2 138 900            | 5 143 500         | 7 282 400         | 3%       |
| Average retirement age                   | -1yr   | 2 101 400            | 5 215 500         | 7 316 900         | 3%       |
| Continuation of membership at retirement | -10%   | 1 525 400            | 4 287 800         | 5 813 200         | -18%     |
|                                          |        | <b>14 141 800</b>    | <b>30 148 800</b> | <b>44 290 600</b> |          |

| Assumption                | Change | In-service members | Continuation members | Total Liability    | % change |
|---------------------------|--------|--------------------|----------------------|--------------------|----------|
| Health-care inflation     | +1%    | 25 536 000         | 27 354 000           | 52 890 000         | 10%      |
| Health-care inflation     | -1%    | 19 270 000         | 23 803 000           | 43 073 000         | -11%     |
| Discount rate             | +1%    | 18 885 000         | 23 621 000           | 42 506 000         | -12%     |
| Discount rate             | -1%    | 27 409 000         | 28 057 000           | 55 466 000         | 15%      |
| Post-retirement mortality | -1yr   | 23 314 000         | 26 631 000           | 49 945 000         | 3%       |
| Average retirement age    | -1%    | 24 576 000         | 25 669 000           | 50 245 000         | 4%       |
| Withdrawal rate           | -10%   | 16 815 000         | 25 669 000           | 42 484 000         | -12%     |
|                           |        | <b>155 805 000</b> | <b>180 804 000</b>   | <b>336 609 000</b> |          |

#### Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2021

|                     | Future service cost | Interest cost | Total     |
|---------------------|---------------------|---------------|-----------|
| Central assumptions | 1 423 000           | 4 418 000     | 5 841 000 |

The effect of movements in the assumptions are as follows:

| Assumption                               | Change | Future service cost | Interest cost     | Total             | % change |
|------------------------------------------|--------|---------------------|-------------------|-------------------|----------|
| Health-care inflation                    | +1%    | 1 612 000           | 4 792 000         | 6 404 000         | 10%      |
| Health-care inflation                    | -1%    | 1 204 000           | 3 990 000         | 5 194 000         | -11%     |
| Discount rate                            | +1%    | 1 184 000           | 4 316 000         | 5 500 000         | -6%      |
| Discount rate                            | -1%    | 1 737 000           | 4 522 000         | 6 259 000         | 7%       |
| Post-retirement mortality                | 1%     | 1 392 000           | 4 286 000         | 5 678 000         | -3%      |
| Post-retirement mortality                | -1yr   | 1 456 000           | 4 548 000         | 6 004 000         | 3%       |
| Average retirement age                   | -1yr   | 1 501 000           | 4 593 000         | 6 094 000         | 4%       |
| Continuation of membership at retirement | 10%    | 1 050 000           | 3 914 000         | 4 964 000         | -15%     |
|                                          |        | <b>11 136 000</b>   | <b>34 961 000</b> | <b>46 097 000</b> |          |

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### 19. Employee benefit obligations (continued)

#### Long Service Award

|                                                                                |     |     |
|--------------------------------------------------------------------------------|-----|-----|
| As at year end, the following employees were eligible for long service awards: | 704 | 713 |
|--------------------------------------------------------------------------------|-----|-----|

Key actuarial assumptions used:

Rate of interest

|                                                                            |       |       |
|----------------------------------------------------------------------------|-------|-------|
| Discount rate                                                              | 7,39% | 8,20% |
| General salary inflation (long-term)                                       | 3,99% | 5,58% |
| Net effective discount rate applied to salary-related long service bonuses | 3,27% | 2,48% |

The projected unit credit method has been used to value the liabilities.

The amounts recognised in the statement of financial position are as follows:

|                                   |            |            |
|-----------------------------------|------------|------------|
| Present value of fund obligations | 12 156 000 | 12 615 000 |
|-----------------------------------|------------|------------|

Reconciliation of present value of fund obligation:

|                                                               |                   |                  |
|---------------------------------------------------------------|-------------------|------------------|
| Present value of fund obligation at the beginning of the year | 12 615 000        | 10 633 381       |
| Current service cost                                          | 1 154 000         | 889 347          |
| Interest cost                                                 | 981 000           | 837 472          |
| Benefits paid                                                 | (1 238 210)       | (1 328 027)      |
| Actuarial (gains) / loss                                      | -                 | (1 032 706)      |
|                                                               | <b>13 511 790</b> | <b>9 999 467</b> |

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

|                 | 2018      | 2017      | 2016      |
|-----------------|-----------|-----------|-----------|
| Total liability | 9 598 000 | 9 598 000 | 9 378 000 |

Experience adjustments were calculated as follows:

|                            | 2020      | 2019    | 2018    | 2017     | 2016    |
|----------------------------|-----------|---------|---------|----------|---------|
| Liabilities: (gain) / loss | (828 294) | 218 358 | 450 083 | (61 820) | 256 159 |

### Sensitivity Analysis on the Unfunded Accrued Liability on 30 June 2020

| Assumption               | Change | Liability  | % change |
|--------------------------|--------|------------|----------|
| Central assumptions      |        | 12 576 000 |          |
| General salary inflation | 1%     | 12 952 000 | 7%       |
| General salary inflation | -1%    | 11 438 000 | -6%      |
| Discount rate            | 1%     | 11 419 000 | -6%      |
| Discount rate            | -1%    | 12 988 000 | 7%       |
| Average retirement age   | -2yrs  | 10 688 000 | 12%      |
| Average retirement age   | +2yrs  | 14 011 000 | 15%      |

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### 19. Employee benefit obligations (continued)

|                 |     |                    |      |
|-----------------|-----|--------------------|------|
| Withdrawal rate | 2%  | 9 814 000          | -19% |
| Withdrawal rate | 50% | 13 788 000         | 13%  |
|                 |     | <b>109 674 000</b> |      |

### Sensitivity analysis on current-service and interest cost for the year ending 30 June 2020

| Assumption         | Current service cost | Interest cost | Total     |
|--------------------|----------------------|---------------|-----------|
| Central assumption | 1 154 000            | 1 062 100     | 2 216 100 |

The effect of movements in the assumptions are as follows:

| Assumption                      | Change | Current service cost | Interest cost    | Total             | % change |
|---------------------------------|--------|----------------------|------------------|-------------------|----------|
| General earnings inflation rate | 1%     | 1 263 000            | 1 052 000        | 2 315 000         | 8%       |
| General earnings inflation rate | -1%    | 1 058 000            | 918 000          | 1 976 000         | -7%      |
| Discount rate                   | 1%     | 1 066 000            | 1 028 000        | 2 094 000         | -2%      |
| Discount rate                   | 1%     | 1 255 000            | 927 000          | 2 182 000         | 2%       |
| Average retirement age          | +2yrs  | 1 293 000            | 1 160 000        | 2 453 000         | 15%      |
| Post-retirement mortality       | - 2yrs | 1 028 000            | 852 000          | 1 880 000         | -12%     |
| Withdrawal rate                 | -50%   | 1 429 000            | 1 131 000        | 2 560 000         | 20%      |
|                                 |        | <b>8 392 000</b>     | <b>7 068 000</b> | <b>15 460 000</b> |          |

### Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2021

| Assumption          | Future service cost | Interest cost | Total     |
|---------------------|---------------------|---------------|-----------|
| Central assumptions | 1 045 000           | 837 000       | 1 882 000 |

The effect of movements in the assumptions are as follows:

| Assumption                      | Change | Future service cost | Interest cost    | Total             | % change |
|---------------------------------|--------|---------------------|------------------|-------------------|----------|
| General earnings inflation rate | 1%     | 1 137 000           | 896 000          | 2 033 000         | 8%       |
| General earnings inflation rate | -1%    | 961 000             | 784 000          | 1 745 000         | -7%      |
| Discount rate                   | 1%     | 969 000             | 889 000          | 1 858 000         | -1%      |
| Discount rate                   | -1%    | 1 130 000           | 777 000          | 1 907 000         | 1%       |
| Average retirement age          | +2yrs  | 1 162 000           | 972 000          | 2 134 000         | 13%      |
| Post-retirement mortality       | -2yrs  | 936 000             | 729 000          | 1 665 000         | -11%     |
| Withdrawal rate                 | -50%   | 1 277 000           | 958 000          | 2 235 000         | 19%      |
|                                 |        | <b>7 572 000</b>    | <b>6 005 000</b> | <b>13 577 000</b> |          |

### Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claims that the pensioner data is confidential and was not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

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### 19. Employee benefit obligations (continued)

Therefore, although the Fund is defined as a Multi-employer Fund and it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

#### LA Retirement Fund (Previously Cape Joint Pension Fund)

|                                                                         | Last actuarial valuation | Total assets | Total liabilities | Contributing members |
|-------------------------------------------------------------------------|--------------------------|--------------|-------------------|----------------------|
| LA Retirement Fund (Previously Cape Joint Pension Fund)                 | June 2018                | 2 018 237    | 2 018 237         | 1                    |
| Contributions paid recognised in the statement of financial performance |                          |              |                   | 30 182      28 339   |

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2018 revealed that the fund has a funding level of 103,7% (30 June 2017: 102,6%).

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2018 disclosed an actuarial valuation amounting to R1,776,181, 000 (30 June 2017: R1, 859,077,000), with a nett accumulated surplus of R63, 423,000 (2017: R46,989,000 ), with a funding level of 103.7% (30 June 2017: 102.6%).

It is to be noted that :

- The value of assets is the fair value of the net assets of the Fund after deduction of current liabilities and any liabilities arising from the pledging, hypothecation or other encumbering of the assets of the Fund. The actuarial value of the assets is equal to the fair value of the assets.
- Pensioner liabilities include DB deferred member liabilities and a provision for future expenses related to these categories of membership.
- The funding level is determined by dividing the value of the assets of the pensioner account by the sum of the pensioner liabilities and the Solvency Reserve.
- The processing error reserve account held a negative balance of –R5.882 million as at 30 June 2018 representing -0.3% of the DC section liabilities. The Trustees may allocate the balance of the processing error reserve account to members' shares and living annuitants' accounts

The nature of the assets is suitable for the fund, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this class. The assets are appropriately matched relative to the term and nature of the active member liabilities. The Fund's investment strategy is suitable. Finally the risk benefits are partially re-insured and this is appropriate for the size and nature of the Fund.

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund has a funding level of 153,1% (30 June 2014 - 101,7%).

#### Cape Retirement Fund

|                                                                         | Last actuarial valuation | Total assets | Total Liabilities | Contributing members       |
|-------------------------------------------------------------------------|--------------------------|--------------|-------------------|----------------------------|
| Cape Retirement Fund                                                    | June 2017                | 20 643 329   | 20 574 162        | 657                        |
| Contributions paid recognised in the statement of financial performance |                          |              |                   | 19 239 387      16 129 364 |

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### 19. Employee benefit obligations (continued)

The contribution rate payable is 9% by members and 18% by Council.

#### Defined Contribution Fund

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

#### Contributions paid recognised in the statement of financial performance

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| SALA Pension Fund             | 656 858          | 586 437          |
| SAMWU National Provident Fund | 1 501 126        | 1 581 900        |
|                               | <b>2 157 984</b> | <b>2 168 337</b> |

|                                                                              | Last actuarial valuation | Total assets      | Total liabilities | Contributing members |
|------------------------------------------------------------------------------|--------------------------|-------------------|-------------------|----------------------|
| South African Local Authorities Pension Fund                                 | July 2018                | 14 298 600        | 14 899 800        | 18                   |
| Municipal Workers Retirement fund (previously SAMWU National Provident Fund) | July 2015                | 7 720 948         | 7 569 557         | 55                   |
|                                                                              |                          | <b>22 019 548</b> | <b>22 469 357</b> |                      |

### 20. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

|                                                             |                  |                  |
|-------------------------------------------------------------|------------------|------------------|
| Municipal Infrastructure Grant                              | -                | 1 258 074        |
| CWDM - Community Safety grant                               | 477 553          | -                |
| Fire Services Capacity Building Grant                       | -                | 19 029           |
| CWDM: King Edward sport ground upgrade grant                | -                | 207 688          |
| Other Grants                                                | 356 789          | -                |
| Integrated National Electrification Grant                   | 675 158          | (1 179 236)      |
| Community Library Services Grant                            | 382 548          | -                |
| Bakery Project Grant                                        | 168 875          | 168 875          |
| CWDM: Construction of boundary walls of sports fields grant | 32 199           | 32 199           |
| Western Cape Financial Management Capacity Building Grant   | 739 000          | 478 000          |
| Neighbourhood Development Partnership Grant                 | 144 192          | -                |
| Municipal Disaster Relief Grant                             | 141 620          | -                |
| Human Settlements Development Grant (beneficiaries)         | 3 524 692        | 5 251 622        |
|                                                             | <b>6 642 626</b> | <b>6 236 251</b> |

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 33 for reconciliation of grants from National / Provincial Government.

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### 20. Unspent conditional grants and receipts (continued)

These amounts are invested in a ring-fenced investment until utilised.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends. An application was sent to National Treasury that the unspent grants at 30 June 2020 be approved for roll-over and when it is approved it will be taken up in the second adjustments budget of the 2020/2021 financial year.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

The unspent grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

### 21. Provisions

#### Reconciliation of provisions - 2020

|                                  | Opening<br>Balance | Change in<br>provision of<br>rehabilitation<br>cost | Expenditure<br>for year | Total      |
|----------------------------------|--------------------|-----------------------------------------------------|-------------------------|------------|
| Rehabilitation of landfill sites | 60 287 830         | 3 294 221                                           | 2 547 161               | 66 129 212 |

#### Reconciliation of provisions - 2019

|                                  | Opening<br>Balance | Change in<br>provision of<br>rehabilitation<br>cost | Expenditure<br>for year | Total             |
|----------------------------------|--------------------|-----------------------------------------------------|-------------------------|-------------------|
| Rehabilitation of landfill sites | 60 976 688         | (4 438 924)                                         | 3 750 066               | 60 287 830        |
| Non-current liabilities          |                    |                                                     | 45 075 532              | 44 960 495        |
| Current liabilities              |                    |                                                     | 21 053 680              | 15 327 335        |
|                                  |                    |                                                     | <b>66 129 212</b>       | <b>60 287 830</b> |

#### Provision for landfill sites

| Location   | Area (m) | Actual<br>estimated<br>closure date | Estimated<br>decommissi<br>on date |                   |                   |
|------------|----------|-------------------------------------|------------------------------------|-------------------|-------------------|
| Montagu    | 17 190   | 2015                                | 2020                               | 10 330 369        | 9 670 775         |
| Bonnievale | 28 890   | 2056                                | 2061                               | 10 526 866        | 8 395 747         |
| McGregor   | 35 752   | 2015                                | 2020                               | 21 053 680        | 19 621 283        |
| Ashton     | 44 685   | 2019                                | 2024                               | 24 479 052        | 22 600 026        |
|            |          |                                     |                                    | <b>66 389 967</b> | <b>60 287 831</b> |

The landfill rehabilitation is created for the rehabilitation of the current operational sites which are evaluated at each year-end to reflect the best estimate at reporting date. The sites under consideration are the Montagu, Bonnievale, McGregor and Ashton landfill sites.

|               | Montagu | Bonnievale | McGregor | Ashton |
|---------------|---------|------------|----------|--------|
| CPI           | 3%      | 3%         | 3%       | 3%     |
| Discount rate | 4,23%   | 4,23%      | 4,23%    | 4,23%  |

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### 22. Net assets reserves

|                             |            |            |
|-----------------------------|------------|------------|
| Capital replacement reserve | 62 921 000 | 62 921 000 |
|-----------------------------|------------|------------|

The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

### 23. Service charges

|                        |                    |                    |
|------------------------|--------------------|--------------------|
| Electricity            | 432 502 206        | 373 362 300        |
| Water                  | 45 473 013         | 41 100 606         |
| Waste management       | 20 498 905         | 21 177 723         |
| Waste water management | 22 739 312         | 26 018 203         |
|                        | <b>521 213 436</b> | <b>461 658 832</b> |

The above service charges includes free basic services and rebates for the different services. The rebate amounts to R37,860,465 (2019: R23,241,692).

Revenue forgone can be defined as any income that the municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

### 24. Rental of facilities and equipment

#### Investment property

|                    |                  |                  |
|--------------------|------------------|------------------|
| Land and buildings | 1 532 224        | 1 619 767        |
|                    | <b>1 532 224</b> | <b>1 619 767</b> |

#### Property, plant and equipment

|                                         |                  |                  |
|-----------------------------------------|------------------|------------------|
| Rental of property, plant and equipment | 1 230 294        | 1 543 442        |
|                                         | <b>1 230 294</b> | <b>1 543 442</b> |
|                                         | <b>2 762 518</b> | <b>3 163 209</b> |

### 25. Agency fees

The municipality is party to a principal / agent agreement.

The municipality is an agent on behalf of the Western Cape Provincial Department of Transport and Public Works in collecting motor vehicle licences at an agency fee of 12% vat inclusive.

There were no significant changes in the agreement which occurred during the reporting period.

No material risks were identified on the agreement for the municipality.

The municipality does not incur any expenses on behalf of the principal.

The municipality does not have any assets or liabilities related to principal / agent agreement.

#### Amount of revenue retained by the municipality

|             |           |           |
|-------------|-----------|-----------|
| Agency fees | 3 834 776 | 4 144 683 |
|-------------|-----------|-----------|

#### Amount of revenue received on behalf of the principle during the reporting period

|                            |                   |                   |
|----------------------------|-------------------|-------------------|
| Motor vehicle licence fees | 19 473 519        | 21 112 616        |
| RTMC transaction fees      | 1 727 064         | 1 912 392         |
|                            | <b>21 200 583</b> | <b>23 025 008</b> |



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### 26. Operational revenue

|                                        |                  |                  |
|----------------------------------------|------------------|------------------|
| Administration and handling fees       | 55 940           | 124 953          |
| Breakages and losses recovered         | 1 000            | -                |
| Commission                             | 277 108          | 261 625          |
| Contribution to provision              | -                | 5 505 930        |
| Discounts and early settlements        | -                | 7 313            |
| Incidental cash surplus                | 42 016           | 21 247           |
| Insurance refund                       | 740 716          | 781 778          |
| Merchandising, jobbing and contracts   | 89 833           | 48 559           |
| Municipal information and statistics   | 3 167            | 929              |
| Plan, printing and duplicates          | 4 293            | 2 150            |
| Registration fees - road and transport | 239 984          | 315 382          |
| Staff recoveries                       | 135 792          | 198 602          |
|                                        | <b>1 589 849</b> | <b>7 268 468</b> |

### 27. Licences and permits

|                       |                |                  |
|-----------------------|----------------|------------------|
| Drivers licence       | 372 969        | 827 975          |
| Hiking                | 203 397        | 242 807          |
| Learner licence       | 117 589        | 197 366          |
| Public drivers permit | 145 856        | 184 787          |
| Public roads          | 1 990          | -                |
| Trading               | 170            | 1 033            |
|                       | <b>841 971</b> | <b>1 453 968</b> |

### 28. Sales of goods and rendering of services

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Advertisements                  | 1 358            | 2 261            |
| Application fees for land usage | 493 964          | 1 083 050        |
| Building plan approvals         | 767 521          | 1 078 516        |
| Building plan clause levy       | 7 814            | 66 510           |
| Cemetery and burial             | 366 168          | 571 201          |
| Cleaning and removal            | 4 560            | 48 300           |
| Development charges             | 3 072 782        | 5 462 097        |
| Encroachment fees               | 44 433           | -                |
| Entrance fees                   | 295 142          | 242 668          |
| Fire services                   | 106 299          | 89 215           |
| Photocopies and faxes           | 70 795           | 105 397          |
| Publications                    | 39 992           | 75 601           |
| Removal of restrictions         | 17 578           | 36 061           |
| Scrap, waste and other goods    | 473 339          | 804 131          |
| Traffic control                 | 26 000           | 24 128           |
| Valuation services              | 142 019          | 161 089          |
|                                 | <b>5 929 764</b> | <b>9 850 225</b> |

### 29. Interest received

#### Interest revenue

|                             |                   |                   |
|-----------------------------|-------------------|-------------------|
| Financial assets            | 8 406 588         | 8 770 910         |
| Bank                        | 4 858 889         | 4 327 686         |
| Trade and other receivables | 2 083 346         | 2 177 348         |
|                             | <b>15 348 823</b> | <b>15 275 944</b> |

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

### 30. Gains or losses on property, plant and equipment

|                               |         |           |
|-------------------------------|---------|-----------|
| Property, plant and equipment | 423 487 | 1 420 265 |
|-------------------------------|---------|-----------|

### 31. Property rates

#### Rates received

|                                         |            |            |
|-----------------------------------------|------------|------------|
| Residential, commercial property, state | 56 956 651 | 52 679 495 |
|-----------------------------------------|------------|------------|

The above property rates includes rebates for the different services. The rebate amounts to R10,939,467 (2019: R9,660,090).

