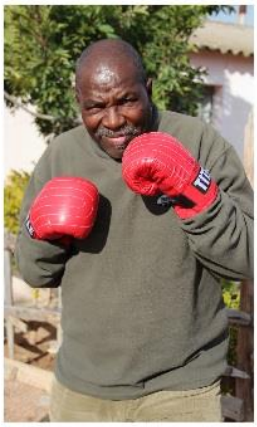
Draft Annual Report 2015/2016

LANGEBERG
MUNISIPALITEIT MUNICIPALITY MASIPALA



CHAPTER 1

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

ALDERMAN D GAGIANO
Executive Mayor

1.1. MAYOR'S FOREWORD

This report reflects on our performance of the past 2015/2016 financial year. It is extremely valuable and helps us to benchmark our performance standards and to set new goals for improvement.

Vision

Our vision *to create a stable living environment and sustainable living conditions for all citizens* was well attained in 2015/2016. Through strong leadership, good governance and sound management of our finances, our people were firmly placed at the centre of the quality services we have delivered in 2015/2016.

We serviced more indigent households, invested greatly in electricity infrastructure and focussed on improving our organisation's health to achieve our planned goals for 2015/2016.

Our 2015/2016 IDP highlights eleven objectives which steered overall implementation of our planned local development. It also shows how our actions successfully aligned with the plans and development strategies of other government spheres.

Key Policy Developments

The revision of policies and strategies ensures relevance to our current reality and ensures that the organisation maintains effective, efficient and transparent management systems. This is a strategy of Langeberg Council which aims to promote improved governance and accountability. As such, an action plan to remedy identified public participation challenges was developed and implemented for our wards.

Key Service Delivery Improvements

We proudly provides for the basic needs of our people and provided refuse removal, water and sanitation, clean drinking water and electricity to more households. Although faced with bleak economic conditions for growth and employment and increasing pressure on municipal finances, we also provided for more indigent households. However, although we serviced more households, we could not service all.

Public Participation

The Municipality ensured compliance to statutory requirements and provided an enabling participative environment by convening participation meetings, allowing written submissions and using various means of advertising and information exchange. The external media, municipal newsletters and the official municipal website were fully exploited for this purpose throughout 2015/2016, as is well proven in this report.

Public Participation is a key performance area for the Municipality and is included in the performance agreements of senior management. The Municipality has a Public Participation unit with nine (9) officials responsible for public participation as well as one (1) official responsible for Ward Committees.

Regular Councillor Community Report Back Meetings were held.

Service delivery is a standing item on the Ward Committee agenda. A template to report service delivery issues was designed for Ward Committee members to complete, submit and report on.

Langeberg Municipality has twelve (12) wards and Ward Committee Meetings were held once a month. The Municipality submitted Ward Committee Operational Plans for each ward to the Department of Local Government during November 2015. An action plan to implement remedial steps for identified public participation challenges was also submitted and monitored.

Efforts to actively involve communities in 2015/2016 included:

- Vibrant programmes and services rolled out to get communities participating and reaping benefits. These programmes are highlighted throughout this report.
- The Municipality partnered with its communities to improve service delivery and community engagement in decision making.*The Breede River Winelands Rural Development Association* includes farm workers, farmers and wine cellars to assist with rural development challenges.

Future Actions

The adopted 2016/2017 IDP sets out the future development path, goals and actions of the Langeberg municipal area in full. New housing projects, road upgrades and extended library services are amongst many projects that have been approved and which residents can look forward to in the next financial year.

Conclusion

Our aim, to touch the lives of all citizens living in the municipal area, is clearly displayed in this Annual Report. It is a true testimony of our commitment to put "our people at the centre of Langeberg's development". May we build on our strengths and collectively address all challenges that may face us on our journey ahead.

Alderman Diana Gagiano
Executive Mayor

1.2. EXECUTIVE SUMMARY

SA MOKWENI
Municipal Manager

1.2.1. MUNICIPAL MANAGER'S OVERVIEW

The 2015/2016 financial year saw many successes, but also its fair share of challenges. It was only with a combined team effort and a high level of passion, that we addressed most challenges and continued to promote good governance.

Our accomplishments and budget spending reflect that "service delivery" is our main priority. Our 2015/2016 projects included new solid waste transfer stations, upgraded Community Halls, upgraded electrical infrastructure, basic services installed for the Robertson Temporary Relocation Area, improved ICT infrastructure, new library services, ward-based poverty alleviation projects, upgraded wastewater treatment works, new services installed, an upgraded storm water system, water services, road rehabilitation and the reconstruction of bridges.

Improved Service Delivery

The table below indicates some of the important infrastructure projects implemented during the 2015/16 Municipal financial year up to 30 June 2016:

Table 1: MIG Projects 2015/2016

Project	**Actual expenditure during the 2015/16 financial year**	**% Complete** (Construction)	**Completion date**
Montagu: Upgrade Waste Water Treatment Works	7 751 828	100%	May 2016
Montagu Refurbish & Upgrade Waste Water Treatment Works Phase 2	4 260 520	70%	May 2016
Ashton: New Solid Waste Transfer Station	2 987 899	35%	Jun 2016

Improved Efficiency and Effectiveness of Municipal Activities

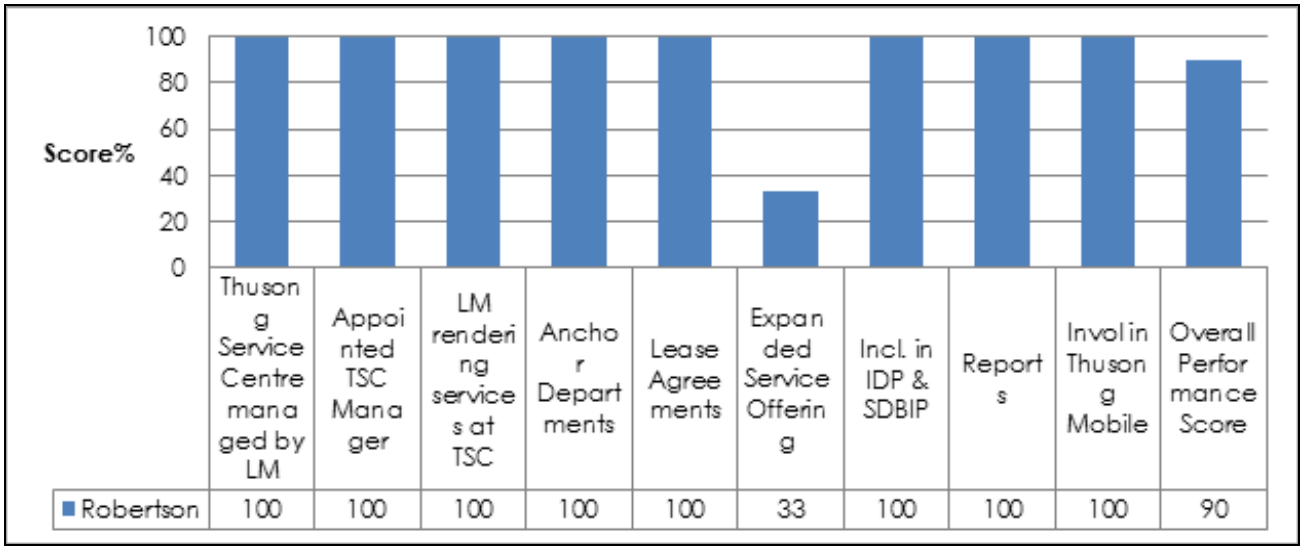
The Municipality fared well in improving its efforts to create effective and efficient service delivery integration in implementing the Thusong Programme which provides integrated services and information from government to communities close to where they live, as part of a comprehensive strategy to improve their lives.

Below, follows the Langeberg: Robertson Functionality Scorecard which measures the operational functionality and effectiveness of Thusong Service Centres, as developed by the Department of Local Government. The

Robertson Thusong Service Centre has been categorized as well-functioning, with an overall score of 90%. Future improvement will focus on holistic planning and budgeting for the Thusong programme to:

- Expand the basket of services;
- Ensure service access to 100 % of the municipal population; and to
- Include economic and social development programmes, identified in the IDP.

Graph 1: Langeberg: Robertson Functionality Score Card



Alignment of Services to IDP Indicators and Council Priorities

The 2015/16 IDP was reviewed in compliance with Section 34 of the Municipal Systems Act. Chapters 2 and 7 of the Reviewed 2015/16 IDP provide measurable targets that are linked to the strategic objectives and priorities of Council. Evidence of targets achieved is illustrated in the Municipality's SDBIP, which allows for easy tracking in performance.

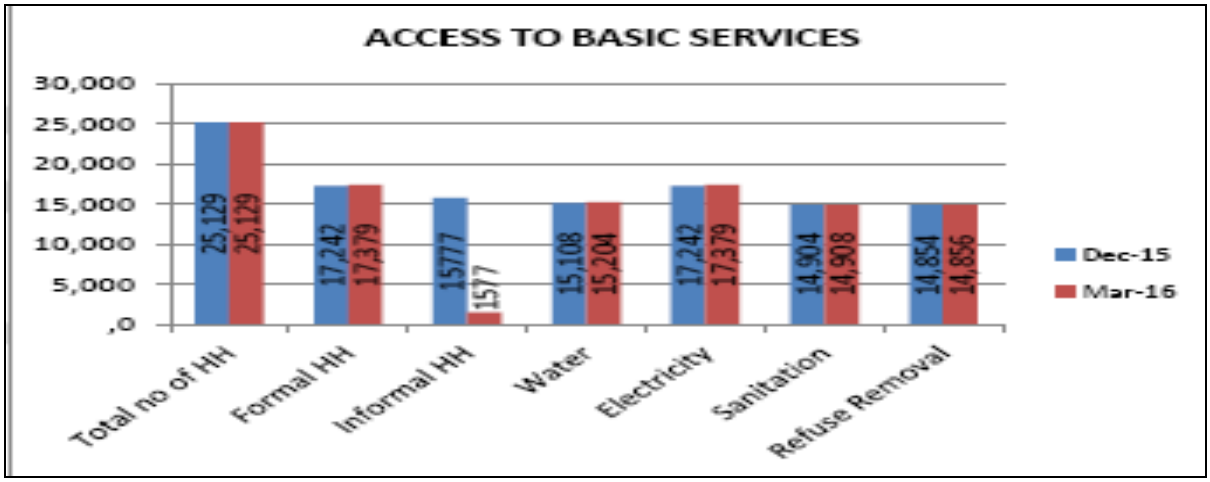
Service Delivery Performance

The Municipality has infrastructure master plans in place to identify, prioritise and address existing service backlogs. Through government funding, the Langeberg Municipal Pavement Management System has been developed. All 2015/2016 municipal capital projects have been aligned to national and provincial targets.

Access to Basic Services in Langeberg Municipality

The graph below illustrates the provision of basic services in the Municipality and gives a comparative analysis of the quarter ending December 2015 and March 2016.
With the exception of basic electricity, the Municipality was challenged to service all its households.

Graph 2: Access to Basic Services



Source: Stats SA, Census 2011 & Municipal Questionnaire

Financial Sustainability

The Municipality tabled surplus budgets over the 2015/16 MTREF and made a coordinated effort to put forth a funded budget.

Efforts to Conserve Water and Energy

The Municipality has registered a project for the rehabilitation of water networks in the poor communities of Robertson, Ashton and Bonnievale. The entire project, with a value of R21 395 324, was funded by the MIG program. This project has recently been completed and has significantly decreased the Municipality's water loss figures.

Table 2: Annual Input Volume and Water Loss (ending December 2015)

Town	System Input Volume (total volume of potable water supplied by the Municipality) – 12 months ending Dec 2015 Kl/year	UAW for 12 months ending Dec 2015 Kl/year	UAW % for 12 months ending Dec 2015 %	Reduction in UAW (Dec 2014 vs. Dec 2015) Kl/year
Ashton	2 036 930	74 503	3.7%	328 553
Bonnievale	1 724 350	409 296	23.7%	-29 043
McGregor	375 059	166 022	44.3%	-76 628
Montagu	1 186 532	47 324	4.0%	250 782
Robertson	2 439 867	249 053	10.2%	7 980
Total	7 762 738	946 199	12.2%	481 642

Source: DWA info: Summary of System Input Volume and Water Loss – Western Cape Municipalities December 2015)

The towns of Montagu and Ashton showed an exceptional improvement when compared to the same time last year. This indicates that Water Conservation/Water Demand Management measures at the Municipality have improved. The Municipality recorded 946 199 kilolitres out of 7 762 738 kilolitres as UAW (12.2%). This figure is lower than the 17.5% UAW previously reported, showing an improvement in water saving. It is also less than the national average and less than the Provincial benchmark of 15%.

The Municipality invested considerably in new electricity infrastructure during the 2015/2016 financial year, to ensure it meets the demand for energy in the area. These improved services and new infrastructure also contributed to better monitoring and lowered unaccounted electricity losses.

Policies and Restrictive Measures

The world recession impacted on everyone. The Municipality implemented restrictive administrative measures to curb spending on subsistence and travelling, achieved through monitored implementation of a Fuel Card Policy and by attending external meetings only on approval of the Municipal Manager.

Shared Services

Disaster Management is shared with the Cape Winelands District Municipality. The function is managed efficiently and effectively with a comprehensive plan, which in some circles of Provincial Government, is regarded as a best practice.

Library Services are shared with other spheres of Government for infrastructure development, mobile services, material and a contribution towards personnel salaries. The management of facilities and staff provision are at the expense of the Municipality.

The Municipality remains committed to achieve Council's objectives, which are all aimed at improving residents' lives and prospects, and to subsequently realise a better future and quality of life for all living in the Langeberg municipal area.

I am privileged to present this 2015/2016 Annual Report.

.

SA Mokweni
Municipal Manager

1.2.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Municipal Functions

In accordance with Section 155/156 of the Constitution and Chapter 3 of the MSA, the broad functions and powers of the Municipality are tabled in Appendix D.

Access to services such as potable water, basic sanitation, safe energy sources and refuse removal services ensures that households enjoy a decent standard of living. To satisfy these basic requirements, the Municipality contributed as follows to the functions below in 2015/2016:

Water: Access to potable water in Langeberg was recorded at 97 per cent.

Sanitation: An estimated 89, 2 per cent of households in Langeberg had access to basic sanitation services.

Energy: Langeberg Municipality's household access level to electricity was 94, 3 per cent.

Refuse removal: The household access level to refuse removal in the Langeberg municipal area was 72 per cent.

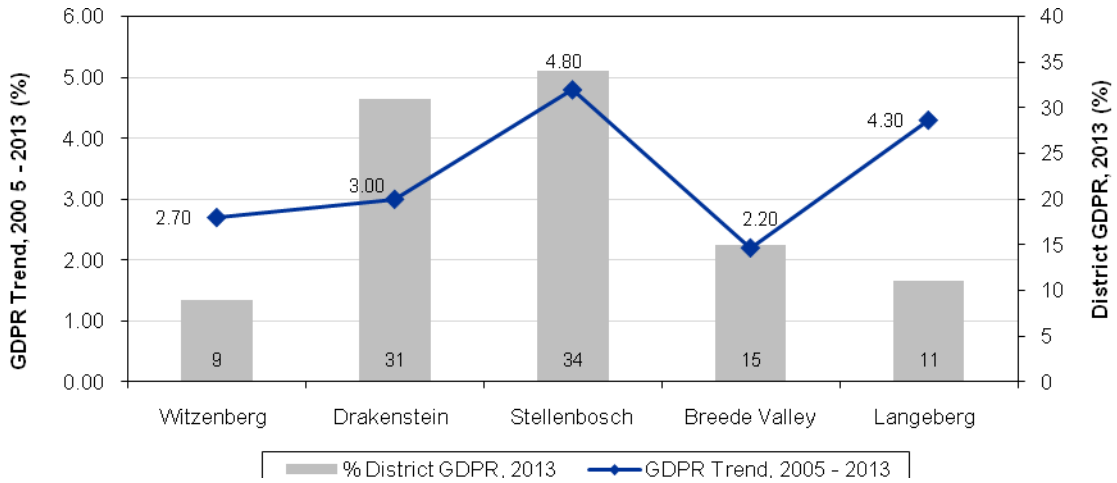
Housing: xx per cent of households in Langeberg had access to formal housing.

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

Local Economic Development

The Cape Winelands economy grew by 1.9 per cent in 2013, but growth slowed down to an estimated 1.4 per cent in 2014. These rates are unfortunately still below the District's average long term (2005 - 2013) trend growth of 3.5 per cent. The forecasted average annual growth for the District is estimated at 2.8 per cent over the 2015 - 2020 period. This forecast was revised downwards in line with global, national and provincial growth forecasts from a more optimistic 3.1 per cent.

Graph 3: Cape Winelands District Municipalities: GDPR growth, 2005 - 2013



Source: Municipal Economic Review and Outlook (MERO), 2015

The District is the largest non-metro district in the Western Cape economy, contributing 11.6 per cent of the Province's GDPR and employing 13.3 per cent of the provincial workforce. Langeberg's economy contributed 11.5 per cent of Cape Winelands District GDPR in 2013 and employed close to 12 per cent of the regional workforce. The Langeberg economy generated R5.8 billion of the District's R50.2 billion gross value added.

Langeberg is the second fastest growing Municipality in the Cape Wine lands District and is ranked 7th in the Province. The ranking is determined by considering both the size and growth of the municipal economies. The Municipality's real GDPR growth from 2005 - 2013 is 4.3 per cent per annum.

Table 3: Cape Winelands District: GDPR Growth, 2000 - 2013

	Real GDPR growth (average %)		
	Expansion	**Recession**	**Recovery**
Municipality	**2000 - 2007**	**2008 - 2009**	**2010 - 2013**
Cape Winelands District	4.6	1.8	2.7
Witzenberg	3.8	3.2	1.5
Drakenstein	3.5	0.7	2.8
Stellenbosch	6.4	2.6	3.7
Breede Valley	3.0	0.4	1.6
Langeberg	6.0	3.2	2.4

Source: Municipal Economic Review and Outlook (MERO), 2015

As per Table 3, Langeberg managed to grow by 3.2 per cent per annum during the recessionary period (2008 - 2009). The Municipal economy slowed down further to 2.4 per cent during the recovery period (2010 - 2013) which is significantly off the trend rate of 4.3 per cent.

This growth is underscored by significant variations in industry-specific growth rates. Growth in a particular industry depends on a number of factors (economies of scale, technological developments and demand trends among others) which often diverge among industries. Table 4 displays the industry-specific growth rates for each Municipality in the Cape Wine lands District.

Table 4: Cape Winelands District: Sectoral Growth, 2005 - 2013

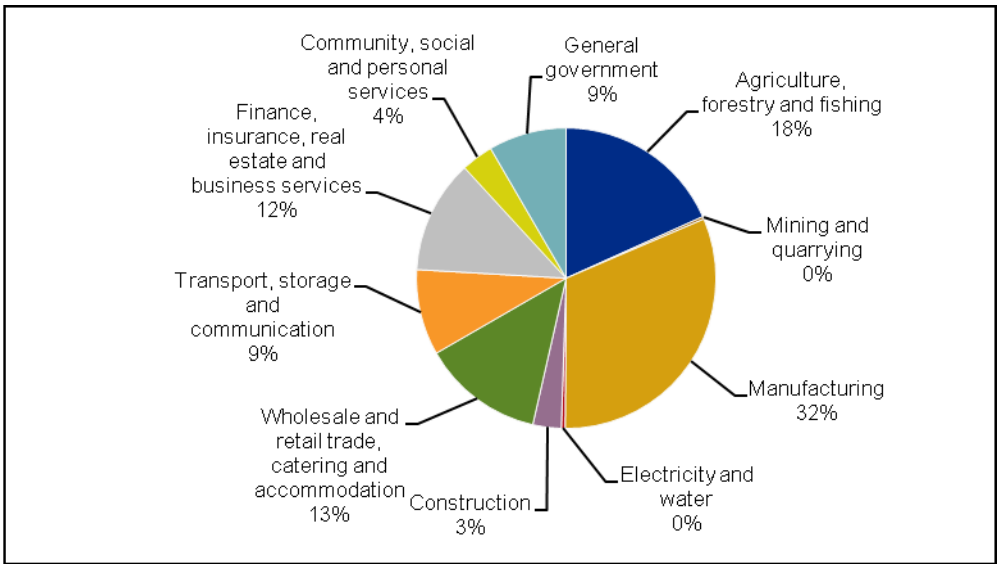
Industry	**Witzenberg**	**Drakenstein**	**Stellenbosch**	**Breede Valley**	**Langeberg**	**Cape Winelands District**
Agriculture, forestry and fishing	1.3	1.0	0.5	-0.1	0.3	0.6
Manufacturing	1.4	0.6	1.9	3	3.5	1.8
Construction	0.8	3.4	9.4	7.7	7.8	6.6
Commercial services	4.8	5.1	6.1	2.8	7.9	5.3
General government and Community, social and personal services	3.3	2.2	6.7	1.9	5.1	4
Other	0.5	4.1	4.3	-6	-0.4	1.8
Total	2.7	3	4.8	2.2	4.3	3.5

Source: Municipal Economic Review and Outlook (MERO), 2015

As mentioned previously, Langeberg has been the second fastest growing Municipality in the District at 4.3 per cent for the period 2005 - 2013. This performance was largely supported by strong growth within the commercial services and construction services industry which maintained average growth of 7.9 and 7.8 per cent respectively.

Growth within the agriculture (0.3 per cent) and manufacturing (3.5 per cent) sectors were less favourable. At 3.5 per cent, manufacturing growth was nonetheless the highest compared to the other local municipalities and the District average of 1.8 per cent.

Graph 4: The Municipality- Sectorial Composition, 2013



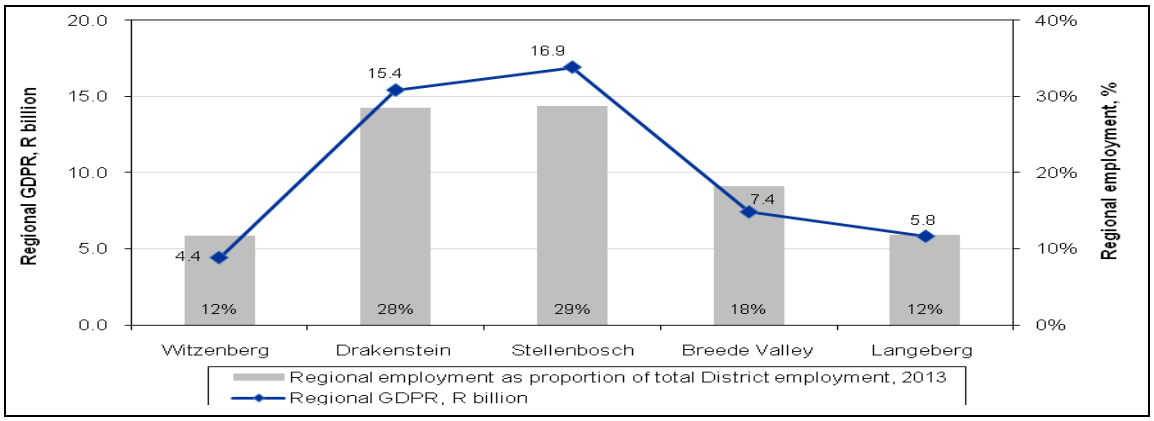
Source: Municipal Economic Review and Outlook (MERO), 2015

As per graph 4, the three largest contributors to GDPR in 2013 for Langeberg were the manufacturing (32 per cent), agriculture, forestry and fishing (18 per cent) as well as wholesale and retail trade, catering and accommodation (13 per cent) sectors.

1. **Labour market**

In terms of contributions to GDPR, Langeberg is the fourth most dominant regional economy in the Cape Winelands District (11.5 per cent contribution in 2013). Figure 8 reveals that Langeberg employs 12 per cent of the District's workforce which is relatively small in relation to Stellenbosch and Drakenstein which employ 29 and 28 per cent respectively.

