



## **In-Year Report of the Municipality**

Prepared in terms of the Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 April 2009.

## **Mid Year Budget and Performance Assessment for the Period 01 July 2016 to 31 December 2016**

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## Glossary

**Adjustments budget** – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

**Allocations** – Money received from Provincial or National Government or other municipalities.

**Budget** – The financial plan of the Municipality.

**Budget related policy** – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.

**Capital expenditure** - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

**Cash flow statement** – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

**DORA** – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

**Equitable share** – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

**Fruitless and wasteful expenditure** – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

**GFS** – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

**GRAP** – Generally Recognised Accounting Practice. The new standard for municipal accounting.

**IDP** – Integrated Development Plan. The main strategic planning document of the Municipality

**MBRR** – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

**MFMA** – Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

**MTREF** – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

**Operating expenditure** – Spending on the day to day expenses of the Municipality such as salaries and wages.

**Rates** – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

**SDBIP** – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

**Strategic objectives** – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

**Unauthorised expenditure** – Generally, is spending without, or in excess of, an approved budget or vote, expenditure from a vote unrelated to the department or functional area covered by the vote, expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose, spending of an allocation not in accordance with the conditions of the allocations.

**Virement** – A transfer of budget.

**Virement policy** - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

**Vote** – One of the main segments into which a budget is divided. In Langeberg Municipality this means at directorate level.

## Section 1 - Introduction

### 1.1 Purpose

To inform Council of progress made in the implementation of the budget and the performance outcomes in respect of the first six months of the 2016/2017 financial year, and to recommend whether an adjustments budget is necessary.

### 1.2 Legal requirements

In terms of Section 72 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003):

- (1) The accounting officer of a municipality must by 25 January of each year –
  - (a) assess the performance of the municipality during the first half of the financial year, taking into account –
    - (i) the monthly statements referred to in section 71 for the first half of the financial year;
    - (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
    - (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and
    - (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and
  - (b) submit a report on such assessment to –
    - (i) the mayor of the municipality
    - (ii) the National Treasury; and
    - (iii) the relevant Provincial Treasury.
- (2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1) (b) of this section.
- (3) The accounting officer must, as part of the review -
  - (a) make recommendations as to whether an adjustments budget is necessary; and
  - (b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Thereafter, the mayor must, in terms of Section 54(1):

- (a) Consider the report;
- (b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
- (c) Consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;

- (d) Issue any appropriate instructions to the accounting officer to ensure-
  - (i) That the budget is implemented in accordance with the service delivery and budget implementation plan; and
  - (ii) That spending of funds and revenue collection proceed in accordance with the budget;
- (e) Identify any financial problems facing the municipality, including any emerging or impending financial problems; and
- (f) Submit the report to the council by 31 January of each year.

### **1.3 Contents of this report**

With the concurrence of the Director: Strategy and Social Development, it was agreed that:

- (a) A report on the performance assessment of service delivery against the SDBIP and the Capital Program following the performance reviews is attached as Appendix 3.
- (b) The outcomes from these reports form the basis of this mid-year budget and performance assessment.

## Section 2 - Report of the Executive Mayor

### 2.1 High level assessment of MFMA s71 financial reports for the past 6 months

#### 2.1.1 Against annual budget (original approved and latest adjustments)

##### Revenue by Source

Rates were levied in July 2016 for the 2016/2017 financial year. The amounts for rates and service charges do not represent cash received but levied amounts.

Total revenue to date is R 277, 985 M compared to total revenue budget to date of R 346, 298 M which brings about a negative variance of 20%. The main reason for the variance is electricity and water charges for December 2016 that will only be levied in January 2017. Traffic fines issued must still be recorded as receivables from non-exchange hence the reason for the variance on traffic fines. Other Revenue refers to Actuarial Gains only being processed at financial year end. Agency services and Transfers recognised will be revised with the compilation of the adjustments budget in February 2016. Please refer to table C4 on page 13 for Breakdown of Revenue by Source.

When comparing the year to date revenue collected to the year to date budget there is a material under collection in various services, therefore an adjustments budget must be prepared that adjusts the revenue and expenditure estimates downwards due to the material under-collection of revenue projected for the current year, in terms of section 28 (2)(a) of the MFMA.

Service Charges in relation to Electricity and Water Revenue will have to be adjusted downwards impacting directly on the municipality's expenditure and cash flow budget.

The graph below illustrates the movement in Electricity Purchases and Electricity Sales from January 2014 to November 2016:

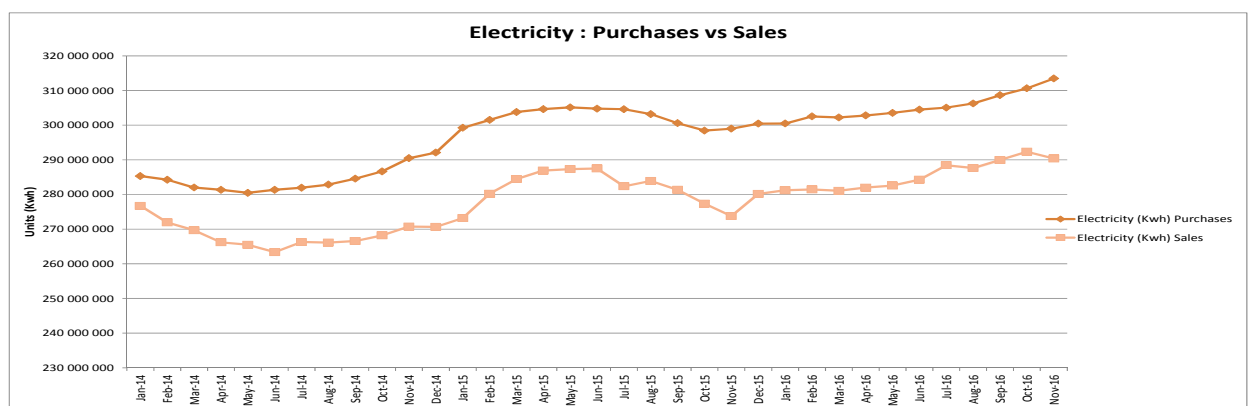


Figure 1 Electricity: Purchases vs Sales

Taking in account the high cost of electricity there has been an increase in the sale of electricity comparing to the same period in 2015/2016 with reference to [Figure 1 Electricity: Purchases vs Sales](#). The effect of the above can be seen in [Figure 2 Total Cash and Cash Equivalents](#) of the municipality. There is also a reduction in distribution losses in November 2016 compared to November 2015.

## Operating expenditure by type

Total expenditure to date is R 270, 149 M compared to total expenditure budget to date of R 323, 894 M which brings about a negative variance of 17%, the variance is mainly attributable to under expenditure on Employee related costs, Depreciation and asset impairment, and Other expenditure. The under expenditure on Other expenditure relates to: Repairs and Maintenance required being less than expected; General Expenditure primarily being non-cash flow items, which will be allocated at year-end; and Actuarial Losses only being processed at year-end. Please refer to table C4 on page 13 for Breakdown of Expenditure by Type.

## Cash flows

The cash flow is currently positive, however it is likely to be placed under stress towards the financial year end, especially since projected revenues for various revenue sources are below target. Cut backs in expenditure will have to be put in place to prevent the cash flow position from deteriorating.

The graph below illustrates the Total Cash and Cash Equivalents at the end of each month from July 2015 to December 2016.

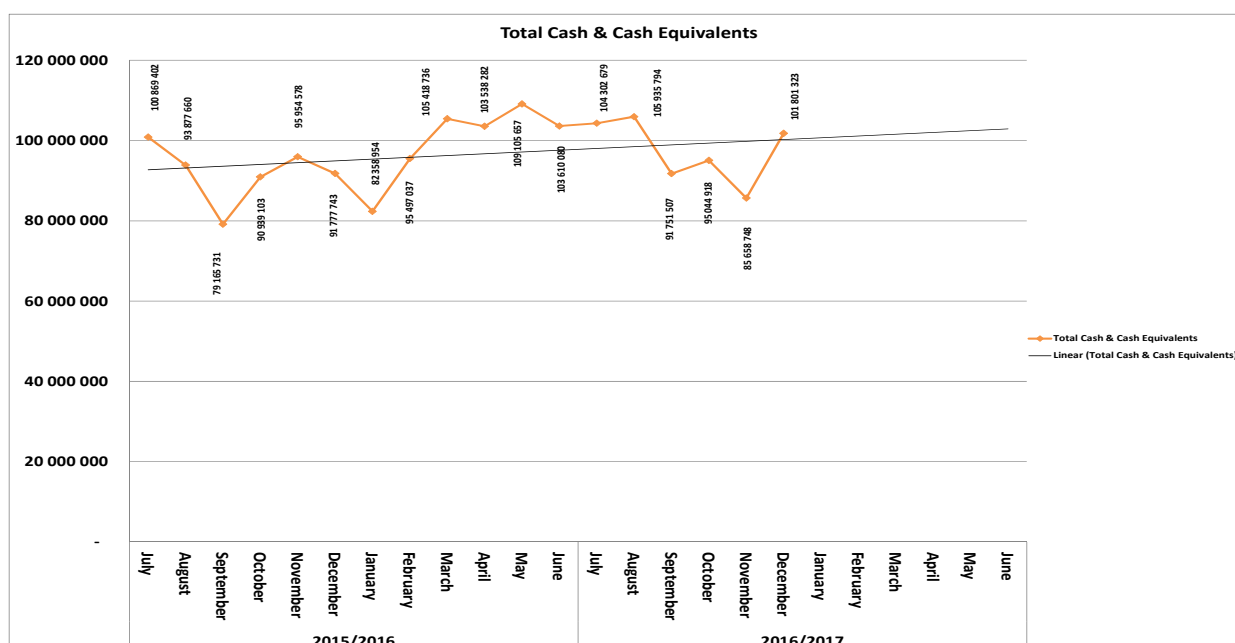


Figure 2 Total Cash and Cash Equivalents

The increase in the Total Cash and Cash Equivalents of the municipality from 2015/2016 to 2016/2017 is directly attributable to the increase in the sale of electricity; water, sanitation, and refuse tariffs that was increased in 2016/2017 to recover the total cost of rendering the specific service. As, at the end of December 2016 all trading services generated a surplus as can be seen in Table C2: Monthly Budget Statement - Financial Performance (standard classification) on page 11.



## 2.2 Impact of the national and provincial adjustments budget

Both national and provincial adjustment budgets will impact on the municipality's adjustment budget as follow:

	R
<b>Provincial Government</b>	
WC Financial Management Support Grant	220 000
Municipal Capacity Building Grant	60 000
	<hr/>
	280 000

## 2.3 Impact of the national and provincial conditional grant roll over process

Both national and provincial 2015/2016 unspent roll over process will impact on the municipality's adjustment budget as follow:

	R
<b>National Government</b>	
Intergrated National Electrification Programme (Municipal Grant)	33 126
<b>Provincial Government</b>	
Human Settlements Development Grant (Beneficiaries)	115 596
Library Services: CONDITIONAL GRANT	922 328
Library Services: REPLACEMENT FUNDING	295 901
Thusong Service Centres Grant (Sustainability: Operational Support)	94 995
	<hr/>
	1 461 945

## 2.4 Conclusion

The mid-year budget and performance assessment indicates that:

- (a) an adjustments budget for 2016/2017 will be required; and this must be approved by council by no later than 28 February 2017.
- (b) the revised SDBIP, which formed the basis of the mid-year assessment and must include any adjustments as a result of the adjustments budget, must be approved.



H Jansen  
Executive Mayor

19/01/2017

## Section 3 - Financial Performance

### 3.1 Monthly budget statements

The tables included in Section 3 are from the section 71, December 2016 in-year monthly budget statements.

#### 3.1.1 Table C1: S71 Monthly Budget Statement Summary

WC026 Langeberg - Table C1 Monthly Budget Statement Summary - M06 December

Description	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	40 224	43 585	43 585	128	42 952	43 387	(436)	-1%	43 585
Service charges	375 229	396 961	396 961	35 139	165 453	196 829	(31 376)	-16%	396 961
Investment revenue	4 392	4 609	4 609	531	2 671	2 348	323	14%	4 609
Transfers recognised - operational	75 818	122 459	122 459	21 311	52 037	76 890	(24 853)	-32%	122 459
Other own revenue	59 707	55 147	55 147	1 993	14 872	26 843	(11 971)	-45%	55 147
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>555 369</b>	<b>622 762</b>	<b>622 762</b>	<b>59 101</b>	<b>277 985</b>	<b>346 298</b>	<b>(68 313)</b>	<b>-20%</b>	<b>622 762</b>
Employee costs	146 027	173 828	173 828	10 480	75 733	86 178	(10 445)	-12%	173 828
Remuneration of Councillors	8 740	9 471	9 471	806	4 276	4 661	(385)	-8%	9 471
Depreciation & asset impairment	31 488	27 548	27 548	11 155	11 155	12 523	(1 368)	-11%	27 548
Finance charges	11 429	7 945	7 945	938	3 635	3 861	(226)	-6%	7 945
Materials and bulk purchases	242 032	258 736	258 736	22 706	128 171	131 371	(3 200)	-2%	258 736
Transfers and grants	749	134	134	-	133	61	72	117%	134
Other expenditure	107 245	166 653	166 653	7 351	47 046	85 239	(38 194)	-45%	166 653
<b>Total Expenditure</b>	<b>547 710</b>	<b>644 316</b>	<b>644 316</b>	<b>53 435</b>	<b>270 149</b>	<b>323 894</b>	<b>(53 746)</b>	<b>-17%</b>	<b>644 316</b>
<b>Surplus/(Deficit)</b>	<b>7 659</b>	<b>(21 555)</b>	<b>(21 555)</b>	<b>5 666</b>	<b>7 836</b>	<b>22 404</b>	<b>(14 568)</b>	<b>-65%</b>	<b>(21 555)</b>
Transfers recognised - capital	46 348	21 820	21 820	1 073	11 893	12 946	(1 053)	-8%	21 820
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>54 007</b>	<b>265</b>	<b>265</b>	<b>6 739</b>	<b>19 729</b>	<b>35 350</b>	<b>(15 621)</b>	<b>-44%</b>	<b>265</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>54 007</b>	<b>265</b>	<b>265</b>	<b>6 739</b>	<b>19 729</b>	<b>35 350</b>	<b>(15 621)</b>	<b>-44%</b>	<b>265</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>74 395</b>	<b>53 236</b>	<b>54 726</b>	<b>2 542</b>	<b>17 960</b>	<b>28 098</b>	<b>(10 139)</b>	<b>-36%</b>	<b>54 726</b>
Capital transfers recognised	46 348	21 820	20 330	2 034	13 704	13 631	73	1%	20 330
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	1 842	-	-	-	-	-	-	-	-
Internally generated funds	26 206	31 416	34 396	508	4 256	14 467	(10 211)	-71%	34 396
<b>Total sources of capital funds</b>	<b>74 395</b>	<b>53 236</b>	<b>54 726</b>	<b>2 542</b>	<b>17 960</b>	<b>28 098</b>	<b>(10 139)</b>	<b>-36%</b>	<b>54 726</b>
<b>Financial position</b>									
Total current assets	174 249	177 949	176 459		172 886				177 949
Total non current assets	626 381	622 162	623 652		626 811				622 162
Total current liabilities	103 073	99 212	99 212		81 720				99 212
Total non current liabilities	142 532	127 386	127 386		143 254				127 386
<b>Community wealth/Equity</b>	<b>555 025</b>	<b>573 513</b>	<b>573 513</b>		<b>574 724</b>				<b>573 513</b>
<b>Cash flows</b>									
Net cash from (used) operating	93 150	77 278	77 278	19 390	5 371	(5 084)	(10 455)	206%	77 278
Net cash from (used) investing	(68 695)	(52 686)	(54 176)	(2 339)	(5 915)	(6 291)	(376)	6%	(54 176)
Net cash from (used) financing	(3 478)	(7 909)	(7 909)	(908)	(1 265)	(484)	781	-162%	(7 909)
<b>Cash/cash equivalents at the month/year end</b>	<b>103 610</b>	<b>102 629</b>	<b>118 803</b>	<b>-</b>	<b>101 801</b>	<b>91 752</b>	<b>(10 050)</b>	<b>-11%</b>	<b>118 803</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	34 099	2 067	1 352	2 321	1 118	633	10 024	15 686	67 300
<b>Creditors Age Analysis</b>									
Total Creditors	26 292	705	19	-	-	-	-	-	27 016

### 3.1.2 Table C2: Monthly Budget Statement - Financial Performance (standard classification)

This table reflects the operating budget (Financial Performance) in the standard classifications which are the Government Finance Statistics Functions and Sub-functions. These are used by National Treasury to assist in the compilation of national and international accounts for comparison purposes, regardless of the unique organisational structures used by the different institutions.

The main functions are Governance and Administration; Community and Public Safety; Economic and Environmental Services; and Trading services.

It is for this reason that Financial Performance is reported in standard classification in Table C2 and by municipal vote in Table C3.

WC026 Langeberg - Table C2 Monthly Budget Statement - Financial Performance (standard classification) - M06 December

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Revenue - Standard</b>										
<i><b>Governance and administration</b></i>		<b>100 603</b>	<b>96 462</b>	<b>96 462</b>	<b>12 487</b>	<b>75 514</b>	<b>75 546</b>	(32)	0%	<b>96 462</b>
Executive and council		622	444	444	8	117	205	(87)	-43%	444
Budget and treasury office		93 373	94 318	94 318	12 371	74 576	74 495	81	0%	94 318
Corporate services		6 608	1 700	1 700	108	821	847	(26)	-3%	1 700
<i><b>Community and public safety</b></i>		<b>62 730</b>	<b>86 217</b>	<b>86 217</b>	<b>1 905</b>	<b>9 295</b>	<b>46 432</b>	(37 138)	-80%	<b>86 217</b>
Community and social services		9 556	11 378	11 378	1 087	5 439	5 236	203	4%	11 378
Sport and recreation		276	391	391	144	228	178	51	28%	391
Public safety		25 027	25 059	25 059	357	2 545	11 538	(8 994)	-78%	25 059
Housing		27 872	49 388	49 388	317	1 082	29 480	(28 398)	-96%	49 388
Health		-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>		<b>4 235</b>	<b>6 990</b>	<b>6 990</b>	<b>447</b>	<b>1 661</b>	<b>3 250</b>	(1 589)	-49%	<b>6 990</b>
Planning and development		3 080	4 001	4 001	147	1 174	1 873	(699)	-37%	4 001
Road transport		872	2 809	2 809	284	316	1 277	(961)	-75%	2 809
Environmental protection		283	180	180	16	171	100	71	71%	180
<i><b>Trading services</b></i>		<b>434 149</b>	<b>454 913</b>	<b>454 913</b>	<b>45 336</b>	<b>203 408</b>	<b>234 016</b>	(30 608)	-13%	<b>454 913</b>
Electricity		314 363	335 922	335 922	30 917	143 872	167 785	(23 913)	-14%	335 922
Water		41 387	52 046	52 046	4 410	16 094	26 235	(10 141)	-39%	52 046
Waste water management		50 172	36 022	36 022	5 532	23 791	20 286	3 505	17%	36 022
Waste management		28 227	30 923	30 923	4 477	19 651	19 710	(58)	0%	30 923
<i><b>Other</b></i>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Standard</b>	<b>2</b>	<b>601 717</b>	<b>644 581</b>	<b>644 581</b>	<b>60 174</b>	<b>289 877</b>	<b>359 244</b>	<b>(69 367)</b>	<b>-19%</b>	<b>644 581</b>
<b>Expenditure - Standard</b>										
<i><b>Governance and administration</b></i>		<b>80 297</b>	<b>97 150</b>	<b>97 150</b>	<b>7 461</b>	<b>41 041</b>	<b>47 008</b>	(5 967)	-13%	<b>97 150</b>
Executive and council		29 086	34 894	34 894	2 289	15 656	17 032	(1 376)	-8%	34 894
Budget and treasury office		25 634	34 043	34 043	1 820	12 501	16 280	(3 779)	-23%	34 043
Corporate services		25 576	28 213	28 213	3 352	12 884	13 696	(812)	-6%	28 213
<i><b>Community and public safety</b></i>		<b>63 277</b>	<b>116 951</b>	<b>116 951</b>	<b>5 526</b>	<b>31 493</b>	<b>62 748</b>	(31 255)	-50%	<b>116 951</b>
Community and social services		19 394	23 234	23 234	1 695	10 007	11 366	(1 359)	-12%	23 234
Sport and recreation		3 578	4 484	4 484	568	2 142	2 186	(44)	-2%	4 484
Public safety		31 981	36 724	36 724	2 694	16 711	18 164	(1 454)	-8%	36 724
Housing		8 324	52 509	52 509	569	2 633	31 032	(28 398)	-92%	52 509
Health		-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>		<b>41 835</b>	<b>52 244</b>	<b>52 244</b>	<b>5 061</b>	<b>20 956</b>	<b>25 337</b>	(4 380)	-17%	<b>52 244</b>
Planning and development		9 954	12 832	12 832	752	4 533	6 301	(1 768)	-28%	12 832
Road transport		17 251	23 399	23 399	3 109	9 576	11 204	(1 628)	-15%	23 399
Environmental protection		14 631	16 014	16 014	1 201	6 847	7 831	(984)	-13%	16 014
<i><b>Trading services</b></i>		<b>362 301</b>	<b>377 971</b>	<b>377 971</b>	<b>35 387</b>	<b>176 658</b>	<b>188 801</b>	(12 143)	-6%	<b>377 971</b>
Electricity		274 613	290 147	290 147	26 674	143 813	146 775	(2 963)	-2%	290 147
Water		36 413	41 868	41 868	4 488	14 998	19 992	(4 994)	-25%	41 868
Waste water management		15 469	18 810	18 810	2 084	6 999	8 934	(1 935)	-22%	18 810
Waste management		35 806	27 146	27 146	2 142	10 848	13 099	(2 251)	-17%	27 146
<i><b>Other</b></i>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Standard</b>	<b>3</b>	<b>547 710</b>	<b>644 316</b>	<b>644 316</b>	<b>53 435</b>	<b>270 149</b>	<b>323 894</b>	<b>(53 746)</b>	<b>-17%</b>	<b>644 316</b>
<b>Surplus/ (Deficit) for the year</b>		<b>54 007</b>	<b>265</b>	<b>265</b>	<b>6 739</b>	<b>19 729</b>	<b>35 350</b>	<b>(15 621)</b>	<b>-44%</b>	<b>265</b>

### 3.1.3 Table C3: Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote)

The operating expenditure budget is approved by Council on the municipal vote level.

The municipal votes reflect the organisational structure of the municipality which is made up of the following directorates: Finance, Executive and Council, Strategy and Social Development, Corporate Services and Engineering Services.

WC026 Langeberg - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - FINANCE		93 373	94 318	94 318	12 371	74 576	74 495	81	0.1%	94 318
Vote 2 - EXECUTIVE & COUNCIL		622	444	444	8	117	205	(87)	-42.7%	444
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT		2 482	1 759	1 759	97	543	806	(263)	-32.6%	1 759
Vote 4 - CORPORATE SERVICES		30 251	26 327	26 327	465	3 228	12 172	(8 944)	-73.5%	26 327
Vote 5 - ENGINEERING SERVICES		437 490	460 910	460 910	45 711	204 706	236 825	(32 119)	-13.6%	460 910
Vote 6 - COMMUNITY SERVICES		37 500	60 824	60 824	1 524	6 707	34 742	(28 035)	-80.7%	60 824
Total Revenue by Vote	2	601 717	644 581	644 581	60 174	289 877	359 244	(69 367)	-19.3%	644 581
Expenditure by Vote	1									
Vote 1 - FINANCE		25 634	34 043	34 043	1 820	12 501	16 280	(3 779)	-23.2%	34 043
Vote 2 - EXECUTIVE & COUNCIL		25 973	31 150	31 150	2 029	13 703	14 944	(1 241)	-8.3%	31 150
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT		18 908	22 320	22 320	2 155	9 942	10 925	(983)	-9.0%	22 320
Vote 4 - CORPORATE SERVICES		46 432	51 494	51 494	4 283	23 143	25 426	(2 283)	-9.0%	51 494
Vote 5 - ENGINEERING SERVICES		388 225	412 517	412 517	39 177	190 387	205 539	(15 152)	-7.4%	412 517
Vote 6 - COMMUNITY SERVICES		42 538	92 792	92 792	3 971	20 473	50 780	(30 307)	-59.7%	92 792
Total Expenditure by Vote	2	547 710	644 316	644 316	53 435	270 149	323 894	(53 746)	-16.6%	644 316
Surplus/ (Deficit) for the year	2	54 007	265	265	6 739	19 729	35 350	(15 621)	-44.2%	265

### 3.1.4 Table C4: Monthly Budget Statement - Financial Performance (revenue and expenditure)

WC026 Langeberg - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Table 6: Summary Budget Statement - Financial Performance (Revenue and Expenditure) - 2016/2017										
Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		39 954	43 064	43 064	80	42 759	43 140	(381)	-1%	43 064
Property rates - penalties & collection charges		269	521	521	48	192	248	(55)	-22%	521
Service charges - electricity revenue		304 340	324 765	324 765	29 332	136 742	160 811	(24 069)	-15%	324 765
Service charges - water revenue		37 493	42 139	42 139	3 213	13 184	20 921	(7 738)	-37%	42 139
Service charges - sanitation revenue		18 979	15 635	15 635	1 471	8 809	7 921	888	11%	15 635
Service charges - refuse revenue		14 417	14 422	14 422	1 123	6 719	7 176	(458)	-6%	14 422
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		2 624	2 917	2 917	291	1 345	1 428	(84)	-6%	2 917
Interest earned - external investments		4 392	4 609	4 609	531	2 671	2 348	323	14%	4 609
Interest earned - outstanding debtors		1 686	1 692	1 692	135	819	842	(23)	-3%	1 692
Dividends received		-	-	-	-	-	-	-	-	-
Fines		20 679	20 107	20 107	273	1 743	9 199	(7 455)	-81%	20 107
Licences and permits		1 169	1 839	1 839	49	430	887	(458)	-52%	1 839
Agency services		3 141	3 056	3 056	41	356	1 423	(1 067)	-75%	3 056
Transfers recognised - operational		75 818	122 459	122 459	21 311	52 037	76 890	(24 853)	-32%	122 459
Other revenue		26 879	25 537	25 537	1 203	10 180	13 064	(2 885)	-22%	25 537
Gains on disposal of PPE		3 529	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		555 369	622 762	622 762	59 101	277 985	346 298	(68 313)	-20%	622 762
Expenditure By Type										
Employee related costs		146 027	173 828	173 828	10 480	75 733	86 178	(10 445)	-12%	173 828
Remuneration of councillors		8 740	9 471	9 471	806	4 276	4 661	(385)	-8%	9 471
Debt impairment		30 410	26 408	26 408	2 201	13 204	13 204	(0)	0%	26 408
Depreciation & asset impairment		31 488	27 548	27 548	11 155	11 155	12 523	(1 368)	-11%	27 548
Finance charges		11 429	7 945	7 945	938	3 635	3 861	(226)	-6%	7 945
Bulk purchases		242 032	258 736	258 736	22 706	128 171	131 371	(3 200)	-2%	258 736
Other materials		-	-	-	-	-	-	-	-	-
Contracted services		2 183	2 192	2 192	87	839	1 034	(195)	-19%	2 192
Transfers and grants		749	134	134	-	133	61	72	117%	134
Other expenditure		73 084	138 053	138 053	5 064	33 003	71 001	(37 998)	-54%	138 053
Loss on disposal of PPE		1 567	-	-	-	-	-	-	-	-
Total Expenditure		547 710	644 316	644 316	53 435	270 149	323 894	(53 746)	-17%	644 316
Surplus/(Deficit)		7 659	(21 555)	(21 555)	5 666	7 836	22 404	(14 568)	(0)	(21 555)
Transfers recognised - capital		46 348	21 820	21 820	1 073	11 893	12 946	(1 053)	(0)	21 820
Contributions recognised - capital		-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		54 007	265	265	6 739	19 729	35 350			265
Taxation								-		
Surplus/(Deficit) after taxation		54 007	265	265	6 739	19 729	35 350			265
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		54 007	265	265	6 739	19 729	35 350			265
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		54 007	265	265	6 739	19 729	35 350			265

#### Property rates

Annual property rates and fixed service charges are billed to consumers in July and reflect as accrued revenue in the Statement of Financial Performance.

### 3.1.5 Table C5: Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)

WC026 Langeberg - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding) - M06 December

Vote Description	Ref	2015/16		Budget Year 2016/17						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - FINANCE		-	-	-	-	-	-	-	-	-
Vote 2 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT		-	2 200	2 200	110	199	1 032	(833)	-81%	2 200
Vote 4 - CORPORATE SERVICES		-	2 100	2 100	37	414	955	(541)	-57%	2 100
Vote 5 - ENGINEERING SERVICES		2 915	17 880	17 880	341	3 750	8 974	(5 224)	-58%	17 880
Vote 6 - COMMUNITY SERVICES		-	2 500	2 500	1	1	1 136	(1 135)	-100%	2 500
Total Capital Multi-year expenditure	4,7	2 915	24 680	24 680	490	4 365	12 097	(7 732)	-64%	24 680
Single Year expenditure appropriation	2									
Vote 1 - FINANCE		4	-	-	-	-	-	-	-	-
Vote 2 - EXECUTIVE & COUNCIL		924	-	-	-	-	-	-	-	-
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT		3 398	1 000	1 000	-	-	455	(455)	-100%	1 000
Vote 4 - CORPORATE SERVICES		1 483	530	530	17	304	273	31	11%	530
Vote 5 - ENGINEERING SERVICES		38 186	23 419	24 909	357	9 635	13 595	(3 960)	-29%	24 909
Vote 6 - COMMUNITY SERVICES		27 486	3 608	3 608	1 678	3 656	1 679	1 977	118%	3 608
Total Capital single-year expenditure	4	71 480	28 557	30 047	2 052	13 595	16 002	(2 406)	-15%	30 047
Total Capital Expenditure		74 395	53 236	54 726	2 542	17 960	28 098	(10 139)	-36%	54 726
Capital Expenditure - Standard Classification										
Governance and administration		4 486	4 130	4 130	54	721	1 910	(1 189)	-62%	4 130
Executive and council		924	-	-	-	-	-	-	-	-
Budget and treasury office		4	-	-	-	-	-	-	-	-
Corporate services		3 559	4 130	4 130	54	721	1 910	(1 189)	-62%	4 130
Community and public safety		27 421	6 760	6 760	1 790	3 854	3 144	710	23%	6 760
Community and social services		3 485	5 318	5 318	1 790	3 854	2 488	1 366	55%	5 318
Sport and recreation		88	682	682	-	-	310	(310)	-100%	682
Public safety		8	760	760	-	-	345	(345)	-100%	760
Housing		23 839	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		5 794	13 351	13 351	1	315	6 070	(5 755)	-95%	13 351
Planning and development		-	11 303	11 303	1	312	5 138	(4 826)	-94%	11 303
Road transport		4 406	1 000	1 000	-	2	456	(453)	-99%	1 000
Environmental protection		1 388	1 048	1 048	-	-	476	(476)	-100%	1 048
Trading services		36 694	28 995	30 485	697	13 070	16 975	(3 904)	-23%	30 485
Electricity		5 917	4 622	4 622	341	1 713	2 120	(408)	-19%	4 622
Water		1 078	7 285	7 285	-	307	3 312	(3 004)	-91%	7 285
Waste water management		21 959	8 876	10 366	2	5 566	6 984	(1 418)	-20%	10 366
Waste management		7 741	8 212	8 212	353	5 484	4 559	925	20%	8 212
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard Classification	3	74 395	53 236	54 726	2 542	17 960	28 098	(10 139)	-36%	54 726
Funded by:										
National Government		22 005	19 477	17 987	356	10 048	11 952	(1 904)	-16%	17 987
Provincial Government		24 343	2 343	2 343	1 678	3 656	1 679	1 977	118%	2 343
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		46 348	21 820	20 330	2 034	13 704	13 631	73	1%	20 330
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	1 842	-	-	-	-	-	-	-	-
Internally generated funds		26 206	31 416	34 396	508	4 256	14 467	(10 211)	-71%	34 396
Total Capital Funding		74 395	53 236	54 726	2 542	17 960	28 098	(10 139)	-36%	54 726



### 3.1.6 Table C6: Monthly Budget Statement - Financial Position

WC026 Langeberg - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2015/16	Budget Year 2016/17			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	<b>1</b>					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		13 595	42 629	41 139	6 792	42 629
Call investment deposits		90 015	60 000	60 000	95 010	60 000
Consumer debtors		20 158	36 520	36 520	28 410	36 520
Other debtors		32 162	12 000	12 000	24 366	12 000
Current portion of long-term receivables		141	550	550	252	550
Inventory		18 178	26 250	26 250	18 058	26 250
<b>Total current assets</b>		<b>174 249</b>	<b>177 949</b>	<b>176 459</b>	<b>172 886</b>	<b>177 949</b>
<b>Non current assets</b>						
Long-term receivables		1 269	1 100	1 100	(4 700)	1 100
Investments		121	125	125	121	125
Investment property		27 241	26 817	26 817	27 216	26 817
Investments in Associate		—	—	—	—	—
Property, plant and equipment		597 148	590 815	592 305	603 636	590 815
Agricultural		—	—	—	—	—
Biological assets		—	—	—	—	—
Intangible assets		342	305	305	278	305
Other non-current assets		260	3 000	3 000	260	3 000
<b>Total non current assets</b>		<b>626 381</b>	<b>622 162</b>	<b>623 652</b>	<b>626 811</b>	<b>622 162</b>
<b>TOTAL ASSETS</b>		<b>800 630</b>	<b>800 111</b>	<b>800 111</b>	<b>799 698</b>	<b>800 111</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		—	—	—	—	—
Borrowing		—	3 530	3 530	—	3 530
Consumer deposits		9 020	8 100	8 100	9 336	8 100
Trade and other payables		83 235	74 002	74 002	66 265	74 002
Provisions		10 819	13 580	13 580	6 119	13 580
<b>Total current liabilities</b>		<b>103 073</b>	<b>99 212</b>	<b>99 212</b>	<b>81 720</b>	<b>99 212</b>
<b>Non current liabilities</b>						
Borrowing		26 113	18 340	18 340	23 872	18 340
Provisions		116 419	109 046	109 046	119 382	109 046
<b>Total non current liabilities</b>		<b>142 532</b>	<b>127 386</b>	<b>127 386</b>	<b>143 254</b>	<b>127 386</b>
<b>TOTAL LIABILITIES</b>		<b>245 605</b>	<b>226 598</b>	<b>226 598</b>	<b>224 974</b>	<b>226 598</b>
<b>NET ASSETS</b>	<b>2</b>	<b>555 025</b>	<b>573 513</b>	<b>573 513</b>	<b>574 724</b>	<b>573 513</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		519 780	551 650	551 650	539 479	551 650
Reserves		35 245	21 863	21 863	35 245	21 863
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>555 025</b>	<b>573 513</b>	<b>573 513</b>	<b>574 724</b>	<b>573 513</b>

It should be noted that not all 'cash and investments' reflected in the statement of financial position are available for use.

### Statement of Financial Position

Commitments against Cash and Cash Equivalents		
Item	Previous Month	Current Month
<b>Cash and Cash Equivalents</b>	<b>85 658 749</b>	<b>101 801 323</b>
<b>Commitments</b>	<b>89 054 817</b>	<b>96 433 550</b>
Unspent Grants	9 052 522	17 089 739
Loan repayments	2 792 336	2 792 336
Capital Replacement Reserve	35 245 178	35 245 178
Creditor Payments	41 964 781	41 306 297
<b>Surplus/(Deficit)</b>	<b>-3 396 068</b>	<b>5 367 773</b>

### 3.1.7 Table C7: Monthly Budget Statement - Cash Flow

WC026 Langeberg - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates, penalties & collection charges		40 224	42 253	42 253	2 396	25 036	15 007	10 030	67%	42 253
Service charges		375 229	384 831	384 831	32 746	196 112	98 962	97 150	98%	384 831
Other revenue		14 796	36 140	36 140	2 776	26 899	13 261	13 638	103%	36 140
Government - operating		75 959	122 459	122 459	21 246	55 704	31 871	23 833	75%	122 459
Government - capital		46 368	21 820	21 820	9 175	15 733	6 273	9 460	151%	21 820
Interest		2 322	6 249	6 249	-	1 755	914	841	92%	6 249
Dividends		-	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		(458 145)	(528 395)	(528 395)	(48 466)	(314 553)	(170 539)	144 014	-84%	(528 395)
Finance charges		(2 854)	(7 945)	(7 945)	(484)	(1 315)	(831)	484	-58%	(7 945)
Transfers and Grants		(749)	(134)	(134)	-	-	-	-		(134)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>93 150</b>	<b>77 278</b>	<b>77 278</b>	<b>19 390</b>	<b>5 371</b>	<b>(5 084)</b>	<b>(10 455)</b>	<b>206%</b>	<b>77 278</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		3 786	-	-	-	138	125	13	10%	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-		-
Decrease (increase) other non-current receivables		-	550	550	119	2 117	1 753	364	21%	550
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
<b>Payments</b>										
Capital assets		(72 481)	(53 236)	(54 726)	(2 458)	(8 170)	(8 170)	-		(54 726)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(68 695)</b>	<b>(52 686)</b>	<b>(54 176)</b>	<b>(2 339)</b>	<b>(5 915)</b>	<b>(6 291)</b>	<b>(376)</b>	<b>6%</b>	<b>(54 176)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		1 032	22	22	34	524	363	161	44%	22
<b>Payments</b>										
Repayment of borrowing		(4 510)	(7 931)	(7 931)	(942)	(1 789)	(847)	942	-111%	(7 931)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(3 478)</b>	<b>(7 909)</b>	<b>(7 909)</b>	<b>(908)</b>	<b>(1 265)</b>	<b>(484)</b>	<b>781</b>	<b>-162%</b>	<b>(7 909)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>20 977</b>	<b>16 683</b>	<b>15 193</b>	<b>16 143</b>	<b>(1 809)</b>	<b>(11 859)</b>			<b>15 193</b>
Cash/cash equivalents at beginning:		82 634	85 946	103 610		103 610	103 610			103 610
Cash/cash equivalents at month/year end:		103 610	102 629	118 803		101 801	91 752			118 803

Table C7 includes the balance of the Cashbook and Current Investment Deposits.



### 3.1.8 Supporting Table SC9: Monthly Budget Statement – Actual and revised targets for cash receipts and cash flows

This supporting table gives a detailed breakdown of information summarised in Table C7.

WC026 Langeberg - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M06 December

Description	Ref	Budget Year 2016/17												2016/17 Medium Term Revenue & Expenditure Framework		
		July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Budget	Dec Outcome	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousands</b>	<b>1</b>															
<b>Cash Receipts By Source</b>																
Property rates		3 257	7 378	4 372	4 812	2 822	2 396	3 479	3 479	3 479	3 479	3 479	(683)	41 748	44 959	48 169
Property rates - penalties & collection charges		—	—	—	—	—	—	42	42	42	42	42	295	505	536	568
Service charges - electricity revenue		24 864	28 672	27 377	27 101	25 728	26 997	26 237	26 237	26 237	26 237	26 237	22 918	314 841	334 361	354 089
Service charges - water revenue		2 978	3 267	2 959	2 890	2 864	2 888	3 404	3 404	3 404	3 404	3 404	5 985	40 851	43 384	45 943
Service charges - sanitation revenue		1 189	1 566	1 478	1 435	1 390	1 303	1 263	1 263	1 263	1 263	1 263	482	15 158	16 097	17 047
Service charges - refuse		929	1 248	1 192	1 154	1 111	1 046	1 165	1 165	1 165	1 165	1 165	1 478	13 982	18 726	20 572
Service charges - other		363	396	486	333	397	514	—	—	—	—	—	(2 489)	—	—	—
Rental of facilities and equipment		274	197	238	196	208	291	236	236	236	236	236	246	2 827	3 003	3 180
Interest earned - external investments		396	518	—	384	458	—	384	384	384	384	384	934	4 609	4 649	4 689
Interest earned - outstanding debtors		—	—	—	—	—	—	137	137	137	137	137	957	1 640	1 742	1 845
Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines		112	340	443	299	309	274	240	240	240	240	240	(97)	2 880	3 059	3 239
Licences and permits		1 778	2 185	2 046	1 998	2 085	1 341	153	153	153	153	153	(10 360)	1 839	1 953	2 069
Agency services		63	60	68	56	67	41	255	255	255	255	255	1 426	3 056	3 245	3 436
Transfer receipts - operating		28 109	3 762	—	1 840	747	21 246	—	—	30 615	—	—	36 140	122 459	121 545	124 483
Other revenue		2 571	1 808	1 080	1 607	4 036	828	2 128	2 128	2 128	2 128	2 128	2 967	25 537	27 121	28 721
<b>Cash Receipts by Source</b>		<b>66 881</b>	<b>51 395</b>	<b>41 738</b>	<b>44 106</b>	<b>42 223</b>	<b>59 164</b>	<b>39 123</b>	<b>39 123</b>	<b>69 738</b>	<b>39 123</b>	<b>39 123</b>	<b>60 197</b>	<b>591 933</b>	<b>624 380</b>	<b>658 050</b>
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital		6 273	—	—	—	285	9 175	—	—	5 455	—	—	632	21 820	20 546	20 616
Contributions & Contributed assets		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds on disposal of PPE		—	34	92	13	—	—	—	—	—	—	—	(138)	—	—	—
Short term loans		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Increase in consumer deposits		45	215	104	63	64	34	2	2	2	2	2	(511)	22	400	500
Receipt of non-current debtors		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Receipt of non-current receivables		1 056	395	303	154	91	119	46	46	46	46	46	(1 796)	550	550	550
Change in non-current investments		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Cash Receipts by Source</b>		<b>74 255</b>	<b>52 038</b>	<b>42 236</b>	<b>44 334</b>	<b>42 663</b>	<b>68 492</b>	<b>39 170</b>	<b>39 170</b>	<b>75 240</b>	<b>39 170</b>	<b>39 170</b>	<b>58 385</b>	<b>614 325</b>	<b>645 876</b>	<b>679 716</b>
<b>Cash Payments by Type</b>																
Employee related costs		11 232	11 572	11 763	11 331	18 288	11 900	11 827	11 827	11 827	11 827	11 827	6 703	141 924	178 706	191 276
Remuneration of councillors		—	—	—	—	—	—	789	789	789	789	789	5 525	9 471	10 135	10 844
Interest paid		—	—	831	—	—	484	662	662	662	662	662	3 320	7 945	7 862	7 758
Bulk purchases - Electricity		25 220	25 053	16 534	18 144	20 435	22 691	19 991	19 991	19 991	19 991	19 991	11 859	239 889	265 522	275 378
Bulk purchases - Water & Sewer		14	14	14	39	15	15	315	315	315	315	315	2 094	3 782	4 240	4 493
Other materials		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contracted services		34	120	139	66	148	51	172	172	172	172	172	647	2 065	2 315	2 453
Grants and subsidies paid - other municipalities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grants and subsidies paid - other		—	—	—	—	133	—	11	11	11	11	11	(54)	134	142	151
General expenses		2 387	5 562	6 090	4 873	5 299	4 674	10 939	10 939	10 939	10 939	10 939	47 686	131 265	139 707	142 470
<b>Cash Payments by Type</b>		<b>38 887</b>	<b>42 321</b>	<b>35 372</b>	<b>34 453</b>	<b>44 318</b>	<b>39 814</b>	<b>44 706</b>	<b>44 706</b>	<b>44 706</b>	<b>44 706</b>	<b>44 706</b>	<b>77 779</b>	<b>536 475</b>	<b>608 630</b>	<b>634 824</b>
<b>Other Cash Flows/Payments by Type</b>																
Capital assets		5 315	516	2 339	1 738	3 159	2 458	4 436	4 436	4 436	4 436	4 436	17 020	54 726	61 259	52 672
Repayment of borrowing		—	—	847	—	—	942	—	—	1 983	—	—	4 160	7 931	3 711	3 700
Other Cash Flows/Payments		29 360	7 568	17 863	4 850	4 573	9 136	—	—	—	—	—	(73 349)	—	—	—
<b>Total Cash Payments by Type</b>		<b>73 562</b>	<b>50 405</b>	<b>56 421</b>	<b>41 041</b>	<b>52 049</b>	<b>52 349</b>	<b>49 143</b>	<b>49 143</b>	<b>51 125</b>	<b>49 143</b>	<b>49 143</b>	<b>25 610</b>	<b>599 132</b>	<b>673 599</b>	<b>691 196</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>693</b>	<b>1 633</b>	<b>(14 184)</b>	<b>3 293</b>	<b>(9 386)</b>	<b>16 143</b>	<b>(9 972)</b>	<b>(9 972)</b>	<b>24 115</b>	<b>(9 972)</b>	<b>(9 972)</b>	<b>32 775</b>	<b>15 193</b>	<b>(27 723)</b>	<b>(11 480)</b>
Cash/cash equivalents at the month/year beginning:		103 610	104 303	105 936	91 752	95 045	85 659	101 801	91 829	81 857	105 972	96 000	86 028	103 610	118 803	91 080
Cash/cash equivalents at the month/year end:		104 303	105 936	91 752	95 045	85 659	101 801	91 829	81 857	105 972	96 000	86 028	118 803	118 803	91 080	79 600

### 3.1.9. Supporting Table SC2 Performance Indicators

WC026 Langeberg - Supporting Table SC2 Monthly Budget Statement - performance indicators - M06 December

Description of financial indicator	Basis of calculation	Ref	2015/16	Budget Year 2016/17			
			Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b><u>Borrowing Management</u></b>							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		1.3%	5.5%	5.5%	1.3%	2.7%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		2.5%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		19.7%	16.7%	16.7%	15.7%	16.7%
Gearing	Long Term Borrowing/ Funds & Reserves		74.1%	83.9%	83.9%	67.7%	83.9%
<b><u>Liquidity</u></b>							
Current Ratio	Current assets/current liabilities	1	169.1%	179.4%	177.9%	211.6%	179.4%
Liquidity Ratio	Monetary Assets/Current Liabilities		100.5%	103.4%	101.9%	124.6%	103.4%
<b><u>Revenue Management</u></b>							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		9.7%	8.1%	8.1%	17.4%	8.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Creditors Management</u></b>							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))						
<b><u>Funding of Provisions</u></b>							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
<b><u>Other Indicators</u></b>							
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated	2					
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	2					
Employee costs	Employee costs/Total Revenue - capital revenue		26.3%	27.9%	27.9%	27.2%	27.9%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0.0%	0.0%	0.0%	0.0%	0.0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		7.7%	5.7%	5.7%	1.3%	2.8%
<b><u>IDP regulation financial viability indicators</u></b>							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)						
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services						
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure						

Refer to [Appendix 5: Uniform Financial Ratios in terms of MFMA Circular 71](#) for a comprehensive list of financial ratios.