#### Valuations

|                                  |                       |                       |
|----------------------------------|-----------------------|-----------------------|
| Agricultural properties          | 6 239 332 548         | 6 197 124 548         |
| Business and commercial property | 1 524 992 277         | 1 495 143 477         |
| Municipal properties             | 380 216 188           | 393 125 878           |
| Other properties                 | 339 011 250           | 336 728 150           |
| Residential properties           | 5 905 451 283         | 5 819 520 673         |
| State-owned properties           | 289 685 700           | 289 685 700           |
|                                  | <b>14 678 689 246</b> | <b>14 531 328 426</b> |

#### Basic rate

|                                       | c/R    | c/R    |
|---------------------------------------|--------|--------|
| Residential                           | 0.0065 | 0.0060 |
| Commercial, industrial and government | 0.0097 | 0.0089 |
| Public benefit organisations          | 0.0013 | 0.0012 |
| Agricultural                          | 0.0013 | 0.0012 |

Municipal rates have been reclassified according to the use of the property as per the Municipal Property Rates Act.

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 5 years. The last valuation came into effect on 1 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Rates are levied annually and are payable by 7 October annually. Interest is levied at the prime rate on outstanding instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

- Residential:
  - In terms of the Rates Policy of the municipality the first R80 000.00 of the market value of a property is exempted from paying rates and the first R15 000 on the valuation is exempted in terms section 17(1)(h) of the Municipal Property Rates Act, the subsequent R65 000 is a discretionary rebate.
  - Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been foregone by way of rebate or remission.

Approval in terms of Section 32(2) (b) (ii) of the Municipal Property Rates Act, 2004, (no 6 of 2004) was granted for the extension of the current valuation roll of Langeberg Municipality to six (6) financial years. The implementation of the valuation roll of Langeberg Municipality will be 1 July 2021.

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|--------------------------------------------------------------------------------|--------------------|--------------------|
| <b>32. Interest and dividends</b>                                              |                    |                    |
| Dividends                                                                      | 1 658              | 2 623              |
| Receivables from non-exchange transactions                                     | 533 076            | 558 892            |
|                                                                                | <b>534 734</b>     | <b>561 515</b>     |
| <b>33. Government grants and subsidies</b>                                     |                    |                    |
| <b>Operating grants</b>                                                        |                    |                    |
| CWDM: Community Safety Grant                                                   | 353 647            | -                  |
| CWDM: Cultural Events                                                          | -                  | 38 622             |
| CWDM: Project Assistance                                                       | 221 572            | 231 148            |
| Equitable Share                                                                | 79 200 000         | 73 093 000         |
| Expanded Public Works Programme Grant                                          | 2 033 000          | 1 740 000          |
| Human Settlement Development Grant (Beneficiaries)                             | 13 698 462         | 11 645 238         |
| Humanitarian Relief Grant                                                      | 757 000            | -                  |
| Integrated National Electrification Programme                                  | 410 296            | 2 188 360          |
| Library Services                                                               | 3 370 000          | 3 210 000          |
| Library Services Grant - MRF                                                   | 5 636 452          | 5 700 000          |
| Local Government Financial Management Grant                                    | 1 550 000          | 1 550 000          |
| Local Government Graduate Internship Grant                                     | -                  | 330 482            |
| Municipal Disaster Relief Grant                                                | 269 194            | -                  |
| Municipal Infrastructure Grant                                                 | 3 031 445          | 3 304 575          |
| Neighbourhood Development Partnership Grant                                    | 1 024 671          | -                  |
| Western Cape Financial Management Capacity Building Grant                      | -                  | 122 000            |
| Western Cape Financial Management Support Grant                                | 330 000            | 330 000            |
|                                                                                | <b>111 885 739</b> | <b>103 483 425</b> |
| <b>Capital grants</b>                                                          |                    |                    |
| CWDM: Councillors laptops                                                      | 434 783            | -                  |
| CWDM: King Edward Sport Grounds Upgrade                                        | 207 688            | 760 113            |
| Fire Service Capacity Building Grant                                           | -                  | 121 672            |
| Human Settlements Development Grant (Beneficiaries)                            | -                  | 28 228 863         |
| Integrated National Electrification Programme Grant                            | 2 735 309          | 1 990 877          |
| Municipal Drought Relief                                                       | -                  | 4 200 000          |
| Municipal Infrastructure Grant                                                 | 20 209 630         | 22 030 497         |
| Municipal Disaster Relief Grant                                                | 66 186             | -                  |
| Neighbourhood Development Partnership Grant                                    | 6 831 138          | -                  |
| Private Enterprises                                                            | 1 522 114          | -                  |
|                                                                                | <b>32 006 848</b>  | <b>57 332 022</b>  |
|                                                                                | <b>143 892 587</b> | <b>160 815 447</b> |
| <b>Conditional and Unconditional</b>                                           |                    |                    |
| Conditional grants received                                                    | 63 170 473         | 87 722 447         |
| Unconditional grants received                                                  | 80 722 114         | 73 093 000         |
|                                                                                | <b>143 892 587</b> | <b>160 815 447</b> |
| <b>Revenue recognised per vote as required by Section 123 (c) of the MFMA:</b> |                    |                    |
| Community and social services                                                  | 10 098 832         | 13 270 294         |
| Energy sources                                                                 | 3 145 606          | 4 179 237          |
| Equitable share                                                                | 79 200 000         | 73 093 000         |
| Finance and administration                                                     | 3 836 898          | 2 002 000          |
| Housing                                                                        | 13 920 033         | 40 105 250         |
| Municipal manager and town secretary                                           | 9 888 808          | 2 070 482          |
| Road transport                                                                 | 23 241 075         | 25 335 072         |

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|--------------------------------------------------------|--------------------|--------------------|
| <b>33. Government grants and subsidies (continued)</b> |                    |                    |
| Sport and recreation                                   | 207 688            | 760 112            |
| Water management                                       | 353 647            | -                  |
|                                                        | <b>143 892 587</b> | <b>160 815 447</b> |

### Equitable Share

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury. In terms of the Constitution of the Republic of South Africa, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy, which is funded from the grant.

### Equitable Share

|                                                     |              |              |
|-----------------------------------------------------|--------------|--------------|
| Current-year receipts                               | 79 200 000   | 73 093 000   |
| Conditions met - transferred to revenue - operating | (79 200 000) | (73 093 000) |
|                                                     | -            | -            |

### Local Government Financial Management Grant (FMG)

|                                                     |             |             |
|-----------------------------------------------------|-------------|-------------|
| Current-year receipts                               | 1 550 000   | 1 550 000   |
| Conditions met - transferred to revenue - operating | (1 550 000) | (1 550 000) |
|                                                     | -           | -           |

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

### Municipal Disaster Relief Grant

|                            |                |          |
|----------------------------|----------------|----------|
| Current-year receipts      | 477 000        | -        |
| Conditions met - operating | (269 194)      | -        |
| Conditions met - capital   | (66 186)       | -        |
|                            | <b>141 620</b> | <b>-</b> |

Conditions still to be met - remain liabilities (see note 20 - Unspent conditional grants and receipts).

The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

### Municipal Infrastructure Grant

|                                                     |              |                  |
|-----------------------------------------------------|--------------|------------------|
| Balance unspent at beginning of year                | 1 258 075    | 4 981 147        |
| Current-year receipts                               | 21 983 000   | 21 612 000       |
| Conditions met - transferred to revenue - operating | (3 031 445)  | (3 304 575)      |
| Conditions met - transferred to revenue - capital   | (20 209 630) | (22 030 497)     |
|                                                     | <b>-</b>     | <b>1 258 075</b> |

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

### Integrated National Electrification Grant

|                                      |             |             |
|--------------------------------------|-------------|-------------|
| Balance unspent at beginning of year | (1 179 237) | (1 179 237) |
| Current-year receipts                | 5 000 000   | 3 000 000   |

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## Notes to the Annual Financial Statements

| Figures in Rand                                        | 2020           | 2019               |
|--------------------------------------------------------|----------------|--------------------|
| <b>33. Government grants and subsidies (continued)</b> |                |                    |
| Conditions met - transferred to revenue - operating    | (410 296)      | (2 034 546)        |
| Conditions met - transferred to revenue - capital      | (2 735 309)    | (965 454)          |
|                                                        | <b>675 158</b> | <b>(1 179 237)</b> |

Conditions still to be met - remain liabilities (see note 20 - Unspent conditional grants and receipts).

The National Electrification Grant is used to address the electrification backlog of all existing and planned residential dwellings (including the upgrading informal settlements, new and normalisation of existing dwellings) and the installation of relevant bulk infrastructure.

### Expanded Public Works Programme Grant

|                                                     |             |             |
|-----------------------------------------------------|-------------|-------------|
| Current-year receipts                               | 2 033 000   | 1 740 000   |
| Conditions met - transferred to revenue - operating | (2 033 000) | (1 740 000) |
|                                                     | -           | -           |

The Expanded Public Works Grant is used to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods.

### Human Settlements Development Grant (beneficiaries)

|                                                     |                  |                  |
|-----------------------------------------------------|------------------|------------------|
| Balance unspent at beginning of year                | 5 251 622        | 3 324 130        |
| Current-year receipts                               | 12 549 449       | 42 032 742       |
| Conditions met - transferred to revenue - operating | (13 698 462)     | (11 876 387)     |
| Conditions met - transferred to revenue - capital   | -                | (28 228 863)     |
|                                                     | <b>4 102 609</b> | <b>5 251 622</b> |

Conditions still to be met - remain liabilities (see note 20 - Unspent conditional grants and receipts).

Human Settlements Development Grant (Beneficiaries), Title Deed Registration Grant and Acceleration of Housing Delivery Grant are used to provide funding for the creation of sustainable and integrated human settlements.

### Community Library Services Grant

|                                                     |             |             |
|-----------------------------------------------------|-------------|-------------|
| Current-year receipts                               | 3 370 000   | 3 210 000   |
| Conditions met - transferred to revenue - operating | (3 370 000) | (3 210 000) |
|                                                     | -           | -           |

The Community Library Services Grant is used to pay costs relating to library services. Eg: Employee related costs of library staff.

### Library Services Grant - MRF

|                                                     |                |             |
|-----------------------------------------------------|----------------|-------------|
| Current-year receipts                               | 6 019 000      | 5 700 000   |
| Conditions met - transferred to revenue - operating | (5 636 452)    | (5 700 000) |
|                                                     | <b>382 548</b> | -           |

Conditions still to be met - remain liabilities (see note 20 - Unspent conditional grants and receipts).

The Community Library services MRF grant is used to transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives. (Eg: Salaries and operational costs)

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

### 33. Government grants and subsidies (continued)

#### Western Cape Financial Management Support Grant

|                                                     |           |           |
|-----------------------------------------------------|-----------|-----------|
| Current-year receipts                               | 330 000   | 330 000   |
| Conditions met - transferred to revenue - operating | (330 000) | (330 000) |
|                                                     | -         | -         |

Western Cape Financial Management Support Grant is used to provide financial assistance to municipalities to improve the overall financial governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal audit outcomes and addressing institutional challenges.

#### Western Cape Financial Management Capacity Building Grant

|                                                     |                |                |
|-----------------------------------------------------|----------------|----------------|
| Balance unspent at beginning of year                | 478 000        | 240 000        |
| Current-year receipts                               | 379 000        | 360 000        |
| Repaid to National Treasury revenue fund            | (118 000)      | -              |
| Conditions met - transferred to revenue - operating | -              | (122 000)      |
|                                                     | <b>739 000</b> | <b>478 000</b> |

Conditions still to be met - remain liabilities (see note 20)- Unspent conditional grants and receipts.

The purpose of this grant is to develop financial human capacity within municipal areas to enable a sustainable local financial skills pipeline that is responsive to the municipality's requirements to enable sound and sustainable financial management and good financial governance.

#### Fire Services Capacity Building Grant

|                                                   |          |               |
|---------------------------------------------------|----------|---------------|
| Balance unspent at beginning of year              | 19 030   | 140 702       |
| Repaid to National Treasury revenue fund          | (19 030) | -             |
| Conditions met - transferred to revenue - capital | -        | (121 672)     |
|                                                   | -        | <b>19 030</b> |

This grant is used to ensure functional emergency communication, mobilisation systems and fire services.

#### CWDM: Tourism Route Development Project

|                                          |           |   |
|------------------------------------------|-----------|---|
| Current-year receipts                    | 100 000   | - |
| Repaid to National Treasury revenue fund | (100 000) | - |
|                                          | -         | - |

This grant was meant to be used for the development of tourism booklets for the Langeberg area.

#### Bakery Project

|                                      |         |         |
|--------------------------------------|---------|---------|
| Balance unspent at beginning of year | 168 875 | 168 875 |
|--------------------------------------|---------|---------|

Conditions still to be met - remain liabilities (see note 20) - Unspent conditional grants.

Funds were received from the Cape Winelands District Municipality to roll out a bakery project to assist communities in the Langeberg area.

#### CDWM: Cultural Events

|                                                     |   |          |
|-----------------------------------------------------|---|----------|
| Current-year receipts                               | - | 38 622   |
| Conditions met - transferred to revenue - operating | - | (38 622) |

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

### 33. Government grants and subsidies (continued)

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

The purpose of the grant is to provide funding in order to facilitate cultural events, sport events and the Christmas Lights event in the area of Langeberg Municipality.

#### CWDM: King Edward Sport Grounds Upgrade

|                                                     |           |                |
|-----------------------------------------------------|-----------|----------------|
| Balance unspent at beginning of year                | 207 688   | -              |
| Current-year receipts                               | -         | 967 801        |
| Conditions met - transferred to revenue - operating | -         | (760 113)      |
| Conditions met - transferred to revenue - capital   | (207 688) | -              |
|                                                     | <b>-</b>  | <b>207 688</b> |

This grant is used for maintenance, repair and alterations to the King Edwards Sports Ground facilities

#### CWDM: Construction of Boundary Walls of Sports fields

|                                                   |               |               |
|---------------------------------------------------|---------------|---------------|
| Balance unspent at beginning of year              | 32 199        | -             |
| Current-year receipts                             | -             | 500 000       |
| Conditions met - transferred to revenue - capital | -             | (467 801)     |
|                                                   | <b>32 199</b> | <b>32 199</b> |

Conditions still to be met - remain liabilities (see note 20).

This grant is an initiative for the erection and maintenance of boundary walls for the Langeberg sports fields and community walls.

#### Local Government Graduate Internship

|                                                     |          |           |
|-----------------------------------------------------|----------|-----------|
| Current-year receipts                               | -        | 330 482   |
| Conditions met - transferred to revenue - operating | -        | (330 482) |
|                                                     | <b>-</b> | <b>-</b>  |

#### CWDM: Community Safety

|                                                     |                |          |
|-----------------------------------------------------|----------------|----------|
| Current-year receipts                               | 831 200        | -        |
| Conditions met - transferred to revenue - operating | (353 647)      | -        |
|                                                     | <b>477 553</b> | <b>-</b> |

Conditions still to be met - remain liabilities (see note 20).

The grant was used to repair the water pipelines and to detect the waterpipe lines by CCTV cameras.

#### CWDM: Councillors Laptops

|                                                          |           |          |
|----------------------------------------------------------|-----------|----------|
| Debtor raised - transferred to non-exchange transactions | 434 783   | -        |
| Laptops were bought - funds not yet received - capital   | (434 783) | -        |
|                                                          | <b>-</b>  | <b>-</b> |

The grant was used to purchase the necessary electronic equipment for Councillors.

A receivable from non-exchange transactions was raised for this amount.

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|----------------------------------------------------------------|--------------------|--------------------|
| <b>33. Government grants and subsidies (continued)</b>         |                    |                    |
| <b>Humanitarian Relief Grant</b>                               |                    |                    |
| Current-year receipts                                          | 757 000            | -                  |
| Conditions met - transferred to revenue - operating            | (757 000)          | -                  |
|                                                                | -                  | -                  |
| <b>Neighbourhood Development Partnership Grant</b>             |                    |                    |
| Current-year receipts                                          | 8 000 000          | -                  |
| Conditions met - transferred to revenue - operational          | (1 024 671)        | -                  |
| Conditions met - transferred to revenue - capital              | (6 831 138)        | -                  |
|                                                                | <b>144 191</b>     | -                  |
| Conditions still to be met - remain liabilities (see note 20). |                    |                    |
| <b>SETA grant</b>                                              |                    |                    |
| Current-year receipts                                          | 356 789            | -                  |
| Conditions still to be met - remain liabilities (see note 20). |                    |                    |
| <b>34. Fines, penalties and forfeits</b>                       |                    |                    |
| Illegal connections fines                                      | -                  | 47 093             |
| Overdue books fines                                            | 46 452             | 65 105             |
| Court traffic fines                                            | 7 067 136          | 5 364 546          |
|                                                                | <b>7 113 588</b>   | <b>5 476 744</b>   |
| <b>35. Employee related costs</b>                              |                    |                    |
| Basic                                                          | 129 062 123        | 119 159 343        |
| Bonus                                                          | 10 329 620         | 9 679 001          |
| Car allowance                                                  | 5 002 491          | 5 509 981          |
| Cellular and telephone                                         | 698 943            | 764 629            |
| Housing benefits and allowances                                | 1 882 277          | 1 831 258          |
| Leave pay provision charge                                     | 6 858 623          | 5 827 338          |
| Long-service awards                                            | 779 210            | 4 348 491          |
| Medical aid - company contributions                            | 6 494 390          | 5 924 847          |
| Other benefits and allowances                                  | 5 643 404          | 5 570 365          |
| Overtime payments                                              | 8 709 744          | 8 174 967          |
| Pension Contributions                                          | 21 447 729         | 20 252 633         |
| Post-retirement benefit obligations                            | (975 447)          | (2 701 818)        |
|                                                                | <b>195 933 107</b> | <b>184 341 035</b> |
| <b>Included in the above:</b>                                  |                    |                    |
| Interns employee related cost                                  | 711 778            | 621 866            |
| Temporary employee related cost                                | 9 069 452          | 5 083 162          |
|                                                                | <b>9 781 230</b>   | <b>5 705 028</b>   |
| <b>Included under post-retirement benefit obligations are:</b> |                    |                    |
| Actuarial gain - post-retirement benefit                       | (7 094 926)        | (9 772 402)        |
| Interest cost                                                  | 4 368 091          | 4 985 294          |
| Service cost                                                   | 1 751 388          | 2 085 290          |



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### 35. Employee related costs (continued)

|                                                | (975 447)      | (2 701 818)      |
|------------------------------------------------|----------------|------------------|
| <b>Included under long service awards are:</b> |                |                  |
| Service cost                                   | 1 154 000      | 889 347          |
| Finance cost                                   | 981 000        | 843 611          |
| Actuarial (gain)/loss - long service award     | (1 355 790)    | 2 615 533        |
|                                                | <b>779 210</b> | <b>4 348 491</b> |

Post-retirement benefit obligations are included under employee related cost as per MSCOA classifications.

#### Remuneration of the Municipal Manager - Mr SA Mokweni

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Basic salary                  | 1 526 163        | 1 427 322        |
| Cell phone allowance          | 58 909           | 58 909           |
| Motor vehicle allowance       | 108 000          | 108 000          |
| Pension and UIF contributions | 276 815          | 259 024          |
| Performance bonuses           | 251 208          | 91 394           |
|                               | <b>2 221 095</b> | <b>1 944 649</b> |

#### Remuneration of the Chief Financial Officer - Mr B Brown

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Basic salary                  | 1 088 505        | 1 111 153        |
| Cell phone allowance          | 41 017           | 44 746           |
| Motor vehicle allowance       | 66 000           | 72 000           |
| Payments in lieu of leave     | 135 795          | 47 952           |
| Pension and UIF contributions | 197 861          | 202 113          |
| Performance bonuses           | 193 937          | 70 028           |
|                               | <b>1 723 115</b> | <b>1 547 992</b> |

Mr. B Brown resigned on 31 May 2020 and Mr. M Shude was appointed as the acting Chief Financial Officer as from 1 June 2020.

#### Remuneration of Director Corporate Services - Mr AWJ Everson

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Basic salary                  | 1 263 819        | 1 181 269        |
| Cell phone allowance          | 44 746           | 44 746           |
| Motor vehicle allowance       | 102 603          | 102 603          |
| Pension and UIF contributions | 229 593          | 214 734          |
| Performance bonuses           | 74 930           | 70 028           |
|                               | <b>1 715 691</b> | <b>1 613 380</b> |

#### Remuneration of Director Community Services - M Mgajo

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Basic salary                  | 1 032 091        | 805 526          |
| Cell phone allowance          | 44 746           | 37 288           |
| Medical aid contribution      | 93 166           | -                |
| Motor vehicle allowance       | 49 068           | 44 534           |
| Pension and UIF contributions | 187 882          | 146 574          |
| Performance bonuses           | 53 908           | 38 538           |
|                               | <b>1 460 861</b> | <b>1 072 460</b> |

Mr M Mgajo was appointed on 1 September 2019.

#### Remuneration of Director Engineering Services - Mr IAB van der Westhuizen

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### 35. Employee related costs (continued)

|                               |                |                  |
|-------------------------------|----------------|------------------|
| Basic salary                  | 109 375        | 1 225 431        |
| Cell phone allowance          | 3 729          | 44 746           |
| Medical aid contributions     | 3 983          | 45 846           |
| Motor vehicle allowance       | -              | 7 125            |
| Payments in lieu of leave     | 128 274        | -                |
| Pension and UIF contributions | 19 863         | 222 683          |
| Performance bonuses           | 45 033         | 70 144           |
|                               | <b>310 257</b> | <b>1 615 975</b> |

Mr IAB van der Westhuizen resigned on 31 July 2019.