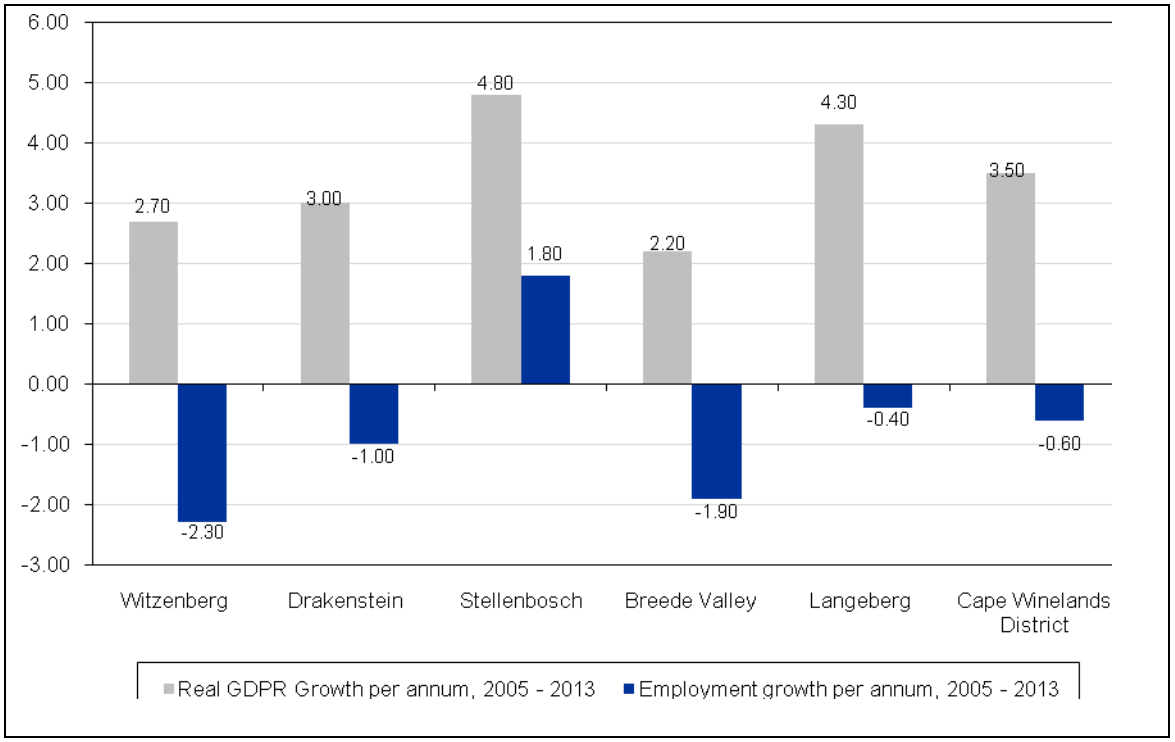
Graph 5: Cape Winelands District Municipalities: Municipal GDPR vs. Municipal employment, 2013



Source: Municipal Economic Review and Outlook (MERO), 2015

Graph 5 provides a comparison of the annual municipal GDPR growth rate and annual employment growth rate in the District. All the municipalities in the District displayed a positive annual GDPR growth rate from 2005 – 2013. The District experienced a contraction of 0.60 per cent in employment growth.

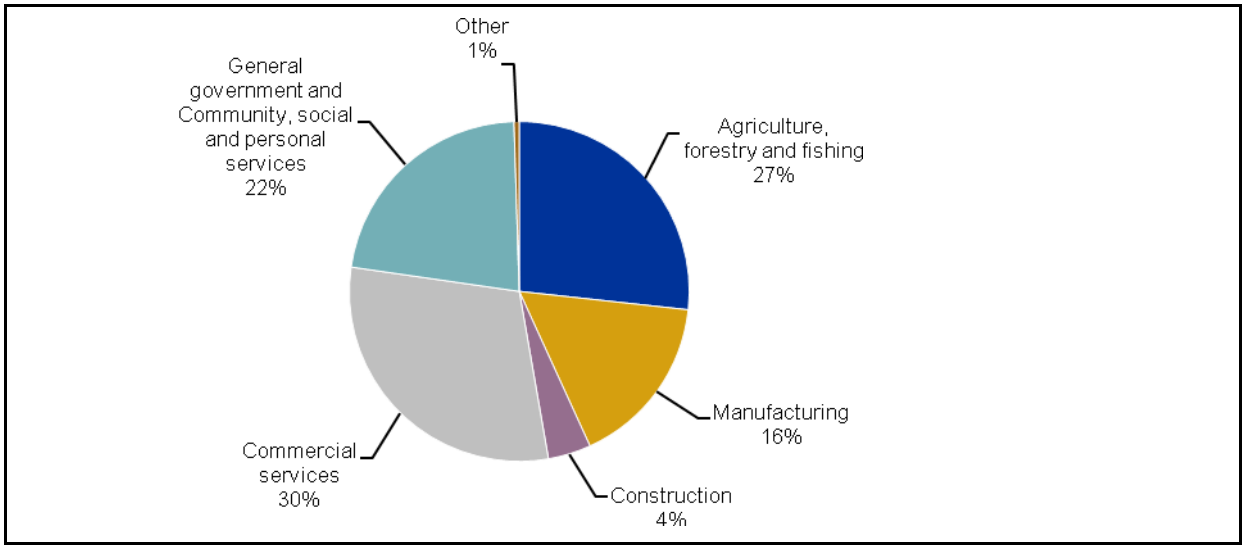
Graph 6: Cape Winelands District: Municipal GDPR vs. municipal employment, 2005 - 2013



Source: Municipal Economic Review and Outlook (MERO), 2015

Langeberg, who had the 2nd fastest GDPR growth per annum at 4.30 per cent, experienced employment contraction of 0.40 per cent per annum.

Graph 7: Langeberg: Employment by sector, 2013



Source: Municipal Economic Review and Outlook (MERO), 2015

Graph 7, illustrates that Langeberg's commercial services sector (30 per cent) and the agriculture sector (27 per cent) were the largest employers in the Municipality in 2013. This is followed by general government and community, social and personal (CSP) services (22 per cent) and manufacturing (16 per cent).

Table 5: Cape Winelands District: GDPR growth vs. net employment, 2005 - 2013

	Witzenberg		Drakenstein		Stellenbosch		Breede Valley		Langeberg		Cape Winelands District	
Industry	**GDPR trend**	**Net employment**	**GDPR trend**	**Net employment**	**GDPR trend**	**Net employment**	**GDPR trend**	**Net employment**	**GDPR trend**	**Net employment**	**GDPR trend**	**Net employment**
Agriculture, forestry and fishing	1.30%	-7 773	1.00%	-8 396	0.50%	-5 550	-0.10%	-9 791	0.30%	-6 313	0.60%	-38 284
Manufacturing	1.40%	-399	0.60%	-1 338	1.90%	676	3.00%	-72	3.50%	505	1.80%	-557
Construction	0.80%	-381	3.40%	-1 805	9.40%	-73	7.70%	-241	7.80%	-191	6.60%	-2 699
Commercial services	4.80%	497	5.10%	3 675	6.10%	7 427	2.80%	91	7.90%	2 922	5.30%	15 597
General government and Community, social and personal services	3.30%	910	2.20%	581	6.70%	7 755	1.90%	420	5.10%	1 659	4.00%	11 856
Other	0.50%	19	4.10%	212	4.30%	94	-6.00%	23	-0.40%	81	1.80%	429
Total	**2.70%**	**-7 127**	**3.00%**	**-7 071**	**4.80%**	**10 329**	**2.20%**	**-8 670**	**4.30%**	**-1 337**	**3.50%**	**-13 658**

Source: Municipal Economic Review and Outlook (MERO), 2015

Consequent to the very slow growth in the agricultural sector, net employment over the period stood at -6 313. Despite the robust economic growth experienced in the construction sector it also experienced net job losses. The two fastest growing sectors (commercial services and general government and CSP services) also created

the most jobs in the Municipality overall, with 2 922 net jobs created in the commercial services sector and 1 659 net jobs created in the general government and CSP services sector.

Table 6: Employment per skills sector, 2005 - 2013

Sector composition	Langeberg Municipality	
	Number	Growth p.a. 2005 - 2013
Highly skilled	3 038	2.6%
Skilled	7 526	1.7%
Semi- and unskilled	12 050	-4.3%
Informal	6 778	6.1%
Total employment	**29 392**	**-0.4%**

Source: Municipal Economic Review and Outlook (MERO), 2015

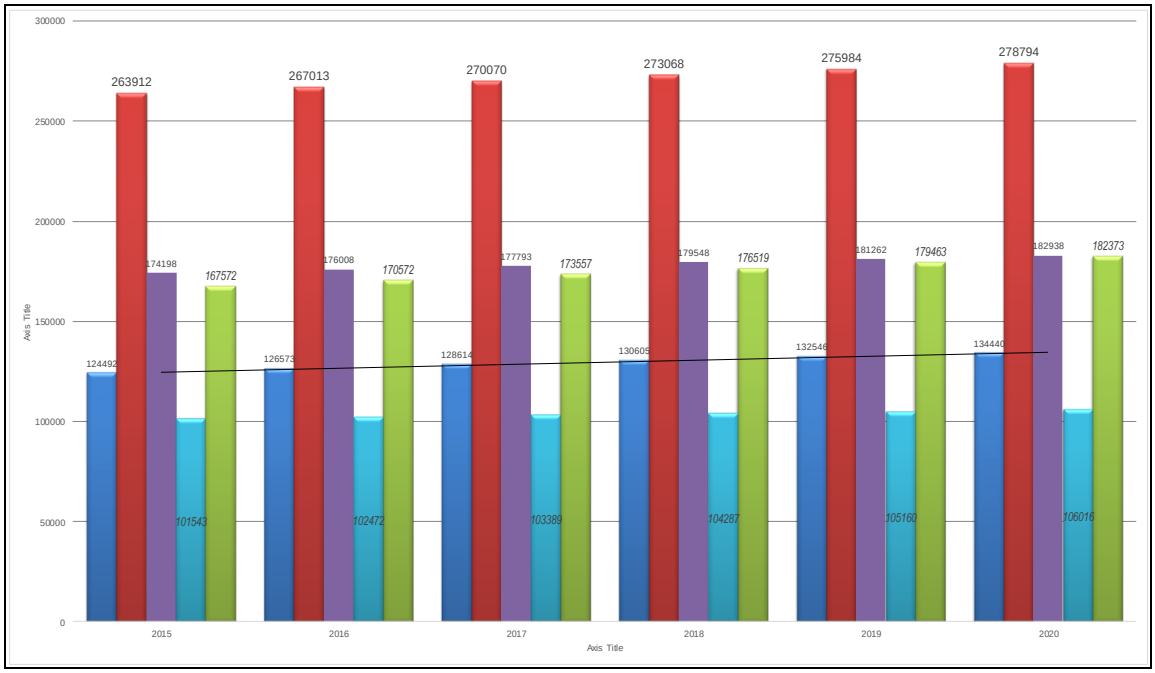
Consideration of employment figures per skills sector indicates that there has been an increase in demand for highly skilled and skilled labour within the Langeberg municipal area as employment in these categories increased by 2.6 and 1.7 per cent respectively for the period 2015 - 2013.

As per Table 6, semi- and unskilled labour constitutes approximately 41 per cent of the total labour force in Langeberg. It is therefore concerning to note that employment within this skills sector contracted by 4.3 per cent. This pattern is prevalent across the Cape Winelands District. The job losses in this sector are congruent with the job losses experienced in the agriculture and construction sectors and can, amongst other factors, be attributed to the mechanisation of certain labour practices within these industries.

Population Reality and Implications

Size: Langeberg has the lowest population within the Cape Winelands District, which is estimated at 101 543 in 2015. According to population forecasts by the Department of Social Development, Langeberg Municipality's population will continue to grow at a rate of 4.4 per cent on average per annum and it is projected to reach 125 937 by 2020.

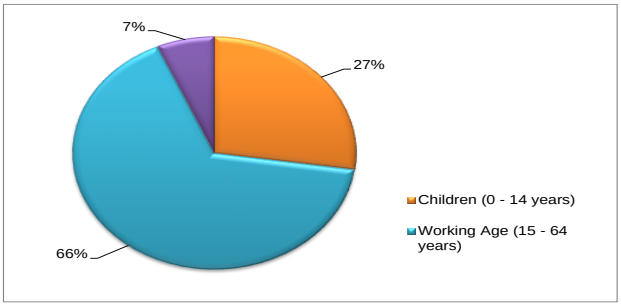
Graph 8: Population Projections, 2015 – 2020



Source: Western Cape Department of Social Development, 2015

Age: Langeberg's population age distribution is as follows: Children (aged 0 - 14 years) 27%, Working age (aged 15 - 64 years) 66% and Aged (aged 65 years and above) 7%. This places the dependency ratio at 52.0, which implies greater strain on the incomes of the working age population and does not bode well for improved social security and enhanced economic growth.

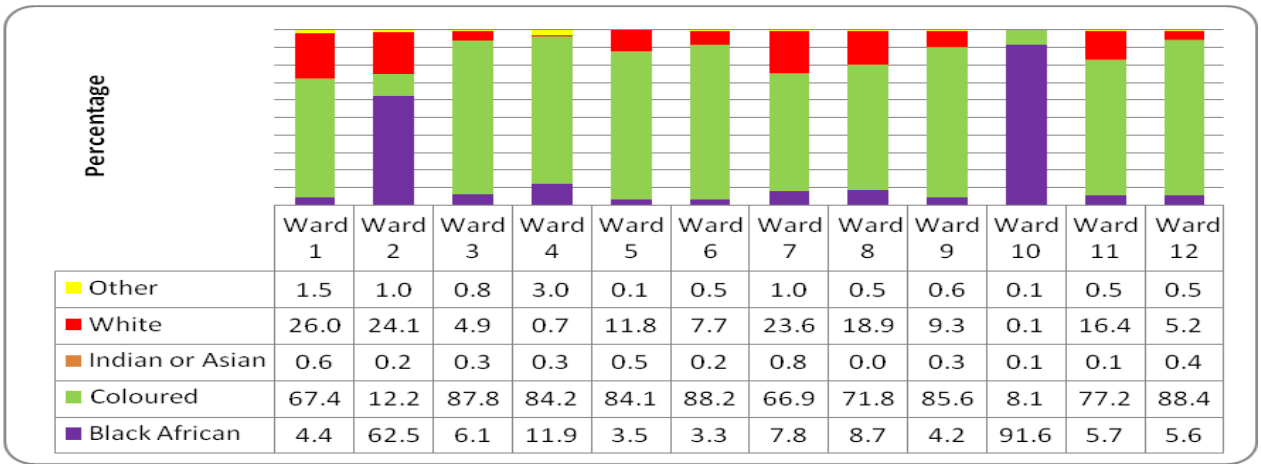
Graph 9: Langeberg Population Age Distribution, 2013



Source: Western Cape Department of Social Development, 2015

Composition: The majority population group in The Municipality is Coloured, followed by Black African, White and Indian/Asian across all wards, except for Ward 2 and Ward 10 where the majority is Black African.

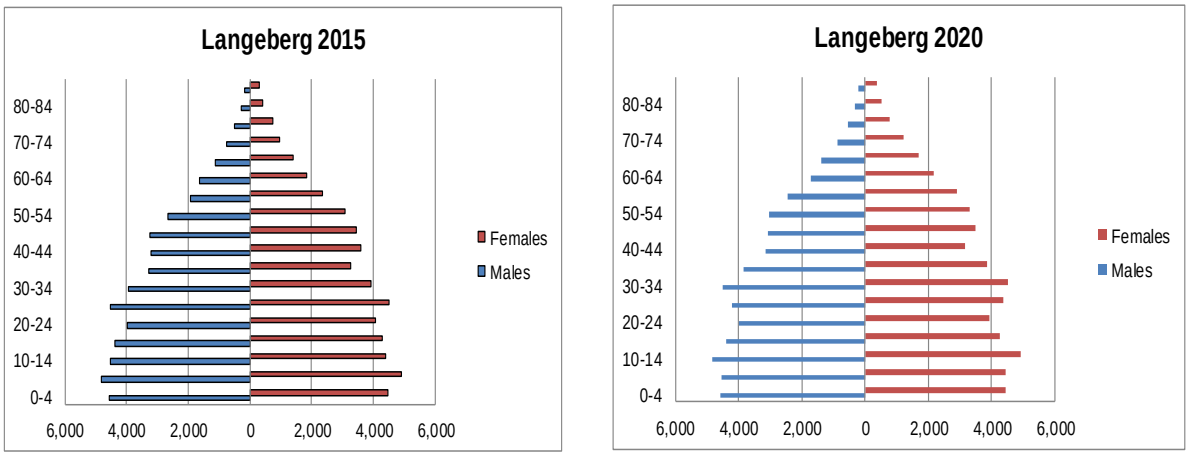
Graph 10: Distribution of the Population by Population Group in Langeberg Municipal Wards



	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Ward 7	Ward 8	Ward 9	Ward 10	Ward 11	Ward 12
Other	1.5	1.0	0.8	3.0	0.1	0.5	1.0	0.5	0.6	0.1	0.5	0.5
White	26.0	24.1	4.9	0.7	11.8	7.7	23.6	18.9	9.3	0.1	16.4	5.2
Indian or Asian	0.6	0.2	0.3	0.3	0.5	0.2	0.8	0.0	0.3	0.1	0.1	0.4
Coloured	67.4	12.2	87.8	84.2	84.1	88.2	66.9	71.8	85.6	8.1	77.2	88.4
Black African	4.4	62.5	6.1	11.9	3.5	3.3	7.8	8.7	4.2	91.6	5.7	5.6

Age/Gender: The population pyramids below visually represent the community's age and sex distribution and provides insight into fertility, mortality and immigration rates. When comparing the shape of the 2015 and 2020 population pyramids, population increases are expected at the younger ages, particularly 10 to14 years, as well as in the working age population between 35 and 44 years. This holds particular implications for the provision of educational facilities and services related to children about to enter (and already attending) high school. The growth in the labour force will result in a greater need for employment opportunities.

Graph 11: Population Age Distribution 2015 to 2020



Source: Western Cape Department of Social Development, 2015

Education: Education and training improves access to employment opportunities and help to sustain and accelerate overall development. It influences communities' welfare and expands the range of options through which to create opportunities for a fulfilling life.

The literacy rate is calculated as the proportion of those 14 years and older who have successfully completed a minimum of 7 years of formal education. Langeberg's literacy rate of 75.3 per cent is the lowest in the Cape Winelands District. This may have implications for employment, income and municipal revenue.

The following education indictors were recorded for Langeberg Municipality:

Table 7: Cape Winelands District: Education lindicators

Municipality	Learner enrolment		Dropout rate		Learner teacher ratio	
	2013 (Gr 1 - 12 + LSEN)	ASS 2014	Average Drop-out rate 2012	Crude dropout rate using Yr 2013 - Gr 10 and Yr 2015 - GR12	Average learner teacher ratio 2012	ASS 2014: ALL state+ sgb+ substitutes teachers ecl. Practitioners and other
Witzenberg	17 922	18 038	38.00%	29.00%	27.3	29.3
Drakenstein	46 821	46 474	28.60%	27.00%	26.6	28.8
Stellenbosch	26 657	25 274	31.90%	21.80%	21.5	26.3
Breede Valley	32 004	32 076	40.90%	32.20%	27.3	29.3
Langeberg	17 415	17 226	48.30%	38.70%	26.8	29.4

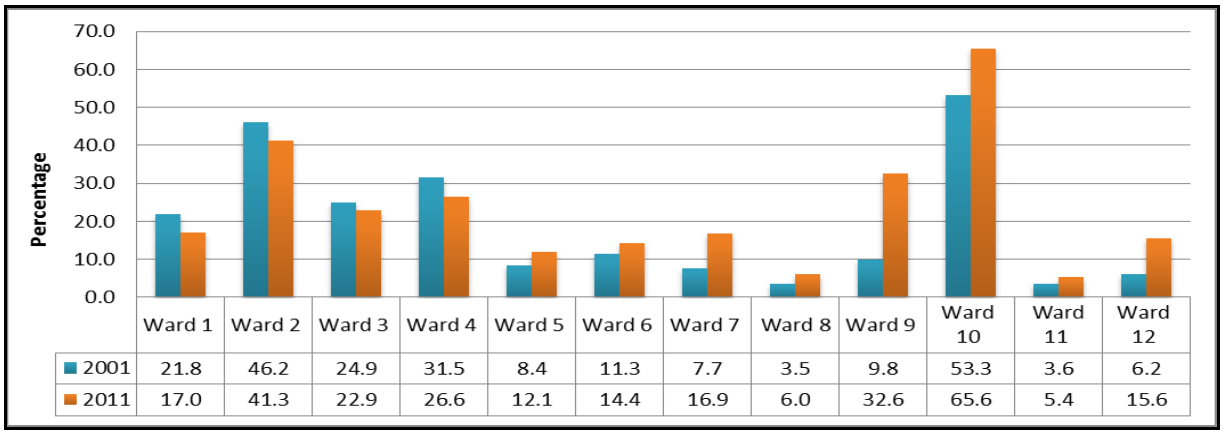
Source: Western Cape Department of Education, Annual Survey of Public & Independent Schools (ASS) 2014

According to the Annual Survey of Public and Independent Schools (ASS) done by the WCED in 2014, learner enrolment in Langeberg has decreased slightly from 17 415 in 2013 to 17 226 in 2014. The average school dropout rate in Langeberg was recorded at 48.30 per cent in 2012, however the dropout rate measured amongst grade 10 learners of 2013 and Grade 12 learners at the start of 2015 was 38.70 per cent. The average learner-teacher ratio for Langeberg has increased between 2012 and 2014 from 26.8 to 29.4 indicating either greater learner enrolment or lower teacher employment.

Unemployment: According to Statistics South Africa, the official unemployment figure for the Langeberg area is estimated at 5%. It should be noted, however, that the "Other not economically active" participants amounts to an overwhelming 24%. In terms of youth unemployment, 15.1% of persons aged between 15-34 years are unemployed.

The overall unemployment rate remains relatively low in most wards. Ward 10 recorded a high unemployment rate of 53.3% in 2001 and 65.6% in 2011. Ward 2 recorded the second highest unemployment rate. It must be noted however, that many people are only employed seasonally. Employment data can thus be misleading, depending on what time of year the census was conducted.

Graph 12: Unemployment Rate in Langeberg Municipal Wards



Source: Western Cape Department of Social Development, 2014

Households: According to Census 2011, 9.7 per cent of households in Langeberg had no income, indicating that a portion of Langeberg's population lives in absolute poverty. A further 2.3 per cent of Langeberg's households had an income of less than R400 per month. The high levels of poverty imply great strain on municipal resources to provide free basic services.

Table 8: Household Income, 2011

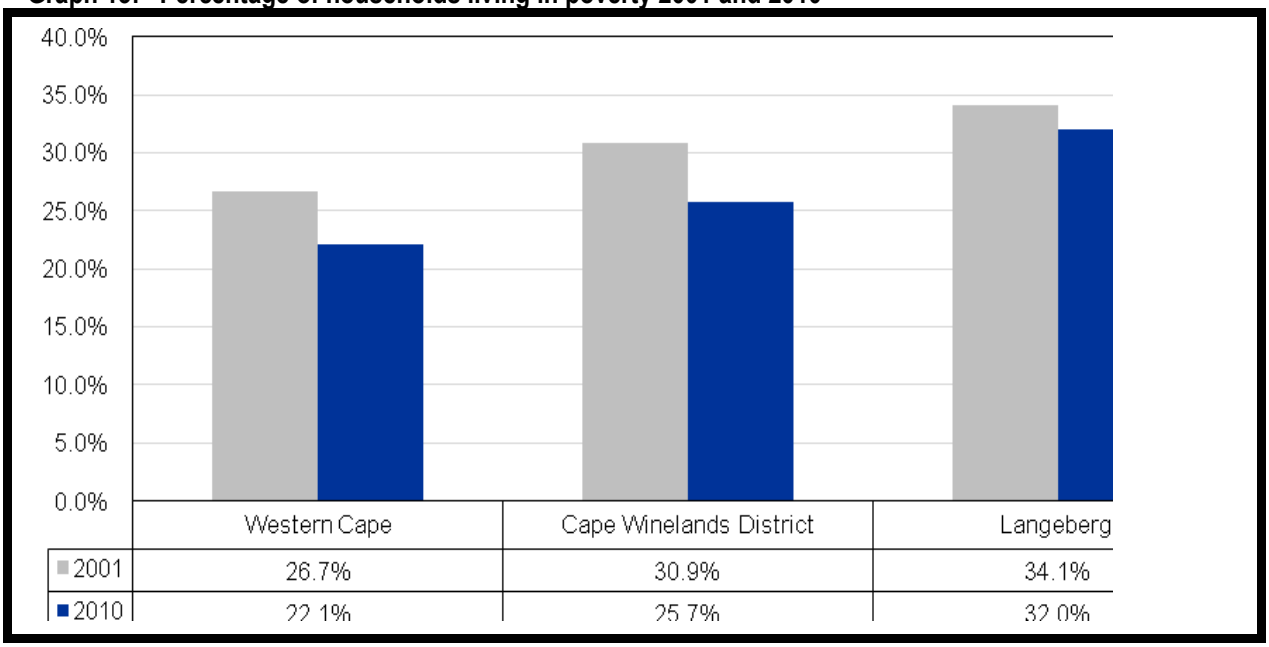
Cape Winelands District	No income	R1 - R4 800	R4 801 – R9 600	R9 601 - R19 600	R19 601 – R38 200	R38 201 - R76 400	R76 401 - R153 800	R153 801 - R307 600	R307 601 - R614 400	R614 001 - R1 228 800	R1 228 801 – R2 457 600	R2 457 601+
Witzenberg	6.4%	1.9%	4.0%	18.5%	25.8%	20.9%	10.4%	6.8%	3.9%	0.9%	0.3%	0.2%
Drakenstein	13.0%	1.7%	3.1%	10.7%	17.2%	18.4%	13.9%	11.0%	7.4%	2.5%	0.7%	0.4%
Stellenbosch	20.6%	2.1%	3.5%	10.2%	16.5%	15.5%	11.5%	8.5%	6.6%	3.3%	1.0%	0.7%
Breede Valley	12.0%	1.7%	2.9%	14.9%	22.2%	19.0%	12.6%	8.5%	4.7%	1.0%	0.3%	0.2%
Langeberg	9.7%	2.3%	4.4%	15.5%	24.9%	20.0%	11.0%	7.3%	3.6%	0.8%	0.2%	0.2%

Source: Statistics South Africa, Census 2011

The table above indicates that in 2011 the largest proportion of households in Langeberg earned between R9 601 and R307 600 per annum.