### 3.1.10. Debtors Information

#### 3.1.10.1 Debtors Age Analysis as at 31 December 2016

WC026 Langeberg - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Budget Year 2016/17													
Description	NT Code	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	2 517	534	359	250	199	153	1 603	2 009	7 623	4 213	-	1 312
Trade and Other Receivables from Exchange Transactions - Electricity	1300	24 858	257	117	86	133	21	486	1 453	27 411	2 179	-	1 836
Receivables from Non-exchange Transactions - Property Rates	1400	2 188	246	154	1 315	191	130	2 171	4 085	10 481	7 892	-	2 144
Receivables from Exchange Transactions - Waste Water Management	1500	1 921	371	241	191	158	129	1 580	2 276	6 867	4 333	-	1 814
Receivables from Exchange Transactions - Waste Management	1600	1 498	287	187	147	119	97	1 148	1 725	5 207	3 236	-	1 300
Receivables from Exchange Transactions - Property Rental Debtors	1700	84	70	16	15	14	15	352	532	1 098	928	-	593
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	1 033	302	278	317	304	88	2 685	3 608	8 615	7 001	-	4 691
Total By Income Source	2000	34 099	2 067	1 352	2 321	1 118	633	10 024	15 686	67 300	29 782	-	13 691
2015/16 - totals only		25 415	2 770	4 136	1 513	887	687	6 512	13 501	55 421	23 100	-	11 841
Debtors Age Analysis By Customer Group													
Organs of State	2200	697	36	24	292	33	12	171	278	1 543	786	-	278
Commercial	2300	6 729	101	47	106	25	20	473	1 322	8 824	1 947	-	1 182
Households	2400	9 968	1 782	1 216	1 403	900	540	8 610	12 065	36 483	23 517	-	10 236
Other	2500	16 704	148	64	520	160	62	770	2 021	20 450	3 533	-	1 995
Total By Customer Group	2600	34 099	2 067	1 352	2 321	1 118	633	10 024	15 686	67 300	29 782	-	13 691

The value reflected in the Financial Position will not reconcile to the Debtors Age Analysis shown on Supporting Table SC3. The financial position includes the total annual billing to date and some debtor classifications which do not form part of the consumer debtors, whereas the age analysis only includes those consumer amounts which have become due and not the 'future' amounts which will only fall due in coming months for consumers who have chosen to pay property rates and annual charges on an instalment basis.

#### 3.1.10.2 Payment Levels

<b>Payment Ratio's</b>			
<b>Payment Ratio</b>			
	<b>LEVIED</b>	<b>PAYMENT RECEIVED</b>	<b>% PAYMENT</b>
DECEMBER 2015	36 253 403	34 871 000	96.19%
JULY 2016	75 785 897	32 292 183	42.61%
AUGUST 2016	34 743 737	45 823 799	131.89%
SEPTEMBER 2016	33 326 717	38 123 128	114.39%
OCTOBER 2016	31 913 882	41 228 805	129.19%
NOVEMBER 2016	35 555 571	36 015 190	101.29%
DECEMBER 2016	39 424 915	33 847 158	85.85%

Based on past trends it is common that the payment % rates drops during December as many customers opt to pay during the first week of January. The payment rate are monitored. The reason for the drop in the collection rate is attributable to the following:

- Higher levy run than previous months as the seasonal factory activities started.
- No disconnection of services was done in December 2016.
- Lower cash collection relating to services in December 2016.

### 3.1.10.3 Summary of billed revenue against actual revenue for the past six months:

Summary of billed revenue against actual revenue for the past six months:						
LEVIED						
	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Rates	43 476 313	326 909	545 163	558 446	493 605	477 477
Electricity	23 965 850	24 056 480	24 523 503	22 716 498	24 983 933	30 466 726
Water	4 402 715	5 220 852	4 140 938	4 029 998	5 061 027	4 706 919
Sewerage	2 206 428	2 897 848	2 311 422	2 591 683	2 831 341	2 108 839
Refuse	1 734 590	2 241 648	1 805 691	2 017 257	2 185 665	1 664 954
	75 785 897	34 743 737	33 326 717	31 913 882	35 555 571	39 424 915
RECEIPT						
	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Rates	3 924 594	8 160 449	5 113 164	5 857 894	3 530 770	2 823 463
Electricity	21 564 688	25 900 356	24 715 795	24 459 890	23 424 223	24 040 982
Water	3 658 502	6 585 754	4 000 060	5 430 824	4 317 838	3 728 086
Sewerage	1 778 837	2 912 084	2 406 833	3 083 446	2 665 185	1 816 771
Refuse	1 365 562	2 265 156	1 887 277	2 396 750	2 077 174	1 437 856
	32 292 183	45 823 799	38 123 128	41 228 805	36 015 190	33 847 158

The graph below illustrates the amount levied against consumer accounts and payments received in respect of accounts levied.

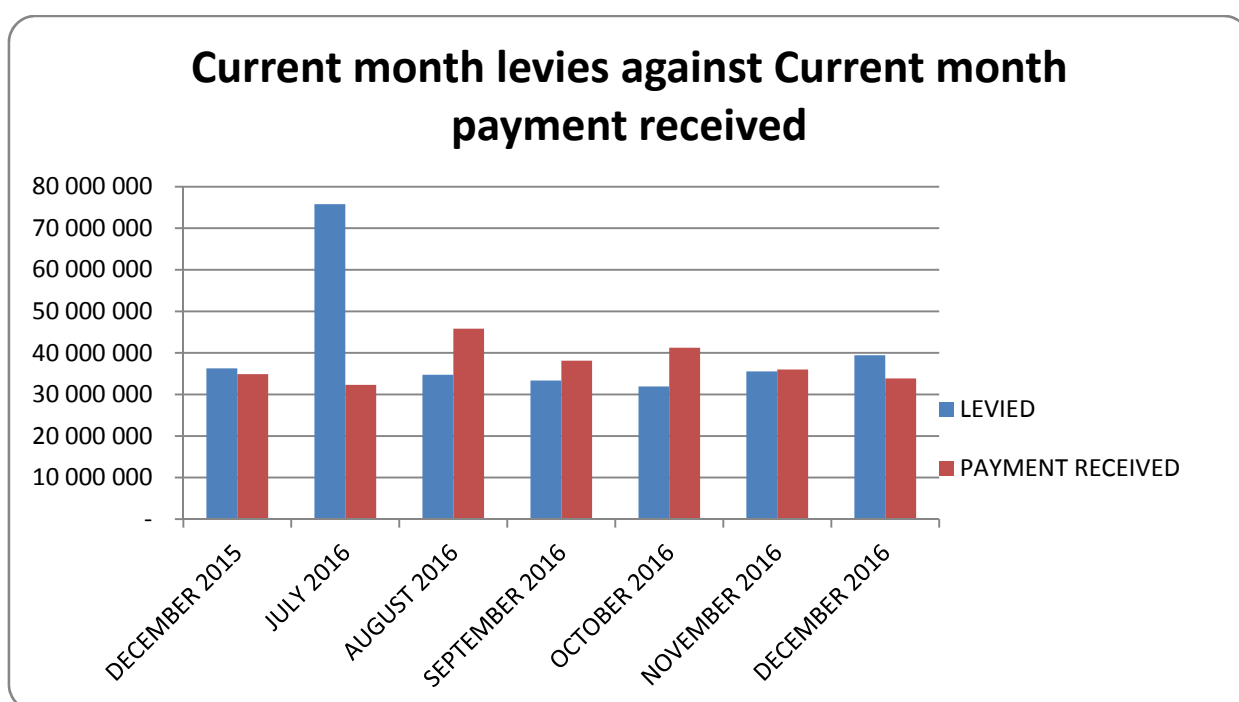


Figure 3 Current month levies against Current month payment received

When comparing the levied amounts to actual amounts it can be seen that current accounts are settled and that the municipality must put in stricter measures to recover outstanding debt, the comparison as well as payment levels will be closely monitored and credit control measures will remain firm, a reduction in cash revenues will be factored into the adjustments budget that follows the mid-year review.

The graph below illustrates the movement in the Total Debtors outstanding at month end from July 2015 to December 2016.

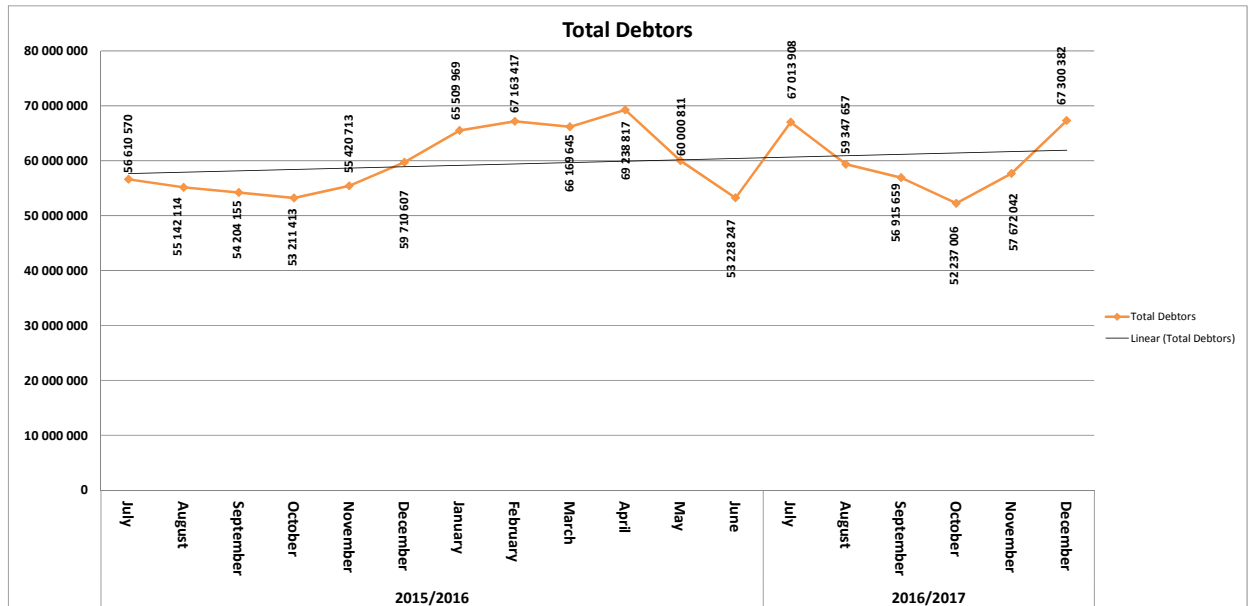


Figure 4 Total Debtors

### 3.1.11. Creditors Information

WC026 Langeberg - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2016/17									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	25 864	-	-	-	-	-	-	-	25 864	23 364
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	428	705	19	-	-	-	-	-	1 152	756
Auditor General	0800	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	26 292	705	19	-	-	-	-	-	27 016	24 120

The graph below illustrates the movement in the Total Creditors outstanding at month end from July 2015 to December 2016.

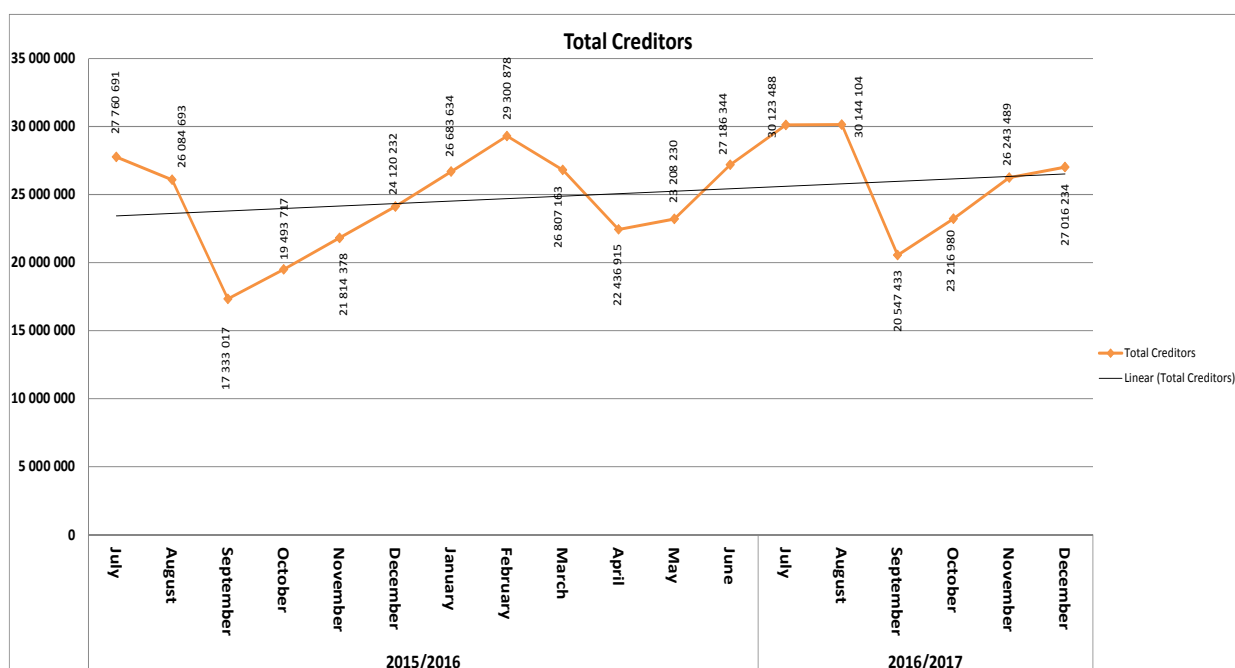


Figure 5 Total Creditors

### 3.1.12. Cash and Investments

WC026 Langeberg - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Expiry date of investment	Accrued interest for the month	Yield for the month 1 (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
		Yrs/Months							
<b>R thousands</b>									
<b>Municipality</b>									
ABSA - 9299946707			Depositor Plus		148		25 007	3	25 010
Standard Bank - 28 847 690 5 - 003		72 days	Fixed Deposit	22/02/2017	148	7.7%	–	35 000	35 000
Nedbank - 03 / 7881034971 / 000033		81 days	Fixed Deposit	03/02/2017	235	7.9%	35 000		35 000
<b>Municipality sub-total</b>					531		60 007	35 003	95 010
<b>Entities sub-total</b>					–		–	–	–
<b>TOTAL INVESTMENTS AND INTEREST</b>	2				531		60 007	35 003	95 010

### 3.1.13. Allocation and Grant Receipts and Expenditure

#### 3.1.13.1. Allocation and Grant Receipts

WC026 Langeberg - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		63 307	66 422	66 422	22 073	49 881	33 948	15 933	46.9%	66 422
Local Government Equitable Share		57 378	60 461	60 461	20 154	45 346	30 231	15 116	50.0%	60 461
Municipal Systems Improvement		115	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant (MIG)		2 624	2 577	2 577	977	1 678	1 288	390	30.2%	2 577
Finance Management		1 450	1 475	1 475	-	1 475	1 475	-	-	1 475
EPWP Incentive		1 494	1 759	1 759	792	1 232	880	353	40.1%	1 759
Integrated National Electrification Programme (Municipal Grant)	3	246	150	150	150	150	75	75	100.0%	150
Municipal Disaster Recovery Grant		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		12 652	55 737	55 737	-	8 109	27 869	(19 760)	-70.9%	55 737
Library Services		6 721	7 466	7 466	-	7 262	3 733	3 529	94.5%	7 466
Thusong Centre Operational Support		200	-	-	-	-	-	-	-	-
Human Settlements Development Grant (Beneficiaries)		5 200	48 000	48 000	-	847	24 000	(23 153)	-96.5%	48 000
Municipal Maintenance and construction of Transport Infrastructure		120	151	151	-	-	76	(76)	-100.0%	151
Municipal Capacity Building Grant		-	-	-	-	-	-	-	-	-
WC Financial Management Grant		50	120	120	-	-	60	(60)	-100.0%	120
Training	4	362	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	300	300	300	300	150	150	100.0%	300
Hosting of Cultural Events		-	300	300	300	300	150	150	100.0%	300
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	75 959	122 459	122 459	22 373	58 290	61 967	(3 677)	-5.9%	122 459
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		44 461	19 477	19 477	8 048	13 058	9 739	3 319	34.1%	19 477
Municipal Systems Improvement		825	-	-	-	-	-	-	-	-
Finance Management		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant (MIG)		18 744	18 406	18 406	6 977	11 987	9 203	2 784	30.2%	18 406
Integrated National Electrification Programme (Municipal Grant)		1 797	1 071	1 071	1 071	1 071	536	536	100.0%	1 071
Human Settlements Development Grant (Beneficiaries)		22 456	-	-	-	-	-	-	-	-
Municipal Disaster Recovery Grant		639	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		1 887	2 343	2 343	-	-	1 171	(1 171)	-100.0%	2 343
Library Services		1 887	2 343	2 343	-	-	1 171	(1 171)	-100.0%	2 343
Development of Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
Dept Water Affairs		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	46 348	21 820	21 820	8 048	13 058	10 910	2 148	19.7%	21 820
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	122 307	144 279	144 279	30 421	71 348	72 877	(1 529)	-2.1%	144 279

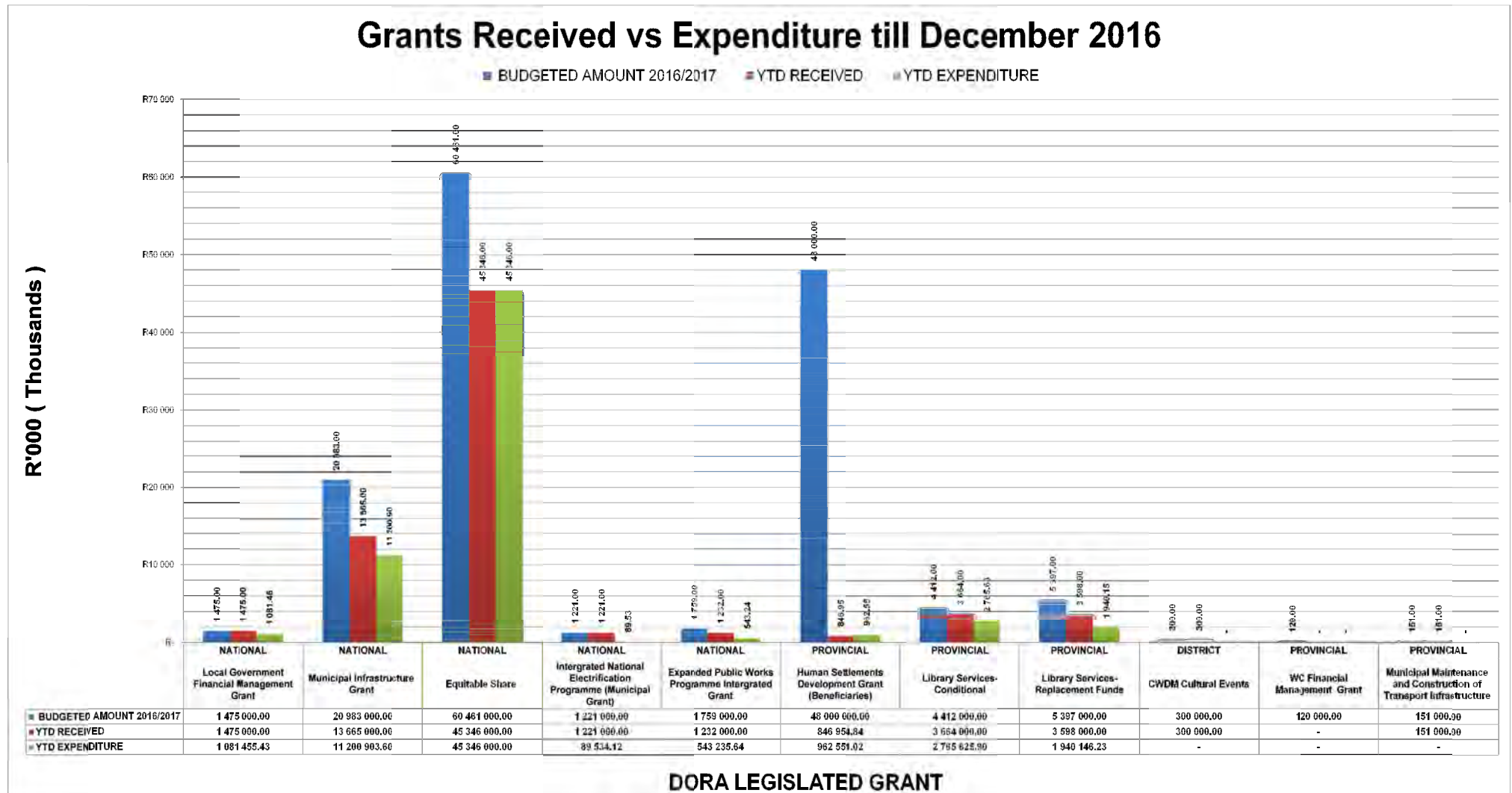


### 3.1.13.2. Allocation and Grant Expenditure

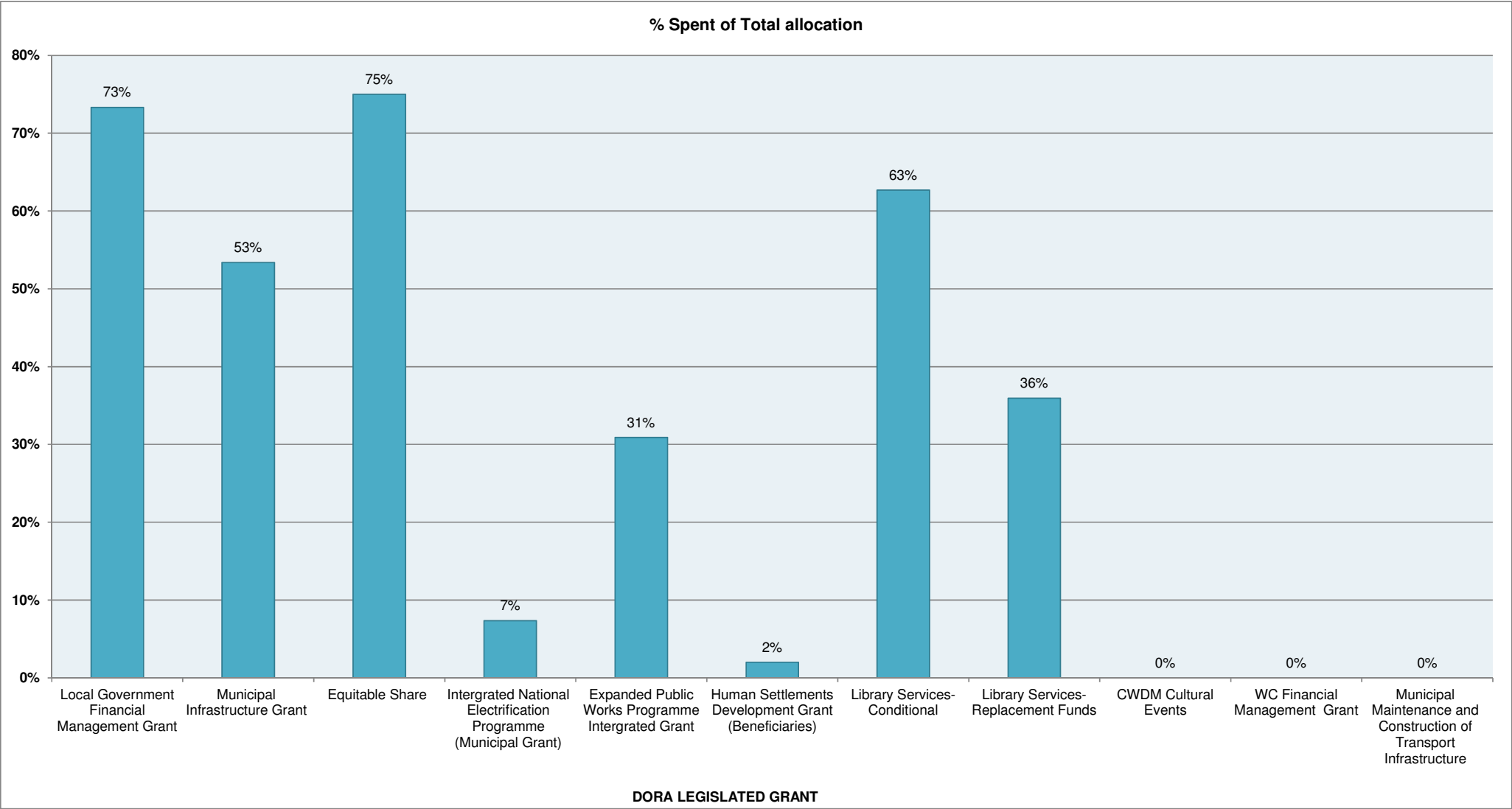
WC026 Langeberg - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		63 609	66 422	66 422	20 484	48 346	33 211	15 135	45.6%	66 422
Local Government Equitable Share		57 378	60 461	60 461	20 154	45 346	30 231	15 116	50.0%	60 461
Municipal Systems Improvement		115	-	-				-		-
Municipal Infrastructure Grant (MIG)		2 624	2 577	2 577	89	1 375	1 288	87	6.8%	2 577
Finance Management		1 450	1 475	1 475	145	1 081	738	344	46.6%	1 475
EPWP Incentive		1 542	1 759	1 759	97	543	880	(336)	-38.2%	1 759
Integrated National Electrification Programme (Municipal Grant)		411	150	150	-	-	75	(75)	-100.0%	150
Municipal Disaster Recovery Grant		89	-	-	-	-	-	-		-
Provincial Government:		34 665	55 737	55 737	357	3 221	27 869	(1 534)	-5.5%	55 737
Library Services		6 204	7 466	7 466	72	2 259	3 733	(1 474)	-39.5%	7 466
Thusong Centre Operational Support		105	-	-	-	-	-			-
Human Settlements Development Grant (Beneficiaries)		27 540	48 000	48 000	285	963	24 000			48 000
Municipal Maintenance and construction of Transport Infrastructure		120	151	151	-	-	76			151
Municipal Capacity Building Grant		-	-	-	-	-	-			-
WC Financial Management Grant		334	120	120	-	-	60	(60)	-100.0%	120
Training		362			-	-	-			-
District Municipality:		-	300	300	-	-	150	(150)	-100.0%	300
Hosting of Cultural Events		-	300	300	-	-	150	(150)	-100.0%	300
Other grant providers:		-	-	-	-	-	-	-		-
		-	-	-				-		-
Total operating expenditure of Transfers and Grants:		98 274	122 459	122 459	20 841	51 567	61 230	13 451	22.0%	122 459
Capital expenditure of Transfers and Grants										
National Government:		44 461	19 477	19 477	632	9 915	9 739	176	1.8%	19 477
Municipal Systems Improvement		825	-	-	-	-	-	-		-
Finance Management		-	-	-	-	-	-			-
Municipal Infrastructure Grant (MIG)		18 744	18 406	18 406	632	9 825	9 203	622	6.8%	18 406
Integrated National Electrification Programme (Municipal Grant)		1 797	1 071	1 071	-	90	536	(446)	-83.3%	1 071
Human Settlements Development Grant (Beneficiaries)		22 456	-	-				-		-
Municipal Disaster Recovery Grant		639	-	-	-	-	-	-		-
Provincial Government:		1 887	2 343	2 343	910	2 447	1 171	1 276	108.9%	2 343
Library Services		1 887	2 343	2 343	910	2 447	1 171	1 276	108.9%	2 343
Development of Sport and Recreation Facilities		-	-	-				-		-
District Municipality:		-	-	-	-	-	-	-		-
		-	-	-				-		-
Other grant providers:		-	-	-	-	-	-	-		-
Dept Water Affairs		-	-	-				-		-
Total capital expenditure of Transfers and Grants		46 348	21 820	21 820	1 543	12 362	10 910	1 452	13.3%	21 820
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		144 622	144 279	144 279	22 384	63 929	72 140	14 903	20.7%	144 279

The graph below illustrates and compares the Budgeted Amount, Allocation received till 31 December 2016 and Expenditure on the allocation till 31 December 2016.



The graph below illustrates the Total Expenditure on Grant Allocation as a %.



# LANGEBERG MUNICIPALITY

## 3.1.14 Expenditure on councillor allowances and employee benefits

WC026 Langeberg - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration R thousands	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		-	-	-				-		-
Pension and UIF Contributions		1 022	-	-	3	9	-	9	#DIV/0!	-
Medical Aid Contributions		-	-	-	10	46	27	18	68%	-
Motor Vehicle Allowance		1 058	-	-	25	157	172	(14)	-8%	-
Cellphone Allowance		461	514	514	36	219	239	(20)	-8%	514
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		6 198	8 958	8 958	733	3 846	4 224	(378)	-9%	8 958
<b>Sub Total - Councillors</b>		<b>8 740</b>	<b>9 471</b>	<b>9 471</b>	<b>806</b>	<b>4 276</b>	<b>4 661</b>	<b>(385)</b>	<b>-8%</b>	<b>9 471</b>
<b>% increase</b>	4		<b>8.4%</b>	<b>8.4%</b>						<b>8.4%</b>
<b>Senior Managers of the Municipality</b>	3									
Basic Salaries and Wages		5 563	6 542	6 542	546	3 274	3 271	3	0%	6 542
Pension and UIF Contributions		1 064	1 208	1 208	98	589	604	(15)	-2%	1 208
Medical Aid Contributions		-	130	130	5	32	65	(33)	-51%	130
Overtime		-	-	-	-	-	-	-		-
Performance Bonus		315	391	391	-	-	196	(196)	-100%	391
Motor Vehicle Allowance		376	516	516	37	220	258	(38)	-15%	516
Cellphone Allowance		-	-	-	-	-	-	-		-
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		68	132	132	2	31	66	(35)	-53%	132
Payments in lieu of leave		241	-	-	-	-	-	-		-
Long service awards		-	-	-	-	-	-	-		-
Post-retirement benefit obligations		-	-	-	-	-	-	-		-
<b>Sub Total - Senior Managers of Municipality</b>		<b>7 627</b>	<b>8 920</b>	<b>8 920</b>	<b>688</b>	<b>4 146</b>	<b>4 460</b>	<b>(314)</b>	<b>-7%</b>	<b>8 920</b>
<b>% increase</b>	4		<b>16.9%</b>	<b>16.9%</b>						<b>16.9%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		86 465	100 199	100 199	7 712	46 064	50 476	(4 412)	-9%	100 199
Pension and UIF Contributions		15 719	18 945	18 945	1 388	8 320	9 370	(1 050)	-11%	18 945
Medical Aid Contributions		4 470	5 525	5 525	397	2 391	2 727	(336)	-12%	5 525
Overtime		5 644	9 126	9 126	476	2 871	4 389	(1 518)	-35%	9 126
Performance Bonus		7 967	8 263	8 263	605	3 644	4 076	(432)	-11%	8 263
Motor Vehicle Allowance		3 789	5 208	5 208	369	2 132	(258)	2 390	-926%	5 208
Cellphone Allowance		-	-	-	-	-	-	-		-
Housing Allowances		1 636	1 858	1 858	137	830	922	(92)	-10%	1 858
Other benefits and allowances		6 079	8 366	8 366	454	2 806	6 848	(4 042)	-59%	8 366
Payments in lieu of leave		3 362	2 187	2 187	(2 018)	897	1 439	(542)	-38%	2 187
Long service awards		808	872	872	69	415	435	(21)	-5%	872
Post-retirement benefit obligations		2 461	2 601	2 601	203	1 217	1 294	(77)	-6%	2 601
<b>Sub Total - Other Municipal Staff</b>		<b>138 399</b>	<b>163 150</b>	<b>163 150</b>	<b>9 792</b>	<b>71 587</b>	<b>81 718</b>	<b>(10 131)</b>	<b>-12%</b>	<b>163 150</b>
<b>% increase</b>	4		<b>17.9%</b>	<b>17.9%</b>						<b>17.9%</b>
<b>Total Parent Municipality</b>		<b>154 767</b>	<b>181 541</b>	<b>181 541</b>	<b>11 286</b>	<b>80 009</b>	<b>90 839</b>	<b>(10 830)</b>	<b>-12%</b>	<b>181 541</b>
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>			<b>17.3%</b>	<b>17.3%</b>						<b>17.3%</b>
<b>Total Municipal Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>154 767</b>	<b>181 541</b>	<b>181 541</b>	<b>11 286</b>	<b>80 009</b>	<b>90 839</b>	<b>(10 830)</b>	<b>-12%</b>	<b>181 541</b>
<b>% increase</b>	4		<b>17.3%</b>	<b>17.3%</b>						<b>17.3%</b>
<b>TOTAL MANAGERS AND STAFF</b>		<b>146 027</b>	<b>172 069</b>	<b>172 069</b>	<b>10 480</b>	<b>75 733</b>	<b>86 178</b>	<b>(10 445)</b>	<b>-12%</b>	<b>172 069</b>

## Section 4 - Service Delivery Performance

### 4.1.1 Introduction

The SDBIP is essentially the municipality's operational plan and is an integral part of the financial planning, implementation and measurement process. The SDBIP functions as the connection between the strategic plan "IDP", budget and management performance agreements, and includes detailed information on how the budget will be implemented, by means of forecast cash flows, service delivery targets and performance indicators. Please refer to Appendix 3: Service Delivery Performance Report

### 4.1.2 Progress on implementation of the operating expenditure and revenue budgets 2016/2017

Financial performance as indicated in the section 71 high level monthly budget statement of 31 December 2016 indicates that actual operating revenue against budgeted revenue with reference to Electricity Service Charges and Water Service Charges are not in line. In terms therefore, any performance indicators using operating revenue measurement will also not be on target.

### Projected revenue and operating expenditure

Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure)									
Description	2015/2016	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Revenue By Source</b>									
Property rates	39 954 462	43 064 260	43 064 260	79 948	42 759 141	43 139 774	(381)	-1%	42 759 150
Property rates - penalties & collection charges	269 154	521 030	521 030	48 128	192 446	247 548	(55)	-22%	384 900
Service charges - electricity revenue	304 339 783	324 764 680	324 764 680	29 332 450	136 742 144	160 810 996	(24 069)	-15%	338 181 150
Service charges - water revenue	37 493 368	42 138 570	42 138 570	3 213 354	13 183 879	20 921 405	(7 738)	-37%	35 641 310
Service charges - sanitation revenue	18 979 212	15 635 460	15 635 460	1 470 951	8 808 587	7 920 665	888	11%	15 635 460
Service charges - refuse revenue	14 416 569	14 422 320	14 422 320	1 122 515	6 718 529	7 176 316	(458)	-6%	14 422 320
Rental of facilities and equipment	2 623 754	2 916 530	2 916 530	290 890	1 344 651	1 428 398	(84)	-6%	2 916 530
Interest earned - external investments	4 391 659	4 608 860	4 608 860	530 547	2 671 291	2 348 263	323	14%	4 608 860
Interest earned - outstanding debtors	1 685 512	1 691 940	1 691 940	135 363	818 673	841 700	(23)	-3%	1 691 940
Dividends received	0	0	0	0	0	0	0	-	0
Fines	20 679 190	20 106 940	20 106 940	273 265	1 743 424	9 198 715	(7 455)	-81%	20 106 940
Licences and permits	1 169 318	1 839 200	1 839 200	48 502	429 595	887 148	(458)	-52%	1 839 200
Agency services	3 140 603	3 055 500	3 055 500	41 165	355 968	1 423 073	(1 067)	-75%	3 055 500
Transfers recognised - operational	75 817 925	122 459 034	122 459 034	21 310 695	52 036 924	76 890 060	(24 853)	-32%	139 634 304
Other revenue	26 879 170	25 537 190	25 537 190	1 203 477	10 179 688	13 064 273	(2 885)	-22%	25 537 190
Gains on disposal of PPE	3 529 288	0	0	0	0	0	0	-	0
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>555 368 966</b>	<b>622 761 514</b>	<b>622 761 514</b>	<b>59 101 248</b>	<b>277 984 940</b>	<b>346 298 335</b>	<b>(68 313)</b>	<b>-20%</b>	<b>646 414 754</b>
<b>Expenditure By Type</b>									
Employee related costs	146 026 534	173 828 481	173 828 482	10 479 643	75 732 538	86 177 660	(10 445)	-12%	173 828 482
Remuneration of councillors	8 740 174	9 471 450	9 471 450	805 932	4 276 471	4 661 027	(385)	-8%	9 471 450
Debt impairment	30 410 351	26 407 940	26 407 940	2 200 662	13 203 972	13 204 062	(90)	0%	26 407 940
Depreciation & asset impairment	31 487 932	27 548 134	27 548 132	11 154 739	11 154 739	12 522 700	(1 368)	-11%	27 548 132
Finance charges	11 429 475	7 945 417	7 945 415	938 019	3 635 133	3 861 071	(226)	-6%	7 945 415
Bulk purchases	242 031 964	258 735 740	258 735 740	22 705 726	128 171 425	131 371 437	(3 200)	-2%	258 735 740
Contracted services	2 183 363	2 192 280	2 192 280	86 984	838 808	1 034 183	(195)	-19%	2 192 280
Transfers and grants	749 000	134 070	134 070	0	132 500	60 950	72	117%	134 070
Other expenditure	73 084 449	138 052 808	138 052 808	5 063 672	33 002 987	71 001 098	(37 998)	-54%	154 302 808
Loss on disposal of PPE	1 566 609	0	0	0	0	0	0	-	0
<b>Total Expenditure</b>	<b>547 709 853</b>	<b>644 316 320</b>	<b>644 316 317</b>	<b>53 435 377</b>	<b>270 148 574</b>	<b>323 894 189</b>	<b>(53 746)</b>	<b>-17%</b>	<b>668 173 427</b>
<b>Surplus/(Deficit)</b>	<b>7 659 112</b>	<b>-21 554 806</b>	<b>-21 554 803</b>	<b>5 665 872</b>	<b>7 836 366</b>	<b>22 404 145</b>	<b>(14 568)</b>	<b>(0)</b>	<b>-21 758 673</b>
Transfers recognised - capital	46 347 944	21 819 966	21 819 966	1 073 088	11 892 528	12 945 937	(1 053)	(0)	21 819 970
Contributions recognised - capital							-		
Contributed assets							-		
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>54 007 056</b>	<b>265 160</b>	<b>265 163</b>	<b>6 738 959</b>	<b>19 728 894</b>	<b>35 350 082</b>			<b>61 297</b>
Taxation							-		
<b>Surplus/(Deficit) after taxation</b>	<b>54 007 056</b>	<b>265 160</b>	<b>265 163</b>	<b>6 738 959</b>	<b>19 728 894</b>	<b>35 350 082</b>			<b>61 297</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>54 007 056</b>	<b>265 160</b>	<b>265 163</b>	<b>6 738 959</b>	<b>19 728 894</b>	<b>35 350 082</b>			<b>61 297</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/ (Deficit) for the year</b>	<b>54 007 056</b>	<b>265 160</b>	<b>265 163</b>	<b>6 738 959</b>	<b>19 728 894</b>	<b>35 350 082</b>			<b>61 297</b>

## LANGEBERG MUNICIPALITY

### 4.1.3 Progress on the implementation of the capital program 2015/2016

Total actual capital expenditure as at 31 December 2016 is R 17, 960 M (32.82%) of the total capital budget of R 54, 726 M. Capital commitments as at 31 December 2016 is R 12, 035 M (21.99%) of the total capital budget of R 54, 726 M. Total capital expenditure inclusive of capital commitments as at 31 December 2016 is 54.81% of the total capital budget.

Below is breakdown of Capital Expenditure as at 31 December 2016:

	ACTUAL	ORDERS	EXP/MONTH	BUDGET	BALANCE
HOUSING	0.00	0.00	0.00	0.00	0.00
WATER	307 327.88	641 658.08	0.00	7 285 480.00	6 336 494.04
ELECTRICAL SERVICES	1 712 519.62	55 009.19	341 078.71	4 622 060.00	2 854 531.19
SEWERAGE	5 566 311.93	4 199 010.00	2 417.03	10 365 700.00	600 378.07
ROADS	2 468.85	0.00	0.00	1 000 000.00	997 531.15
<b>Sub-Total at Service Level</b>	<b>7 588 628.28</b>	<b>4 895 677.27</b>	<b>343 495.74</b>	<b>23 273 240.00</b>	<b>10 788 934.45</b>
	ACTUAL	ORDERS	EXP/MONTH	BUDGET	BALANCE
MUNICIPAL MANAGER					0.00
CORPORATE SERVICES	718 475.79	135 960.08	54 306.28	2 630 000.00	1 775 564.13
STRATEGY AND SOCIAL DEVELOPMENT	196 745.22	371 354.30	110 148.48	1 000 000.00	431 900.48
FINANCE	0.00	0.00	0.00	0.00	0.00
COMMUNITY SERVICES	3 657 138.72	605 289.98	1 679 571.32	6 107 920.00	1 845 491.30
TRAFFIC	0.00	0.00	0.00	0.00	0.00
ENVIRONMENTAL SERVICES	0.00	0.00	0.00	0.00	0.00
INFORMATION & COMMUNICATION TECHNOLOGY	2 460.00	0.00	0.00	2 200 000.00	2 197 540.00
INFRASTRUCTURE DEVELOPMENT	312 150.95	4 575 703.96	1 338.00	11 303 120.00	6 415 265.09
CLEANSING	5 484 268.33	1 451 261.16	353 498.74	8 211 850.00	1 276 320.51
<b>Sub-Total at Department Level</b>	<b>10 371 239.01</b>	<b>7 139 569.48</b>	<b>2 198 862.82</b>	<b>31 452 890.00</b>	<b>13 942 081.51</b>
	<b>17 959 867.29</b>	<b>12 035 246.75</b>	<b>2 542 358.56</b>	<b>54 726 130.00</b>	<b>24 731 015.96</b>

Below the progress on the capital program as at 31 December 2015:

Total actual capital expenditure as at 31 December 2015 is R 16, 892 M (29.81%) of the total capital budget of R 56, 671 M. Capital commitments as at 31 December 2015 is R 20, 698 M (36.52%) of the total capital budget of R 56, 671 M. Total capital expenditure inclusive of capital commitments as at 31 December 2015 is 66.33% of the total capital budget.