#### Remuneration of Director Engineering Services - Mr M Johnson

|                               |                |          |
|-------------------------------|----------------|----------|
| Basic salary                  | 569 221        | -        |
| Cell phone allowance          | 29 831         | -        |
| Medical aid contributions     | 31 321         | -        |
| Motor vehicle allowance       | 118 333        | -        |
| Pension and UIF contributions | 119 721        | -        |
|                               | <b>868 427</b> | <b>-</b> |

Mr M Johnson was appointed on 1 November 2019.

#### Remuneration of Director Strategy and Social Development - Mrs CO Matthys

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Basic salary                  | 1 268 263        | 1 185 576        |
| Cell phone allowance          | 44 746           | 44 746           |
| Motor vehicle allowance       | 100 000          | 100 000          |
| Payments in lieu of leave     | -                | 57 734           |
| Pension and UIF contributions | 230 393          | 215 510          |
| Performance bonuses           | 75 054           | 56 115           |
|                               | <b>1 718 456</b> | <b>1 659 681</b> |

#### Total remuneration of key management personnel

|                               |                   |                  |
|-------------------------------|-------------------|------------------|
| Basic salary                  | 6 857 437         | 6 936 276        |
| Cell phone allowance          | 267 725           | 275 181          |
| Medical aid contributions     | 89 212            | 84 384           |
| Motor vehicle allowance       | 544 005           | 434 263          |
| Payments in lieu of leave     | 264 069           | 105 686          |
| Pension and UIF contributions | 1 262 128         | 1 260 638        |
| Performance bonus             | 733 328           | 357 710          |
|                               | <b>10 017 904</b> | <b>9 454 138</b> |

All key management personnel are permanently appointed and only the municipal manager is on a 5 year fixed term contract.

### 36. Remuneration of councillors

|                              |           |           |
|------------------------------|-----------|-----------|
| Councillors                  | 3 272 700 | 3 146 376 |
| Deputy Executive Mayor       | 759 478   | 731 975   |
| Executive Mayor              | 938 250   | 903 871   |
| Mayoral Committee Members    | 2 859 148 | 2 756 012 |
| Section 79 Committee Members | 2 428 918 | 2 267 783 |
| Speaker                      | 759 478   | 731 975   |

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| <b>36. Remuneration of councillors (continued)</b> | <b>11 017 972</b> | <b>10 537 992</b> |

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### 36. Remuneration of councillors (continued)

Councillor remuneration can be summarised as follows:

| 30 June 2020                        | Basic salary     | Travel allowance | Other allowances | Pension and medical aid contribution | Total             |
|-------------------------------------|------------------|------------------|------------------|--------------------------------------|-------------------|
| Executive mayor                     | 744 017          | 43 999           | 44 400           | 105 834                              | 938 250           |
| Deputy executive mayor              | 648 445          | 18 000           | 44 400           | 48 633                               | 759 478           |
| Speaker                             | 517 689          | 96 440           | 44 400           | 100 949                              | 759 478           |
| Executive mayoral committee members | 2 153 329        | 135 208          | 177 600          | 393 011                              | 2 859 148         |
| Section 79 committee chairperson    | 1 901 257        | 103 605          | 264 702          | 159 354                              | 2 428 918         |
| Councillors                         | 2 373 017        | 109 604          | 446 868          | 343 211                              | 3 272 700         |
| Subtotal                            | 8 337 754        | 506 856          | 1 022 370        | 1 150 992                            | 11 017 972        |
|                                     | <b>8 337 754</b> | <b>506 856</b>   | <b>1 022 370</b> | <b>1 150 992</b>                     | <b>11 017 972</b> |

| 30 June 2019                        | Basic salary     | Travel allowance | Other allowances | Pension and medical aid contribution | Total             |
|-------------------------------------|------------------|------------------|------------------|--------------------------------------|-------------------|
| Executive mayor                     | 712 036          | 48 186           | 44 400           | 99 249                               | 903 871           |
| Deputy executive mayor              | 622 860          | 18 000           | 44 400           | 46 715                               | 731 975           |
| Speaker                             | 494 674          | 96 440           | 44 400           | 96 461                               | 731 975           |
| Executive mayoral committee members | 2 064 615        | 149 003          | 177 600          | 364 795                              | 2 756 013         |
| Section 79 committee chairperson    | 1 786 669        | 80 214           | 258 037          | 142 862                              | 2 267 782         |
| Councillors                         | 2 285 976        | 74 119           | 441 718          | 344 562                              | 3 146 375         |
| Subtotal                            | 7 966 830        | 465 962          | 1 010 555        | 1 094 644                            | 10 537 991        |
|                                     | <b>7 966 830</b> | <b>465 962</b>   | <b>1 010 555</b> | <b>1 094 644</b>                     | <b>10 537 991</b> |

|                |                                  |                         |         |
|----------------|----------------------------------|-------------------------|---------|
| HM Jansen      | Mayor                            | 938 250                 | 903 871 |
| GD Joubert     | Deputy Mayor                     | 759 478                 | 731 975 |
| SW van Eeden   | Speaker                          | 759 478                 | 731 975 |
| JD Burger      | Member of Mayoral Committee      | 714 787                 | 689 003 |
| DB Janse       | Member of Mayoral Committee      | 714 787                 | 689 003 |
| EMJ Scheffers  | Member of Mayoral Committee      | 714 787                 | 689 003 |
| SW Strauss     | Member of Mayoral Committee      | 714 787                 | 689 003 |
| NJ Beginsel    | Member of Council and Section 79 | 391 833                 | 393 455 |
| P Hess         | Member of Council and Section 79 | 407 417                 | 393 455 |
| J Kriel        | Member of Council and Section 79 | 407 417                 | 393 455 |
| DJW Kuhn       | Member of Council and Section 79 | (09/01/2019-30/06/2020) | 367 344 |
| H Mangenengene | Member of Council and Section 79 | (22/01/2018-30/06/2020) | 407 417 |
| WZ Nyamana     | Member of Council and Section 79 | (01/07/2017-02/10/2018) | -       |
| LM Swanepoel   | Member of Council and Section 79 |                         | 407 417 |
| JDF van Zyl    | Member of Council and Section 79 | (10/12/2018-31/12/2019) | 367 344 |
| E Bosjan       | Member of Council                |                         | 327 270 |

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| <b>36. Remuneration of councillors (continued)</b> |                                           |                   |                   |
| S du Plessis                                       | Member of Council                         | 327 270           | 316 390           |
| CJ Grootboom                                       | Member of Council                         | 327 270           | 316 390           |
| JJJS Januarie                                      | Member of Council                         | 327 270           | 316 390           |
| JS Mafika                                          | Member of Council                         | 327 270           | 316 390           |
| AS Mbi                                             | Member of Council (01/07/2017-30/09/2018) | -                 | 79 098            |
| BH Nteta                                           | Member of Council                         | 327 270           | 316 390           |
| AJ Shibili                                         | Member of Council                         | 327 270           | 316 390           |
| OC Simpson                                         | Member of Council (16/10/2018-30/06/2020) | 327 270           | 224 796           |
| TM van der Merwe                                   | Member of Council                         | 327 270           | 316 390           |
|                                                    |                                           | <b>11 017 973</b> | <b>10 537 991</b> |

### In kind benefits:

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. The full time councillors are provided with secretarial support and an office at the cost of the Council.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

### 37. Depreciation and amortisation

|                               |                   |                   |
|-------------------------------|-------------------|-------------------|
| Investment property           | 57 936            | 50 868            |
| Property, plant and equipment | 29 321 194        | 24 588 216        |
|                               | <b>29 379 130</b> | <b>24 639 084</b> |

### 38. Impairment of assets / (reversal of impairment)

#### Impairments of assets

|                                                                                                                                                                                                                      |                   |                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------|
| Property, plant and equipment                                                                                                                                                                                        | 2 513 851         | 71 313           |
| Recognition of the impairment loss - The amount of the asset was based on its fair value less costs to sell. Impairment of assets was the result of the condition assessment of assets.                              |                   |                  |
| Investment property                                                                                                                                                                                                  | 208 379           | -                |
| Recognition or impairment loss - The amount of the asset was based on its fair value less costs to sell. Impairment of assets was the result of the condition assessment of assets                                   |                   |                  |
| Receivables from exchange transactions                                                                                                                                                                               | 3 222 672         | 2 420 968        |
| Recognition of the impairment loss - The amount of the asset was based on its fair value less costs to sell. The impairment is based on the estimation of municipal customers not paying their accounts.             |                   |                  |
| Receivables from non-exchange transactions                                                                                                                                                                           | 4 222 328         | 433 913          |
| Recognition or reversal of the impairment loss - The amount of the asset was based on its fair value less costs to sell. The impairment is based on the estimation of municipal customers not paying their accounts. |                   |                  |
|                                                                                                                                                                                                                      | <b>10 167 230</b> | <b>2 926 194</b> |

### 39. Finance costs

|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
| Finance leases                        | 268 649          | 191 036          |
| Long term borrowings                  | 1 639 586        | 1 493 315        |
| Non-current provision - landfill site | 2 547 161        | 3 750 066        |
| Payables from exchange transactions   | -                | 332              |
|                                       | <b>4 455 396</b> | <b>5 434 749</b> |

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### 40. Bad debt written off

|                                            |                  |                   |
|--------------------------------------------|------------------|-------------------|
| Receivables from exchange transactions     | 63 990           | 14 239 229        |
| Receivables from non-exchange transactions | 4 060 948        | 4 424 683         |
|                                            | <b>4 124 938</b> | <b>18 663 912</b> |

### 41. Bulk purchases

|                     |                    |                    |
|---------------------|--------------------|--------------------|
| Electricity - Eskom | 339 725 520        | 289 899 530        |
| Water               | 2 979 243          | 3 100 014          |
|                     | <b>342 704 763</b> | <b>292 999 544</b> |

### Electricity losses

|                                             |                   |                  |
|---------------------------------------------|-------------------|------------------|
| Units purchased (kWh)                       | 321 345 142       | 316 563 848      |
| Units sold (kWh)                            | (307 879 306)     | (307 543 777)    |
| <b>Units lost during distribution (kWh)</b> | <b>13 465 836</b> | <b>9 020 071</b> |

### Percentage Loss:

|                                     |       |       |
|-------------------------------------|-------|-------|
| Percentage lost during distribution | 4,19% | 2,84% |
|-------------------------------------|-------|-------|

### Water losses

|                                            |                  |                  |
|--------------------------------------------|------------------|------------------|
| Units disinfected/purified/purchased (kl)  | 7 182 390        | 6 544 530        |
| Units sold (kl)                            | (6 118 480)      | (5 500 880)      |
| <b>Units lost during distribution (kl)</b> | <b>1 063 910</b> | <b>1 043 650</b> |

### Percentage Loss:

|                                     |        |        |
|-------------------------------------|--------|--------|
| Percentage lost during distribution | 15,81% | 15,90% |
|-------------------------------------|--------|--------|

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| <b>42. Contracted services</b>                         |                   |                   |
| <b>Outsourced services</b>                             |                   |                   |
| Administrative and support staff                       | -                 | 43 100            |
| Burial services                                        | 194 082           | 272 602           |
| Business and advisory                                  | 996 212           | 3 180 267         |
| Cleaning services                                      | 17 325            | -                 |
| Clearing and grass cutting services                    | -                 | 396 035           |
| Hygiene Services                                       | 15 282            | 596 919           |
| Litter picking and street cleaning                     | 65 900            | -                 |
| Personnel and labour                                   | 40 600            | -                 |
| Security services                                      | 341 696           | 114 028           |
| Translators, scribes and editors                       | 3 500             | 11 250            |
| Transport services                                     | 45 500            | 53 050            |
| <b>Consultants and professional services</b>           |                   |                   |
| Business and advisory                                  | 2 211 863         | 2 917 379         |
| Infrastructure and planning                            | 1 009 690         | 1 743 077         |
| Laboratory services                                    | 333 729           | 356 785           |
| Legal cost                                             | 847 065           | 626 270           |
| <b>Contractors</b>                                     |                   |                   |
| Aerial photography                                     | -                 | 14 950            |
| Artists and performers                                 | 177 000           | 66 127            |
| Building                                               | -                 | 1 025             |
| Catering services                                      | 32 359            | 121 838           |
| Chipping                                               | 146 933           | 137 242           |
| Electrical                                             | 2 731 355         | 2 115 491         |
| Employee wellness                                      | -                 | 1 198 292         |
| Event promoters                                        | 52 550            | -                 |
| Fire protection                                        | 17 532            | -                 |
| Haulage                                                | -                 | 119 000           |
| Maintenance of assets                                  | 9 217 440         | 3 978 553         |
| Maintenance of buildings and facilities                | 859 689           | 546 688           |
| Maintenance of equipment                               | 583 931           | 2 227 305         |
| Management of informal settlements                     | 2 397 192         | 1 452 995         |
| Medical services                                       | 40 192            | -                 |
| Pest control and fumigation                            | -                 | 8 000             |
| Photographer                                           | 6 500             | 4 000             |
| Plants, flowers and other decorations                  | 2 557             | -                 |
| Prepaid electricity vendors                            | 3 726 771         | -                 |
| Preservation/restoration/dismantling/cleaning services | -                 | 658               |
| Safeguard and security                                 | 29 397            | 72 779            |
| Sewerage services                                      | -                 | 1 037 926         |
| Stage and sound crew                                   | 7 000             | 3 995             |
| Transportation                                         | 4 389             | 44 700            |
|                                                        | <b>26 155 231</b> | <b>23 462 326</b> |

Other outsourced services consist of services related to burials, clearing and grass cutting, hygiene services, translators and scribes, transport services and other outsourced services.

Other consultants and professional services consists of services related to infrastructure and planning, laboratory services and other professional services.

Other contractors consist of services related to security and safeguarding, management of informal settlements, catering services, employee wellness and other incidental services provided.

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| <b>43. Grants and subsidies paid</b>                                                                                                                                                                                                                         |                   |                   |
| <b>Other subsidies</b>                                                                                                                                                                                                                                       |                   |                   |
| Bursaries - non-employee                                                                                                                                                                                                                                     | 83 000            | 176 050           |
| Care dependency                                                                                                                                                                                                                                              | -                 | 11 670            |
| Foreign government and international organisations                                                                                                                                                                                                           | 15 000            | -                 |
| Grants in aid                                                                                                                                                                                                                                                | 233 935           | 332 640           |
| Households                                                                                                                                                                                                                                                   | -                 | 255 572           |
| In-kind allocations                                                                                                                                                                                                                                          | 41 084            | 13 034            |
| Non-profit Institutions                                                                                                                                                                                                                                      | 1 923 579         | 151 054           |
| SPCA                                                                                                                                                                                                                                                         | 217 934           | -                 |
| Small Enterprise Development Agency                                                                                                                                                                                                                          | -                 | 250 000           |
| Tourism                                                                                                                                                                                                                                                      | 610 000           | 575 000           |
|                                                                                                                                                                                                                                                              | <b>3 124 532</b>  | <b>1 765 020</b>  |
| <b>44. Profit / (loss) on fair value adjustments</b>                                                                                                                                                                                                         |                   |                   |
| The fair value adjustment comprises all fair value adjustments on available-for-sale financial instruments. When an asset or liability is derecognised, the fair value adjustments relating to that asset or liability is transferred to surplus or deficit. |                   |                   |
| Other financial assets                                                                                                                                                                                                                                       | (43 104)          | (13 353)          |
| <b>45. Inventory consumed</b>                                                                                                                                                                                                                                |                   |                   |
| Consumables                                                                                                                                                                                                                                                  | 3 187 038         | 6 988 375         |
| Housing stock                                                                                                                                                                                                                                                | 749 890           | 3 003 602         |
| Materials and supplies                                                                                                                                                                                                                                       | 11 983 345        | 8 184 839         |
|                                                                                                                                                                                                                                                              | <b>15 920 273</b> | <b>18 176 816</b> |
| <b>46. Operational costs</b>                                                                                                                                                                                                                                 |                   |                   |
| Advertising, publicity and marketing                                                                                                                                                                                                                         | 1 060 461         | 1 554 588         |
| Bank charges                                                                                                                                                                                                                                                 | 889 781           | 1 124 375         |
| Bursaries (employees)                                                                                                                                                                                                                                        | 125 238           | 112 927           |
| Cleaning services                                                                                                                                                                                                                                            | 276               | 2 725             |
| Commission paid                                                                                                                                                                                                                                              | 212 106           | 3 305 539         |
| Communication                                                                                                                                                                                                                                                | 2 115 925         | 2 172 948         |
| Cost relating to the sale of houses                                                                                                                                                                                                                          | -                 | 141 429           |
| Deeds                                                                                                                                                                                                                                                        | -                 | 134 749           |
| Delivery expenses                                                                                                                                                                                                                                            | 1 293             | 2 038             |
| Drivers licences and permits                                                                                                                                                                                                                                 | 19 948            | 17 314            |
| Entertainment                                                                                                                                                                                                                                                | 870               | 22 630            |
| External audit fees                                                                                                                                                                                                                                          | 4 866 891         | 4 462 503         |
| Fines and penalties                                                                                                                                                                                                                                          | -                 | 7 100             |
| Full time union representative                                                                                                                                                                                                                               | 160 567           | 141 569           |
| Hire                                                                                                                                                                                                                                                         | 614 152           | 926 931           |
| IT expenses                                                                                                                                                                                                                                                  | 6 295 870         | 4 067 979         |
| Insurance                                                                                                                                                                                                                                                    | 3 616 014         | 3 798 851         |
| Land alienation costs                                                                                                                                                                                                                                        | 17 846            | 1 397 969         |
| Landfill sites                                                                                                                                                                                                                                               | 2 196 411         | -                 |
| Licences                                                                                                                                                                                                                                                     | 389 756           | 562 802           |
| Office decorations                                                                                                                                                                                                                                           | -                 | 2 795             |
| Printing, publications and books                                                                                                                                                                                                                             | 922 540           | 433 406           |
| Professional bodies, membership and subscription                                                                                                                                                                                                             | 2 106 064         | 2 199 023         |
| Registration fees                                                                                                                                                                                                                                            | 40 213            | 63 824            |
| Remuneration to ward committees                                                                                                                                                                                                                              | 403 000           | 611 000           |
| Resettlement cost                                                                                                                                                                                                                                            | 7 850             | -                 |



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| <b>46. Operational costs (continued)</b>                                |                   |                    |
| Roadworthy tests                                                        | 11 811            | 8 364              |
| Servitudes and land surveys                                             | -                 | 79 058             |
| Signage                                                                 | -                 | 52 278             |
| Skills development fund levy                                            | 1 411 395         | 1 590 375          |
| System access and information fees                                      | 93 826            | -                  |
| Transport and freight                                                   | -                 | 9 000              |
| Travel and subsistence                                                  | 360 020           | 653 267            |
| Uniform and protective clothing                                         | 930 706           | 1 292 711          |
| Vehicle tracking                                                        | 152 355           | 153 872            |
| Wet fuel                                                                | 7 092 901         | 7 993 232          |
| Witness fees                                                            | 2 208             | -                  |
| Workmen's compensation fund                                             | 2 146 696         | 1 096 091          |
|                                                                         | <b>38 264 990</b> | <b>40 195 262</b>  |
| <b>47. Fair value adjustments</b>                                       |                   |                    |
| Other financial assets                                                  | (43 104)          | (13 353)           |
| <b>48. Auditors' remuneration</b>                                       |                   |                    |
| Fees                                                                    | 4 866 891         | 4 462 503          |
| <b>49. Cash generated from operations</b>                               |                   |                    |
| Surplus                                                                 | 79 098 210        | 100 643 947        |
| <b>Adjustments for:</b>                                                 |                   |                    |
| Depreciation and amortisation                                           | 29 379 130        | 24 639 084         |
| (Gain)/loss on sale of assets and liabilities                           | 1 443 004         | 695 190            |
| Fair value adjustments                                                  | 43 104            | 13 353             |
| Finance costs - Finance leases                                          | 268 649           | 191 036            |
| Impairment loss                                                         | 2 722 230         | 71 314             |
| Debt impairment                                                         | 7 445 000         | 2 854 881          |
| Bad debts written off                                                   | 4 124 938         | 18 663 912         |
| Movements in retirement benefit assets and liabilities                  | (1 307 744)       | (311 897)          |
| Movements in provisions                                                 | 4 510 471         | (1 755 865)        |
| Other non-cash                                                          | (6 857)           | -                  |
| Public contributions                                                    | (1 522 113)       | -                  |
| Operating lease income accrued                                          | (11 580)          | 5 142              |
| Inventories (Write-down)/Reversal of Write-down to Net Realisable Value | 53 309            | (30 438)           |
| <b>Changes in working capital:</b>                                      |                   |                    |
| Inventories                                                             | (13 165 799)      | (11 983 909)       |
| Receivables from exchange transactions                                  | (21 010 138)      | (21 446 588)       |
| Receivables from non-exchange transactions                              | (13 354 876)      | (10 264 911)       |
| Current portion of receivables - long-term receivables                  | 25 754            | 94 441             |
| Payables from exchange transactions                                     | 7 245 283         | 5 798 522          |
| VAT                                                                     | (48 281)          | 1 043 071          |
| Unspent conditional grants and receipts                                 | 406 373           | (7 417 224)        |
|                                                                         | <b>86 338 067</b> | <b>101 503 061</b> |

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### 50. Financial instruments disclosure

#### Categories of financial instruments

#### 2020

##### Financial assets

|                                            | At fair value | At amortised<br>cost | Total              |
|--------------------------------------------|---------------|----------------------|--------------------|
| Cash and cash equivalents                  | -             | 200 973 607          | 200 973 607        |
| Operating lease asset                      | -             | 108 595              | 108 595            |
| Listed investments                         | 72 499        | -                    | 72 499             |
| Receivables from exchange transactions     | -             | 63 281 728           | 63 281 728         |
| Receivables from non-exchange transactions | -             | 10 143 278           | 10 143 278         |
|                                            | <b>72 499</b> | <b>274 507 208</b>   | <b>274 579 707</b> |

##### Financial liabilities

|                                     | At amortised<br>cost | Total              |
|-------------------------------------|----------------------|--------------------|
| Long-term borrowings                | 43 846 523           | 43 846 523         |
| Finance lease obligation            | 1 797 805            | 1 797 805          |
| Unspent conditional grants          | 6 642 626            | 6 642 626          |
| Payables from exchange transactions | 77 506 366           | 77 506 366         |
| Consumer deposits                   | 12 726 209           | 12 726 209         |
|                                     | <b>142 519 529</b>   | <b>142 519 529</b> |

#### 2019

##### Financial assets

|                                            | At fair value  | At amortised<br>cost | Total              |
|--------------------------------------------|----------------|----------------------|--------------------|
| Cash and cash equivalents                  | -              | 154 703 659          | 154 703 659        |
| Operating lease asset                      | -              | 97 014               | 97 014             |
| Listed investments                         | 118 944        | -                    | 118 944            |
| Receivables from exchange transactions     | -              | 45 579 813           | 45 579 813         |
| Receivables from non-exchange transactions | -              | 6 658 933            | 6 658 933          |
|                                            | <b>118 944</b> | <b>207 039 419</b>   | <b>207 158 363</b> |

##### Financial liabilities

|                                     | At amortised<br>cost | Total             |
|-------------------------------------|----------------------|-------------------|
| Annuity loans                       | 13 840 544           | 13 840 544        |
| Capitalised lease liability         | 2 219 346            | 2 219 346         |
| Payables from exchange transactions | 70 261 074           | 70 261 074        |
| Consumer deposits                   | 12 524 220           | 12 524 220        |
|                                     | <b>98 845 184</b>    | <b>98 845 184</b> |

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### 51. Commitments

#### Authorised capital expenditure

##### Already contracted for but not provided for (Inc VAT)

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| • Property, plant and equipment | 50 276 905        | 33 424 016        |
| • Community assets              | 1 007 470         | 753 025           |
| • Other assets                  | 302 057           | 1 339 399         |
|                                 | <b>51 586 432</b> | <b>35 516 440</b> |

##### Already contracted for but not provided (Excl VAT)

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| • Property, plant and equipment | 43 719 048        | 29 064 362        |
| • Community assets              | 877 914           | 654 804           |
| • Other assets                  | 262 658           | 1 215 691         |
|                                 | <b>44 859 620</b> | <b>30 934 857</b> |

#### Total commitments

### 52. Contingencies

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

Description of event:

- Langeberg Municipality/ Springfield Marketing – Worcester Regional Court Case 253/2017. Claim against the municipality for overpaid rates (REF LAN26/0200). Estimate of exposure R269,912.