As seen from the graph below, the percentage of people living in poverty has declined since 2001. In 2010, the proportion of people in Langeberg living in poverty was 32.0 per cent - down from 34.1 per cent in 2001. Langeberg's poverty levels are however more severe, compared to the District and the Province as a whole.

Graph 13: Percentage of households living in poverty 2001 and 2010



Source: IHS Global Insight, 2010

Environmental Reality and Natural Resources

Land use

The Premier issued a proclamation in the Provincial Gazette Extraordinary 7509 on 7 October 2015 that brings the LUPA into effect in the Municipality. A draft integrated zoning scheme stands to be approved when LUPA is implemented in the municipal area.

The current Land Use Management Scheme or Zoning Schemes are compliant with the provisions of the Land Use Planning Ordinance No. 15 of 1985 (LUPO).

Waste Management

A shortage of available landfill airspace exists across the Province and the recovery of waste material for the waste economy is only at 9 per cent. There is a need to move away from the landfill bias towards integrated waste management. To achieve this, more integrated waste management infrastructure is needed, which will increase the recovery of waste material and thereby save landfill airspace, promote the waste economy, reduce the environmental impacts of waste management and create jobs.

Due to strict environmental requirements set by the national government, closure and rehabilitation of waste disposal facilities became increasingly expensive. Lacking the necessary resources and staff capacity, municipalities find it difficult to comply. The Municipality is no exception in this regard.

In terms of waste minimisation, the Municipality provides a 13 per cent diversion rate and supports this by means of a split bag system, one MRF and two public drop-off facilities.

With regards to solid waste management, the Municipality conducts internal and external audits at one of its waste facilities with an average of 80 percent compliance in terms of waste licence conditions

The Municipality delivers waste removal, storage and disposal services in a manner that does not conflict with National or Provincial Norms and Standards. All the waste management facilities which trigger waste listed activities, are licensed/authorised in terms of the NEM:WA. The two drop-off facilities in McGregor and Robertson are freely accessible to the public.

Air Quality

The Municipality requested and awaits assistance from the relevant Provincial and National Departments to guide the development of an Air Quality Control Strategy and Plan for the municipal area. The Municipality provides input into the Western Cape State of Air Report through coordination by the Cape Winelands District Municipality.

Climate Change

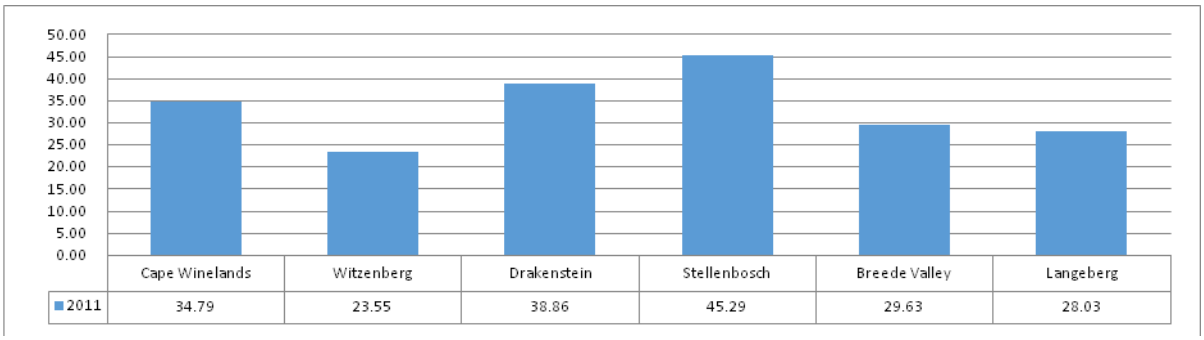
In terms of climate change mitigation, pushing energy efficiency projects is one of the IDP's strategic objectives. The Municipality also has an Electrical Master Plan, outlining how future growth will be handled.

In terms of adaptation, The Municipality has a disaster Management plan in place which is reviewed annually. Disaster risk assessments have been undertaken and climate change has been specifically identified as a consideration for flood risks.

Broadband Penetration

Municipal broadband initiatives offer great potential to enhance economic growth and development. In 2011, 34.79 per cent households had access to the internet in Cape Winelands District. The Municipality had the second lowest penetration rate (28.03 per cent) in the District.

Graph 14: Cape Winelands District: Internet Access, 2011



Source: Statistics South Africa, Census 2011

Creating improved internet access and usage in each ward, by providing Wi-Fi hotspots with limited, free access, is a future development focus of the Western Cape Broadband Initiative.

1.2.3. SERVICE DELIVERY OVERVIEW

Basic Service Delivery Achievements

Access to basic services within South Africa is a basic human right. It is also an indication of the quality of life of the inhabitants in the country. Access to basic services has a wider impact on education and health and therefore also on the economy. The Municipal Economic Review and Outlook of 2015 further highlights the positive economic impact of basic infrastructure spending on the overall economy.

The levels of access to basic services will be discussed below in terms of access to water, sanitation, energy, refuse removal and housing.

Access to water

Table 9: Cape Winelands District: Access to water, 2014

Regional area	Piped water inside dwelling	Piped water inside yard	Piped water less than 200 m from dwelling	Piped water more than 200 m from dwelling	Borehole/ rain-water tank/well	Dam/river stream/ spring	Water-carrier tanker/water vendor	Other/ Unspecified
Western Cape	74.1	13.8	8.7	2.5	0.1	0.1	0.1	0.6
Cape Winelands District	75.6	13.7	8.0	1.8	0.1	0.1	0.0	0.6
Witzenberg	78.0	12.4	8.1	1.0	0.1	0.1	0.0	0.3
Drakenstein	79.3	13.9	5.4	0.8	0.1	0.1	0.0	0.4
Stellenbosch	73.9	8.6	12.9	3.4	0.1	0.1	0.0	0.8
Breede Valley	68.2	18.7	9.5	2.2	0.0	0.1	0.1	1.2
Langeberg	79.9	14.2	3.7	1.6	0.0	0.2	0.1	0.3

Source: Quantec Research, 2015

The data indicates that in Langeberg 79.9 per cent of households have access to water within their dwellings and a further 14.2 per cent have access within their yard. Households that have access to water at least 200 m from their dwelling is 3.7 per cent Compared to other local municipalities across the District, Langeberg potable water access levels are the 3rd highest in 2014.

The Blue Drop certification reflects on the actual quality of tap water within a municipality. It further acknowledges a municipality's ability to sustain this quality and provides an indication of preparedness to deal with any incident that may pose a water related health risk to the public. The certification process attributes a weighted score according to a municipality's performance measured against a specific set of water management criteria such as water safety planning, drinking water quality compliance etc. Municipalities that achieve overall scores above 95 per cent are officially awarded the prestigious Blue Drop status.

Access to refuse removal

Inadequate waste services lead to unpleasant living conditions and a contaminated, unhealthy environment. For this reason municipalities across the country provide their inhabitants with waste removal services.

Table 10 displays the levels of access to refuse removal within the Cape Winelands District in 2014.

Table 10: Cape Winelands District: Access to refuse removal, 2014

Regional area	Removed at least once a week	Removed less often	Communal refuse dump	Own refuse dump	No rubbish disposal	Unspecified/ other
Western Cape	89.8	1.2	2.8	4.6	1.0	0.6
Cape Winelands District	79.8	4.1	3.7	9.3	1.6	1.4
Witzenberg	69.7	8.7	6.9	11.4	1	2.3
Drakenstein	86.2	2.8	3.3	5.3	1	1.4
Stellenbosch	87.3	2.6	2.4	4.7	1	1.9
Breede Valley	75.1	5.2	5.1	11.3	2.9	0.4
Langeberg	72.0	2.7	1	20.8	2.1	1.4

Source: Quantec Research, 2015

The data indicates that within Langeberg municipal area, 72.0 per cent of households have their refuse removed at least once a week. Compared to other municipalities across the District, Langeberg access levels are the second lowest in 2014. Approximately, 21 per cent of households make use of own refuse dumps to dispose their refuse.

Access to electricity

Table 11 reflects the different sources of energy used for lighting by households in Langeberg.

Table 11: Cape Winelands District: Access to electricity, 2014

Municipality	Electricity	Gas	Paraffin	Candles	Solar/other/ unspecified
Cape Winelands District	93.1	0.2	3.1	2.9	0.6
Witzenberg	93.4	0.2	1.8	3.9	0.8
Drakenstein	94.9	0.2	2.5	1.9	0.5
Stellenbosch	95.3	0.3	1.8	2.0	0.7
Breede Valley	87.8	0.2	7.2	4.3	0.5
Langeberg	94.3	0.1	1.0	3.5	1.1

Source: Quantec Research, 2015

Table 11 also indicates that the biggest source of energy in Langeberg is electricity at 94.3 per cent in 2014. This is the third highest compared to other local municipalities in the Cape Winelands region in 2014.

Access to sanitation

Access to sanitation is one of the most important basic services as it concerns the health and dignity of human beings. Table 12 shows the type of sanitation facilities available to households in Langeberg in 2014.

Table 12: Cape Winelands District: Access to sanitation, 2014

Municipality	Flush or chemical toilet	Pit latrine	Bucket latrine	Not listed elsewhere
Cape Winelands District	90.8	0.7	2.6	5.9
Witzenberg	91.3	0.9	2.0	5.9
Drakenstein	93.6	0.5	2.9	2.9
Stellenbosch	90.4	0.9	3.0	5.7
Breede Valley	87.9	0.7	2.6	8.9
Langeberg	89.2	0.6	2.3	7.9

Source: Quantec Research, 2015

In 2014, 89.2 per cent of households had access to flush toilets (connected to sewerage/septic tank), however 7.9 per cent of households did not have access to sanitation in 2014 whilst 2.9 per cent of households made use of bucket latrine or pit latrines

Basic Service Delivery Challenges

Water balance figures from the Department of Water and Sanitation's statistics indicate an increase in unaccounted for water (UAW) for the towns of Bonnievale and McGregor.

An investigation into the cause of the increased water losses in these towns needs to be conducted as a basic service delivery development focus for the next financial year.

Staff shortages may be one of the contributing factors to this problem. Whilst the Municipality is well capacitated in the senior area of our technical department, the filling of Water & WWTW Operator posts needs attention and will be attended to with the restructuring and evaluation of posts.

Table 13: Basic Service Delivery Challenges as at 14 March 2016

Informal settlement area	Number of dwellings	Challenges	Interventions necessary
Robertson (Nkanini)	1007	Limited water access points and toilets	Improve access to water points and provide more toilets
Mandela Square	195	Limited water access points and toilets	Improve access to water points and provide more toilets
Boekenhoutskloof	429	Limited water access points and toilets	Improve access to water points and provide more toilets
Ashton	121	No Sanitation	Improve access to sanitation
McGregor	114	Limited water access points and toilets	Improve access to water points and provide more toilets
Zolani	42	No sanitation	Improve access to sanitation

1.2.4. FINANCIAL HEALTH OVERVIEW

Financial Sustainability

Based on the ratios provided in **Appendix xx**, The Municipality managed well to sustain its financial position.

Table 14: Financial Overview

Financial Overview - Year 2015/2016			
Details	**Original Budget**	**Adjustment Budget**	**Actual**
Income			
Grants	105 213	116 876	106 742
Taxes, Levies and tariffs	407 580	409 235	400 258
Other	42 868	55 262	32 067
Sub Total	555 661	581 373	539 067
Less Expenditure	554 278	587 907	534 835
Net Total*	1 383	-6 534	4 232
**Note: surplus/deficit)*			

The following table highlights some key financial management challenges experienced in 2015/2016.

Table 15: Key Financial Challenges and Interventions

Key Financial Challenges and Interventions	
Challenges	**Interventions**
Implementation of MSCOA	Project plan and work streams commissioned
MSIG Grant stopped to all municipalities	Revision of funding model for financial management reforms

Financial Health

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

Table 16: Operating Ratios

Operating Ratios				
Detail	**%**	**Expected Norm**	**Variance from norm**	**Comment**
Employee Cost	27.21%	30%	2.79%	Below industry norm
Repairs & Maintenance	3.36%	20%	16.64%	Below industry norm
Finance Charges & Impairment	1.42%	10%	8.58%	Low reliance on external funding

Table 17: Total Capital Expenditure

Total Capital Expenditure R'000				
Detail	**2013/2014**	**2014/2015**	**2015/2016**	**Comments on variations between Actual and Adjustment Budgets**
Original Budget	53.910	54 440	56 671	Various factors contributed to the capital budget not fully spent
Adjustment Budget	57 412	58 818	58 674	
Actual	52 538	52 532	53 626	

Risk Assessment

The organisational risks for 2015/2016 were assessed and a Risk Register was developed. The Municipality's five top risks and mitigation measures follow below:

Table 18: Five Top Risks and Mitigating Measures

Langeberg Municipality's **Five Top Risks**	**Mitigating Measures to be Implemented**
Finance: The standard chart of accounts (SCOA) is not implemented timely	The mapping has been done. Discussed with OMT and implementation is currently underway. Provincial treasury is also assisting. The Promun financial system to be MSOCA compliant.
Community Services: Unregistered properties in the municipal area	List of unregistered properties with an action plan is compiled and monitored on a regular basis. Meeting between housing department and the deeds office. Reconciliation to be done between the municipality's records and the deeds office.
Finance: Awards made to employees in the service of the state	The suppliers will be checked before entered into the business. The supplier must sign a declaration form. The Provincial Treasury forward to the Municipality the list of possible suppliers with conflict of interest, which can also assist the Municipality to mitigate the risk.
Engineering: Non-Compliance with BCEA on excessive overtime worked at engineering department.	Pre - Approval of the overtime to be worked. Overtime to be worked on Memorandum on the reason for excessive overtime to be attached on the overtime form and be done by each department affected. Overtime to be worked only in unforeseen circumstances. Appointment of additional staff at Water and Sanitation department.
Corporate Services: Vandalism of Municipal facilities and installations.	Investigate Proper alarm system solutions in 2016/17 financial year. Budget for the security services. Tender process for the 24hr security services

1.2.5. **ORGANISATIONAL DEVELOPMENT OVERVIEW**

The Municipality has an approved organisational structure which was revised on 27 May 2015. The organisational structure of the Municipality provides for four (4) section 56 positions and one (1) section 57 position, which are all filled.

The overall vacancy rate of the Municipality for 2015/2016 was 6, 9%.

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

As required by the Skills Development Act, 1998 and the Sector Education Training Authorities Grant Regulations, 2012, the Municipality submitted its Workplace Skills Plan for staff training and development on 30 April 2015. The Municipality has a functional Training Committee.

1.2.6. AUDITOR GENERAL REPORT

The Auditor-General awarded the Municipality a clean audit for the 2014/2015 financial year. This is the 4th consecutive expression of confidence in Langeberg Municipality.

All notes to the 2014/2015 audit opinion have been addressed to the satisfaction of the Auditor General.

1.2.7. STATUTORY ANNUAL REPORT PROCESS

The Annual Report process follows in Table xx below:

Table 19: Annual Report Process

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

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

The table below shows that The Municipality complied with legislative requirements and timeframes in terms of the 2015/2016 Annual Report Process.

Table 20: Legislative Compliance of the 2015/2016 Annual Report Process

	Applicable Legislation	Comment
Annual Report tabled to Council within 7 months after end of financial year	MFMA Section 121(1)	The Annual Report was tabled in Council on xx/xx/2016 - within 7 months after the end of the financial year
Annual Report made public for public comment	MFMA Section 127(5)	Communities were invited to make comments on the AR on xx/xx/2016. The advert was published at www.langeberg.gov.za
Annual Report placed on website within 5 days after tabling in Council	MFMA Section 75	The Annual Report was placed on the municipal website on xx/xx/2016.
Annual Report submitted to Provincial Treasury	MFMA Section 127(5)	The Annual Report was submitted to PT on xx/xx/2016.

CHAPTER 2

SERVICE DELIVERY PERFORMANCE

(PERFORMANCE REPORT PART I)

CHAPTER 2: GOVERNANCE

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

The purpose of this Annual Report is to promote accountability to communities and to highlight those decisions taken by the Council and matters relating to administrative structures, throughout the 2014/15 financial year.

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

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

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

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

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

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

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

2.1 POLITICAL GOVERNANCE

In accordance with the MFMA Section 52 (a), the Mayor provides general political guidance over the fiscal and financial affairs of the municipality. To assist the Mayor with the exercise of political governance at Langeberg Municipality, a Portfolio Committee System exists.

An established Oversight Committee comprises of non-executive councillors, with the specific purpose of providing Council with comments and recommendations on the Annual Report. The Oversight Committee Report will be published separately in accordance with MFMA guidance.

In addition, the Municipality also has an Audit Committee, which provides opinions and recommendations on financial processes and performance as well as comments to the Oversight Committee on the Annual Report.

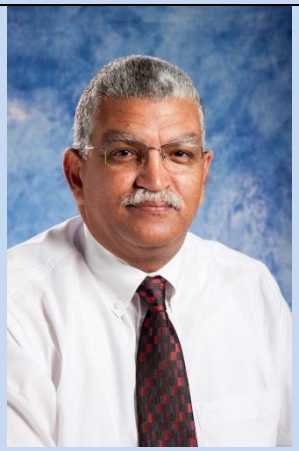
Political decisions are made by the Executive Mayor, in terms of powers delegated to her by law, and by Council at general monthly Council Meetings or Special Council Meetings that are called when decisions cannot wait for scheduled, monthly meetings.

The Council of the Municipality comprises of 12 Ward Councillors and 8 proportional representatives. **Appendix A** provides a full list of Councillors and committee allocations.

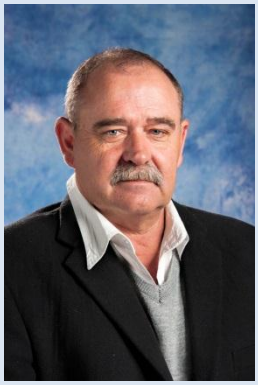
The table below provides a graphic illustration of Council's executive structure.

Table 21: Political Structure of Langeberg Municipality

Political Structure of Langeberg Municipality	
 ALDERMAN D GAGIANO **Executive Mayor**	

 COUNCILLOR W NYAMANA **Deputy Mayor**	
 **COUNCILLOR DA HULL** **Speaker**	
 COUNCILLOR J KRIEL **Chief Whip**	

EXECUTIVE MAYORAL COMMITTEE



CLR SW VAN EEDEN

CLR EMJ KOTJE

CLR NP CROUWCAMP

CLR EMJ SCHEFFERS

Executive Deputy Mayor Cllr. Khanyile Klaas exited Langeberg Municipality's political structure on 5 November 2015. Cllr Klaas' successor is Cllr Wiseman Nyamana.

2.2 ADMINISTRATIVE GOVERNANCE

The Municipal Manager and Head of Departments meet formally on a weekly basis to deliberate on service delivery issues and reports that must be submitted to the Mayoral Committee or Council in terms of delegated powers, as well as on organisational management matters. The Senior Management Team also engages the Mayoral Committee to expedite the decision-making and service delivery process.