Below is breakdown of Capital Expenditure as at 31 December 2015:

	ACTUAL	ORDERS	EXP/MONTH	BUDGET	BALANCE
HOUSING	903 992	142 509	8 078	1 500 000	453 499
WATER	2 636	140 351	-	3 528 430	3 385 443
ELECTRICAL SERVICES	442 368	1 668 252	32 822	5 436 540	3 325 921
SEWERAGE	11 883 741	5 121 010	1 462 958	13 142 730	-3 862 021
ROADS	2 824 395	802 084	47 411	10 868 780	7 242 301
<b>Sub-Total at Service Level</b>	<b>16 057 133</b>	<b>7 874 205</b>	<b>1 551 269</b>	<b>34 476 480</b>	<b>10 545 142</b>
	ACTUAL	ORDERS	EXP/MONTH	BUDGET	BALANCE
MUNICIPAL MANAGER					-
CORPORATE SERVICES	501 612	912 346	158 325	3 489 000	2 075 043
STRATEGY AND SOCIAL DEVELOPMENT	332 835	2 360 712	29 317	4 866 970	2 173 423
FINANCE	-	-	-	-	-
COMMUNITY FACILITIES	-	-	-	-	-
TRAFFIC	-	-	-	-	-
ENVIRONMENTAL SERVICES	-	-	-	-	-
INFORMATION & COMMUNICATION TECHNOLOGY	-	-	-	-	-
CLEANSING	-	9 550 705	-	13 838 720	4 288 015
<b>Sub-Total at Department Level</b>	<b>834 447</b>	<b>12 823 762</b>	<b>187 641</b>	<b>22 194 690</b>	<b>8 536 481</b>
	<b>16 891 580</b>	<b>20 697 967</b>	<b>1 738 910</b>	<b>56 671 170</b>	<b>19 081 623</b>

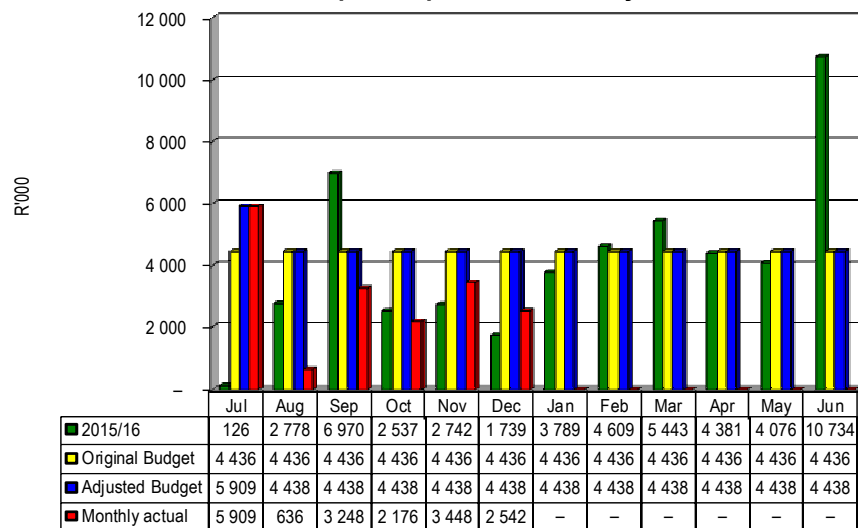
## LANGEBERG MUNICIPALITY

### 4.1.4 Capital expenditure trend

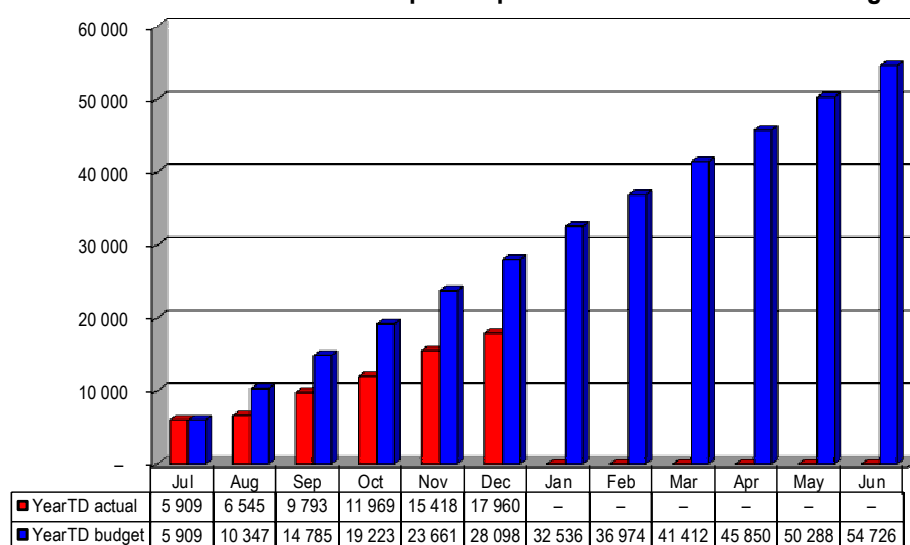
WC026 Langeberg - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 December

Month	2015/16	Budget Year 2016/17							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
<b>R thousands</b>									
<b>Monthly expenditure performance trend</b>									
July	126	4 436	5 909	5 909	5 909	5 909	–		11%
August	2 778	4 436	4 438	636	6 545	10 347	3 802	36.7%	12%
September	6 970	4 436	4 438	3 248	9 793	14 785	4 991	33.8%	18%
October	2 537	4 436	4 438	2 176	11 969	19 223	7 253	37.7%	22%
November	2 742	4 436	4 438	3 448	15 418	23 661	8 243	34.8%	29%
December	1 739	4 436	4 438	2 542	17 960	28 098	10 139	36.1%	34%
January	3 789	4 436	4 438			32 536	–		
February	4 609	4 436	4 438			36 974	–		
March	5 443	4 436	4 438			41 412	–		
April	4 381	4 436	4 438			45 850	–		
May	4 076	4 436	4 438			50 288	–		
June	10 734	4 436	4 438			54 726	–		
<b>Total Capital expenditure</b>	<b>49 924</b>	<b>53 236</b>	<b>54 726</b>	<b>17 960</b>					

**Chart C1 2016/17 Capital Expenditure Monthly Trend: actual v target**



**Chart C2 2016/17 Capital Expenditure: YTD actual v YTD target**



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## 4.1.5 Capital expenditure on new assets by asset class

WC026 Langeberg - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M06 December

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		30 690	22 866	24 356	247	6 475	13 350	6 876	51.5%	24 356
Infrastructure - Road transport		582	2 060	2 060	1	9	938	929	99.0%	2 060
Roads, Pavements & Bridges		582	1 960	1 960	1	9	892	883	99.0%	1 960
Storm water		—	100	100	—	—	45	45	100.0%	100
Infrastructure - Electricity		1 870	1 995	1 995	244	593	912	320	35.0%	1 995
Generation		—	—	—	—	—	—	—	—	—
Transmission & Reticulation		1 870	1 995	1 995	244	593	912	320	35.0%	1 995
Street Lighting		—	—	—	—	—	—	—	—	—
Infrastructure - Water		4	9 935	9 935	—	306	4 516	4 210	93.2%	9 935
Dams & Reservoirs		4	—	—	—	—	—	—	—	—
Water purification		—	—	—	—	—	—	—	—	—
Reticulation		—	9 935	9 935	—	306	4 516	4 210	93.2%	9 935
Infrastructure - Sanitation		4 395	8 876	10 366	2	5 566	6 984	1 418	20.3%	10 366
Reticulation		1 750	—	—	—	—	—	—	—	—
Sewerage purification		2 645	8 876	10 366	2	5 566	6 984	1 418	20.3%	10 366
Infrastructure - Other		23 839	—	—	—	—	—	—	—	—
Waste Management		—	—	—	—	—	—	—	—	—
Transportation		—	—	—	—	—	—	—	—	—
Gas		—	—	—	—	—	—	—	—	—
Other		23 839	—	—	—	—	—	—	—	—
<b>Community</b>		197	4 407	4 407	1 656	3 602	2 042	(1 560)	-76.4%	4 407
Parks & gardens		—	—	—	—	—	—	—	—	—
Sportsfields & stadia		100	332	332	—	—	151	151	100.0%	332
Swimming pools		—	—	—	—	—	—	—	—	—
Community halls		—	450	450	1	1	205	203	99.3%	450
Libraries		—	3 265	3 265	1 655	3 601	1 523	(2 078)	-136.5%	3 265
Recreational facilities		—	—	—	—	—	—	—	—	—
Fire, safety & emergency		—	—	—	—	—	—	—	—	—
Security and policing		—	—	—	—	—	—	—	—	—
Buses		—	—	—	—	—	—	—	—	—
Clinics		—	—	—	—	—	—	—	—	—
Museums & Art Galleries		—	—	—	—	—	—	—	—	—
Cemeteries		97	—	—	—	—	—	—	—	—
Social rental housing		—	—	—	—	—	—	—	—	—
Other		—	360	360	—	—	164	164	100.0%	360
<b>Heritage assets</b>		—	—	—	—	—	—	—	—	—
Buildings		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
<b>Investment properties</b>		—	—	—	—	—	—	—	—	—
Housing development		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
<b>Other assets</b>		18 462	19 375	19 375	487	5 744	9 665	3 922	40.6%	19 375
General vehicles		2 259	7 278	7 278	—	—	3 308	3 308	100.0%	7 278
Specialised vehicles		—	—	—	—	—	—	—	—	—
Plant & equipment		1 117	1 052	1 052	—	5	478	473	98.9%	1 052
Computers - hardware/equipment		—	2 200	2 200	—	2	1 000	998	99.8%	2 200
Furniture and other office equipment		4 825	1 185	1 185	110	228	571	343	60.1%	1 185
Abattoirs		—	—	—	—	—	—	—	—	—
Markets		100	—	—	—	—	—	—	—	—
Civic Land and Buildings		—	—	—	—	—	—	—	—	—
Other Buildings		10 047	7 660	7 660	377	5 508	4 308	(1 200)	-27.9%	7 660
Other Land		—	—	—	—	—	—	—	—	—
Surplus Assets - (Investment or Inventory)		—	—	—	—	—	—	—	—	—
Other		114	—	—	—	—	—	—	—	—
<b>Agricultural assets</b>		—	—	—	—	—	—	—	—	—
List sub-class		—	—	—	—	—	—	—	—	—
<b>Biological assets</b>		—	—	—	—	—	—	—	—	—
List sub-class		—	—	—	—	—	—	—	—	—
<b>Intangibles</b>		—	—	—	—	—	—	—	—	—
Computers - software & programming		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
<b>Total Capital Expenditure on new assets</b>	1	49 349	46 648	48 138	2 391	15 821	25 058	9 237	36.9%	48 138
<b>Specialised vehicles</b>		—	—	—	—	—	—	—	—	—
Refuse		—	—	—	—	—	—	—	—	—
Fire		—	—	—	—	—	—	—	—	—
Conservancy		—	—	—	—	—	—	—	—	—
Ambulances		—	—	—	—	—	—	—	—	—



# LANGEBERG MUNICIPALITY

## 4.1.6 Capital expenditure on renewal of existing assets by asset class

WC026 Langeberg - Supporting Table SC13b Monthly Budget Statement - capital expenditure on renewal of existing assets by asset class - M06

Description	Ref	2015/16	Budget Year 2016/17							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		21 990	2 365	2 365	97	1 115	1 089	(27)	-2.4%	2 365
Infrastructure - Road transport		4 029	215	215	5	78	104	26	25.1%	215
Roads, Pavements & Bridges		843	215	215	5	78	104	26	25.1%	215
Storm water		3 186	-	-	-	-	-	-	-	-
Infrastructure - Electricity		2 132	1 300	1 300	93	1 037	599	(438)	-73.2%	1 300
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		2 132	1 300	1 300	93	1 037	599	(438)	-73.2%	1 300
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	850	850	-	1	386	386	99.8%	850
Dams & Reservoirs		-	350	350	-	-	159	159	100.0%	350
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	500	500	-	1	227	226	99.6%	500
Infrastructure - Sanitation		15 829	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		15 829	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Community</b>		79	2 623	2 623	-	305	1 192	887	74.4%	2 623
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		79	2 623	2 623	-	305	1 192	887	74.4%	2 623
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		2 977	1 600	1 600	54	718	760	41	5.4%	1 600
General vehicles		1 661	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		226	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		837	300	300	17	304	169	(136)	-80.2%	300
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		253	1 300	1 300	37	414	591	177	29.9%	1 300
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing assets</b>	1	25 046	6 588	6 588	152	2 139	3 041	902	29.7%	6 588
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

# LANGEBOG MUNICIPALITY

## 4.1.7 Expenditure on repairs and maintenance by asset class

**WC026 Langeberg - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M06**

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		9 678	8 597	8 597	604	3 583	4 037	454	11.2%	8 597
Infrastructure - Road transport		1 914	2 032	2 032	146	1 211	945	(266)	-28.2%	2 032
Roads, Pavements & Bridges		1 914	2 032	2 032	146	1 211	945	(266)	-28.2%	2 032
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		3 267	1 970	1 970	70	797	951	154	16.2%	1 970
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		2 910	1 500	1 500	53	598	725	127	17.5%	1 500
Street Lighting		358	470	470	17	199	226	27	12.1%	470
Infrastructure - Water		3 048	2 830	2 830	206	796	1 331	535	40.2%	2 830
Dams & Reservoirs		318	152	152	14	26	69	43	62.1%	152
Water purification		396	645	645	93	211	296	85	28.8%	645
Reticulation		2 333	2 033	2 033	99	560	966	407	42.1%	2 033
Infrastructure - Sanitation		1 449	1 764	1 764	182	779	810	31	3.8%	1 764
Reticulation		868	1 000	1 000	153	505	463	(43)	-9.2%	1 000
Sewerage purification		581	764	764	30	273	347	74	21.3%	764
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Community		571	696	696	14	160	326	167	51.1%	696
Parks & gardens		238	171	171	12	51	79	28	35.2%	171
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	36	36	-	22	17	(6)	-33.5%	36
Community halls		-	-	-	-	-	-	-	-	-
Libraries		15	17	17	-	-	8	8	100.0%	17
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		203	348	348	2	86	167	81	48.4%	348
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		115	123	123	-	-	56	56	100.0%	123
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		7 837	9 200	9 200	502	3 504	4 324	821	19.0%	9 200
General vehicles		5 142	5 908	5 908	321	2 312	2 806	494	17.6%	5 908
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		910	1 235	1 235	40	533	570	37	6.5%	1 235
Computers - hardware/equipment		47	78	78	1	33	37	4	11.9%	78
Furniture and other office equipment		1	1	1	-	0	1	0	22.2%	1
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		1 737	1 938	1 938	141	625	891	267	29.9%	1 938
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	40	40	-	-	18	18	100.0%	40
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		51	81	81	-	7	37	30	82.1%	81
Computers - software & programming		51	81	81	-	7	37	30	82.1%	81
Other		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure		18 137	18 574	18 574	1 121	7 253	8 725	1 472	16.9%	18 574
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

# LANGE BERG MUNICIPALITY

## 4.1.8 Depreciation by asset class

**WC026 Langeberg - Supporting Table SC13d Monthly Budget Statement - depreciation by asset class - M06 December**

Description	Ref	2015/16	Budget Year 2016/17							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Depreciation by Asset Class/Sub-class										
Infrastructure		11 377	16 115	16 115	6 524	6 524	4 029	(2 495)	-61.9%	16 115
Infrastructure - Road transport		3 252	4 200	4 200	1 950	1 950	1 050	(900)	-85.7%	4 200
Roads, Pavements & Bridges		3 196	3 948	3 948	1 829	1 829	987	(842)	-85.4%	3 948
Storm water		56	252	252	121	121	63	(58)	-91.6%	252
Infrastructure - Electricity		2 799	3 388	3 388	1 609	1 609	847	(762)	-90.0%	3 388
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		2 799	3 388	3 388	1 609	1 609	847	(762)	-90.0%	3 388
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		3 180	3 687	3 687	1 762	1 762	922	(840)	-91.1%	3 687
Dams & Reservoirs		1 019	1 102	1 102	548	548	275	(273)	-99.1%	1 102
Water purification		292	316	316	162	162	79	(83)	-104.5%	316
Reticulation		1 868	2 269	2 269	1 052	1 052	567	(484)	-85.4%	2 269
Infrastructure - Sanitation		1 560	3 360	3 360	886	886	840	(46)	-5.5%	3 360
Reticulation		1 041	2 576	2 576	615	615	644	29	4.5%	2 576
Sewerage purification		519	783	783	271	271	196	(75)	-38.4%	783
Infrastructure - Other		587	1 481	1 481	317	317	370	53	14.4%	1 481
Waste Management		521	1 335	1 335	285	285	334	48	14.5%	1 335
Transportation		-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		66	147	147	32	32	37	5	13.0%	147
Community		1 756	2 117	2 117	973	973	529	(444)	-83.8%	2 117
Parks & gardens		119	126	126	68	68	32	(37)	-116.6%	126
Sportsfields & stadia		502	625	625	287	287	156	(131)	-83.9%	625
Swimming pools		139	150	150	66	66	37	(28)	-75.8%	150
Community halls		148	181	181	88	88	45	(43)	-95.3%	181
Libraries		224	358	358	123	123	89	(33)	-37.4%	358
Recreational facilities		61	67	67	34	34	17	(17)	-101.6%	67
Fire, safety & emergency		31	34	34	17	17	9	(9)	-101.6%	34
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		82	90	90	44	44	22	(22)	-97.1%	90
Museums & Art Galleries		8	9	9	5	5	2	(2)	-101.6%	9
Cemeteries		93	102	102	51	51	25	(26)	-101.3%	102
Social rental housing		-	-	-	-	-	-	-	-	-
Other		347	376	376	190	190	94	(96)	-101.6%	376
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Investment properties		46	50	50	25	25	12	(13)	-101.6%	50
Housing development		-	-	-	-	-	-	-	-	-
Other		46	50	50	25	25	12	(13)	-101.6%	50
Other assets		6 820	9 145	9 145	3 569	3 569	2 286	(1 283)	-56.1%	9 145
General vehicles		1 172	2 208	2 208	667	667	552	(115)	-20.8%	2 208
Specialised vehicles		181	196	196	99	99	49	(50)	-101.6%	196
Plant & equipment		1 356	1 579	1 579	624	624	395	(230)	-58.2%	1 579
Computers - hardware/equipment		1 610	2 475	2 475	635	635	619	(17)	-2.7%	2 475
Furniture and other office equipment		884	1 469	1 469	590	590	367	(223)	-60.8%	1 469
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		909	1 199	1 199	482	482	300	(183)	-61.0%	1 199
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		708	20	20	471	471	5	-465 795.36	-92.63	20 111.93
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		118	121	121	64	64	30	(34)	-110.4%	121
Computers - software & programming		118	121	121	64	64	30	(34)	-110.4%	121
Other		-	-	-	-	-	-	-	-	-
Total Depreciation		20 117	27 548	27 548	11 155	11 155	6 887	(4 268)	-62.0%	27 548
Specialised vehicles		181	196	196	99	99	49	(50)	(0)	196
Refuse		-	-	-	-	-	-	-	-	-
Fire		181	196	196	99	99	49	(50)	(0)	196
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-

## LANGEBERG MUNICIPALITY

The progress of the capital program for 2016/2017 financial year is faster when compared to the same period in 2015/2016. The year to date cash flow approved with the SDBIP for 2016/2017 indicated a projection of 51.34% by 31 December 2016. On assessment the program has achieved 32.82% trailing behind by 18.52% at 31 December 2016 in relation to the approved cash flows at the beginning of the financial year.

One of the reasons identified for delays in capital program are amongst others:-

- (a) The legislative compliance of supply chain management processes having a direct impact on the progress of capital spending if planning was not carried out sufficiently by departments.

### ***RECOMMENDATION:***

- (a) That options for the implementation of the capital program be reviewed to ensure the effective and timeous implementation of the projects;
- (b) That internal project management processes be improved to ensure effective implementation of the capital program;

## **Section 5 - Progress on resolving problems identified in the 2015/2016 Annual Report**

### **5.1 Introduction**

The draft annual report served before council in December 2016 and is currently available on the municipal website; the closing date for public comment was 11 January 2017 and the recommendation by the Oversight Committee on 16 January 2017 was that the annual report be considered and adopted by Council without reservations.

### **5.2 Shortcomings and recommendations to address shortcomings**

The Auditor-General's report on the consolidated financial statements for 2015/2016 is attached as Appendix 1 and included in Chapter 6 of the Draft Annual Report. Attached as Appendix 2 is the Action Plan to address the 2015/2016 audit findings as raised by the Auditor-General.

### **5.3 Conclusion**

Some measures and controls to be investigated for immediate implementation are those that are risk related.

## Section 6 - Recommendations

### 6.1 Motivations

#### 6.1.1 Adjustment Budget

As required by section 72(3) of the MFMA, an adjustments budget is needed to deal with items listed in section 28(2) of the MFMA. The adjustments budget will have to take into account changes in the national and provincial adjustments budgets; adjust the revenue and expenditure estimates downwards due to the material shortfall in projected revenue.

#### 6.1.2 SDBIP Top Layer

Revisions to the SDBIP will have to be made taking into consideration the review of performance indicators and the effects of the adjustments budget. These revisions must be approved following the approval of the adjustments budget as required by section 54(1) of the MFMA.

### ***RECOMMENDATION:***

That:

- (1) An adjustments budget for 2016/2017 be prepared and approved by Council by no later than 28 February 2017;
- (2) Projections for revenue and expenditure be revised downwards as a result of the projected revenue shortfall;
- (3) Following the approval of the adjustments budget the revised SDBIP which forms the basis of the mid-year assessments be approved by Council.

## Section 7 - Municipal manager's quality certification

### QUALITY CERTIFICATE

I, Soyisile A Mokweni, the municipal manager of Langeberg Municipality, hereby certify that

-

(mark as appropriate)

☐

the monthly budget statement

☐

quarterly report on the implementation of the budget and financial state of affairs of the municipality

☒

mid-year budget and performance assessment

for the month of December 2016 of 2016/2017 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print Name Christa Liebenberg - Acting Manager

Municipal Manager of Langeberg Municipality (WC026)

Signature

EC Liebenberg

Date

18/01/2017

## **Appendix 1: Auditor's report of the Auditor General on the consolidated financial statements**



# Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Langeberg Municipality

## Report on the financial statements

### Introduction

1. I have audited the financial statements of the Langeberg Municipality set out on pages 6 to 106, which comprise the statement of financial position as at 30 June 2016, the 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, comprising a summary of significant accounting policies and other explanatory information.

### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2015 (Act No. 1 of 2015) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-general's responsibility

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

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Langeberg Municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

## Emphasis of matters

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

## Restatement of corresponding figures

8. As disclosed in note 38 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during 2016 in the financial statements of the municipality at, and for the year ended, 30 June 2015.

## Material impairments

9. As disclosed in notes 19, 21 and 22 to the financial statements, the municipality provided for the impairment of long-term receivables, receivables from exchange transactions and receivables from non-exchange transactions of R15,8 million, R17,4 million and R24,7 million, respectively.

## Additional matter

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

## Unaudited supplementary schedules

11. The supplementary information set out in appendices A to E5 on pages 107 to 118 does not form part of the financial statements and is presented as additional information. I have not audited these appendices and, accordingly, I do not express an opinion thereon.

## Report on other legal and regulatory requirements

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

## Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2016:
  - Objective 2: energy efficiency for a sustainable future on page 112
  - Objective 4: provision of a clean environment on page 114
  - Objective 6: sustainable civil engineering infrastructure services on pages 116 to 117
  - Objective 7: sound financial management on pages 118 to 121
14. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information.
15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following objectives:
  - Objective 2: energy efficiency for a sustainable future
  - Objective 4: provision of a clean environment
  - Objective 6: sustainable civil engineering infrastructure services
  - Objective 7: sound financial management

## **Additional matters**

17. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matters:

### Achievement of planned targets

18. Refer to the annual performance report on pages 110 to 122 for information on the achievement of the planned targets for the year.

### Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information for objective 2: energy efficiency for a sustainable future, objective 4: provision of a clean environment, objective 6: sustainable civil engineering infrastructure services, and objective 7: sound financial management. As management subsequently corrected the

misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

### Compliance with legislation

20. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

### Internal control

21. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

*Auditor - General*

Cape Town

30 November 2016



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Appendix 2: Action Plan to address the 2015/2016 audit findings as raised by the Auditor-General**

### AUDIT ACTION PLAN ON 2015/2016 EXTERNAL AUDIT FINDINGS

<u>Audit Finding</u>	<u>AG Recommendation</u>	<u>Management Response</u>	<u>Responsible Person</u>	<u>Action / Progress to Date</u>
<p><b>COMAF 1: Assets on the “admin list” not included in the asset register</b></p> <p>Paragraph 17 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. Paragraph 06 of GRAP 13 – Leases defines a finance lease as a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. Liabilities are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.</p> <p>Paragraph 06 of GRAP 17 – Property, Plant and Equipment defines property, plant and equipment as tangible items that:</p> <p>(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and</p> <p>(b) are expected to be used during more than one reporting period. During the audit of assets it was identified that the municipality has a contract with MTN to provide cell phones to employees for business use and that these cell phones are not included under the leased assets of the municipality.</p> <p>Leased assets are consequently understated by R184 609.26. Depreciation and accumulated depreciation will also be understated by the unaccounted for depreciation on cellphones. Subsequently the corresponding finance lease liability is understated as it has not been recognized.</p> <p>In addition the municipality's assets policy states that assets below R500 will not be capitalised but will be expensed. However, various assets below R500 were identified on the asset register that were capitalised and not expensed as per the municipality's asset policy while assets to the amount of R975 817.86 were identified on the “Admin List” that were not capitalised.</p> <p><b>Internal control deficiency: Financial and performance management:</b> Prepare regular, accurate and complete financial and performance reports that are supported</p>	<p>The municipality should investigate the entire admin list and identify the assets which should be capitalized and make the necessary adjustment. The municipality should also establish procedures and processes to ensure appropriate reviewing of contracts to ensure that transactions are dealt with in terms of the accounting framework.</p>	<p>During the audit of assets it was identified that the municipality has a contract with Vodacom to provide cell phones to employees for business use and that these cell phones are not included under the leased assets of the municipality. Leased assets are consequently understated by R184 609.26. Depreciation and accumulated depreciation will also be understated by the unaccounted for depreciation on cell phones. Subsequently the corresponding finance lease liability is understated as it has not been recognized.</p> <p>The municipality take note of the finding.</p> <p>Langeberg Municipality does not recognise cell phones as financial leases. The municipality enters into a contract with the service provider for airtime to be utilised by the user of the cell phone. To date we regarded this as paying for airtime and not paying for a cell phone. This has been treated the same as in the past and no audit findings were raised in this regard in previous years.</p> <p>The municipality is in the process of phasing out all contracts and will in future only pay a cell phone allowance to employees that qualify for this benefit. In addition the municipality's assets policy states that assets below R500 will not be capitalised but will be expensed. However, various assets below R500 were identified on the asset register that were capitalised and not expensed as per the municipality's asset policy while assets to the amount of R975 817.86 were identified on the “Admin List” that were not capitalised.</p> <p>The complete population of items less than R500 on the asset register were investigated. The total value of these items amounts to R1 227 283. An amount of R852 921 is in regard to infrastructure assets. These assets were installed as part of infrastructure networks. With the implementation of GRAP all infrastructure assets had to be unbundled. No records were available for the individual costs of these items. The costs were</p>	<p>B Brown K Meiring</p>	

<p>and evidenced by reliable information</p> <p>The assets department did not adequately review the cell phone contracts in order to identify that the contracts constitute finance lease contracts and consequently did not record the cell phones in accordance with the accounting framework. In addition, the asset department did not adhere to stipulations of the asset policy.</p>		<p>determined by determining a current replacement cost of each unbundled item. These costs were converted to depreciated replacement cost with the municipality's implementation date of 2007. The original costs of the networks were divided pro-rata as per the calculated replacement cost.</p> <p>All these assets however are still an integral part of the infrastructure networks within the municipality.</p> <p>Of the remaining amount of R374 362 an amount of R23 882 is in relation to keyboards. These items form part of desktop computer units, but were listed separately for control purposes. The keyboards however form part of the computers.A further amount of R10 805 is in relation to batteries for meter reading equipment and radios and covers for i-pads. These items all form part of a unit and are just separately barcoded and listed for control purposes.The remaining items amounting to R339 675 will be removed from the asset register in line with the municipality's asset management policy.</p> <p>The admin lists were scrutinised. Items totalling to an amount R395 443 were identified with values of R500 and more. These items will be included in the asset register.</p>								
<p><b>COMAF 2: Vandalized asset not impaired</b></p> <p>Paragraph 17 of Generally Recognised Accounting Practice 1 – Presentation of financial statements (GRAP 1) 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.</p> <p>Paragraph 10 of GRAP 21 – Impairment of Non-cash generating Assets defines an impairment as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation. During the physical verification of a sample of 30 community assets it was identified that the following asset was vandalized and should have been impaired as it is no longer in a condition to be used:</p> <table><tr><td>Asset code</td><td>Description</td><td>Amount</td></tr><tr><td>723</td><td>OPGR VAN ZYLSTR SPORT</td><td>R140 322.89</td></tr></table>	Asset code	Description	Amount	723	OPGR VAN ZYLSTR SPORT	R140 322.89	<p>Processes and procedures should be implemented to ensure that the impairment of assets is taken into consideration during the asset verification process at year end.</p> <p>In order to determine the extent of the above mentioned understatement and its impact on the financial statements, the whole population should be investigated and the necessary corrections need to be made to the financial statements.</p>	<p>Management notes the finding as far as it relates to vandalised community assets not impaired.</p> <p>The internal control deficiency as raised by the Auditor General is noted.</p> <p>Management agrees with the recommendation and the whole population of community asserts was checked if it was vandalised and if there are any signs of impairment.</p> <p>The whole population of community assets was checked.</p> <p>GRAP 21: Impairment on Non Cash Generating Assets states:</p> <p>Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.</p> <p>Recognising and measuring an impairment loss</p> <p>.49 Paragraphs .50 to .56 set out the requirements for</p>	<p>B Brown</p> <p>K Meiring</p>	
Asset code	Description	Amount								
723	OPGR VAN ZYLSTR SPORT	R140 322.89								

The projected understatement of the impairment of assets is R6 248 352 and has been calculated as follows:

Total of sample: R1 269 349.47  
Error in sample: R140 322.89  
Percentage of error 11.05%  
Total Sample Population: R56 522 083.00  
Projected misstatement: R6 248 351.79

The projected misstatement is material and may result to the modification of the financial statements.

**Internal control deficiency: Financial and performance management** – Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. During the year end asset verification process, the municipality did not consider impairing vandalized assets.

recognising and measuring impairment losses for an asset. In this Standard "impairment loss" refers to "impairment loss of a non-cash-generating asset" unless otherwise specified.

.50 If, and only if, the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable service amount. That reduction is an impairment loss.

The whole population was checked and only an impairment loss must be recognised on the Zolani Taxi Rank of R12 072. 94 as the recoverable service amount is more than the book value.

DESCRIPTION	Orig cost	Acc Dep	Book value	Recoverable Service Amount	Outcome
Taxi Rank Top Structure Buildings	379 948.20	67 815.71	312 072.53	300 000.00	12 072.53 Damage only on the top structure
Taxi Rank Civil Structure Parking Area Asphalt Taxi Rank P	1 616 825.60	289 610.37	1 327 215.23		No damage on the asphalt, gates and parking area and civil structure
Taxi Rank Civil Structure Parking Area Asphalt Taxi Rank P (H1-10)	1 666 773.00	558 486.14	1 108 286.86		
Mkubela Sport	494 680.07	316 154.67	168 525.40	1 800 000.00	-1 631 474.60 No impairment loss
Riverside Swimming Pool	886 376.16	480 865.00	405 511.16	816 000.00	-390 488.84 No impairment loss
Clubhouse Van Zyl Street Sport	189 900.70	153 729.72	36 170.98	360 000.00	-323 829.02 No impairment loss
SPORTGROND OPGESTELDE HUIS VAN ZYL STR	510 616.62	41 137.29	469 479.33	147 200.00	-322 279.33 No impairment loss
Ashon Cricket Clubhouse	211 807.59	113 452.71	98 354.88	130 000.00	-35 344.88 No impairment loss
Bonnievale Sport Pavilion	130 000.00	46 640.32	83 359.68	405 000.00	-321 640.32 No impairment loss
King Edward Sport Grounds	3 617 000.00	640 655.72	2 976 344.28	3 200 000.00	-223 655.72 No impairment loss
	7 966 767.74	2 128 618.37	5 838 149.37	7 155 200.00	-812 929.37

The original Cost and Book Value of the Zolani Taxi Rank Top Structure was calculated as follow was calculated as follow:



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		<b>Zolani Taxi Rank:</b> Current replacement cost 411 200.00 Acquisition date 2011-06-30 Calculated discount rate: CRC 411 200.00 Discount factor 92.40% Calculated cost at acquisition date 379 948.80 Accumulated Depreciation: Current year 2016-06-30 Acquisition date 2011-06-30 Days depreciation past 1 827 Estimated useful life 28 Years End date 2039-06-30 Useful life in days 10 227 Accumulated Depreciation 67 875.86 Carrying value at 2016/06/30 312 072.94 Valuation obtained 300 000.00 Possible impairment 12 072.94  Attached to the response please find the valuation reports to substantiate the above.  No journal entry is required as the impairment amount is R 12 072. 94 which is not material.		
<b>COMAF 3: Land occupied by residents, but still on municipality's asset register</b>  Paragraph 17 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 municipality should implement processes and procedures to ensure that assets are removed from the asset register when control over assets is transferred.  In order to determine the extent of the above mentioned understatement and its impact	Eight properties totalling R 53 000 was found that were occupied by residents that is still on the asset register that needs to be derecognised as per the summary below:  8124 Nkqubela 80 – does not exist anymore replaced to valuation 01/07/2011, R5000  30274; ERF 505 Zolani ; erf 497; 80; derecognised; still reg mun name; R21 000	B Brown  K Meiring	

<p>Paragraph 06 of GRAP 17 – Property, Plant and Equipment defines Property, plant and equipment (PPE) as tangible items that:</p> <p>(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and</p> <p>(b) are expected to be used during more than one reporting period.</p> <p>During the physical verification of 65 infrastructure assets it was identified that the following land had been handed over to residence for occupation and the municipality no longer had the rights and control over the land. It was further identified that this land was incorrectly classified as infrastructure:</p> <table><tr><td>Description</td><td>Location</td><td>Value</td></tr><tr><td>VROTKOP</td><td>R 4 200</td><td>R 7 000.00</td></tr><tr><td>VROTKOP</td><td>R 4 200</td><td>R 7 000.00</td></tr><tr><td>VROTKOP</td><td>R 4 200</td><td>R 7 000.00</td></tr><tr><td>Total</td><td>R</td><td>21 000.00</td></tr></table> <p>The projected overstatement of the infrastructure is R91 977.79 and has been calculated as follows:</p> <p>Total of sample: R30 245 444.94</p> <p>Error in sample: R21 000.00</p> <p>Percentage of error 0.069%</p> <p>Total Sample Population:R132 471 870.00</p> <p>Projected misstatement:R91 977.79</p> <p><b>Internal control deficiency: Financial and performance management</b> – Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information</p> <p>The assets department does not have adequate procedures in place to ensure that when the municipality transfers control over an asset, it gets removed from the asset register.</p>	Description	Location	Value	VROTKOP	R 4 200	R 7 000.00	VROTKOP	R 4 200	R 7 000.00	VROTKOP	R 4 200	R 7 000.00	Total	R	21 000.00	<p>on the financial statements, the whole population should be investigated and the necessary corrections need to be made to the financial statements.</p>	<p>5365 Vrotkop 80; derecognise housing; Subdividing housing erven; R7000</p> <p>5366; Vrotkop 80- derecognise housing 'subdivided for housing erven R7000</p> <p>5367 Vrotkop 80- derecognise housing-subdivided for housing erven R7000</p> <p>8981 Mountain view. Derecognised no valuation; not on deeds or maps R2000</p> <p>8982 Mountain view 80; derecognise no valuation ; not on deeds or maps R2000</p> <p>30213 ERF 184, Nkqubela ground derecognised transferred 30/05/2011; R2000</p>		
Description	Location	Value																	
VROTKOP	R 4 200	R 7 000.00																	
VROTKOP	R 4 200	R 7 000.00																	
VROTKOP	R 4 200	R 7 000.00																	
Total	R	21 000.00																	
<p><b>COMAF 4: Assets incorrectly allocated</b></p> <p>Paragraph 17 of Generally Recognised Accounting Practice (GRAP) 1 – <i>Presentation of financial statements</i> 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</p>	<p>The municipality should implement controls to ensure that the financial statements are adequately reviewed to ensure that all assets are appropriately</p>	<p>A. During the verification of land and building assets, the following items were identified that have been recorded as assets (land and buildings) while it should have been expensed as repairs and maintenance:</p> <table><tr><th>Asset</th><th>Description</th><th>Suggested correct</th><th>Incorrect</th><th>Value</th></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>	Asset	Description	Suggested correct	Incorrect	Value						<p>B Brown</p> <p>K Meiring</p>						
Asset	Description	Suggested correct	Incorrect	Value															

Financial Statements.

During the verification of land and building assets, the following items were identified that have been recorded as assets (land and buildings) while it should have been expensed as repairs and maintenance:

Asset code	Description	Suggested correct allocation	Incorrect allocation	Value
23	Isolator	Repairs and maintenance	Land & Buildings	R 205.84
26	SOOS PER KWOTASIE (verf)	Repairs and maintenance	Land & Buildings	R 6 000.00
<b>Total</b>				<b><u>R6 205.84</u></b>

The projected overstatement of fixed assets (land and buildings) is R43 723.30 and has been calculated as follows:

Total of sample: R12 343 321.79  
 Error in sample: R 6 205.84  
 Percentage of error: 0.05%  
 Total Sample Population: R86 964 991.00  
 Projected misstatement: R 43 723.30

During the verification of infrastructure assets, the following items were identified as being classified as infrastructure assets while it should have been classified as land and buildings:

Asset code	Description	Suggested correct allocation	Incorrect allocation	Value
4149	Louisiana	Land & buildings	Infrastructure – Housing	R 9 000.00
3868	Bonnievale Plakkers	Land & buildings	Infrastructure – Housing	R 20 273.63
3869	DIENTE BEHUISINGSPROJEKTE	Land & buildings	Infrastructure – Housing	R781 390.36
<b>Total</b>				<b><u>R810 663.99</u></b>

The projected mistatement of infrastructure assets and land and buildings is

classified.

In order to determine the extent of the above mentioned misstatements and its impact on the financial statements, the populations should be investigated and the necessary corrections need to be made to the financial statements.

code		allocation	allocation	
23	Isolator	Repairs and maintenance	Land & Buildings	R 205.84
26	SOOS PER KWOTASIE (verf)	Repairs and maintenance	Land & Building	R 6 000.00
<b>Total</b>				<b><u>R 6 205.84</u></b>

The projected overstatement of fixed assets (land and buildings) is R43 723.30 and has been calculated as follows:

Total of sample: R12 343 321.79  
 Error in sample: R 6 205.84  
 Percentage of error: 0.05%  
 Total Sample Population: R 86 964 991.00  
 Projected misstatement: R 43 723.30

Management notes the finding.

However, the projected misstatements identified of R 43 723.05 by the AG, represents a percentage error of 0.05% which is clearly trivial and does not warrant an adjustment in the financial statements.

B. During the verification of infrastructure assets, the following items were identified as being classified as infrastructure assets while it should

Asset code	Description	Suggested correct allocation	Incorrect allocation	Value
4149	Louisiana	Land & buildings	Infrastructure – Housing	R 9 000.00

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R3 550 623.07 and has been calculated as follows:

Total of sample: R30 245 444.94  
Error in sample: R810 663.99  
Percentage of error: 2.68%  
Total Sample Population: R132 471 870.00  
Projected misstatement: R3 550 623.07

Internal control deficiency. Financial management - Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the financial statements of the municipality to ensure that assets have been appropriately classified.

3868	Bonnievale Plakkers	Land & buildings	Infrastructure – Housing	R 20 273.63
3869	DIENTE BEHUISINGSPROJEKTE	Land & buildings	Infrastructure – Housing	R781 390.36
<b>Total</b>				<b>R810 663.99</b>

The projected misstatement of infrastructure assets and land and buildings is R3 550 623.07 and has been calculated as follows:

Total of sample: R 30 245 444.94  
Error in sample: R 810 663.99  
Percentage of error: 2.68%  
Total Sample Population: R 132 471 870.00  
Projected misstatement: R 3 550 623.07

Management disagrees with the projected misstatement of R 3 550 623.07.

The "Diente Behuisingprojekte" amount of R 781 390.36 and "Bonnievale Plakkers" amount of R 20 273.63 is correctly classified as Infrastructure Assets. These expenses relate to Sanitation service infrastructure assets installed and not the purchase/erection of Land and Buildings. Therefore the correct Sample Error amount should in fact only be R9 000.00.

Also the Value of the "Bonnievale Plakkers" as included for COMAF 4 of R 20 273.63 is incorrect. The Accumulated Depreciation amount as at 30 June 2016 was used as the Value for this asset in COMAF 4. The correct book value is R 3 388.46.

The correct projected misstatement amount of Infrastructure and Land and Buildings is thus R 39 419.05 and has been calculated as follows:

Total of sample: R 30 245 444.94  
Error in sample: R 9 000.00  
Percentage of error: 0.03%  
Total Sample Population: R 132 471 870.00  
Projected misstatement: R 39 419.05

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		<p>The adjusted projected misstatements amount of R 39 419.05, represents a percentage error of 0.03% which is clearly trivial and does not warrant an adjustment in the financial statements.</p> <p>The internal control deficiency as raised by the Auditor General is noted.</p> <p><b><u>Management comment on recommendation</u></b></p> <p>A. Management partially agrees with the recommendation and does not agree with the projected misstatement, due to the fact that management feels the error percentage is less than 1% which is clearly trivial.</p> <p>B. Management partially agrees with the recommendation and does not agree with the projected misstatement, due to the fact that management feels the error percentage is less than 1% which is clearly trivial.</p> <p><b><u>Remedial action</u></b></p> <p>A. Management will in the future put controls in place to eliminate any errors such as repairs and maintenance capitalised to the asset register to eliminate percentage errors as small as 0.05%.</p> <p>B. Management will in the future put controls in place to eliminate any errors such as reclassification between sub categories in the asset register to eliminate percentage errors as small as 0.03%</p>		
<p><b>COMAF 5: Assets could not be physically verified</b></p> <p>Paragraph 6 of Generally Recognised Accounting Practice 17 – <i>Property Plant and Equipment</i> (GRAP 17) defines property, plant and equipment as tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one reporting period.</p> <p>During the physical verification of infrastructure assets, selected from the asset register, the following streetlights, road signs and notice boards could not be uniquely identified to confirm their existence:</p>	<p>It is recommended that the municipality barcodes these assets or gives these assets unique identifications in order to be able to track and account for these assets. The municipality should investigate the entire population and make corrections accordingly.</p>	<p>Management agrees with the recommendation and the asset register has been updated, an extra column was added to put in the street address and number as GIS co-ordinates are not available. The asset register has been updated; an extra column was added to put in the street address and number as GIS co-ordinates are not available.</p>	<p>B Brown K Meiring</p>	

Description	Location	Value
STREETLIGHTS - LOUISIANA	R4071	R 16 632.13
STREETLIGHTS - MKETSU TO GRAVE	R3220	R 56 662.85
STREETLIGHT - OLIEN 76	R5201	R 16 632.13
STREETLIGHT - SEDER18&SITRUS2	R5201	R 16 632.13
STREETLIGHTS - MONTAGU	R5201	R 16 632.13
STREETLIGHTS - ASHTON ZOLANI	R3220	R 16 632.13
STREETLIGHTS - MAIN ROAD	R4071	R 16 632.13
STREETLIGHT - PIET RETIEF ST	R5201	R 16 632.13
STREETLIGHTS - BERGSIG	R5201	R 16 632.13
STREETLIGHT - 5 BRINK ST	R5201	R 16 632.13
STREETLIGHTS - MAIN ROAD	R4071	R 16 632.13
INLIGTINGSBORDE/VLAE	R6014	R 16 587.65
BONNIEVALE kennisgewingbord	R6014	R 1 136.83
BARNARD kennisgewingbord	R6014	R 1 136.83
ROBERTSON kennisgewingbord	R6014	R 1 136.83
NKQUBELA kennisgewingbord	R6014	R 1 136.83
STOPTEKENS	R6014	R 14 584.99
ZOLANI kennisgewingbord	R6014	R 1 136.83
MONTAGU kennisgewingbord	R6014	R 1 136.83
<b>Total</b>		<b><u>R 260 977.77</u></b>

The projected amount of infrastructure assets that could not be physically identified is R1 143 055.20 and has been calculated as follows:

Total of sample: R30 245 444.94  
Error in sample: R260 977.77  
Percentage of error 0.86%  
Total Sample Population: R132 471 870.00  
Projected misstatement R1 143 055.20

<p>Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting</p> <p>The municipality did not uniquely mark their streetlights, noticeboards and road signs or give them unique locations in order to track these assets, therefore the existence of these assets could not be confirmed.</p>				
<p><b>COMAF 6: Incorrect classification of income due to changes in the discount rate of the provision</b></p> <p>Paragraph 17 of Generally Recognized 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.</p> <p>Paragraph 5 of iGRAP 2 – If the related asset is measured using the cost model: (a) subject to (b), changes in the liability shall be added to, or deducted from, the cost of the related assets in the current period. (b) the amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the assets, the excess shall be recognized immediately in surplus or deficit.</p> <p>During the audit of Capitalised Restoration Costs the following were identified:</p> <ul style="list-style-type: none"> <li>• The "impairment reversal" of R1 244 505, as disclosed in the statement of financial performance, was incorrectly classified. The amount should have been classified as "Income due to changes in the discount rate of the provision for rehabilitation costs".</li> <li>• The "disposal" of R2 902 990, as disclosed in note 17 to the financial statements is incorrectly classified and should have been classified as "Decrease in the cost of landfill sites due to changes in the discount rate of the provision".</li> <li>• The "disposal" which is incorrectly classified should also only be limited to R1 658 485 since iGRAP 2 limits the amount of the decrease in the asset to the asset's carrying amount.</li> </ul> <p>Internal control deficiency- Financial and performance management – Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. The Finance Department did not interpret iGRAP 2</p>	<p>The Langeberg Municipality should ensure that GRAP standards are appropriately applied and that the interpretations are in line with the standards. Furthermore the financial statements need to be adjusted to indicate the correct classification.</p>	<p>Management notes the finding as far as it relates to the incorrect classification of income due to changes in the discount rate of the provision. iGRAP2 paragraph 5 was interpreted incorrectly and the necessary corrections will be made to the financial statements as proposed by the AG.</p> <p>During the audit of Capitalised Restoration Costs the following were identified:</p> <ul style="list-style-type: none"> <li>•The "impairment reversal" of R1 244 505, as disclosed in the statement of financial performance, was incorrectly classified. The amount should have been classified as "Income due to changes in the discount rate of the provision for rehabilitation costs". This will be changed to Income.</li> <li>•The "disposal" of R2 902 990, as disclosed in note 17 to the financial statements is incorrectly classified and should have been classified as "Decrease in the cost of landfill sites due to changes in the discount rate of the provision". The description will be changed on the note.</li> <li>•The "disposal" which is incorrectly classified should also only be limited to R1 658 485 since iGRAP 2 limits the amount of the decrease in the asset to the asset's carrying amount". The amount will be limited to R1 658 485.</li> </ul> <p>Note 17 to the Financial Statements will be adjusted as follows which has a R0 effect on the total balance:</p>	<p>B Brown</p>	



correctly.														
<p><b>COMAF 7: General expenses classified in terms of function instead of nature</b></p> <p>Paragraph 104 of Generally Recognised Accounting Practice (GRAP) 1 – Presentation of financial statements states that an entity shall present an analysis of expenses using a classification based on either the nature of expenses or their function within the entity, whichever provides information that is reliable and more relevant.</p> <p>Paragraph 110 of GRAP 1 – Presentation of financial statements states that entities classifying expenses by function shall disclose additional information on the nature of expenses, including depreciation and amortisation expense, and employee benefits expense.</p> <p>Upon inspection of the financial statements it was found that the municipality presented expenses on the statement of financial performance using a classification based on the nature of the expenses. However, the following expenses in note 37, General Expenditure, were presented using a classification based on the function of the expenses:</p> <table><tr><th>General Expense</th><th>Amount</th></tr><tr><td>Poverty Alleviation Project</td><td>R 942 588.00</td></tr><tr><td>Housing Expenditure</td><td>R5 083 971.00</td></tr><tr><td>Development project</td><td>R 398 562.00</td></tr><tr><td></td><td><u>R6 425 121.00</u></td></tr></table> <p>General expenses are not presented in line with the requirements of GRAP 1. Internal control deficiency. Financial and performance management –: Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not adequately review the financial statements of the municipality to ensure that expenses have been appropriately presented in line with GRAP standards.</p>	General Expense	Amount	Poverty Alleviation Project	R 942 588.00	Housing Expenditure	R5 083 971.00	Development project	R 398 562.00		<u>R6 425 121.00</u>	<p>Management needs to investigate the population for poverty alleviation project expenses, housing expenditure and development projects expenses and allocate the expense items to the correct expense account using the nature of expense method.</p>	<p>Management notes the finding as far as it relates to the general expenses classified in terms of function instead of nature. Management used these classifications based on clean audit outcomes of previous years where it was not found to be incorrect classifications and thus we continued using the “correct” classifications. Management agrees with the recommendation and the population for poverty alleviation project expenses, housing expenditure and development projects expenses was investigated and the expense items will be reallocated to “Other Expenditure” as the AG does not agree with the previous classifications. The necessary adjustments will be made to the Financial Statements by adjusting the General Expenses note.</p> <p>Management believes this is an isolated incident and that this adjustment should not affect the audit opinion due the reason that this was never an issue in the clean audits of previous years</p>	B Brown	
General Expense	Amount													
Poverty Alleviation Project	R 942 588.00													
Housing Expenditure	R5 083 971.00													
Development project	R 398 562.00													
	<u>R6 425 121.00</u>													
<p><b>COMAF 8: Payments not made within 30 days of receiving the relevant invoice</b></p> <p>In terms of section 65(2)(e) of the Municipal Finance Management Act (MFMA), the accounting officer of a municipality is responsible for the management of expenditure of the municipality and must take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement unless prescribed otherwise for certain categories of expenditure.</p>	<p>Management should follow up on work performed by suppliers and monitor receipt of invoices to ensure that the they are paid within 30 days</p>	<p>There should however be noted that these 3 invoices relates to a project where the total scope of the work was unclear when the order was compiled. But due to the high risk of the project the project needed to be completed as soon as possible which led to additional cost being incurred, not included in the original order. This required that additional funds be allocated to the project after, but could only be done after the full scope of the project was</p>	B Brown											



### Correcting journal entry

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connections. Since the meters meet the definition of PPE it should be recorded as such in the financial records, in line with the treatment of electricity meters.

Consequently, inventory and infrastructure assets have been over- and understated respectively, with R2 587 849.61. In addition general expenses have also been overstated with R233 853.39 and infrastructure assets understated by the same amount.

Internal control deficiency. Financial management - Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. The municipality did not implement processes and procedures to ensure that financial transactions are recorded in accordance with the accounting framework.

	30/06/2014	30/06/2015	30/06/2016
Prior Balance	11 706 213.92	10 837 074.00	11 187 274.99
Adjustment	-3 592 552.94	-2 790 689.02	-2 311 925.88
New inventory Balance	8 113 660.98	8 046 384.98	8 875 349.11

**JOURNAL 19813 - PRIOR 1 JULY 2014 - PPE TO CAPITAL SPARES**

Dt	Assets	600507905	3 592 552.94	
Cr	Inventory	700688162		3 592 552.94

**JOURNAL 19814 - 30 JUNE 2015 - PPE TO CAPITAL SPARES**

Dt	Inventory	700688162	801 863.92	
Cr	Assets	600507905		801 863.92

**JOURNAL 19815 - 30 JUNE 2016 - PPE TO CAPITAL SPARES**

Dt	Inventory	700688162	478 763.14	
Cr	Assets	600507905		478 763.14

**COMAF 10: Expenditure incorrectly classified**

Municipal Finance Management Act (MFMA) section 122(1)(a) - Preparation of financial statements states that 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.