The following public liability claims were instituted against Langeberg Municipality during the current financial year, however no further legal action has been taken:

|                                                                   |                |                |
|-------------------------------------------------------------------|----------------|----------------|
| A Drotschie - Tree branch fell on vehicle                         | 19 409         | -              |
| Alain Somerlink - Pending - Motor vehicle third party claim       | -              | 64 780         |
| J J Kruger - CCD 1718 - Pending - Motor vehicle third party claim | -              | 23 060         |
| J Matthys - Losses due to water pipe burst                        | -              | 23 945         |
| L Vermeulen - Third party injury claim                            | -              | 100 000        |
| P Kleintjies - Losses due to water pipe burst                     | -              | 518 689        |
| R Matthys/Brolink - Loss due to water pipe burst                  | 10 860         | -              |
| Tersia Louw - Motor vehicle third party claim                     | 36 117         | -              |
| Unpaid lockdown days - employees not signing sick leave           | 614 904        | -              |
| Wendy Botha - Tree branch fell on vehicle                         | 60 000         | -              |
|                                                                   | <b>741 290</b> | <b>730 474</b> |

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### 52. Contingencies (continued)

#### Contingent assets

Langeberg Municipality has the following contingent assets:

|                                                                                                                                                                                                                                              | 2020           | 2019 Restated    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------|
| Case Langeberg Municipality/Tony Quickleburg for Outstanding Rates and Levies.                                                                                                                                                               | 348 426        | 348 426          |
| Case Langeberg Municipality/Breede Valley Construction and third Parties. Claim against Breede Valley Construction and third Parties due to losses suffered by the municipality as a result of the collapse of the museum on 26 August 2014. | -              | 2 100 000        |
|                                                                                                                                                                                                                                              | <b>348 426</b> | <b>2 448 426</b> |

### 53. Related parties

#### Relationships

Councillors

Refer to note on council remuneration cost for information

Members of key management

Refer to note on employee related cost for information

Close family member of key management

Refer to note on supply chain deviations

Joint venture of key management

None

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties. Refer to additional disclosures in terms of the MFMA, Regulation 45.

#### Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

#### Compensation of key management personnel

The compensation of key management personnel is set out in the notes 35 in the Annual Financial Statements.

No purchases were made during the year where Councillors or staff have an interest.

### 54. Change in estimate

#### Property, plant and equipment

There was no change in the useful life for property, plant and equipment.

### 55. Comparative figures

Certain comparative figures have been restated, refer to note 56 - Prior-year adjustments for the detail.

### 56. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

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### 56. Prior-year adjustments (continued)

#### Statement of financial position

2019

|                                                        | Note | As previously reported | Correction of error | Re-classification | Restated      |
|--------------------------------------------------------|------|------------------------|---------------------|-------------------|---------------|
| Current assets                                         |      | -                      | -                   | -                 | -             |
| Inventories                                            | 2    | 25 809 676             | 979 488             | -                 | 26 789 164    |
| Operating lease asset                                  | 3    | 97 015                 | -                   | -                 | 97 015        |
| Receivables from exchange transactions                 | 4    | 45 833 068             | (1 201 916)         | 558 622           | 45 189 774    |
| Receivables from non-exchange transactions             | 6    | 10 216 301             | -                   | 19 664            | 10 235 965    |
| VAT receivable                                         | 8    | 1 470 582              | -                   | -                 | 1 470 582     |
| Current portion of non-current receivables             |      | 622 569                | -                   | (622 569)         | -             |
| Cash and cash equivalents                              | 9    | 154 703 659            | -                   | -                 | 154 703 659   |
|                                                        |      | -                      | -                   | -                 | -             |
| Non-current assets                                     |      |                        |                     |                   |               |
| Investment property                                    | 10   | 28 345 034             | 241 387             | -                 | 28 586 421    |
| Property, plant and equipment                          | 11   | 713 324 189            | (3 220 308)         | -                 | 710 103 881   |
| Intangible assets                                      | 12   | 574 890                | 442 235             | -                 | 1 017 125     |
| Heritage assets                                        | 13   | 275 448                | -                   | -                 | 275 448       |
| Other financial assets (investments)                   | 14   | 113 289                | 5 655               | -                 | 118 944       |
| Non-current receivables from exchange transactions     | 4    | 390 039                | -                   | -                 | 390 039       |
| Non-current receivables from non-exchange transactions | 6    | 561 266                | -                   | -                 | 561 266       |
|                                                        |      | -                      | -                   | -                 | -             |
| Current liabilities                                    |      |                        |                     |                   |               |
| Finance lease obligation                               |      | -                      | -                   | (815 495)         | (815 495)     |
| Payables from exchange transactions                    | 17   | (70 617 902)           | 2 889               | 353 939           | (70 261 074)  |
| Consumer deposits                                      | 18   | (12 214 563)           | -                   | (309 657)         | (12 524 220)  |
| Employee benefit obligation                            | 19   | (19 387 364)           | -                   | 1 128 808         | (18 258 556)  |
| Unspent conditional grants and receipts                | 20   | (7 415 488)            | 1 179 237           | -                 | (6 236 251)   |
| Provisions                                             | 21   | (15 327 335)           | -                   | -                 | (15 327 335)  |
| Current Portion of Long-term Borrowings                | 15   | (3 199 081)            | -                   | 815 495           | (2 383 586)   |
|                                                        |      | -                      | -                   | -                 | -             |
| Non-current liabilities                                |      |                        |                     |                   |               |
| Long-term borrowings                                   | 15   | (12 209 550)           | (651 259)           | 1 403 851         | (11 456 958)  |
| Non-current provisions                                 | 21   | (44 960 495)           | -                   | -                 | (44 960 495)  |
| Non-current employee benefits                          | 19   | (58 250 768)           | 1 032 706           | (1 128 808)       | (58 346 870)  |
| Finance lease obligation                               |      | -                      | -                   | (1 403 851)       | (1 403 851)   |
|                                                        |      | -                      | -                   | -                 | -             |
| Net assets                                             |      |                        |                     |                   |               |
| Capital replacement reserve                            | 22   | (62 921 000)           | -                   | -                 | (62 921 000)  |
| Accumulated (surplus) / deficit                        |      | (675 833 479)          | 1 189 885           | -                 | (674 643 594) |
|                                                        |      | -                      | (1)                 | (1)               | (2)           |

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### 56. Prior-year adjustments (continued)

#### Statement of financial performance

2019

|                                                           | Note | As previously reported | Correction of error | Re-classification | Restated           |
|-----------------------------------------------------------|------|------------------------|---------------------|-------------------|--------------------|
| Revenue from exchange transactions                        |      | -                      | -                   | -                 | -                  |
| Service charges                                           | 23   | 453 722 561            | -                   | 7 936 270         | 461 658 831        |
| Sales of goods and rendering of services                  | 28   | 15 749 511             | -                   | (5 899 286)       | 9 850 225          |
| Rental of facilities and equipment                        | 24   | 3 163 208              | -                   | -                 | 3 163 208          |
| Interest receive - external investments                   | 29   | 13 098 597             | -                   | -                 | 13 098 597         |
| Interest receive - exchange transactions                  | 29   | 2 177 347              | -                   | -                 | 2 177 347          |
| Agency services                                           | 25   | 4 144 683              | -                   | -                 | 4 144 683          |
| Licences and permits (exchange)                           | 27   | 1 453 966              | -                   | -                 | 1 453 966          |
| Operational revenue                                       | 26   | 6 780 302              | (32 367)            | 520 532           | 7 268 467          |
|                                                           |      | -                      | -                   | -                 | -                  |
| Revenue from non-exchange transactions                    |      |                        |                     |                   |                    |
| Dividends                                                 | 32   | 2 660                  | -                   | (37)              | 2 623              |
| Property rates                                            | 31   | 52 679 495             | -                   | -                 | 52 679 495         |
| Reversal of write-down of inventory                       |      | -                      | -                   | 30 438            | 30 438             |
| Interest earned - non-exchange transactions               | 32   | 558 892                | -                   | -                 | 558 892            |
| Government grants and subsidies                           | 33   | 159 636 211            | 1 179 237           | -                 | 160 815 448        |
| Availability charges                                      |      | 2 557 480              | -                   | (2 557 480)       | -                  |
| Actuarial gains                                           | 30   | 9 772 402              | -                   | (9 772 402)       | -                  |
| Fines, penalties and forfeits                             | 34   | 5 476 744              | -                   | -                 | 5 476 744          |
| Gain on disposal of assets                                |      | -                      | -                   | 1 420 265         | 1 420 265          |
|                                                           |      | -                      | -                   | -                 | -                  |
| Expenditure                                               |      |                        |                     |                   |                    |
| Employee related costs                                    | 35   | (186 765 088)          | -                   | 3 267 666         | (183 497 422)      |
| Remuneration of councillors                               | 36   | (10 537 992)           | -                   | -                 | (10 537 992)       |
| Depreciation and amortisation                             | 36   | (25 054 379)           | 489 411             | (74 116)          | (24 639 084)       |
| Finance costs                                             | 39   | (11 295 649)           | 63 490              | 4 953 800         | (6 278 359)        |
| Bad debts written off                                     | 40   | (18 669 283)           | 5 371               | -                 | (18 663 912)       |
| Inventory consumed                                        | 45   | (18 176 815)           | -                   | -                 | (18 176 815)       |
| Bulk purchases                                            | 41   | (292 999 544)          | -                   | -                 | (292 999 544)      |
| Contracted services                                       | 42   | (23 462 325)           | -                   | -                 | (23 462 325)       |
| Transfers and subsidies                                   | 43   | (1 765 021)            | -                   | -                 | (1 765 021)        |
| Operating costs                                           | 46   | (39 152 797)           | 52 273              | (1 094 737)       | (40 195 261)       |
| Actuarial losses                                          | 30   | (2 615 533)            | -                   | 2 615 533         | -                  |
| Inventory gains                                           | 2    | 30 438                 | -                   | (30 438)          | -                  |
| Gains: on disposal of property, plant and equipment       | 30   | 1 483 255              | (137 107)           | (1 346 148)       | -                  |
| Impairment loss - other receivables from exchange revenue | 38   | (2 853 528)            | -                   | (72 666)          | (2 926 194)        |
| Impairment loss: investment property                      | 38   | (71 313)               | -                   | 71 313            | -                  |
| Loss on fair value adjustments                            | 44   | (13 353)               | -                   | -                 | (13 353)           |
| <b>Deficit for the year</b>                               |      | <b>99 055 132</b>      | <b>1 620 308</b>    | <b>(31 493)</b>   | <b>100 643 947</b> |

#### Prior year errors and re-classification

The following re-classifications and errors occurred:

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### 56. Prior-year adjustments (continued)

#### Reclassification and correction of error 1

##### **Service charges**

|                                                        |   |                    |
|--------------------------------------------------------|---|--------------------|
| Audited 2019                                           | - | 453 722 561        |
| Transfer from availability charges                     | - | 2 557 480          |
| Transfer from sales of goods and rendering of services | - | 5 378 791          |
|                                                        | - | <b>461 658 832</b> |

Reclassification due to alignment to mSCOA classifications.

#### Reclassification and correction of error 2

##### **Sale of goods and rendering of services**

|                              |   |                  |
|------------------------------|---|------------------|
| Audited 2019                 | - | 15 749 511       |
| Transfer to service charges  | - | (5 378 791)      |
| Transfer to operational cost | - | (520 532)        |
| Transfer to dividends        | - | 37               |
|                              | - | <b>9 850 225</b> |

Reclassification due to alignment to mSCOA classifications.

#### Reclassification and correction of error 3

##### **Operational revenue**

|                                                             |   |                  |
|-------------------------------------------------------------|---|------------------|
| Audited 2019                                                | - | 6 780 302        |
| Transfer from sale of goods and rendering of services       | - | 520 532          |
| Correction of error: Payables from exchange transactions    | - | (20 431)         |
| Correction of error: Receivables from exchange transactions | - | (11 936)         |
|                                                             | - | <b>7 268 467</b> |

Reclassification due to alignment to mSCOA classifications.

Reversal of accrued interest incorrectly recognised in the prior year.

#### Reclassification and correction of error 4

##### **Grants and subsidies: OPEX**

|                                           |   |                    |
|-------------------------------------------|---|--------------------|
| Audited 2019                              | - | 103 329 611        |
| Correction of error - accumulated surplus | - | 153 814            |
|                                           | - | <b>103 483 425</b> |

Correction of Integrated National Electrification Programme (INEP) grant previously not recognised.

#### Reclassification and correction of error 5

##### **Grants and subsidies: CAPEX**

|                                           |   |                   |
|-------------------------------------------|---|-------------------|
| Audited 2019                              | - | 56 306 600        |
| Correction of error - accumulated surplus | - | 1 025 423         |
|                                           | - | <b>57 332 023</b> |

Correction of integrated national electricity programme (INEP) grant previously not recognised.

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### 56. Prior-year adjustments (continued)

#### Reclassification and correction of error 6

##### **Dividends**

|                                                       |   |              |
|-------------------------------------------------------|---|--------------|
| Audited 2019                                          | - | 2 660        |
| Transfer from sale of goods and rendering of services | - | 37           |
|                                                       | - | <b>2 697</b> |

Reclassification due to alignment to mSCOA classifications.

#### Reclassification and correction of error 7

##### **Actuarial gains and losses**

|                                   |   |             |
|-----------------------------------|---|-------------|
| Audited 2019                      | - | 9 772 402   |
| Transfer to employee related cost | - | (9 772 402) |
|                                   | - | -           |

Reclassification due to alignment to mSCOA classifications.

#### Reclassification and correction of error 8

##### **Availability fees**

|                             |   |             |
|-----------------------------|---|-------------|
| Audited 2019                | - | 2 557 479   |
| Transfer to service charges | - | (2 557 479) |
|                             | - | -           |

Reclassification due to alignment to mSCOA classifications.

#### Reclassification and correction of error 9

##### **Employee related cost**

|                                         |   |                    |
|-----------------------------------------|---|--------------------|
| Audited 2019                            | - | 186 765 088        |
| Transfer from actuarial gains (revenue) | - | (7 156 869)        |
| Finance cost                            | - | 4 953 800          |
| Transfer to operating expenditure       | - | (1 064 596)        |
|                                         | - | <b>183 497 423</b> |

Reclassification due to alignment to mSCOA classifications.

#### Reclassification and correction of error 10

##### **Depreciation and amortisation**

|                                          |   |                   |
|------------------------------------------|---|-------------------|
| Audited 2019                             | - | 25 054 379        |
| Correction of error: accumulated surplus | - | (489 411)         |
| Transfer from impairment reversal        | - | 71 313            |
| Transfer from gains on disposal          | - | 2 803             |
|                                          | - | <b>24 639 084</b> |

Reclassification due to alignment to mSCOA classifications.

Correction of depreciation and impairment incorrectly stated in the prior period for investment property and property plant and equipment.



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### 56. Prior-year adjustments (continued)

#### Reclassification and correction of error 11

##### **Impairment loss exchange / non-exchange**

|                              |   |                  |
|------------------------------|---|------------------|
| Audited 2019                 | - | 2 924 841        |
| Transfer to operational cost | - | 1 353            |
|                              | - | <b>2 926 194</b> |

Reclassification due to alignment to mSCOA classifications.

#### Reclassification and correction of error 12

##### **Finance cost**

|                                           |   |                  |
|-------------------------------------------|---|------------------|
| Audited 2019                              | - | 11 295 649       |
| Correction of error - accumulated surplus | - | (63 490)         |
| Transfer to employee related cost         | - | (4 953 800)      |
|                                           | - | <b>6 278 359</b> |

Reclassification due to alignment to mSCOA classifications.

Correction due to finance charges for unamortised discount and finance cost incorrectly stated in prior period.

#### Reclassification and correction of error 13

##### **Bad debts written off**

|                                           |   |                   |
|-------------------------------------------|---|-------------------|
| Audited 2019                              | - | 18 669 283        |
| Correction of error - accumulated surplus | - | (5 371)           |
|                                           | - | <b>18 663 912</b> |

Reversal of bad debts written off incorrectly stated in prior year.

#### Reclassification and correction of error 14

##### **Gain on disposal**

|                                                     |   |                  |
|-----------------------------------------------------|---|------------------|
| Audited 2019                                        | - | 1 483 255        |
| Correction of error - property, plant and equipment | - | (62 990)         |
|                                                     | - | <b>1 420 265</b> |

Correction of disposal of assets in the prior year.

#### Reclassification and correction of error 15

##### **Actuarial loss**

|                                   |   |             |
|-----------------------------------|---|-------------|
| Audited 2019                      | - | 2 615 533   |
| Transfer to employee related cost | - | (2 615 533) |
|                                   | - | -           |

Reclassification due to alignment to mSCOA classifications.

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### 56. Prior-year adjustments (continued)

#### Reclassification and correction of error 16

##### **Operating Expenditure**

|                                           |   |                   |
|-------------------------------------------|---|-------------------|
| Audited 2019                              | - | 39 152 797        |
| Correction of error - accumulated surplus | - | (52 273)          |
| Transfer to employee related cost         | - | 1 062 370         |
| Transfer to interest receivable (revenue) | - | 32 367            |
|                                           | - | <b>40 195 261</b> |

Reclassification due to alignment to mSCOA classifications.

Reversal of a portion of finance charges incorrectly stated in the prior year.

#### Reclassification and correction of error 17

##### **Inventories**

|                                                     |   |                   |
|-----------------------------------------------------|---|-------------------|
| Opening balance - audited 2019                      | - | 25 809 676        |
| Correction of error - property, plant and equipment | - | 979 488           |
|                                                     | - | <b>26 789 164</b> |

Inventory adjustment from property, plant and equipment incorrectly stated in the prior prior period 2018.