Table 22: Top Administrative Structure – Tier 1

TOP ADMINISTRATIVE STRUCTURE TIER 1	
MUNICIPAL MANAGER Mr SA MOKWENI **SA MOKWENI** **Municipal Manager**	**FUNCTIONS** Accounting Officer of the Municipality Strategy Sound Financial Management Communication and stakeholder Management

Table 23: Top Administrative Structure – Tier 2

TOP ADMINISTRATIVE STRUCTURE TIER 2	
	FUNCTIONS
DIRECTOR: CORPORATE SERVICES Mr AWJ EVERSON (Section 57) 	• Administrative Support • Governance Support • Human Resources • Labour Relations • Traffic Services
CHIEF FINANCIAL OFFICER Mr B BROWN (Section 56) 	• Budget Office • Income • Expenditure • Supply Chain Management
DIRECTOR: ENGINEERING SERVICES Mr IAB VAN DER WESTHUIZEN (Section 56) 	• Electric Engineering Services • Civil Engineering Services • Project Management • Solid Waste • Town Planning
DIRECTOR: STRATEGY & SOCIAL DEVELOPMENT Mrs CO MATTHYS (Section 56) 	• Information Technology • Communications • Integrated Development Plan • Performance Management • Special Projects • Local Economic Development

TOP ADMINISTRATIVE STRUCTURE TIER 2	
DIRECTOR: Community Services Mrs C LIEBENBERG (Section 56) 	• Community Facilities • Fire Services • Housing Administration • Libraries • Parks & Recreational Facilities

Table 24: Top Administrative Structure – Third Tier in 2015-2016

Top Administrative Structure – Third Tier in 2015/2016		
Department	**Officials**	**Designation**
Municipal Manager	Mr P A Lategan	Chief Audit Executive
Corporate Services	Mrs S Kotzé	Manager: Administrative Support
	Mr J C J Coetzee	Manager: Governance Support
	Mr T H Carstens	Manager: Human Resources
	Mr E Jooste	Manager: Labour Relations
	Mr A J Dondolo	Acting Manager: Traffic Services
Strategy & Social Development	Mr D van Schalkwyk	Manager: Social Development
	Mr M Z Prins	Network Administrator
	Mr P W Salman	Manager: Local Economic Development
Financial Services	Vacant	Manager: Budget Office
	Vacant	Manager: Income
	Vacant	Manager: Expenditure
	Mr S Ngcongolo	Snr Supply Chain Practitioner
Civil Engineering Services	Mr M Johnson	Manager: Civil Engineering Services
	Mr C J Vorster	Manager: Electrical Engineering Services
	Mr G M Slingers	Mentee Manager: Solid Waste
	Mr N W Albertyn	Manager: Project Management
	Mr J V Brand	Manager: Town Planning

Community Services	Mr D J Baadjies	Manager: Community Facilities
	Ms Z A Lesia	Manager: Parks & Amenities
	Mr J A Constable	Acting Manager: Fire Services
	Mr M W Nel	Manager: Housing Administration
	Mrs C Joubert	Librarian

MEETING THE REQUIREMENTS FOR POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

Sustainability and Productivity: The Municipality's political and administrative governance structures remained productive throughout 2015/2016 and complied well with legislative requirements. The following meetings were held:

Table 25: Council, Mayco and Portfolio Meetings 2015/2016

Meetings	2014/2015	Attendance	2015/2016	Attendance
Portfolio Committee Meetings	71	85%	**40**	85%
Mayoral Committee Meetings	6	100%	**6**	97%
Special Mayoral Committee Meetings	1	100%	**1**	83%
Council Meetings	6	91%	**6**	89%
Special Council Meetings	8	85%	**6**	90%

Table 26: Ward Committee Meetings held in 2015/2016

Ward Committee	Chairperson	Number of meetings held in 2014/2015	Number of meetings held in 2015/2016
Ward 1, Robertson	Cllr JD Burger	10	10
Ward 2, Robertson (Nkqubela)	Cllr SP Mafilika till 28 Feb 2015/ AJ Shibili from 6 May 2015	10	10
Ward 3, Robertson	Cllr E Turner	10	10
Ward 4, Bonnievale (Happy Valley)	Cllr RR Kortjé	10	10
Ward 5, McGregor	Cllr DA Hull	10	10
Ward 6, Robertson	Cllr DB Janse	10	10
Ward 7, Montagu	Cllr J Kriel	10	10
Ward 8, Bonnievale	Cllr SW van Eeden	10	10
Ward 9, Ashton	Cllr TS de Koker	10	10
Ward 10, Ashton (Zolani)	Cllr EM Zwedala till 30 April 2015	10	10
Ward 11, Ashton (Rural)	Cllr JDF van Zyl	10	10
Ward 12, Montagu	Cllr EMJ Scheffers	10	10

Table 27: Audit Committee Meetings and Attendance

Audit Committee Members	Number of Meetings in 2014/2015	Member Attendance in 2014/2015	Number of Meetings in 2015/2016	Member Attendance in 2015/2016
Mr JJ Mostert – Chairman	5	5	5	5
Mr A Amod	5	3	5	5
Mr K Pretorius	5	5	5	5
Mr W van Deventer	5	5	5	5

Municipal Public Accounts Committee

The MPAC met on:

- 2015-08-04
- 2015-09-23
- 2015-11-03
- 2016-01-19
- 2016-03-08
- 2016-04-08
- 2016-05-10

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

Table 28: Governance Structures and Measures of Accountability

Governance Structures	Measures of Accountability
Council	Approved minutes are available on request. All Council proceedings are ruled by the *Council Rules of Order.* Councillor conduct is ruled by the *Code of Conduct for Councillors.*
Mayoral Committee	Mayco Meetings are scheduled and minutes are kept. Mayco reports to Council
Ward Committees	Ward Councillors have a duty to provide feedback to Ward Committees and to Council. Meetings are scheduled and minutes are kept.
Portfolio committees	Responsible for oversight over administrative departments and report to Council monthly. Meetings are scheduled and minutes kept.
Municipal Public Accounts Committee	The MPAC serves as an oversight committee - to determine the institutional functionality of the Municipal Council in terms of effectiveness. An Oversight Report is tabled to Council
The Municipality reports its annual performance financial statements to the Auditor General	The Auditor General delivers an AG Report and expresses an audit opinion
The Municipality reports its annual performance financial status to its communities annually	The approved Annual Report is made available to the public
Municipal structures, employees, operations, procedures and processes are ruled by legislation	Policies, Bylaws, Legislation, Regulations and Codes are available
Worker Representative Unions represent employees on organisational structures and observe the legality of labour practices procedures and processes.	Representation on recruitment and selection panels: Interviews are recorded. Representation on Labour Forum: Minutes are recorded. Representation on Occupational Health and Safety Committee: Minutes are recorded
Internal Auditing ensures the management of risk exposure and monitors adherence to legislation	The unit identifies municipal risk and generates a Municipal Risk Register. Internal Auditing reports are generated and tabled to Council
The Audit Committee is responsible for the oversight of internal controls, financial reporting and compliance with regulatory matters.	Audit Committee approves the Internal Audit Plan and reports to Council
Community participation in the development of Policies and Strategies	Participative processes were scheduled and posted on the municipal website on: • 29/03/2016
IDP and Budgeting Participation	Participative processes were ensured with a Process Plan which was approved by Council on 24/08/2015.
Performance Management Committee	An evaluation panel, established in terms of Section 6.6 of the Performance Agreement, evaluates the performance of employees.

Governance Structures	Measures of Accountability
	Performance Agreements are signed on acceptance.
Organisational and Service Delivery Performance Reporting to Council	Quarterly Performance Reports on the SDBIP are tabled to Council. Dates tabled: 1st Quarter: 27 October 2015 2nd Quarter (midyear report): 23 February 2016 3rd Quarter: 19 April 2016 4th Quarter: 28 July 2016
Municipal Website promotes transparency	The Municipal website is updated on a daily basis. All current events, news articles, as well as required legislative documents (including budgets, tenders and vacancies) are updated on the website daily. Around 6600 unique visitors browsed the municipal website on a monthly basis during the 2014/2015 year and an average of 6690 per month in 2015/2016.

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

Table 29: Governance Structures and Measures of Effectiveness and Efficiency

Governance Structure	Measure of Effectiveness and Efficiency
Portfolio Committees monitor municipal service delivery and budget implementation	Quarterly Reporting to Council on the SDBIP Dates:
Mayoral Committee ensures the mid-term assessment of performance, spending and budget	Mid-Term Assessment Report tabled to Council on 26 January 2016 Adjustment Budget Tabled to Council on 23 February 2016 Adjusted SDBIP tabled to Council on 16 May 2016
Audit Committee ensures oversight of internal auditing and risk management processes	Internal Audit Plan Internal Audit Reports tabled to Council Risk Register Number of fraud cases reported and losses recovered
Performance Management Committee	Performance Bonuses awarded. The performance management system is designed to reward superior performance. This linking increases overall organizational motivation and efficiency by focusing the executive management on the successful implementation of the IDP and Budget.

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

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

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

Participation: Community participation in the governance structures of the The Municipality is mainly achieved through the Ward Committees System and consultative meetings with the community and sectors.

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

Table 30: Website Uploads for Community Reviews and Comments in 2015/2016

WEBSITE UPLOADS FOR COMMUNITY REVIEWS AND COMMENTS IN 2015/2016	
Document	**Date**
MN Notice 49 and 28	27/06/2016
MN Notice 50 and 37	27/06/2016
MN Notice 36, 38, 22	23/05/2016
Call for nominations for Member of the Audit / Performance Committee	29/04/2016
MN 31/2016: Adoption of Spatial Development Framework	29/04/2016
MN 35/2016: Calling for Inspection of 2nd Supplementary Valuation Roll of Properties	29/04/2016
MN Notice 30	26/04/2016
MN Notice 32, 33, 34	26/04/2016
Call for Robertson Museum representation	20/04/2016
MN Notice 29	18/04/2016
Notice to lease Erf 263 Zolani, Ashton	18/04/2016
MN Notice 26 and 27	06/04/2016
2016-2017 Draft Operating/Capital Budget, Draft IDP and Policy Documents open for comments	29/03/2016
MN Notices 19, 20 and 21	04/03/2016
Notice: Proposed adoption of Informal Trading By-Law	22/02/2016
Draft Liquor By-Law follow up meeting for liquor license holders	03/02/2016
Calling for Inspection of 1st Supplementary Valuation Roll and lodging of objections	26/01/2016
Notice: Provincial Land Transport Framework 2016/17- 2020/21 Review Workshop	26/01/2016
Notice to comment on the Draft Annual Report for the 2014/2015 Financial Year	03/12/2015
Community IDP Meeting Notice	12/10/2015
Proposed consent uses of Erf 584, 5 Le Roux Street, Montagu	29/07/2015
Proposed consent use and departure of Erf 3650	29/07/2015
IDP Review 2015-2016	01/06/2015
Langeberg LED Review	03/06/2015
LED Strategy Review	03/06/2015

COMPONENT B: INTERGOVERNMENTAL RELATIONS

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

Langeberg Municipality strives to uphold its legislative authority and co-operative governance as required by the Constitution and other relevant legislation. In doing so, the Municipality maintains good co-operative and inter-governmental relations with the Cape Winelands District Municipality, neighbouring municipalities, Provincial and National Government and other government agencies. Maintaining good relations with other government spheres makes it possible to benefit from the various contributions to service delivery offered by government, by aligning municipal planning to the development objectives and targets of provincial and national sector departments. Such contributions include various grants, skills development and capacity building roll-outs which strengthen local government in its quest to improve service delivery.

A few of the intergovernmental platforms are reflected below.

2.3 INTERGOVERNMENTAL RELATIONS

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

Table 31 A, B, C, D: 2015/2016 IGR Engagements participated in by The Municipality

A. IGR ENGAGEMENTS FOR THE OFFICE OF THE MUNICIPAL MANAGER			
Meeting	**Attended by**	**Hosted in**	**Date**
LG – Institutionalization of Gender Mainstreaming	Municipal Manager	Ashton	27/07/2015
WC LG Municipal Support Plan	Municipal Manager	Ashton	06/08/2016
District Coordinating Forum	Municipal Manager	Worcester	13/08/2016
MinMayTech	Municipal Manager	Grabouw	24/08/2016
Premiers Coordinating Forum	Municipal Manager	Grabouw	25/08/2016
Public Protector	Municipal Manager	Ashton	31/08/2016
MGRO 1 Engagement	Municipal Manager	Slanghoek	16/09/2016
LGCP Human Settlement Workshop	Municipal Manager Manager: Town Planning	Cape Town	7/10/2016 08/10/2016
MinMayTech	Director Corporate Services	Worcester	29/02/2016
Premiers Coordinating Forum	Director Community Services	Worcester	01/03/2016
WC Mun Managers Forum	Municipal Manager	Plettenberg Bay	11/03/2016
District Coordinating Forum	Municipal Manager	Worcester	03/06/2016
MinMay + MinMayTech	Municipal Manager	Aniston	6+7/06/2016
SALGA Bargaining Council	Municipal Manager	Durban	13+14/06/2016
WC Mun Managers Forum	Municipal Manager	Saldanha Bay	23/06/2016

B. IGR ENGAGEMENTS FOR DEPARTMENT: STRATEGY AND SOCIAL DEV			
Meeting	**Attended by**	**Hosted in**	**Date**
SASSA	Director Strat & Soc Dev	Robertson	01/07/2015
District IDP Meeting	Director Strat & Soc dev	Worcester	03/07/2015
LG-Institutionalization of Gender Mainstreaming	Director Strat & Soc dev	Ashton	27/07/2015
Dept Mineral Resources	Director Strat & Soc Dev	Robertson	18/8/2015
Local Government Support Unit	Director Strat & Soc Dev	Robertson	19/08/2015
District IDP Alignment	Director Strat & Soc Dev	Worcester	27/08/2015
MGRO	Director Strat & Soc Dev	Worcester	16/09/2015
PRASA	Director Strat & Soc Dev	Ashton	30/08/2015
MSCOA	Director Strat & Soc Dev	Worcester	20/09/2015
Dept Rural Development	Director Strat & Soc Dev	Robertson	07/12/2015
Dept Education	Director Strat & Soc Dev	Robertson	14/12/2015
Dept LG Impact Assessment of Wards	Director Strat & Soc Dev	Robertson	28/01/2016
LED Summit	Director Strat & Soc Dev	Robertson	17/03/2016
Langeberg LM Engagement SITA	Director Strat & Soc Dev	Robertson	24/04/2016
LGMTEC 3	Director Strat & Soc Dev	Robertson	26/04/2016
Learners Conference – CWED	Director Strat & Soc Dev	Robertson	02/06/2016
SETA – Enterprise Development	Director Strat & Soc Dev	Robertson	08/06/2016
WC LG Municipal Support Plan	Director Strat & Soc Dev	Ashton	06/08/2016
MGRO 1 Engagement	Director Strat & Soc Dev	Slanghoek	16/09/2016

C. IGR ENGAGEMENTS FOR THE DEPARTMENT: CORPORATE SERVICES			
Meeting	**Attended By**	**Hosted In**	**Date**
Job Evaluation Meeting	T Carstens	Stellenbosch	02/07/2015
Job Evaluation Meeting	T Carstens	Stellenbosch	27/07/2015
Job Evaluation Meeting	T Carstens	Stellenbosch	28/07/2015
Job Evaluation Meeting	T Carstens	Stellenbosch	31/08/2015
Job Evaluation Meeting	T Carstens	Stellenbosch	17/09/2015
Job Evaluation Meeting	T Carstens	Stellenbosch	28/09/2015
Job Evaluation Meeting	T Carstens	Stellenbosch	07/10/2015
Job Evaluation Meeting	T Carstens	Stellenbosch	08/10/2015
Job Evaluation Meeting	T Carstens	Stellenbosch	30/10/2015
Job Evaluation Meeting	T Carstens	Stellenbosch	12/11/2015
Job Evaluation Meeting	T Carstens	Stellenbosch	13/11/2015
Job Evaluation Meeting	T Carstens	Stellenbosch	23/11/2015
Job Evaluation Meeting	T Carstens	Stellenbosch	30/11/2015
Job Evaluation Meeting	T Carstens	Stellenbosch	29/01/2016
Job Evaluation Meeting	T Carstens	Stellenbosch	12/02/2016
Job Evaluation Meeting	T Carstens	Stellenbosch	29/02/2016
Job Evaluation Meeting	T Carstens	Stellenbosch	10/03/2016
Job Evaluation Meeting	T Carstens	Stellenbosch	11/03/2016
Job Evaluation Meeting	T Carstens	Stellenbosch	23/03/2016
Job Evaluation Meeting	T Carstens	Stellenbosch	15/04/2016

Job Evaluation Meeting	T Carstens	Stellenbosch	21/04/2016
Job Evaluation Meeting	T Carstens	Stellenbosch	22/04/2016
Job Evaluation Meeting	T Carstens	Stellenbosch	06/05/2016
Job Evaluation Meeting	T Carstens	Stellenbosch	12/05/2016
Job Evaluation Meeting	T Carstens	Stellenbosch	13/05/2016
Job Evaluation Meeting	T Carstens	Stellenbosch	27/05/2016
Job Evaluation Meeting	T Carstens	Stellenbosch	07/06/2016
Job Evaluation Meeting	T Carstens	Stellenbosch	08/06/2016
Training Meeting	T Carstens	Stellenbosch	13/06/2016
SASSA –unemployed applications for social assistance	Community Liaison Workers Ward Committee Coordinator Manager Governance Support	Ashton Office	28/07/2015
SAPD –Robertson	Community Liaison Workers	Robertson	30/07/2015
District Public Participating Communication Forum	Ward Committee Coordinator	Stellenbosch	28/08/2016
Thusong Mobile – Zolani	Community Liaison Workers	Zolani	17/08/2015
Provincial Parliament- Standing Committee Public Hearing on Draft Liquor Act	Community Liaison Workers, Ward Councillors Ward Committee members	Robertson	09/09/2015
Provincial Ward Committee Conference	Ward Committee Members ,Ward Councillors Ward Committee Coordinator	Stellenbosch	14 /09 /2015 15/09/2015
McGregor Stakeholders, Police, Correctional Services, Provincial Department of Social Development, Western Cape Education and Department of Nature Conservation	Ward Committee Coordinator Community Liaison Workers	McGregor	29/09/2015
Thusong Mobile Happy Valley Community Hall	Community Liaison Workers	Bonnievale	21 /10/2015
IDP workshop CWDM	Community Liaison Workers Ward Committee members	Ashton Hall	29/02/2016
Provincial Public Participating and Communication Forum	Ward Committee Coordinator	Prince Albert	13 /05/2016
ICROP ,SASSA	Community Liaison Workers	McGregor	14/06/2016
ICROP SASSA Outreach event	Community Liaison Workers	Montagu	23/06/2016 24 /06/2016

D. IGR ENGAGEMENTS FOR THE DEPARTMENT: COMMUNITY SERVICES			
Meeting	**Attended by**	**Hosted in**	**Date**
PCF Meeting	C Liebenberg	Worcester	01/03/ 2016
District Municipal Managers Forum and District coordinating Forum	C Liebenberg	Worcester	04/03/2016
2016 LG MTEC 3	C Liebenberg	Robertson	26/04/2016
Informal Settlement Consultative Workshop	C Liebenberg	Caledon	03/05/2016

17th Regional Coordination Meeting	W Nel	Paarl	15/07/2015
Capturing of Title Deeds Data	W Nel	CWDM	17/09/2015
18th Regional Coordination Meeting	W Nel	Montagu	14/10/ 2015
Sustainable Settlement Innovation	W Nel	Stellenbosch	23-24/11/2015
Sustainable Settlement Innovation Summit Department of Environmental Affairs and Development	W Nel	Cape Town	01/02/2016 02/02/ 2016
19th Regional Coordination Meeting	W Nel	Worcester	04/02/ 2016
Human settlement Technical Meeting	C Liebenberg, W Nel	Robertson	18/02/ 2016
Human Settlement Technical Meeting	C Liebenberg, W Nel	Robertson	24/02/2016
WC Housing Demand Database	W Nel	Worcester	25/02/ 2016
Project Planning Committee Meeting	C Liebenberg, W Nel	Paarl	15/03/2016
Human Settlement Technical Meeting	C Liebenberg, W Nel	Robertson	06/04/2016
Housing Coordination Meeting	C Liebenberg, , Nel	Ceres	21/04/2016
Human Settlement Technical Meeting	C Liebenberg, W Nel	Robertson	05/05/2016
Meaningful Engagement	C Liebenberg, W Nel	Robertson	30/052016
Layout Plan Nkanini	C Liebenberg, W Nel, Z Lesia	Robertson	06/06/2016
Housing Technical Meeting –	C Liebenberg, W Nel	Robertson	O7/06/ 2016
Human Settlements Projects: Performance, Review, Implementation	W Nel	Goudini Spa	09/06/2016
Options available to beneficiaries	C Liebenberg, W Nel	Robertson	20/06/2016
Chief Fire Officer's Meeting	JA Constable	Tygerberg	26/08/2015
Chief Fire Officer's Meeting	JA Constable	George	26/11/2015
Implementation: DM Amendment Act.	C Liebenberg, J.A. Constable	Worcester	11/02/2016
Chief Fire Officers Meeting	J.A Constable	Tygerberg	24/02/2016
CWDM Disaster Management	J.A Constable	Worcester	03/03/ 2016
Prevention in Fire deaths	J.A Constable	Worcester	21/04/2016
Chief Fire Offer's Meeting	J.A Constable	Bredasdorp	06/05/2016
DM Advisory Forum	J Constable	Worcester	09/06/2016
CWDM Disaster Management	C Liebenberg, J Constable	Worcester	14/06/2016
National Department of Sport	D Baadjies	Durban	29-30/03/2016
DCAS – Western Cape	D Baadjies	Robertson	12/05/2016
Sport Rural area	C Liebenberg, D Baadjies	Robertson	23/05/2016
IFLA International Congress	Christa Joubert	Cape Town	15-21/08/2015
Provincial Library Services	D Baadjies, C Joubert	Ashton	22/10/2015
SLIMS User Group Meeting	C Joubert	Cape Town	29/02/2016
Provincial Library Services	C Joubert	Goudini Spa	09-11/03/2016
Provincial Library Services	D Baadjies, C Joubert	Ashton	02/03/2016
Provincial Library Services	D Baadjies, C Joubert	Ashton	25/05/ 2016
Site Meeting for Ashbury Library	C Joubert	Montagu	0 7 /06/ 2016
DCAS Big Walk Meeting	Z Lesia	Bonnievale	02 /10/2015
DCAS Quarterly Meeting	Z Lesia	CWDM Paarl	27/01/ 2016
IERM Provincial Meeting	C Liebenberg, Z Lesia, M Hucklesby	Hermanus	24/05/ 2016

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

The MSA Section15 (b): requires a municipality to establish and organise its administration and to facilitate a culture of accountability amongst its staff. Section16 (i): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. Section18 (i) (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

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

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

Table 32: Ward Committee Chairpersons per Ward in 2015/2016

Ward Committee	Chairperson
Ward 1 – Robertson	Cllr JD Burger
Ward 2 – Robertson Nkqubela	Cllr AJ Shibili
Ward 3 – Robertson	Cllr E Turner
Ward 4 – Bonnievale (Happy Valley)	Cllr RR Kortje
Ward 5 – McGregor	Cllr DA Hull
Ward 6 – Robertson	Cllr DB Janse
Ward 7 - Montagu	Cllr J Kriel
Ward 8 – Bonnievale	Cllr SW Van Eeden
Ward 9 – Ashton	Cllr TS De Koker
Ward 10 – Ashton Zolani	Cllr B Fanele
Ward 11 – Ashton Rural	Cllr JDF Van Zyl
Ward 12 - Montagu	Cllr EMJ Scheffers

Transparency and the Rule of Law: Table 32 indicates the dates on which The Municipalityinvited the community to participate in the development of Municipal directives and documents, as advertised on the municipal website in 2015/2016.

2.4 PUBLIC MEETINGS

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

The table below reflects the Ward Based Planning Sessions held throughout the area in 2015/2016.

Table 33: Ward Based Planning Sessions in 2015/2016

Ward	Date	Venue
1	07 November 2015	Robertson Civic Hall – Hospital Avenue
2	07 November 2015	Robertson Civic Hall – Hospital Avenue
3	07 November 2015	Robertson Civic Hall – Hospital Avenue
4	07 November 2015	Robertson Civic Hall – Hospital Avenue
5	07 November 2015	Robertson Civic Hall – Hospital Avenue
6	07 November 2015	Robertson Civic Hall – Hospital Avenue
7	07 November 2015	Robertson Civic Hall – Hospital Avenue
8	07 November 2015	Robertson Civic Hall – Hospital Avenue
9	07 November 2015	Robertson Civic Hall – Hospital Avenue
10	07 November 2015	Robertson Civic Hall – Hospital Avenue
11	07 November 2015	Robertson Civic Hall – Hospital Avenue
12	07 November 2015	Robertson Civic Hall – Hospital Avenue

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

The table below reflects the Ward Committee Outreach Programmes in 2015/2016.