- During the audit of expenditure it was identified that the amounts in the trial balance do not agree to the amounts in the financial statements for the following items:

Expenditure	Amount as per Trial Balance	Amount as per the Financial Statement	Difference R
Grants and Subsidies	125 000.00	749 000.00	(R624 000.00 )
General Expenditure	53 752 039.86	53 128 040.00	R623 999.86

- During the testing of 40 expenditure transactions it was found that the following payment was incorrectly classified as repairs and maintenance:

Management should implement processes and procedures to ensure that the allocation of transactions is reviewed during the approval process. In order to determine the extent of the above mentioned misstatement and its impact on the financial statements, the whole population should be investigated and the necessary corrections need to be made to the financial statements

Management notes the finding as far as it relates to the amounts in the trial balance that do not agree to the amounts in the financial statements. The financial statement amounts however are correct for Transfers and Grants of R749 000 and General Expenditure of R53 128 040. So there is no misstatement in the Financial Statements. The amount of R624 000 was manually corrected on the Financial statements and a journal needs to be passed to correct the trial balance.

- Management notes the finding as far as it relates to the amount incorrectly classified as repairs and maintenance.

The internal control deficiency as raised by the Auditor General is noted.

Management notes the recommendation and will not be investigating the whole population as that was a specific error where the IT department did not use the correct vote to allocate the expense of 79 USB's at R290 each that should go to Inventory items.

A correcting journal entry will be done to correct the difference between the Financial Statements and the trial balance for the

B Brown

<table><tr><th>Supplier</th><th>Description as per invoice</th><th>Description as per ledger</th><th>Payment number</th><th>Invoice number</th><th>Transaction Amount</th></tr><tr><td>First Technology</td><td>other (USB)</td><td>Repairs</td><td>122263</td><td>IN00046134</td><td>R 22 910.00</td></tr></table> <p>The projected over- and understatement of repairs and maintenance and general expenditure respectively is R213 364.75 and has been calculated as follows:</p> <p>Total of sample: R8 614 894.49 Error in sample R22 910.00 Percentage of error: 0.26% Total Sample Population: R80 231 987.00 Projected misstatement: R213 364.75</p> <p>Internal control deficiency-Financial management – Implement controls over daily and monthly processing and reconciling of transactions. Management did not adequately review the ledger accounts used to prepare the financial statements of the municipality to ensure that expenses have been appropriately classified.</p>	Supplier	Description as per invoice	Description as per ledger	Payment number	Invoice number	Transaction Amount	First Technology	other (USB)	Repairs	122263	IN00046134	R 22 910.00		R624 000.		
Supplier	Description as per invoice	Description as per ledger	Payment number	Invoice number	Transaction Amount											
First Technology	other (USB)	Repairs	122263	IN00046134	R 22 910.00											
<p><b>COMAF 11: Information Systems Auditing</b></p> <p><b>1.1 No formal process for monitoring vendor performance</b></p> <p>Although service level agreements (SLA's) were in place, no formal processes were in place to monitor, review and measure the IT services rendered by the vendors to ensure compliance to the agreed service levels. Without formal mechanisms in place to monitor performance of vendors, the effectiveness, efficiency and consistency of the IT services delivered cannot be reviewed and measured against agreed targets. This may lead to poor or degraded services not being identified in a timely manner and result in increased costs incurred for poor delivery of services.</p> <p><b>2.1 No User Acceptance Testing (UAT) of changes to PROMUN</b></p> <p>An Information Security Policy had been designed and implemented to mitigate the risk of unauthorised changes to PROMUN. It was however noted that these procedures have not been adhered to since user acceptance testing of changes is not performed and signed off prior to the change being migrated to the production environment.</p> <p>Without performing user acceptance testing a consistent approach might not be</p>	<p>1.1 Management should ensure that a formal process is in place to monitor and address poor service of the IT service providers for all vendors on a regular basis (at least quarterly). These reviews should measure all services and support rendered by the vendors and should be compared to the minimum service levels defined in each service level agreement. A quarterly report giving an overview of the services provided should be reviewed and management should identify whether there have been any poor services that need to be escalated. Evidence of these reviews</p>	<p>1.1 Management agrees with the finding and will ensure that quarterly reports are requested from vendors that have signed SLAs to provide IT services. These reports will provide an overview of the services provided as per the SLA and will be forwarded to the user departments to assess the level of services provided. The user departments will also identify instances of poor services, which will then be reviews will be signed off and kept for audit purposes.</p> <p>2.1 Management agrees with the finding and will ensure that all departments comply with the Information Security Policy and ensure that all changes made to the production environment go through the necessary user acceptance testing.</p> <p>2.2 Management agrees with the finding and will ensure where developer access to the production environment is required, adequate monitoring controls are implemented. The finance department will sign off a report to confirm that only authorised changes were made by the vendor and that the vendor has only</p>	<p>B Brown</p> <p>C Matthys</p>													

<p>followed when operational changes are made, which could lead to unauthorised changes being promoted to production.</p> <p><b>2.2 Vendor system activities are not monitored</b></p> <p>The vendor R-Data has been granted access on a request basis to the production environment in order to support and maintain the system. This vendor account has access to perform user ID maintenance on the application. During the audit it was found that the activities of the vendor were logged but not monitored.</p> <p>Without monitoring the system activities of the vendor the municipality is at risk of unauthorised changes being made to master data or fraudulent activity by the vendor not being detected.</p> <p><b>3.1 Weaknesses in the management of user accounts for IGNITE</b></p> <p>Informal processes were in place for creating, changing and resetting passwords and deleting user access. However, the following weaknesses were identified in the management of user access on the IGNITE application:</p> <ul style="list-style-type: none"> <li>As previously reported, user account management procedures had not been documented or approved.</li> <li>User access reviews were not performed to determine whether access was in line with users' job roles and responsibilities.</li> </ul> <p>Without a comprehensive user account management procedure, user access processes and controls might not be consistently implemented and enforced. The municipality might also not be able to hold users accountable for unauthorised activities performed on the system. Furthermore unauthorised activity of users may not be detected in a timely manner which could result in the integrity and availability of data on the system being compromised.</p> <p><b>3.2 Weaknesses in the management of user accounts for SYNTTELL</b></p> <p>Informal processes were in place for creating, changing and resetting passwords and deleting user access. However, the following weaknesses were identified in the management of user access on the SYNTTELL application:</p> <ul style="list-style-type: none"> <li>User account management procedures had not been documented or approved.</li> <li>User' access reviews were not performed to determine whether access was in line with users' job roles and responsibilities.</li> <li>The activities of system administrators were not monitored.</li> </ul> <p>Without a comprehensive user account management procedure, user access processes and controls might not be consistently implemented and enforced. The</p>	<p>should be maintained for audit purposes.</p> <p>2.1 Management should that all departments comply with the Information Security Policy and ensure that all changes made to the production environment go through the necessary user acceptance testing.</p> <p>2.2 Management should ensure that where developer access to the production environment is required, adequate monitoring controls have been implemented to ensure that only authorised changes are made.</p> <p>3.1 Management should ensure that a user account management procedure is documented and approved. The procedures should include the following but not be limited to:</p> <ul style="list-style-type: none"> <li>-User compliance requirements</li> <li>-Granting, modifying and revoking system access</li> <li>-Performing user access reviews</li> <li>-Logging and monitoring of system administrator activities</li> <li>-Password resets</li> <li>-Password security</li> </ul> <p>In addition management should ensure that for each system a list of all users with their access should be printed out on a periodic basis. This access should be reviewed</p>	<p>been granted access to production when support/maintenance is required.</p> <p>3.1 Management agrees with the finding and will ensure that standard operating Procedures are developed to include the following :</p> <ul style="list-style-type: none"> <li>User compliance requirements</li> <li>Granting, modifying and revoking system access</li> <li>Performing user access reviews</li> <li>Logging and monitoring of system administrator activities</li> <li>Password resets</li> <li>Password security</li> </ul> <p>A list of all users with their access will be printed out on a quarterly basis for each system and sent to the line managers for review. This access will be reviewed and verified by users' direct line management so as to ensure that it is still valid and appropriate. The relevant Director will sign off on the reviews and this evidence will be maintained for audit purposes.</p> <p>3.2 Management agrees with the finding and will ensure that standard operating Procedures are developed to include the following :</p> <ul style="list-style-type: none"> <li>User compliance requirements</li> <li>Granting, modifying and revoking system access</li> <li>Performing user access reviews</li> <li>Logging and monitoring of system administrator activities</li> <li>Password resets</li> <li>Password security</li> </ul> <p>A list of all users with their access will be printed out on a</p>	
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<p>municipality might also not be able to hold users accountable for unauthorised activities performed on the system. Furthermore unauthorised activity of users and system administrators may not be detected in a timely manner which could result in the integrity and availability of data on the system being compromised.</p> <p><b>3.3 Weaknesses in the management of user accounts for PROMUN</b> During the review it was found that the system administrator activities are logged, however it is was not reviewed during the audit period.</p> <p>Without regular reviews of system administrator activity, instances where system administrators do not comply with the processes for administering users may not be detected. This increases the risk of unauthorised users gaining access to the system and effecting changes that could compromise the integrity and availability of the application data.</p> <p><b>4.1 No documented Electronic Funds Transfer (EFT) payment procedure for PayAccsys and Cash Focus</b> Informal processes were in place for the management of EFT payments, however as previously reported, no documented and approved procedures were in place for the period under review</p> <p><b>4.2 Inadequate Management of Changes made to Creditor Banking Details for PROMUN</b></p> <p>Management had designed and implemented manual controls in the form of supporting documentation which is required before any creditors banking details can be added or changed. It was however found that no automated controls are in place within the system to approve additions or amendments to any banking details. In addition, the activities of users who have access to add/change creditor banking details are not monitored on a regular basis.</p> <p>Without automated controls for approval, segregation of duties within the system may be compromised. This could lead to the unauthorised capturing or amendments of bank details, resulting in fraudulent payments being made without being detected in a timely manner.</p>	<p>and verified by users' direct line management so as to ensure that it is still valid and appropriate. Evidence of this review should be maintained for audit purposes.</p> <p>3.2 Management should ensure that a user account management procedure is documented and approved. The procedures should include the following but not be limited to:</p> <ul style="list-style-type: none"> <li>-User compliance requirements</li> <li>-Granting, modifying and revoking system access</li> <li>-Performing user access reviews</li> <li>-Logging and monitoring of System Administrator Activities</li> <li>-Password Resets</li> <li>-Password security</li> </ul> <p>Management should ensure that for each system a list of all users with their access should be printed out on a periodic basis. This access should be reviewed and verified by users' direct line management so as to ensure that it is still valid and appropriate. Evidence of this review should be maintained for audit purposes.</p> <p>-In addition management should ensure that the audit trails of system administrator activities (New user creation, password resets and amendment of access) be reviewed on a periodic basis. The system generated audit</p>	<p>quarterly basis for each system and sent to the line managers for review. This access will be reviewed and verified by users' direct line management so as to ensure that it is still valid and appropriate. The relevant Director will sign off on the reviews and this evidence will be maintained for audit purposes.</p> <p>The Director: SSD will ensure that the audit trails of system administrator activities (i.e. New user creation, password resets and amendment of access) are reviewed on a quarterly basis. The system generated audit trails will be reviewed and matched back to the relevant access requests and approval. Evidence of this review will be maintained for audit purposes.</p> <p>3.3 Management agrees with the finding and will ensure that standard operating Procedures are developed to include the following :</p> <ul style="list-style-type: none"> <li>• User compliance requirements</li> <li>• Granting, modifying and revoking system access</li> <li>• Performing user access reviews</li> <li>• Logging and monitoring of system administrator activities</li> <li>• Password resets</li> <li>• Password security</li> </ul> <p>The Director: SSD will ensure that the audit trails of system administrator activities (New user creation, password resets and amendment of access) are reviewed on a quarterly y basis. The system generated audit trails will be reviewed and matched back to the relevant access requests and approval. Evidence of this review will be maintained for audit purposes.</p> <p>4.1 Management agrees with the finding and will ensure SOPs are developed to approve an EFT procedure. The SOPs would</p>	
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	<p>trails should be reviewed and matched back to the relevant access requests and approval. The independent person reviewing these audit trails should ideally be the person who the system administrator reports to. Evidence of this review should be maintained for audit purposes.</p> <p>3.3 Management should ensure that the audit trails of system administrator activities (New user creation, password resets and amendment of access) be reviewed on a periodic basis. The system generated audit trails should be reviewed and matched back to the relevant access requests and approval. The independent person reviewing these audit trails should ideally be the person who the system administrator reports to. Evidence of this review should be maintained for audit purposes.</p> <p>4.1 Management should document and approve an EFT procedure. The procedure should include but not be limited to the following: -The type of source documents that will be used to input data to the system. -The ACCESS and EDIT controls in place within the</p>	<p>include the following:</p> <ul style="list-style-type: none"> <li>• The type of source documents that will be used to input data to the system.</li> <li>• The ACCESS and EDIT controls in place within the system.</li> <li>• How transactions will be approved and reviewed in the system</li> <li>• Users responsible for reconciliation of the systems output.</li> <li>• The retention period for EFT data.</li> <li>• Frequency of user account reviews</li> </ul> <p>4.2 Management agrees and will ensure that the audit trails of users who have access to maintain creditor banking details are monitored on a Monthly basis. Evidence of this will be maintained for audit purposes.</p> <p>Management will also investigate whether the vendor is able to address the inadequate management of changes made to creditor banking details through the development and implementation of a built in automated approval function.</p>		
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	<p>system.</p> <ul style="list-style-type: none"> <li>-How transactions will be approved and reviewed in the system</li> <li>-Users responsible for reconciliation of the systems output.</li> <li>-The retention period for EFT data.</li> <li>-Frequency of user account reviews</li> </ul> <p>4.2 Management should ensure that the audit trails of users who have access to maintain creditor banking details are monitored on a periodic basis. Evidence of this should be maintained for audit purposes.</p> <p>In addition management should consider investigating whether the vendor is able to address the inadequate management of changes made to creditor banking details through the development and implementation of a built in automated approval function</p>			
<p><b>COMAF 12: Reported performance information does not agree to supporting evidence.</b></p> <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>Chapter 5.2 of the National Treasury's Framework for Managing Programme Performance Information (FMPPI) requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The information submitted for the actual outputs as per the performance report</p>	<p>Management should implement appropriate measures for the review of the report on predetermined objectives regarding the accuracy and completeness thereof before submission for audit purposes. Management should process adjustments on performance report to ensure that targets achieved are accurately recorded.</p>	<p>Management agrees with the finding and seeks approval to amend the APR to correctly reflect the audited outcomes as follows:</p> <p>TL 25 the tonnage of waste was incorrectly calculated by Line Manager and the calculation will be corrected and all supporting documents will be kept for auditing purposes.</p> <p>TL 46 The project was a roll over project and was therefore finally completed in the current financial year and hence the certificate of completion being issued on 08 September 2016.</p>	C Matthys	

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in respect of the strategic objective: Clean Environment was not reliable when compared to the source information and/or evidence provided as indicated per the key performance indicators below:

KPI ref.	Key Performance indicator	Unit of measure	Reported performance	Audited performance	Audit difference	Misstatement occurrence rate
TL25	Increase tonnage of domestic waste recycled	tonnage of domestic waste recycled	2304.9	1749.4	555.5	24%
TL46	Construct a new Transfer Station Ashton by June 2016	New Transfer Station Ashton constructed by June 2016	1	0	1	100%

The reported performance information is therefore not accurately reported which results in the reported performance being materially misstated in the annual performance report. This may result to qualified audit conclusion on Clean Environment strategic objective.

Internal control deficiency. Performance management – Regular, accurate and complete performance reports. Management did not adequately review the information captured by the KPI managers to ensure that the correct/final information was used to compile the performance report.

**COMAF 13: 1. Excessive overtime**

In terms of section 10(1)(b) of the Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997) (BCEA), an employer may not require or permit an employee to work more than 10 hours of overtime per week.

From a sample of 30 employees 4 cases were identified where employees worked overtime in excess of the permitted hours per the BCEA for the following employees:

Period	Employee Number	Employee Name	Overtime type	Number of hours
201508	147	CJ PIETERSEN	11	72.00
201511	869	I FORTUIN	11	48.00
201512	331421	J HAARVOOR	11	48.00

Management should further correct the reported performance report to agree to the evidence provided. Where performance targets have not been met, management should provide adequate reasons for the non-achievement of the target, as per the rest of the report.

In terms of the GCC 2010 (Second Edition) - "Practical Completion" means the date when the Engineer certifies that the whole or portion of the Works has reached a state of readiness, fit for the intended purpose, and occupation without danger or undue inconvenience to the Employer, although some work may be outstanding.

It is recommended that management relook at the actions stipulated in the action plan, to adequately address the root cause of why the finding occurs. This will enable management to more effectively address the internal control deficiencies.

Management should also ensure that there are

**1.1 CJ Pietersen (147) – Period 201508**

Mr CJ Pietersen is currently working as a process controller at the sewerage works in Robertson. It is one of 4 positions on the organisational structure. These employees work on a shift basis every alternative weekend and public holidays, one employee from 06H00 till 14H00, and one employee from 14H00 till 22H00. This is necessary due to the fact that raw sewerage runs into the works on a constant basis and certain aspects need to be addressed such as cleaning of sieves etc. In July 2015, Mr Jan Jurie, one of the other process controllers, were on sick leave, causing Mr Pietersen to work additional shifts. ***The calculation for the 72 hours was based on 24 x 2 for Sundays plus 24 normal overtime hours. This explanation was brought to the attention of the***

B Brown  
C Matthys



		(shift)			consequences for those staff not adhering to instructions that have been issued, without the necessary pre-approval for deviation from instructions.	<b><i>Director to get permission to exceed the normal over time hours and was indicated on the time sheet.</i></b>	
201508	52304	AJ LOUW	11	45.58			

The communication between the user department and the HR department was not effective, as instructions from the HR department to ensure that the amount of overtime worked was managed according to the prescripts, was not adhered to.

Lack of monitoring and supervision could also lead to excessive overtime being paid out.

This matter was reported in the previous three financial years (2012/13, 2013/14 and 2014/2015) and steps taken to date have proved inadequate to prevent the recurrence of the finding.

**2. Overtime worked without Pre-Approval**

According to the internal overtime policy:  
Overtime work is subject to prior written approval by a competent authority and no overtime may be worked without such written approval being obtained, except in cases of work related to emergency situations as defined in. For emergency overtime the competent authority may give verbal approval to the working of such overtime provided such approval is followed-up with a written confirmation within 24 hours. Written standing approval may be granted where justified by operational requirements.

From a sample of 30 employees 28 cases were identified where employees worked overtime without pre-approval.

NO	Period	Employee Number	Employee Name	Number of hours
1	201509	158	A RUITERS	1.00
2	201509	62	B GEDULD	1.00
3	201507	2019085	CA STRYDOM	12.00
4	201508	147	CJ PIETERSEN	72.00
5	201511	869	I FORTUIN	48.00
6	201512	331421	J HAARVOOR (shift)	48.00
7	201509	244	JD DIEGAARDT	4.00
8	201511	2019026	M STALMEESTER	10.00

1.2 I Fortuin (869) – Period 201511

Mr I Fortuin is currently working as a process controller at the sewerage works in Robertson. There are 4 such positions and these employees work on a shift basis every alternative weekend and public holidays. One employee from 06H00 till 14H00, and one employee from 14H00 till 22H00. This is necessary due to the fact that raw sewerage runs regularly into the works and aspects such as cleaning of sieves must be monitored. In October 2015, Mr I Fortuin only worked 16 hours Saturday overtime and 16 hours Sunday overtime, totalling to 32 actual hours. The calculation for the 48 hours was based on 16 x 2 for Sundays plus 16 normal overtime hours. His actual over overtime work did not exceed the maximum hours of 40 hours per month.

1.3 J Haarvoor (331421) – Period 201512

Mr Haarvoor is one of four employees working as a process controller at the water works in Bonnievale. For the month of November 2015, he did not exceed the 40 hours overtime. According to his register, Mr Haarvoor worked on 4 Sundays calculating to 32 hours Sunday overtime and 16 hours normal overtime to make up the 48 hours as indicated in the Comaf. He only worked 16 hours overtime.

1.4 AJ Louw (52304) – Period 201508

Mr Louw actually only worked 22:5 hours overtime for the month of July 2015. The overtime for the previous month was not paid to the employee and was added to the month of July accumulating to more than 40 hours. For the month August 2015 he did not work more than 40 hours, but only 23:08 hours.

Having due regard to the above explanations it is clear that none of the above-mentioned employees exceeded the

9	201507	52385	M SWART	21.50	<p>Management did not have adequate procedures in place where pre-approval of overtime is required before it is worked. Lack of monitoring and supervision could also lead to excessive overtime being worked and paid out</p> <p><b>3. Overtime Paid without approval</b></p> <p>According to the internal overtime policy: Only officials with delegated authority may approve overtime work and overtime payment. During the audit of employee cost it was identified that an overtime payment made to Lizma van Tonder in June 2016 was for hours worked in May 2016 and that the overtime register where these hours were recorded and approved to be worked, was not signed as approved for payment.</p> <p>Management did not adequately review the overtime register to ensure that it was signed for approval of payment. Consequently this may result in an internal control deficiency and may lead to a possibility of unauthorised expenditure if payments</p>	prescribed 40 hours per month except for CJ Petersen who worked 48 hours, but was paid for 72 hours due to the formula used to calculate overtime.	
10	201602	434	X FULANI	8.00			
11	201606	187	MP Duka	2.42			
12	201508	52304	AJ LOUW	45.58			
13	201508	243	M BERDIEN	11.92			
14	201509	333010	JA SINGH	24.00			
15	201511	2013077	CD MAURICE	5.00			
16	201512	2003225	D VISAGIE	9.66			
17	201604	2012222	DF EYBERG	8.00			
18	201511	1003	NN CUPIDO	12.25			
19	201606	870	MN GABUZA	10.08			
20	201604	52680	MM CLAASSEN	15.00			
21	201509	2019026	M STALMEESTER	15.00			
22	201510	51884	S SPENDO	12.50			
23	201507	2006092	BD CONRADIE	6.00			
24	201511	51896	LR DE JONGH	7.69			
25	201510	661425	SA THOUSAND	2.33			
26	201508	128	K NAZI	29.99			
27	201509	199	D DELPORT	11.33			
28	201601	20	A AYFORD	51.25			
						<p>1. I Fortuin worked 32 hours, but was paid for 48 hours;</p> <p>2. J Haarvoor worked 32 hours, but was paid for 48 hours;</p> <p>3. AJ Louw actually worked 22.5 hours in July 2015 and 23.08 hours in August 2015.</p> <p>Section 10(1)(b) of the BCEA stipulates that an employer may not require or permit an employee to work more than ten hours overtime per week. Furthermore, section 12 (1) states that despite sections 9(1) and (2) and 10(1)(b), the ordinary hours of work and overtime of an employee may be averaged over a period of up to months in terms of a collective agreement.</p> <p>From the above it is clear that prescribed overtime hours cannot be determined by just looking at one month, but must be averaged over a period of four months. The act also use the word “may” and not must or shall. In other words, the prescribed hours are not a hard rule, but some discretion has been allowed hence it has to be averaged over a period of four months.</p> <p>Management can therefore not agree with this finding.</p> <p>2. Overtime worked without pre-approval</p> <p>In this regard management agrees with the finding and shall put in place mechanism to ensure that all managers and supervisors are aware of the internal policies applicable to overtime.</p> <p>2.1 <u>A Ruiters (158) – Period 201509 and</u></p> <p>2.2 <u>B Geduld (62) – Period 201509</u></p> <p>In both these cases it was an emergency for tree falling. Verbal permission was granted by the responsible director and approved as such</p>	

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<p>are being processed without obtaining the necessary approval.</p> <p>Internal control deficiency. Financial management – Review and monitor compliance with applicable legislation. Management did not exercise adequate review and monitoring of compliance in regards internal policies, and did not implement adequate procedures to ensure the policy is adhered to. Leadership - Develop and monitor the implementation of action plans to address internal control deficiencies Management did not exercise adequate review and monitoring of compliance relating to the overtime limits set in the BCEA, as the actions per the action plan to address internal control deficiencies were inadequate.</p>		<p>on the timesheet. Due to an oversight the necessary form authorising the overtime for this emergency was not completed. (Also see attached photos)</p> <p>2.3 <u>D Visagie (2003225) – Period 201512</u></p> <p>Approval was given by the Director via e-mail. See attached.</p> <p>2.4 <u>DF Eyberg (2012222) – Period 201604</u></p> <p>Approval was given by the Director via e-mail. See attached.</p> <p>2.5 <u>LR de Jongh (51896) – Period 201511 and</u> 2.6 <u>SA Thousand (661425) – Period 201510 and</u> 2.7 <u>K Nazi (128) – Period 201508</u></p> <p>Due to the fact that the three (3) employees were on standby and no certainty on how long they would work, no prior approval could be obtained. It was an oversight not to have completed the necessary forms on the next workday. The necessary processes have been put in place to prevent any reoccurrence.</p> <p>2.8 <u>CA Strydom (2019085) – Period 201507 and</u> 2.9 <u>JD Diegaardt (244) – Period 201509 and</u> 2.10 <u>M Staalmeester (2019026) – Period 201511 and</u> 2.11 <u>M Swart (52385) – Period 201507 and</u> 2.12 <u>X Fulani (434) – Period 201602 and</u> 2.13 <u>MP Duka (187) – Period 201606 and</u> 2.14 <u>M Berdien (243) – Period 201508 and</u> 2.15 <u>JA Singh (333010) – Period 201509 and</u> 2.16 <u>CD Maurice (2013077) – Period 201511 and</u> 2.17 <u>NN Cupido (1003) – Period 201511 and</u> 2.18 <u>MN Gabuza (870) – Period 201606 and</u> 2.19 <u>MM Classsen (52680) – Period 201604 and</u> 2.20 <u>M Stalmeester (2019026) – Period 201509</u></p>	
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		<div>and</div> <div>2.21 <u>S Spendo (51884) – Period 201510 and</u></div> <div>2.22 <u>BD Conradie (2006092) – Period 201507 and</u></div> <div>2.23 <u>D Delport (199) – Period 201509</u></div> <div>In all of the above cases the overtime worked was approved on the timesheet, but no pre-approval was obtained in terms of the policy. The necessary steps have been put in place to ensure that the required forms are completed and approved as per policy.</div> <div>2.24 <u>A Ayford (20) – Period 201601</u></div> <div>Mr Ayford is working as a Leiwater Fiskaal in Robertson. His duties includes the supply and regulating of leiwater turns for Robertson. In December Mr Ayford worked a total of 31 hours and 50 minutes actual overtime. Due to late submission of the time sheets for November 2015, no overtime was paid out to Mr Ayford. This overtime, 25.5 hours, was added to the overtime for December 2015 and paid out in January 2016.</div>								
<div>COMAF 14: Expenditure</div> <div>Section 122(1)(a) - Preparation of financial statements of the Municipal Finance Management Act (MFMA) states that 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; activities, its financial results, and its financial position as at the end of the financial year</div> <div>During the audit it was identified that the following credit entries were incorrectly allocated to the following expense accounts:</div> <table><tr><th>Account Number</th><th>Description</th><th>Amount</th></tr><tr><td>60102900</td><td>Unallocated Income</td><td>R 199 003.45</td></tr></table>	Account Number	Description	Amount	60102900	Unallocated Income	R 199 003.45	<div>The municipality should implement controls to ensure that the financial statements are adequately reviewed to ensure that all assets are appropriately classified.</div> <div>We recommend management of Langeberg Municipality to recognize the unallocated receipts as payables.</div>	<div>Management notes the finding as far as it relates to the identified credit entries incorrectly allocated to certain expense accounts.</div> <div>Management disagrees that Payables is understated as the Unallocated Income is actually bad debt recovered which is Income and not a payable. Total Revenue therefor is understated by R199 003 and expenditure understated by R199 003. R 0 effect on Profit/Loss.</div> <div>Management disagrees that Inventory is overstated with R147 536 as the amount journalised is stock at hand and therefor debited to the stock account. The incorrect expense vote however was used to do the contra entry. This will have a R 0 effect on Expenditure and Inventory.</div> <div>The internal control deficiency as raised by the Auditor General is noted.</div>	B Brown	
Account Number	Description	Amount								
60102900	Unallocated Income	R 199 003.45								

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60102060	JL16243-inventory adjustment	R 147 537.00		Management notes the recommendation and will do the necessary journals to take the credit amounts to the correct votes.		
		<u>R 346 540.45</u>		A correcting journal entry will be done to correct to reallocate the Stock Adjustment of R147 537 to the correct expense vote. The stock has not been used yet and thus it is corrected against the expense vote.		
				A correcting journal entry will be done to correctly allocate the credit amounts of R199 003 to an income vote Bad debts recovered.		
				R 0 effect on the net profit in the Statement of Financial performance. Total Revenue will increase with R199 003 and total Expenditure will increase with R199 003.		

The Statement of Financial Performance will be adjusted as follows to include the Availability Fees under Revenue from Non-Exchange Transactions and remove it from Other Income included under Revenue from Exchange Transactions:

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LANGEBERG MUNICIPALITY				
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016				
		2016	2015	
	Notes	Actual	Restated	Err
<b>REVENUE</b>				
<b>Revenue from Non-exchange Transactions</b>		<b>190 889 727</b>	<b>164 286 775</b>	
<b>Taxation Revenue</b>		<b>39 954 462</b>	<b>34 519 573</b>	
Property rates	25	39 954 462	34 519 573	
<b>Transfer Revenue</b>		<b>122 165 869</b>	<b>105 888 485</b>	
Government Grants and Subsidies - Capital	26	46 347 944	22 718 920	
Government Grants and Subsidies - Operating	26	75 817 925	82 859 465	
Public Contributions and Donations		-	310 100	
<b>Other Revenue</b>		<b>31 054 524</b>	<b>26 066 053</b>	
Actuarial Gains	4	6 741 931	2 042 666	
Availability fees		2 285 128	2 187 336	
Fair Value Adjustments		-	11 556	
Fines		20 679 190	21 824 496	
Impairment Reversal	33	1 244 505	-	
Stock Adjustments		103 771	-	
<b>Revenue from Exchange Transactions</b>		<b>406 786 441</b>	<b>362 442 299</b>	
Service Charges	27	373 675 200	334 215 461	
Rental of Facilities and Equipment		2 623 754	2 331 803	
Interest Earned - external investments		4 391 659	3 221 916	
Interest Earned - outstanding debtors		1 954 666	1 715 825	
Licences and Permits		1 169 318	1 151 313	
Agency Services		3 140 603	2 826 789	
Other Income	28	16 225 730	16 292 608	
Unamortised Discount - Interest		76 223	73 730	
Gain on disposal of Property, Plant and Equipment		3 529 288	612 853	
<b>Total Revenue</b>		<b>599 961 296</b>	<b>528 916 409</b>	
<b>COMAF 16: HR Management: Communication of Appointment to MEC for local government</b>	Management should take note of the compliance requirements in terms of the	Management is in agreement with the finding and will ensure that if any new appointments are to be made in future it will be in compliance to the Municipal Systems Act (MSA) no.32 of 2000		C Matthis



<p>According to the Municipal Systems Act (MSA) no.32 of 2000 section 56(4A)(a) the municipal council must, within 14 days of the date of appointment, inform the MEC for local government of the appointment process and outcome, as may be prescribed.</p> <p>In the following cases the MEC for local government was not notified within 14 days as per the requirement:</p> <ul style="list-style-type: none"> <li>The appointment process of B Brown effective 1 April 2016 was communicated in a written letter dated 10 May 2016, which is 27 working days after the appointment date.</li> <li>The appointment process of CE Liebenberg effective 1 February 2016 was communicated in a written letter dated 10 May 2016, which is 72 working days after the appointment date.</li> </ul> <p>This results in non-compliance with the MSA.</p> <p>Internal control deficiency- Financial management – Compliance monitoring. Management did not exercise adequate monitoring of compliance relating to the appointment process as set out by the Municipal Systems Act 32 of 2000.</p>	<p>appointment of senior management, the timelines involved and implement adequate procedures to ensure compliance. There should be improved communication to the human resource department, so that they are aware of the expectations placed on them by management.</p>	<p>section 56(4A)(a)</p> <p>All information was provided but not as a bundle but as separate files. Eventually Corporate Services submitted all information in one file which was then accepted by the Provincial Department.</p> <p>In agreement that more attention should be given to the timelines involved and ensure adequate procedures are implemented to ensure compliance.</p> <p>Adequate procedures will be implemented by the Directorate Corporate Services.</p>		
<p><b>COMAF: 17 Incomplete Constitution of Evaluation Panel</b></p> <p>Regulation 27(4)(d) of the Local Government: Municipal Performance Regulations for municipal managers and managers directly accountable to municipal managers, 2006 states that the evaluation panel for the evaluation of the Municipal Manager must be constituted of the following persons:</p> <ul style="list-style-type: none"> <li>- executive mayor or mayor;</li> <li>- chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;</li> <li>- member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council;</li> <li>- mayor and/or municipal manager from another municipality; and</li> <li>- member of a ward committee as nominated by the executive mayor or mayor</li> </ul> <p>Regulation 27(4)(e) of the Local Government: Municipal Performance Regulations for municipal managers and managers directly accountable to municipal managers, 2006 states that the evaluation panel for the evaluation of Senior Managers must be constitute of the following persons:</p> <ul style="list-style-type: none"> <li>- municipal manager;</li> <li>- chairperson of the performance audit committee or the audit committee in the absence of a</li> </ul>	<p>Management should arrange with the members of the panel in advance to ensure that the dates will accommodate all the members and that all members will be present.</p>	<p>Management is in agreement with the finding, but wish to put it into a context that the cancellation happened on the morning of the session. And it would have been difficult to arrange a new session due to the busy schedules of MM as well as that of Ignite that hosts the performance system. But in future Management will ensure that all evaluations have an outside MM present as per the requirements of the regulations.</p> <p>Cancellation was received via phone call on the morning of the session as Adv. Linde had to go to AG office to sort out a Disclaimer they wanted to issue for her Municipality later that day. She confirmed her cancellation formally via email. Due to the fact that all other members were present Management was advised by Ignite to rather proceed and provide feedback on the outcome of the session to the external MM.</p> <p>In agreement, will ensure all is present as required as per regulation.</p> <p>Arrange in advance and confirm the attendance of all members of the evaluation panel by the Director: Strategy &amp; Social Development with immediate effect.</p>	<p>C Matthys</p>	



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<p>performance audit committee; - member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council; and - municipal manager from another municipality.</p> <p>Upon the inspection of the performance evaluation of the municipal manager and managers directly accountable to the municipal manager for the period 1 July 2014 - 30 June 2015 signed on 05 November 2015 by the municipal manager and the evaluation panel, it was noted that a municipal manager from another municipality was not present at the evaluation.</p> <p>This results in non-compliance with Municipal Performance Regulations 27(4)(d) and (e)</p> <p>Financial management – Compliance monitoring Management did not exercise adequate monitoring of compliance relating to the evaluation process as set out by the Local Government: Municipal Performance Regulations for municipal managers and managers directly accountable to municipal managers The municipal manager from another municipality H Linde gave late apologies and did not attend the evaluations.</p>				
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**COMAF 18: Disclosures in terms of Supply Chain Management Regulation 45 misstated**

Paragraph 17 of the Generally Recognised Accounting Practice 1 - *Presentation of financial statements* (GRAP 1), 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."*

Regulation 45 of the Municipal Supply Chain Management Regulations, 2005 (SCM Regulations) states the following:-

*"Notes to the annual financial statements of a municipality or a 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 the service of the state, or has been in the service of the state in the previous twelve months, including –*

- (a) The name of that person;*
- (b) The capacity in which that person is in the service of the state; and*
- (c) The amount of the award."*

During the audit, differences were identified in note 45.7 – *Details of awards to make to close family of persons in service of State*. The amount per the note was found to not be in agreement with the amount per the municipality's financial system.

Name of supplier	Position	Relationship to person in the service of the state	Name of person in the service of the state	Amount disclosed	Recalculation of amounts paid as per financial system	Difference R
Annandale Motors BK	Director	Spouse	E Wagner	121 238	142 470	-21 232.02
Stemwet (PTY) LTD T/A Montagu Bande Supa Quick				257 818	343 822.56	-86 004.56

Management should implement adequate review controls to ensure that amounts disclosed in the detailed notes are accurately reflected. Management should adjust the financial statements to accurately reflect the awards made to close family members of persons in service of the state as disclosed in note 45.7 – Details of awards to made to close family of persons in service of State.

Management partially agrees with the finding.

As per inspection of the Financial System the Following amounts were confirmed:

Name of supplier	Position	Relationship to person in the service of the state	Name of person in the service of the state	Amount as per Financial System
Annandale Motors BK	Director	Spouse	E Wagner	121 238.35
Stemwet (PTY) LTD T/A Montagu Bande Supa Quick	Owner	Spouse	M Stemmet	257 818.26
Lumber & Lawn	Director	Spouse	J van Zyl	71 109.70
Mubeko Africa	Manager	Spouse	S Niehaus	1 054 411.08
TMM Management	Owner	Parent	NJ Mgoqi	56 456.68

The total population was examined and the incorrect amounts that were captured from the supporting schedule were corrected.

Management agrees with the internal control deficiency as raised.

Recommendation by the Auditor-General will be implemented

Note 45.7 will be updated as follow with the correct disclosure:

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Quick	Owner	Spouse	M Stemmet			
Lumber & Lawn	Director	Spouse	J van Zyl	71 110	101 325.46	-30 215.46
Mubesko Africa	Manager	Spouse	S Niehaus	1 003111	1 369 792.65	-366 681.65
TMM Management	Owner	Parent	NJ Mgoqi	68 457.00	56 456.68	12 000.32
Total misstatement						492 133.37

Therefore this disclosure note is understated by R492 133.37

Management did not adequately review the notes to the financial statements, to ensure that the awards made to close family members of persons in service of the state agrees to the supporting schedules.

**COMAF 19: Long outstanding cheques from the 2012/2013 financial year not cleared**

Paragraph 17 of Generally Recognized 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. For cash and cash equivalents, cashed cheques should not form part of the reconciling items and cheques not cashed in a period of 6 months should be written off as they are stale.

During the audit of cash and cash equivalents the following cheques were identified to be long outstanding cheques on the bank reconciliation and through inspection of the bank statements it was found that the cheques were already cashed in the 2012/2013 financial period but were not cleared on the financial system:

Date	Cheque #	Details	Amount
09/11/12	97516	OK FURNITURE	2 899.00

The municipality should implement sufficient controls to ensure that outstanding cheques are followed up and cleared on a regular basis.

Name of supplier	Position	Relationship to person in the service of the state	Name of person in the service of the state	Amount disclosed	Recalculation of amounts paid as per financial system	Difference R
Mubesko Africa	Manager	Spouse	S Niehaus	1 003 111	1 054 411.08	-51 300.08
TMM Management	Owner	Parent	NJ Mgoqi	68 457.00	56 456.68	12 000.32
Total misstatement						-39 299.76

Management notes the finding as far as it relates to long outstanding standing cheques not cleared.

The internal control deficiency as raised by the Auditor General is noted.

Management agrees with the recommendation and the control that will be put in place is that the preparer of the Bank Reconciliation must on a monthly basis, signed off by the Manager: Budget Office, list all outstanding cheques older than six month as it must be reversed as it is out-of-date (stale).

The amount to be cleared is R 8 109.06 and will be corrected with the October 2016 Bank Reconciliation and will not be corrected as part of the 2015/2016 AFS corrections as the amount is not material.

B Brown

09/11/12	97599	S A POSKANTOOR	2 811.10
24/10/12	97611	BRIGHT STAR	100.00
09/11/12	97617	PEP STORES	299.96
19/02/13	98626	J H POWER	1 000.00
15/04/13	99151	GLEESCH PROP INVESTMENTS CC	1 000.00

The municipality does not have adequate controls to clear long outstanding cheques that have been cashed when preparing the bank reconciliation as the above mentioned cheques have been cashed but still reflect as outstanding on the cashbook.

**COMAF 20: Payments received in advance overstated**

In terms of the municipality's Revenue Accounting Policy, 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 date of purchase.

Paragraph 05 of Generally Recognised Accounting Practice (GRAP) 1 defines liabilities as present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential of resources embodying economic benefits or service potential. From a sample of 30 transactions it was found that the following prepaid electricity transactions took place 7 days before the end of the financial year and should have been recognised as revenue from exchange transactions and not payments received in advance:

ACCOUNT NO.	TRANSACTION DATE	REFERENCE	AMOUNT
111002810077	10/06/16	4193884857	R 350.00
340008720143	10/06/16	7119031842	R 200.00
340013500066	10/06/16	6670003901	R 800.00
582014940109	10/06/16	7099655677	R 150.00
582020610028	10/06/16	7049761195	R 200.00
577023950246	10/06/16	14120401816	R 40.00
<b>Total</b>			<b>R1740.00</b>

The prepaid electricity account should be analysed and electricity from prepaid electricity should be recognized as required by the municipality's policy

We recommend that management investigate the payments received in advance account and identify payments that relate to debtors written-off and payments for goods and services rendered and correctly account for them as either revenue or bad debts recovered.

Management notes the finding as far as it relates to payments received in advance being overstated responds as follows:

Prepaid electricity:

The accounting policy states:

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 date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Trade and Other Payables in the Statement of Financial Position.

The practice applied by the municipality since 2011 is that prepaid electricity bought 7 days before year end will only be used within 7 days from date of purchase which will be in the new financial year.

The whole population was checked and it was found that the sales that took place before the 23rd of June 2016 was only updated between 23 June 2016 and 30 June 2016. We wish to state that this an isolated incident and that this is the first time it happened and it was attributable to the first time implementation of the new electricity prepaid system.

Payments received in advance from debtor accounts:

B Brown

Furthermore from the sample above, the following amounts, which are disclosed under payables from exchange transactions, relate to payments received from debtors whose accounts have been written-off as irrecoverable and are not payments received in advance:

ACCOUNT	ERF	DEPARTMENT	Payment in advance Amount
343001160006	116000	Ashton	R 8 992.10
583043180156	4318000	Montagu	R 2 038.82
343001160006	116000	Ashton	R 6 635.34
<b>Total</b>			<b>R17 666.26</b>

The projected overstatement of payables from exchange transactions is R591 798.53, revenue from exchange transactions is projected to be understated by R519 121.52 and VAT output is understated by a projected amount of R72 677.01. The calculation of the projected misstatement is as follows:

Total of sample: R 175 430.14  
 Error in sample: R 19 406.26  
 Percentage of error 11.06%  
 Total Sample Population: R5 349 784.00  
 Projected misstatement R591 798.53

Internal control deficiency. Financial management – Implement controls over daily and monthly processing and reconciling of transactions. Management did not timeously update the prepaid electricity account. The debtors' accounts were written-off as indigent debtors before the payments were received resulting in the credit balances showing on their accounts.

**COMAF 21: Impairment calculations could not be verified to source documents**

Paragraph 17 of Generally Recognised Accounting Practice 1 – Presentation of financial statements (GRAP 1) 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,

It is recommended that management ensures that written supporting documentation to support management calculations are maintained and kept for audit purposes

The whole population was checked and found that 874 transactions relating to final accounts must be corrected to the value of R 796 752.29. These amounts should have been reversed and paid out. The revenue department has already started with the process in the 2016/2017 financial year.

Management notes the internal control deficiency as raised.

Management agrees with the recommendation and the necessary controls and procedures will be implemented as raised by the Auditor-General.

The municipality is currently in the process of implementing mSCOA and required as part of the work streams is a data cleansing exercise. As part of the data cleansing exercise each final account will be reversed.

The AFS will be updated accordingly.

**Correcting journal entry**

Prepaid electricity:

Account number	Account description	DT	CT
800888810	Prepaid Electricity	1 553 731.81	
260451423			1 553 731.81
		1 553 731.81	1 553 731.81

B Brown

<p>liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements.</p> <p>Paragraph 10 of GRAP 21 – Impairment of Non-cash generating Assets defines an impairment as a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.</p> <p>During the audit of impairments it was identified that the municipality had impaired its stores building situated in Bonnievale by R508 397. No supporting price quotations or any other evidence could be provided to verify management's calculation of the impairment as they were based on repair costs. When obtaining quotations for the repairs of the building the municipality did not obtain written documents, but instead obtained telephonic quotations.</p> <p>Consequently the impairment of R508 397 could not be audited and this results in a limitation of scope which is not individually material.</p> <p>Internal control deficiency. Financial and performance management – Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not obtain proper supporting evidence for the impairment loss raised in the financial statements.</p>		<p>Management should further correct the reported performance report to agree to the evidence provided. Where performance targets have not been met, management should provide adequate reasons for the non-achievement of the target, as per the rest of the report.</p>																											
<p><b>COMAF 22: Sundry Deposits overstated</b></p> <p>Paragraph 05 of Generally Recognised Accounting Practice (GRAP) 1 defines liabilities as present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential of resources embodying economic benefits or service potential</p> <p>During the testing of sundry deposits no documentation could be obtained to confirm that the municipality has an obligation to repay the deposits:</p> <table border="1" data-bbox="96 1106 869 1383"> <thead> <tr> <th>Account</th><th>Period</th><th>Description</th><th>Reference</th><th>Amount R</th></tr> </thead> <tbody> <tr> <td>800909053</td><td>201507</td><td>mnr. p &amp; ss absolom</td><td>RC198619,mnr. p &amp; ss absolom</td><td>1 590.00</td></tr> <tr> <td>800909020</td><td>201508</td><td>robertson library</td><td>RC207994,robertson library</td><td>30.00</td></tr> <tr> <td>800909020</td><td>201509</td><td>mountain view biblioteek</td><td>RC204804,mountain view biblioteek</td><td>103.20</td></tr> <tr> <td>800909020</td><td>201510</td><td>robertson library</td><td>RC213224,robertson library</td><td>85.00</td></tr> </tbody> </table>	Account	Period	Description	Reference	Amount R	800909053	201507	mnr. p & ss absolom	RC198619,mnr. p & ss absolom	1 590.00	800909020	201508	robertson library	RC207994,robertson library	30.00	800909020	201509	mountain view biblioteek	RC204804,mountain view biblioteek	103.20	800909020	201510	robertson library	RC213224,robertson library	85.00	<p>Management should analyse the sundry deposit account and ensure that deposits only exist where the municipality has an obligation to pay back the deposit and the balance thereof should be transferred to revenue.</p> <p>Furthermore, management should implement processes and procedures to ensure that amounts received are captured in the correct general ledger account and that sufficient information is captured to identify the nature of the receipt. Management should in addition at least review sundry deposit accounts on an annual</p>	<p>Management notes the finding as far as it relates to sundry deposits overstated, the amount of R 1 590 on vote 800909053 is a valid deposit and is correctly reflected in the AFS. The whole populations was checked and all of the other amounts on vote 800909020 however is not valid deposits and must be recognised as revenue.</p> <p>The internal control deficiency as raised by the Auditor General is noted.</p> <p>Management agrees with the recommendation and the necessary controls will be implemented.</p> <p>Management will implement processes and procedures to ensure that amounts received are captured in the correct general ledger account and that sufficient information is captured to identify the nature of the receipt.</p> <p>Sundry deposits are overstated by R 2 879.00 and revenue understated by R 2 879.00.</p>	<p>B Brown</p>	
Account	Period	Description	Reference	Amount R																									
800909053	201507	mnr. p & ss absolom	RC198619,mnr. p & ss absolom	1 590.00																									
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800909020	201512	robertson biblioteek	RC215679,robertson biblioteek	113.00	basis to ensure that the obligation to repay the deposit still exists.			
800909020	201603	robertson library / sales	RC218329,robertson library / sales	34.00				
800909020	201603	robertson library/ donation	RC219276,robertson library/ donation	94.00				
800909020	201604	robertso nlibrary	RC226220,robertso nlibrary	77.00				
<p>Sundry deposits are therefore overstated by a projected misstatement of R 201 783.05 and Revenue from exchange transactions is consequently understated by the same amount calculated as follows:</p> <p>Population tested: R9 524 458.00 Selected sample: R 100 359.78 Identified misstatement: R 2 126.20</p> <p>Projected misstatement: R201 783.05</p> <p>Internal control deficiency. Financial management. Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.</p> <p>Management did not implement proper processes to ensure that adequate information is captured on the system when money is received.</p>								
<p><b>COMAF 23: Employee Related costs: (9% Performance bonus incorrectly classified)</b></p> <p>In terms of the Regulation 32(2) of the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 (GNR 805), a performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator; provided that-</p> <p>(a) a score of 130 % to 149% is awarded a performance bonus ranging from 5% to 9%; and</p> <p>(b) a score of 150 % and above is awarded a performance bonus ranging from 10% to 14%.</p>					<p>Management must ensure that performance bonuses and other related performance based payments are appropriately presented in the financial statements in line with the accounting standards of GRAP.</p>	<p>Management notes the finding as far as it relates that 9% of performance bonuses incorrectly classified. Council took a decision in terms of a council resolution AA419 dated 4 December 2012, where it was resolved that of the 14% performance bonus, 9% should be incorporated in annual salary package of S 57 appointments.</p> <p>The internal control deficiency as raised by the Auditor General is noted.</p> <p>Management notes the recommendation and will do the necessary journals to ensure that performance bonuses are appropriately presented.</p> <p>Management will ensure in future that performance are correctly</p>	C Matthys	



Paragraph 18 of Generally Recognised Accounting Practice (GRAP) 25: Bonus, incentive and performance related payments states that an entity shall recognise the expected cost of bonus, incentive and performance related payments under paragraph .11 when, and only when:

- (a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and
- (b) a reliable estimate of the obligation can be made.