#### Reclassification and correction of error 18

##### **Receivables from exchange transactions**

|                                                 |   |                   |
|-------------------------------------------------|---|-------------------|
| Opening balance - audited 2019                  | - | 46 435 972        |
| Correction of error - accumulated surplus: 2019 | - | (111 916)         |
| Correction of error - accumulated surplus: 2018 | - | (1 090 000)       |
| Reclassification transfer from other payables   | - | (44 282)          |
|                                                 | - | <b>45 189 774</b> |

Proceeds on land sales were corrected allocated in the prior period to payables (R23,314)

Accrual under operational revenue was incorrectly stated and reversed (R11,936)

Reversal of bad debt written off (R5,370)

Correction of insurance claim debtors from prior prior period 2018 (R1,090,000)

Reclassification per mSCOA guides (R44,282)

#### Reclassification and correction of error 19

##### **Investment property**

|                                                 |   |                   |
|-------------------------------------------------|---|-------------------|
| Opening balance - audited 2019                  | - | 28 345 034        |
| Correction of error - accumulated surplus: 2018 | - | 247 000           |
| Correction of error - accumulated surplus: 2019 | - | (5 613)           |
|                                                 | - | <b>28 586 421</b> |

Recognition of investment property not stated in the prior prior period. (R247,000)

Depreciation correction in prior period (R5,613)

#### Reclassification and correction of error 20

##### **Property, plant and equipment**

|                                                 |   |             |
|-------------------------------------------------|---|-------------|
| Opening balance - audited 2019                  | - | 713 324 189 |
| Correction of error - accumulated surplus: 2018 | - | (3 590 411) |
| Correction of error - accumulated surplus: 2019 | - | 370 108     |

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### 56. Prior-year adjustments (continued)

- 710 103 886

Correction of asset disposal incorrectly stated in prior prior period (R3,426,844)

Correction of depreciation incorrectly stated in prior prior period (R163,566)

Correction of depreciation in prior period (R279,528)

Correction of recognition of lease in prior period (R141,407)

Correction of disposal of assets in prior period (-R50,827)

#### Reclassification and correction of error 21

##### **Intangible assets**

Opening balance - audited 2019

- 574 890

Correction of error - accumulated surplus: 2018

- 313 020

Correction of error - accumulated surplus: 2019

- 129 215

- 1 017 125

Correction of depreciation on intangible assets in prior prior period (R313,020)

Correction of depreciation on intangible assets in prior period (R129,215)

#### Reclassification and correction of error 22

##### **Investments (Financial assets)**

Opening balance - audited 2019

- 113 289

Correction of error: accumulated surplus: 2018

- 5 655

- 118 944

Recognition of prior prior period shares. (R5 655)

#### Reclassifications and correction of error 23

##### **Payables from exchange transactions**

Opening balance - audited 2019

- 70 617 902

Correction of error - accumulated surplus: 2019

- (2 883)

Transfer from receivables exchange

- (44 282)

Transfer from deposits

- (309 657)

- 70 261 080

Reversal of accrual incorrectly raised as operational revenue in the prior period (-R20,431)

Reversal of proceeds on land sale incorrectly recognised as a payable instead of receivable (R23,314)

Re-allocation mSCOA classification on deposits and receivables (R353,939)

#### Reclassification and correction of error 24

##### **Consumer deposits**

Opening balance - audited 2019

- 12 214 563

Transfer from payables from exchange transactions

- 309 657

- 12 524 220

Reclassification due to alignment to mSCOA classifications

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### 56. Prior-year adjustments (continued)

#### Reclassification and correction of error 25

##### Unspent conditional grants

|                                                 |   |                  |
|-------------------------------------------------|---|------------------|
| Opening balance - audited 2019                  | - | 7 415 488        |
| Correction of error - accumulated surplus: 2019 | - | (1 179 237)      |
|                                                 | - | <b>6 236 251</b> |

Correction of integrated national electricity grant not recognised as revenue in prior period (R1,179,237)

#### Reclassification and correction of error 26

##### Employee benefits obligation - current

|                                 |   |                   |
|---------------------------------|---|-------------------|
| Opening balance - audited 2019  | - | 19 387 364        |
| Transfer to non-current portion | - | (1 128 808)       |
|                                 | - | <b>18 258 556</b> |

Reclassification per mSCOA classifications between current and non-current employee stated benefits

#### Reclassification and correction of error 27

##### Employee benefits obligation - non-current

|                                                 |   |                   |
|-------------------------------------------------|---|-------------------|
| Opening balance - audited 2019                  | - | 58 250 768        |
| Transfer from current portion                   | - | 1 128 808         |
| Correction of error - accumulated surplus: 2018 | - | (1 032 706)       |
|                                                 | - | <b>58 346 870</b> |

Reclassification per mSCOA classifications between current and non-current employee stated benefits (R1,128,808)

Correction of long service awards in the prior prior period. (-R1,032,706)

#### Reclassification and correction of error 28

##### Long term borrowings

|                                                 |   |                   |
|-------------------------------------------------|---|-------------------|
| Opening balance - audited 2019                  | - | 12 209 550        |
| Correction of error - accumulated surplus: 2018 | - | 676 157           |
| Correction of error - accumulated surplus: 2019 | - | (24 898)          |
|                                                 | - | <b>12 860 809</b> |

Correction prior prior period journals incorrectly posted (R676,157)

Recognition of lease not stated in prior period (R141,407)

Correction of unamortised discount written back in prior period (-R58,605)

Correction of payments in advance incorrectly recognised as finance cost in prior period (-R63,341)

Correction of lease transfer incorrectly recognised as finance cost in the prior period (-R44,359)

#### Reclassification and correction of error 29

##### Accumulated surplus

|                                |   |                    |
|--------------------------------|---|--------------------|
| Opening balance - audited 2019 | - | 675 833 478        |
| Adjustments made: 2018         | - | (2 778 700)        |
| Adjustments made - 2019        | - | 1 588 814          |
|                                | - | <b>674 643 592</b> |

Adjustment made to prior year accumulated surplus.

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Annual Financial Statements for the year ended 30 June 2020

## Notes to the Annual Financial Statements

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### 56. Prior-year adjustments (continued)

#### Change in accounting policy

The accounting policy was amended for the implementation of GRAP 20, 108 and 109 which came effective from 1 April 2019. No comparative figures were restated as a result of the implementation.

The useful life on intangible assets were changed which resulted in the restatement of amortisation.

#### Change 1

##### GRAP 20 - Related parties

The adoption of this standard has not had a material impact on the results of the municipality.

The reason for applying the new accounting policy is to provide more disclosure and reliable information.

#### Change 2

##### GRAP 108 - Statutory receivables

The adoption of this standard has not had a material impact on the results of the municipality.

The reason for applying the new accounting policy is to provide more disclosure and reliable information.

#### Change 3

##### GRAP 109: Accounting by principals and agents

The adoption of this standard has not had a material impact on the results of the municipality.

The reason for applying the new accounting policy is to provide more disclosure and reliable information.

#### Change 4

##### GRAP 31 - Intangible assets

The useful life of computer software and servitudes were assessed and found to be indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to be used by the municipality.

The useful life on intangible assets were changed resulted in the restatement of amortisation retrospectively for periods starting on or before 1 July 2018.

### 57. Risk management

#### Financial risk management

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

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### 57. Risk management (continued)

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| At 30 June 2020                                     | Less than 1 year | Between 1 and 5 years | Between 5 and 10 years | Over 10 years |
|-----------------------------------------------------|------------------|-----------------------|------------------------|---------------|
| Long-term borrowing                                 | 8 341 878        | 35 167 531            | 28 625 220             | -             |
| Payables from exchange transactions                 | 77 506 366       | -                     | -                      | -             |
| Consumer deposits                                   | -                | -                     | -                      | 12 726 209    |
| Finance lease obligation                            | 1 121 424        | 882 353               | -                      | -             |
| At 30 June 2019                                     | Less than 1 year | Between 1 and 5 years | Between 5 and 10 years | Over 10 years |
| Long-term liabilities                               | 4 595 462        | 12 500 422            | 3 343 000              | -             |
| Trade and other payables from exchange transactions | 70 261 074       | -                     | -                      | -             |
| Consumer deposits                                   | -                | -                     | -                      | 12 524 220    |

### Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All services are payable within 30 days from invoice date. Refer to the note on trade and trade payables for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to the note on receivables for exchange and non-change transactions for balances included in receivables that were re-negotiated for the period under review.

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

Balances past due not impaired:

| Exchange receivables   | 2020   | 2020      | 2019 Restated | 2019 Restated |
|------------------------|--------|-----------|---------------|---------------|
| Electricity            | 10,73% | 4 967 167 | 14,50%        | 3 354 621     |
| Water                  | 17,72% | 8 202 204 | 24,38%        | 5 641 034     |
| Waste management       | 14,09% | 6 522 626 | 19,70%        | 4 559 142     |
| Waste water management | 17,11% | 7 918 981 | 24,56%        | 5 684 382     |

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## Notes to the Annual Financial Statements

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### 57. Risk management (continued)

|       |        |                   |        |                   |
|-------|--------|-------------------|--------|-------------------|
| Other | 40,35% | 18 676 813        | 18,86% | 14 459 470        |
|       |        | <b>46 287 791</b> |        | <b>33 698 649</b> |

The allowance for impairment is allocated between the different classes of receivables as follow:

|                                                   |             |                   |                 |                   |
|---------------------------------------------------|-------------|-------------------|-----------------|-------------------|
| <b>Non-current receivables</b>                    |             | <b>2020</b>       | <b>2020</b>     | <b>2019</b>       |
|                                                   |             |                   |                 | <b>Restated</b>   |
| Repayment arrangements                            |             | 100%              | -               | 100%              |
| <b>Receivables from non-exchange transactions</b> | <b>2020</b> | <b>2020</b>       | <b>2019</b>     | <b>2019</b>       |
|                                                   |             |                   | <b>Restated</b> | <b>Restated</b>   |
| Rates and other receivables                       | 100%        | 22 582 608        | 100%            | 18 898 034        |
| <b>Receivables from exchange transactions</b>     | <b>2020</b> | <b>2020</b>       | <b>2019</b>     | <b>2019</b>       |
|                                                   |             |                   | <b>Restated</b> | <b>Restated</b>   |
| Electricity                                       | 10,30%      | 2 286 066         | 15,60%          | 3 271 775         |
| Water                                             | 27,16%      | 6 027 597         | 25,51%          | 5 351 745         |
| Waste management                                  | 22,26%      | 4 940 528         | 20,24%          | 4 246 773         |
| Waste water management                            | 28,02%      | 6 219 922         | 25,50%          | 5 348 397         |
| Other                                             | 12,27%      | 2 722 635         | 13,15%          | 2 758 972         |
|                                                   |             | <b>22 196 748</b> |                 | <b>20 977 662</b> |

Ageing of amounts past due but not impaired are as follow

#### Receivables from exchange transactions:

|                    |                   |                   |
|--------------------|-------------------|-------------------|
| 1 month past due   | 38 354 173        | 29 606 640        |
| 2+ months past due | 3 858 467         | 2 168 102         |
|                    | <b>42 212 640</b> | <b>31 774 742</b> |

#### Receivables from non-exchange transactions

|                    |                  |                  |
|--------------------|------------------|------------------|
| 1 month past due   | 3 349 365        | 2 714 395        |
| 2+ months past due | 449 339          | 208 659          |
|                    | <b>3 798 704</b> | <b>2 923 054</b> |

The entity only deposits cash with major banks with high quality credit standing. All investments are made in terms of the MFMA Investment Regulations. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media report. The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and other debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

|                                                        |         |         |
|--------------------------------------------------------|---------|---------|
| Non-current receivables from exchange transactions     | 219 391 | 59 603  |
| Non-current receivables from non-exchange transactions | 564 800 | 561 269 |

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## Notes to the Annual Financial Statements

| Figures in Rand                            | 2020               | 2019               |
|--------------------------------------------|--------------------|--------------------|
| <b>57. Risk management (continued)</b>     |                    |                    |
| Receivables from exchange transactions     | 97 488 730         | 75 880 983         |
| Receivables from non-exchange transactions | 40 358 550         | 31 194 704         |
| Cash and cash equivalents                  | 200 962 606        | 154 693 358        |
| Non-current investments                    | 72 449             | 118 944            |
|                                            | <b>339 666 526</b> | <b>262 508 861</b> |

### Market risk

#### Interest rate risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

|                                              | 2020           | 2019 Restated  |
|----------------------------------------------|----------------|----------------|
| 1% Increase in interest rates (2019: 1,25%)  | 1 799 814      | 1 394 793      |
| 0,5% Decrease in interest rates (2019: 0,5%) | (899 907)      | (697 397)      |
|                                              | <b>899 907</b> | <b>697 396</b> |

#### Foreign exchange risk

The municipality does not engage in foreign currency transactions.

The municipality reviews its foreign currency exposure, including commitments on an ongoing basis. The municipality expects its foreign exchange contracts to hedge foreign exchange exposure.

#### Price risk

The municipality is not exposed to price risk.

Post-tax surplus for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available-for-sale.

### 58. Going concern

The Langeberg Municipality has, despite the COVID- 19 Lockdown and adopting numerous COVID-19 protocols to avoid the spread of the virus, continued to provide essential services to the various communities in the municipal area.

The municipality has updated its long term financial plan and going concern assessment to consider the expected impact of the worldwide COVID-19 pandemic and consequent possible changes in service delivery performance and the impact of risks and uncertainties outlined in the strategic report tabled in Council.

Considering the uncertainty of how the COVID-19 pandemic will resolve itself and long-term financial plan, the municipality has adopted the following mitigating strategies:

- Monitoring the cash flow on daily basis;



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### 58. Going concern (continued)

- Reducing expenditure and applying cost containment measures;
- Reducing the capital investment programme annually for the next three financial years funded by capital grants only;
- Avoiding granting rate payers and customers relief measures. Where relief is granted, it will be in the form of delayed payments and no debt forgiveness will be considered;
- Prioritise decisions and actions that will support and strengthen the collection rate;
- Review the COVID-19 impact assessment as at 30 June 2020; and
- Amend the 2020/21 budget by freezing Employee Related Expenses:

Based on the long-term liquidity forecasts and projections, management believe that there is a reasonable basis to conclude that the municipality will be able to continue with its service delivery operations and to meet its financial commitments in the medium and long term.

The municipality also obtains significant amounts of government grants annually to finance operating and capital expenditure.

Accordingly, it is appropriate for the municipality to adopt the going concern basis.

### 59. Events after the reporting date

#### 2020

The Minister of Finance promulgated exceptions to Sections 126, 127, 129 and 133 of the MFMA per Government Gazette No 43582 on 5 August 2020.

The Langeberg Municipality has, despite the COVID 19 Lockdown and adopting numerous COVID-19 protocols to avoid the spread of the virus, continued to provide essential services to the various communities in the municipal area.

#### 2019

The municipality entered into a loan agreement with Standard Bank during the financial year. The first draw-down on the loan facility of R7,912,430 was due to be received on 30 June 2019, should all conditions of the loan agreement be met. The conditions of the loan agreement were only met after 30 June 2019.

After year end the municipality received correspondence from the Director in the Department of Environmental Affairs and Development Planning regarding the licence for the operation and decommissioning of the Ashton waste disposal facility. No decisions have been made by the municipality as of yet.

On 12 August 2019 the municipality became aware of possible fraudulent activities at one of its cashier points. The matter is currently under investigation and the matter has been reported to SAPS. The preliminary amount is estimated at R35,724.62.

On 04 November 2019 the Fidelity Cash Solutions vehicle transporting cash of the municipality, was engaged in a robbery at approximately 18h05 near Caledon. The amount of cash belonging to the municipality that was robbed was R 100,892.50.

### 60. Unauthorised expenditure

|                                                       |                   |                   |
|-------------------------------------------------------|-------------------|-------------------|
| Opening balance as previously reported                | 10 055 780        | 6 462 562         |
| <b>Opening balance as restated</b>                    | <b>10 055 780</b> | <b>6 462 562</b>  |
| Unauthorised expenditure - current year - operational | -                 | 10 055 780        |
| Approved by Council or written off                    | -                 | (6 462 562)       |
| <b>Closing balance</b>                                | <b>10 055 780</b> | <b>10 055 780</b> |

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### 60. Unauthorised expenditure (continued)

Unauthorised expenditure can be summarised as follow:

| Incident                                                            | Disciplinary steps/criminal proceedings | 2020 | 2019 Restated     |
|---------------------------------------------------------------------|-----------------------------------------|------|-------------------|
| Over-expenditure of operating budget on corporate services - 2019   | None                                    | -    | 8 445 384         |
| Over-expenditure of operating budget on engineering services - 2019 | None                                    | -    | 1 610 395         |
|                                                                     |                                         | -    | <b>10 055 779</b> |

The over expenditure incurred by the Corporate Services department on their operating budgets during the year is attributable to the following non-cash items:

- Bad Debts written off on traffic Fines
- Contribution to allowance for impairment on traffic fines
- Depreciation

The over expenditure incurred by the Engineering Services department on their operating budgets during the year is attributable to the following cash items:

- Bulk purchases

### 61. Fruitless and wasteful expenditure

|                                                        |               |               |
|--------------------------------------------------------|---------------|---------------|
| Opening balance as previously reported                 | 61 852        | 15 115        |
| <b>Opening balance as restated</b>                     | <b>61 852</b> | <b>15 115</b> |
| Fruitless and wasteful expenditure - current year      | 69 006        | 99 820        |
| Transfer to receivables for recovery - not written off | (56 092)      | (53 083)      |
| <b>Closing balance</b>                                 | <b>74 766</b> | <b>61 852</b> |

### 62. Irregular expenditure

|                                                                             |                   |                   |
|-----------------------------------------------------------------------------|-------------------|-------------------|
| Opening balance as previously reported                                      | 11 282 823        | 836 508           |
| <b>Opening balance as restated</b>                                          | <b>11 282 823</b> | <b>836 508</b>    |
| Irregular expenditure - current year                                        | 2 701 842         | 6 316 236         |
| Irregular expenditure identified in current year relating to previous years | -                 | 4 966 587         |
| Write-offs supported by Council                                             | (13 948 941)      | (836 508)         |
| Irregular expenditure recovered                                             | (35 724)          | -                 |
| <b>Closing balance</b>                                                      | <b>-</b>          | <b>11 282 823</b> |

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

### 63. In-kind donations and assistance

The municipality received health and hygiene resource material from the Department of Water and Sanitation, as part of the DWS's response to the COVID 19 outbreak.

The donations include the following:

- 266 Sanitisers (1l)
- 84 Sanitisers (500ml)
- 104 Bars of soap (175g)
- 8 Disposable masks, light blue
- 28 Household gloves
- 2 200 Rubber latex gloves
- 23 Disposable protective clothing (Suits)

| Organisation                   | Contribution towards             |
|--------------------------------|----------------------------------|
| Rheenen Municipality - Germany | Reimbursement of travelling cost |

### 64. Private public partnership

Langeberg Municipality has not entered into any private public partnerships during the financial year.

### 65. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

|                                 |             |             |
|---------------------------------|-------------|-------------|
| Current year subscription / fee | 2 077 337   | 2 039 742   |
| Amount paid - current year      | (2 077 337) | (2 039 742) |
|                                 | -           | -           |

#### B-BBEE Performance

Information on compliance with the B-BBEE Act is included in chapter 1 of the annual report under the section titled B-BBEE compliance performance information.

#### Audit fees

|                                    |             |             |
|------------------------------------|-------------|-------------|
| Current year fee - external audit  | 4 866 891   | 5 131 878   |
| Current year fee - audit committee | 121 963     | 164 331     |
| Amount paid - current year         | (4 988 854) | (5 296 209) |
|                                    | -           | -           |

#### PAYE and UIF

|                                 |              |              |
|---------------------------------|--------------|--------------|
| Current year payroll deductions | (26 339 207) | (24 705 948) |
| Amount paid - current year      | 26 323 391   | 24 705 948   |
|                                 | (15 816)     | -            |

The previous years' PAYE and UIF - MFMA 125 (1)(c) disclosure was incorrectly stated as R21,523,084. This has now been corrected, and has no financial impact.

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### 65. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Pension and medical aid deductions

|                                                           |              |              |
|-----------------------------------------------------------|--------------|--------------|
| Current year payroll deductions and Council Contributions | (27 942 119) | (25 694 430) |
| Amount paid - current year                                | 27 942 119   | 25 694 430   |
|                                                           | -            | -            |

The previous years' Pension and Medical Aid Deductions - MFMA 125 (1)(c) disclosure was incorrectly stated as R23,762,070. This has now been corrected, and has no financial impact.

#### VAT

|                |           |           |
|----------------|-----------|-----------|
| VAT receivable | 1 518 864 | 1 470 581 |
|----------------|-----------|-----------|

VAT output payables and VAT input receivables are shown in notes in the Annual Financial Statements.

All VAT returns have been submitted by the due date throughout the year.

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2020:

| 30 June 2020    | Outstanding less than 90 days<br>R | Outstanding more than 90 days<br>R | Total<br>R   |
|-----------------|------------------------------------|------------------------------------|--------------|
| Cllr AP Hess    | 20                                 | -                                  | 20           |
| Cllr J Kriel    | 306                                | -                                  | 306          |
| Cllr SW Strauss | 8 682                              | -                                  | 8 682        |
|                 | <b>9 008</b>                       | <b>-</b>                           | <b>9 008</b> |

#### Supply chain management regulations

Other non-compliance (MFMA 125(2)(e)):

- No non-compliance transactions were identified in terms of supply chain management regulations 44.
- No other non-compliance transactions were identified.