Table 34: Ward Committee Outreach Programmes in 2015/2016

Ward	Date	Programmes
1	12/08/2015	Police Women's Month open day – Robertson Town Hall
	31/08/2015	LRC Meeting Community Works Programme-Robertson
	09/09/2015	Provincial Parliament- Standing Committee Public Hearing on Draft Liquor Act
	14 -15/09/2015	Provincial Ward Committee Conference Stellenbosch
	28/09/2015	LRC Meeting Community Works Programme- Robertson
	26/10/2015	LRC Meeting Community Works Programme- Robertson
	07/11/2015	Ward Based Planning Robertson Community Hall
	20 - 21 /11/2015	Ward Committee Summit Chris Van Zyl Hall
	29/02/2016	LRC Meeting Community Works Programme- Robertson
	29/30 /03/2016	IDP workshop CWDM Ashton Town Hall
	23 /04/2016	IDP,Budget Workshop at Callie De Wet Sport Centre

Ward	Date	Programmes
2	12/08/2015	Women's Month Police open day –Nkquebela
	31/08/2015	LRC Meeting Community Works Programme
	09/09/2015	Provincial Parliament- Standing Committee Public Hearing on Draft Liquor Act
	14 - 15/09/2015	Provincial Ward Committee Conference Stellenbosch
	28/09/2015	LRC Meeting Community Works Programme- Robertson
	26/10/2015	LRC Meeting Community Works Programme- Robertson
	07/11/2015	Ward Based Planning Robertson Community Hall
	20 - 21 /11/2015	Ward Committee Summit Chris Van Zyl Hall
	29/02/2016	LRC Meeting Community Works Programme- Robertson
	29/30 /03/2016	IDP workshop CWDM Ashton Town Hall
	23 /04/2016	IDP ,Budget Workshop at Callie De Wet Sport Centre
3	12/08/2015	Police Women's Month open day – Robertson Town Hall
	31/08/2015	LRC Meeting Community Works Programme
	09/09/2015	Provincial Parliament- Standing Committee Public Hearing on Draft Liquor Act
	14 - 15/09/2015	Provincial Ward Committee Conference Stellenbosch
	28/09/2015	LRC Meeting Community Works Programme- Robertson
	26/10/2015	LRC Meeting Community Works Programme- Robertson
	07/11/2015	Ward Based Planning Robertson Community Hall
	20 - 21 /11/2015	Ward Committee Summit Chris Van Zyl Hall
	29/02/2016	LRC Meeting Community Works Programme- Robertson
	08/09/11/03/2016	Diagnostic Impact Survey Focus Group Meetings
	29/30 /03/2016	IDP workshop CWDM Ashton Town Hall
	23 /04/2016	IDP ,Budget Workshop at Callie De Wet Sport Centre
4	31/08/2015	LRC Meeting Community Works Programme
	09/09/2015	Provincial Parliament- Standing Committee Public Hearing on Draft Liquor Act
	14 -15/09/2015	Provincial Ward Committee Conference Stellenbosch
	28/09/2015	LRC Meeting Community Works Programme- Robertson
	26/10/2015	LRC Meeting Community Works Programme- Robertson
	26/10/2015	Health PROJECT –Cancer Month
	21 /10/2015	Thusong Mobile Happy Valley Community Hall
	07/11/2015	Ward Based Planning Robertson Community Hall
	20 -21 /11/2015	Ward Committee Summit Chris Van Zyl Hall
	29/02/2016	LRC Meeting Community Works Programme- Robertson
	29/30 /03/2016	IDP workshop CWDM Ashton Town Hall
	23 /04/2016	IDP ,Budget Workshop at Callie De Wet Sport Centre

5	14 - 15 /07/ 2015 31/08/2015 09/09/2015 14 - 15/09/2015 28/09/2015 26/10/2015 07 – 8/10 2015 07/11/2015 20 - 21 /11/2015 29/02/2016 08/09/ 11/03/2016 29/30 /03/2016 23 /04/2016 14/05/2016	Holiday Programme –Callie De Wet Sport Centre LRC Meeting Community Works Programme Provincial Parliament- Standing Committee Public Hearing on Draft Liquor Act Provincial Ward Committee Conference Stellenbosch LRC Meeting Community Works Programme- Robertson LRC Meeting Community Works Programme- Robertson Holiday Program Ward 5 in collaboration with Departments of Social Development, Correctional Services and Nature Conservation Ward Based Planning Robertson Community Hall Ward Committee Summit Chris Van Zyl Hall LRC Meeting Community Works Programme- Robertson Diagnostic Impact Survey Focus Group Meetings IDP workshop CWDM Ashton Town Hall IDP ,Budget Workshop at Callie De Wet Sport Centre ICROP ,SASSA –McGregor
6	12/08/2015 31/08/2015 09/09/2015 14 -15/09/2015 28/09/2015 26/10/2015 07/11/2015 20 - 21 /11/2015 29/02/2016 29-30 /03/2016 23 /04/2016	Police Women's Month open day – Robertson Town Hall LRC Meeting Community Works Programme Provincial Parliament- Standing Committee Public Hearing on Draft Liquor Act Provincial Ward Committee Conference Stellenbosch LRC Meeting Community Works Programme- Robertson LRC Meeting Community Works Programme- Robertson Ward Based Planning Robertson Community Hall Ward Committee Summit Chris Van Zyl Hall LRC Meeting Community Works Programme- Robertson IDP workshop CWDM Ashton Town Hall IDP, Budget Workshop at Callie De Wet Sport Centre
7	31/08/2015 09/09/2015 14 - 15/09/2015 28/09/2015 26/10/2015 07/11/2015 20 - 21 /11/2015 29/02/2016 11/03/2016 29/30 /03/2016 23 /04/2016 23-24 June 2016	LRC Meeting Community Works Programme Provincial Parliament- Standing Committee Public Hearing on Draft Liquor Act Provincial Ward Committee Conference Stellenbosch LRC Meeting Community Works Programme- Robertson LRC Meeting Community Works Programme- Robertson Ward Based Planning Robertson Community Hall Ward Committee Summit Chris Van Zyl Hall LRC Meeting Community Works Programme- Robertson Diagnostic Impact Survey Focus Group Meetings IDP workshop CWDM Ashton Town Hall IDP ,Budget Workshop at Callie De Wet Sport Centre ICROP SASSA Outreach event

8	31/08/2015 09/09/2015 14 -15/09/2015 28/09/2015 26/10/2015 22/10/2015 07/11/2015 20 -21 /11/2015 29/02/2016 29/30 /03/2016 23 /04/2016	LRC Meeting Community Works Programme Provincial Parliament- Standing Committee Public Hearing on Draft Liquor Act Provincial Ward Committee Conference Stellenbosch LRC Meeting Community Works Programme- Robertson LRC Meeting Community Works Programme- Robertson Thusong Mobile Drew Community Hall Ward Based Planning Robertson Community Hall Ward Committee Summit Chris Van Zyl Hall LRC Meeting Community Works Programme- Robertson IDP workshop CWDM Ashton Town Hall IDP ,Budget Workshop at Callie De Wet Sport Centre
9	31/08/2015 09/09/2015 14 - 15/09/2015 28/09/2015 26/10/2015 07/11/2015 20 - 21 /11/2015 29/02/2016 29/30 /03/2016 23 /04/2016	LRC Meeting Community Works Programme Provincial Parliament- Standing Committee Public Hearing on Draft Liquor Act Provincial Ward Committee Conference Stellenbosch LRC Meeting Community Works Programme- Robertson LRC Meeting Community Works Programme- Robertson Ward Based Planning Robertson Community Hall Ward Committee Summit Chris Van Zyl Hall LRC Meeting Community Works Programme- Robertson IDP workshop CWDM Ashton Town Hall IDP, Budget Workshop at Callie De Wet Sport Centre
10	17/08/2015 31/08/2015 09/09/2015 14 - 15/09/2015 28/09/2015 26/10/2015 07/11/2015 20 -21 /11/2015 29/02/2016 08/09/2016 11/03/2016 29-30 /03/2016	Thusong Mobile –Zolani LRC Meeting Community Works Programme Provincial Parliament- Standing Committee Public Hearing on Draft Liquor Act Provincial Ward Committee Conference Stellenbosch LRC Meeting Community Works Programme- Robertson LRC Meeting Community Works Programme- Robertson Ward Based Planning Robertson Community Hall Ward Committee Summit Chris Van Zyl Hall LRC Meeting Community Works Programme- Robertson Diagnostic Impact Survey Focus Group Meetings IDP workshop CWDM Ashton Town Hall IDP, Budget Workshop at Callie De Wet Sport Centre

11	31/08/2015	LRC Meeting Community Works Programme
	09/09/2015	Provincial Parliament- Standing Committee Public Hearing on Draft Liquor Act
	14 -15/09/2015	Provincial Ward Committee Conference Stellenbosch
	28/09/2015	LRC Meeting Community Works Programme- Robertson
	26/10/2015	LRC Meeting Community Works Programme- Robertson
	07/11/2015	Ward Based Planning Robertson Community Hall
	20 - 21 /11/2015	Ward Committee Summit Chris Van Zyl Hall
	29/02/2016	LRC Meeting Community Works Programme- Robertson
	29/30 /03/2016	IDP workshop CWDM Ashton Town Hall
	30/03/2016	Ashton site visits Water Purification Works, Fire Station and Call Centre
	31/03/2016	Site Visits Ashton Recycling Station Robertson Landfill site and Library
	23 /04/2016	IDP, Budget Workshop at Callie De Wet Sport Centre
	23-24 June 2016	ICROP SASSA Outreach event
	24 -26 /06/2016	Youth Leadership and Capacity Development Programme Koo
	28 till 30/06/2016	Adult Social and Upliftment Programme –Graham Beck Skills Centre
12	31/08/2015	LRC Meeting Community Works Programme
	09/09/2015	Provincial Parliament- Standing Committee Public Hearing on Draft Liquor Act
	14- 15/09/2015	Provincial Ward Committee Conference Stellenbosch
	28/09/2015	LRC Meeting Community Works Programme- Robertson
	26/10/2015	LRC Meeting Community Works Programme- Robertson
	22/10/2015	Program with Old Aged in collaboration with Rural Development Officer
	22/10/2016	Ward Based Planning Robertson Community Hall
	07/11/2015	Ward Committee Summit Chris Van Zyl Hall
	20 - 21 /11/2015	LRC Meeting Community Works Programme- Robertson
	29/02/2016	IDP workshop CWDM Ashton Town Hall
	29/30 /03/2016	IDP, Budget Workshop at Callie De Wet Sport Centre
	23 /04/2016	ICROP SASSA Outreach event

Consensus Orientation: To be consensus orientated, The Municipalitystrives towards reaching broad consensus on what is in the best interest of the community and also how it can be achieved. The IDP process served this purpose.

The table below reflects the IDP Community Input Meetings held in 2015/2016.

Table 35: IDP Community Input Meetings held in 2015/2016

IDP Community Input Meetings held in 2015/2016			
Date	**Ward/s & Chairperson**	**Town**	**Venue**
20/10/2015	1 – Cllr JD Burger	Robertson	Robertson Town Hall
27/10/2015	2- Cllr AJ Shibili	Robertson /Nkqubela	Nkqubela Community Hall
21/10/2015	3- Cllr E Turner	Robertson	Robertson Civic Hall
29/10/2015	4- Cllr RR Kortje	Bonnievale	Happy Valley Community Hall
19/10/2015	5- Cllr DA Hull	McGregor	McGregor Town Hall
02/11/2015	6- Cllr DB Janse	Robertson	Robertson Civic Hall

Transparency: In order to be transparent, stakeholders and communities were informed of decisions and actions that affected them directly. Ward Committees gave regular feedback to their communities.

The table below reflects the Ward Committee – Community (Feedback) Meetings held in 2015/2016.

Table 36: Ward Committee – Community (Feedback) Meetings held in 2015/2016

Ward Committee – Community (Feedback) Meetings held in 2015/2016				
Ward	**Date**			
	2015	**2015**	**2016**	**2016**
1	27/08/2015	20/10/2015	09/02/2016	19/05/2016
2	08/06/2015 04/08/2015 16/08/2015	06/10/2015 27/10/2015	23/02/2016	19/04/2016
3	27/08/2015	21/10/2015	18/02/2016	9/05/2016
4	None	29/10/2015	11/02/2016	None
5	07/14 en 16/09/2015	15/10/2015 19/10/2015	11/02/2016	12/05/2016
6	05/08/2015	02/11/2015	03/02/2016	04/05/2016
7	26/08/2015	26/10/2015	24/02/2016	11/05/2016
8	None	04/11/2015	15/02/2016	None
9	20/08/2015	13/10/2015 28/10/2015	11/02/2016	None
10	18/06/2015 09/09/2015	22/10/2015	10/02/2016	20/04/2016 11/05/2016
11	22/09/2015	03/11/2015	23/02/2016	None
12	18/08/2015 16/09/2015	05/11/2015	01/02/2016	None

The tables following below reflect the Ward Block Meetings held in 2015/2016.

Table 37: Ward 1 - Block Meetings held in 2015/2016

Ward 1 - Block Meetings held in 2015/2016					
Block	**Committee Member**	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
1	Jacobus Rossouw	None	None	24/03/2016	None
2	**Jacobus H. Louw**	None	None	09/02/2016	None
3	Gideon Joubert	None	None	31/03/2016	None
4	**Vacant**	None	None	None	None
5	**Vacant**	None	None	None	None
6	Anita Joseph	24/09/2015	None	24/03/2016	None
7	Piet Veldsman	None	None	17/03/2016	None
8	Annelene Abrahams	24/07/2015	28/10/2015	24/03/2016	None
9	**Robert Human**	None	None		None
10	**Thelma Prins**	24/06/2015	None	23/03/2016	None

Table 38: Ward 2 - Block Meetings held in 2015/2016

Ward 2 - Block Meetings held in 2015/2016					
Block	**Committee Member**	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
1	Mokhe J Kwinana	27/07/2015	29/10/2015	22/03/2016	None
2	Vuyani Jaxa	06/09/2015	None	None	None
3	Mabuti Booysen	26/09/2015`	None	23/04/2016	None
4	Nomvula Silolo	15/09/2015	None	12/04/2016	None
5	Beauty Thayi	15/09/2015	None	06/04/2016	None
6	Fundile M Mlata	18/09/2015	05/10/2015	None	None
7	Marlon Viljoen	04/09/2015	None	19/04/2016	None
8	Alwyn Du Plesis	23/09/2015	None	None	None
9	Frederick J Strauss	10/09/2015	None	21/04/2016	None
10.	Jakobus Joubert	24/09/2015	24/10/2015	Resigned	Resigned

Table 39: Ward 3 - Block Meetings held in 2015/2016

Ward 3 - Block Meetings held in 2015/2016					
Block	**Committee Member**	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
1	Martin Abrahams	None	None	Geen	None
2	Pieter Pietersen	None	None	Geen	None
3	Jakob Tobias	17/09/2015	21/10/2015	31/03/2016	None
4	Susan Hartzenberg	29/09/2015	21/10/2015	07/03/2016	21/06/2016
5	Ferdenand Van Wyk	None	None	16/03/2016	None
6	Mieggal Saayman	17/09/2015	None	None	None
7	Jacobus Damons	None	None	None	None
8	Joan Rhoma	None	None	None	None
9	Pauline Hess	22/09/2015	None	17/03/2016	23 /05/2016
10	Andries Hektoor	30/09/2015	30/10/2015	04/03/2016	None

Table 40: Ward 4 - Block Meetings held in 2015/2016

Ward 4 - Block Meetings held in 2015/2016					
Block	**Committee Member**	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
1	Patrick Lucas	17/09/2015	Geen	22/03/2016	None
2	X Sithonga	None	15/10/2015	20//03/2016	None
3	Eva Lombaard	29/09/2015	None	16/03/2016	None
4	Azalm Ross	23/09/2015	None	30/03/2016	None
5	Pauline Paulse	21/09/2015	None	20/03/2016	None
6	Sandra Marais	17/09/2015	None	17/03/2016	None
7	Allan Lombaard	None	None	None	None
8	Brendolien Siegelaar	None	25/10/2015	30/03/2016	None
9	Namalizo Kahla	17/09/2015	None	16/03/2016	None
10	Robert Arries	19/08/2015	None	19/03/2016	None

Table 41: Ward 5 - Block Meetings held in 2015/2016

Ward 5 - Block Meetings held in 2015/2016					
Block	**Committee Member**	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
1	Perston Hull	14/10/2015	28/10/2015	08/03/2016	None
2	Mitchell Stanfliet	25/08/2015	27/10/2015	None	None
3	Hendrik Joubert	09/07/2015	21/10/2015	29/03/2016	08/06/2016
4	Frans Brits	09/07/2015	12/10/2015	29/03/2016	08/06/2016
5	Isak Muller	22/09/2015	27/10/2015	10/05/2016	None
6	Susanna Pillay	22/09/2015	27/10/2015	10/05/ 2016	None
7	Evon Arendorff	09/07/2015	14/28/10/2015	None	None
8	Henrieta Knapp	25/08/2015	27/10/2015	None	None
9	Barbara Jacobs	None	10/11/2015	None	None
10	Booi Zozi	03/08/2015	12/10/2015	None	None

Table 42: Ward 6 - Block Meetings held in 2015/2016

A. Ward 6 - Block Meetings held in 2015/2016					
Block	**Committee Member**	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
1	Godfrey Paulsen	04/09/2015	None	16/03/2016	None
2	Johannes Jantjies	23/09/2015	26/10/2015	18/03/2016	None
3	Luther –Roy Stofbergh	23/09/2015	26/10/2015	22/03/2016	None
4	Betty Faroh	26/09/2015	22/10/2015	15/03/2016	None
5	Elizabeth George	23/09/2015	23/10/2015	23/03/2016	None
6	Israel van Stade	18/09/2015	17/10/2015	19/03/2016	None
7	Gert Olkkers	12/09/2015	05/10/2015	11/03/2016	None
8	Lea Booysen	12/09/2015	05/11/2015	24/03/2016	None
9	Ruben Stevens	21/09/2015	None	21/03/2016	None
10	Muriel Pietersen	13/09/2015	22/10/2015	23/03/2016	None

Table 43: Ward 7 - Block Meetings held in 2015/2016

Ward 7 - Block Meetings held in 2015/2016					
Block	**Committee Member**	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
1	Gert Lubbe	None	None	None	None
2	Ernest Oosthuizen	None	None	None	None
3	Michel Maasdorp	None	None	None	None
4	Mbonisi Octavius Mgada	None	None	None	None
5	Gaylian Fortuin	None	None	None	None
6	Francois Pieterse	None	None	None	None
7	Johan Neethling	None	None	None	None
8	Charl van Rensburg	09/06/2015	None	None	None
9	Pieter Stemmet	None	None	None	None
10	Martha Hendricks	23/07/2015	None	11/04/2016	None

Table 44: Ward 8 - Block Meetings held in 2015/2016

Ward 8 - Block Meetings held in 2015/2016					
Block	**Committee Member**	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
1	Vacant	None	None	None	None
2	Freddie Erasmus	None	None	None	None
3	Samuel Jacobs	None	None	None	None
4	Abraham Filander	None	None	None	None
5	Pieter Albertyn	03/10/06/2015	None	None	None
6	Hansie Wolfaard	28/06/2015	28/07/2015	None	None
7	Vacant	None	None	None	None
8	Johannes Els	None	None	None	None
9	Andre Gagiano	None	None	None	None
10	Vacant	None	None	None	None

Table 45: Ward 9 - Block Meetings held in 2015/2016

Ward 9 - Block Meetings held in 2015/2016					
Block	**Committee Member**	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
1	Dennis Jacobs	04/08/2015	10/09/2015	06/04/2016	None
2	Ashley Gertse	20/08/2015	03/09/2015	16/03/2016	11/05/2016
3	Hendrik van der Bank	23/09/2015	26/10/2015	None	17/05/2016
4	Jakobus Koker	07/07/2015	None	None	None
5	Mauriena Adams	None	None	23/03/2016	04/05/2016
6	Edean Solomons	10/07/2015	30/07/2015	None	None
7	Hazel Van Eick	None	None	None	16/05/2016
8	Magdalena le Roux	10/09/2015	26/10/2015	09/03/2016	03/05/2016
9	Sonia Brooks	30/09/2015	21/10/2015	09/03/2016	11/05/2016
10	Kenneth Burger	09/07/2015	None	None	None

Table 46: Ward 10 - Block Meetings held in 2015/2016

Ward 10 - Block Meetings held in 2015/2016					
Block	**Committee Member**	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
1	Sayinile Teacher Ndabeni	02/08/2015	24/09/2015	None	19/06/2016
2	Phumla Tokwe	28/06/2015	22/09/2015	None	19 June 2016
3	Nomawonge Mase	05/07/205	29/09/2015	13/03/2016	16/06/2016
4	Septimus Sogiba	None	25/09/2015	13/03/2016	19/06/2016
5	Xola Tsheni	12/08/2015	29/09/2015	None	14/06/2016
6	Khaka Mpiko	01/07/2015	22/10/2015	None	15/06/2016
7	Nzimakazi Mkhetwana	06/07/2015	21/08/2015	08 May 2016	15/06/2016
8	Thenjiswa Zenzile	05/07/2015	None	03/03/2016	24 /05/2016
9	Nomfundo Mzondi	None	20/10/2015	01 March 2016	None
10	Zolile Kompela	None	20/10/2015	None	None

Table 47: Ward 11 - Block Meetings held in 2015/2016

Ward 11 - Block Meetings held in 2015/2016					
Block	**Committee Member**	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
1	Jacobus de Kock	08/07/2015	21/09/2015	13/04/2016	None
2	Hendrik Tredoux	23/07/2015	21/09/2015	24/03/2016	24/04/2016 20/06/2016
3	Sarah Doms	29/07/2015	None	None	None
4	Susara Viljoen	29/07/2015	None	None	None
5	Penelope Retief	None	28/10/2015	None	None
6	Abraham Jacobs	20/09/2015	28/10/2015	21/03/2016	26/05/2016
7	H Mangenene	10/08/2015	13/10/2015	30/03/2016	None
8	Roslin Fuller	01/07/2015	26/10/2015	14/03/2016	22/06/2016
9	H Volschenck	None	15/10/2015	None	None
10	Piet Engelbreg	01/07/2015	15/10/2015	12/04/2016	None

Table 48: Ward 12 - Block Meetings held in 2015/2016

Ward 12 - Block Meetings held in 2015/2016					
Block	**Committee Member**	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
1	Spasina Herder	22/07/2015	14/10/2015	21/03/2016	21/04/2016
2	Michael Havi	22/07/2015	None	21/03/2016	11/04/2016
3	Marquarite Jones	20/07/2015	15/10/2015	22/03/2016	20/04/2016
4	Lea Conradie	21/07/2015	22/10/2015	22/03/2016	21/04/2016
5	Dawid de Koker	None	29/10/2015	23/03/2016	16/05/2016
6	Alfredauw Wewers	2/07/2015	None	Dismissed	Dismissed
7	Ella Johnson	22/07/2015	15/10/2015	24/03/2016	13/04/2016
8	Koert Ewertson	22/07/2015	19/10/2015	24/03/2016	20/04/2016
9	Anna Willemse	16/07/2015	None	None	None
10	Daniel Julies	15/07/2015	None	Resigned	Resigned

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

2.5 IDP PARTICIPATION AND ALIGNMENT

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

Table 49: IDP Participation and Alignment Criteria

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

COMPONENT D: CORPORATE GOVERNANCE

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

2.6 RISK MANAGEMENT

The MFMA Section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

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

Langeberg Municipality bases its risk management on pre-identified and regularly reviewed operational risks. A Risk Register has been compiled, together with mitigating measures. An adopted Risk Management Policy regulated the implementation of risk management processes and procedures throughout 2015/2016.

Table 50: Langeberg Municipality's top risks in 2015/2016

Langeberg Municipality's top risks in 2015/2016			
Corporate Services	Vandalism of Municipal property, facilities and installations	Non-Compliance with BCEA on overtime worked.	No access control at the municipal offices and unsecured parking area at the Robertson office
Financial Services	The standard chart of accounts (SCOA) is not implemented timely	Indigent allocation system not credible.	Awards made to employees in the service of the state
Engineering Services	Deterioration of streets network	Non- availability of Water	Interruption of Service Delivery
Community Services	Uncontrolled influx into informal settlements that causes serious socio - economic problems and non- availability of basic services	Unlawful land use	Approaching shortage of Cemetery space in all towns
Social Development and Planning	Misleading information submitted by the departments	Security controls are not implemented to prevent unauthorised access to the network and information systems that generate the information used to prepare the financial statements.	IT service continuity

2.7 ANTI-CORRUPTION AND FRAUD

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

- Continuous promotion of an ethical culture
- On-going staff training
- Implementation of a Policy on Fraud and Anti-corruption
- Provision of effective security measures at municipal buildings
- Procedures of employee vetting before appointment
- An approved Internal Audit Plan and a functional Internal Auditing Unit and Audit Committee

During 2015/2016, the Audit Committee had four members and convened 5 meetings for the purpose of providing oversight of internal controls, financial reporting, compliance with regulatory matters and approving the Internal Audit Plan.

The Municipality displays a culture of zero-tolerance towards fraud and corruption and takes immediate action against fraudulent and corruptive actions.

2.8 SUPPLY CHAIN MANAGEMENT

The MFMA, Section 110-119, the Supply Chain Management Regulations 2005 and relevant MFMA Circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

The Municipality adopted a Supply Chain Management Policy, based on the model prescribed by National Treasury. Implementation of the policy ensures that legal requirements are met. Certain areas of under-performance were highlighted as risks and remedial action were taken and implemented.

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

The following staff served on the Bid Adjudication Committee in 2015/2016:

Table 51: Bid Adjudication Committee in 2015/2016

Langeberg Municipality's Bid Adjudication Committee in 2015/2016	
Name	**Position**
Mr A W J Everson	Director Corporate Services
Ms S Kotze	Manager Administrative Support
Mr B Brown	Chief Financial Officer
Mr IAB van der Westhuizen	Director Engineering Services
Ms C Liebenberg	Director Community Services
Mr S Ngcongolo	Senior Practitioner: Supply Chain Management

2.9 POLICIES AND BY-LAWS

The Municipal Systems Act 2000, Section 11(3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the boundaries of the legislation. The table below provides the policies and by-laws which have been passed by The Municipality in 2015/2016.