A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

During the testing done on performance bonuses and performance management established by the municipality, it was found that the municipality has classified 9% of the performance bonus of directors as salaries and wages in terms of a council resolution AA419 dated 4 December 2012, where it was resolved that of the 14% performance bonus, 9% should be incorporated in their annual salary package.

The total amount of the 9% is as follows:

Name	Position	9% of annual salary package
S A Mokweni	Municipal Manager	144 558.26
C Hoffmann	Former CFO	69 955.32
B Brown	CFO	27 736.76
A Everson	Corporate Services	119 923.39
C Liebenberg	Community	46 227.93
I van der Westhuizen	Engineering	110 947.04
C Matthys	Strategy	110 947.04
<b>Total</b>		<b>630 295.75</b>

Salaries and wages, as disclosed in note 29 of the financial statements are therefore overstated by R630 295.75 and performance bonuses understated by the same

presented.

R 0 effect on the Employee Related Costs as Salaries and Wages will decrease with R 630 295.74 and Performance Bonuses will increase with R 630 295.74.

30-Jun-16				
			Dt	Ct
20051535	Executive & Council	Bonus	144 558.26	
50051535	Corporate Services	Bonus	119 923.39	
60051535	Finance	Bonus	97 692.08	
300051535	Community Services	Bonus	46 227.93	
340051535	Engineering Services	Bonus	110 947.04	
30051535	Strategy & Social Development	Bonus	110 947.04	
20051635	Executive & Council	Salaries and Wages		144 558.26
50051635	Corporate Services	Salaries and Wages		119 923.39
60051635	Finance	Salaries and Wages		97 692.08
300051635	Community Services	Salaries and Wages		46 227.93
340051635	Engineering Services	Salaries and Wages		110 947.04
30051635	Strategy & Social Development	Salaries and Wages		110 947.04
			<b>630 295.74</b>	<b>630 295.74</b>
15-Jun-16				
			Dt	Ct
20051535	Executive & Council	Bonus	135 101.19	
50051535	Corporate Services	Bonus	112 077.94	
60051535	Finance	Bonus	112 077.94	
300051535	Community Services	Bonus	-	
340051535	Engineering Services	Bonus	103 821.66	
30051535	Strategy & Social Development	Bonus	103 840.56	
20051635	Executive & Council	Salaries and Wages		135 101.19
50051635	Corporate Services	Salaries and Wages		112 077.94
60051635	Finance	Salaries and Wages		112 077.94
300051635	Community Services	Salaries and Wages		-
340051635	Engineering Services	Salaries and Wages		103 821.66
30051635	Strategy & Social Development	Salaries and Wages		103 840.56
			<b>566 919.29</b>	<b>566 919.29</b>



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amount.

Management did not adequately review the financial statements for the accuracy of amounts disclosed.

The 9% performance bonus is incorporated in the salary packages to reduce negative publicity surrounding the bonuses paid to the directors by the municipality.

The disclosure of Note 29 will be as follow:

		2016	2015
		R	R
29	EMPLOYEE RELATED COSTS		
	Salaries and Wages	92 089 516	87 072 5
	Bonus	8 220 384	7 700 5
	Contributions for UIF, pensions and medical aids	21 253 078	20 164 8
	Group Life Insurance	293 566	389 4
	Housing Subsidy	1 635 580	473 2
	Leave Reserve Fund	3 602 706	3 866 4
	Long service awards	808 271	706 5
	Overtime	5 643 572	5 682 5
	Post Employment Health	2 461 107	2 342 5
	Travel, motor car, telephone, assistance and other allowances	10 018 754	10 083 5
		146 026 534	138 563 5
	<u>Less:</u> Employee Costs allocated elsewhere	-	-
	<b>Total Employee Related Costs</b>	<b>146 026 534</b>	<b>138 563 5</b>



<p><b>COMAF 24: Property, Plant and Equipment</b></p> <p>Land and building - Mother erfs not appropriately valued</p> <p>Paragraph 17 of Generally Recognised Accounting Practice (GRAP) 1 – <i>Presentation of financial statements</i> 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.</p> <p>From a sample of 43 land and buildings selected for testing, one erf [erf 2 (asset code 3924)] to the value of R205 000 was found that is a portion of municipal land, referred to as the “Mother erfs”, of which the accuracy of the value recorded could not be confirmed since no supporting documentation could be provided for audit purposes.</p> <p>The municipality did not adjust the value of this mother erf after the erf was sub-divided and portions of it had been transferred to other parties.</p> <p>Consequently, we could not audit the value of this erf as the Municipality cannot provide adequate measurements and values for the mother erf. Furthermore this applies to all “Mother erfs” in the municipal area.</p> <hr/> <p>Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting</p> <p>Management did not implement adequate controls to ensure that the value of the mother erfs are adjusted after transfer of some portions of it has taken place</p>	<p>Management should ensure that the values of the mother erfs are adjusted after transfer of portions take place and that appropriate valuation records are maintained and kept for audit purposes.</p>	<p>Management notes the finding as far as it relates to mother erfs not properly valued and responds as follows:</p> <p>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. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.</p> <p>ERF2 ROBERTSON has remaining extent is 8958421 square meters spread over several split remainders. The asset has been acquired on 30 June 1997 and had a value on the asset register of R 410 000. Management disagrees with the finding as far as it relates that the municipality did not adjust the value of this mother erf after the erf was sub-divided after portions of it had been transferred to other parties and the fact that the erf could not be valued.</p> <p>A portion of the erf was sold asset code 3920 and the amount was adjusted as below:</p> <table><tr><th>Asset Code</th><th>Description</th><th>Deed Nr</th><th>Registration Date</th><th>Original Cost</th><th>TOT DEPRE/BOOK VALUE</th><th>AMT REALIZED</th><th>PROFIT/LOSS</th><th>Val Ind</th></tr><tr><td>3920</td><td>GODEELTE ERF 2 (ERF 7918)</td><td>T4380/2016</td><td>2016-02-03</td><td>205 000.00</td><td>0.00</td><td>205 000.00</td><td>3 580 536.32</td><td>3 355 536.32</td></tr><tr><td colspan="7"></td><td></td><td>4 059 000.00</td></tr></table> <p>The internal control deficiency as raised by the Auditor General is noted.</p> <p>Management noted the recommendation of the AG.</p>	Asset Code	Description	Deed Nr	Registration Date	Original Cost	TOT DEPRE/BOOK VALUE	AMT REALIZED	PROFIT/LOSS	Val Ind	3920	GODEELTE ERF 2 (ERF 7918)	T4380/2016	2016-02-03	205 000.00	0.00	205 000.00	3 580 536.32	3 355 536.32									4 059 000.00	<p>B Brown</p>	
Asset Code	Description	Deed Nr	Registration Date	Original Cost	TOT DEPRE/BOOK VALUE	AMT REALIZED	PROFIT/LOSS	Val Ind																							
3920	GODEELTE ERF 2 (ERF 7918)	T4380/2016	2016-02-03	205 000.00	0.00	205 000.00	3 580 536.32	3 355 536.32																							
								4 059 000.00																							
<p><b>COMAF 25: Assets with remaining useful lives of zero not still in use</b></p> <p>Paragraph 17 of Generally Recognised Accounting Practice (GRAP) 1 – <i>Presentation of financial statements</i> 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.</p>	<p>The municipality should review the useful life of all assets to ensure that they represent the period in which the assets will be used by the municipality and the financial statements should be adjusted accordingly</p>	<p>A. During the audit of assets it was identified that the Municipality does not review the useful lives of assets with a remaining useful life of zero, although these assets are still being used.</p> <p>The Municipality take note of the finding.</p> <p>The Municipality does review the useful life of assets during the annual verification process of assets. There are assets</p>																													

<p>Paragraph 56 of GRAP 17 states that the residual value and the useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.</p> <p>During the audit of assets it was identified that the Municipality does not review the useful lives of assets with a remaining useful life of zero, although these assets are still being used.</p> <p>The municipality was not aware that they should review the useful life of assets with a remaining useful life of zero.</p> <p>Consequently depreciation and accumulated depreciation for assets with a remaining useful life of zero has been misstated. This may also affect the prior periods.</p> <p>Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting</p> <p>Management did not adequately review the useful life of all assets to ensure that they represent the period in which the assets will be used by the municipality.</p>		<p>however with zero balances on the asset register as at 30 June 2016. The value of these assets are insignificant in relation to the total value of assets.</p> <p>Most of these are infrastructure assets that were unbundled with the implementation of GRAP. As the Municipality is on the original cost basis for recognising its assets the original cost of networks was divided into the different components as identified during the unbundling process using the then current replacement cost of components as basis for calculating the cost of individual components. Since many of these assets were acquired more than 40 and 50 years ago the individual amounts of components are in some instances very small.</p> <p>Furthermore, the loose assets with a value less than R500 were removed from the asset register as per recommendation from the audit team in COMAF 1 and in line with the Municipality's Asset Management Policy.</p> <p>The total number of assets with zero balances as at 30 June 2016 is 1 223 with a total cost of R3 805 508. This is equal to 0.48% of the total asset cost as at 30 June 2016. The impact of changing the useful lives of these assets and the impact on the carrying value of assets are insignificant and the Municipality will not adjust the asset register.</p> <p>B. The Municipality was not aware that they should review the useful life of assets with a remaining useful life of zero.</p> <p>We do not agree with the finding.</p> <p>The Municipality did review the useful life of most assets.</p> <p>C. Consequently depreciation and accumulated depreciation for assets with a remaining useful life of zero has been misstated. This may also affect the prior periods.</p> <p>The Municipality take note of the finding.</p> <p>The impact of the recalculation of depreciation on 0.48% of the asset values will be insignificant and no alterations in</p>	
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		<p>regard to depreciation will be made to the financial statements as at 30 June 2016.</p> <p>The internal control deficiency as raised by the Auditor General is noted.</p> <p>Management notes the recommendation of the AG.</p>		
<p><b>COMAF 26: No funds were allocated to the routine maintenance of roads</b></p> <p>According to sections 155(6)(a) and 155(7) of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) municipalities are responsible for the maintenance of roads.</p> <p>Although an amount of R1 628 780 was budgeted for road infrastructure routine maintenance during the original 2015-16 budget process, this amount was moved to other projects during the adjustment budget process.</p> <p>Therefore the municipality's road infrastructure budget for routine maintenance was inadequate as it did not provide for the planned routine maintenance projects included in the priority list for 2015-16.</p> <p>This might result in maintenance backlogs and consequently, higher costs in the future since roads will have deteriorated even more. Furthermore, this will have an impact on future budgets since more money will be required to address the backlogs on roads maintenance and other projects can be negatively impacted.</p>	<p>Management should ensure that all national KPIs are allocated a budget during the budget process, so that the municipality can meet its primary objectives and that it is in line with the national targets.</p>	<p>Section 155(6)(a) and 155(7) of the Constitution of South Africa where it stipulates according to Schedule 4 Part B and Schedule 5 Part B what services Local Authorities must render. The schedule includes roads infrastructure, as well as water and sanitation services.</p> <p>The term road maintenance is classified in different classes as follows:</p> <ol style="list-style-type: none"> <li>1. Periodic Maintenance: Works that are scheduled to be undertaken at intervals of several years.</li> <li>2. Special Maintenance: Works where frequencies cannot be estimated with confidence in advance, normally emergency driven.</li> <li>3. Routine Operations: Works that need to be undertaken on an annual basis to ensure effective operation of the road facility.</li> <li>4. Routine Ad-Hoc: Works that need to be undertaken, unplanned, to address extensive road reserve maintenance build-up or extensive minor pavement related repairs that cannot be performed under the routine operations systems. The goal of routine maintenance is to prevent or delay pavement distresses. Routine maintenance includes regular street sweeping, crack sealing and pothole repairs.</li> <li>5. Preventative Maintenance: Same as periodic maintenance. It is maintenance done to discourage further deterioration of the pavement structure.</li> </ol> <p>According to the 2015/2016 financial statements produced by the finance department, the Municipality spend R1 688 899.63 (vote number: 170163730) and R225 369.43 (vote number: 150153715) respectively on routine maintenance. Funding provided on the capital budget, for periodic maintenance, is a registered MIG project. This funding was reallocated in the</p>	B Brown	

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		<p>adjustment budget, according to the Municipality priorities, to another MIG registered project, the Upgrading of the Waste Water Treatment Works in Montagu due to shortage of funds to complete this project. As mentioned by the Auditor General's office regarding the constitution, the same constitution target local authorities in the same section (155) to deliver water and sanitation services. Furthermore are the Municipality regulated by the Water Services Act to ensure that water released from waste water treatment works, comply to the General Limit as set out in the act.</p> <p>The funding was reallocated in the adjustment budget, according to the Municipality's priorities to another MIG registered project, the Upgrading of the Waste Water Treatment Works in Montagu due to shortage of funds to complete this project.</p> <p>In the 2016/2017 budget R1 000 000 has been made available to address the national KPI to upgrade gravel roads.</p> <p>Money budgeted for upgrading of gravel roads by the Department: Engineering Services.</p>																													
<p><b>COMAF 27: Reported performance information does not agree to supporting evidence.</b></p> <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>Chapter 5.2 of the National Treasury's Framework for Managing Programme Performance Information (FMPPI) requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.</p> <p>The information submitted for the actual outputs as per the performance report in respect of the strategic objective: Sound Financial Management was not reliable when compared to the source information and/or evidence provided as indicated per the key performance indicators below:</p> <table><tr><th>KPI ref.</th><th>Key Performance indicator</th><th>Unit of measure</th><th>Reported performanc</th><th>Audited performanc</th><th>Audit differenc</th><th>Misstate ment occurrenc</th></tr></table>	KPI ref.	Key Performance indicator	Unit of measure	Reported performanc	Audited performanc	Audit differenc	Misstate ment occurrenc	<p>Management should implement appropriate measures for the review of the report on predetermined objectives regarding the accuracy and completeness thereof before submission for audit purposes. Management should process adjustments on performance report to ensure that targets achieved are accurately recorded.</p> <p>Management should further correct the reported performance report to agree to the evidence provided. Where performance targets have not been met, management should provide adequate reasons for</p>	<p>Management agrees with the audit finding and request permission to change the expenditure as audited</p> <table><tr><td>TL57</td><td>Provide free basic water to indigent households as defined in the municipality's credit control and debt collection policy</td><td>5757</td><td>6020</td><td>263</td></tr><tr><td>TL58</td><td>Provide free basic sanitation to indigent households as defined in the municipality's credit control and debt collection policy</td><td>5 740</td><td>5 708</td><td>(32)</td></tr><tr><td>TL59</td><td>Provide free basic electricity to indigent households as defined in the municipality's credit control and debt collection policy</td><td>6 215</td><td>6 075</td><td>(140)</td></tr><tr><td>TL60</td><td>Provide free basic refuse removal to indigent households as defined in the municipality's credit control and debt collection policy</td><td>5 749</td><td>5 716</td><td>(33)</td></tr></table>	TL57	Provide free basic water to indigent households as defined in the municipality's credit control and debt collection policy	5757	6020	263	TL58	Provide free basic sanitation to indigent households as defined in the municipality's credit control and debt collection policy	5 740	5 708	(32)	TL59	Provide free basic electricity to indigent households as defined in the municipality's credit control and debt collection policy	6 215	6 075	(140)	TL60	Provide free basic refuse removal to indigent households as defined in the municipality's credit control and debt collection policy	5 749	5 716	(33)	<p>B Brown C Matthys</p>	
KPI ref.	Key Performance indicator	Unit of measure	Reported performanc	Audited performanc	Audit differenc	Misstate ment occurrenc																									
TL57	Provide free basic water to indigent households as defined in the municipality's credit control and debt collection policy	5757	6020	263																											
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TL60	Provide free basic refuse removal to indigent households as defined in the municipality's credit control and debt collection policy	5 749	5 716	(33)																											

			e	e	e	e rate
TL57	Provide free basic water to indigent households as defined in the municipality's credit control and debt collection policy	Number of indigent households receiving free basic water	5 757	6 020	263	4.4%
TL58	Provide free basic sanitation to indigent households as defined in the municipality's credit control and debt collection policy	Number of indigent households receiving free basic sanitation	5 740	5 708	(32)	(0.6%)
TL59	Provide free basic electricity to indigent households as defined in the municipality's credit control and debt collection policy	Number of indigent households receiving free basic electricity	6 215	6 075	(140)	(2.3%)
TL60	Provide free basic refuse removal to indigent households as defined in the municipality's credit control and debt collection policy	Number of indigent households receiving free basic refuse removal	5 749	5 716	(33)	(0.6%)
D470	Number of informal households with access to the basic level water	Number of informal households with access to water	489	475	(14)	(0.4%)
D471	Number of informal households with access to the basic level sanitation	Number of informal households with access to sanitation	489	475	(14)	(0.4%)
D472	Number of informal households with access to the basic level electricity	Number of informal households with access to	244	244	6	2.5%

the non-achievement of the target, as per the rest of the report.

D470	Number of informal households with access to the basic level water	489	475	(14)
D471	Number of informal households with access to the basic level sanitation	489	475	(14)
D472	Number of informal households with access to the basic level electricity	244	244	6
D473	Number of informal households with access to the basic level refuse removal	1361	1 421	60

- Controls will be put in place to ensure that on a monthly basis the PM Officer assist Departments with loading and verifying the supporting evidence on the system.
- The information reported will be verified monthly by the internal audit unit to ensure completeness, accuracy and relevance to the KPI.
- Performance Management Officer will regularly visit the departments and help them compile the POE.
- Internal Audit to quarterly audit the SDBIP reports and comment on the correctness and validity of information provided per KPI.

Management agrees that we did not adequately review the information captured by the KPI managers.

Management agrees with the recommendation and will implement as recommended.

Management will implement appropriate measures for the review of the report on predetermined objectives regarding the accuracy and completeness thereof before submission for audit purposes.

Management will process adjustments on performance report to ensure that targets achieved are accurately recorded.

Management will correct the reported performance report to agree to the evidence provided.



		electricity				
D473	Number of informal households with access to the basic level refuse removal	Number of informal households with access to refuse removal	1361	1 421	60	7.1%

The reported performance information is therefore not accurately reported which results in the reported performance being misstated in the annual performance report.

Management did not adequately review the information captured by the KPI managers to ensure that the correct/final information was used to compile the performance report.

**COMAF 28: Reported performance information does not agree to supporting evidence.**

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.

Chapter 5.2 of the National Treasury's Framework for Managing Programme Performance Information (FMPPi) requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.

The information submitted for the actual outputs as per the performance report in respect of the strategic objective: Sustainable Civil engineering Services was not reliable when compared to the source information and/or evidence provided as indicated per the key performance indicators below:

KPI ref.	Key Performance indicator	Unit of measure	Reported performance	Audited performance	Audit difference
TL80	Construct the waste water treatment works in Montagu by 30 June 2016	% of budget spent	100%	91%	9%

Where performance targets have not been met, management should provide adequate reasons for the non-achievement of the target, as per the rest of the report.

The Senior Management team responsible for line department will implement these actions by November 2016.

Management should implement appropriate measures for the review of the report on predetermined objectives regarding the accuracy and completeness thereof before submission for audit purposes. Management should process adjustments on performance report to ensure that targets achieved are accurately recorded.

Management should further correct the reported performance report to agree to the evidence provided. Where performance targets have not been met, management should provide adequate reasons for the non-achievement of the target, as per the rest of the report.

Management agrees with the audit finding and request permission to change the expenditure to 91% as this is a roll over project into the 2016/2017 FY. Controls will be put in place to ensure that on a monthly basis the PM Officer assist Departments with loading and verifying the supporting evidence on the system.

The information reported will be verified monthly by the internal audit unit to ensure completeness, accuracy and relevance to the KPI.

The Performance Management Officer will regularly visit the departments and help them compile the POE.

Internal Audit to quarterly audit the SDBIP reports and comment on the correctness and validity of information provided per KPI.

Management agrees with the root cause that the relevant Departmental head did not review the reporting to verify the correctness of the information.

Management agrees with the recommendation and will put systems in place to review the POE.

**Remedial action**

- The information reported will be verified monthly by the Internal Audit unit to ensure completeness, accuracy and relevance to the KPI.

C Matthys



The reported performance information is therefore not accurately reported which results in the reported performance being misstated in the annual performance report.

Management did not adequately review the information captured by the KPI managers to ensure that the correct/final information was used to compile the performance report.

**COMAF 29: Reported performance information does not agree to supporting evidence.**

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.

Chapter 5.2 of the National Treasury's Framework for Managing Programme Performance Information (FMPPi) requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.

The information submitted for the actual outputs as per the performance report in respect of the strategic objective: Energy efficiency for sustainable future was not reliable when compared to the source information and/or evidence provided as indicated per the key performance indicators below:

KPI ref.	Key Performance indicator	Unit of measure	Reported performance	Audited performance	Audit difference	Misstatement occurrence rate
TL 38	Spend the total amount budgeted for Electrical Engineering Capital Projects	% of Electrical Engineering Capital Budget spent	89.2%	81.2%	7.9%	8.9%
TL 52	Spend the total amount budgeted for the replacement and repairs on the network by June 2016	% of budget spent on replacement and repairs on the network	96.2%	65.2%	(31)	(32.%)

Management should implement appropriate measures for the review of the report on predetermined objectives regarding the accuracy and completeness thereof before submission for audit purposes. Management should process adjustments on performance report to ensure that targets achieved are accurately recorded.

Management should further correct the reported performance report to agree to the evidence provided. Where performance targets have not been met, management should provide adequate reasons for the non-achievement of the target, as per the rest of the report.

- The Performance Management Officer will regularly visit the departments and help them compile the PoE.
- Internal Audit to quarterly audit the SDBIP reports and comment on the correctness and validity of information provided per KPI.

These action will be implemented by January 2017.

Management agrees with the audit finding and request permission to change the expenditure as audited.

KPI ref.	Key Performance indicator	Unit of measure	Reported performance	Audited performance	Audit difference
TL38	Spend the total amount budgeted for Electrical Engineering Capital Projects	% of Electrical Engineering Capital Budget spent	89.20 %	81.23%	7.97%
TL52	Spend the total amount budgeted for the replacement and repairs on the network by June 2016	% of budget spent on replacement and repairs on the network	96.26 %	65.25%	(31%)

- Controls will be put in place to ensure that on a monthly basis the PM Officer assist Departments with loading and verifying the supporting evidence on the system.
- The information reported will be verified monthly by internal audit unit to ensure completeness, accuracy and relevance to the KPI.
- Performance Management Officer will regularly visit the departments and help them compile the POE.
- Internal Audit to quarterly audit the SDBIP reports and comment on the correctness and validity of information provided per KPI.

C Matthys

<p>The reported performance information is therefore not accurately reported which results in the reported performance being misstated in the annual performance report. This may result to qualified audit conclusion on Energy efficiency for sustainable future strategic objective.</p> <p>Management did not adequately review the information captured by the KPI managers to ensure that the correct/final information was used to compile the performance report.</p>		<p>Management agrees with the root cause that the relevant Departmental head did not review the reporting to verify the correctness of the information.</p> <p>Performance Officer did not regularly review and checked the correctness of information reported on.</p> <p><b><u>Remedial action</u></b></p> <ul style="list-style-type: none"> <li>• Management to implement appropriate measures for the review of the report on predetermined objectives.</li> <li>• Review the accuracy and completeness of PDO's before submission for audit purposes.</li> <li>• Management should process adjustments on performance report to ensure that targets achieved are accurately recorded.</li> <li>• Management will correct the reported performance report to agree to the evidence provided.</li> <li>• Where performance targets have not been met, management will provide reasons for the non-achievement of the target.</li> </ul> <p>The Director Strategy &amp; Social Development and Performance Officer will implement these actions by January 2017.</p>		
<p><b>COMAF 30: Land Sales – at amortised cost do not exist as receivables</b></p> <p>Paragraph 17 of Generally Recognised Accounting Practice (GRAP) 1 - <i>Presentation of Financial Statements</i> 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 as set out in the Framework for the Preparation and Presentation of Financial Statements (AFS).</p> <p>Paragraph 13 of GRAP 104 - Financial Instruments states that a financial asset is cash; a residual interest of another entity; or a contractual right to receive cash or another</p>	<p>It is recommended that management should only recognise receivables when the risks and rewards of ownership have been transferred. Furthermore management must adjust their financial statements to rectify the misstatement identified above.</p>	<p>Management notes the finding and agrees with it, management had a different interpretation of the standard contract and hence applied it differently and the finding is not evident of a break down in internal control.</p> <p>The internal control deficiency as raised by the Auditor General is noted.</p> <p>Management agrees with the recommendation, management will ensure that receivables relating to land sales will only be recognised once the risks and rewards have been transferred.</p>	B Brown	

<p>financial asset from another entity or exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.</p> <p>During the audit of long term receivables it was identified that the municipality has sold land and in terms of the contract of sale the buyer is required to pay 10% of the purchase price and the remaining 90% payable on registration of the property is then recognised as a debtor by the municipality even though there has not been any transfer of ownership of the property. The sale transaction has not yet occurred as there is no transfer of risk and rewards on signing of the sales contract, it is merely an agreement of sale between the municipality and the buyer and becomes binding once the property is registered in the name of the buyer and the purchase amount has been paid to the municipality.</p> <p>Therefore long term receivables are overstated by R1 880 664 and payables from exchange transactions are overstated by R1 880 664.</p> <p>Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information</p> <p>Management incorrectly interpreted the sales agreements as binding contracts between the municipality and the buyer.</p>		<p>Management will ensure that receivables relating to land sales will only be recognised once the risks and rewards have been transferred.</p> <p>Long term receivables are overstated by R1 880 664 and payables from exchange transactions are overstated by R1 880 664.</p>																		
<p><b>COMAF 31: Unauthorised Expenditure recurring</b></p> <p>Section 15 of the Municipal Finance Management Act, 2003 (Act no. 56 of 2003) [MFMA], states that a municipality may, except where otherwise provided in this Act, incur expenditure only -</p> <p>(a) in terms of an approved budget; and</p> <p>(b) within the limits of the amounts appropriated for the different votes in an approved budget.</p> <p>According to note 43.3 of the financial statements, which was agreed to the general ledger and the approved budget, capital expenditure was incurred in excess</p> <table><tr><td>Vote</td><td>Budget R</td><td>Actual R</td><td>Overspent R</td></tr><tr><td>Community Services</td><td>6 305 670</td><td>27 471 971</td><td>21 166 301</td></tr><tr><td>Strategy and Social Development</td><td>3 374 570</td><td>3 397 761</td><td>23 191</td></tr><tr><td>Unauthorised expenditure</td><td></td><td></td><td><u>21 189 492</u></td></tr></table> <p>Since the municipality also incurred unauthorised expenditure during the previous financial year this results in non-compliance with section 62(1)(d) of the MFMA and will</p>	Vote	Budget R	Actual R	Overspent R	Community Services	6 305 670	27 471 971	21 166 301	Strategy and Social Development	3 374 570	3 397 761	23 191	Unauthorised expenditure			<u>21 189 492</u>	<p>Management should monitor expenditure on an ongoing basis to ensure the necessary corrective actions are instituted in a timely manner to prevent unauthorised expenditure.</p> <p>Furthermore, according to section 32(2)(a) of the MFMA, a municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure –</p> <p>In the case of unauthorised expenditure, is –</p> <p>(i) authorised in an adjustment budget; or</p> <p>(ii) certified by the municipal</p>	<p>Management agrees with the finding as raised, but wish to state the following:</p> <ul style="list-style-type: none"><li>• The budget of the municipality is approved on vote level and in the case of Langeberg at directorate level.</li><li>• The over expenditure is only on votes Community Services and Strategy and Social Development.</li></ul> <p>The biggest over expenditure is on the capital budget vote for Community Services Vote of R 21 166 301, the total budget of the municipality including capital and operating was not overspent.</p> <p>In the provincial gazette and the extra ordinary gazette the allocation was gazetted as HUMAN SETTLEMENTS DEVELOPMENT GRANT (BENEFICIARIES) of which the municipality included the allocation in the Operating Budget of the municipality.</p> <p>In June 2016 when preparing for the financial year end the municipality picked up the following:</p>	<p>B Brown</p>	
Vote	Budget R	Actual R	Overspent R																	
Community Services	6 305 670	27 471 971	21 166 301																	
Strategy and Social Development	3 374 570	3 397 761	23 191																	
Unauthorised expenditure			<u>21 189 492</u>																	

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<p>possibly reported as material non-compliance.</p> <p>Management did not adequately monitor expenditure and ensure that such items are given appropriate consideration during the budget process.</p> <p>The municipality did not put measures in place to prevent unauthorised expenditure for the year.</p>	<p>council, after investigation by a council committee, as irrecoverable and written off by the council.</p> <p>In addition, section 32(4) of the MFMA requires that the accounting officer must promptly inform the mayor, the MEC for local government in the province and the Auditor-General, in writing, of –</p> <p>(a) any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;</p> <p>(b) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and</p> <p>c) the steps that have been taken –</p> <p>(i) to recover or rectify such expenditure; and</p> <p>to prevent a recurrence of such expenditure</p>	<ul style="list-style-type: none"> <li>With the unbundling of expenditure and updating the asset register it was noticed that the work done on the McGregor Housing Project was installation of services which becomes part of the asset infrastructure network of the municipality hence it was recognised in accordance with the requirements of GRAP 17 if not done would have let to the asset register being understated by R 21 166 301. The effect was that the budget was allocated on the operating budget according to the gazette and the expenditure was recognised against the capital budget in terms of GRAP 17.</li> </ul> <p>The internal control deficiency as raised by the Auditor General is noted.</p> <p>Management agrees with the recommendation and a report will also be submitted to council with the tabling of the annual report for the condoning of the unauthorised expenditure in terms of the MFMA.</p> <p>Management will monitor grant spending on an ongoing basis.</p> <p>It is disclosed in the AFS.</p>		
<p><b>COMAF 32: Unspent Conditional Grants</b></p> <p>Paragraph 05 of Generally Recognised Accounting Practice (GRAP) 1 defines liabilities as present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential of resources embodying economic benefits or service potential.</p> <p>Projects in respect of the following grants have already been completed in prior years. No evidence could be provided for audit purposes that the municipality has confirmation of the obligation to pay back the amounts to the respecting funders.</p>	<p>Management should follow up on the unspent conditional grants to confirm the obligation to repay the unspent funds and establish whether it can be used for other projects or refunded.</p> <p>Management should consider recognising the unspent conditional grants as revenue or transfer to long-term</p>	<p>Management notes the finding as far as it relates to projects in respect of certain grants that have already been completed in prior years. This matter has been addressed to certain provincial departments and the district municipality since 2014 verbally and telephonically, unfortunately no official was willing to give the approval that the Municipality can recognise the amounts as revenue or that the money be used for other projects. The whole population was checked and the grants are as follows:</p>	<p>B Brown</p>	

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Vote	Account Description	Date of last movement	2016 Final
540205934	Re-election of Ward Committees	2007/08	R 150 000.00
540206012	CWDM I/D Documents Campaign-R2	2009/10	R 33 260.36
540206015	Route 62 Projects-R513300 BDM	2006/07	R 37 376.69
540206016	Tarring of Streets-CWDM	2013/14	R 73 535.80
540206017	Cleanest Town Award	2010/11	R 41 416.33
540206022	PIMS:PrestasieBestRekr-R116000	2010/11	R 56 146.87
540206024	PIMS:ProjekbestOpleidng-R65000	2005/06	R 17 560.00
540206030	MeesterbeplanSivDienste DPLG	2006/07	R 54 385.96
540206050	Veilighverslag McGregor Dam &	2008/09	R 25 000.00
540206062	Bakery Project (WC Social Serv	2014/15	R 210 311.74
540206065	Werksepping Projekte (Dave)	2007/08	R 128 050.15
540206080	Masakhane projek	2006/07	R 353 116.75
540206083	Scaife Huise Sanitation	2007/08	R 167 670.74
540206087	28 Semi-Detached Houses	2007/08	R 17 903.40
540206145	Housing Consumer Education CWD	2014/15	R 8 421.30
540206172	MIU-SentrStortingsterrein EIA	2006/07	R 332 400.00
540206284	Voorafbetaalde Watermeters	2008/09	R 108 527.00
540206285	Masibambane Programme-R350000	2009/10	R 140 000.00
540206151	Emergency Housing Project (Acc	2012/13	R 197 755.00
540206149	Installation of Basic Services	2013/14	R 46 325.95
540206033	Unspent Grant Received DWA-Rep	2014/15	R 55 469.86
540206063	Capacity Building Grant	2014/15	R 470 000.00
540206025	Silwer Strand Home Owners Ass	2010/11	R 62 849.00
540206034	Robertson Arts & Crafts Project	2013/14	R 621 480.64

liabilities, depending on the correspondence received from the respective funders.

Vote	Description	2015 Final
540205934	Re-election of Ward Committees	R -150 000.00
540206012	CWDM I/D Documents Campaign-R2	R -33 260.36
540206015	Route 62 Projects-R513300 BDM	R -37 376.69
540206016	Tarring of Streets-CWDM	R -73 535.80
540206017	Cleanest Town Award	R -41 416.33
540206022	PIMS:PrestasieBestRekr-R116000	R -56 146.87
540206024	PIMS:ProjekbestOpleidng-R65000	R -17 560.00
540206030	MeesterbeplanSivDienste DPLG	R -54 385.96
540206050	Veilighverslag McGregor Dam &	R -25 000.00
540206062	Bakery Project (WC Social Serv	R -210 311.74
540206065	Werksepping Projekte (Dave)	R -128 050.15
540206080	Masakhane projek	R -353 116.75
540206083	Scaife Huise Sanitation	R -167 670.74
540206087	28 Semi-Detached Houses	R -17 903.40
540206145	Housing Consumer Education CWD	R -8 421.30
540206172	MIU-SentrStortingsterrein EIA	R -332 400.00
540206284	Voorafbetaalde Watermeters	R -108 527.00
540206285	Masibambane Programme-R350000	R -140 000.00
540206151	Emergency Housing Project (Acc	R -197 755.00
540206149	Installation of Basic Services	R -46 325.95
540206033	Unspent Grant Received DWA-Rep	R -55 469.86
540206025	Silwer Strand Home Owners Ass	R -62 849.00
		R -2 317 482.90

The Municipality will follow up the utilisation of the unspent amounts and that the municipality will act according to the answers received from these donors.

Management notes the internal control deficiency as raised.

Management agrees with the recommendation and the necessary controls and procedures will be implemented as raised by the Auditor-General.

Management will follow up again in 2016/2017 on the unspent conditional grants to confirm the obligation to repay the unspent funds and establish whether it can be used for other projects or refunded and the necessary adjustments will be done with the compilation of the 2016/2107 AFS.

<p>Therefore unspent conditional grants are overstated by R3 225 703.18.</p> <p>Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls</p> <p>Management did not follow up on the conditional grants to request to recognise the unspent conditional grants as revenue or to utilise for other projects</p>		<p>Letters will be addressed to the respective donors in writing stating that the Municipality wants to utilise the unspent grants for other projects and the Municipality will act according to the answers received from these donors.</p>		
<p><b>COMAF 33: Statutory receivables disclosure not complete</b></p> <p>In terms of paragraph 34 of GRAP 108 an entity shall disclose a description of:</p> <ul style="list-style-type: none"> <li>(a) how the transaction arises, with specific reference to applicable legislation, supporting regulations, or similar means;</li> <li>(b) how the transaction amount is determined;</li> <li>(c) interest or other charges levied charged (where applicable), including the basis and rate used;</li> <li>(d) the basis used to assess and test whether a statutory receivable is impaired, including how receivables are grouped and assessed for collective impairment; and</li> <li>(e) the discount rate applied to the estimated future cash flows, where applicable, and how it was determined.</li> </ul> <p>In terms of paragraph 38, for significant impairment losses recognised or reversed, an entity shall disclose the main events and circumstances that led to the recognition or reversal of the impairment loss. An entity shall provide this information in aggregate for other losses or reversals.</p> <p>In terms of paragraph 39, an entity shall disclose information about the key indicators and assumptions used to assess and calculate whether statutory receivables were impaired during the reporting period.</p> <p>In terms of paragraph 41, an entity shall disclose information about the collectability of statutory receivables recognised at the reporting date as follows:</p> <ul style="list-style-type: none"> <li>(a) An analysis of statutory receivables that are past due at the reporting, and which have been impaired.</li> <li>(b) An analysis of statutory receivables that are past due that have not been impaired.</li> <li>(c) Factors the entity considered in assessing impairment losses in (a) and (b) above.</li> </ul> <p>During the testing of the statutory receivables it was noted that only the amounts</p>	<p>Management has applied the principles of GRAP 108 in their compilation of the accounting policy and it is advised that the additional disclosures be made to Note 49 - Statutory Receivables to achieve compliance with GRAP 108.</p>	<p>Management disagrees with the finding as far as it relates to the disclosure note on Statutory Receivables being incomplete.</p> <p>Below, is an extract from the Accounting Standards Board FAQ paragraph 1.3 and 1.8, stating very clearly that GRAP 108 cannot be early adopted and entities <b>CONSIDER</b> the disclosure requirements.</p> <p><b><i>"1.3 What Standards of GRAP have been issued by the Board but are not yet effective and, what effect do these Standards have on the GRAP Reporting Framework?"</i></b></p> <p>Standards of GRAP that have been issued by the Board but which are not yet effective cannot be early adopted. They should however be used to formulate an appropriate accounting policy, but only if a specific IPSAS or IFRS has not been included in the Appendix to be applied for a particular reporting period. For the 2015/16 reporting period, the following Standards of GRAP have been issued but are not yet effective:</p> <p><b><i>1.8 Per Directive 5, what does it mean to formulate an accounting policy?</i></b></p> <p>To formulate an accounting policy using Standards of GRAP that are not yet effective means that:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Entities use the Standards of GRAP that are not yet effective (as outlined in 1.3 above) to determine the recognition, measurement and presentation of a transaction or event (accounting policies should describe, depending on the nature of the item, transaction or event, classification, recognition, initial and subsequent measurement and derecognition).</li> <li><input type="checkbox"/> Entities <b>consider</b> the disclosure requirements in the Standards of GRAP that are not yet effective for disclosing</li> </ul>	<p>B Brown</p>	



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relating to the statutory receivables were disclosed and there were no narratives to support the disclosures as prescribed by GRAP 108, except for the following on Note 49 as per the Annual Financial Statements:

<b><u>STATUTORY RECEIVABLES</u></b>	<b>2016</b>	<b>2015</b>
In accordance with the principles of GRAP 108 Statutory Receivables of the municipality are classified as follows:		
<b><u>Taxes</u></b>		
VAT Receivable	631 385.19	-
<b><u>Receivables from Non-Exchange Transactions</u></b>		
Rates	2 178 161.37	2 086 390.70
Fines	2 224 067.44	2 168 516.90
<b>Total</b>	<b>4 402 228.81</b>	<b>4 254 907.60</b>

At present the municipality has not disclosed statutory receivables in sufficient detail as required in GRAP 108 and therefore the disclosure note is not complete. Management has not exercised adequate review of the financial statements in order to ensure disclosure as prescribed by GRAP 108.

**COMAF 34: Commitments understated**

Paragraph 17 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

It is recommended that the municipality implements and maintains a contract register with all contracts it enters into that will detail the tender/quotation number, the description of the contract including the date on which the contract is signed as effective,

a particular transaction or event. "

Management disagrees with the internal control deficiency as raised by the Auditor General.

Management disagrees with the recommendation as the FAQ clearly states that "Full Compliance with GRAP 108 is not required but entities should formulate an accounting policy for any statutory receivables". The Municipality's accounting policy was formulated.

Management notes the finding as far as it relates to commitments understated and checked it in accordance with GRAP 19 and the municipality agrees with the audit finding.

Management notes the internal control deficiency as raised. Management agrees with the recommendation and the necessary controls and procedures will be implemented as raised by the Auditor-General.

B Brown

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**Financial Statements.**

During the audit of capital commitments it was identified that the following approved and contracted commitments were calculated incorrectly:  
Consequently approved and contracted capital commitments have been understated by R12 006 355.49.

It was further identified that the approved and contracted commitments exclude VAT and consequently are understated by the VAT amount as indicated below

Date	Item description	Rand-value per client's records R	Amount including VAT R	Variance R
30-Jun-16	Approved and contracted	11 552 669.00	13 170 042.66	-1 617 373.66

Therefore capital commitments are understated by a material amount of R13 623 729.15 which can have an impact on the audit report.

Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Management did not adequately review the capital commitments note and calculations to ensure that all capital commitments were included and that only payments made before year end were deducted.

When calculating capital commitments the municipality only assesses the current year's budget and neglects contracts which were entered into in the prior years which have not been fully paid and where the municipality is still committed. The municipality also deducted from the contract amounts, expenditure which was only incurred after year end and which was still a commitment as at 30 June 2016.

**COMAF 35: Supply chain management deviations irregular**

In terms of regulation 36 of the Municipal Finance Management Act a supply chain management policy may allow the accounting officer-

(a) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only -

the amount of the contract, the total payments made against each contract and the date on which the payments were made and the amount that is still outstanding on the contract (commitment). Municipality should ensure that payments made against committed contracts agree to payments recorded under general ledger. Furthermore Municipality should adjust financial statements to rectify material misstatement identified above.

The municipality will implement and maintain a contract register with all contracts it enters into that will detail the tender/quotation number, the description of the contract including the date on which the contract is signed as effective, the amount of the contract, the total payments made against each contract and the date on which the payments were made and the amount that is still outstanding on the contract (commitment).

The note will be updated to reflect as below:

No	Tender no	Disclosed in note AG	Contract amount according to Tenders	AG contract amount	Difference in Contract amounts	Expenditure up to 30 June 2016 per GL VAT inclusive	VOTES	AG audited expenditure	Difference in Expenditure	Commitment VAT inclusive	Commitment VAT exclusive	Commitment AG	Difference in disclosed and actual
1	7746/2015	3 722 256.48	6 028 989.18	6 289 192.24	-260 203.06	1 237 344.20	900-07-2021	-	1 227 344.20	4 801 674.98	4 211 995.60	6 289 192.24	-1 079 496.58
2	7717/2015	4 947 089.00	4 947 089.00	5 304 938.81	-457 850.01	-	900-07-2027	-	-	4 947 089.00	4 251 600.00	5 304 938.81	-
3	7711/2015	4 600 680.00	20 966 900.00	20 966 900.00	-0.04	14 660 303.97	900-07-2047	63 683 410.79	974 873.18	6 289 624.03	5 526 100.80	7 729 480.05	-1 697 936.03
4	7742/2014	-	5 942 685.70	5 942 685.70	-	5 942 679.71	900-07-0014	5 537 493.79	405 209.92	6.07	5.32	405 205.99	-4.07
5	7716/2015	-	10 007 863.15	10 007 863.15	-	8 008 823.99	900-07-2026	5 036 260.29	3 702 553.68	2 079 988.17	1 829 674.71	5 001 542.06	-2 078 969.17
		13 170 042.66	48 693 485.13	48 423 528.02	-269 957.11	30 967 019.86		24 207 130.07	6 419 989.95	18 026 403.25	15 812 624.43	25 076 288.95	-4 856 593.77

**Management comment on audit finding:**

Management disagrees with some of the items listed in the finding of irregular expenditure and wish to refer to the attached list with explanation why it was deemed deviations

Requisition	Supplier	Amount	Reasons
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Management must ensure that before deviations are approved they meet the requirements of the supply chain management regulations.