Regulation 45 - details of awards made to close family members of persons in service of State:

| Name                             | Employer and capacity of person in service of the state | Line number | Name of person in the service of the state | Relationship to person in the service of the state | Member of company who has relationship with person in the service of the state | Value of transactions |
|----------------------------------|---------------------------------------------------------|-------------|--------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------------------|-----------------------|
| Advocate Etienne Vermaak         | Pharmacist- Karl Bremmer Hospital                       | 12          | JMC                                        | Spouse                                             | Owner                                                                          | -                     |
| Annandale Motors BK              | PA - Langeberg Municipality                             | 1           | E Wagner                                   | Spouse                                             | Director                                                                       | 41 866                |
| Bar Vallei Herstell & Ing. Werke | Teacher - Bonnievale High School                        | 9           | G van Loggerenberg                         | Child                                              | Owner                                                                          | 592 541               |
| Berry Bright                     | Police officer - SAPS                                   | 10          | CC Buirman                                 | Spouse                                             | Owner                                                                          | -                     |
| Buirman Blindings                | Police officer - SAPS                                   | 11          | CC Buirman                                 | Child                                              | Owner                                                                          | -                     |
| Capital Security Services        | Ward 6 Community Member - Worcester                     | 13          | JE Saayman                                 | Spouse                                             | Shareholder                                                                    | 2 487                 |
| Ludify                           | Teacher - WCED                                          | 17          | T Williams                                 | Mother                                             | Owner                                                                          | 2 243                 |

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|-------------------------------------------------------------------------------------------|-------------------------------------------------------|----|--------------|---------------|----------|------------------|
| <b>65. Additional disclosure in terms of Municipal Finance Management Act (continued)</b> |                                                       |    |              |               |          |                  |
| Lumber & Lawn                                                                             | Teacher - WCED                                        | 8  | J van Zyl    | Spouse        | Director | 33 326           |
| Mubesko Africa                                                                            | Dietician - Northern Cape                             | 3  | S Niehaus    | Spouse        | Manager  | 2 267 066        |
| Montagu Trekkers                                                                          | Dept Health<br>IT technician - Langeberg Municipality | 4  | J Rossow     | Child         | Owner    | 8 357            |
| Montagu Bande Supa Quick                                                                  | WKOD                                                  | 15 | M Stemmet    | Spouse        | Director | -                |
| Qinisekisa System Solution                                                                | Teacher - WCED                                        | 5  | A Olivier    | Spouse        | Director | 93 587           |
| Rob Auto Electric                                                                         | Director Corporate Services                           | 16 | AWJ Everson  | Father-in-law | Owner    | 122 934          |
| Robertson Toyota                                                                          | Teacher - WCED                                        | 6  | ZG Schreader | Spouse        | Director | 19 264           |
| Rukeya Jamie T/A Keyn's Spicy Bites                                                       | Fire Fighter                                          | 14 | MM Jamie     | Child         | Owner    | -                |
| Stemwet (PTY) LTD T/A Montagu Bande Supa Quick                                            | Teacher - WCED                                        | 2  | M Stemmet    | Spouse        | owner    | 174 871          |
| Van Niekerk & Linde Attorneys                                                             | Teacher - WCED                                        | 7  | S Rossow     | Spouse        | Owner    | 103 651          |
| Red Ants Security Services                                                                |                                                       |    |              | Spouse        | Director | 1 593 767        |
| Looras Civil Construction                                                                 | General Assistant (Roads)                             |    | NG Kewana    | Spouse        | Director | 22 100           |
|                                                                                           |                                                       |    |              |               |          | <b>5 078 060</b> |

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. The expenses incurred as listed hereunder have been condoned.

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

| Period - 2019/2020 | Amount           | Single supplier | Impossible | Impractical | Emergency |
|--------------------|------------------|-----------------|------------|-------------|-----------|
| July               | 97 650           | -               | -          | 1           | -         |
| August             | 314 878          | 3               | -          | -           | 4         |
| September          | 63 273           | 1               | -          | -           | 3         |
| October            | 294 558          | 2               | -          | 1           | 3         |
| November           | 377 841          | 1               | -          | 8           | 4         |
| December           | 167 672          | 3               | -          | 2           | 3         |
| January            | 119 536          | -               | -          | 4           | 1         |
| February           | 1 190 038        | 3               | -          | 5           | 9         |
| March              | 283 629          | -               | -          | 2           | 5         |
| May                | 433 297          | -               | -          | 2           | 33        |
| June               | 924 585          | 3               | -          | 3           | 34        |
| Subtotal           | 4 266 957        | 16              | -          | 28          | 99        |
|                    | <b>4 266 957</b> | <b>16</b>       | <b>-</b>   | <b>28</b>   | <b>99</b> |

| Period - 2018/2019 | Amount  | Single supplier | Impossible | Impractical | Emergency |
|--------------------|---------|-----------------|------------|-------------|-----------|
| July               | 639 789 | 5               | -          | 3           | 3         |
| August             | 950 652 | 7               | -          | 11          | 2         |
| September          | 40 050  | -               | -          | 3           | 1         |
| October            | 610 434 | 2               | -          | 4           | 2         |
| November           | 205 132 | 1               | -          | 3           | 2         |
| December           | 164 728 | 5               | -          | 1           | -         |
| January            | 40 607  | -               | -          | 2           | 2         |
| February           | 632 883 | 2               | -          | 1           | 13        |
| March              | 180 782 | 3               | -          | 1           | -         |
| April              | 303 763 | 3               | -          | 2           | 1         |
| May                | 865 895 | 3               | -          | 4           | 1         |

# Langeberg Local Municipality

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### 65. Additional disclosure in terms of Municipal Finance Management Act (continued)

|          |                  |           |          |           |           |
|----------|------------------|-----------|----------|-----------|-----------|
| June     | 303 594          | -         | -        | 2         | -         |
| Subtotal | 4 938 309        | 31        | -        | 37        | 27        |
|          | <b>4 938 309</b> | <b>31</b> | <b>-</b> | <b>37</b> | <b>27</b> |

### 66. Utilisation of long-term liabilities reconciliation

|                              |            |            |
|------------------------------|------------|------------|
| Long-term liabilities raised | 43 846 523 | 13 840 544 |
|------------------------------|------------|------------|

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

### 67. Public-Private Partnerships

Council has not entered into any private public partnerships during the financial year.

### 68. Statutory receivables

In accordance with the principles of GRAP 108, statutory receivables of the municipality are classified as follows:

#### Statutory receivables impaired

As of 30 June 2020, total statutory receivables of R 22,921,943 (2019: R 17,592,239) were impaired and provided for.

The amount of the allowance for impairment was R 17,200,580 as of 30 June 2020 (2019: R13,453,938).

#### Reconciliation of statutory receivables

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| Gross balance statutory receivables | 22 921 943       | 17 592 239       |
| Allowance for impairment            | (17 200 580)     | (13 453 938)     |
|                                     | <b>5 721 363</b> | <b>4 138 301</b> |

#### Reconciliation of allowance for impairment of receivables from non-exchange transactions

|                                      |                   |                   |
|--------------------------------------|-------------------|-------------------|
| Balance at beginning of year         | 13 453 938        | 11 438 366        |
| Contribution to impairment allowance | 3 746 642         | 2 015 572         |
|                                      | <b>17 200 580</b> | <b>13 453 938</b> |

#### The total amount of this allowance consists of:

|                             |                   |                   |
|-----------------------------|-------------------|-------------------|
| Fines                       | 5 699 657         | 3 698 909         |
| Property rates              | 10 357 758        | 8 922 286         |
| Property rates arrangements | 1 143 165         | 832 743           |
|                             | <b>17 200 580</b> | <b>13 453 938</b> |

Statutory receivables ageing:

#### Gross balance

|                             |                   |                   |
|-----------------------------|-------------------|-------------------|
| Property rates              | 15 620 678        | 12 726 548        |
| Fines                       | 6 158 100         | 4 032 948         |
| Property rates arrangements | 1 143 165         | 832 743           |
|                             | <b>22 921 943</b> | <b>17 592 239</b> |

#### Allowance for impairment

|                             |              |             |
|-----------------------------|--------------|-------------|
| Property rates              | (10 357 758) | (8 922 286) |
| Fines                       | (5 699 657)  | (3 698 909) |
| Property rates arrangements | (1 143 165)  | (832 743)   |

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### 68. Statutory receivables (continued)

|                               | (17 200 580)      | (13 453 938)      |
|-------------------------------|-------------------|-------------------|
| Property rates                | 5 262 920         | 3 804 262         |
| Fines                         | 458 443           | 334 039           |
|                               | <b>5 721 363</b>  | <b>4 138 301</b>  |
| Interest received             | 533 076           | 558 892           |
| <b>Property rates ageing</b>  |                   |                   |
| Current (0 - 30 days)         | 3 349 365         | 2 714 395         |
| 31 - 60 days                  | 449 339           | 208 659           |
| 61 - 90 days                  | 290 925           | 169 085           |
| +90 days                      | 11 531 049        | 9 634 407         |
| <b>Balance at end of year</b> | <b>15 620 678</b> | <b>12 726 546</b> |

#### Statutory receivables arises from the following legislation:

Property Rates - Municipal Property Rates Act (60 of 2014)

Fines - Criminal Procedures Act (51 of 1977)

No receivables from statutory receivables were pledged as security.

Credit quality of statutory receivables

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### 68. Statutory receivables (continued)

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of non-exchange receivables on initial recognition is not deemed necessary.

Statutory receivables with a total outstanding balance of R1,143,165 (2019: R832 743) have arranged to settle their account over a re-negotiated period. The total value has been deferred beyond 12 months after year end and subsequently included as part of non-current receivables.

**There are no statutory receivables which were restricted.**

Property rates are levied on the value of land and improvements, which valuation is performed every 5 years. The last valuation came into effect on 1 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Approval in terms of Section 32(2) (b) (ii) of the Municipal Property Rates Act, 2004, (No 6 of 2004) was granted for the extension of the current Valuation Roll of Langeberg Municipality to six (6) financial years. The implementation of the new Valuation Roll of Langeberg Municipality will be 1 July 2021.

| Basic rate                            | 2020      | 2019      |
|---------------------------------------|-----------|-----------|
| Residential                           | 0.0065c/R | 0.0060c/R |
| Commercial, industrial and government | 0.0097c/R | 0.0089c/R |
| Public benefit organisations          | 0.0013c/R | 0.0012c/R |
| Agricultural                          | 0.0013c/R | 0.0012c/R |

Interest is charged on arrear accounts. The interest rate is approved by Council on an annual basis. Interest is charged at prime rate.

Rates are levied annually and are payable by the 7th of October. Interest is levied at the prime rate on outstanding instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential:

- In terms of the Rates Policy of the municipality the first R80 000.00 of the market value of a property is exempted from paying rates.
- The first R15 000 on the valuation is exempted in terms section 17(1)(h) of Municipal Property Rates Act, the subsequent R65 000 is a discretionary rebate.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.



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### 68. Statutory receivables (continued)

#### Statutory receivables past due but not impaired

Statutory receivables which are less than 3 months past due are not considered to be impaired.

At 30 June 2020, R 3,349,365 (2019: R 2,923,055) were past due but not impaired.

Statutory receivables were assessed to determine if any were significant as required by GRAP 104.

No debtors were identified to be individually significant for impairment purposes.

Statutory receivables are grouped per valuation category for collective assessment of impairment.

Concentrations of credit risk with respect to receivables from exchange transactions are limited due to the municipality's large number of customers. The municipality's historical experience in collection of statutory receivables is the main factor in considering the assessing of impairment losses. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's statutory receivables.

#### The ageing of amounts past due but not impaired is as follows:

|                    |                  |                  |
|--------------------|------------------|------------------|
| 1 month past due   | 3 349 365        | 2 714 395        |
| 2+ months past due | 449 339          | 208 659          |
|                    | <b>3 798 704</b> | <b>2 923 054</b> |

### 69. Operating surplus

Operating surplus for the year is stated after accounting for the following:

|                                                                |             |             |
|----------------------------------------------------------------|-------------|-------------|
| Gain on sale of property, plant and equipment                  | 423 487     | 1 420 265   |
| Impairment on property, plant and equipment                    | 4 921 673   | 71 313      |
| Reversal of impairment on property, plant and equipment        | 2 407 823   | -           |
| Impairment on investment property                              | 208 379     | -           |
| Impairment on asset                                            | 1           | -           |
| Impairment on trade and other receivables                      | 3 262 288   | 2 834 423   |
| Reversal of impairment on trade and other receivables          | 39 617      | 413 455     |
| Impairment of other receivables from non-exchange transactions | 4 222 328   | 433 913     |
| Depreciation on property, plant and equipment                  | 29 321 194  | 24 582 604  |
| Depreciation on investment property                            | 57 936      | 56 480      |
| Employee costs                                                 | 206 951 080 | 194 879 026 |

### 70. Taxation

#### Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

|                     |         |         |
|---------------------|---------|---------|
| Applicable tax rate | 28.00 % | 28.00 % |
|---------------------|---------|---------|

### 71. Budget differences

#### Material differences between budget and actual amounts

Differences greater than 10% between budget and actual amounts are due to the following reasons:

#### Statement of Financial Position

#### Assets

# Langeberg Local Municipality

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### 71. Budget differences (continued)

Inventories: Increase in houses not transferred to housing beneficiaries.

Receivables from exchange transactions: Increase in debtors were higher than anticipated due to the COVID pandemic.

Receivables from non-exchange transactions: Increase in traffic fines and property rates debtors and increase in security deposits due to impact of COVID-19.

Current portion of receivables from non-exchange transactions: No current portion realised for the year on non-exchange transactions.

Cash and cash equivalents: Underspensing of capital and operational expenditure due to the COVID pandemic led to increased available cash resources.

Intangible assets: The change in accounting policy on the useful life of intangible assets increased the carrying value.

Other financial assets (investments): Decline in the markets.

Non-current receivables from non-exchange transactions: Less non-current portion realised for the year on non-exchange transactions than budgeted.

Non-current portion of long-term receivables from exchange transactions: Non non-current portion realised for the year on exchange transactions.

### Liabilities

Long term borrowings: The new loan amount taken up was higher than anticipated in the budget.

Employee benefit obligation: Actuarial valuation more than anticipated in the budget due to a change in the parameters used.

Unspent conditional grants: No unspent conditional grants were planned in the budget.

Provisions: Actual actuarial valuation less than anticipated in the budget due to interest rates decline.

### Statement of Financial Performance

#### Revenue

Sales of goods and rendering of services: Less sales received than envisaged. Due to the lockdown no auction was held

Rental from fixed assets: Less rentals received than anticipated

Interest earned - external investments: Invested more funds than planned to do due to some capital projects not fully spent as per the budget.

Interest earned - exchange transactions: Decrease in debtor payment period led to a decrease in interest earned.

Operational revenue: Less revenue received than envisaged.

Agency services: Due to the lockdown, less vehicle registrations took place than anticipated.

Licences and permits: More licenses and permits issued than planned.

Non-exchange interest and dividends: Decrease in interest rates.

Gains on disposal of PPE: The actual gain is less than expected due to the revenue received for the assets disposed of.

Fines, penalties and forfeits: More fines issued than anticipated.

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### 71. Budget differences (continued)

#### *Expenditure*

Impairment of receivables: More debt was impaired on receivables than budgeted due to the impact of COVID-19.

Lease rentals on operating lease: Less leases than anticipated.

Bad debt written off: Less bad debt written off by council than planned in the budget.

Contracted services: The under-expenditure resulted from the halt in operations due to the COVID 19 lockdown.

Transfers and subsidies: LG graduate internship programme did not realise as planned in the budget.

Inventory consumed: The under-expenditure resulted from the halt in operations due to the COVID 19 lockdown.

Operational costs: The under-expenditure resulted from the halt in operations due to the COVID 19 lockdown.

#### Cash Flow Statement

#### *Operating activities*

Sale of goods and services: Less sales received than envisaged. Due to the lockdown no auction was held.

Finance cost: Due to reclassification of interest cost on employee stated benefits to employee related cost.

#### *Investing activities*

Property, plant and equipment: Less capital expenditure than anticipated in budget on government grants.

#### *Financing activities*

Long term borrowings: The new loan amount taken up was higher than anticipated in the budget.

Decrease of consumer deposits: Actual consumer deposits less than anticipated in budget.

#### **For all other differences above 10%**

Where a specific reason is not stated above, the reason for the variance is due the impact of COVID-19.

## CHAPTER 6

# AUDIT FINDINGS





### **Report of the Audit & Performance Committee**

**We are pleased to present our report for the financial year ended 30 June 2020.**

### **Audit & Performance Committee Members and Attendance:**

The Audit & Performance Committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved charter. During the 2019/20 financial year five (5) meetings were held and attendance was as tabled.

| <b>Name of member</b>                                             | <b>Appointment date</b> | <b>Contract End Date</b> | <b>Number of meetings attended for 2019/20</b> |
|-------------------------------------------------------------------|-------------------------|--------------------------|------------------------------------------------|
| Mr E Abrahams:<br>Independent<br>Chairperson – From<br>March 2019 | 01 October 2016         | 30 September 2022        | 5                                              |
| Mr RG Nicholls:<br>Independent                                    | 01 October 2016         | 30 September 2022        | 4                                              |
| Ms K Talmakkies:<br>Independent                                   | 01 March 2019           | 30 April 2022            | 4                                              |
| Mr O Valley:<br>Independent                                       | 01 March 2019           | 28 February 2022         | 4                                              |
| Mr A Njeza:<br>Independent                                        | 03 June 2019            | 31 May 2022              | 2                                              |

### **Audit & Performance Committee Responsibility**

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of Sections 166 of the MFMA. We further report that we have conducted our affairs in compliance with this charter.

### **Internal Audit**

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Municipality in its audits. Internal Audit completed their 2019/20 risk based annual plan as approved by the Audit & Performance Committee.

We have met with the Internal Audit during the year to ensure that the function is executed effectively and objectively.

We are satisfied with the content and quality of quarterly Internal Audit reports prepared and issued by the internal auditors of the municipality during the year under review.

### **The quality of in-year management and quarterly reports submitted in terms of the MFMA**

We reviewed the in-year quarterly reports submitted together with internal audit comments thereon.

We noted improvement in the content and quality of reports prepared and submitted by Management.

## **The effectiveness of internal control**

The system of internal control employed by the Municipality to financial and risk management is effective, efficient and transparent.

In line with the MFMA and the recommendations from King IV Report on Corporate Governance requirements, Internal Audit provides the Audit & Performance Committee and Management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the Internal Auditors and the Audit Report on the Annual Financial Statements of the Auditor-General South Africa, it was noted that there were no indicated material deficiencies in the system of internal controls or deviations there from.

Accordingly, we can report that the system of internal control over the financial reporting period under review was efficient and effective.

## **Evaluation of Financial Statements**

We have:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General South Africa; Internal Auditors and the Accounting Officer;
- Reviewed changes in accounting policies and practices;
- Reviewed the municipality's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments and accepted the unadjusted audit differences as they were not material.

We concur with and accept the Auditor-General South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General South Africa.

## **Auditor-General South Africa**

We have met with the Auditor-General South Africa to ensure that there are no unresolved issues.



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**Mr E Abrahams**

**Chairperson of the Audit & Performance Committee**

**02 March 2021**



# Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Langeberg Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Langeberg Municipality set out on pages 5 to 124, which comprise the statement of financial position as at 30 June 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Langeberg Municipality as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 16 of 2019 (Dora).

### Basis for opinion

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

### Emphasis of matters

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

#### Material losses/impairments

7. As disclosed in note 4 to the financial statements, the municipality provided for impairment of receivables from exchange transactions of R34,2 million (2018-19: R30,3 million).
8. As disclosed in note 6 to the financial statements, the municipality provided for impairment of receivables from non-exchange transactions of R24,5 million (2018-19: R20,4 million).

#### Restatement of corresponding figures

9. As disclosed in note 56 to the financial statements, the corresponding figures for 30 June 2019 were restated as a result of errors and reclassifications in the financial statements of the municipality at, and for the year ended 30 June 2020.



## **Other matter**

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

## **Unaudited disclosure notes**

11. 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 form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

## **Responsibilities of the accounting officer for the financial statements**

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

13. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

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

15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## **Report on the audit of the annual performance report**

### **Introduction and scope**

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the municipality's annual performance report for the year ended 30 June 2020:

| Strategic objective                                                                                                      | Pages in the annual performance report |
|--------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| Strategic objective 5 – Sound financial management: adherence to all laws and regulations applicable to local government | 81 – 83                                |

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. I did not identify any material findings on the usefulness and reliability of the reported performance information for this objective:
- Sound financial management: adherence to all laws and regulations applicable to local government

## Other matters

21. I draw attention to the matters below.

### Achievement of planned targets

22. Refer to the annual performance report on pages 69 to 83 for information on the achievement of planned targets for the year.

### Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of sound financial management: adherence to all laws and regulations applicable to local government. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.



## Report on the audit of compliance with legislation

### Introduction and scope

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

### Other information

26. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected objective presented in the annual performance report that have been specifically reported in this auditor's report.
27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
30. I have nothing to report in this regard.

### Internal control deficiencies

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

## Other reports

33. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
34. The Hawks are investigating allegations of fraud and corruption by employees of the Langeberg Municipality as well as public persons for the period 2005 to 2018. These proceedings were still in progress at the date of this report.
35. The Special Investigations Unit are investigating allegations of fraud and corruption in relation to the humanitarian relief grant received by the municipality to assist with the covid-19 pandemic for the 2019-20 period. These proceedings were still in progress at the date of this report.