Table 52: Policies and Bylaws adopted in 2015/2016

POLICY		COUNCIL RESOLUTION
3147	**IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY FOR 2014 2015 FINANCIAL YEAR (6/1/B) (CHIEF FINANCIAL OFFICER**	**This item served before Council on 24 August 2015** **Unanimously Resolved** That the content of the report regarding the implementation of the Supply Chain Management Policy of the Municipality be noted.
A3156	**REVIEW ~ HOUSING SELECTION POLICY FOR THE MUNICIPALITY(17/5/B) DIRECTOR ENGINEERING SERVICES)**	**This item served before Council on 24 August 2015** **Unanimously Resolved** That the Housing Selection Policy for the Municipality dated June 2015 be approved.
A3262	**DRAFT - RETIREMENT PLANNING POLICY & DRAFT - GIFT POLICY (12/2/3/10) (MANAGER: LABOUR RELATIONS)**	**This item served before Council on 15 June 2016** **Unanimously Resolved** That the Retirement Planning Policy and Gift Policy be adopted and implemented
BYLAWS ADOPTED		**COUNCIL RESOLUTION**
A3195	**IMPLEMENTATION OF SPLUMA; LUPA AND MUNICIPAL LAND USE PLANNING BY LAWS: ESTABLISHMENT OF MUNICIPAL PLANNING TRIBUNAL(MANAGER: TOWN PLANNING)**	**This item served before Council on 08 December 2015** **Unanimously Resolved** 1. That the following persons be approved and the following officials be designated to serve as members of the MPT, established in terms of section 71 of said by-law. External Members • Mr Q Balie: CWDM • Ms C Pieters: Breede Valley Municipality • Ms H Jansen: DEADP • Mr J Benjamin: DEADP Internal Members • Mr I van der Westhuizen • Mr JV Brand • Mr M Johnson 2. That Mr I van der Westhuizen (Director: Engineering Services) be appointed as Chairperson of the MPT. 3. That Mr Jack van Zyl be nominated to serve on the MPT of Witzenberg Municipality 4. That Council is satisfied that the MPT can commence operation
A 3202	**LANGEBERG LOCAL MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORK (SDF): MANAGER TOWN PLANNING**	**Hierdie verslag het voor die Raad gedien op 08 Desember 2015** **This item served before Council on 08 December 2015** **Unanimously Resolved** 1. That Council approve the Langeberg Spatial Development Framework (CNDV, November 2015) in terms of the Municipal Systems Act, 2000 (Act 32 of 2000) and adopt the SDF in terms of Sec 20(1), SPLUMA, Act no 16 of 2013 by notice in the Provincial Gazette. 2. That the Montagu Structure Plan be withdrawn in terms of section 4(7) of the Land Use Planning Ordinance 15 of 1985. 3. That detailed urban design / precinct plans be prepared as identified in the Langeberg SDF including the demarcation of the Central Business District of Robertson to unblock the economic and commercial potential of the town, and that these designs / plan be prioritized in the IDP/ Budget processes.
A3254	**SUPPLEMENTARY REPORT: IMPLEMENTA-TION OF SPLUMA; LUPA AND MUNICIPAL LAND USE PLANNING BY LAWS: ESTABLISHMENT OF MUNICIPAL PLANNING TRIBUNAL (MANAGER: TOWN PLANNING)**	**This item served before Council on 15 June 2016** **Unanimously Resolved** That the following person be approved to serve as member of the Langeberg Municipal Planning Tribunal, established in terms of section 71 of the said By-Law. External Member : Mr H Taljaard (Witzenberg Municipality)

A3268	**IMPLEMENTATION OF AN INTEGRATED ZONING SCHEME BY-LAW FOR THE MUNICIPALITY (MANAGER : TOWN PLANNING)**	**This item served before Council on 15 June 2016** **Unanimously Resolved** That Council take note of the process as depicted in the subject report and action plan for the approval and implementation of an Integrated Zoning Scheme By-law for the Langeberg Municipality.

2.10 WEBSITE

The municipality's website address is http://www.langeberg.gov.za. All information is regularly updated on the website. The table below reflects on documents which must be published on the website, as required by law and confirms Langeberg Municipality's 2015/2016 status on it.

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

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

Table 53: Documents required to be published on the Municipality's Website

Documents required to be published on the Municipality's Website	Yes/No
Current Annual and Adjustments Budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous Annual Report (2014/2015)	Yes
The Annual Report (2015/2016) published/to be published	Yes
All current Performance Agreements required in terms of Section 57(1)(b) of the MSA and resulting scorecards	Yes
All supply chain management contracts above the prescribed value	Yes
All quarterly reports tabled in the Council in terms of section 52(d) during 2015/16	Yes

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The Municipality did not commission any Household Satisfaction Surveys in 2015/2016. Complaints and inputs, collected from Ward Block Meetings, as well as on the website and SMS System have however been regarded as community feedback and such data was fully incorporated in the 2016/2017 IDP.

CHAPTER 3

GOVERNANCE

CHAPTER 3: SERVICE DELIVERY (PERFORMANCE REPORT PART I)

This chapter focusses on the key service achievements of the Municipality that came to fruition during 2015/2016. Attention is given to Langeberg Municipality's key priorities for the development of basic services (water, electricity, refuse removal, sanitation and housing), local economic development, health services and safety and security, etc.

A summary of the critical staff is provided as well as the support given to informal settlements. The Municipality's top level performance table is included at the end of this chapter.

COMPONENT A: BASIC SERVICES

The Langeberg Municipality is the sole provider of basic services within the municipal area and the need to deliver basic services to all households is an ever-growing challenge.

This component includes a discussion of water, wastewater (sanitation), electricity, waste management and housing services provision, including statements of free basic services delivered.

3.1. WATER PROVISION

Recent legislation ruling the management of water provision includes the Water Services Act 1997 and the General Enabling Act 2005.

The rates levied for water services are reviewed annually and are approved together with the annual budget of Langeberg Municipality. All consumers receive 6 kl of water free per month.

As per government requirement, Green Drop certification took place in 2014 and a score of 51.58% was achieved.

Table 54: Status of Largest Water Provision Projects for 2015/2016

Largest Water Provision Projects in 2015/2016			
Strategic Objective	**KPI**	**Units of measurement**	**Project Status**
Sustainable civil engineering infrastructure service	Spend the total amount budgeted for the supply of bulk water to Nkqubela by June 2016	% of budget spent for the bulk water supply to Nkqubela (R 2 368 430)	Roll over

Other notable water network achievements for 2015/2016 included:

- Limiting unaccounted water to 12.28%
- 100% compliance to microbiological quality of water to SANS standards
- Spending 91.47% of the water capital budget

One of the 2015/2016 water provision challenges was to finance the replacement of old pipes.

The table below displays the progress made in achieving basic standards for water service delivery in 2014/2015.

Table 55: Water Service Delivery Levels in 2015/2016

Description	2015/2016
	Number
Piped water inside dwelling	X
Piped water inside yard (but not in dwelling)	X
Using public tap (within 200m from dwelling)	X
Other water supply (within 200m from dwelling)	X
Minimum Service Level and Above sub-total	X
Minimum Service Level and Above percentage	X
Using public tap (more than 200m from dwelling)	X
Other water supply (more than 200m from dwelling)	X
No water supply	X
Below Minimum Service Level sub-total	X
Below Minimum Service Level percentage	X
Total number of households	17109
(informal settlements included)	489

Langeberg's Response to Poverty

A total number of 6020 indigent households received 6 kl of water free per month and paid no basic fee for water provision in 2015/2016.

Water services rendered in informal settlements included minimum water provision services to 489 households.

Water Services Employees

Spread over seven job levels, a total number of 60 employees have job functions for the provisioning of water services in 2015/2016. The establishment provided for 69 approved posts for water services and a vacancy rate of 8.7% has been recorded in 2015/2016.

Financial Performance

The tables below reflect the financial performance of water service operations and the capital expenditure for 2015/2016.

Table 56: Financial Performance 2015/2016: Water Services

Financial Performance 2015/2016: Water Services					R'000
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	56,263	45,759	43,391	41,387	-11%
Expenditure:					
Employees	15,342	19,082	19,082	16,170	-18%
Repairs and Maintenance	2,413	2,191	3,579	3,388	35%
Other	15,466	17,817	16,679	17,870	0.29%
Total Operational Expenditure	33,222	39,091	39,341	37,427	-4.26%
Net Operational Expenditure	(23,041)	(6,669)	(4,050)	(3,960)	-40.62%

Table 57: Capital Expenditure 2015/2016: Water Services

Capital Projects	Budget	Adjustment Budget	Actual	Variance from original Budget
Total (all projects)	3,528	1,160	1,061	99
Fencing of water and sewerage installations	1,000	1,000	921	79
Flow Meters Montagu	160	160	140	20
Bulk Water Supply Nkqubela	2,368			

3.2 WASTE WATER (SANITATION) PROVISION

The Langeberg Municipality has a total number of 5 waste treatment plants throughout the area, with a total inflow capacity of 12.1 megaliters per day. The current, combined average daily inflow of these plants is 9.7 megaliters per day.

The rates levied for wastewater provision are reviewed annually and are approved together with the annual budget of Langeberg Municipality.

As per government requirement, Green Drop certification took place in 2014 and a score of 51.58% was achieved. Sanitation provision challenges faced in 2015/16 were maintenance and pipe blockages.

The table below provides information on the largest wastewater provision projects for 2015/2016.

Table 58: Largest Waste Water Provision Projects for 2015/2016

Largest Wastewater Provision Projects in 2015/2016			
Strategic Objective	**KPI**	**Units of measurement**	**Project Status**
Sustainable civil engineering infrastructure service	Construct the wastewater treatment works in Montagu	% of budget spent	91% of budget was spent To be completed in November 2016
Sustainable integrated human settlement	Spend 100% of budget	% of budget spent	100% Completed
Sustainable civil engineering infrastructure service	Purchase 2 x Sewer Tankers by June 2016	2 Sewer Tanker purchased	100% Completed

Langeberg's Response to Poverty

A total number of 5708 indigent households received free sanitation services per month and paid no basic fee for wastewater provision in 2015/2016. Wastewater services rendered in informal settlements included the provision of basic sanitation services to 475 households.

Wastewater Services Employees

Spread over seven job levels, a total number of 31 employees have job functions for the provisioning of wastewater services in 2015/2016. The establishment provided for 32 approved posts for wastewater services in 2015/2016. A vacancy rate of 3.1% has been recorded.

Financial Performance

The tables below reflect the financial performance of wastewater service operations and the capital expenditure for 2015/2016.

Table 59: Financial Performance 2015/2016: Wastewater Services

Financial Performance 2015/2016: Wastewater Services					R'000
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	29,243	34,654	46,003	50,172	31%
Expenditure:					
Employees	6,369	6,698	6,698	6,745	1%
Repairs and Maintenance	1,566	1,357	2,607	2,085	35%
Other	11,485	11,821	11,821	14,626	23.73%
Total Operational Expenditure	19,420	19,876	21,126	23,456	18.01%
Net Operational Expenditure	(9,824)	(14,777)	(24,876)	(26,716)	80.79%

Table 60: Capital Expenditure 2015/2016: Wastewater Services

Capital Projects				
	Budget	Adjustment Budget	Actual	Variance from original Budget
Total (all projects)	9,070	22,890	21,959	931
Montagu: Upgrade Wastewater Treatment Works	7,170	17,319	15,829	1,490
Installation of services Uitsig	1,000	841	1,640	(799)
2 x New Sewerage Tankers	1511	1511	1422	89
Ward projects: Ward 9	100	100	110	(10)
New Sewer Pump Station Main Road Bonnievale		161		161
Purchase of Jet Vac Machine		2,645	2,645	
New High Pressure Jetting Spuit		140	140	
1600 LAV Bakkie		173	173	

3.3 ELECTRICITY

Recent legislation applicable to electricity service delivery includes the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006.

The electrification of houses is done in accordance with these legislative prescripts. The allocations made by the Department of Energy are generally prioritised for new housing projects and the balance is used for informal settlements in authorised areas.

The rates levied for electricity provision are reviewed annually and are approved together with the annual budget of Langeberg Municipality.

The table below provides information on the largest electricity provision projects for 2015/2016.

Table 61: Largest Electricity Provision Projects for 2015/2016

Largest Electricity Provision Projects in 2015/2016			
Strategic Objective	**KPI**	**Units of measurement**	**Project Status**
Energy efficiency for sustainable future	Received 301 meters Installed 237 Meters	Number of old prepaid meters replaced	Completed
Energy efficiency for sustainable future	Electrification of low cost housing	Number of houses electrified	Completed
Energy efficiency for sustainable future	Upgrade McGregor Boesmansrivier 11 kV Line	Metres of MV and LT Lines constructed	Completed
Energy efficiency for sustainable future	Purchase new Cherry Picker	1 Cherry Picker	Completed
Energy efficiency for sustainable future	Purchase new Compressor	1 Compressor	Completed

Electricity provision achievements in 2015/2016	
Management of electrical provisioning Distribution network (percentage losses)	6.64%
New Connections on application	100%
Comply with NRS 048 & 047 specifications	98%
Comply with NERSA's License conditions	100 %

Electricity provision challenges in 2015/2016	
Delivery times of new MV equipment Increasing cost of electricity Maintenance of aging infrastructure Funding for upgrading infrastructure Increased vandalism Staff constraints	
Response to Poverty in 2015/2016	
Action	**Total number of households**
Indigent households receiving 50Kwh free electrical services per month and paying no basic fee for electrical service provision	Not available
Electrical services rendered in informal settlements at minimum service standards	**244**

Electrical services employees in 2015/2016	
Total number of employees	63
Approved posts on the establishment	**73**
Post Budgeted	**66**
Vacancy rate recorded	**4,5%**

A service delivery achievement in terms of electricity provision for 2015/2016 was the successful limiting of unaccounted electricity to 7, 38%, only slightly below the set target of 7, 5%.
The number of formal households with access to the basic level of electricity provision amounted to 12833 households in 2015/2016.

The table below displays the progress made in achieving basic standards for service delivery in electricity provision in 2015/2016.

Table 62: Electricity Provision Service Delivery Levels in 2015/2016

Electricity Provision Service Delivery Levels			
Description	**2013/2014**	**2014/2015**	**2015/2016**
	Number	**Number**	**Number**
Energy (above minimum level):			
Electricity (at least minimum service level)	Not available	17758	4719
Electricity – Prepaid (minimum service level)			18568
Minimum Service Level and Above Sub-total	Not available	**17758**	**23287**(to be verified)
Minimum Service Level and Above Percentage			
Energy (below minimum level):			
Electricity (below minimum service level)			
Electricity - Prepaid (below minimum service level)			
No electricity provision	Not available	828	1178 (to be verified)
Below Minimum Service Level Sub-total		**828**	**1178**
Below Minimum Service Level Percentage			
Total number of households	Not available	**18586**	**24465**
(informal settlements included)			

Since municipalities fund the provision of bulk services for new housing developments out of own funds, securing such source funding poses a major service delivery challenge in terms of electricity provision.

Langeberg's Response to Poverty

In terms of the equitable share requirements, a total number of 6075 indigent households received 50 kWh of free basic electricity per month and paid no basic fee for electricity provision in 2015/2016. Electricity services rendered in informal settlements include electricity provision to 244 households.

Electricity Services Employees

Spread over seven job levels, a total number of 63 employees have job functions for the provisioning of electricity services in 2015/2016. The establishment provided for 73 approved posts for electricity services in 2015/2016 and vacancy rate of 4,5% has been recorded.

Financial Performance

The tables below reflect the financial performance of electricity service operations and the capital expenditure for 2015/2016.

Table 63: Financial Performance 2015/2016: Electricity Services

Financial Performance 2015/2016: Electrical Services					R'000
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	283,721	315,560	313,619	312,810	-1%
Expenditure:					
Employees	15,015	17,660	17,740	15,846	-11%
Repairs and Maintenance	2,593	13,505	4,807	3,895	-247%
Other	212,370	244,699	244,742	244,954	0.10%
Total Operational Expenditure	229,977	275,865	267,290	264,696	-4.05%
Net Operational Expenditure	(53,744)	(39,695)	(46,329)	(48,114)	21.21%

Table 64: Capital Expenditure 2015/2016: Electricity Services

Capital Projects				
	Budget	Adjustment Budget	Actual	Variance from original Budget
Total (all projects)	5,054	7,156	5,761	1,395
Project:				
Cherry Picker CCD-11312 & CBR-1649 & Ashton	700	802	802	
DOE Electrification Funds	1,754	2,229	1,797	432
New Connections Capital Maintenance		500	351	149
Replacement and Repairs: Street Lights	250	250	204	46
Replacement of Prepaid meters and Bulk Supply Meters to Reduce Energy Losses	400	400	412	(12)
Replacement and Repairs: Network	1,500	2,098	1,369	729
Metering Testing Equipment (Ladders & Link Sticks, Earthing Equipment, Lap Top for Metering and Data Collection)	200	220	193	27
Replace Compressor Atlas Copco CER-5088	250	250	226	24
2xStandard 2L Petrol Bakkies		392	392	
Galvanised Gates Bonnievale		14	14	

3.4. WASTE MANAGEMENT – INCLUDING REFUSE COLLECTION, WASTE DISPOSAL, STREET CLEANING AND RECYCLING

The Langeberg Municipality strives to meet National Government targets set for refuse collection, disposal sites, street cleaning and recycling. A weekly kerbside refuse removal service is provided to households in the Langeberg municipal towns. Recycling facilities and services are available in the municipal area and collections are made weekly. Maintaining clean streets is mainly managed through the job-creating EPWP program.

Closure and the development of new waste disposal sites poses a major challenge for the Municipality. Another challenge of 2015/2016 was refuse collection in wide-spread rural farm areas and informal settlements in steep-terrain areas. Other challenges include:

- Attention must be given to diversion targets and establishing actions in order reach these targets.
- Non-compliance at disposal sites and establishing sufficient airspace must be prioritised.
- Aged refuse removal fleet/equipment
- A shortage of drivers within the Solid Waste Management department.
- Illegal dumping on public open spaces
- Vacant positions within the Solid Waste Management department.

To improve service delivery performance, waste transfer sites were created for rural areas. The Municipality is in a process of developing temporary transfer areas for the relocation of residents living in informal settlements that cannot be properly serviced due to unforgiving terrains.
The levy for refuse removal is reviewed annually and is approved together with the annual budget of Langeberg Municipality.

The table below provides information on the largest solid waste projects for 2015/2016.

Table 65: Solid Waste Management Projects in 2015/2016

Largest Solid Waste Management Projects in 2015/2016			
Strategic Objective	**KPI**	**Units of measurement**	**Project Status**
Energy efficiency for sustainable future.	Construct a New Transfer station by June 2016.	New Transfer station in Ashton constructed by June 2016.	**80%** Complete

The table below lists the Solid Waste Management achievements for 2015/2016

Table 66: Solid Waste Management achievements in 2015/2016

Solid Waste Management achievements in 2015/2016
AWARENESS AND EDUCATION • The Langeberg Municipality distributes the Municipal internal newspaper to households and uses it as medium to convey awareness regarding Solid Waste Management and recycling. • Issues regularly addressed are illegal dumping as well as waste reduction and recycling. • Senior Waste management personnel of the Langeberg Municipality conduct visits to schools and organisations in the Municipal area to spread awareness of recycling and it was presented with a Power point Slideshow. • The Municipality also use the Tedcor workers (Youth Jobs in Waste) to spread awareness with their door-to-door campaign, engaging residents and informing them of the dangers of illegal dumping and benefits of recycling. • The Material Recovery Facility at Ashton and the composting works at Robertson are regularly made available for visits from schools and organisations. **REPORTING ON THE INTEGRATED POLLUTANT AND WASTE INFORMATION SYSTEM (IPWIS)** • The monthly data of Waste disposal facilities was also reported to the Integrated Pollutant and Waste Information System (IPWIS) by the Municipality. • The Municipality also appointed a Waste Management Officer in respect of section 10(2) of the National Environmental Management: Waste Management Act, 2008 (Act 58 of 2008). • The Langeberg Municipality reviews the cost estimates for the closure and rehabilitation of their landfill sites annually. • The Integrated Waste Management Plan Annual Report was also done for the period May 2015 – April 2016. **ASHTON MATERIAL RECOVERY & ROBERTSON COMPOST FACILITIES** • The material recovery facility at the Ashton Landfill is in operation and is where the source separated waste gets sorted and baled. • The Robertson composting facility produces very little compost as the demand for chipped garden waste is sufficient that all the chips are sold before the need for composting. • We have been receiving **36 894.83** tons of waste at the Ashton landfill site of which **1 749.4** tons was recycled, representing approximately **5%** this year. • The recycling plant employs about 23 people who were paid from the proceeds of the recycled material. • During the2015/2016 financial year the Langeberg Municipality generated revenue of **R 540 507.49** just in selling the recycled materials and **R 154 518.39** from selling compost and chipping materials. **WASTE INFRASTRUCTURE** • The Municipality is in the process of constructing a Refuse Transfer Station in Ashton. • This facility will be able to serve as the offload and transfer point for waste destined for disposal. • The planning is that Langeberg Municipality will make use of the regional disposal facility in Worcester when it is operational. • The construction of the Ashton transfer station commenced in January 2016 and the estimated completion date is August 2016 with a total estimated contract value of **R 955 0704.52**.

CLEANING OF STREET AND ILLEGAL DUMPING

- The Municipality uses EPWP workers to do street cleansing on a weekly basis throughout all towns in the Municipality.
- There is a dedicated team to clear illegal dumping as soon as it is reported and a front-end loader and two tipper trucks are available in order to collect and transport the illegal dumping to the Ashton Landfill for disposal.

The table below displays the progress made in achieving basic standards for solid waste service delivery in 2015/2016.

Table 67: Solid Waste Service Delivery Levels in 2015/2016

Solid Waste Service Delivery Levels in 2015/2016	
Description	**2015/2016**
	Number
Waste removal at least once a week	15 090
Removal less frequent than once a week	650
Using a communal refuse dump	283
Using own refuse dump	5287
Other waste disposal	356
No waste disposal	150
Total number of households	15 090

Solid Waste Employees

Spread over five job levels, a total number of 86 employees had job functions for the provisioning of solid waste services in 2015/2016. The establishment provided for 99 approved posts and a vacancy rate of 13% was recorded.

Financial Performance

The tables below reflect the financial performance of solid waste operations and the capital expenditure for 2015/2016.

Table 68: Financial Performance 2015/2016: Solid Waste

Financial Performance 2015/2016: Solid Waste					R'000
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	20,117	30,444	26,022	26,982	-13%
Expenditure:					
Employees	11,561	13,253	13,253	12,227	-8%
Repairs and Maintenance	1,925	2,483	2,483	2,352	-6%
Other	21,511	8,906	21,906	17,305	94.31%
Total Operational Expenditure	34,996	24,642	37,642	31,884	29.39%
Net Operational Expenditure	14,879	(5,802)	11,620	4,902	-184.49%

Table 69: Capital Expenditure 2015/2016: Solid Waste

Capital Projects				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original Budget
Total All	13,839	7,687	7,727	(40)
New Transfer Station Ashton	9,587	7,687	7,727	(40)
New Transfer Station Bonnievale	4,252			

3.5 HOUSING

The following housing projects were implemented in the Langeberg Municipality in 2015/2016.

Table 70: Largest Housing Projects for 2015/2016

Largest Housing Projects in 2015/2016			
Strategic Objective	**KPI**	**Units of measurement**	**Project Status**
To provide access to affordable and low cost housing opportunities to all citizens within the municipal area To manage urbanisation in a considered manner and to maintain a balance between conservation development	To implement the McGregor housing project	Project phases	Bulk services of project completed

Housing achievements in 2015/2016 included:

- Housing Title Deed Registrations.
- Updating of Informal Settlements.
- Bonnievale *insito* upgrading approved.
- Nkanini planning process underway for the provision of services sites.

The table below displays the progress made in terms of the registration of housing stock in 2015/2016.

Table 71: Registration of Rental and RDP Houses 2015/2016

Registration of Rental and RDP Houses 2015/2016		
Langeberg Area	**Rentals**	**RDP**
Ashton Cogmanskloof	4	141
Zolani	2	40
Bonnievale	5	1
Montagu	23	119
Nkqubela	1	151
Robertson North	0	37

The table below lists the challenges that the housing unit faced in 2015/2016.

Table 72: Housing challenges in 2015/2016

Housing challenges in 2015/2016
• Outstanding transfers of Breaking New Ground (BNG) houses, limited resources. • The temporary relocation area (TRA) in Nkqubela where 450 erven are planned for informal structures and there will most probably be an overflow of people which will not be accommodated. • Growing Informal Settlements throughout the area. • Structural damages to BNG houses. • Availability of suitable land for future housing projects.

Housing Backlog in 2015/2016: The housing backlog at the end of 2015/2016 stood at 9104 units.

The table below displays the progress made in achieving basic standards for housing service delivery in 2015/2016.