Management must adjust the financial statements to disclose







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				park and Siyazama was appointed to maintain uniformity		
		59155	UNIVERSAL OFFICE AUTOMATIVE SOLUTIONS	38 798.00	Was as result of a theft insurance claim.. According to SCM only one quotation is needed	
		64331	CLINKSCALE S MAUGHAN-BROWN (SOUTH) (PTY) LTD	88 920.00	Clinkscalses Maughan- brown was appointed in 2014/2015 FY to assist with rationalization of the electricity tariffs in both rural and town areas. Also to reduce the number of tariffs as required by NERSA. That work was postpone to the next financial Year due to Nersa requirements that had to be dealt with, in the 2015/2016 FY. It is in that regard that they were appointed again to finish the NERSA requirements on the restructuring of tariffs. We could not have appointed any other service provider as the cost would have been prohibitively high.	
		56893	AURECON SOUTH AFRICA (PTY) LTD	41 790.58	it is because Aerocon has access to the historic information of the municipality. The cost of procuring would be very high as any new supplier would prefer to work on their own information. A tender for this purposes the advertisement cost would be more that the R41 000. what is more is that this amount is far below the R200 000 threshold where municipalities must go out on tender	

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		<table><tr><td>58470</td><td>MUBESKO AFRICA</td><td>57 000.00</td><td>this is a peer review of the AFS and Mubesko is involved in many Municipalities with the compilation of AFS and therefor au fait with Municipal accounting systems</td></tr><tr><td></td><td></td><td>R481 798</td><td></td></tr></table> <p>Management agrees that more stricter controls be put in place to monitor and ensure adherence to the scam regulations</p> <p>Management will adjust the financial statements to disclose the irregular expenditure amount with R 273 088.00 as identified in terms of the MFMA disclosure requirements.</p>	58470	MUBESKO AFRICA	57 000.00	this is a peer review of the AFS and Mubesko is involved in many Municipalities with the compilation of AFS and therefor au fait with Municipal accounting systems			R481 798					
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		R481 798												
<p><b>COMAF 36: Regulation 36(2) Deviations note misstated</b></p> <p>In terms of regulation 36 of the Municipal Finance Management Act a supply chain management policy may allow the accounting officer-</p> <p>(a) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only -</p> <p>a. in an emergency;</p> <p>b. if such goods or services are produced or available from a single provider only;</p> <p>c. for the acquisition of special works of art or historical objects where specifications are difficult to compile;</p> <p>d. acquisition of animals for ZOOs; or</p> <p>e. in any other exceptional case where it is impractical or impossible to follow the official procurement processes"</p> <p>In terms of regulation 17(1) – <i>Formal written price quotations</i> of the Municipal Finance Management Act a supply chain management must stipulate the conditions for the procurement of goods or services through formal written price quotations, which must include conditions stating –</p> <p>(b) that quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality or municipal entity;</p> <p>(c) that quotations may be obtained from providers who are not listed, provided</p>	<p>Management must ensure that before deviations are approved they meet the requirements of the supply chain management regulations.</p> <p>Management must adjust the financial statements to disclose the irregular expenditure identified in terms of the MFMA disclosure requirements.</p>	<p>Management comment on audit finding:</p> <p>Management agrees with part 1</p> <p>Deviations listing overstated with regulations 17 and will make the necessary corrections and will request that the overstatement be corrected in the AFS</p> <p><u>Part 2</u></p> <p>Deviations not in line with regulations 36 and regulation 17 requirements</p> <p>Management disagrees and wish to provide the following reasons</p> <table><tr><th>Requisition number</th><th>Requisition date</th><th>Supplier</th><th>Amount R</th><th>Reason provided by Management</th></tr><tr><td>60994</td><td>2016-01-18</td><td>WORLEY PARSONS</td><td>193 230.00</td><td>Quotation 58/2015 was advertised for 7 days from 4<sup>th</sup> December 2016 till 11 December 2015. No quotations were received, thus a memo dated 14 December 2015 which Manager Civil Services requested MM permission to use Worley Parsons as they did the</td></tr></table>	Requisition number	Requisition date	Supplier	Amount R	Reason provided by Management	60994	2016-01-18	WORLEY PARSONS	193 230.00	Quotation 58/2015 was advertised for 7 days from 4 <sup>th</sup> December 2016 till 11 December 2015. No quotations were received, thus a memo dated 14 December 2015 which Manager Civil Services requested MM permission to use Worley Parsons as they did the	<p>B Brown</p> <p>S Ngcongolo</p>	
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<p>that such providers meet the listing criteria in the supply chain management policy required by the regulation 14 (1) (b) and (c);</p> <p>(d) that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer; and</p> <p>(e) that the accounting officer must record the names of the potential providers and their written quotations.</p> <p>The Municipal Finance Management Act (MFMA), No. 56 of 2003, section 1(1) defines irregular expenditure as;</p> <p>(f) 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;</p> <p>(g) 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;</p> <p>(h) 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>(i) 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><u>1. Deviations listing overstated with regulations 17 deviations</u></p> <p>During the testing of the deviations it was noted that the deviations as listed below did not meet the definition of a deviation in terms of regulation 36 as the supply chain processes were followed.</p>					previous years plan and are familiar with the deliverables of the plan		
					<p>64121</p> <p>2016-05-18</p> <p>MASANDA TRADING</p> <p>194 999.00</p> <p>The above mentioned quotation was advertised on the Municipal Web Site and Notice Boards on the 05 February 2016. A compulsory was held on 10 February 2016 at the Ashton Municipal Offices. Quotation 06/2016 Supply of Labour Material for Upgrading works at the Montagu Community Hall was awarded to Masanda Trading cc for an all-inclusive amount of R194 999.00</p>		
					<p>57823</p> <p>2015-08/19</p> <p>JAN PALMS CONSULTING ENGINEERS</p> <p>7 980.00</p> <p>Was not possible to go out on tender as Jan Palm has all the information of landfill sites in the western cape. Thus it was only Jan Palm that could provide the information on short notice, the amount of R7 980 is proof of the fact that he had access to all relevant information to do the calculations, Jan Plan compiled the report for 30 June 2015 and it was only received in august 2015. The AFS had to be submitted 31 August 2015. When comparing the figures to the previous year's report there was a huge increase that was material in nature, due to the time constraints it was impractical to go out on quotes in the middle of August 2015 as we had to adjust the comparative figures for the AFS</p>		

Requisition number	Requisition date	Supplier	Amount R
64390	2016-06-08	SITA	43 109.40
64426	2016-06-10	First Technology Western Cape	26 117.40

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57075	2015-07-22	NetAccess Cert Program T/A Kwesthuba Consulting	210 672.00			59900	2015-11-12	CNDV AFRICA PLANNING AND DESIGN	2 276.88	This deviation was deemed impractical due to the following: At the request of the Langeberg Municipality, CNDV was requested in addition to the First round of Public Participation Process, to complete a second round of participation with the community stakeholders in the various settlements of the Municipality, prior to obtaining final approval from Council. This was a result of very poor attendance. Consequently, the following participation process was followed: a second series of open house workshops to present the SDF proposal and obtain comments from the public was held during August 2014. The Town Planning Department was also requested to get comments from Councillors were then also requested to submit any comments/correction of confirmation of correctness of these minutes. Two meetings were also held with the members of the Senior Management Team (SMT) on 19 June 2015 and 4 November 2015 to get inputs, ensure alignment with the IDP and also to give feedback on progress made and amendments made to the SDF. This final drafts was presented at the SMT meeting on 4 November 2015 before Council's approval.		
62973	2016-04-07	First Technology	378 202.98									
59959	2015-11-16	Media 24/ Die Burger / Gazette	3 041.76									
62042	2016-02-24	Andre Bodyworks	40 001.40									
63352	2016-04-21	Sparks & Ellis	61 574.82									
61031	2016-01-19	Actom Electrical Products	341 259.00									
57375	2015-08-03	Graham & Rhona Beck Skills Centre	51 300.00									
56531	2015-07-08	Boland College	68 500.00									
64064	2016-05-16	Musuri Sana Trading	83 000.00									
59419	2015-10-22	The Valleys And Mountains Development Foundation	32 718.00									
Total			1 339 496.76									

2. Deviations not in line with regulations 36 and regulation 17 requirements

During the testing of the deviations it was noted that the deviations as listed below did not meet the definition of a deviation.

Requisition number	Requisition date	Supplier	Amount R
60994	2016-01-18	WORLEY PARSONS	193 230.00
64121	2016-05-18	MASANDA TRADING	194 999.00
57823	2015-08-19	JAN PALM CONSULTING	7 980.00

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		ENGINEERS	
59900	2015-11-12	CNDV AFRICA PLANNING AND DESIG	22 276.88
62132	2016-02-29	SHAR civils	45 020.98
Total			463 506.86

The above misstatements result to the disclosure note for deviations being overstated by R1 803 003.62 and non-compliance with the supply chain management regulations which results the irregular expenditure disclosure note understated R463 506.86 for the financial year.

Management did not adequately review the reasons for deviating from the normal procurement process when approving deviations to ensure that they are in line with the supply chain management regulations and SCM policy of the municipality.

Management did not adequately review deviations listing on a monthly basis to ensure that they are in line with the regulation before being reported on the financial statements.

Furthermore through discussions with management it was noted that the quotations are captured incorrectly on collaborator by the interns and/or clerks and this results in a misstatement of the deviations recognised per the Annual Financial Statements.

				Amendments as necessary are made to the SDF report, based on the above participation process. Using the inputs from the workshops and the feedback from councillors and senior officials, the draft SDF was revised to produce a final report for Council's approval.
62132	2016-02-29	SHAR civils	45 020.98	Shar civils was awarded the tender 42/2014 – upgrading of the existing Storm water sytem. They contractor was till onsite and was requested to expand the scope and spent the rest of the ward project money in open storm water projects North of the water kant channel. The extension was approved by the Director Engineering Services as per delegations.

**Management comment on internal control deficiencies:**

Management agrees that we:

- did not adequately review the reasons for deviating from the normal procurement process when approving deviations
- did not adequately review deviations listing on a monthly basis to ensure that they are in line with the regulation
- the quotations are captured incorrectly on collaborator by the clerks and this results in a misstatement of the deviations



<p><b>COMAF 37: Supply Chain Management Policy exclusions identified</b></p> <p>In terms of regulation 11 (2) – <i>System of acquisition management</i> of the Municipal Supply Chain Management Regulations a supply chain management policy, except where provided otherwise in these Regulations, does not apply in respect of the procurement of goods and services contemplated in section 110 (2) of the Act, including –</p> <ul style="list-style-type: none"><li>(a) Water from the Depart of Water Affairs or a public entity, another municipality or a municipal entity; and</li><li>(b) Electricity from ESKOM or another public entity, another municipality or a municipal entity.</li></ul> <p>In terms of regulation 11 (3) – <i>System of acquisition management</i> of the Municipal Supply Chain Management Regulations a municipality or a municipal entity procuring goods or services contemplated in section 110 (2) of the Act must make public the fact that it procures such goods or services otherwise than through its supply chain management system, including –</p> <ul style="list-style-type: none"><li>(a) the kind of goods or services; and</li><li>(b) the name of the supplier.</li></ul> <p>During the audit identified that paragraph 5 of the municipality’s supply chain management policy has the following line items exempt from following the supply chain management process. The end user only required to complete and submit the sundry documents with the original invoice to the SCM unit to check for legal compliancy.</p> <ul style="list-style-type: none"><li>- Election activities</li><li>- Legal expenses</li><li>- Postage</li><li>- Entertainment; Finance – cash collection</li><li>- Medical expenses not on contract</li><li>- Nutritional care</li><li>- Reference books and magazines</li><li>- Insurance claims</li></ul>	<p>The municipality should implement sufficient controls to ensure that procurement of goods and services is in accordance with the Municipal Supply Chain Management Regulations to avoid irregular expenditure. Municipality must further amend their SCM policy to be consistent with the requirements of SCM regulations.</p>	<p><b><u>Management comment on the audit finding:</u></b></p> <p>Management agrees that certain line items must be removed from the SCM policy and will amend in the next round of budget processes ( 2017/2018)</p> <p>You will notice that Clause 15(5) of our Supply Chain Management Policy of 2015/16 states the following:</p> <table><tr><th>Item</th><th>Comments</th></tr><tr><td>Audit fees –</td><td>Auditor-General audit fees –impossible to get tenders.</td></tr><tr><td>Bank charges</td><td>This is paid in terms of tender process as banking services go out on tender.</td></tr><tr><td>Bursaries and student practical work</td><td>This is not a procurement but contract workers</td></tr><tr><td>Election activities</td><td><b>Not a procurement process.</b></td></tr><tr><td>Compensation for injuries and diseases</td><td><b>Not a procurement process</b></td></tr><tr><td>Legal expenses</td><td>Not always possible to know in advance what the total costs of litigation will be.</td></tr><tr><td>Congresses/Prof meetings (S &amp; T)</td><td>Not possible to get another supplier of the conference or meeting.</td></tr><tr><td>License fees</td><td>Standard price and one supplier. Also covered by section 110 of MFMA.</td></tr><tr><td>Donations/grants by Council</td><td>This not a procurement process</td></tr><tr><td>Postage</td><td>Post office is the sole provider of stamps and is a state own enterprise covered in section 110 of MFMA.</td></tr><tr><td>Entertainment;</td><td><b>must be removed from SCM policy</b></td></tr><tr><td>Finance – cash collection</td><td><b>Must be removed from SCM policy</b></td></tr><tr><td>Mayoral donations</td><td><b>Donations cannot be classified as procurement process as it covered by the Grant-in Aid Policy.</b></td></tr><tr><td>Medical expenses not on contract</td><td>This refers to injuries of staff while on duty.</td></tr></table>	Item	Comments	Audit fees –	Auditor-General audit fees –impossible to get tenders.	Bank charges	This is paid in terms of tender process as banking services go out on tender.	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<div><div><div>- Advertisements</div><div>- Library books</div></div><div>The supply chain management policy is not in line with the requirement of the regulations and this could lead to irregular expenditure should the process followed to procure the above listed goods and/ services not be in accordance with the supply chain policy and the Municipal Supply Chain Management Regulations.</div></div>	<table><tr><td>Membership fees</td><td>Payment of Membership Fees to SALGA is not a procurement process.</td></tr><tr><td>Telecommunications (Telkom)</td><td>Telkom is a SOE and sole provider telecommunication service. thus Covered by section 110 of the MFMA</td></tr><tr><td>Nutritional care</td><td><b>Agree Must be removed</b></td></tr><tr><td>Reference books and magazines</td><td>Not always practical to get quotations or tenders due to the uniqueness of the literature.</td></tr><tr><td>Insurance claims</td><td>Agree that this must go through procurement processes if money is paid to us by the Insurer. However, when the Insurer is paying the service provider directly there will be no need to follow SCM processes.</td></tr><tr><td>Ward committee allowances</td><td>Not a procurement matter. It is dealt with as an S&amp;T claim.</td></tr><tr><td>Inter departmental charges</td><td><b>This is accounting process and not a procurement. Must be removed.</b></td></tr><tr><td>Eskom</td><td>Covered in terms of section 11 of the SCM Regulations.</td></tr><tr><td>Employee/ Councillor's related costs</td><td><b>Not a SCM issue at all. Either statutory deductions or by agreement. Remove.</b></td></tr><tr><td>Debit orders</td><td><b>Not a SCM process. Remove.</b></td></tr><tr><td>Advertisements</td><td>Advertisements are normally specific to a certain newspaper. The Gazette is the only local newspaper in our area. However, the Gazette is part of Media 24 who controls most newspapers in the Province. Depending on what is advertised it does not always make sense to ask for quotations especially for local newspaper, the Gazette.</td></tr><tr><td>Library books</td><td>Library Books are normally procured through a provincial tender.</td></tr></table> <div>From the above list it is clear some items will have to be removed, however if one take cognisance of section 11 of the SCM Regulations read with section 110 of the MFMA, I am of the view that a substantial portion thereof must remain. In addition we should add:</div> <div><div>1.</div><div>SITA (or simply list Organ of State than listing them individually.)</div></div> <div><div>2.</div><div>Bulk Water which falls under section 11 of the SCM Regulations.</div></div> <div><div>3.</div><div>Purchase of Fuel (It is just not practical to get quotations when you run out of fuel whilst driving)</div></div> <div><div>Management comment on the root cause identified within the audit finding:</div><div>none</div></div>	Membership fees	Payment of Membership Fees to SALGA is not a procurement process.	Telecommunications (Telkom)	Telkom is a SOE and sole provider telecommunication service. thus Covered by section 110 of the MFMA	Nutritional care	<b>Agree Must be removed</b>	Reference books and magazines	Not always practical to get quotations or tenders due to the uniqueness of the literature.	Insurance claims	Agree that this must go through procurement processes if money is paid to us by the Insurer. However, when the Insurer is paying the service provider directly there will be no need to follow SCM processes.	Ward committee allowances	Not a procurement matter. It is dealt with as an S&T claim.	Inter departmental charges	<b>This is accounting process and not a procurement. Must be removed.</b>	Eskom	Covered in terms of section 11 of the SCM Regulations.	Employee/ Councillor's related costs	<b>Not a SCM issue at all. Either statutory deductions or by agreement. Remove.</b>	Debit orders	<b>Not a SCM process. Remove.</b>	Advertisements	Advertisements are normally specific to a certain newspaper. The Gazette is the only local newspaper in our area. However, the Gazette is part of Media 24 who controls most newspapers in the Province. Depending on what is advertised it does not always make sense to ask for quotations especially for local newspaper, the Gazette.	Library books	Library Books are normally procured through a provincial tender.
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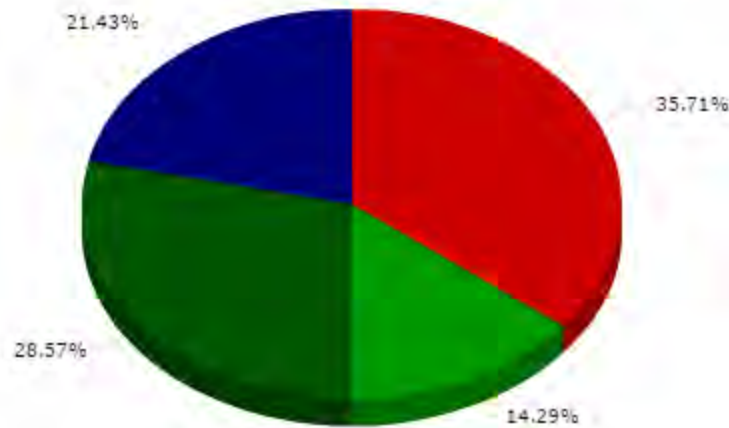
		<p><b><u>Management comment on the recommendation:</u></b></p> <p>The Municipality will implement controls to ensure that procurement of goods and services is in accordance with the Municipal Supply Chain Management Regulations to avoid irregular expenditure.</p> <p>Municipality will amend the SCM policy to be consistent with the requirements of SCM regulations</p>										
		<table><tr><td colspan="2"><b><u>Remedial action:</u></b></td></tr><tr><td><b><u>What actions will be taken:</u></b></td><td><b><u>By whom:</u></b></td></tr><tr><td>Amendment to the SCM policy</td><td>SCM unit</td></tr><tr><td>If the above findings affects an amount (s) disclosed in the financial statements:</td><td>No</td></tr></table>	<b><u>Remedial action:</u></b>		<b><u>What actions will be taken:</u></b>	<b><u>By whom:</u></b>	Amendment to the SCM policy	SCM unit	If the above findings affects an amount (s) disclosed in the financial statements:	No		
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If the above findings affects an amount (s) disclosed in the financial statements:	No											

## **Appendix 3: Service Delivery Performance Report**

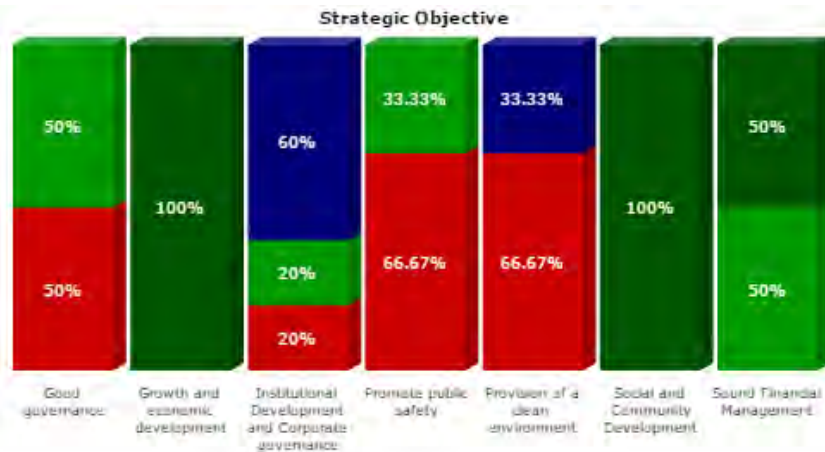
# Top Layer SDBIP Report

Report drawn on 19 January 2017 at 15:05  
for the months of September 2016 to December 2016.

## Langeberg Municipality

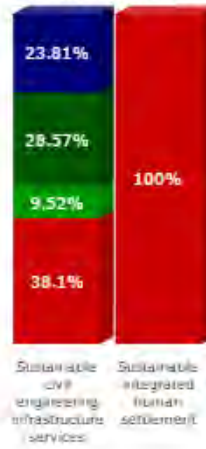


	Langeberg Municipality
KPI Not Met	15 (35.7%)
KPI Almost Met	-
KPI Met	5 (14.3%)
KPI Well Met	12 (28.6%)
KPI Extremely Well Met	9 (21.4%)
<b>Total:</b>	<b>42</b>



	Strategic Objective						
	Good governance	Growth and economic development	Institutional Development and Corporate governance	Promote public safety	Provision of a clean environment	Social and Community Development	Sound Financial Management
KPI Not Met	1 (50%)	-	1 (20%)	2 (66.7%)	2 (66.7%)	-	-
KPI Almost Met	-	-	-	-	-	-	-
KPI Met	1 (50%)	-	1 (20%)	1 (33.3%)	-	-	1 (50%)
KPI Well Met	-	1 (100%)	-	-	-	1 (100%)	1 (50%)
KPI Extremely Well Met	-	-	3 (60%)	-	1 (33.3%)	-	-
<b>Total:</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>2</b>

### Strategic Objective

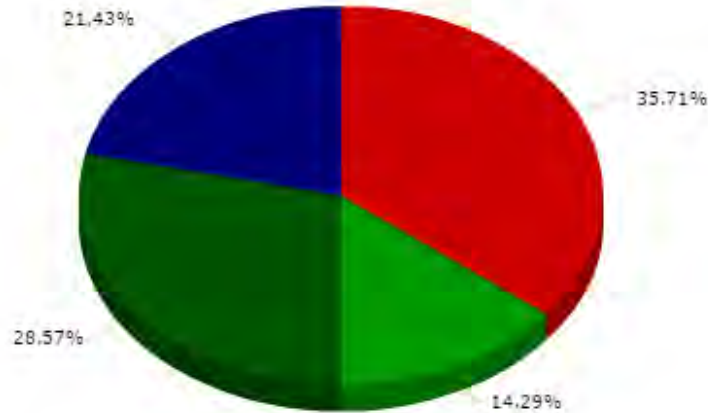


	Strategic Objective	
	<i>Sustainable civil engineering infrastructure services</i>	<i>Sustainable integrated human settlement</i>
KPI Not Met	8 (38.1%)	1 (100%)
KPI Almost Met	0	0
KPI Met	2 (9.52%)	0
KPI Well Met	5 (28.57%)	0
KPI Extremely Well Met	5 (23.81%)	0
<b>Total:</b>	<b>21</b>	<b>1</b>

# Top Layer SDBIP Report

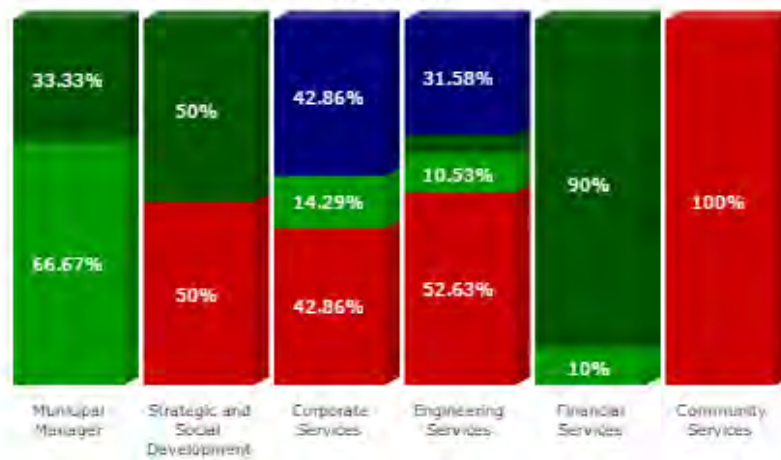
Report drawn on 19 January 2017 at 15:03  
for the months of September 2016 to December 2016.

## Langeberg Municipality



	Langeberg Municipality
KPI Not Met	15 (35.71%)
KPI Almost Met	-
KPI Met	6 (14.3%)
KPI Well Met	12 (28.57%)
KPI Extremely Well Met	9 (21.4%)
<b>Total:</b>	<b>42</b>

## Directorate



	Directorate					
	Municipal Manager	Strategic and Social Development	Corporate Services	Engineering Services	Financial Services	Community Services
KPI Not Met	-	1 (50%)	3 (42.9%)	10 (52.6%)	-	1 (100%)
KPI Almost Met	-	-	-	-	-	-
KPI Met	2 (66.7%)	-	1 (14.3%)	2 (10.5%)	1 (10%)	-
KPI Well Met	1 (33.3%)	1 (50%)	-	1 (5.3%)	9 (90%)	-
KPI Extremely Well Met	-	-	3 (42.9%)	6 (31.6%)	-	-
<b>Total:</b>	<b>3</b>	<b>2</b>	<b>7</b>	<b>19</b>	<b>10</b>	<b>1</b>

**Langeberg Municipality**  
**SDBIP 2016/2017: Top Layer SDBIP Report**

**Good governance**

Ref	Pre-determined Objectives	KPI	Unit of Measurement	KPI Owner	Sep-16				Dec-16				Overall Performance for Sep 2016 to Dec 2016				
					Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R
TL17	Enhancing good management ,strategic support	Submit the final IDP to Council by 31 May 2017	Final IDP submitted to Council	Director: Strategy & Social Development	0	0	N/A			0	0	N/A			0	0	N/A
TL18	Enhancing good management ,strategic support	Submit the Mid-Year Performance Report in terms of Sect 72 of the MFMA to Council by 31 January 2017	Number of reports submitted to Council	Director: Strategy & Social Development	0	0	N/A			0	0	N/A			0	0	N/A
TL19	Enhancing good management ,strategic support	Submit the Annual Report to Council by 31 January 2017	Number of reports submitted to Council	Director: Strategy & Social Development	0	0	N/A			0	0	N/A			0	0	N/A
TL20	Enhancing good management ,strategic support	Submit the Oversight Report to Council by 31 March 2017	Number of reports submitted to Council	Director: Strategy & Social Development	0	0	N/A			0	0	N/A			0	0	N/A
TL21	Enhancing good management ,strategic support	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 within 14 days after the annual budget has been approved	Director: Strategy & Social Development	0	0	N/A			0	0	N/A			0	0	N/A
TL22	Enhancing good management ,strategic support	Conduct two (2) formal evaluations of directors in terms of their signed agreements	Number of formal evaluations completed	Municipal Manager	0	0	N/A			1	1	G	[D13] Municipal Manager: Performance evaluation session took place on 28 October 2016 (October 2016) [D13] Municipal Manager: The first evaluation was done in November. (December 2016)	[D13] Municipal Manager: Performance evaluation session took place on 28 October 2016 (October 2016) [D13] Municipal Manager: The next Mid Year evaluation will be done in February/March (December 2016)	1	1	G
TL23	Enhancing good management ,strategic support	Develop Risk Based Audit Plan and submit to MM and Audit Committee by 30 June 2017	Risk Based Audit Plan submitted to MM and Audit Committee	Municipal Manager	0	0	N/A	[D14] Municipal Manager: Only in June (July 2016)		0	0	N/A			0	0	N/A
TL24	To involve the community into the planning and management of programmes and projects that affect them in partnership with the municipality	Facilitate the quarterly meeting of ward committees	Number of quarterly ward committee meetings held	Director: Corporate Services	12	0	R	[D181] Director: Corporate Services: After elections new ward committees first has to be elected (July 2016) [D181] Director: Corporate Services: Will as soon as they are established (August 2016) [D181] Director: Corporate Services: Ward committees are not yet established (September 2016)	[D181] Director: Corporate Services: As soon as ward committees are established, meetings will take place (September 2016)	12	12	G	[D181] Director: Corporate Services: No meetings took place (October 2016) [D181] Director: Corporate Services: No meeting took place during Nov. 2016 (November 2016) [D181] Director: Corporate Services: Meetings took only place in Dec. (December 2016)		24	12	R

<b>Summary of Results: Good governance</b>	
KPI Not Yet Measured	6
KPI Not Met	1
KPI Almost Met	0
KPI Met	1
KPI Well Met	0
KPI Extremely Well Met	0
<b>Total KPIs</b>	<b>8</b>

**Growth and economic development**

Ref	Pre-determined Objectives	KPI	Unit of Measurement	KPI Owner	Sep-16						Dec-16						Overall Performance for Sep 2016 to Dec 2016		
					Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R		
TL9	To promote economic development within the municipal area	Create job opportunities through the Expanded Public Works Programme (EPWP) by 30 June 2017	Number of Job opportunities created through the Expanded Public Works Programme (EPWP)	Director: Strategy & Social Development	100	145	G2	[D91] Director: Strategy & Social Development: see attached (July 2016) [D91] Director: Strategy & Social Development: see attached (August 2016) [D91] Director: Strategy & Social Development: see attached report (September 2016)	[D91] Director: Strategy & Social Development: urge departments to recruit timeously (September 2016)	100	76	O	[D91] Director: Strategy & Social Development: see attachment (October 2016) [D91] Director: Strategy & Social Development: see attachment (November 2016) [D91] Director: Strategy & Social Development: see attached (December 2016)	[D91] Director: Strategy & Social Development: see attached (December 2016)	200	221	G2		

<b>Summary of Results: Growth and economic development</b>	
KPI Not Yet Measured	0
KPI Not Met	0
KPI Almost Met	0
KPI Met	0
KPI Well Met	1
KPI Extremely Well Met	0
<b>Total KPIs</b>	<b>1</b>

**Institutional Development and Corporate governance**

Ref	Pre-determined Objectives	KPI	Unit of Measurement	KPI Owner	Sep-16					Dec-16					Overall Performance for Sep 2016 to Dec 2016		
					Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R
TL10	To manage the municipality to effectively deliver services	Appointments in 3 highest levels of management that comply with the Employment Equity Plan	Number of appointments made in 3 highest levels of management	Municipal Manager	0	0	N/A			4	4	G	[D11] Municipal Manager: 3 appointments manager budget office, manager supply chain and manager revenue (October 2016) [D11] Municipal Manager: Manager in Finance was appointed (November 2016) [D11] Municipal Manager: No appointments made (December 2016)	[D11] Municipal Manager: No appointments made (December 2016)	4	4	G
TL11	To improve the functioning of the workforce of the organisation	Percentage of municipality's personnel budget actually spent on implementing its workplace skills plan measured as at 30 June 2017 ((Total Actual Training Expenditure/ Total personnel Budget)x100))	% of municipality's personnel budget actually spent on implementing its workplace skills plan	Director: Corporate Services	0%	50.73%	B	[D180] Director: Corporate Services: To be reported June 2017 (July 2016) [D180] Director: Corporate Services: Spending will be as required (August 2016) [D180] Director: Corporate Services: 50.73 actually spent and 25.60% committed (September 2016)		0%	80.56%	B	[D180] Director: Corporate Services: Spending in line with planning (October 2016) [D180] Director: Corporate Services: Spending in line with plan (November 2016) [D180] Director: Corporate Services: Spending in line with planning (December 2016)		0%	80.56%	B
TL16	Management of the municipal IT systems	90% spent of the total amount budgeted for ICT capital projects by June 2017 (Actual expenditure / by approved budget allocation)	% of budget spent	Director: Strategy & Social Development	0%	0%	N/A			20%	0%	R	[D92] Director: Strategy & Social Development: Tender to be advertised with closing date 03 March 2017. Spending as per CAPS of 31 DECEMBER 2016. (December 2016)	[D92] Director: Strategy & Social Development: Langeberg Municipality signed an agreement on 03 October 2016 with SITA to procure goods, due to delay in response from SITA the contract was ended on 19 December 2016 to follow internal Tender processes. (December 2016)	20%	0%	R
TL25	To manage and maintain all municipal buildings	90% spent of the total amount budgeted for the upgrading and alteration of the municipal offices by 30 June 2017 (Actual expenditure / by approved budget allocation)	% of budget spent	Director: Corporate Services	10%	17%	B	[D182] Director: Corporate Services: Municipal Offices were maintained (July 2016) [D182] Director: Corporate Services: Building was maintained within budget (August 2016) [D182] Director: Corporate Services: 17% spent of actual budget on the upgrading and alteration of municipal offices by the first quarter (July-Sept) of the 2016-2017 financial year. This excludes orders (September 2016)		20%	74.50%	B	[D182] Director: Corporate Services: Offices were upgraded as needed (October 2016) [D182] Director: Corporate Services: Offices maintained within budget (November 2016) [D182] Director: Corporate Services: Offices maintained within budget (December 2016)		20%	74.50%	B
TL26	To manage the municipality to effectively deliver services	90% spent of the total amount budgeted for the purchase of office equipment by 30 June 2017 (Actual expenditure / by approved budget allocation)	% of budget spent	Director: Corporate Services	10%	55%	B	[D183] Director: Corporate Services: Office equipment were purchased as requested (July 2016) [D183] Director: Corporate Services: Office Equipment were purchased within budget (August 2016) [D183] Director: Corporate Services: 55% spent of actual budget for purchasing of office equipment by the first quarter (July-Sept) of the 2016-2017 financial year. This excludes orders. (September 2016)		20%	101.48%	B	[D183] Director: Corporate Services: Office equipment were purchased as requested (October 2016) [D183] Director: Corporate Services: Office Equipment were purchased within budget (November 2016) [D183] Director: Corporate Services: Office Equipment were purchased within budget (December 2016)		20%	101.48%	B
TL35	To manage use of, maintain and upgrade existing vehicle fleet	Purchase 2 vehicles for the Parks division by 30 June 2017	Number of vehicles purchased	Director: Community Services	0	0	N/A			0	0	N/A			0	0	N/A
TL67	To manage use of, maintain and upgrade existing vehicle fleet	Purchase 3x LDV's and 1x 3ton tipper for Montagu by 30 June 2017	Number of LDV's and Tipper purchased	Director: Engineering Services	0	0	N/A	[D409] Director: Engineering Services: tender sluit 02 September 2016 (July 2016) [D409] Director: Engineering Services: tender proses is besig (September 2016)		0	0	N/A			0	0	N/A
TL68	To manage use of, maintain and upgrade existing vehicle fleet	Purchase 5 LDV's for Ashton by 30 June 2017	Number of LDV's purchased	Director: Engineering Services	0	0	N/A	[D410] Director: Engineering Services: tender is nou uit vir die voertuie sluit 02 September 2016 (July 2016) [D410] Director: Engineering Services: tender by supply chain besig met proses om tender toe te ken (August 2016)		0	0	N/A			0	0	N/A
TL69	To manage use of, maintain and upgrade existing vehicle fleet	Purchase 1 flatbed truck for Robertson by 30 June 2017	Flatbed truck purchased	Director: Engineering Services	0	0	N/A	[D411] Director: Engineering Services: tender sluit 02 September 2016 (July 2016) [D411] Director: Engineering Services: tender by supply chain besig met proses om tender toe te ken (August 2016)		0	0	N/A			0	0	N/A
TL70	To manage use of, maintain and upgrade existing vehicle fleet	Purchase 2 x LDV's and 1 Tipper Truck for Bonnievale by 30 June 2017	Number of LDV's and Tipper purchased	Director: Engineering Services	0	0	N/A	[D412] Director: Engineering Services: tender sluit 02 September 2016 (July 2016) [D412] Director: Engineering Services: tender by supply chain besig met proses om tender toe te ken (August 2016)		0	0	N/A			0	0	N/A

**Summary of Results: Institutional Development and Corporate governance**

KPI Not Yet Measured	5
KPI Not Met	1
KPI Almost Met	0
KPI Met	1
KPI Well Met	0
KPI Extremely Well Met	3
<b>Total KPIs</b>	<b>10</b>



Promote public safety

Ref	Pre-determined Objectives	KPI	Unit of Measurement	KPI Owner	Sep-16						Dec-16						Overall Performance for Sep 2016 to Dec 2016		
					Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R		
TL27	To manage use of, maintain and upgrade existing vehicle fleet	90% spent of the total amount budgeted for vehicles by 30 June 2017	% of budget spent	Director: Corporate Services	10%	0%	R	<b>[D184] Director: Corporate Services:</b> Amount budgeted will be spent (July 2016) <b>[D184] Director: Corporate Services:</b> Tender documents has been finalized and will tender be advertised in September or October 2016 (August 2016) <b>[D184] Director: Corporate Services:</b> No spending on the budget for vehicles. Tender documents has been finalized and tender will be advertised in September or October 2016 (September 2016)	<b>[D184] Director: Corporate Services:</b> Amount budgeted will be spent (July 2016) <b>[D184] Director: Corporate Services:</b> Once tender has been awarded, spending will increase (September 2016)	20%	0%	R	<b>[D184] Director: Corporate Services:</b> Tender in process (October 2016) <b>[D184] Director: Corporate Services:</b> Tender was advertised and will be considered January 2017 (November 2016) <b>[D184] Director: Corporate Services:</b> Tenders closed and will be evaluated and awarded January or February 2017 (December 2016)	<b>[D184] Director: Corporate Services:</b> Tenders closed and will be evaluated and awarded January or February 2017 (December 2016)	20%	0%	R		
TL28	To provide traffic and law enforcement services	90% spent of the total amount budgeted for the upgrade of the driver's license testing yard in Ashton by 30 June 2017	% of budget spent	Director: Corporate Services	10%	0%	R	<b>[D185] Director: Corporate Services:</b> Amount budgeted will be spent (July 2016) <b>[D185] Director: Corporate Services:</b> All funds will be spent by 30 June 2016 (August 2016) <b>[D185] Director: Corporate Services:</b> No spending yet on the budget for the upgrade of the driver's licence testing yard in Ashton (September 2016)	<b>[D185] Director: Corporate Services:</b> Amount budgeted will be spent (July 2016) <b>[D185] Director: Corporate Services:</b> All funds will be spent by 30 June 2017 (September 2016)	20%	20%	G	<b>[D185] Director: Corporate Services:</b> Planning for development and upgrading on the way, work to be started early 2017 (October 2016) <b>[D185] Director: Corporate Services:</b> Planning in progress, spending will be done in time (November 2016) <b>[D185] Director: Corporate Services:</b> Architect has been appointed and is plans being finalised to invite tenders around February Mar: 2017. Project will run over 2 financial years (December 2016)		20%	20%	G		
TL29	To provide traffic and law enforcement services	90% spent of the total amount budgeted for the upgrading of the Traffic Offices by 30 June 2017	% of budget spent	Director: Corporate Services	10%	0%	R	<b>[D186] Director: Corporate Services:</b> Amount budgeted will be spent (July 2016) <b>[D186] Director: Corporate Services:</b> All funds will be spent by 30 June 2016 (August 2016) <b>[D186] Director: Corporate Services:</b> No spending yet on the budget for the upgrading of the Traffic Offices (September 2016)	<b>[D186] Director: Corporate Services:</b> Amount budgeted will be spent (July 2016) <b>[D186] Director: Corporate Services:</b> All funds will be spent by 30 June 2017 (September 2016)	20%	0%	R	<b>[D186] Director: Corporate Services:</b> Architect has been appointed to draw the building plans. Will go out on tender early 2017 to build the necessary offices (October 2016) <b>[D186] Director: Corporate Services:</b> All funds will be spent by 30 June 2017 and will the rest be done in the 2017- 2018 financial year (November 2016) <b>[D186] Director: Corporate Services:</b> Architect has been appointed and plans is being finalised. Tenders will be invited around March 2017. Project is over 2 financial years (December 2016)	<b>[D186] Director: Corporate Services:</b> Architect has been appointed and plans is being finalised. Tenders will be invited around March 2017. Project is over 2 financial years (December 2016)	20%	0%	R		

Summary of Results: Promote public safety	
KPI Not Yet Measured	0
KPI Not Met	2
KPI Almost Met	0
KPI Met	1
KPI Well Met	0
KPI Extremely Well Met	0
<b>Total KPIs</b>	<b>3</b>

#### Provision of a clean environment

Ref	Pre-determined Objectives	KPI	Unit of Measurement	KPI Owner	Sep-16					Dec-16					Overall Performance for Sep 2016 to Dec 2016		
					Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R
TL40	To provide a compliant solid waste service and upgrade and maintain existing infrastructure	Recycle 900 tons of domestic waste by 30 June 2017	Number of tons of domestic waste recycled	Director: Engineering Services	225	434.69	B	[D382] Director: Engineering Services: We done 434.69 Ton for the first three months. (September 2016)	[D382] Director: Engineering Services: None (September 2016)	225	332.93	G2	[D382] Director: Engineering Services: We done 332.93 Ton for the first three months. (December 2016)	[D382] Director: Engineering Services: None (December 2016)	450	767.62	B
TL54	To manage use of, maintain and upgrade existing vehicle fleet	Purchase of new skip truck by 31 December 2016	Skip truck purchased	Director: Engineering Services	0	0	N/A			1	0	R			1	0	R
TL55	To provide a compliant solid waste service and upgrade and maintain existing infrastructure	Purchase 800 wheelie bins by 31 December 2016	Number of wheelie bins purchased	Director: Engineering Services	0	0	N/A			800	0	R	[D397] Director: Engineering Services: The wheelie has been order (December 2016)	[D397] Director: Engineering Services: The wheelie bins will be deliver before the end of March 2017. (December 2016)	800	0	R
TL57	To provide a compliant solid waste service and upgrade and maintain existing infrastructure	Complete the construction of the new-drop off facility in Bonnievale by 30 June 2017	Facility completed	Director: Engineering Services	0	0	N/A			0	0	N/A			0	0	N/A
TL60	To provide a compliant solid waste service and upgrade and maintain existing infrastructure	Construct a new transfer station in Ashton by 30 June 2017	Construction completed	Director: Engineering Services	0	0	N/A			0	0	N/A			0	0	N/A
TL65	To manage use of, maintain and upgrade existing vehicle fleet	Purchase Cherry Picker by 31 March 2017	Cherry Picker purchased	Director: Engineering Services	0	0	N/A			0	0	N/A			0	0	N/A

#### Summary of Results: Provision of a clean environment

KPI Not Yet Measured	3
KPI Not Met	2
KPI Almost Met	0
KPI Met	0
KPI Well Met	0
KPI Extremely Well Met	1
<b>Total KPIs</b>	<b>6</b>

#### Social and Community Development

Ref	Pre-determined Objectives	KPI	Unit of Measurement	KPI Owner	Sep-16					Dec-16					Overall Performance for Sep 2016 to Dec 2016		
					Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R
TL5	To plan, provide, develop and maintain facilities for all communities	Provide free basic water to indigent households as at 30 June 2017	Number of indigent households receiving free basic water	Director: Finance	5	6,374	G2	[D274] Director: Finance: Indigent HH receives free basic water (September 2016)		5	6,61	G2	[D274] Director: Finance: Indigent HH receives free basic water (December 2016)		5	6,61	G2
TL6	To plan, provide, develop and maintain facilities for all communities	Provide free basic electricity to indigent households as at 30 June 2017	Number of indigent households receiving free basic electricity	Director: Finance	5	6,968	G2	[D275] Director: Finance: Indigent HH receive free basic electricity (September 2016)		5	7,265	G2	[D275] Director: Finance: Indigent HH receive free basic electricity (December 2016)		5	7,265	G2
TL7	To plan, provide, develop and maintain facilities for all communities	Provide free basic sanitation to indigent households as at 30 June 2017	Number of indigent households receiving free basic sanitation services	Director: Finance	5	6,387	G2	[D276] Director: Finance: Indigent HH receive free basic sanitation (September 2016)		5	6,627	G2	[D276] Director: Finance: Indigent HH receive free basic sanitation (December 2016)		5	6,627	G2
TL8	To plan, provide, develop and maintain facilities for all communities	Provide free basic refuse removal to indigent households as at 30 June 2017	Number of indigent households receiving free basic refuse removal services	Director: Finance	5	6,396	G2	[D277] Director: Finance: Indigent HH receive free basic refuse removal (September 2016)		5	6,637	G2	[D277] Director: Finance: Indigent HH receive free basic refuse removal (December 2016)		5	6,637	G2
TL37	To provide, maintain and develop cemeteries for all communities	Upgrade the road to the Zolani Cemetery by 30 June 2017	Upgrade completed	Director: Community Services	0	0	N/A			0	0	N/A			0	0	N/A
TL38	To manage use of, maintain and upgrade existing vehicle fleet	Construct the Ashbury Library in Montagu by 30 June 2017	Construction completed	Director: Community Services	0	0	N/A	[D495] Director: Community Services: Construction works is now at the foundation phase (July 2016) [D495] Director: Community Services: The progress with Ashbury Library is on target. (August 2016) [D495] Director: Community Services: Library in the phase of constructing the roof and plastering works (September 2016)		0	0	N/A	[D495] Director: Community Services: Ashbury Library should be finished in the first week of December 2016 (October 2016) [D495] Director: Community Services: The staff is appointed and the library should be operational from 3 January 2017 (November 2016) [D495] Director: Community Services: The staff has been appointed and the last finishing touches will be completed in February 2017 (December 2016)		0	0	N/A

#### Summary of Results: Social and Community Development

KPI Not Yet Measured	2
KPI Not Met	0
KPI Almost Met	0
KPI Met	0
KPI Well Met	4
KPI Extremely Well Met	0
<b>Total KPIs</b>	<b>6</b>

# Sound Financial Management

Ref	Pre-determined Objectives	KPI	Unit of Measurement	KPI Owner	Sep-16					Dec-16					Overall Performance for Sep 2016 to Dec 2016		
					Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R
TL12	Management of municipal revenue, expenditure and finance	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations as at 30 June 2017 (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant]	% of debt coverage	Director: Finance	0	0	N/A			0	0	N/A			0	0	N/A
TL13	Management of municipal revenue, expenditure and finance	Financial viability measured in terms of the outstanding service debtors as at 30 June 2017 (Total outstanding service debtors/ revenue received for services)	% of outstanding service debtors	Director: Finance	0%	0%	N/A			0%	0%	N/A			0%	0%	N/A
TL14	Management of municipal revenue, expenditure and finance	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2017 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (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	Director: Finance	0	0	N/A			0	0	N/A			0	0	N/A
TL30	Management of municipal revenue, expenditure and finance	Submit the final annual budget to Council by 31 May 2017	Final budget submitted to council	Director: Finance	0	0	N/A			0	0	N/A			0	0	N/A
TL31	Management of municipal revenue, expenditure and finance	Submit monthly reports in terms of Section 71 of the MFMA to Council	Number of reports submitted to Council	Director: Finance	3	3	G	[D282] Director: Finance: Monthly reports submitted (July 2016) [D282] Director: Finance: Monthly report submitted to Council (August 2016) [D282] Director: Finance: Monthly report submitted to Council (September 2016)		3	3	G	[D282] Director: Finance: The report has been submitted to Council (October 2016) [D282] Director: Finance: Monthly report submitted to Council (November 2016) [D282] Director: Finance: Report has been submitted to Council (December 2016)		6	6	G
TL32	To review municipal governance processes as per the RBAP	Develop Audit Action Plan by 31 January 2017 from the final management report issued by the AG	Audit Action Plan developed	Municipal Manager	0	0	N/A			0	0	N/A			0	0	N/A
TL33	Management of municipal revenue, expenditure and finance	Achieve a debtor payment percentage of 98% ((Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance + Bad Debts Written Off/Billed Revenue) x 100	Payment % achieved	Director: Finance	70%	111%	B	[D283] Director: Finance: Collection rate for September 2016 (September 2016)		80%	93%	G2	[D283] Director: Finance: Collection rate for December 2016 (December 2016)		80%	93%	G2

Summary of Results: Sound Financial Management	
KPI Not Yet Measured	5
KPI Not Met	0
KPI Almost Met	0
KPI Met	1
KPI Well Met	1
KPI Extremely Well Met	0
<b>Total KPIs</b>	<b>7</b>