*Auditor-General*

Cape Town

28 February 2021



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## **Annexure – Auditor-general's responsibility for the audit**

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

### **Financial statements**

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

### **Communication with those charged with governance**

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

**LANGEBERG MUNICIPALITY**

**DRAFT AUDIT ACTION PLAN ON 2019/20 EXTERNAL AUDIT FINDINGS**

| <b>Management report ref:</b> | <b>Audit Finding Title</b>                                              | <b>Audit Finding</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>AG Recommendation</b>                                                                                                                                                                                                                                                                                   | <b>Management Response on audit finding</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Management comments on recommendation</b>                                       | <b>Responsible Person</b> | <b>Proposed date when COMAF will be addressed</b> | <b>Action taken/Progress to date/Additional comments, if any</b>                                                                                                                                                    |
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| Page 30 - 32                  | Non-compliance: Internal audit quality control assessment not conducted | Section 62(1)(c)(ii) of the MFMA states that:<br>“The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of internal audit operating in accordance with any prescribed norms and standards.”<br>International Standards for the Professional Practice of Internal Auditing (IIA) 1312 states that:<br>“External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.”<br>Evidence that this above requirement was performed in the 2019-20 year, or during the preceding four years, has | Management should ensure that an external assessment of the internal audit function is performed at least once in five years.<br><br>It is recommended that this finding be placed on an audit action plan/register to ensure that the above requirement is complied with as soon as practically possible. | Management disagrees with the finding.<br>In terms of section 177(1) (b) of the MFMA, the Minister of Finance exempted municipalities and municipal entities from the provisions of that Act and regulations made thereunder, as set out in the Schedule. The Minister gave notice of this exemption through Gazette no. 43181, dated 30 March 2020 (See attached copy of Gazette).<br>Subject to the condition in paragraph 3 of Gazette no. 43181, municipalities and municipal entities are exempted from a provision of the Act which requires any action to be taken between the date of publication of this notice and the date that the national state of disaster lapses or is terminated in terms of section 27(5) of the | Management will implement AG recommendation as soon as it is practically possible. | Chief Audit Executive     | 30 June 2021                                      | The audit action plan of Langeberg Municipality will be updated to indicate that the AG recommendation will be addressed by 30 June 2021.<br><br>The required external quality assessment is currently in progress. |

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|  |  | <p>not been submitted by the municipality. This finding was raised in the prior year audit and it was identified that: "the internal audit function performed a MGRO maturity assessment via provincial treasury. This is done through completing the questionnaire on the system and uploading a portfolio of evidence. The results were obtained for the 2017-18 financial year and those results only commented on the assurance level of the internal audit function and Audit Committee."</p> <p>The maturity assessment performed does not provide audit with sufficient and appropriate audit evidence which confirms that it constitutes an external quality assurance assessment by a qualified reviewer as required above. Furthermore, based on inquiries held with the Chief Audit Executive, it could not be confirmed that an independent qualified reviewer performed such an assessment in the last five years. In addition, a request for information was issued to management to provide evidence regarding the person who performed the MGRO assessment. At the time of issuing the audit report for the 2018-19 year no response had been received in this regard.</p> |  | <p>Disaster Management Act, 2002. This exemption includes Section 62, referred to above by AG. As indicated by the AG, the municipality had commenced a tender process for the appointment of an external quality assessor (Tender 23/2020), which was cancelled due to the lockdown imposed due to the COVID-19 pandemic. The process to go out on tender to appoint a service provider to perform an external assessment of the internal audit function was started by management on 2 March 2020 upon finalisation of the 2018/19 audit action plan which was approved by Council in the Annual Report for 2018-2019 financial year on 25 February 2020. On the 13 March 2020 the purchase order to advertise the tender was issued. The tender was to be closed on 03 April 2020.</p> <p>So the AG has to take cognisance of the timelines given above and be pragmatic in its view of the situation faced by the municipality in this regard. There was no realistic opportunity for the municipality to comply with section 62 since the time the AG issued the</p> |  |  |  |  |
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|  |  | <p>A follow up was performed in the current year audit and no further response or validation was received in this regard. It is further noted that the municipality had commenced a tender process for the appointment of an external quality assessor (Tender 23/2020), which was cancelled due to the lockdown imposed due to the COVID-19 pandemic.</p> <p>This assessment is imperative to ensure compliance with laws and regulations, as well as giving the accounting officer assurance on the level of effectiveness and efficiency of the municipality's internal audit function. This will be reported as another important matter in the management report.</p> |  | <p>audit report, as the action plan had to be approved by Council through approval of the annual report. This needs to happen by end of February and shortly after that management commenced to implement the audit action plan but was restricted by the lockdown restriction due to the national state of disaster.</p> <p>The municipality is required to comply with the provisions of the MFMA and its regulations after the national state of disaster has lapsed or terminated in terms of section 27(5) of the Disaster Management Act, 2002. In fact, at this present moment the national state of disaster has not lapsed or terminated. It has been extended until 15 December 2020.</p> <p>Therefore, the AG should note this matter under the status of implementation of commitments and recommendations in the management report and mark it as a commitment in progress from the implementation of AG recommendations to address prior year audit findings. It is not an audit finding in 2019/20 financial year due to reasons mentioned above.</p> |  |  |  |  |
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| Management report ref: | Audit Finding Title                                                                   | Audit Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | AG Recommendation                                                                                                                    | Management Response on audit finding                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Management comments on recommendation                                                                                                                                                                                                                                                                 | Responsible Person | Proposed date when COMAF will be addressed | Action taken/Progress to date/Additional comments, if any            |
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| Page 42 - 43           | Procurement and contract management: Procurement and contract management – SCM Policy | During the audit work performed to assess whether the SCM policy implemented by the municipality is in line with the MFMA and the SCM regulations it was identified that the regulations and criteria below were not included for in the municipality's SCM policy. It should be noted that this is repeat finding reported in the 2018-19 audit.<br>Regulation 21 of the SCM Regulations, 2005 relating to the SCM policy determines the criteria to which bid documentation for a competitive bidding process must comply and states that the bid documentation must, if the value of the transaction is expected to: "exceed R10 million (VAT included), require bidders to furnish – (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards the municipality or other service provider in respect of which payment is overdue for more than 30 days."<br>Regulation 22(1) of the SCM Regulations stipulates the information a public advertisement must contain, which must include: "(ii) a statement that bids may only | It is recommended that management update the SCM policy to include the above requirements to ensure compliance with the regulations. | Management disagrees with the audit finding. On all the regulations listed by the AGSA, there is no requirement stipulating that those clauses should be listed in the SCM policy.<br><br>Further to the management comments above, discussions were held with the CFO on 1 and 2 February 2021 where it was agreed that the municipality will amend their policy, since management are in agreement that the above regulations state that the regulations "must" be included in the SCM policy | Further to the management comments above, discussions were held with the CFO on 1 and 2 February 2021 where it was agreed that the municipality will amend their policy, since management are in agreement that the above regulations state that the regulations "must" be included in the SCM policy | CFO                | 30 June 2021                               | SCM policy updated during the mid-year budget adjustment for 2020/21 |

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|  | <p>be submitted on the bid documentation provided by the municipality/ municipal entity”</p> <p>Regulation 23 of the SCM Regulations relating to the SCM policy determines the procedures for the handling, opening and recording of bids, and requires the accounting officer to: “(ii) make the register available for public inspection; and (iii) publish the entries in the register and the bid results on the website.”</p> <p>Regulation 26(1) of the SCM Regulations relating to the SCM policy provides for: “the attendance or oversight process by a neutral or independent observer appointed by the accounting officer when this is appropriate for ensuring fairness and promoting transparency.”</p> <p>Regulation 49 of the SCM Regulations states: “The SCM policy allows persons aggrieved by the decisions or actions taken by the municipality or municipal entity in the implementation of its SCM system, to lodge within 14 days of the decision or action a written objection or complaint to the municipality or municipal entity against the decision or action.”</p> <p>The SCM Policy has not been amended to cater for the new Standard for Infrastructure Delivery and Procurement Model issued in terms of Treasury circular 77 dated 26 October 2015.</p> |  |  |  |  |  |  |
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| Management report ref: | Audit Finding Title                                            | Audit Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | AG Recommendation                                                                                                                                                                                                                                                                                                                                                                                             | Management Response on audit finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Management comments on recommendation | Responsible Person                                  | Proposed date when COMAF will be addressed                                        | Action taken/Progress to date/Additional comments, if any |
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| Page 46 - 51           | Internal control deficiency: McGregor housing project: Phase 2 | Langeberg Municipality (municipality) appointed an implementing agent for the housing programme on 30 November 2011. A Memorandum of Agreement (MoA) was entered into between the municipality and implementing agent on 19 January 2012. The duties and obligations of implementing agent includes, among others, the design, construction and installation of all associated bulk, link, internal, external, connector and rudimentary engineering services and the design and construction of top structures. An addendum to the MoA signed 20 August 2012 listed the housing programs for which implementing agent will be responsible to implement. It indicated that implementing agent was to construct 7500 houses over a period of time on various erven. | <p>(a) The municipality should in future ensure that security is arranged timely for houses that are unoccupied to prevent a risk of vandalism.</p> <p>(b) The municipality must assess the condition of the completed housing units to identify poor finishes and quality issues and the implementing agent should be requested to address the issues identified.</p> <p>(c) Any resulting fruitless and</p> | An attach letter dated 11 August 2020 was written to department of human settlement western cape ( principal ) by Langeberg municipality ( agent ) for sourcing of security to avoid vandalism. Due to lack of timely response, an arrangement was made with department strategy & social development to share responsibility of securing houses utilising security appointed 20 August 2020.see attach letter of appointment. Poor plasterwork and untidy finishing (refer pictures 5 to 7) – Both units formed part of the vandalised units which had not been handed over, it is general practice that on the handover date the contractor cleans and finishes off any minor cosmetic repairs and in this case was not | Refer management response             | Provincial department western cape human settlement | Immediately when completed houses are officially handed over to the municipality. | N/A                                                       |

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|  |  | <p>The McGregor housing project was one of the projects to be constructed by the implementing agent. Approval was granted by the Western Cape department of Human Settlements for the construction of a total of 496 housing units (418 houses in Phase I and 78 houses in Phase II) with an approved budget of R52 390 042 for Phase I and R11 206 450 for Phase II. The audit focused on Phase II of the project for which completion of was achieved on 4 August 2020.</p> <p>a. Vandalised housing units</p> <p>i. During the audit of the McGregor housing project (Phase II), it was noted that 15 housing units were vandalised after it was practically completed and handed over to the municipality. The housing units were unoccupied as it was not transferred to the approved beneficiaries. Problems were being experienced as the approved beneficiaries were not meeting the minimum age requirement to qualify for the housing units.</p> <p>ii. Practical completion for the majority of the vandalised units were reached on 4 August 2020. Security measures for the unoccupied housing units were not in place. The municipality only approved security for the unoccupied units on 24 November 2020. Vandalism took place</p> | <p>wasteful expenditure should be quantified and dealt with in terms of legal prescripts.</p> | <p>afford the opportunity as the house could not be handed over. It must be added that picture 5 depicts cement slush (not plaster/mortar) and picture 7 appears to depict sealant that has become dirty (not plaster/mortar). Both houses depicted were not initially handed over and this department have not signed the final completion certificate.</p> <ul style="list-style-type: none"> <li>• Cracks on apron (refer picture 8) – the apron does not appear to be subsiding and the crack is not structural and could have been formed on a cold joint if a repair had been made to the sewer system and the apron later repaired.</li> <li>• Skew door frame (refer picture 9) – the door frame appears to be buckled and will be brought under the attention of the contractor to make the repair as a latent defect. This was a house that was not initially handed over and this department has not signed the final completion certificate</li> <li>• Demolishing and no plinths (refer pictures 10 and 11) – the cracked rodding eye plinth could</li> </ul> |  |  |  |  |
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|  |  | <p>due to a lack of security while the units were unoccupied. The estimated cost to repair the vandalised units amounted to R117 944,08 (including VAT). According to the municipality 12 of the 15 vandalised units were still unoccupied as at 29 January 2021.</p> <p>b. Quality</p> <p>i. During a site visit to the McGregor housing project (Phase II) on 14 December 2020 the audit team observed that the construction of the houses was generally of a good quality.</p> <p>ii. However, various instances of poor finishing of works and minor quality issues were observed. The following serves as examples of the poor finishing and quality issues that were observed.</p> <ul style="list-style-type: none"> <li>• Poor plasterwork and untidy finishing (refer pictures 5 to 7)</li> <li>• Cracks on apron (refer picture 8)</li> <li>• Skew door frame (refer picture 9)</li> <li>• Demolishing and no plinths (refer pictures 10 and 11)</li> </ul> |  | <p>have been damaged by a vehicle driving over it on the property. The plinth around the meter will be addressed by the contractor. We would like to add that this department snags and de-snags all units (lists have been made available to the AG) to endeavour to achieve uniformity in quality, the home owner is afforded the opportunity to highlight any defects (Happy Letter – day of handover) and</p> <p>Within the defects period (3 months). As stated above houses that have not been officially handed over have not been certified for final completion. Where a defect has been identified the implementing agent has always been instructed to make the necessary repairs and to date this has been done.</p> |  |  |  |  |
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| Management report ref: | Audit Finding Title                              | Audit Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | AG Recommendation                                                                                                                                                                                                                                                                                                                                             | Management Response on audit finding                                                                                                                                                                                                                                                                            | Management comments on recommendation        | Responsible Person                                   | Proposed date when COMAF will be addressed | Action taken/Progress to date/Additional comments, if any                                                                                                            |
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| Page 52 - 53           | Predetermined objectives : Non-compliance to MSA | <p>Section 45(b) of the Municipal System Act, 2000 (Act No. 32 of 2000) (MSA) states that the results of performance measurements must be audited annually by the Auditor-General.</p> <p>Section 46 of the MSA states that a municipality must prepare for each financial year a performance report reflecting:</p> <ul style="list-style-type: none"> <li>- The performance of the municipality and of each external service provider during that financial year;</li> <li>- A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and</li> <li>- Measures taken to improve performance.</li> </ul> <p>Management did not include measures taken to improve performance as required in terms of the above stated requirement for indicators where the municipality underperformed.</p> <p>The table below indicates details of these cases:</p> <p>KPI ref.TL60 key Performance Indicator: Number of indigent households receiving free basic electricity, Target: 6800, Reported performance: 6704, Measures to improve performance: None provided</p> <p>KPI ref.TL61 key Performance Indicator: Number of indigent households receiving free basic sanitation services , Target: 6800 , Reported performance:</p> | <p>It is recommended that management amend the APR to ensure compliance with the above legislative requirement.</p> <p>Furthermore, management should enhance their review control processes to ensure that errors, misstatements and non-compliance with applicable legislation is prevented, detected and corrected by the systems of internal controls</p> | <p>Management disagrees with the audit finding.</p> <p>There was an error in the formula used as the formula should be last reverse value.</p> <p>The three kpi's indicated by the AGSA are not underperformed as the aim is to reduce indigents.</p> <p>The Municipality will correct the formula and SOP.</p> | Management disagrees with the audit finding. | <p>Manager: Income</p> <p>Snr clerk: Performance</p> | Immediately                                | Management corrected the SOP and formula. The updated annual performance report was provided to the AG and it was confirmed that the amendments were done correctly. |

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|  |  | <p>6585, Measures to improve performance: None provided</p> <p>KPI ref: TL62 key Performance Indicator: Number of indigent households receiving free basic refuse removal services, Target: 6800 , Reported performance: 6593, Measures to improve performance: None provided</p> <p>This results in non-compliance with section 46 of the MSA in terms of usefulness of the annual performance report.</p> |  |  |  |  |  |  |  |
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| Management report ref: | Audit Finding Title                                                                            | Audit Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | AG Recommendation                                                                                                                                                                                                                                                                                                                                | Management Response on audit finding     | Management comments on recommendation    | Responsible Person     | Proposed date when COMAF will be addressed | Action taken/Progress to date/Additional comments, if any                                                                  |
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| Page 54 - 55           | Predetermined objectives :<br>Reported target per indicator not consistent with planned target | <p>Section 12(1) of the Municipal System Act 2000 (Act No 32 of 2000) (MSA) states that a municipality must, for each financial year, set performance targets for each of the key performance indicators set by it.</p> <p>Section 12(2)(e) of the MSA states that a performance target in terms of sub regulation (1) must be consistent with the municipality's development priorities and objectives set out in its integrated development plan.</p> <p>Management did not include that the amended Service Delivery and Budget Implementation Plan (SDBIP) target as approved by council on the 4 December 2019 is consistent with the planned target in the Annual Performance Report (APR).</p> <p>The table below indicates details of these cases:<br/>KPI ref.TL68, Key Performance Indicator: Achieve a debtor payment percentage of 98% as at 30 June 2020 ((Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance – Bad Debts Written Off)/Billed Revenue) x 100, Target per original SDBIP: 98%, Approved amended target 95%, Target in APR 98%</p> <p>This results in non-compliance with section 12 of the MSA in terms of usefulness of the annual performance report</p> | It is recommended that management amend the APR to ensure compliance with the above legislative requirement. Furthermore, management should enhance their review control processes to ensure that errors, misstatements and non-compliance with applicable legislation is prevented, detected and corrected by the systems of internal controls. | Management agrees with the audit finding | Management agrees with the audit finding | Snr Clerk: Performance | Immediately                                | The updated annual performance report was provided to the AG and it was confirmed that the amendments were done correctly. |



| Management report ref: | Audit Finding Title                                  | Audit Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | AG Recommendation                                                                                                                                                                                                                                                                                                        | Management Response on audit finding                                                                                                                                                                                                                                                                                                               | Management comments on recommendation                                    | Responsible Person | Proposed date when COMAF will be addressed | Action taken/Progress to date/Additional comments, if any                                       |
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| Page 56 - 57           | Disclosures: Unauthorised expenditure note misstated | Section 122(1)(a) of the Municipal Finance Management Act 56 of 2003 (MFMA) states: "Every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year." Paragraph 17 of GRAP 1, Presentation of Financial Statements states that, "Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements. The application of Standards of GRAP, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation." The auditor was unable to verify the current year unauthorised expenditure amount of R21 834 244. | Management should improve its detailed reviews, including comparing amounts disclosed to supporting schedules, to ensure that the amounts presented in the notes to the financial statements are valid, accurate and complete. Management should amend Note 60 to reflect the correct amount of unauthorised expenditure | Management agrees with the finding. This was an error where figures miss-populated on the document is not a result of any internal control deficiency or miscalculation as there is no Unauthorised expenditure for the current year. This is also evident in the fact that the description in the note refers to over expenditure incurred in the | Management will remove the amounts from the 2020 year and disclose zero. | CFO                | Immediately                                | The adjusted financial statements were provided to the AG and the amendment was done correctly. |

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|  |  | <p>The municipality indicated that no unauthorised expenditure was incurred in the 2019-20 financial year. The amount recorded in Note 60 of the Annual Financial Statements(AFS) submitted for audit was erroneously included. The table below provides the disclosure of the note in the AFS:</p> <p>The above misstatement is material and may result in a modified audit opinion if the financial statements are not corrected accordingly. It also constitutes material non-compliance with section 122(1)(a) of the MFMA.</p> |  | <p>prior year (2019 and not 2020). This is an isolated incident and corrections will be made in the AFS.</p> |  |  |  |  |  |
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| Management report ref: | Audit Finding Title                                     | Audit Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | AG Recommendation                                                                                                                                                                                                                                                                                                                                                                                    | Management Response on audit finding                                                                                                                                                                                                 | Management comments on recommendation | Responsible Person | Proposed date when COMAF will be addressed | Action taken/Progress to date/Additional comments, if any                                       |
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| Page 57 - 58           | Disclosures: Completeness of irregular expenditure note | <p>Paragraph 17 of GRAP 1, Presentation of Financial Statements, states that financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements. The application of Standards of GRAP, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.</p> <p>Section 125(2)(d) of the MFMA instructs that: “The notes to the annual financial statements of a municipality ... must disclose... particulars of any material loss and any material irregular... expenditure incurred... “</p> <p>Council certified irregular expenditure of R2 701 848 as irrecoverable during the special council meeting held on 12 June 2020. This relates to irregular expenditure incurred in 2019-20 resulting from an extension of the Regulation 32 contracts.</p> <p>Note 62 in the financial statements submitted for auditing does not reflect this irregular expenditure</p> | <p>It is recommended that management amend Note 62 to ensure compliance with the above GRAP and MFMA requirements to ensure that note 62 is complete.</p> <p>Furthermore, management should enhance their review control processes to ensure that errors, misstatements and non-compliance with applicable legislation is prevented, detected and corrected by the systems of internal controls.</p> | Management agrees with the audit finding and the note will be amended for completeness, but the total will not be affected by the change as this is an in and out amendment which has a zero impact on the final figure of the note. | Management agrees with the finding    | CFO                | Immediately                                | The adjusted financial statements were provided to the AG and the amendment was done correctly. |