Table 73: Housing Service Delivery Levels in 2015/2016

		ASHTON	BONNIEVALE	MCGREGOR	MONTAGU	ROBERTSON	ZOLANI
		COGMANSKLOOF			MANDELA SQUARE	NKQUBELA: ENKANINI	
LEVEL OF SERVICE	TOTAL INFORMAL HOUSES: WITH OR WITHOUT ACCESS TO BASIC SERVICES	76	248	114	127	946	132
WATER BASIC SERVICE STANDARDS							
BASIC LEVEL OF SERVICE:	HOUSES WITH ACCESS TO WATER WITHIN 200m OF DWELLING	0	248	114	127	0	
BELOW BASIC LEVEL OF SERVICE:	HOUSES WITH ACCESS TO NO WATER AND FURTHER THAN 200m OF DWELLING	76	0	0	0	946	132
SANITATION BASIC SERVICE STANDARDS							
HIGHER LEVEL OF SERVICE:	FLUSH TOILETS CONNECTED TO SEWERAGE SYSTEM	0		84	127	0	
BASIC LEVEL OF SERVICE:	FLUSH TOILETS CONNECTED TO SEPTIC TANKS	0	248	30	0	0	
BELOW BASIC LEVEL OF SERVICE:	ALL OTHER LATRINES AND NO SANITATION FACILITIES	76	0	0	0	946	132
REFUSE REMOVAL							
HIGHER LEVEL OF SERVICE:	REMOVAL AT LEAST ONCE A WEEK (BEEN INVOICED MONTHLY)	0	130	114	0	0	
HIGHER LEVEL OF SERVICE:	REMOVAL AT LEAST ONCE A WEEK (NOT BEEN INVOICED MONTHLY)	76	118		127	796	132
BASIC LEVEL OF SERVICE:	COMMUNAL SKIPS ONLY FOR HOUSEHOLD REFUSE REMOVAL	0	0	0	0	0	
BELOW BASIC LEVEL OF SERVICE:	HOUSES WITH NO REMOVAL					150	
ELECTRICITY							
HIGHER LEVEL OF SERVICE:	CONNECTION TO ELECTRICITY GRID	0	130	114	0	0	
BELOW BASIC LEVEL OF SERVICE:	NO ELECTRICITY - USING OTHER MATERIAL FOR ELECTRICITY	76	118	0	127	946	132

Housing Administration Employees

Spread over seven job levels, a total number of 10 employees have job functions for the provisioning of housing in 2015/2016. The establishment provided for 11 approved posts.

The tables below reflect the financial performance of housing provision operations and the capital expenditure for 2015/2016.

Table 74: Financial Performance 2015/2016: Housing Provision

Financial Performance 2015/2016: Housing Provision					R'000
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	14,907	6,448	16,400	27,872	77%
Expenditure:					
Employees	2,604	2,802	2,802	2,693	-4%
Repairs and Maintenance	27	88	88	5	-1856%
Other	27,994	6,704	16,884	5,793	-13.60%
Total Operational Expenditure	30,625	9,595	19,775	8,490	-11.51%
Net Operational Expenditure	15,718	3,147	3,374	(19,382)	-715.88%

Table 75: Capital Expenditure 2015/2016: Housing Provision

Capital Expenditure 2015/2016: Housing Provision					R'000
Capital Projects	**2015/2016**				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original Budget	Total Project Value
Total (all projects)	1,500	1,500	23,839	(22,339)	
Installation of basic services for Robertson TRA	1,500	1,500	23,839	(22,339)	

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

In terms of Langeberg Municipality's Indigent Support Policy poor, qualifying households may apply for the following free basic services:

- 6 kilolitres of water per month
- Minimum sanitation service level
- 50 kwh electricity per month
- Refuse removal at least once a week

The Municipality has a Credit Control and Debt Collection Policy. An Indigent Register is updated regularly.

The tables below reflect the free basic services delivered to low income households and the cost thereof in the Langeberg Municipality.

Table 76: Free Basic Services to Low Income Households

Free basic Service To Low Income Households										
Number of households										
	Households earning less than R1 100 per month									
	Total		Free basic water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
2015/16										

Table 77: Cost of Free Basic Services Delivered in 2015/2016

Financial Performance 2015/2016: Cost of Free Basic Services Delivered					
				R'000	
Services delivered	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Water	273	3,636	3,636	249	-1361%
Waste Water (Sanitation)	9,891	12,039	11,039	7,266	
Electricity	3,606	4,273	4,273	1,697	-152%
Waste Management (Solid Waste)	7,609	9,305	7,805	5,705	-63%
Total	21,379	29,252	26,752	14,918	-49.00%

COMPONENT B: ROAD TRANSPORT

Langeberg Municipality does not provide public transport services. Strategically placed taxi terminuses, lay-bys and shelters along public roads are however provided. The Municipality implemented a Pavement Management Plan for the construction, upgrade and maintenance of municipal roads

3.7 ROADS

The main challenges faced by the Municipality in terms of roads, include huge inherited backlogs and budget constraints. The Municipality has to secure funding to build new roads, upgrade gravel roads to tarred roads and to deliver general road maintenance.

Road Services Employees

A total number of 41 employees had job functions for the provision of road services in 2015/2016. The establishment provided for 43 approved posts for road services.

3.8 TRANSPORT

Langeberg Municipality does not provide public transport services. Taxi terminuses, lay-bys and shelters alongside public roads are however placed strategically along public roads and taxi routes. Vehicle licensing forms part of the traffic function and will be discussed under such heading elsewhere in this report.

3.9 WASTEWATER (STORMWATER DRAINAGE)

The purpose of a stormwater drainage system is to provide a formal drainage system of pipes and channels to discharge stormwater away from erven and streets and to discharge this water into natural water courses. It is important to provide a proper pipe system for all major runoff systems, to prevent erosion and damage to properties.

Wastewater Employees

A total number of 25 employees had job functions for the provision of stormwater drainage services in 2015/2016. The establishment provided for 27 approved posts for waste water services.

The tables below reflects the financial performance for stormwater drainage in 2015/2016

Table 78: Financial Performance 2015/20156: Stormwater Drainage

Financial Performance 2014/2015: Stormwater Drainage					R'000
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	318	7,835	6,277	872	-799%
Expenditure:					
Employees	7,970	8,973	8,973	8,875	-1%
Repairs and Maintenance	2,923	2,891	2,791	2,744	-5%
Other	9,999	11,532	15,532	10,925	-5.26%
Total Operational Expenditure	20,892	23,396	27,296	22,544	-3.64%
Net Operational Expenditure	20,574	15,561	21,019	21,672	39.27%

Table 79: Capital Expenditure 2015/2016: Stormwater Drainage

Capital Expenditure 2015/2016: Stormwater Drainage					R'000
Capital Projects	**2015/2016**				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original Budget	Total Project Value
Total (all projects)	10,869	9,441	4,406	5,035	
Rehabilitate Municipal Roads Robertson (PMS)	1,629				
Upgrade Storm Water System Bonnievale Phase 1	3,230	3,469	3,186	283	
Reconstruction of bridge (three bridges)	5,310	5,372	639	4,733	
Ward projects: Ward 1	100	100	100		
Ward projects: Ward 4	100	100	106	(6)	
Ward projects: Ward 5	100	100	90	10	
Ward projects: Ward 6	100	100	100		
Ward projects: Ward 8	100	100	101	(1)	
Ward projects: Ward 11	100				
Ward projects: Ward 12	100	100	85	15	

COMPONENT C: PLANNING AND DEVELOPMENT

3.10 PLANNING

The purpose of the Spatial Development Framework is to:

- Spatially indicate the long-term growth direction and development path of the Municipality;
- Guide decision-making to create integrated urban settlements;
- Create a framework for land-use management (i.e. what should happen here);
- Inform decisions relating to development applications;
- Create a framework for public and private sector investment (where to spend the budget); and,
- Co-ordinate the spatial implications of all strategic sector plans (e.g. housing, engineering, etc.) of a municipality

Table 80: Largest Town Planning Projects in 2015/2016

Town Planning Largest Town Planning Projects in 2015/2016			
Strategic Objective	**KPI**	**Units of measurement**	**Project Status**
Sustainable Integrated Human Settlement	Submit the Review of the Spatial Development Framework to Council	Framework submitted	Completed (Copy of Council Resolution)

Town Planning Service Challenges in 2015/2016

- Currently the Langeberg municipal area is covered by (five) different zoning schemes. Notwithstanding the requirement of SPLUMA, these different zoning schemes are also outdated and did not keep track with the changing development context of the area. As a consequence, these zoning schemes complicate development management to the extent that they hamper development. Consequently it is necessary to consolidate the different zoning schemes into a single integrated zoning scheme, as well as to modernise the zoning scheme into an innovative tool which is more suited for managing the challenges of development.

  A zoning scheme is however a complex legal document that affects the rights of all properties and to develop and introduce a new zoning scheme is a laborious task which requires specialised expertise
- The increasing problem and addressing of illegal land use activities remains a challenge.

In terms of building control, the following challenges are experienced:

- New developments are often being delayed or cancelled due to uncertain political and economic climates.
- Construction costs have escalated due to limited hardware suppliers and material cost.
- Prosecution of contravenors of the Town Planning Scheme and NBR for illegal structures are hampered by the legal process

Participation of all departments during the weekly scrutiny forum of new building plans, remain a challenge.

Planning Services Employees

A total of 11 employees had job functions for the provisioning of Town Planning services in 2015/2016. The establishment provided for 14 approved posts. One vacant post has been provided for in the budget.

Spatial Response to Poverty in 2015/2016

The SDF provided certain settlement guidelines to inter alia to encourage a multiple level of entry into the economic market and enhance job creation.
These intensification corridors should be limited to residential, office and retail uses and only compatible light industrial uses, e.g. non-nuisance manufacturing or craft activities that may require a retail outlet on the same premises.

Financial Performance

The table below reflects the financial performance of town planning service operations for 2015/2016.

Table 81: Financial Performance 2015/2016: Town Planning Services

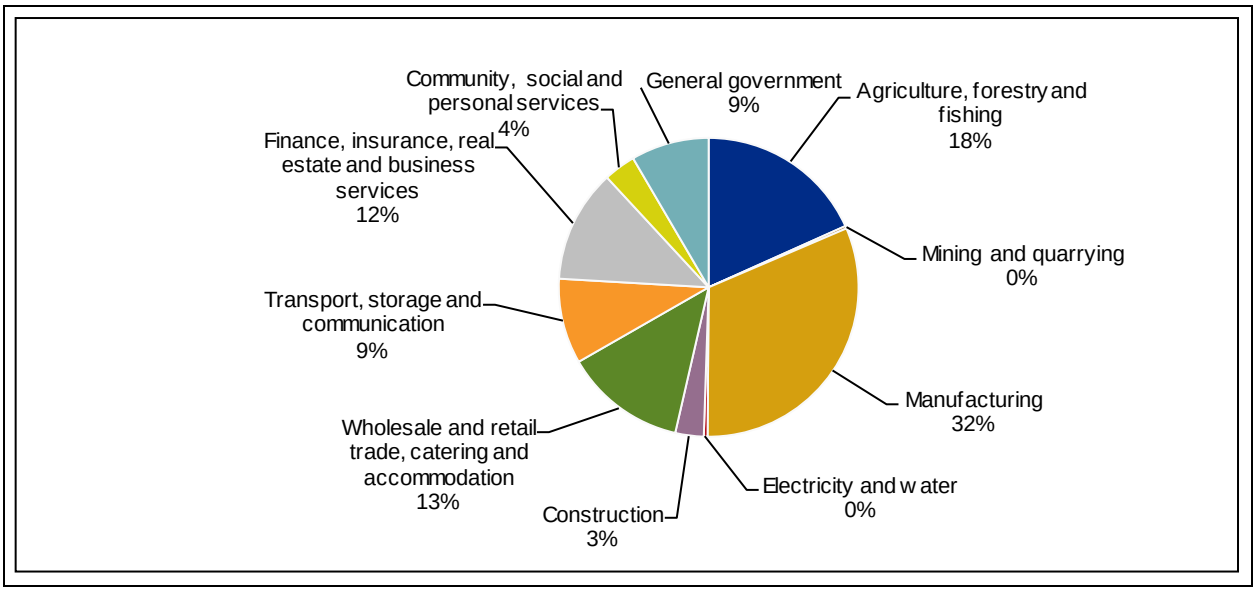
Financial Performance 2015/2016: Town Planning Services					R'000
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1,259	2,103	2,103	1,538	-37%
Expenditure:					
Employees	4,286	4,797	4,797	4,499	-7%
Repairs and Maintenance	8	24	18	7	-226%
Other	219	405	405	229	-43.38%
Total Operational Expenditure	4,513	5,226	5,221	4,736	-9.38%
Net Operational Expenditure	3,253	3,123	3,117	3,197	2.40%

3.11 LOCAL ECONOMIC DEVELOPMENT

Langeberg has been the second fastest growing municipality in the District at an average of 4.3 cent per annum for the period 2005 - 2013. This performance was largely supported by strong growth within the commercial services and construction services industry which maintained average growth of 7.9 and 7.8 per cent respectively.

Growth within the agriculture (0.3 per cent) and manufacturing (3.5 per cent) sectors were less favourable. At 3.5 per cent, manufacturing growth was nonetheless the highest compared to the other local municipalities and the District average of 1.8 per cent.

Graph 15: Langeberg Municipality - Sectoral Composition, 2013



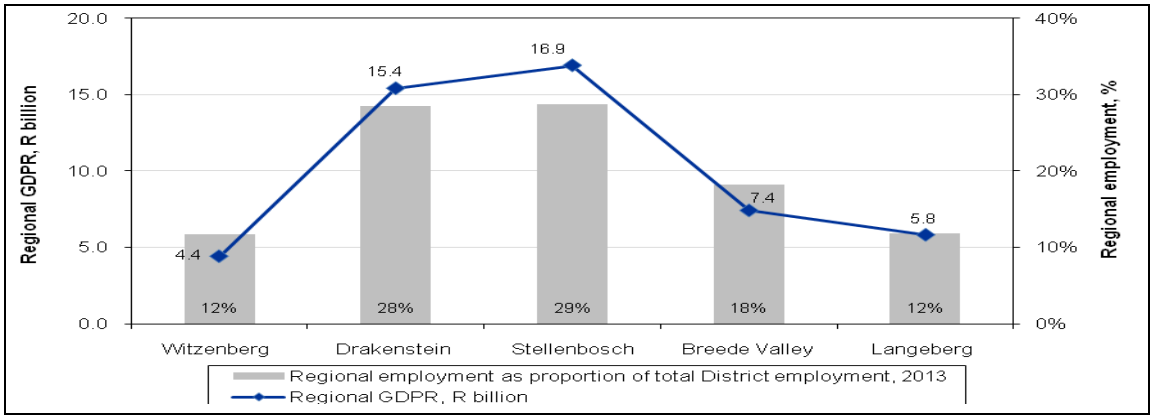
Source: Municipal Economic Review and Outlook (MERO), 2015

As per graph xx, the three largest contributors to GDPR in 2013 for Langeberg were the manufacturing (32 per cent), agriculture, forestry and fishing (18 per cent) as well wholesale and retail trade, catering and accommodation (13 per cent) sectors.

Labour market

In terms of contributions to GDPR, Langeberg is the fourth most dominant regional economy in the Cape Winelands District (11.5 per cent contribution in 2013). Figure 8 reveals that Langeberg employs 12 per cent of the District's workforce which is relatively small in relation to Stellenbosch and Drakenstein which employ 29 and 28 per cent respectively.

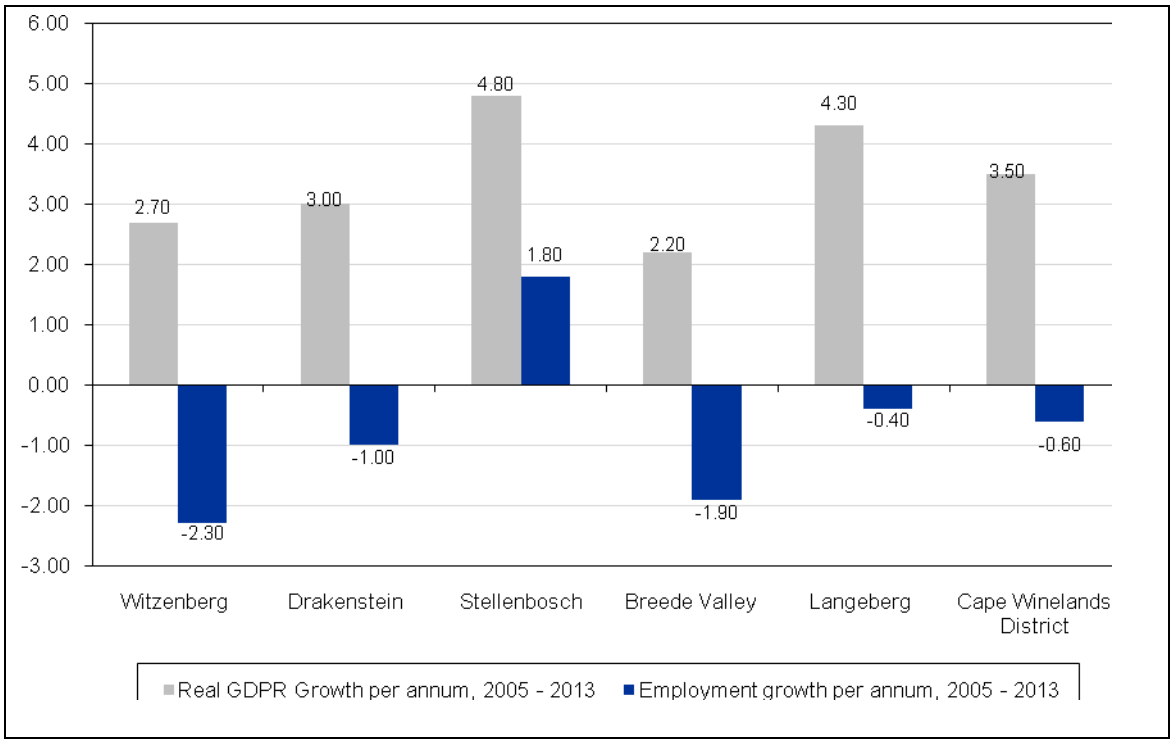
Graph 16: Cape Winelands District Municipalities: Municipal GDPR vs. Municipal employment, 2013



Source: Municipal Economic Review and Outlook (MERO), 2015

Graph xx provides a comparison of the annual municipal GDPR growth rate and annual employment growth rate in the District. All the municipalities in the District displayed a positive annual GDPR growth rate from 2005 – 2013. The District experienced a contraction of 0.60 per cent in employment growth.

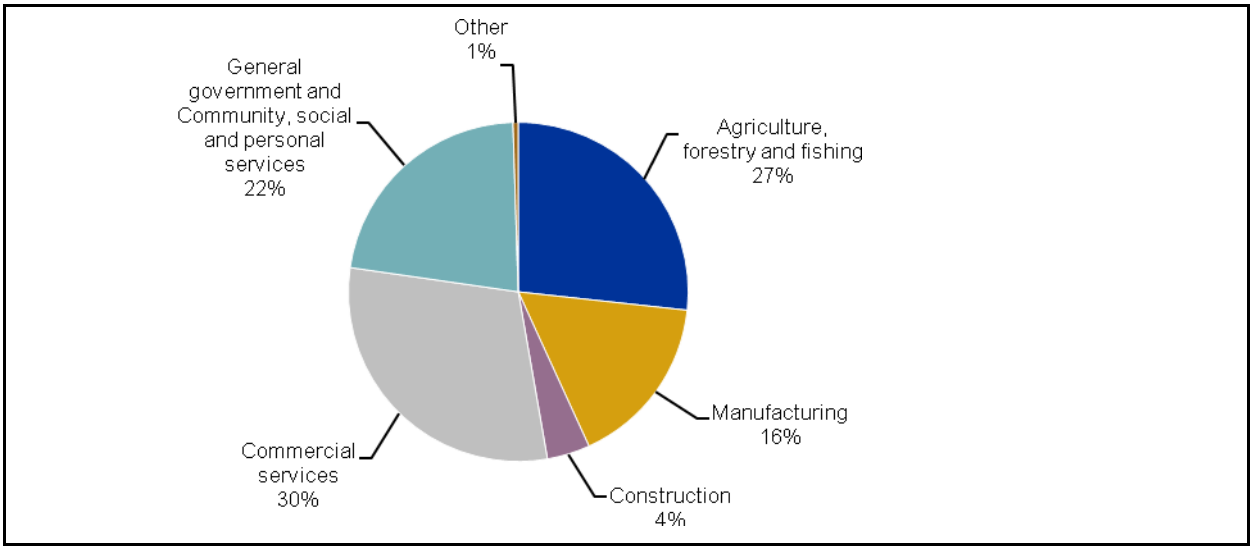
Graph 17: Cape Winelands District: Municipal GDPR vs. municipal employment, 2005 – 2013



Source: Municipal Economic Review and Outlook (MERO), 2015

Langeberg, which had the 2nd fastest GDPR growth per annum at 4.30 per cent, experienced employment contraction of 0.40 per cent per annum.

Graph 18: Langeberg: Employment by sector, 2013



Source: Municipal Economic Review and Outlook (MERO), 2015

Graph 18, illustrates that Langeberg's commercial services sector (30 per cent) and the agriculture sector (27 per cent) were the largest employers in the Municipality in 2013. This is followed by general government and community, social and personal (CSP) services (22 per cent) and manufacturing (16 per cent).

Table 82: Cape Winelands District: GDPR growth vs. net employment, 2005 - 2013

	Witzenberg		Drakenstein		Stellenbosch		Breede Valley		Langeberg		Cape Winelands District	
Industry	**GDPR trend**	**Net Employment**	**GDPR trend**	**Net Employment**	**GDPR trend**	**Net Employment**	**GDPR trend**	**Net Employment**	**GDPR trend**	**Net Employment**	**GDPR trend**	**Net Employment**
Agriculture, forestry and fishing	1.30%	-7 773	1.00%	-8 396	0.50%	-5 550	-0.10%	-9 791	0.30%	-6 313	0.60%	-38 284
Manufacturing	1.40%	-399	0.60%	-1 338	1.90%	676	3.00%	-72	3.50%	505	1.80%	-557
Construction	0.80%	-381	3.40%	-1 805	9.40%	-73	7.70%	-241	7.80%	-191	6.60%	-2 699
Commercial services	4.80%	497	5.10%	3 675	6.10%	7 427	2.80%	91	7.90%	2 922	5.30%	15 597
General government and Community, social and personal services	3.30%	910	2.20%	581	6.70%	7 755	1.90%	420	5.10%	1 659	4.00%	11 856
Other	0.50%	19	4.10%	212	4.30%	94	-6.00%	23	-0.40%	81	1.80%	429
Total	**2.70%**	**-7 127**	**3.00%**	**-7 071**	**4.80%**	**10 329**	**2.20%**	**-8 670**	**4.30%**	**-1 337**	**3.50%**	**-13 658**

Source: Municipal Economic Review and Outlook (MERO), 2015

Consequent to the very slow growth in the agricultural sector, net employment over the period stood at -6 313. Despite the robust economic growth the construction sector also experienced net job losses. The two fastest growing sectors (commercial services and general government and CSP services) also created the most jobs in the Municipality overall, with 2 922 net jobs created in the commercial services sector and 1 659 net jobs created in the general government and CSP services sector.

LED is seen as one of the most important ways of decreasing poverty as it aims to create jobs by making the local economy grow.

The LED unit is dependent on the support of other government departments, e.g. Department of Trade and Industry (DTI) and Department of SMME to work together on enterprise development programs and to provide support to our informal traders.

The department implemented various projects, aimed at promoting economic activity in the area. Some of these projects follow below:

Table 83: Largest LED Projects in 2015/2016

Largest LED Projects in 2015/2016			
Strategic Objective	**KPI**	**Units of measurement**	**Project Status**
Growth and Development (Arts and Culture Development Programme)	Quarterly Reports on the implementation of the programme	Quarterly reports submitted to Council	Ongoing
Growth and Development (Enterprise Development Programme)	Quarterly Reports on the implementation of the programme	Quarterly reports submitted to Council	Ongoing

LED Service achievements

The following service achievements in LED were recorded for 2015/2016:

- **Arts and Culture development**:

The **Township Art Project** aimed to create economic activity in townships of the Langeberg Municipality through all forms of art, ranging from murals, crafts and storytelling. It started in Nkqubela and Happy Valley and employed 36 previously unemployed artists. The project will continue for the next three years.

Performance art recorded considerable growth. Various performing artists have been trained and groups have been selected to perform on the National stage of the KKNK in Oudtshoorn.