## Sustainable civil engineering infrastructure services

Ref	Pre-determined Objectives	KPI	Unit of Measurement	KPI Owner	Sep-16					Dec-16					Overall Performance for Sep 2016 to Dec 2016		
					Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R
TL1	To manage the municipality to effectively deliver services	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 2017	Number of residential properties which are billed for water or have pre paid meters	Director: Finance	15	15,104	G2	[D270] Director: Finance: Number of HH billed for water (September 2016)		15	15,103	G2	[D270] Director: Finance: Number of HH billed for water (December 2016)		15	15,102	G2
TL2	To manage the municipality to effectively deliver services	Number of formal residential properties connected to the municipal electrical infrastructure network and which are billed for electricity or have pre paid meters as (Excluding Eskom areas) as at 30 June 2017	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas)	Director: Finance	17	17,979	G2	[D271] Director: Finance: Number of HH billed for electricity (September 2016)		17	18,166	G2	[D271] Director: Finance: Number of HH billed for electricity (December 2016)		17	18,166	G2
TL3	To manage the municipality to effectively deliver services	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 2017	Number of residential properties which are billed for sanitation/sewerage	Director: Finance	14,8	14,932	G2	[D272] Director: Finance: Number of HH billed for sanitation (September 2016)		14,8	14,944	G2	[D272] Director: Finance: Number of HH billed for sanitation (December 2016)		14,8	14,944	G2
TL4	To manage the municipality to effectively deliver services	Number of formal residential properties for which refuse is removed once per week and which are billed for refuse removal as at 30 June 2017	Number of residential properties which are billed for refuse removal	Director: Finance	14,6	14,882	G2	[D273] Director: Finance: Number of HH billed for refuse removal (September 2016)		14,6	14,893	G2	[D273] Director: Finance: Number of HH billed for refuse removal (December 2016)		14,6	14,893	G2
TL15	Management of municipal revenue, expenditure and finance	The percentage of the municipal capital budget actually spent on capital projects as at 30 June 2017 (Actual amount spent on capital projects excluding orders/Total amount budgeted for capital projects)x100	% of capital budget spent	Municipal Manager	10%	17.90%	B	[D12] Municipal Manager: 17.90 % actual expenditure for September 2016. (orders <21.68 % ) (September 2016)		30%	32.81%	G2	[D12] Municipal Manager: including orders it is 54.8% (December 2016)		30%	32.81%	G2
TL34	To ensure readiness for disaster crisis	Review the Disaster Management Plan and submit for assessment to the District by 31 May 2017	Plan reviewed and submitted	Director: Community Services	0	0	N/A	[D491] Director: Community Services: Disaster Management Plan were submitted for assessment to the District on the 19th May 2016. (July 2016) [D491] Director: Community Services: Disaster Management Plan will be updated and sent to the District for review. (August 2016)		0	0	N/A	[D491] Director: Community Services: No target for the month. (October 2016)		0	0	N/A
TL36	To ensure continuance of proper sport facilities to accommodate community needs	90% spent of the total amount budgeted for the construction of the new cricket pitch turfs at Van Zyl Sport Grounds and Montagu Sport Grounds by 30 June 2017	% of budget spent	Director: Community Services	10%	0%	R	[D493] Director: Community Services: In process of advertising the tender (September 2016)	[D493] Director: Community Services: Send advert to Communications (September 2016)	20%	0%	R	[D493] Director: Community Services: Tender have been advertised (October 2016) [D493] Director: Community Services: Complete evaluation report (November 2016) [D493] Director: Community Services: Resubmission of Report to BAC (December 2016)	[D493] Director: Community Services: Tender close at 18 November 2016 (October 2016) [D493] Director: Community Services: Submit report to the BAC (December 2016)	20%	0%	R
TL39	To ensure continuance of proper sport facilities to accommodate community needs	90% spent of the total amount budgeted for the upgrade of the Nkubela sports fields by 30 June 2017 ((Total actual expenditure for the project/Total amount budgeted for the project)x100)	% of budget spent	Director: Community Services	10%	0%	R	[D496] Director: Community Services: No actual spending on the budget for the upgrade of the Nkubela Sports fields for the first quarter (July-Sept) for the 2016-2017 financial year (September 2016)	[D496] Director: Community Services: Orders amounts to 23.70 but no actual expenditure. (September 2016)	20%	0%	R	[D496] Director: Community Services: Plans being finalised. A meeting was held with the community on 8/11/16. (October 2016) [D496] Director: Community Services: No actual spending on the budget for the upgrade of the Nkubela Sports fields for November 2016 (November 2016) [D496] Director: Community Services: No actual spending on the budget for the upgrade of the Nkubela Sports fields for December 2016 (December 2016)	[D496] Director: Community Services: Awaiting report on costing. (November 2016) [D496] Director: Community Services: Await the report from the consultants. The project specifications will then be prioritised according to the budget. (December 2016)	20%	0%	R
TL41	Management of municipal revenue, expenditure and finance	Limit unaccounted electricity to less than 7.5% as at 30 June 2017 ((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	Director: Engineering Services	7.50%	6.06%	B	[D383] Director: Engineering Services: The electricity losses for July is 6.25%. It is less than the target of 7.5% (July 2016) [D383] Director: Engineering Services: The electricity losses for August 2016 was 6.08%. (August 2016) [D383] Director: Engineering Services: The total electricity losses for September was 6.06%. Less than the target of 7.5%. (September 2016)	[D383] Director: Engineering Services: It is less than the target of 7.5% (July 2016)	7.50%	6.34%	B	[D383] Director: Engineering Services: The electrical losses for October 2016 is 5.88% - lower than the target of 7.50%. (October 2016) [D383] Director: Engineering Services: The Electricity Losses for November 2016 was 7.37% - lower than the target of 7.50% (November 2016) [D383] Director: Engineering Services: The percentage electrical losses for December 2016 was 6.34% - less than the target of 7.50%. (December 2016)		7.50%	6.34%	B
TL42	To provide quality water, manage demand and maintain existing infrastructure	95% of water samples comply with SANS241 micro biological indicators (Number of water samples that comply with SANS21 indicators/Number of water samples tested)x100	% of water samples compliant	Director: Engineering Services	95%	100%	G2	[D384] Director: Engineering Services: copy of results (July 2016) [D384] Director: Engineering Services: copy of results (August 2016)		95%	95%	G	[D384] Director: Engineering Services: copy of results (October 2016)		95%	95%	G
TL43	Management of municipal revenue, expenditure and finance	Limit unaccounted water to less than 18% as at 30 June 2017 ((Number of Kiloliters Water Purchased or Purified - Number of Kiloliters Water Sold (incl free basic water) / Number of Kiloliters Water Purchased or Purified) x 100)	% unaccounted water	Director: Engineering Services	18%	10.05%	B	[D385] Director: Engineering Services: copy of monthly report (July 2016) [D385] Director: Engineering Services: copy of monthly report (August 2016) [D385] Director: Engineering Services: goedere sal inleek gesit word om die getal te vermind (September 2016)	[D385] Director: Engineering Services: goedere sal inleek gesit word om die getal te vermind (July 2016) [D385] Director: Engineering Services: goedere sal inleek gesit word om die getal te vermind (August 2016)	18%	4.85%	B	[D385] Director: Engineering Services: from monthly report (October 2016) [D385] Director: Engineering Services: from monthly report (November 2016) [D385] Director: Engineering Services: from monthly report (December 2016)	[D385] Director: Engineering Services: goedere sal inleek gesit word om die getal te vermind (October 2016) [D385] Director: Engineering Services: goedere sal inleek gesit word om die getal te vermind (November 2016)	18%	4.85%	B

TL44	To provide all communities with a sanitation services and maintain existing infrastructure	80% of effluent samples comply with permit values (Number of effluent samples that comply with permit values/Number of effluent samples tested)x100)	% of effluent samples compliant	Director: Engineering Services	80%	60%	O	[D386] Director: Engineering Services: uitslae vanaf AL Abbot (July 2016)	[D386] Director: Engineering Services: At the moment Montaga WWWT is operating on an incoming load greater than it's design for. This result in limitations on the optimisation of its operational control and process controlling resulting in water quality failures. After upgrading, which is currently in process, the new infrastructure will allow the process controller to manage the incoming load and control the processes optimally therefor improving water quality. (July 2016)	80%	81%	G2	[D386] Director: Engineering Services: uitslae van Al Abbott (October 2016)		80%	81%	G2
TL45	To provide quality water, manage demand and maintain existing infrastructure	Report monthly on the implementation according to the reporting requirements on MIG funds spending during the 2016/17 financial year	Number of reports submitted	Director: Engineering Services	3	3	G	[D387] Director: Engineering Services: MIG Monthly report submitted (July 2016) [D387] Director: Engineering Services: MIG Monthly report submitted (August 2016) [D387] Director: Engineering Services: MIG Monthly report submitted (September 2016)	[D387] Director: Engineering Services: none (July 2016) [D387] Director: Engineering Services: none (August 2016) [D387] Director: Engineering Services: none (September 2016)	3	3	G	[D387] Director: Engineering Services: MIG Monthly report submitted (October 2016) [D387] Director: Engineering Services: MIG Monthly report submitted (November 2016) [D387] Director: Engineering Services: MIG Monthly report submitted (December 2016)	[D387] Director: Engineering Services: none (October 2016) [D387] Director: Engineering Services: none (November 2016) [D387] Director: Engineering Services: none (December 2016)	6	6	G
TL46	To provide quality water, manage demand and maintain existing infrastructure	90% spent of the total amount budgeted for the supply of bulk water to Nkqubela by 30 June 2017 (Total actual expenditure for the project/Total amount budgeted for the project)x100)	% of budget spent	Director: Engineering Services	10%	0%	R	[D388] Director: Engineering Services: geen spending (July 2016) [D388] Director: Engineering Services: geen spending (August 2016) [D388] Director: Engineering Services: No spending on the budget for the supply of bulk water to Nkqubela (September 2016)	[D388] Director: Engineering Services: No spending yet. Spending will increase. (September 2016)	20%	0%	R			20%	0%	R
TL47	To provide electricity supply, manage demand and maintain existing infrastructure	Replace 150 pre-paid meters to reduce energy losses by 30 June 2017	Number of pre-paid meters replaced	Director: Engineering Services	50	0	R	[D389] Director: Engineering Services: We are busy with the purchases of pre-paid meters. (July 2016) [D389] Director: Engineering Services: The Electrical Engineering Services is still waiting for late delivery. (August 2016) [D389] Director: Engineering Services: The Electrical Engineering Services are waiting for the late delivery of pre-paid meters. (September 2016)	[D389] Director: Engineering Services: 0.80% shows on the Capital Budget for December 2016 for the replacement of Pre-Paid Meters, but we are still waiting for the late delivery from the supplier. (August 2016) [D389] Director: Engineering Services: 10.95% shows on the Capital Budget for December 2016 for the replacement of Pre-Paid Meters, but we are still waiting for the late delivery from the supplier. (September 2016)	100	0	R	[D389] Director: Engineering Services: We are still waiting for delivery of new prepaid meters. (October 2016) [D389] Director: Engineering Services: The Electrical Engineering Services are waiting for late delivery of pre-paid meters. (November 2016) [D389] Director: Engineering Services: Due to the late delivery of pre-paid meters the installation of the meters will commence during January 2017. (December 2016)	[D389] Director: Engineering Services: 12.63% shows on the Capital Budget for December 2016 for the replacement of Pre-Paid Meters, but we are still waiting for the late delivery from the supplier. (October 2016) [D389] Director: Engineering Services: 12.62% shows on the Capital Budget for December 2016 for the replacement of Pre-Paid Meters, but we are still waiting for the late delivery from the supplier. (November 2016) [D389] Director: Engineering Services: 66.28% shows on the Capital Budget for December 2016 for the replacement of Pre-Paid Meters, but we are still waiting for the late delivery from the supplier. (December 2016)	100	0	R
TL48	To provide electricity supply, manage demand and maintain existing infrastructure	90% spent of the total amount budgeted for the replacement and repair of street lights by 30 June 2017 (Total actual expenditure for the project/Total amount budgeted for the project)x100)	% of budget spent	Director: Engineering Services	10%	8.97%	O	[D390] Director: Engineering Services: 5.02% was spent on the replacement and repairs of street lights. (July 2016) [D390] Director: Engineering Services: 5.02% were spent on replacement and repairs of street lights. (August 2016) [D390] Director: Engineering Services: 8.97% spent of actual budget on the replacement and repair of street lights by the first quarter (July-Sept) of the 2016-2017 financial year. This excludes orders (September 2016)	[D390] Director: Engineering Services: Spending will increase (September 2016)	20%	36.07%	B	[D390] Director: Engineering Services: 24.22% was spent on the replacements and repairs of streetlights. (October 2016) [D390] Director: Engineering Services: 13.79% of the Capital Budget was spent in November 2016 on replacement and repairs of street lights. (Actual spending.) (November 2016) [D390] Director: Engineering Services: 36.07% was spent on the repairs of street lights for December 2016. (December 2016)		20%	36.07%	B
TL49	To provide electricity supply, manage demand and maintain existing infrastructure	90% spent of the total amount budgeted for the replacement and repair on the electricity network by June 2017 (Total actual expenditure for the project/Total amount budgeted for the project)x100)	% of budget spent	Director: Engineering Services	10%	16.71%	B	[D391] Director: Engineering Services: 1.10% was spent on the replacement and repair of the electricity network. (July 2016) [D391] Director: Engineering Services: 5.87% was spent on replacements and repairs on the electricity network. (August 2016) [D391] Director: Engineering Services: 16.71% spent of actual budget on the replacement and repairs on the electricity network by the first quarter (July-Sept) of the 2016-2017 financial year. This excludes orders (September 2016)		20%	79.76%	B	[D391] Director: Engineering Services: 25.16% was spent on the electricity network. (October 2016) [D391] Director: Engineering Services: 72.64% was spent in November on the replacement and repairs to the Network. (Actual spending.) (November 2016) [D391] Director: Engineering Services: 79.76% was spent on the replacement and repairs on the electricity network for December 2016. (December 2016)		20%	79.76%	B

TL50	To involve the community into the planning and management of programmes and projects that affect them in partnership with the municipality	Implement 9 Ward Committee projects by 30 June 2017	Number of ward committee projects implemented	Director: Engineering Services	0	0	N/A			3	0	R	[D392] Director: Engineering Services: In process (December 2016)	[D392] Director: Engineering Services: In process (December 2016)	3	0	R
TL51	To provide electricity supply, manage demand and maintain existing infrastructure	90% spent of the total amount budgeted for new connections by 30 June 2017 (Total actual expenditure for the project/Total amount budgeted for the project)x100	% of budget spent	Director: Engineering Services	10%	13.47%	G2	[D393] Director: Engineering Services: 1.98% was spent for new connections. (July 2016) [D393] Director: Engineering Services: 4.77% was spent on new electricity connections. (August 2016) [D393] Director: Engineering Services: 13.47% of the total budget was spent on new budget connections for the first quarter (July-Sept) of the 2016-2017 financial year. This excludes orders (September 2016)		20%	44.40%	B	[D393] Director: Engineering Services: 17.98% was spent on new connections. (October 2016) [D393] Director: Engineering Services: 41.16% was spent in November on new connections. (Actual spending.) (November 2016) [D393] Director: Engineering Services: 44.40% was spent on new connections for December 2016. (December 2016)		20%	44.40%	B
TL52	To upgrade and maintain road infrastructure	Upgrade 1.5 km's of gravel to paved streets by 30 June 2017	Km's upgraded from gravel to paved	Director: Engineering Services	0	0	N/A			0	0	N/A			0	0	N/A
TL53	To provide all communities with a sanitation services and maintain existing infrastructure	Replace 600m main sewer pump line in Ashton by 30 June 2017	Number of meters of sewer pump line replaced	Director: Engineering Services	0	0	N/A			0	0	N/A			0	0	N/A
TL56	To ensure continuance of proper sport facilities to accommodate community needs	Complete the public ablution facility in Ashton by 31 March 2017	Facility completed	Director: Engineering Services	0	0	N/A			0	0	N/A			0	0	N/A
TL58	To provide all communities with a sanitation services and maintain existing infrastructure	Complete the upgrade of the Waste Water Treatment Works in Montagu by 30 June 2017	Upgrade completed	Director: Engineering Services	0	0	N/A			0	0	N/A			0	0	N/A
TL59	To provide quality water, manage demand and maintain existing infrastructure	90% spent of the total amount budgeted to repair leaks at the George Brink Reservoir by 30 June 2017 (Total actual expenditure for the project/Total amount budgeted for the project)x100	% of budget spent	Director: Engineering Services	10%	0%	R	[D401] Director: Engineering Services: No spending on the budget to repair leaks at the George Brink Reservoir for the first quarter (July-Sept) of the 2016-2017 financial year. (September 2016)	[D401] Director: Engineering Services: Spending will increase (September 2016)	20%	0%	R	[D401] Director: Engineering Services: No spending on the budget to repair leaks at the George Brink Reservoir for the first quarter (July-Sept) of the 2016-2017 financial year. (December 2016)	[D401] Director: Engineering Services: nr Johnson (December 2016)	20%	0%	R
TL61	To provide all communities with a sanitation services and maintain existing infrastructure	Construct 2 additional drying beds at the Waste Water Treatment Works in Ashton by 30 June 2017	Number of drying beds constructed	Director: Engineering Services	0	0	N/A			0	0	N/A			0	0	N/A
TL62	To provide quality water, manage demand and maintain existing infrastructure	Replace 750m of Koos Kok water pipeline in Robertson by 30 June 2017	Number of meters of water pipeline replaced	Director: Engineering Services	0	0	N/A			0	0	N/A			0	0	N/A
TL63	To provide all communities with a sanitation services and maintain existing infrastructure	Replace 900m of the main outfall sewer Voortrekker Road Robertson by 30 June 2017	Number of meters of sewer outfall replaced	Director: Engineering Services	0	0	N/A			0	0	N/A			0	0	N/A
TL64	To provide all communities with a sanitation services and maintain existing infrastructure	90% spent of the total amount budgeted for to replace safety and test equipment (ladders, link sticks, earthing equipment, laptop) by 30 June 2017 (Total actual expenditure for the project/Total amount budgeted for the project)x100	% of budget spent	Director: Engineering Services	10%	0%	R	[D406] Director: Engineering Services: No spending on the budget to replace safety and test equipment for the first quarter (July-Sept) of the 2016-2017 financial year. (September 2016)	[D406] Director: Engineering Services: Orders amounts to 0.25% but no actual expenditure (September 2016)	20%	0%	R	[D406] Director: Engineering Services: No spending on the budget to replace safety and test equipment for the first quarter (July-Sept) of the 2016-2017 financial year. (December 2016)	[D406] Director: Engineering Services: chris vorster (December 2016)	20%	0%	R
TL71	To provide quality water, manage demand and maintain existing infrastructure	Replace 200m waterline in Barlinka Avenue Bonnievale by 31 December 2016	Number of meters of waterline replaced	Director: Engineering Services	0	0	N/A			200	0	R	[D413] Director: Engineering Services: KPI to be moved to M Johnson (December 2016)	[D413] Director: Engineering Services: M Johnson (December 2016)	200	0	R

<b>Summary of Results: Sustainable civil engineering infrastructure services</b>	
KPI Not Yet Measured	8
KPI Not Met	8
KPI Almost Met	0
KPI Met	2
KPI Well Met	6
KPI Extremely Well Met	5
<b>Total KPIs</b>	<b>29</b>

#### Sustainable integrated human settlement

Sustainable Integrated Human Settlement																			
Ref	Pre-determined Objectives	KPI	Unit of Measurement	KPI Owner	Sep-16						Dec-16						Overall Performance for Sep 2016 to Dec 2016		
					Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R	Departmental SDBIP Comments	Departmental Corrective Measures	Target	Actual	R		
T166	To provide access to affordable and low cost housing opportunities to all citizens within the municipal area	90% spent of the total amount budgeted for the installation of bulk services for Housing projects by 30 June 2017 (Total actual expenditure for the project/Total amount budgeted for the project)x100	% of budget spent	Director: Engineering Services	10%	0%	R	[D408] Director: Engineering Services: No spending on the budget for the installation of bulk services for Housing projects by the first quarter (July-Sept) for the 2016-2017 financial year. (September 2016)	[D408] Director: Engineering Services: Orders amounts to 92.86% but no actual expenditure. (September 2016)	20%	0%	R	[D408] Director: Engineering Services: No spending on the budget for the installation of bulk services for Housing projects by the first quarter (July-Sept) for the 2016-2017 financial year. (December 2016)	[D408] Director: Engineering Services: Possible of moving funds to Nqubela Res project (December 2016)	20%	0%	R		

<b>Summary of Results: Sustainable integrated human settlement</b>	
KPI Not Yet Measured	0
KPI Not Met	1
KPI Almost Met	0
KPI Met	0
KPI Well Met	0
KPI Extremely Well Met	0
<b>Total KPIs</b>	<b>1</b>

<b>Summary of Results</b>	
KPI Not Yet Measured	29
KPI Not Met	15
KPI Almost Met	0
KPI Met	6
KPI Well Met	12
KPI Extremely Well Met	9
<b>Total KPIs</b>	<b>71</b>

## **Appendix 4: Financial Statements for the period 01 July 2016 to 31 December 2016**



# **LANGEBERG**

MUNISIPALITEIT MUNICIPALITY MASIPALA



**These financial statements have not been audited**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2016**



# LANGEBERG MUNICIPALITY

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**LANGEBERG MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016**

	Notes	2017 R	Unaudited 2016 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>574 724 036</b>	<b>555 025 278</b>
Capital Replacement Reserve	1	35 245 178	35 245 178
Accumulated Surplus		539 478 859	519 780 100
<b>Non-Current Liabilities</b>		<b>143 253 963</b>	<b>129 646 827</b>
Long-term Liabilities	2	23 871 760	21 870 948
Employee benefits	3	63 754 256	58 072 343
Non-Current Provisions	4	55 627 947	49 703 536
<b>Current Liabilities</b>		<b>78 011 623</b>	<b>111 586 219</b>
Consumer Deposits	5	9 335 719	9 019 575
Current Employee benefits	6	6 119 074	13 537 424
Provisions		-	5 924 411
Payables from exchange transactions	7	41 306 297	68 596 209
Unspent Conditional Government Grants and Receipts	8	17 089 739	9 582 308
Unspent Public Contributions	9	684 330	684 330
Taxes	10	3 476 463	-
Current Portion of Long-term Liabilities	2	-	4 241 962
<b>Total Net Assets and Liabilities</b>		<b>795 989 622</b>	<b>796 258 324</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>627 063 012</b>	<b>625 993 176</b>
Property, Plant and Equipment	11	595 679 035	589 190 705
Investment Property	12	27 215 654	27 240 649
Intangible Assets	13	278 468	342 371
Heritage Assets	14	260 000	260 000
Capitalised Restoration cost	15	7 957 403	7 957 403
Non-Current Investments	16	120 903	120 903
Long-Term Receivables	17	(4 448 451)	881 146
<b>Current Assets</b>		<b>168 926 612</b>	<b>170 265 147</b>
Inventory	18	18 057 517	18 177 844
Receivables from exchange transactions	19	34 980 294	41 829 874
Receivables from non-exchange transactions	20	13 998 537	5 397 777
Unpaid Conditional Government Grants and Receipts	8	-	-
Operating Lease Asset		88 941	88 941
Taxes	10	-	631 385
Current Portion of Long-term Receivables	17	-	529 249
Cash and Cash Equivalents	21	101 801 322	103 610 078
<b>Total Assets</b>		<b>795 989 624</b>	<b>796 258 324</b>

**LANGEBERG MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 1 JULY 2016 TO 31 DECEMBER 2016**

	Notes	2017 Actual R	2016 Unaudited R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>109 654 310</b>	<b>193 174 855</b>
<b>Taxation Revenue</b>		<b>42 759 141</b>	<b>39 954 462</b>
Property rates	22	42 759 141	39 954 462
<b>Transfer Revenue</b>		<b>63 929 452</b>	<b>122 165 869</b>
Government Grants and Subsidies - Capital	23	13 237 005	46 347 944
Government Grants and Subsidies - Operating	23	50 692 447	75 817 925
<b>Other Revenue</b>		<b>2 965 717</b>	<b>31 054 524</b>
Actuarial Gains	3	-	6 741 931
Availability fees		1 194 124	2 285 128
Fines		1 743 424	20 679 190
Income due to Change in Discount rate		-	1 244 505
Stock Adjustments		28 169	103 771
<b>Revenue from Exchange Transactions</b>		<b>180 251 327</b>	<b>408 542 055</b>
Service Charges	24	165 453 140	375 228 931
Rental of Facilities and Equipment		1 344 651	2 623 754
Interest Earned - external investments		2 671 291	4 391 659
Interest Earned - outstanding debtors		1 011 119	1 954 666
Licences and Permits		429 595	1 169 318
Agency Services		355 968	3 140 603
Other Income	25	8 985 564	16 427 612
Unamortised Discount - Interest		-	76 223
Gain on disposal of Property, Plant and Equipment		-	3 529 288
<b>Total Revenue</b>		<b>289 905 637</b>	<b>601 716 910</b>
<b>EXPENDITURE</b>			
Employee related costs	26	75 732 538	146 026 534
Remuneration of Councillors		4 276 471	8 740 174
Debt Impairment		13 203 972	30 410 351
Depreciation and Amortisation	27	11 184 875	30 979 535
Collection costs		1 122 178	1 474 865
Impairments	28	-	508 397
Repairs and Maintenance		7 252 686	18 136 914
Unamortised Discount - Interest paid		-	128 126
Finance Charges	29	3 635 133	11 429 475
Bulk Purchases	30	128 171 425	242 031 964
Contracted services		838 808	2 183 363
Grants and Subsidies	31	132 500	749 000
Stock Adjustments		-	14 410
General Expenses	32	24 656 292	53 329 859
Loss on disposal of Property, Plant and Equipment		-	1 566 609
Fair Value Adjustments		-	276
<b>Total Expenditure</b>		<b>270 206 879</b>	<b>547 709 853</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>19 698 758</b>	<b>54 007 056</b>

**LANGEBERG MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 1 JULY 2016 TO 31 DECEMBER 2016**

	<b>Capital Replacement Reserve</b>	<b>Accumulated Surplus/(Deficit)</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>
<b>Restated balance at 01 JULY 2015</b>	<b>29 382 473</b>	<b>471 635 748</b>	<b>501 053 683</b>
Net Surplus for the year	-	54 007 056	54 007 056
Transfer to/from CRR	31 849 458	(31 849 458)	-
Property, Plant and Equipment purchased	(25 986 754)	25 986 754	-
<b>Balance at 30 JUNE 2016</b>	<b>35 245 178</b>	<b>519 780 100</b>	<b>555 060 739</b>
Net Surplus for the year	-	19 698 758	19 698 758
Transfer to/from CRR	-	-	-
Property, Plant and Equipment purchased	-	-	-
<b>Balance at 31 AUGUST 2016</b>	<b>35 245 178</b>	<b>539 478 859</b>	<b>574 759 497</b>

**LANGEBERG MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 1 JULY 2015 TO 31 DECEMBER 2016**

		<b>31 DECEMBER 2016</b>	<b>Unaudited 30 JUNE 2016</b>
	<b>Notes</b>	<b>R</b>	<b>R</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		216 879 878	430 248 283
Government - operating		55 703 928	75 959 414
Government - capital		15 732 955	46 367 736
Interest		-	2 321 881
<b>Payments</b>			
Suppliers and employees		(269 245 563)	(458 144 720)
Finance charges		(1 315 186)	(2 853 665)
Transfers and Grants		(132 500)	(749 000)
<b>Cash generated by operations</b>	<b>33</b>	<b>17 623 512</b>	<b>93 149 930</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(17 959 867)	(72 481 164)
Proceeds on Disposals		-	3 786 067
Purchase of Intangible Assets	<b>13</b>	-	-
<b>Net Cash from Investing Activities</b>		<b>(17 959 867)</b>	<b>(68 695 097)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans repaid		(1 788 546)	(4 510 346)
(Decrease)/Increase in Consumer Deposits		316 145	1 032 065
<b>Net Cash from Financing Activities</b>		<b>(1 472 401)</b>	<b>(3 478 281)</b>
<b>NET (INCREASE) /DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1 808 756)</b>	<b>20 976 552</b>
Cash and Cash Equivalents at the beginning of the year		103 610 078	82 633 526
Cash and Cash Equivalents at the end of the year	<b>34</b>	101 801 322	103 610 078
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(1 808 756)</b>	<b>20 976 552</b>

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

<b>1</b>	<b>NET ASSET RESERVES</b>	<b>2017 R</b>	<b>2016 R</b>
	Capital Replacement Reserve	35 245 178	35 245 178
	<b>Total Net Asset Reserves</b>	<b>35 245 178</b>	<b>35 245 178</b>
<b>2</b>	<b>LONG-TERM LIABILITIES</b>		
	Annuity Loans - At amortised cost	22 799 090	24 989 530
	Capitalised Lease Liability - At amortised cost	1 784 401	1 835 110
		<b>24 583 491</b>	<b>26 824 640</b>
	Current Portion transferred to Current Liabilities	-	<b>4 241 962</b>
	Annuity Loans - At amortised cost	-	3 639 125
	Capitalised Lease Liability - At amortised cost	-	602 837
		<b>24 583 491</b>	<b>22 582 678</b>
	Unamortised charges on loans	(711 731)	(711 731)
	Balance 1 July	711 731	787 568
	Adjustment for the period	-	(75 837)
	<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>23 871 760</b>	<b>21 870 948</b>

**Assets pledged as security:**

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Extension - Municipal Offices
- Vehicle Testing Station
- Paving
- Electrification - Industrial Area

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

<b>3</b>	<b>EMPLOYEE BENEFITS</b>	<b>2017 R</b>	<b>2016 R</b>
	Post Retirement Benefits	54 110 787	49 757 869
	Long Service Awards	9 643 469	8 314 474
	<b>Total Non-current Employee Benefit Liabilities</b>	<b>63 754 256</b>	<b>58 072 343</b>
	<b><u>Post Retirement Benefits</u></b>		
	Balance 1 July	51 412 969	52 388 354
	Contribution for the year	1 217 203	2 461 107
	Interest Cost	2 347 793	4 601 451
	Expenditure for the year	(867 178)	(1 649 136)
	Actuarial Loss / (Gain)	-	(6 388 807)
	<b>Total post retirement benefits 31 DECEMBER 2016</b>	<b>54 110 787</b>	<b>51 412 969</b>
	<b>Less:</b> Transfer of Current Portion - Note 6	-	(1 655 100)
	<b>Balance at end of year</b>	<b>54 110 787</b>	<b>49 757 869</b>
	<b><u>Long Service Awards</u></b>		
	Balance 1 July	9 377 980	9 279 667
	Contribution for the year	414 628	808 271
	Interest Cost	378 134	683 442
	Expenditure for the year	(527 273)	(1 040 276)
	Actuarial Loss / (Gain)	-	(353 124)
	<b>Total long service 31 DECEMBER 2016</b>	<b>9 643 469</b>	<b>9 377 980</b>
	<b>Less:</b> Transfer of Current Portion - Note 6	-	(1 063 506)
	<b>Balance at end of year</b>	<b>9 643 469</b>	<b>8 314 474</b>

<b>4</b>	<b>NON-CURRENT PROVISIONS</b>	<b>2017</b>	<b>2016</b>
	Provision for Rehabilitation of Landfill-sites	55 627 947	49 703 536
	<b>Total Non-current Provisions</b>	<b>55 627 947</b>	<b>49 703 536</b>

The Municipality operates on four landfill sites. The in year actual operational costs is expensed in the statement of financial performance. The provision is calculated in order to finance the rehabilitation cost of each site when it reaches 100% capacity. The expected cash flow outflow within one year is related to the McGregor and Montagu site, which reached 100% capacity and the cost is represented by the short-term portion of the non-current provision. The other landfill sites in operation are Bonnievale and Ashton

<b><u>Landfill Sites</u></b>	<b>2017</b>	<b>2016</b>
Balance 1 July	55 627 947	55 251 425
Contribution for the year	-	(2 902 990)
Expenditure incurred (Interest)	-	3 279 513
<b>Total provision 31 DECEMBER 2016</b>	<b>55 627 947</b>	<b>55 627 947</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 7	-	(5 924 411)
<b>Balance at end of year</b>	<b>55 627 947</b>	<b>49 703 536</b>

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Montagu	Bonnievale	McGregor	Ashton
Area (m <sup>2</sup> )	17 190	28 890	35 752	44 685
Rehabilitation volume (m <sup>3</sup> )	17 190	22 320	35 752	41 553
Fence (m)				
Total cost of rehabilitation	8 063 657	12 590 551	15 480 974	19 116 243
Decommission date	2015	2020	2 015	2 016

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:



**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

		2017 R	2016 R
<b>5</b>	<b>CONSUMER DEPOSITS</b>		
	Municipal services	9 335 719	9 019 575
	<b>Total Consumer Deposits</b>	<b>9 335 719</b>	<b>9 019 575</b>
	<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<b>-</b>	<b>2 435 960</b>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

		2017	2016
<b>6</b>	<b>CURRENT EMPLOYEE BENEFITS</b>		
	Current Portion of Post Retirement Benefits - Note 3	-	1 655 100
	Current Portion of Long-Service Provisions - Note 3	-	1 063 506
	Staff Leave	5 421 777	6 463 222
	Performance Bonuses	350 164	350 164
	Bonuses	347 133	4 005 432
	<b>Total Current Employee Benefits</b>	<b>6 119 074</b>	<b>13 537 424</b>

The movement in current employee benefits is reconciled as follows:

	2017	2016
<b><u>Staff Leave</u></b>		
Balance at beginning of year	6 463 222	4 738 668
Contribution to current portion	3 312 554	3 602 706
Expenditure incurred	(4 353 999)	(1 878 152)
Balance at end of year	<b>5 421 777</b>	<b>6 463 222</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.

	2017	2016
<b><u>Performance Bonuses</u></b>		
Balance at beginning of year	350 164	314 955
Contribution / (Reversal) to current portion	-	350 006
Expenditure incurred	0.00	(314 797)
Balance at end of year	<b>350 164</b>	<b>350 164</b>

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council.

	2017	2016
<b><u>Bonuses</u></b>		
Balance at beginning of year	4 005 432	3 770 610
Contribution to current portion	3 042 441	7 304 796
Expenditure incurred	(6 700 739)	(7 069 975)
Balance at end of year	<b>347 133</b>	<b>4 005 432</b>

Bonuses are being paid to all permanent employed municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle.

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

<b>7</b>	<b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>	<b>2017 R</b>	<b>2016 R</b>
	Trade Payables	30 685 809	53 969 009
	Payments received in advance	(1 553 732)	3 796 052
	Retentions and Guarantees	2 668 273	3 116 077
	Sundry Deposits	8 658 505	7 640 915
	Sundry Creditors	847 443	74 156
	<b>Total Trade Payables</b>	<b>41 306 297</b>	<b>68 596 209</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and other general deposits.

<b>8</b>	<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>	<b>2017 R</b>	<b>2016 R</b>
	<b>Unspent Grants</b>	17 089 739	9 582 308
	National Government Grants	10 216 582	5 538 710
	Provincial Government Grants	5 861 159	3 031 599
	District Municipality	1 011 999	1 011 999
	<b>Less:</b> Unpaid Grants	-	-
	National Government Grants	-	-
	<b>Total Conditional Grants and Receipts</b>	<b>17 089 739</b>	<b>9 582 308</b>

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 2015 be approved for roll-over and when it is approved it will be taken up in the second adjustments budget of 2015/2016 financial year.

<b>9</b>	<b>UNSPENT PUBLIC CONTRIBUTIONS</b>	<b>2017</b>	<b>2016</b>
<b>9.1</b>	Silwer Strand Home Owners Association	62 849	62 849
	Uitsig:Parmalat	-	-
	Robertson Arts and Crafts Project	621 481	621 481
	<b>Total Unspent Public Contributions</b>	<b>684 330</b>	<b>684 330</b>

Reconciliation of public contributions

Silwer Strand Home Owners Association

Opening balance	62 849	62 849
Contributions received	-	-
Conditions met - Transferred to revenue	-	-
Closing balance	<b>62 849</b>	<b>62 849</b>

The Silwer Strand Home Owners Association had to make a contribution for the construction of infrastructure. The project is not yet complete.

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

<b>9.2</b>	<b><u>Uitsig:Parmalat</u></b>	<b>2017</b>	<b>2016</b>
		<b>R</b>	<b>R</b>
	Opening balance	-	310 100
	Contributions received	-	-
	Conditions met - Transferred to revenue	-	(310 100)
	Closing balance	<u>-</u>	<u>-</u>

Parmalat contributed 325 000 to the municipality to be spent in the Uitsig Area.

<b>9.3</b>	<b><u>Robertson Arts and Crafts Project</u></b>		
	Opening balance	621 481	621 481
	Contributions received	-	-
	Conditions met - Transferred to revenue	-	-
	Closing balance	<u>621 481</u>	<u>621 481</u>

The money was transferred into the bank account of the municipality, this conditional grant funding is earmarked for the Robertson Arts and Crafts Project to be administered by Langeberg Municipality.

<b>10</b>	<b>TAXES</b>	<b>2017</b>	<b>2016</b>
<b>10.1</b>	<b>VAT PAYABLE</b>		
	VAT Payable	2 818 245	1 032 232
	VAT output in suspense	8 482 242	7 455 793
	Less: VAT portion of receivables	(4 115 875)	(4 115 875)
	Total Vat payable	<u>7 184 613</u>	<u>4 372 151</u>
<b>10.2</b>	<b>VAT RECEIVABLE</b>		
	VAT input in suspense	3 708 149	5 003 536
	Total VAT receivable	<u>3 708 149</u>	<u>5 003 536</u>
<b>10.3</b>	<b>NET VAT RECEIVABLE/(PAYABLE)</b>	<u>(3 476 463)</u>	<u>631 385</u>

## 11 PROPERTY, PLANT AND EQUIPMENT

11.1 30 NOVEMBER 2016

Reconciliation of Carrying Value	Cost											Accumulated Depreciation and Impairment Losses											Carrying Value
	Opening Balance Original Cost	Opening Balance Residual Values	Adjustments Original Cost	Adjustments Residual Values	Restated Opening Balance Original Cost	Restated Opening Residual Value	Additions Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Adjustments	Closing Balance Cost	Accumulated Depreciation Opening Balance	Accumulated Impairments Opening Balance	Adjustments	Depreciation	Disposals / Transfer	Impairments	Adjustments	Accumulated Depreciation Closing Balance	Accumulated Impairments Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R		
Land and Buildings	96 990 442	-	-	-	96 990 442	-	6 400	-	-	-	-	96 996 842	9 795 706	203 340	-	462 993	-	-	-	-	10 258 699	203 340	86 534 803
Land Buildings	58 341 154 38 649 288	- -	- -	- -	58 341 154 38 649 288	- -	4 800 1 600	- -	- -	- -	- -	58 345 954 38 650 888	- 9 795 706	200 000 3 340	- -	- 462 993	- -	- -	- -	- -	- 10 258 699	200 000 3 340	58 145 954 28 388 849
Infrastructure	523 674 620	-	-	-	523 674 620	-	17 734 297	-	-	-	(375 561)	541 033 356	126 085 219	508 397	-	6 523 777	-	-	-	-	132 608 995	508 397	407 915 964
Electricity	126 837 606	-	-	-	126 837 606	-	-	-	-	-	-	126 837 606	37 393 922	-	-	1 609 100	-	-	-	-	39 003 022	-	87 834 583
Electricity capital spares	1 927 606	-	-	-	1 927 606	-	-	-	-	-	-375 561	1 352 045	-	-	-	-	-	-	-	-	-	-	1 552 045
Housing	6 814 851	-	-	-	6 814 851	-	-	-	-	-	-	6 814 851	1 122 502	508 397	-	31 902	-	-	-	-	1 154 404	508 397	5 152 049
Roads	137 621 357	-	-	-	137 621 357	-	-	-	-	-	-	137 621 357	39 726 751	-	-	1 949 944	-	-	-	-	41 676 695	-	96 944 662
Sewerage	65 122 855	-	-	-	65 122 855	-	1 600	-	-	-	-	65 124 455	16 251 182	-	-	886 123	-	-	-	-	17 137 305	-	47 987 150
Waste Management	19 992 800	-	-	-	19 992 800	-	-	-	-	-	-	19 992 800	4 906 055	-	-	285 156	-	-	-	-	5 191 212	-	14 801 588
Water	135 729 795	-	-	-	135 729 795	-	-	-	-	-	-	135 729 795	26 684 806	-	-	1 761 551	-	-	-	-	28 446 357	-	107 283 438
Water capital spares	384 320	-	-	-	384 320	-	-	-	-	-	-	384 320	-	-	-	-	-	-	-	-	-	-	384 320
Work in Progress	29 243 431	-	-	-	29 243 431	-	17 732 697	-	-	-	-	46 976 128	-	-	-	-	-	-	-	-	-	-	46 976 128
Community Assets	76 893 666	-	-	-	76 893 666	-	1 600	-	-	-	-	76 895 266	20 095 507	-	-	972 929	-	-	-	-	21 068 437	-	55 826 829
Airfield	378 308	-	-	-	378 308	-	-	-	-	-	-	378 308	54 896	-	-	4 618	-	-	-	-	59 515	-	318 793
Cemeteries	2 556 489	-	-	-	2 556 489	-	-	-	-	-	-	2 556 489	1 132 452	-	-	51 089	-	-	-	-	1 183 541	-	1 372 949
Clinics	5 392 337	-	-	-	5 392 337	-	-	-	-	-	-	5 392 337	1 089 788	-	-	44 166	-	-	-	-	1 133 953	-	4 258 384
Community halls	12 671 071	-	-	-	12 671 071	-	-	-	-	-	-	12 671 071	2 399 935	-	-	88 395	-	-	-	-	2 488 330	-	10 182 741
Fire, safety & emergency	761 145	-	-	-	761 145	-	-	-	-	-	-	761 145	333 324	-	-	17 176	-	-	-	-	350 500	-	410 645
Libraries	7 505 087	-	-	-	7 505 087	-	-	-	-	-	-	7 505 087	2 852 249	-	-	122 929	-	-	-	-	2 975 179	-	4 529 908
Museums & Art Galleries	616 241	-	-	-	616 241	-	-	-	-	-	-	616 241	123 739	-	-	4 633	-	-	-	-	128 372	-	487 868
Other	10 575 770	-	-	-	10 575 770	-	-	-	-	-	-	10 575 770	1 789 615	-	-	185 141	-	-	-	-	1 974 756	-	8 601 014
Parks & Gardens	12 075 977	-	-	-	12 075 977	-	-	-	-	-	-	12 075 977	1 865 048	-	-	68 238	-	-	-	-	1 933 286	-	10 142 691
Recreation facilities	1 993 311	-	-	-	1 993 311	-	-	-	-	-	-	1 993 311	1 407 469	-	-	33 557	-	-	-	-	1 441 025	-	552 285
Sport fields & stadia	17 137 336	-	-	-	17 137 336	-	1 600	-	-	-	-	17 138 936	5 333 872	-	-	287 246	-	-	-	-	5 621 118	-	11 517 818
Swimming pools	3 774 423	-	-	-	3 774 423	-	-	-	-	-	-	3 774 423	1 713 119	-	-	65 743	-	-	-	-	1 778 862	-	1 995 561
Work in Progress	1 456 172	-	-	-	1 456 172	-	-	-	-	-	-	1 456 172	-	-	-	-	-	-	-	-	-	-	1 456 172
Leased Assets	2 193 190	-	-	-	2 193 190	-	-	-	-	-	-	2 193 190	357 636	-	-	354 229	-	-	-	-	711 865	-	1 481 325
Office Equipment (Lease)	2 193 190	-	-	-	2 193 190	-	-	-	-	-	-	2 193 190	357 636	-	-	354 229	-	-	-	-	711 865	-	1 481 325
Other Assets	81 429 220	-	-	-	81 429 220	-	217 570	-	-	-	-	81 646 790	34 943 214	1 413	-	2 782 049	-	-	-	-	37 725 263	1 413	43 920 114
Computer hardware/equipment	14 464 351	-	-	-	14 464 351	-	33 367	-	-	-	-	14 497 718	6 293 379	1 413	-	639 342	-	-	-	-	6 932 721	1 413	7 563 583
Furniture & office equipment	8 225 260	-	-	-	8 225 260	-	182 688	-	-	-	-	8 407 948	4 099 895	-	-	616 491	-	-	-	-	4 716 386	-	3 691 562
General Vehicles	29 295 568	-	-	-	29 295 568	-	-	-	-	-	-	29 295 568	11 105 384	-	-	666 992	-	-	-	-	11 772 376	-	17 523 193
Other	2 585 633	-	-	-	2 585 633	-	-	-	-	-	-	2 585 633	282 553	-	-	116 595	-	-	-	-	399 147	-	2 186 485
Other Buildings	1 330 533	-	-	-	1 330 533	-	-	-	-	-	-	1 330 533	581 386	-	-	19 458	-	-	-	-	600 844	-	729 689
Specialised Vehicles	4 879 018	-	-	-	4 879 018	-	-	-	-	-	-	4 879 018	2 361 820	-	-	98 849	-	-	-	-	2 460 669	-	2 418 350
Plant & Equipment	20 648 857	-	-	-	20 648 857	-	1 515	-	-	-	-	20 650 372	10 218 798	-	-	624 322	-	-	-	-	10 843 120	-	9 807 252
	781 181 137	-	-	-	781 181 137	-	17 959 867	-	-	-	(375 561)	798 765 444	191 277 281	713 150	-	11 095 978	-	-	-	-	202 373 259	713 150	595 679 635