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|  |  | incurred and written off. The above misstatement is not individually material, but if it remains uncorrected, it may result in a material misstatement of the financial statements once aggregated with other uncorrected misstatements. A final evaluation hereof will be performed once the adjusted financial statements have been audited. |  |  |  |  |  |  |  |
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| Management report ref: | Audit Finding Title                                                                                 | Audit Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | AG Recommendation                                                                                                                                                                                                                                                                                                                                                                                           | Management Response on audit finding      | Management comments on recommendation     | Responsible Person | Proposed date when COMAF will be addressed | Action taken/Progress to date/Additional comments, if any                                       |
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| Page 59 - 60           | Disclosures: Completeness of awards made to close family members of persons in service of the state | <p>Paragraph 17 of GRAP 1, Presentation of Financial Statements, states that financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements. The application of Standards of GRAP, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.</p> <p>Regulation 45 of the Municipal Supply Chain Management Regulations states that the notes to the annual financial statements of a municipality or municipal entity must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in service of the state, or has been in service of the state in the previous twelve months, including –</p> <p>(a) The name of that person<br/> (b) The capacity in which that person is in the service of the state; and<br/> (c) The amount of the award.</p> | <p>It is recommended that management amend Note 65 to ensure compliance with the above GRAP and MFMA requirements and a complete disclosure of these awards.</p> <p>Furthermore, management should enhance their review control processes to ensure that errors, misstatements and non-compliance with applicable legislation is prevented, detected and corrected by the systems of internal controls.</p> | Management agrees with the audit finding. | Management agrees with the audit finding. | CFO                | Immediately                                | The adjusted financial statements were provided to the AG and the amendment was done correctly. |

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|  |  | <p>A service provider has a director who is a spouse of a person in service of the state. Note 65 in the financial statements submitted for auditing does not reflect this award.</p> <p>The value of the award has been identified as R1 593 737.</p> |  |  |  |  |  |  |  |
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| Management report ref: | Audit Finding Title                                  | Audit Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | AG Recommendation                                                                                                                                                                                                                                                                                                                                         | Management Response on audit finding                                                                                                                                 | Management comments on recommendation                       | Responsible Person | Proposed date when COMAF will be addressed | Action taken/Progress to date/Additional comments, if any                                       |
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| Page 62 - 65           | Statement of Comparison of Budget and Actual Amounts | Section 122(1)(a) of the MFMA states: "Every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year." Paragraph 17 of GRAP 1, Presentation of Financial Statements states that, "Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements. The application of Standards of GRAP, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation." | Management should perform detailed reviews to ensure that the amounts presented in the statement of comparison of budget and actual are accurate.<br><br>Management should amend the statement of comparison of budget and actual to reflect the accurate budget and actual amounts and provide explanation to all of the material variances in the note. | Management disagrees with the audit finding and has submitted additional information to the AGSA.<br><br>Management will make corrections for the amounts agreed on. | Management will make corrections for the amounts agreed on. | CFO                | Immediately                                | The adjusted financial statements were provided to the AG and the amendment was done correctly. |

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|  |  | <p>Paragraph 12 of GRAP 24 states that, “Subject to the requirements of paragraph 19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:</p> <ul style="list-style-type: none"><li>(a) the approved and final budget amounts;</li><li>(b) the actual amounts on a comparable basis; and</li><li>(c) by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.”</li></ul> <p>a. Misstatement of the final approved budget presented on the Statement of Comparison of Budget and Actual Amounts</p> <p>b. No explanation for material variances</p> <p>Note 71 to the financial statements states that Langeberg Municipality regards variances as material when differences between budget and actual amounts are greater than 10%. However, on recalculation of the variances, it was identified that the above material variances are not explained in note 71.</p> <p>The above misstatements are material and may result in a modified audit opinion if the financial statements are not corrected accordingly.</p> <p>It also constitutes material non-compliance with section 122(1)(a) of the MFMA.</p> |  |  |  |  |  |  |
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| Management report ref: | Audit Finding Title    | Audit Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | AG Recommendation                                                                                                         | Management Response on audit finding      | Management comments on recommendation         | Responsible Person | Proposed date when COMAF will be addressed | Action taken/Progress to date/Additional comments, if any                                       |
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| Page 66 - 67           | Contingent Liabilities | <p>Paragraph 17 of the Standard of Generally Recognised Accounting Practice (GRAP) 1, Presentation of Financial Statements states that, "Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements. The application of Standards of GRAP, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation."</p> <p>Paragraph 17 of GRAP 19 defines a contingent liability as:</p> <p>"(a) A possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or (b) a present obligation that arises from past events but is not recognised because:</p> <p>(i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or</p> <p>(ii) the amount of the obligation cannot be measured with sufficient reliability."</p> | It is recommended that management amend Note 52 to reflect only contingent liabilities that meets the definition thereof. | Management agrees with the audit finding. | Management agrees with the AG recommendation. | CFO                | Immediately                                | The adjusted financial statements were provided to the AG and the amendment was done correctly. |

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|  |  | <p>Paragraph 25 of GRAP 19 states that: “Financial statements deal with the financial position of an entity at the end of its reporting period and not its possible position in the future. Therefore, no provision is recognised for costs that need to be incurred to continue an entity’s on-going activities in the future. The only liabilities recognised in an entity’s statement of financial position are those that exist at the reporting date. “</p> <p>Note 52 - Contingencies, lists a case, number 12171/2017, and the narrative of this case provides the user with information that the case is a claim by the municipality against a defendant with an estimated legal cost of R400 000. This case does not meet the definition of a contingent liability. The R400 000 expected legal costs is an operational cost to the municipality and is expensed when incurred and not provided for.</p> <p>Note 53 - Contingent Assets, correctly discloses this case as a contingent asset. Note 52 is misstated by the inclusion of the narrative of the contingent asset.</p> |  |  |  |  |  |  |
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| Management report ref: | Audit Finding Title | Audit Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | AG Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Management Response on audit finding  | Management comments on recommendation         | Responsible Person | Proposed date when COMAF will be addressed | Action taken/Progress to date/Additional comments, if any                                       |
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| Page 68 - 69           | Employee Costs      | <p>Paragraph 17 of the Standard of Generally Recognised Accounting Practice (GRAP) 1, Presentation of Financial Statements states that, “Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements. The application of Standards of GRAP, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.”</p> <p>Paragraph 134 of GRAP 25 states that: “This Standard does not specify whether an entity should present current service cost, past service cost, interest cost, expected return on plan assets and actuarial gains and losses as components of a single item of revenue or expense on the face of the statement of financial performance.”</p> <p>Accounting Policy 1.17.2 states that: “These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. Actuarial gains and losses arising from the experience adjustments and changes in</p> | <p>Management should amend the line items “post-retirement benefit obligation” in note 35 to only reflect items related to post retirement benefit obligations, or alternatively change the narrative from” post-retirement” to “employee” benefit obligations to be consistent with the narrative used in the Statement of Financial Position.</p> <p>Management elected to disclose gains/losses within note 35 and should separately present gains and losses relating to post retirement and long</p> | Management agrees with audit findings | Management agrees with the AG recommendation. | CFO                | Immediately                                | The adjusted financial statements were provided to the AG and the amendment was done correctly. |

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|  |  | <p>actuarial assumptions is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.”</p> <p>Accounting Policy 1.17.3 states that: “Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality’s obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of interest cost in GRAP 25. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.”</p> <p>Note 35, Employee Costs details a line item Post Retirement Benefit Obligations(PRBO) refers.</p> <p>1) The actuarial gain for the long service award is not a post retirement benefit obligation as the long service award ceases to exist once the employee leaves the employee of the municipality.</p> <p>2) The finance cost for PRBO is included in the employee costs note whilst the long service award finance cost is included in the finance costs note, which is not in accordance with the accounting policy above.</p> <p>3) The comparative amount for PRBO includes the actuarial gain on PRBO (R9 772 402) and actuarial loss on</p> | <p>service awards for both the current and prior financial years, to provide the users of the financial statements with a more informed view of gains/losses in employee benefits.</p> <p>Management should in addition disclose the finance costs on employee benefits consistently in either note 39 - Finance costs or note 35 - Employee related costs.</p> |  |  |  |  |  |  |
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|  |  | long service awards (R2 615 533). The comparative amount for actuarial gain on PRBO is understated by R2 615 533. |  |  |  |  |  |  |  |
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| Management report ref: | Audit Finding Title                                             | Audit Finding                                                                                                                                                                                                                                                                                                                                      | AG Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Management Response on audit finding | Management comments on recommendation                                                                                                                                                                                                                                                                                                                                                                                                       | Responsible Person | Proposed date when COMAF will be addressed | Action taken/Progress to date/Additional comments, if any |
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| Page 74 - 75           | Information systems: No Backup Restore Testing performed for S3 | <p>A third party service provider managed backups and backup restoration for S3. As previously reported, backups were not tested for restoration for the financial year.</p> <p>If backups are not tested, in the event data is lost, the municipality may not be certain of its ability to reliably retrieve that data should the need arise.</p> | <p>Management should:</p> <ul style="list-style-type: none"> <li>• Implement monitoring and tracking controls to ensure that prior year findings have been addressed.</li> <li>• Engage with the service provider to ensure backup restoration is performed on a quarterly basis in accordance with the Electricity Vending System Backup-Restore policy. Evidence of these restores should be obtained by the municipality and maintained for audit purposes.</li> </ul> | Management agrees with the finding   | <p>Management will implement monitoring and tracking controls at least once a quarter to ensure that prior year findings have been addressed.</p> <p>Management will engage with the service provider to update the The Electricity Vending System Backup-Restore policy to include quarterly backup restoration testing. Once the policy is updated it will be communicated to all relevant stakeholders to ensure compliance thereto.</p> | Manager: Income    | 01 Feb 2021                                | N/A                                                       |

| Management report ref: | Audit Finding Title                                                             | Audit Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | AG Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Management Response on audit finding | Management comments on recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Responsible Person                          | Proposed date when COMAF will be addressed | Action taken/Progress to date/Additional comments, if any |
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| Page 76 - 77           | Information systems: Weaknesses in the management of Program Changes for Promun | <p>Management had designed controls to mitigate the risk of unauthorised changes to the Promun application. However, the following weaknesses were identified in the implementation of program changes:</p> <ul style="list-style-type: none"> <li>• No change request form was provided for the sample selected for testing.</li> <li>• As previously reported, user acceptance testing was not performed prior to changes being migrated to the production environment.</li> </ul> <p>Without an adequate change management process, unnecessary changes might be made and not all changes might be documented, approved and tested before being implemented. This could result in compromised information systems that do</p> | <p>Management should ensure that:</p> <ul style="list-style-type: none"> <li>• Change request documentation is completed and user acceptance testing is performed for all program changes on Promun in accordance with the Information Security Policy. Users should be held accountable where there are instances of non-compliance to the policy.</li> <li>• The Information Security Policy is updated to clearly define what is considered to be a program change by the municipality. The updated policy should be approved and communicated to all relevant stakeholders to ensure compliance thereto.</li> </ul> | Management agrees with the finding   | <ul style="list-style-type: none"> <li>• Management will ensure that Change request documentation is completed and user acceptance testing is performed for all program changes on Promun in accordance with the Information Security Policy.</li> <li>• Users will be held accountable where there are instances of non-compliance to the policy.</li> <li>• Management will ensure that the Information Security Policy is updated to clearly define what is considered to be a program change by the municipality. The updated policy should be approved and communicated to all relevant stakeholders to</li> </ul> | <p>CFO &amp; Managers</p> <p>Manager IT</p> | <p>Immediately</p> <p>March 2021</p>       | N/A                                                       |

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|  |  | not fully support the business requirements and service interruptions. |  |  | ensure compliance thereto. |  |  |  |
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| Management report ref: | Audit Finding Title                                                                                         | Audit Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | AG Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                 | Management Response on audit finding | Management comments on recommendation                                                                                                                                                                                                           | Responsible Person | Proposed date when COMAF will be addressed | Action taken/Progress to date/Additional comments, if any |
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| Page 78 - 79           | Information systems: Lack of segregation of duties to capture and implement indigent applications on Promun | <p>As previously reported, the following users were found to have conflicting access to certain Promun menus which allowed these users to capture and implement indigent applications (refer to the table below). In addition, activities for these users were not being reviewed.</p> <p>Promun program: mun680.p – Indigent Applications, User code (users with access to the program): 682 &amp; 768<br/> Promun program: mun685.p – Approved Indigent Implementation, User code (users with access to the program): 682 &amp; 768</p> <p>Users with conflicting access could incorrectly use the access for the Promun programs to not only reject but to capture and implement</p> | <p>Management should ensure that the ability to capture and implement indigent applications is assigned to different users. Where there is a business requirement for conflicting access, the Promun system activities of users with this access should be monitored by the Chief Financial Officer (CFO) to ensure that only valid indigent applications are implemented. Evidence of these reviews should be maintained for audit purposes.</p> | Management agrees with the finding.  | <p>The activities of users with this access will be monitored by the Chief Financial Officer (CFO) to ensure that only valid indigent applications are implemented.</p> <p>Evidence of these reviews will be maintained for audit purposes.</p> | CFO                | 01 Jan 2021                                | N/A                                                       |

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|  |  | <p>an indigent without segregation of duties.</p> <p>Without regular reviews of indigent capturing and implementing activities on Promun, unauthorised activities of users with the mun680.p and mun685.p access may not be detected in a timely manner.</p> |  |  |  |  |  |  |  |
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| Management report ref: | Audit Finding Title                                                 | Audit Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | AG Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Management Response on audit finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Management comments on recommendation                                                                                                                                                                                                                                                                                                                                                                                                                             | Responsible Person     | Proposed date when COMAF will be addressed | Action taken/Progress to date/Additional comments, if any                                       |
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| Page 82 - 84           | Procurement and contract management: Supplier interest not declared | Regulation 13(c)(iii), General preconditions for consideration of written quotes or bids, of the SCM Regulations states that: "A supply chain management policy must state that the municipality or municipal entity may not consider a written quotation or bid unless the provider who submitted the quotation or bid has indicated whether a spouse, child or parent of the provider, or of a director, manager or shareholder or stakeholder referred to in subparagraph (ii) is in service if the state, or has been in service of the state in the previous 12 months." Regulation 45, Awards to close family members of persons in service of the state, of the SCM Regulations states that: "the notes to the annual financial statements of a municipality or municipal entity must disclose | <p>The financial statements should be amended to include the irregular expenditure referenced above.</p> <p>Note 65 should in addition be amended to include the above award, as well as any other awards made to this supplier in the year under review while these relationships existed.</p> <p>Management should contact the supplier to update the supplier database with the above relationship to the employee identified.</p> <p>Management should also take appropriate</p> | <p>Management disagrees with the audit finding. The declaration submitted by service provider did not declare the relationship between a director of the company and the employee of the municipality. Upon further enquiry from the employee, it was also confirmed that the spouse of the municipal employee never disclosed to the municipal official that she is a director of a company. This means that the supplier submitted a false declaration to the municipality. The municipality cannot be held liable where a supplier submits a false declaration as this is beyond the control of the municipality. Also, the AG should take note that this was not due to an internal control deficiency and the</p> | <p>Management disagrees with irregular expenditure. No correction will be made to the financial statements to include the irregular expenditure.</p> <p>Note 65 will be amended to include the above award, as well as any other awards made to this supplier in the year under review while these relationships existed.</p> <p>Management will contact the supplier to update the supplier database with the above relationship to the employee identified.</p> | SCM Manager<br><br>CFO | Immediately                                | The adjusted financial statements were provided to the AG and the amendment was done correctly. |

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|  |  | <p>particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in service of the state, or has been in service of the state in the previous 12 months, including –</p> <p>(a) The name of that person;</p> <p>(b) The capacity in which that person is in the service of the state: and</p> <p>(c) The amount of the award”</p> <p>The spouse of an employee of Langeberg Municipality serves as a director of the below supplier. The supplier declaration was inspected and it was identified that the supplier did not declare the below relationship to the employee.</p> <p>Position: Director</p> <p>Relationship to person in service of the state: Spouse of employee</p> <p>Award amount and expenditure incurred: R22 100</p> <p>The above non-disclosure in terms of regulation 13 of the relationship by the supplier results in non-compliance with the above regulations and any expenditure incurred in relation to any and all awards made to</p> | <p>steps to address the non-declaration by the supplier which resulted in the above non-compliance and non-disclosure, which could include classifying the supplier as a prohibited supplier based on the possibly fraudulent declaration.</p> | <p>municipality did not bypass any provisions of its SCM policy. Therefore, no irregular expenditure has been incurred. Management acknowledges that the non-disclosure by the supplier results in non-compliance with regulation 13 and will make the necessary corrections to note 65.</p> <p>As per the MFMA “irregular expenditure”, in relation to a municipality or municipal entity, means—</p> <ul style="list-style-type: none"> <li>- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;</li> <li>- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;</li> </ul> |  |  |  |  |
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|  |  | <p>the supplier results in irregular expenditure.</p> <p>The irregular expenditure note in the financial statements is understated by R22 100 in respect of the identified award. All awards made to the supplier should be identified and similarly classified and disclosed.</p> <p>The non-compliance to regulation 13 resulted in non-compliance to regulation 45 and therefore the disclosure note 65 is also not complete.</p> |  | <p>- expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or</p> <p>- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law,</p> <p>A supplier submitting a false declaration meets none of the above mentioned factors that form the definition of irregular expenditure and is it thus on this basis that the Municipality disagrees with the AGSA finding.</p> |  |  |  |  |  |
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| Management report ref: | Audit Finding Title                                                | Audit Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | AG Recommendation                                                                                                                                           | Management Response on audit finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Management comments on recommendation                   | Responsible Person | Proposed date when COMAF will be addressed | Action taken/Progress to date/Additional comments, if any |
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| Page 85 - 87           | Procurement and contract management: Local Content – Post awarding | Section 2, Background of the “National Treasury Circular No 1 of 2019/2020 - Invitation and evaluation of bids based on a stipulated minimum threshold for local production and content for Plastic Pipes” states that: “2.1 The Preferential Procurement Regulations, 2017 (“the regulations”) made in terms of section 5 of the Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000) which came into effect on 01 April 2017 make provision for the Department of Trade and Industry (the dti) to designate sectors in line with national development and industrial policies for local production. 2.2 Regulation 8(2) of the regulations prescribes that in the case of a designated sector, an organ of state must advertise the invitation to tender with a specific condition that only locally produced services or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered. 2.3 To this end, the dti has designated and determined the | Management should ensure that the above requirements are fulfilled as this will assist the dti in their compliance audits and strengthen the local economy. | Management disagrees with the audit finding. Regulation 15 of the Preferential procurement regulations of 2017 states that National Treasury may issue: (a) a circular to inform organs of state of any matter pertaining to these Regulations; or (b) a guideline to assist organs of state with the implementation of any provision of these Regulations. Langeberg Municipality has complied with regulation 8 of the Preferential procurement regulations of 2017 in terms of local production and content for all the awards listed by the AG above. Hence, the AG raised no finding in this regard. Section 168(3)(a) of the MFMA states that no guidelines issued in terms of subsection (1) of that ACT are | Management will implement the recommendation of the AG. | SCM - Manager      | Immediately                                | N/A                                                       |

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|  |  | <p>stipulated minimum threshold for the Plastic Pipes for local production and content.” The above requirements are also listed in:</p> <p>National Treasury Designated Sectors Circular No 2 of 2019-2020-Bulk Material Handling; National Treasury Designated Sectors Circular No 3 of 2019-2020-Steel Conveyance Pipes; National Treasury Designated Sectors Circular No 4 of 2019-2020- Air Insulated MV Switchgear; National Treasury Designated Sectors Circular No 5 of 2019-2020-Industrial Lead Acid Batteries; National Treasury Designated Sectors Circular No 6 of 2019-2020- Canned or Processed Vegetables; National Treasury Designated Sectors Circular No 7 of 2019-2020-Furniture Products; National Treasury Designated Sectors Circular No 8 of 2019-2020-Bus Sector</p> <p>National Treasury Designated Sectors Circular No 9 of 2019-2020-Set Top Boxes Sector; National Treasury Designated Sectors Circular No 10 of 2019-2020-Electrical Cable Products and National Treasury Designated Sectors Circular No 11 of 2019-2020- Preferential Procurement Regulations Section 7(i) and (ii) of the above circulars detailing post award and reporting requirements states that:</p> |  | binding on a municipality unless adopted by its council. |  |  |  |  |  |
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|  |  | <p>“Once bids are awarded, the dti must be: (i) Notified of all the successful bidders and the estimated value of the contracts: and (ii) Provided with copies of the contracts, the SBD/MDB 6.2 Certificates together with the Declaration C submitted by the successful bidders.” The purpose of these requirements is for the dti to among others, conduct compliance audits with a view to monitor the implementation of the industrial development strategies. It must be noted that these requirements are issued in terms of the regulations and not in terms of the MFMA, and are therefore an extension of the regulations and are binding on the municipality. The dti was not notified of all the successful bidders and the estimated value of the contracts awarded and provided copies of the contracts, the SDB 6.2 and Declaration C for the below awards: T47/2019: Reconstruction of Forrest, Van Zyl and Church Street Bonnievale; T49/2019 Construction of Wolhuter Street Robertson; T50/2019 Construction of August Street Robertson; T41/2019 Upgrading of Sports Fields various sites Langeberg; T43/2019 Upgrading of roads &amp; stormwater by means of labour intensive construction methods in</p> |  |  |  |  |  |  |
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|  |  | <p>Ashton, Zolani and Bonnievale;<br/> T46/2019: Supply and Delivery of<br/> Wheelie Bins over a period of three<br/> years, ending 30 June 2022; Q41/2019<br/> Supply and Delivery of Uniforms<br/> (Station Wear) for fire personnel and<br/> Q53/2019: Supply and Delivery of 3x<br/> PPE (Personnel Protective Ensemble) –<br/> Fire Service.</p> <p>This non-compliance only results in an<br/> internal control deficiency and does not<br/> affect the audit outcome.</p> |  |  |  |  |  |  |
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