519 749 962.64

## 11 PROPERTY, PLANT AND EQUIPMENT

11.2 30 JUNE 2016

Reconciliation of Carrying Value	Cost											Accumulated Depreciation and Impairment Losses											Carrying Value
	Opening Balance Original Cost	Opening Balance Residual Values	Adjustments Original Cost	Adjustments Residual Values	Restated Opening Balance Original Cost	Restated Opening Residual Value	Additions Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Adjustments	Closing Balance Cost	Accumulated Depreciation Opening Balance	Accumulated Impairments Opening Balance	Adjustments	Depreciation	Disposals / Transfer	Impairments	Adjustments	Accumulated Depreciation Closing Balance	Accumulated Impairments Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R		
Land and Buildings	95 677 929	-	-	-	95 677 929	-	1 416 169	-	-104 151	-	-	96 989 947	8 967 156	203 340	-	887 135	(31 517)	-	-	9 822 775	203 340	86 963 832	
Land	58 392 934	-	-	-	58 392 934	-	-	-	-51 780	-	-	58 341 154	-199 999	200 000	-	-	-	-	-	-199 999	200 000	58 341 153	
Buildings	37 284 996	-	-	-	37 284 996	-	1 416 169	-	-52 371	-	-	36 648 793	9 167 155	3 340	-	887 135	(31 517)	-	-	10 022 774	3 340	28 622 679	
Infrastructure	466 191 200	-	69 161	-	466 260 361	-	57 962 183	-	-	-	-547 924	523 674 620	113 631 330	-	-	12 357 269	-	508 397	-	125 988 599	508 397	397 177 625	
Electricity	121 992 607	-	-	-	121 992 607	-	4 844 999	-	-	-	-	126 837 606	34 297 452	-	-	3 095 571	-	-	-	37 393 022	-	89 444 583	
Electricity - capital spares	2 397 971	-	-	-	2 397 971	-	-	-	-	-	(470 365)	1 927 606	-	-	-	-	-	-	-	-	-	1 927 606	
Housing	6 814 851	-	-	-	6 814 851	-	-	-	-	-	-	6 814 851	1 058 426	-	-	64 076	-	508 397	-	1 122 502	508 397	5 183 952	
Roads	115 256 688	-	-	-	115 256 688	-	22 364 669	-	-	-	-	137 621 357	36 131 458	-	-	3 499 408	-	-	-	39 630 866	-	97 990 491	
Sewerage	56 197 131	-	-	-	56 197 131	-	8 925 724	-	-	-	-	65 122 855	14 560 927	-	-	1 690 255	-	-	-	16 251 182	-	48 871 674	
Waste Management	19 992 800	-	-	-	19 992 800	-	-	-	-	-	-	19 992 800	4 339 008	-	-	567 213	-	-	-	4 906 220	-	15 086 580	
Water	130 620 180	-	-	-	130 620 180	-	5 109 615	-	-	-	-	135 729 795	23 244 060	-	-	3 440 746	-	-	-	26 684 806	-	109 044 989	
Water - capital spares	392 718	-	-	-	392 718	-	-	-	-	-	(8 398)	384 320	-	-	-	-	-	-	-	-	-	384 320	
Work in Progress	12 526 254	-	69 161	-	12 595 415	-	16 717 176	-	-	-	(69 161)	29 243 431	-	-	-	-	-	-	-	-	-	29 243 431	
Community Assets	75 284 116	-	-	-	75 284 116	-	1 814 550	-	-205 000	-	-	76 893 666	18 459 304	-	-	1 912 278	-	-	-	20 371 583	-	56 522 083	
Airfield	378 308	-	-	-	378 308	-	-	-	-	-	-	378 308	45 710	-	-	9 186	-	-	-	54 896	-	323 411	
Cemeteries	2 556 489	-	-	-	2 556 489	-	-	-	-	-	-	2 556 489	1 031 172	-	-	101 622	-	-	-	1 132 794	-	1 423 696	
Clinics	5 392 337	-	-	-	5 392 337	-	-	-	-	-	-	5 392 337	1 034 429	-	-	87 851	-	-	-	1 122 280	-	4 270 057	
Community halls	12 374 949	-	-	-	12 374 949	-	296 123	-	-	-	-	12 671 071	2 277 994	-	-	165 184	-	-	-	2 443 178	-	10 227 893	
Fire, safety & emergency	761 145	-	-	-	761 145	-	-	-	-	-	-	761 145	299 159	-	-	34 165	-	-	-	333 324	-	427 821	
Libraries	7 478 087	-	-	-	7 478 087	-	27 000	-	-	-	-	7 505 087	2 608 178	-	-	244 072	-	-	-	2 852 249	-	4 652 837	
Museums & Art Galleries	616 241	-	-	-	616 241	-	-	-	-	-	-	616 241	114 524	-	-	9 215	-	-	-	123 739	-	492 501	
Other	10 575 770	-	-	-	10 575 770	-	-	-	-	-	-	10 575 770	1 421 346	-	-	368 270	-	-	-	1 789 615	-	8 786 155	
Parks & Gardens	11 975 977	-	-	-	11 975 977	-	100 000	-	-	-	-	12 075 977	1 735 194	-	-	129 854	-	-	-	1 865 048	-	10 210 928	
Recreation facilities	1 993 311	-	-	-	1 993 311	-	-	-	-	-	-	1 993 311	1 340 721	-	-	66 748	-	-	-	1 407 469	-	585 842	
Sport fields & stadia	17 307 249	-	-	-	17 307 249	-	35 088	-	-205 000	-	-	17 137 336	4 967 179	-	-	566 692	-	-	-	5 533 871	-	11 603 465	
Swimming pools	3 757 573	-	-	-	3 757 573	-	16 850	-	-	-	-	3 774 423	1 583 700	-	-	129 419	-	-	-	1 713 119	-	2 061 304	
Work in Progress	116 683	-	-	-	116 683	-	1 339 490	-	-	-	-	1 456 172	-	-	-	-	-	-	-	-	-	1 456 172	
Leased Assets	2 624 369	-	-	-	2 624 369	-	1 841 847	-	-2 273 027	-	-	2 193 190	1 237 337	-	-	723 605	-1 603 306	-	-	357 636	-	1 835 554	
Office Equipment (Lease)	2 624 369	-	-	-	2 624 369	-	1 841 847	-	-2 273 027	-	-	2 193 190	1 237 337	-	-	723 605	(1 603 306)	-	-	357 636	-	1 835 554	
Other Assets	63 511 968	8 878 769	-160 000	-	63 351 968	8 878 769	10 123 259	1 237 333	-2 050 029	-268 770	157 185	81 429 715	31 189 616	1 413	112 158	4 829 841	-1 394 924	-	-	34 736 691	1 413	46 691 611	
Computer hardware/equipment	12 554 421	1	-	-	12 554 421	1	2 015 359	-	(102 911)	-	-	14 466 870	5 352 369	1 413	-	1 097 900	(77 999)	-	-	6 372 271	1 413	8 093 186	
Furniture & office equipment	7 311 201	87	-	-	7 311 201	87	1 387 913	-	(473 145)	-	(2 815)	8 223 241	3 593 730	-	-	975 664	(469 841)	-	-	4 099 553	-	4 123 688	
General Vehicles	19 589 867	6 492 684	(160 000)	-	19 429 867	6 492 684	3 371 195	1 235 833	(1 125 736)	(268 769)	160 000	29 295 073	10 429 088	-	112 158	1 160 884	(622 360)	-	-	11 079 769	-	18 215 304	
Other	291 928	207 941	-	-	291 928	207 941	2 132 989	-	(47 225)	-	-	2 585 633	142 226	-	-	179 542	(39 215)	-	-	282 553	-	2 303 080	
Other Buildings	1 132 606	-	-	-	1 132 606	-	197 927	-	-	-	-	1 330 533	548 228	-	-	33 737	-	-	-	581 965	-	748 568	
Specialised Vehicles	3 924 298	954 721	-	-	3 924 298	954 721	-	-	-	-	-	4 879 018	2 165 196	-	-	196 624	-	-	-	2 361 820	-	2 517 199	
Plant & Equipment	18 707 648	1 223 336	-	-	18 707 648	1 223 336	1 017 876	1 500	(301 011)	(1)	-	20 649 347	8 958 778	-	-	1 185 491	(185 509)	-	-	9 958 760	-	10 690 587	
	703 289 583	8 878 769	(90 839)	-	703 198 744	8 878 769	73 158 008	1 237 333	(4 632 207)	(268 770)	(390 739)	781 181 137	173 484 743	204 753.39	112 158	20 710 128	(3 029 747)	508 397	-	191 277 282	713 150	589 190 705	

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUE)

**Assets pledged as security:**

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Extension - Municipal Offices
- Vehicle Testing Station
- Paving
- Electrification - Industrial Area

12	INVESTMENT PROPERTY	2017 R	2016 R
	<b>Net Carrying amount at 1 July</b>	<b>27 240 649</b>	<b>27 290 366.14</b>
	Cost	29 024 905	29 024 905
	Accumulated Depreciation	(1 784 256)	(1 734 539)
	Depreciation for the year	(24 995)	(49 717)
	<b>Net Carrying amount at end of period</b>	<b>27 215 654</b>	<b>27 240 649</b>
	Cost	29 024 905	29 024 905
	Accumulated Depreciation	(1 809 251)	(1 784 256)

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 repairs, maintenance or enhancements.

Revenue derived from the rental of investment property	-	21 684
Operating expenditure incurred on properties	2	4 433 259

13	INTANGIBLE ASSETS	2017 R	2016 R
	<b>Computer Software and Servitudes</b>		
	<b>Net Carrying amount at 1 July</b>	<b>342 371</b>	<b>470 433</b>
	Cost	2 982 607	2 982 607
	Accumulated Amortisation	(2 640 235)	(2 512 174)
	Acquisitions	-	-
	Amortisation	(63 903)	(128 061)
	<b>Net Carrying amount at end of period</b>	<b>278 468</b>	<b>342 371</b>
	Cost	2 982 607	2 982 607
	Accumulated Amortisation	(2 704 138)	(2 640 235)

The following material intangible assets are included in the carrying value above

	Carrying Value	
Description	2017 R	2016 R
Microsoft Office	225 468	289 371
Servitude Bonnievale	53 000	53 000
<b>Total</b>	<b>278 468</b>	<b>342 371</b>

No intangible asset was assessed having an indefinite useful life. There are no internally generated intangible assets at reporting date. There are no intangible assets whose title is restricted. There are no intangible assets pledged as security for liabilities. There are no contractual commitments for the acquisition of intangible assets.

	R	R
<b>14 HERITAGE ASSETS</b>		
<b>Net Carrying amount at 1 July</b>	<b>649 000</b>	<b>649 000</b>
Impairments	(389 000)	(389 000)
<b>Net Carrying amount at end of period</b>	<b>260 000</b>	<b>260 000</b>
Cost	649 000	649 000
Accumulated Impairment	(389 000)	(389 000)

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.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

	2017 R	2016 R
<b>15 CAPITALISED RESTORATION COST</b>	<b>7 957 403</b>	<b>19 707 516</b>
<b>Net Carrying amount at 1 July</b>		
Cost	50 107 091	51 765 576
Accumulated Depreciation	(28 757 257)	(18 665 629)
Accumulated Impairments	(13 392 431)	(13 392 431)
Acquisitions / Additions	-	-
Decrease in asset value	-	(1 658 485)
Depreciation for the year	-	(10 091 628)
<b>Net Carrying amount at end of period</b>	<b>7 957 403</b>	<b>7 957 403</b>
Cost	50 107 091	50 107 091
Accumulated Depreciation	(28 757 257)	(28 757 257)
Accumulated Impairments	(13 392 431)	(13 392 431)

The impairment on the landfill sites is as result of the rehabilitation requirements, but the Montagu and McGregor sites have already reached their economic useful lives.

<b>16 NON-CURRENT INVESTMENTS</b>		
Listed Investments	113 910	113 910
Unlisted Investments	6 993	6 993
<b>Total Non-Current Investments</b>	<b>120 903</b>	<b>120 903</b>

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to these shares.

The listed shares represent 270 Sanlam Shares and 10275 Capevin Shares and Unlisted Shares represent 1028 KVV Shares held at fair value, available for sale.

The market value per share at year end: Sanlam Shares	<b>60.36</b>	<b>60.36</b>
The market value per share at year end: KVV Shares	<b>12.00</b>	<b>12.00</b>
The market value per share at year end: Capevin Shares	<b>8.98</b>	<b>8.98</b>

17	LONG-TERM RECEIVABLES	2017 R	2016 R
	Provincial Government Housing Loans - At amortised cost	360 490	383 545
	Staff Study loans - At amortised cost	155 342	155 342
	Services connections - At amortised cost	684 814	730 146
	Land Sales - At amortised cost	(1 428 993)	-
	Short-term Installments	251 658	141 361
	Agreements with Consumer Debtors	11 279 079	15 750 842
		<hr/>	<hr/>
		11 302 391	17 161 236
	<u>Less:</u> Current portion transferred to current receivables	-	(529 249)
		<hr/>	<hr/>
		11 302 391	16 631 987
	<u>Less:</u> Provision for Impairment	(15 750 841)	(15 750 841)
		<hr/>	<hr/>
	<b>Total Long Term Receivables</b>	<b>(4 448 451)</b>	<b>881 146</b>
		<hr/>	<hr/>

#### HOUSING LOANS

The Provincial Government Housing Loans 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.

#### LONG-TERM RECEIVABLES (CONTINUE)

##### SERVICES CONNECTIONS

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.

##### LAND SALES

The Land sales 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.

##### AGREEMENTS WITH CONSUMER DEBTORS

The agreements with consumer debtors 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.

	2017 R	2016 R
<b>Reconciliation of Provision for Bad Debts</b>		
Balance at beginning of year	15 750 841	14 613 545
Contribution to provision/(Reversal of provision)	-	1 137 297
Bad Debts Written Off	-	-
	<hr/>	<hr/>
<b>Balance at end of year</b>	<b>15 750 841</b>	<b>15 750 841</b>
	<hr/>	<hr/>



**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

		<b>2017</b>	<b>2016</b>
		<b>R</b>	<b>R</b>
<b>18</b>	<b>INVENTORY</b>		
	Maintenance Materials - At cost	8 755 023	8 875 349
	Compost – at cost	13 944	13 944
	Water – at cost	127 933	127 933
	Low Cost Housing	9 160 617	9 160 617
	<b>Total Inventory</b>	<b>18 057 517</b>	<b>18 177 844</b>
		<b>2017</b>	<b>2016</b>
<b>19</b>	<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
	Electricity	27 587 629	19 864 050
	Water	7 683 129	7 050 376
	Refuse	5 229 101	4 281 984
	Sewerage	6 895 005	5 610 725
	Housing Rentals	610 107	780 666
	Other Receivables	3 441 326	3 132 667
	Prepaid Expenses	-	74 556
	Other	3 128 970	18 465 006
	<b>Total Receivables from Exchange Transactions</b>	<b>54 575 267</b>	<b>59 260 028</b>
	Less: Provision for Impairment	(19 594 973)	(17 430 155)
	<b>Total Net Receivables from Exchange Transactions</b>	<b>34 980 294</b>	<b>41 829 874</b>

Consumer Trade Receivables 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 trade and other receivables on initial recognition is not deemed necessary

**RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)**

**Reconciliation of Provision for Bad Debts**

	<b>2017</b>	<b>2016</b>
Balance at beginning of year	17 430 155	16 902 414
Contribution to provision/(Reversal of provision)	4 321 650	13 176 101
Bad Debts Written Off	(2 156 832)	(12 648 360)
<b>Balance at end of year</b>	<b>19 594 973</b>	<b>17 430 155</b>

		<b>2017</b>	<b>2016</b>
		<b>R</b>	<b>R</b>
<b>20</b>	<b>RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
	Rates	25 967 908	9 029 783
	Fines	15 458 050	15 458 050
	Other Receivables	6 185 586	5 640 628
	Accrued Interest	511 518	470 745
	Availability charges	5 494 840	4 874 899
	Other	179 228	294 984
	<b>Total Receivables from Non-Exchange Transactions</b>	<b>47 611 544</b>	<b>30 128 462</b>
	Less: Provision for Impairment	(33 613 007)	(24 730 685)
	<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>13 998 537</b>	<b>5 397 777</b>
		<b>2017</b>	<b>2016</b>
		<b>R</b>	<b>R</b>
	<b>Reconciliation of Provision for Bad Debts</b>		
	Balance at beginning of year	24 730 685	23 219 277
	Contribution to provision/(Reversal of provision)	8 882 322	17 751 452
	Bad Debts Written Off	0	(16 240 044)
	<b>Balance at end of year</b>	<b>33 613 007</b>	<b>24 730 685</b>

21

**CASH AND CASH EQUIVALENTS**

**Assets**

	2017 R	2016 R
Call Investments Deposits	95 009 812	90 015 287
Bank Accounts	6 780 750	13 585 681
Cash Floats	10 760	9 110
<b>Total Cash and Cash Equivalents - Assets</b>	<b>101 801 322</b>	<b>103 610 078</b>

**Liabilities**

Primary Bank Account	-	-
<b>Total Cash and Cash Equivalents - Liabilities</b>	<b>-</b>	<b>-</b>

Cash and cash equivalents comprises of cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The Municipality does not have a bank overdraft facility. Management did not deem it necessary.

The municipality has the following bank accounts:

**Current Accounts**

	2017	2016
Primary Bank account	6 778 450	13 583 381
Traffic bank account	2 300	2 300
	<b>6 780 750</b>	<b>13 585 681</b>

Traffic account is cleared daily to Primary Bank Account.

**Primary Bank account**

Montagu ABSA - Account Number 1050 000 008

Cash book balance at beginning of year	57 754 292	11 187 105
Cash book balance at end of year	6 778 450	57 754 292
Bank statement balance at beginning of year	57 512 148	11 574 320
Bank statement balance at end of year	57 512 148	57 512 148

**Traffic bank account**

Montagu ABSA - Account Number 406 272 8351

Cash book balance at beginning of year	2 300	2 300
Cash book balance at end of year	2 300	2 300
Bank statement balance at beginning of year	5 400	7 200
Bank statement balance at end of year	5 400	5 400

**Call Investment Deposits**

Call investment deposits consist of the following accounts:

Investec	Account Number 458195	-	-
Nedbank	Account Number 03 / 7881034971/ 000029	35 000 000	30 000 000
Standard Bank	Account Number 288467698	35 000 000	35 000 000
ABSA	Account Number 92 99946707	25 009 812	25 015 287
		<b>95 009 812</b>	<b>90 015 287</b>

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

<b>22</b>	<b>PROPERTY RATES</b>	<b>2017</b>	<b>2016</b>
		<b>R</b>	<b>R</b>
	<u>Actual</u>		
	<b>Rateable Land and Buildings</b>	53 865 975	50 297 609
	Residential, Commercial Property, State	53 865 975	50 297 609
	Less: Rebates	(11 106 833)	(10 343 148)
	<b>Total Assessment Rates</b>	<b>42 759 141</b>	<b>39 954 462</b>
<b>23</b>	<b>GOVERNMENT GRANTS AND SUBSIDIES</b>		
	<b>Unconditional Grants</b>	<b>45 346 000</b>	<b>57 378 000</b>
	Equitable Share	45 346 000	57 378 000
	<b>Conditional Grants</b>	<b>18 583 452</b>	<b>64 787 869</b>
	Grants and donations	997 631	1 347 431
	Subsidies	17 585 821	63 440 438
	<b>Total Government Grants and Subsidies</b>	<b>63 929 452</b>	<b>122 165 869</b>
	Government Grants and Subsidies - Capital	13 237 005	46 347 944
	Government Grants and Subsidies - Operating	50 692 447	75 817 925
		<b>63 929 452</b>	<b>122 165 869</b>
	Revenue recognised per vote as required by Section 123 (c) of the MFMA		
	Equitable share	45 346 000	57 378 000
	Executive & Council	-	361 667
	Budget & Treasury	1 081 455	1 783 523
	Corporate Services	-	940 000
	Planning & Development	543 236	1 541 619
	Health	-	-
	Community & Social Services	4 705 772	8 196 777
	Housing	962 551	27 539 887
	Public Safety	-	-
	Sport & Recreation	-	-
	Environmental Protection	-	-
	Waste Management	5 484 268	2 914 970
	Waste Water Management	5 411 174	18 453 030
	Road Transport	305 461	848 402
	Water	-	-
	Electricity	89 534	2 207 993
		<b>63 929 452</b>	<b>122 165 869</b>
	The municipality does not expect any significant changes to the level of grants.		
<b>23.1</b>	<b>Equitable share</b>	<b>2017</b>	<b>2016</b>
		<b>R</b>	<b>R</b>
	Opening balance	-	-
	Grants received	45 346 000	57 378 000
	Conditions met - Operating	(45 346 000)	(57 378 000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	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.		
<b>23.2</b>	<b>Local Government Financial Management Grant (FMG)</b>		
	Opening balance	-	-
	Grants received	1 475 000	1 450 000
	Conditions met - Operating	(1 081 455)	(1 450 000)
	Conditions met - Capital	-	-
	Conditions still to be met	<b>393 545</b>	<b>-</b>
	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 also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

<b>GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)</b>	<b>2017 R</b>	<b>2016 R</b>
<b>23.3 Municipal Systems Improvement Grant</b>		
Opening balance	-	-
Grants received	-	940 000
Conditions met - Operating	-	(115 439)
Conditions met - Capital	-	(824 561)
Conditions still to be met	-	-
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
<b>23.4 Municipal Infrastructure Grant (MIG)</b>		
Opening balance	-	2 755
Grants received	13 665 000	21 368 000
Transfer	-	(2 755)
Conditions met - Operating	-	(2 624 140)
Conditions met - Capital	(11 200 904)	(18 743 860)
Conditions to be met	<b>2 464 096</b>	<b>-</b>
The grant was used to upgrade infrastructure in previously disadvantaged areas.		
<b>23.5 Housing Grants</b>		
Opening balance	1 579 673	1 597 415
Grants received	-	27 655 483
Transfer	-	(133 338)
Conditions met - Operating	-	(5 083 971)
Conditions met - Capital	-	(22 455 916)
Conditions to be met	<b>1 579 673</b>	<b>1 579 673</b>
<b>23.6 Integrated National Electrification Grant</b>		
Opening balance	33 126	541 119
Grants received	1 221 000	2 000 000
Transfer	-	(300 000)
Conditions met - Operating	-	(410 669)
Conditions met - Capital	(89 534)	(1 797 324)
Conditions to be met	<b>1 164 592</b>	<b>33 126</b>
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
<b>23.7 Other Grants</b>		
Opening balance	7 969 507	7 715 828
Grants received	9 729 883	11 535 667
Transfer	-	1.00
Conditions met - Operating	(4 264 991)	(8 755 705)
Conditions met - Capital	(1 946 567)	(2 526 283)
Conditions to be met	<b>11 487 832</b>	<b>7 969 507</b>
Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
<b>23.8 Total Grants</b>		
Opening balance	9 582 308	9 857 121
Grants received	71 436 883	122 327 150
Transfer	-	(436 094)
Conditions met - Operating	(50 692 447)	(75 817 925)
Conditions met - Capital	(13 237 005)	(46 347 944)
Conditions to be met	<b>17 089 740</b>	<b>9 582 308</b>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	17 089 739	9 582 308
Unpaid Conditional Government Grants and Receipts	-	-
	<b>17 089 739</b>	<b>9 582 308</b>

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

		<b>2017</b>	<b>2016</b>
		<b>R</b>	<b>R</b>
<b>24</b>	<b>SERVICE CHARGES</b>		
	Electricity	136 975 160	306 036 744
	Water	13 281 685	37 742 238
	Refuse removal	10 968 262	20 122 041
	Sewerage and Sanitation Charges	14 191 919	26 245 536
		<hr/>	<hr/>
	Less: Rebates	175 417 027	390 146 559
		(9 963 887)	(14 917 628)
	<b>Total Service Charges</b>	<b>165 453 140</b>	<b>375 228 931</b>
		<hr/>	<hr/>
<b>25</b>	<b>OTHER INCOME</b>		
	Bad Debts Recovered	-	199 003
	Building plans	419 811	748 109
	Bulk service levies	1 669 062	1 638 404
	Cemeteries	250 446	464 806
	Commission	104 303	199 729
	Connection fees	1 823 779	1 569 472
	Fire brigade fees	53 328	81 085
	Insurance claims	539 909	3 658 698
	Photo copies	29 607	88 518
	Planning application fees	138 973	498 940
	Re-connection fees	227 213	101 299
	Valuation certificates	71 343	150 561
	Contributed assets	-	72 330
	Sundry income	3 657 790	6 956 660
		<hr/>	<hr/>
	<b>Total Other Income</b>	<b>8 985 564</b>	<b>16 427 612</b>
		<hr/>	<hr/>
<b>26</b>	<b>EMPLOYEE RELATED COSTS</b>		
	Salaries and Wages	49 337 805	92 027 879
	Bonus	3 643 622	8 282 022
	Contributions for UIF, pensions and medical aids	11 332 425	21 253 078
	Group Life Insurance	137 426	293 566
	Housing Subsidy	830 416	1 635 580
	Leave Reserve Fund	896 854	3 602 706
	Long service awards	414 628	808 271
	Overtime	2 871 049	5 643 572
	Post Employment Health	1 217 203	2 461 107
	Travel, motor car, telephone, assistance and other allowances	5 051 111	10 018 754
		<hr/>	<hr/>
		75 732 538	146 026 534
	<u>Less:</u> Employee Costs allocated elsewhere	-	-
	<b>Total Employee Related Costs</b>	<b>75 732 538</b>	<b>146 026 534</b>
		<hr/>	<hr/>
<b>27</b>	<b>DEPRECIATION AND AMORTISATION</b>		
	Property Plant and Equipment	11 095 978	20 710 128
	Capitalised Restoration Cost	-	10 091 628
	Investment Property	24 995	49 717
	Intangible Assets	63 903	128 061
		<hr/>	<hr/>
		<b>11 184 875</b>	<b>30 979 535</b>
		<hr/>	<hr/>
<b>28</b>	<b>IMPAIRMENTS</b>		
	Property, Plant and Equipment Refer to note 13	-	508 397
	Capitalised Restoration Cost Refer to note 17	-	-
		<hr/>	<hr/>
	<b>Total Impairments</b>	<b>-</b>	<b>508 397</b>
		<hr/>	<hr/>

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

		<b>2017</b>	<b>2016</b>
		<b>R</b>	<b>R</b>
<b>29</b>	<b>FINANCE CHARGES</b>		
	Landfill site	-	3 279 513
	Long service awards	378 134	683 442
	Long-term Liabilities	909 207	2 865 070
	Post Employment Health	2 347 793	4 601 451
	<b>Total finance charges</b>	<b>3 635 133</b>	<b>11 429 475</b>
<b>30</b>	<b>BULK PURCHASES</b>		
	Electricity	128 074 043	238 434 975
	Water	97 382	3 596 989
	<b>Total Bulk Purchases</b>	<b>128 171 425</b>	<b>242 031 964</b>
<b>31</b>	<b>GRANTS AND SUBSIDIES</b>		
	Destitute Grants	132 500	749 000
	<b>Total Grants and Subsidies</b>	<b>132 500</b>	<b>749 000</b>
<b>32</b>	<b>GENERAL EXPENSES</b>		
	Advertisement Cost	375 483	911 867
	Audit fees	2 101 676	2 559 979
	Bank charges	397 258	752 501
	Bursaries - Internal	82 148	54 294
	Cell phone	284 496	572 161
	Chemicals	1 997 712	5 229 171
	Computer services	1 635 800	1 782 152
	Connections	240 206	413 530
	Data lines	1 004 688	3 021 080
	Delegation Fees	218 813	295 533
	Fuel	2 766 963	6 564 694
	Insurance (Premiums & Claims cost)	1 411 008	3 601 656
	IoD Insurance	-	1 132 762
	Membership fees	1 682 952	1 654 040
	Postage	351 086	681 258
	Printing & Stationary	602 265	1 128 220
	Professional Services	2 076 129	8 836 007
	Protective Clothing	486 739	870 482
	Refuse bags	304 535	689 216
	Rehabilitation	202 828	596 225
	Skills Development Levy	661 911	1 376 182
	Tourism Marketing	723 841	966 444
	Training cost	695 487	927 090
	Transfer cost	157 134	313 499
	Valuation cost	125 613	934 647
	Other	4 069 519	7 465 169
	<b>Total General Expenses</b>	<b>24 656 292</b>	<b>53 329 859</b>

	2017	2016
	R	R
<b>33 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	19 698 758	54 007 056
<b>Adjustments for:</b>		
Depreciation/Amortisation	11 184 875	30 979 535
Loss on disposal of property, plant and equipment	-	1 566 609
Contributed Assets	-	(3 169)
(Gains) on disposal of property, plant and equipment	-	(3 529 288)
Fair Value Adjustments	-	276
Impairment Loss	-	508 397
Contributions to Non-Current Provisions	4 357 757	10 589 278
Debt Impairment	13 203 972	32 064 849
Actuarial (Gains)	-	(6 741 931)
Unamortised discount	-	51 903
Bad debt written-off	(2 156 832)	(28 888 404)
Finance charges	(452 604)	19 257
Operating lease income accrued	-	(12 680)
Operating Surplus/(Deficit) before changes in working capital	45 835 927	90 611 690
Changes in working capital	(28 212 415)	2 538 239
Increase/(Decrease) in Payables from exchange transactions	(27 289 912)	11 702 220
Increase/(Decrease) in Employee benefits	(6 094 194)	(694 828)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	7 507 431	(274 813)
Increase/(Decrease) in Taxes	4 107 849	(825 028)
(Increase)/Decrease in Inventory	495 887	(358 456)
(Increase)/Decrease in Receivables from exchange and non-exchange transactions	(12 798 321)	(6 484 369)
Decrease/(Increase) in Long-term Receivables	5 858 845	(526 486)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	-	-
<b>Cash generated/(absorbed) by operations</b>	<b>17 623 512</b>	<b>93 149 930</b>
<b>34 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 21	95 009 812	90 015 287
Cash Floats - Note 21	10 760	9 110
Bank - Note 21	6 780 750	13 585 681
<b>Total cash and cash equivalents</b>	<b>101 801 322</b>	<b>103 610 078</b>
<b>35 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 34	101 801 322	103 610 078
Investments - Note 16	120 903	120 903
Less:	101 922 224	103 730 981
	20 566 203	9 582 308
Unspent Committed Conditional Grants - Note 8	17 089 739	9 582 308
VAT - Note 10	3 476 463	-
<b>Resources available for working capital requirements</b>	<b>81 356 022</b>	<b>94 148 673</b>
<b>Allocated to:</b>		
Capital Replacement Reserve	35 245 178	35 245 178
Employee Benefits	6 119 074	15 192 524
Current Provisions	-	5 924 411
<b>Resources available for working capital requirements</b>	<b>39 991 770</b>	<b>37 786 560</b>

## **Appendix 5: Uniform Financial Ratios in terms of MFMA Circular 71**





# NATIONAL TREASURY

MFMA Circular No 71

Municipal Finance Management Act No. 56 of 2003

## Annexure 2

### Interpretation of results

	The green colour indicates that the result is within the norm and is acceptable
	The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve the results
	Data should be captured in the blue colour cell to calculate a ratio
#	In situations where the results are not within the acceptable norm, corrective actions/plans should be taken and referenced

## Template for Calculation of Uniform Financial Ratios and Norms

RATIO		FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION	MUNICIPAL COMMENTS (#)
" R 000 "								
1. FINANCIAL POSITION								
A. Asset Management/Utilisation								
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	10% - 20%		6%	Please refer to page 2 of MFMA Circular No. 71	SF Performance (Total Expenditure)  Acquisitions/Additions (Notes 11.1; 12; 13; 14)
					Total Operating Expenditure	270 207		
					Taxation Expense			
					Total Capital Expenditure	17 960		
2	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment/(Total Property, Plant and Equipment + Investment Property + Intangible Assets) × 100	Statement of Financial Position, Notes to the AFS and AR	0%		0%	Please refer to page 3 of MFMA Circular No. 71	SF Performance (Impairments) SF Position (Property, Plant & Equipment) SF Position (Investment Property) SF Position (Intangible assets)
					PPE, Investment Property and Intangible Impairment	-		
					PPE at carrying value	595 679		
					Investment at carrying value	27 216		
3	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure/ Property, Plant and Equipment and Investment Property (Carrying value) × 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-Year Reports	8%		1%	Please refer to page 4 of MFMA Circular No. 71	SF Performance (R&M) Note 11.1 Note 12
					Total Repairs and Maintenance Expenditure	7 253		
					PPE at carrying value	595 679		
1	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year Reports, IDP and AR	95%		93%	Please refer to page 5 of MFMA Circular No. 71	Notes to AFS (Note 19 + 20 - Total receivables from exchange and non-exchange transactions 2017) Notes to AFS (Note 19 + 20 - Total receivables from exchange and non-exchange transactions 2017) Notes to AFS (Note 19 + 20 - Bad debts written off 2017) [SF Performance (Service Charges)] + [Notes to AFS (Note 22 Actual Total Assessment Rates)]
					Gross Debtors closing balance	80 543		
					Gross Debtors opening balance	68 290		
					Bad debts written Off	2 157		
2	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off/Provision for Bad debts × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%		16%	Please refer to page 5 of MFMA Circular No. 71	Notes to AFS (Note 19 + 20 - Bad debts written off 2017)  Notes to AFS (Note 19 + 20 - Contribution to provision/(Reversal of provision) 2017
					Consumer Debtors Bad debts written off	2 157		
					Consumer Debtors Current bad debt Provision	13 204		
3	Net Debtors Days	(((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue)) × 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 days		45 days	Please refer to page 6 of MFMA Circular No. 71	Notes to AFS (Note 19 + 20 - Total receivables from exchange and non-exchange transactions 2017) Notes to AFS (Note 19 + 20 Reconciliation of Provision for Bad Debts - Balance at year end) [SF Performance (Service Charges)] + [Notes to AFS (Note 22 Actual Total Assessment Rates)]
					Gross debtors	80 543		
					Bad debts Provision	53 208		
					Billed Revenue	219 319		

RATIO		FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION	MUNICIPAL COMMENTS (#)
C. Liquidity Management								
1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In year Reports and AR	1 - 3 Months		2 Month	Please refer to page 7 of MFMA Circular No. 71	SF Position SF Position (Unspent Conditional Government Grants and Receipts)  SF Performance (Total Expenditure - Depreciation & Amortisation - Impairments) *5/12
					Cash and cash equivalents	101 801		
					Unspent Conditional Grants	17 090		
					Overdraft			
					Short Term Investments			
					Total Annual Operational Expenditure	621 653		
2	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		2.17	Please refer to page 7 of MFMA Circular No. 71	SF Position (Current Assets) SFP (Current Liabilities)
					Current Assets	168 927		
					Current Liabilities	78 012		
D. Liability Management								
1	Capital Cost(Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost(Interest Paid and Redemption) / Total Operating Expenditure x 00	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-Year Reports and AR	6% - 8%		0%	Please refer to page 8 of MFMA Circular No. 71	SF Performance (Finance Charges) Cash Flow Statement (Loans Repaid) SF Performance (Total Expenditure)
					Interest Paid	-		
					Redemption	1 789		
					Total Operating Expenditure	621 653		
					Taxation Expense			
2	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non current Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%		10%	Please refer to page 9 of MFMA Circular No. 71	SF Position (LT Liabilities + Current Portion of LT Liabilities) SF Performance (Total Revenue) SF Performance (Government Grants & Subsidies - Operating
					Total Debt	23 872		
					Total Operating Revenue	289 906		
					Operational Conditional Grants	50 692		
E. Sustainability								
1	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank overdraft + Short Term Investment + Long Term Investment - Unspent grants) / (Net Assets - Accumulated Surplus - Non Controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	100%		241%	Please refer to page 9 of MFMA Circular No. 71	SF Position  SF Position (Unspent Conditional Government Grants and Receipts) SF Position        SF Position
					Cash and cash Equivalents	101 801		
					Bank Overdraft			
					Short Term Investment			
					Long Term Investment	121		
					Unspent Grants	17 090		
					Net Assets	574 724		
					Share Premium	-		
					Share Capital	-		
					Revaluation Reserve	-		
					Fair Value Adjustment Reserve	-		
					Accumulated Surplus	539 479		

RATIO		FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION	MUNICIPAL COMMENTS (#)
2. FINANCIAL PERFORMANCE								
A. Efficiency								
1	Net Operating Surplus Margin	(Total Operating Revenue - Total Operating Expenditure)/Total Operating Revenue	Statement of Financial Performance, Budget, In-Year reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Asset	= or > 0%		7%	Please refer to page 10 of MFMA Circular No. 71	SF Performance (Total Revenue)  Calculation based on Historical Cost  SF Performance (Total Expenditure)
					Total Operating Revenue	289 906		
					Depreciation - Revalued Portion (Only populate if depreciation line item in the Statement of Financial Performance is based on the revalued asset value)			
					Total Operating Expenditure	270 207		
					Taxation Expense			
2	Net Surplus /Deficit Electricity	Total Electricity Revenue less Total Electricity Expenditure/Total Electricity Revenue × 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	0% - 15%		0%	Please refer to page 10 of MFMA Circular No. 71	WC026_SCHEDULE_C_2017_M06- C2 WC026_SCHEDULE_C_2017_M06- C2
					Total Electricity Revenue	143 872		
					Total Electricity Expenditure	143 813		
3	Net Surplus /Deficit Water	Total Water Revenue less Total Water Expenditure/Total Water Revenue × 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%		7%	Please refer to page 11 of MFMA Circular No. 71	WC026_SCHEDULE_C_2017_M06 - C2 WC026_SCHEDULE_C_2017_M06 - C2
					Total Water Revenue	16 094		
					Total Water Expenditure	14 998		
4	Net Surplus /Deficit Refuse	Total Refuse Revenue less Total Refuse Expenditure/Total Refuse Revenue × 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%		45%	Please refer to page 12 of MFMA Circular No. 71	WC026_SCHEDULE_C_2017_M06 - C2 WC026_SCHEDULE_C_2017_M06 - C2
					Total Refuse Revenue	19 651		
					Total Refuse Expenditure	10 848		
5	Net Surplus /Deficit Sanitation and Waste Water	Total Sanitation and Waste Water Revenue less Total Sanitation and Waste Water Expenditure/Total Sanitation and Waste Water Revenue × 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	= or > 0%		71%	Please refer to page 12 of MFMA Circular No. 71	WC026_SCHEDULE_C_2017_M06 - C2 WC026_SCHEDULE_C_2017_M06 - C2
					Total Sanitation and Water Waste Revenue	23 791		
					Total Sanitation and Water Waste Expenditure	6 999		
2	Revenue Growth (%)	(Period under review's Total Revenue - previous period's Total Revenue)/ previous period's Total Revenue ) x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= CPI		16%	Please refer to page 15 of MFMA Circular No. 71	October 2016 y/y (STATSSA) (SF Performance 2016 Restated - Total Revenue) *5/12 (SF Performance 2017 - Total Revenue)
					CPI	7%		
					Total Revenue (Previous)	250 715		
3	Revenue Growth (%) - Excluding capital grants	(Period under review's Total Revenue Excluding capital grants- previous period's Total Revenue excluding capital grants)/ previous period's Total Revenue excluding capital grants ) x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	= CPI		20%	Please refer to page 15 of MFMA Circular No. 71	October 2016 y/y (STATSSA) [(SF Performance 2016 Restated - Total Revenue) - (Note 27 to AFS 2016- Government Grants & Subsidies Capital)] *5/12 [(SF Performance 2017 Restated - Total Revenue) - (Note 27 to AFS 2017 - Government Grants & Subsidies Capital)]
					CPI	7%		
					Total Revenue Exl.Capital (Previous)	231 404		
3	Revenue Growth (%) - Excluding capital grants	(Period under review's Total Revenue Excluding capital grants- previous period's Total Revenue excluding capital grants ) x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	= CPI		276 669	Please refer to page 15 of MFMA Circular No. 71	October 2016 y/y (STATSSA) [(SF Performance 2016 Restated - Total Revenue) - (Note 27 to AFS 2016- Government Grants & Subsidies Capital)] *5/12 [(SF Performance 2017 Restated - Total Revenue) - (Note 27 to AFS 2017 - Government Grants & Subsidies Capital)]
					CPI	7%		
					Total Revenue Exl.Capital (Current)	276 669		

RATIO		FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION	MUNICIPAL COMMENTS (#)
D. Expenditure Management								
1	Creditors Payment Period (Trade Creditors)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) × 365	Statement of Financial Performance, Notes to AFS, Budget, In-Year reports and AR	30 days		70 days	Please refer to page 16 of MFMA Circular No.71	Notes to AFS (Note 7 - Trade Payables + Retentions & Guarantees + Sundry Creditors) SF Performance SF Performance SF Performance SF Performance SF Performance  Notes to AFS (Note 11.1 - Cost - Additions Original Cost + Additions Residual Value)
					Trade Creditors	34 202		
					Contracted Services	839		
					Repairs and Maintenance	7 253		
					General expenses	24 656		
					Bulk Purchases	128 171		
					Capital Credit Purchases ( <i>Capital Credit Purchases refers to additions of Investment Property and Property, Plant and Equipment</i> )	17 960		
2	Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	(Irregular, Fruitless and Wasteful and Unauthorised Expenditure) / Total Operating Expenditure x100	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%		0%	Please refer to page 16 of MFMA Circular No. 71	Notes to AFS (Note 46.1 + 46.2 + 46.3)  SF Performance (Total Expenditure)
					Irregular, Fruitless and Wasteful and Unauthorised Expenditure			
					Total Operating Expenditure	270 207		
					Taxation Expense			
3	Remuneration as % of Total Operating Expenditure	Remuneration (Employee Related Costs and Councillors' Remuneration) /Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	25% - 40%		0%	Please refer to page 17 of MFMA Circular No. 71	SF Performance (Employee related cost SF Performance (Remuneration of Councillors) SF Performance (Total Expenditure)
					Employee/personnel related cost	-		
					Councillors Remuneration	-		
					Total Operating Expenditure	270 207		
					Taxation Expense			
4	Contracted Services % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	2% - 5%		0.31%	Please refer to page 17 of MFMA Circular No. 71	SF Performance (Contracted Services) SF Performance (Total Expenditure)
					Contracted Services	839		
					Total Operating Expenditure	270 207		
E. Grant Dependency								
1	Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	Own funded Capital Expenditure (Internally generated funds + Borrowings) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-Year reports and AR	None		24%	Please refer to page 18 of MFMA Circular No. 71	WC026_SCHEDULE_C_2017_M06 - C5  WC026_SCHEDULE_C_2017_M06 - C5  WC026_SCHEDULE_C_2017_M06 - C5
					Internally generated funds	4 256		
					Borrowings	-		
					Total Capital Expenditure	17 960		
2	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information) Budget, IDP, In-Year reports and AR	None		24%	Please refer to page 18 of MFMA Circular No. 71	WC026_SCHEDULE_C_2017_M06 - C5  WC026_SCHEDULE_C_2017_M06 - C5
					Internally generated funds	4 256		
					Total Capital Expenditure	17 960		
3	Own Source Revenue to Total Operating Revenue(Including Agency Revenue)	Own Source Revenue (Total revenue - Government grants and Subsidies - Public Contributions and Donations)/ Total Operating Revenue (including agency services) x 100	Statement Financial Performance, Budget, IDP, In-Year reports and AR	None		86%	Please refer to page 18 of MFMA Circular No. 71	SF Performance (Total Revenue) SF Performance (Government Grants & Subsidies - Operating) SF Performance (Public contributions & Donations) SF Performance (Government Grants & Subsidies - Capital)
					Total Revenue	289 906		
					Government grant and subsidies	50 692		
					Public contributions and Donations	-		
					Capital Grants	13 237		

RATIO	FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION	MUNICIPAL COMMENTS (#)
<b>3. BUDGET IMPLEMENTATION</b>							
1	Capital Expenditure Budget Implementation Indicator	Actual capital Expenditure / Budget Capital Expenditure x 100	95% - 100%		64%	Please refer to page 19 of MFMA Circular No. 71	WC026_SCHEDULE_C_2017_M06 - C5 WC026_SCHEDULE_C_2017_M06 - C5
				Actual Capital Expenditure	17 960		
				Budget Capital Expenditure	28 098		
2	Operating Expenditure Budget Implementation Indicator	Actual Operating Expenditure / Budgeted Operating Expenditure x 100	95% - 100%		83%	Please refer to page 20 of MFMA Circular No. 71	WC026_SCHEDULE_C_2017_M06 - C4 WC026_SCHEDULE_C_2017_M06 - C4
				Actual Operating Expenditure	270 149		
				Budget Operating Expenditure	323 894		
3	Operating Revenue Budget Implementation Indicator	Actual Operating Revenue / Budget Operating Revenue x 100	95% - 100%		80%	Please refer to page 20 of MFMA Circular No. 71	WC026_SCHEDULE_C_2017_M06 - C4 WC026_SCHEDULE_C_2017_M06 - C4
				Actual Operating Revenue	277 985		
				Budget Operating Revenue	346 298		
4	Service Charges and Property Rates Revenue Budget Implementation Indicator	Actual Service Charges and Property Rates Revenue / Budget Service Charges and Property Rates Revenue x 100	95% - 100%		19%	Please refer to page 21 of MFMA Circular No. 71	WC026_SCHEDULE_C_2017_M06 - C1 WC026_SCHEDULE_C_2017_M06 - C1
				Actual Service Charges and Property Rates Revenue	45 623		
				Budget Service Charges and Property Rates Revenue	240 217		

**MID-YEAR PERFORMANCE ASSESSMENT IN TERMS OF SECTION 72 (1) OF MFMA FOR 01 JULY TO 31 DEC 2016 (CHIEF FINANCIAL OFFICER)**

**Purpose of report**

To submit to the Executive Mayor an assessment report on the Municipality's performance covering the period 01 July 2016 to 31 December 2016.

**Background**

**1. Executive summary**

In terms of Section 72 (1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the accounting officer of a municipality must, by 25 January of each year, assess the performance of the municipality during the first half of the financial year and submit a report on such assessment to the mayor of the municipality, the National Treasury and the relevant provincial treasury. The mayor must, in turn, comply with the provisions of Section 54, which includes submitting the report to council by 31 January of each year.

**2 Constitutional and Policy Implications**

The process is currently driven by legislation.

**3 Legal Implications**

3.1 Section 72 (1), Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (**hereinafter referred to as the MFMA**).

3.2 Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) (Chapter 6 and Sections 16 and 26 of Chapters 4 and 5, respectively), as read with the Local Government: Municipal Systems Amendment Act, 2003 (Act 44 of 2003).

**4 Background**

4.1 In terms of Section 72 (1) of the MFMA, the accounting officer of a municipality must by 25 January of each year-

- (a) assess the performance of the municipality during the first half of the financial year, taking into account-
  - (i) the monthly statements referred to in section 71 for the first half of the financial year;
  - (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
  - (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and
  - (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and

(b) submit a report on such assessment to-

- (i) the mayor of the municipality
- (ii) the National Treasury; and
- (iii) the relevant provincial treasury.

4.2 Thereafter, the mayor must, in terms of Section 54. (1)-

- (a) consider the report;
- (b) check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
- (c) consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;
- (d) issue any appropriate instructions to the accounting officer to ensure-
  - (i) that the budget is implemented in accordance with the service delivery and budget implementation plan; and
  - (ii) that spending of funds and revenue collection proceed in accordance with the budget;
  - (e) identify any financial problems facing the municipality, including any emerging or impending financial problems; and
  - (f) submit the report to the council by 31 January of each year.

### **Comments**

The Section 72(1) report can only be prepared / compiled after the section 71 monthly report for December 2016 was compiled and provided to National and Provincial Treasury on 16 January 2017.

Annexure A is of the Mid-Year Budget and Performance Assessment for the period 01 July 2016 to 31 December 2016 and **it will be e-mailed to all Councilors prior to the Council meeting of 24 January 2017.**

### **Further Comments**

**Sent:** 20 January 2017 10:59 AM

**To:** Langeberg Councillors

**Cc:** SMT; Charl Martin; Alweyah Stynder; Zander Wiese; Suzette Kotze; Elsebet Burger

**Subject:** Mid Year Budget and Performance Assessment

**Importance:** High

Good Day Mayor and Councillors

With reference to report **A 3355**, please refer to page 9 where it states that the report will be emailed prior to the council meeting of 24 January 2016, due to the size of the report it cannot be emailed, but below please find dropbox link to download report:

<https://www.dropbox.com/s/s1s966a7v6yjofk/Sect%2072%20Mid%20year%20budget%20and%20performance%20assessment%20December%202016-Final%20MM%20signed.pdf?dl=0>

### **Recommendation**

That the contents of the report in terms of section 72(1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) be noted.

**Hierdie item het voor 'n Statutêre Vergadering van die Raad gedien op 24 Januarie 2017**

**This item served before a Statutory Meeting of Council on 24 January 2017**

**Eenparig Besluit / Unanimously Resolved**

That the contents of the report in terms of section 72(1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) be noted.