Enterprise development interventions included a collaboration between Langeberg Municipality and the Department of Rural Development, assisting a needlework project to receive a grant for equipment to the value of R500 000. The biggest challenge remains to link existing SMME's with bigger businesses for mentoring purposes and to allow for skills transfer to take place, especially in financial management and budgeting processes.

200 local SMMEs have been mobilised to access services of the new Department of Small Business Development and its agencies. The foot print of this department will be sustained in our local SMME's, which will have seamless access to its services.

- **EPWP**

Based on performance, the EPWP Incentive Grant of Langeberg Municipality has been increased by National Government. This will unlock more funds for future job creation.

The Municipality continues to engage the established business sector to develop small suppliers in terms of strategic procurement, to boost small businesses in their development.

The biggest LED challenges in 2015/2016 can be summarised as:

- Attracting more investors to our municipal area
- Enhancing the skills levels of our citizens to meet the demands of our economy
- Facilitating inter departmental cooperation to advance LED across the municipal area
- The slow-down of the economy hampers economic development in general.

LED response to poverty in 2015/2016

Langeberg Municipality's LED response to poverty included:

- Free basic services delivered to vulnerable households
- Local Job opportunities created through the EPWP and Community Development Programmes
- SMME/ Entrepreneur/Contactor Development
- Pro-poor procurement for labour intensive projects in all wards
- Arts development projects

Employees

A total of 3 employees had job functions for the provisioning of LED services in 2015/2016. The establishment provided for 4 approved posts.

Financial Performance

The tables below reflect the financial performance of LED for 2015/2016.

Table 84: Financial Performance 2015/2016: LED

Financial Performance 2015/2016: LED					R'000
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1,452	1,494	1,542	1,542	3%
Expenditure:					
Employees	4,286	4,797	4,797	4,499	-7%
Repairs and Maintenance	8	24	18	7	-226%
Other	(143)	(1,208)	(1,156)	1,712	-241.70%
Total Operational Expenditure	4,152	3,613	3,660	6,219	72.13%
Net Operational Expenditure	2,700	2,119	2,119	4,677	120.75%

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes libraries, community facilities and social programmes. Community and social services strives to improve the quality of life for all residents of Langeberg Municipality by ensuring access to health, information and recreation in a safe secure, clean and sustainable environment.

3.12 LIBRARIES AND COMMUNITY FACILITIES

Libraries provide information and ideas that are fundamental to function successfully in today's information and knowledge-based society.

Table 85: Libraries in the Langeberg area

Libraries in the Langeberg area	
Robertson Library	**Robertson**
Nkqubela Library	
Mountain View Library	
Klaasvoogds mini library	
Ashton Library	**Ashton**
Zolani Library	
Bonnievale Library	**Bonnievale**
Happy Valley Library	
Middelrivier mini library	
Wakkerstroom-oos mini library	
Montagu Library	**Montagu**
Sunnyside Library	
Ashbury Library (to be completed 2016)	
McGregor Library	**McGregor**
Le Chasseur mini library (in process)	

Library usage in 2015/2016 can be summarised as follows:

Circulation of books and other library material: 363266 users

ITC Users (computers): 54692 users

Activities (story hours, talks, creative work, and literacy): 428 users

Exhibitions: 866 users

Library Achievements in 2015/2016

Two mini libraries (Klaasvoogds and Wakkerstroom East) were established in the rural areas with 3 ICT computers each with internet connectivity. Each mini library can stock about 4000 books, depending on the size. The regional library visits the mini libraries every 3 months with new books and other items that can be used by patrons. Although these libraries are situated in the local school buildings, it is for the use of the whole community. This is a tremendous help for farm workers and children alike.

Three book detectors were installed, i.e. in Sunnyside, Zolani and Happy Valley libraries. Only two more libraries need book detectors, which will be addressed in 2016/2017. Book detectors serve to help prevent book losses and the people counter gives an accurate indication of library usage.

As part of outreach activities, a library depot was established in Robertson Correctional Facility. The staff of Robertson library visits the depot weekly to assist with information retrieval. This helps with the emotional and intellectual well-being of the people in the facility. Robertson library in partnership with the Institute for the Blind deliver a service for the visually impaired since February 2016. The collection includes audio books, audio magazines, Braille books and a computer with software which is user friendly for the visually impaired. All the libraries in Langeberg can use this service.

Table 86: Largest Library and Community Facility Projects in 2015/2016

. Largest Library and Community Facility Projects in 2015/2016			
Strategic Objective	**KPI**	**Units of measurement**	**Project Status**
Social and Community Development	Build a new library: Ashbury (Montagu) by 30 June 2017	Build a new library Ashbury by 30 June 2017	Phase 1 tender completed

Achievements for Community Halls

Langeberg Municipality manage and maintain eleven (11) community halls. These Halls make provision for various utilizations by individuals, groups, government departments, educational institutions, sports clubs, community organizations and NGO's, municipal workshops and events, community and political gatherings, local and national events. Most of the halls have a capacity of 250 – 600 with adequate kitchen, bathroom, side halls, parking spaces, gardens and storage facilities. Evacuation plans are in place in case of fire or disasters.

The Community Halls are well maintained according to the needs of the users and communities. Major upgrades have been done at the following Halls:

Table 87: Upgrading of Community Halls

COMMUNITY HALL	TOWN	DESCRIPTION
Barnard Hall	Ashton	Upgraded entrance and vibrecrete fence at the back of hall.
Montagu Hall	Montagu	Tiling works in the main hall, store rooms, cloak rooms, toilets and side hall. Painted cloak rooms, Burglar gate, Replaced gutters and new curtains provided.
Zolani Hall	Zolani, Ashton	Tiling of stage, cloak rooms and corridor. Repair of toilet pipes, Fence in front of the Hall. New ceiling in the men's cloak rooms.
McGregor Hall	McGregor	Repair the tiles in the Hall and pipe leakages.
Chris van Zyl Hall	Bonnievale	Painting of the roof. Paving of the front entrance.

Table 88: Usage of Community Halls

MEETINGS Ward meetings, Community meetings	FUNCTIONS Church,School, Community.	FREE USE Government meetings	OTHER Weddings, Dances, Funerals, Church Services Dances, Drama etc.
161	**104**	**195**	**875**

Achievements for Sport and Recreation

Langeberg Municipality manage and maintain eight (8) sport facilities and one (1) swimming pool. These Sport Facilities make provision for various sports and recreation activities. Non-competitive sports and recreation activities took place in various towns in collaboration with staff from the Western Cape Department of Sport and Culture (DCAS). The Department establish MOD-Centres in various towns to work with schools in the communities. They network with the Municipality through programmes with Councillors and the Department of Social and Strategic Services for sport programs in the rural areas and farming communities. The highlight of these activities was the Annual Farmworker Sport Event jointly hosted by the Municipality, the Cape Winelands District Municipality and the Department of Agriculture. The Bonnievale Big Walk Event is an annual event and is managed in collaboration with the DCAS.

The Sport Facilities are well maintained according to the needs of the users and communities. Major upgrading works have been done at the following sport facilities:

Table 89: Upgrading of Sport Facilities

Facility	Town	Description
Van Zyl Street Sports Ground	Robertson	Repaired men's cloak rooms and club house, painted cloak rooms and ablution facilities, replaced windows, installed diamond mesh in front of the windows, tarred entrance, 20m of the Vibracrete fence, fixed lights.
Happy Valley Sports Ground	Bonnievale	Painted cloak rooms, provided burglar bars and gates, tiled kitchen, repaired water pipes and pump.
King Edward Sports Ground	Montagu	Repaired netball cloak rooms, men's cloak rooms and water leakages.
McGregor Sports Ground	McGregor	Painted interior and exterior cloakroom walls. Repaired lights and flood lights. Constructed new netball courts. Provided fencing and purchased new grass cutting machine.
Cogmanskloof Sport Ground	Ashton	Repaired urinal system at the men's cloak rooms and constructed new ablution facilities.
Dirkie Uys Swimming Pool	Robertson	Painted cloak rooms, shower walls and ablution facilities. Provided burglar proofing structures and varnished wooden seats of the pavilion.

The facilities are multi-purpose sports facilities and are suitable to host mass sport participation and competitive club games. Sporting codes like rugby, soccer, cricket, netball, badminton, jukskei, darts, athletics, is played at the sport facilities. Rugby, soccer and cricket are the codes that make the most use of the facilities during their sport season. Rugby attracts the most spectators which impact on the provision of adequate sport facilities on the sport premises.

The Municipality started with consultative meetings with representatives of clubs in the Nkqubela Community to establish a sports structure. The sports facility has been earmarked for upgrading works in the 2016/17 year. This action will be expanded to clubs in other areas to have co-responsibility, joint-partnership and co-ownership of sport facilities in the municipal area.

Achievements for Swimming Pools in 2015/2016

Langeberg Municipality managed and maintained one (1) swimming pool during this reporting year. The swimming pool in Robertson is the only pool that the Municipality has for its residents. The pool consists of a 250 seat pavilion, men and women ablutions, a ticket box and reception, office, storage rooms, pump room, cafeteria, 4 x braai areas, a grassed and garden area, a 50 x 25m pool for adults and 2 kiddies pools. Pools are utilized for recreational activities by the public and competitive sports by schools for their annual galas. No drowning incidents were recorded.

The swimming pool and garden areas were well maintained according to user and community needs. Daily testing of the water and correct application of chlorine ensured that the quality of water in the pool is healthy and conducive for swimming.

Statistics of visitors to the pool in 2015/2016 are tabled below:

Table 90: Visitors to Dirkie Uys Swimming Pool in Robertson

Children	Adults	Season Visitors	Monthly Visitors	Total
13 322	5 300	113	71	18 742

Children and adults are counted as day visitors. Seasonal visitors are ticket holders for the whole season. Monthly visitors are ticket holders that visit the pool at a certain time of the month.

The service challenges Langeberg Municipality faced regarding libraries and community facilities are summarised below:

Table 91: Library and Community facility service challenges in 2015/2016

Library and Community facility service challenges in 2015/2016
Old buildings not on par with new developments in the field. (Electricity supplies not enough for all the new computers, lighting not sufficient and inadequate plugs for laptop usage in the libraries) Vandalism and lacking security services at all facilities Lack of funding impacts maintenance and safeguarding of facilities Over- crowding by the users at the pool.

Table 92: **Libraries and Community facilities employees in 2015/2016**

Libraries and Community facilities Employees in 2015/2016	
Total number of employees	**72**
Approved posts on the establishment	**82**
Vacancy rate recorded	**17%**

Table 93: Service response to poverty in 2015/2016

Service response to poverty in 2015/2016	
Action to address poverty	**Targeted Areas**
Maintenance works at Libraries are locally outsourced	Robertson, Bonnievale, Montagu, McGregor
Literacy classes are available at libraries	All libraries
Mini libraries at Klaasvoogds and Wakkerstroom-East are equipped with internet to help farming communities with job searching and literacy	Farming communities
Computers with internet connectivity at all libraries for job hunting, typing of CV's, etc.	Broad community

The table below reflects the financial performance for Libraries and Community Facilities in 2015/2016.

Table 94: Financial Performance 2015/2016: Libraries and Community Facilities

Financial Performance 2015/2016: Libraries and Community Facilities					R'000
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	8,491	10,481	10,617	9,084	-15%
Expenditure:					
Employees	7,927	11,889	11,889	9,519	-25%
Repairs and Maintenance	725	789	702	606	-30%
Other	1,979	2,885	3,006	2,241	-22.32%
Total Operational Expenditure	10,631	15,564	15,597	12,367	-20.54%
Net Operational Expenditure	2,140	5,083	4,980	3,283	-35.40%

Table 95: Capital Expenditure 2015/2016: Libraries and Community Facilities

Capital Expenditure 2015/2016: Libraries and Community Facilities R'000				
Capital Projects	**2015/2016**			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original Budget
Total All	2,889	3,272	2,165	1,106
Community Halls - Various Projects	300	300	278	22
Chairs (Sunnyside Library)	12	17	17	
Tables (Sunnyside Library)	13	14	14	1
4 Couches (Mountainview)	14	15	15	
New Counter (Mountainview)	20	22	22	
New Counter (Ashton)	20	19	19	
Geyser (Sunnyside Library)	5	8	8	
Geyser (Happy Valley)	5	11	11	
HI FI System (Happy Valley)	5	2	2	
Book Detector (Happy Valley)	160	135	135	
New roof at small existing room (Mountainview)	15	27	27	
Building of New Library: Ashbury (Montagu)	2,000	2,423	1,339	1,084
Electronic De- and Re-activator		8	7	
Book Detector (Zolani)	160	135	135	
Book Detector (Sunnyside - Montagu)	160	135	135	

3.13 CEMETERIES

It is the function of Langeberg Municipality to provide accessible and safe cemeteries to its residents and to maintain its cemeteries to an acceptable standard. It has to implement bylaws on cemeteries, manage and provide burial services to indigents and paupers and provide related administration and booking services.

Vandalism is a challenge at cemeteries. Taps and boundary fencing are stolen frequently. Cemeteries are also running out of burial space.

Service highlights for 2015/2016 include the planting of hedges and screens in all cemeteries and securing Department of Environmental Affairs (DEA) funding for the beautification of cemeteries.

Langeberg Municipality recorded the following number of burials for 2015/2016:

Robertson: 249
Ashton: 98
Bonnievale: 139
Montagu: 102
McGregor: 29

The table below reflects the financial performance for cemeteries in 2015/2016

Table 96: Financial Performance 2015/2016: Cemeteries

Financial Performance 2015/2016: Cemeteries					R'000
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	360	361	361	469	23%
Expenditure:					
Employees	583	662	662	629	-5%
Repairs and Maintenance	18	33	33	29	-15%
Other	493	581	581	640	10.20%
Total Operational Expenditure	1,094	1,276	1,276	1,298	1.70%
Net Operational Expenditure	735	915	915	828	-9.46%

3.14 SOCIAL DEVELOPMENT

Langeberg Municipality's social development services include social development, rural development, youth development and land reform. The following challenges hamper social development in the area:

- The lack of a unified approach to address social problems hampers the facilitation of communication channels between CBOs and government.
- Unemployment and job losses which contribute to social problems, do not match job creation.
- Local Tourism Offices work in silos and do not benefit the entire municipal area or all communities.

Social development services are rendered by 5 employees at Langeberg Municipality. The staff establishment provided for 5 approved posts in 2015/2016 and no vacancies existed.

Seventeen (17) Social Development Programmes, four (4) Youth Development Programmes and 14 Tourism Programmes were rolled out in 2015/2016.

Table 97: Social Development Programmes in 2015/2016

Social Development Programmes in 2015/2016	
Holiday programme in Bonnievale	7, 8 and 9 July 2015
Mandela Day	17 July 2015
Women's Day	10 August 2015
Farm Worker of the Year	3 September 2015
Bonnievale Big Walk	4 October 2015
Programme for the Elderly	23 October 2015
Job Preparedness Training	29 October 2015
Programme for the Elderly	6 November 2016
World Aids Day	1 December 2015
16 Days of Activism for no Violence against Women and Children	5 December 2015
Support to ABET	27 January 2016
Career Expo	25 February 2016
Human Trafficking Training Programme	29 February 2016
Teenage Pregnancy Programme	7 March 2016
Support to Vegetable Gardens	April 2016
Puppet Shows to create awareness for children	23 – 27 May 2016
Job Preparedness Programme	25, 26 and 27 May 2016
Environmental Awareness Day	30 May 2016
Youth Day	13, 14 and 15 June 2016

Tourism	
Transfer of funds to tourism Offices	July 2015
Placed advertisement in the 2016 Great Outdoor Guide	July 2015
Placed advertisement in the AA Traveller	September 2015
Printed the Health& Wellness and Wedding Map	September 2015
Christmas Lights Function in Montagu	December 2015
Replicated tourism DVD's	December 2015
Placed advertisement in the Travel Ideas Magazine	January 2016
Attended the Beeld Holiday Show	February 2016
Reprinted the Activity Map	February 2016
Updated and reprinted the Activity Brochure	February 2016
Attended the Namibian Expo	May 2016
Tour Operator Indaba	May 2016
Updating and reprinting the Activity Map	

The table below reflects the financial performance for Social Development in 2015/2016

Table 98: Financial Performance 2015/2016: Social Development

Financial Performance 2015/2016: Social Development					**R'000**
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					0%
Expenditure:					
Employees	2,986	2,841	2,841	3,124	9%
Repairs and Maintenance					0%
Other	3,317	4,458	4,423	3,189	-28.48%
Total Operational Expenditure	6,303	7,299	7,264	6,312	-13.52%
Net Operational Expenditure	6,303	7,299	7,264	6,312	-13.52%

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes pollution control, biodiversity and landscape.

3.15 POLLUTION CONTROL

Pollution control is only dealt with on an ad hoc basis. Due to budget and staff provisioning constraints as well as institutionalised legislation measures for the Langeberg area, the Municipality is challenged to render pollution control services.

3.16 BIO-DIVERSITY AND OPEN SPACES

It is the responsibility of the Municipality to provide and maintain accessible and safe parks and open spaces. Alien vegetation clearance, follow-up and control in residential and river areas pose a challenge in terms of budget and staff constraints. Contractors and/or EPWP workers are used for ad hoc projects. No environmental control projects were budgeted for in 2015/2016.

The following nature reserves are the responsibility of Langeberg Municipality:

Dassieshoek Nature Reserve

The approximately 21 kilometre Arangieskop Hiking Trail is cleared and maintained annually by a municipal appointed private contractor. Maintenance includes path clearing and restoration and alien vegetation control, whilst taking care to preserve the surrounding indigenous vegetation. Cape Winelands District Municipality also appointed a contractor to do alien tree clearing along the water courses within the reserve. The two Dassieshoek overnight huts are cleaned weekly and maintenance is done as the need arises. There is currently no access control to the Nature reserve and littering, vandalism and unauthorised plant material collection is a big problem.

Montagu Mountain Reserve

The three hiking trails within the reserve (Bloupunt, Cogmanskloof and Badkloof) are maintained annually by a municipal appointed private contractor. Maintenance includes path clearing and restoration and alien vegetation control, whilst taking care to preserve the indigenous vegetation. Further maintenance is done by the Montagu Parks department staff as identified by regular inspections. The two Klipspringer overnight huts, the Lapa and Kanonkop are cleaned weekly and maintenance is done as the need arises. The hiking trail office in Joubert Park is staffed seven days a week by a Montagu Parks General Worker and a EPWP contract worker. Challenges in this reserve include: the multitude of access points to the reserve, resulting in poor control of the hiker safety within the reserve, criminals using the reserve to access neighbouring suburbs and rouge baboons being a menace in neighbouring suburbs.

Montagu Nature Garden

The Nature Garden has been leased to a group of Montagu citizens who have total responsibility for the management of the garden.

McGregor Krans Nature Reserve

The Langeberg Municipal Council has approved the proclamation of this area as a Nature Reserve, but the issue of who would be responsible for the management is yet to be resolved.

Bonnievale Nature Garden

The Bonnievale Parks Department currently maintains this area as part of its responsibilities.

The table below reflects the financial performance for Environmental Control in 2015//2016

Table 99: Financial Performance 2015/2016: Environmental Control

Financial Performance 2015/2016: Environmental Control					R'000
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	278	256	168	283	10%
Expenditure:					
Employees	10,412	11,129	11,129	11,120	0%
Repairs and Maintenance	843	951	958	1,115	15%
Other	3,018	3,209	3,209	3,504	9.20%
Total Operational Expenditure	14,272	15,289	15,296	15,740	2.95%
Net Operational Expenditure	13,994	15,034	15,128	15,457	2.81%

COMPONENT F: HEALTH

Good health is vital to achieving and maintaining a high quality of life. A diverse range of factors play a role in ensuring the good health of communities and that disease, especially preventable and contagious/communicable ones, are kept at bay. Some of the factors include lifestyle features that also depend on the provision of high quality municipal services, such as clean water, sanitation and the removal of solid waste.

The information provided by the Department of Health as detailed in this section, pertains only to public sector healthcare institutions. Any privately provided facilities or services are not reflected in the information below.

3.17 HEALTH CARE SERVICES

Access to healthcare facilities is directly dependent on the number and spread of facilities within a geographic space. South Africa's healthcare system is geared in such a way that people have to move from primary, with a referral system, to secondary and tertiary levels.

Table 100: Cape Winelands District: Healthcare Services, 2015

	Number of PHC clinics - fixed	Number of PHC clinics - non-fixed (mobile/ satalite)	Community Health Centres	Community Day Centres	Total number of PHC facilities (Fixed Clinics, CHCs and CDCs, excluding non-fixed)	Number of district hospitals	Number of regional hospitals	Emergency medical services: Number of operational ambulances per 100 000 population
Witzenberg	8	6	0	1	9	1	0	0.57
Drakenstein	14	6	0	3	17	0	1	0.23
Stellenbosch	8	7	0	1	9	1	0	0.31
Breede Valley	6	9	0	1	7	0	1	0.74
Langeberg	8	6	0	0	8	2	0	0.78
Cape Winelands	**44**	**34**	**0**	**6**	**50**	**4**	**2**	**0.47**

Source: Western Cape Department of Health, 2015

There are 16 healthcare facilities operational in the Langeberg municipal area. These include 8 fixed clinics, 6 mobile/satellite clinics and 2 district hospitals. These healthcare facilities serve 101 543 people within Langeberg, implying one fixed/ mobile/satellite primary healthcare facility for every 7 253 people. This indicates a need for more healthcare facilities within the municipal area.

Mainly due to the distances between rural towns and health facilities, Langeberg has the highest number of ambulances per 100 000 population within the Cape Winelands District.

Table 101: Cape Winelands District: Healthcare Personnel, 2015

**per 100 000 people*	Number of medical officers*	Number of professional nurses*	Number of staff nurses*	Number of nursing assistants*
City of Cape Town	42.1	107.8	42.4	79.1
West Coast District	9.3	63.8	31.8	34.8
Cape Winelands District	22.3	84.8	41.4	49.2
Overberg District	11.5	70.6	24.7	31.9
Eden District	20.7	97.1	39.0	45.8
Central Karoo District	19.4	132.8	38.7	74.7
Western Cape	**33.4**	**99.2**	**40.3**	**66.5**

Source: Western Cape Department of Health, 2015

HIV, AIDS and Tuberculosis treatment and care

Although treatment and care is essential in the management of HIV/AIDS, the need and importance of preventative care cannot be over-emphasised, especially since to date, there is no known cure.

Table 102: Cape Winelands District: HIV, AIDS and Tuberculosis Prevalence and Care

	HIV - ANTI-RETROVIRAL TREATMENT					TUBERCULOSIS			
	ART patient load March 2013	ART patient load March 2014	ART patient load March 2015	Mother-To-Child Transmission rate	Number of ART clinics/ treatment sites 2015	Number of TB patients 2012/13	Number of TB patients 2013/14	Number of TB patients 2014/15	Number of TB clinics/ treatment sites 2015
Witzenberg	2 008	2 786	3 250	3.2%	5	1 066	1 112	1 035	19
Drakenstein	4 627	5 276	5 902	1.1%	15	2 208	2 137	2 067	27
Stellenbosch	2 940	3 574	4 021	2.6%	9	1 100	1 215	1 191	15
Breede Valley	3 358	4 248	4 584	1.2%	8	1 833	1 865	2 050	17
Langeberg	1 237	1 579	1 858	0.0%	7	1 006	998	1 039	16
Cape Winelands	**14 170**	**17 463**	**19 615**	**1.7%**	**44**	**7 213**	**7 327**	**7 382**	**94**

Source: Western Cape Department of Health, 2015

By the end of March 2015, Langeberg's patient load had increased to 1 858, administered from 7 treatment sites.

Anti-retroviral treatment to mothers both before and at birth decreases the chances that infants will contract HIV from their mothers. The most recent information for Langeberg indicates a mother-to-child transmission rate of 0.0 per cent which compares favourably with a 1.7 per cent transmission rate for the District.

The number of TB patients in the Cape Winelands District has increased to 7 382 in 2014/15, treated at 94 clinics or treatment sites. In the Langeberg municipal area, patient load has also shown an increase over the past year, reaching a patient load of 1 035 with treatment administered from 16 clinics or treatment sites.

Child Health: Immunisation, Malnutrition, Neonatal Mortality, Low Birth Weight

Immunisation: Immunisation protects both adults and children against preventable infectious diseases. Low immunisation rates speak to the need for parents to understand the critical importance of immunisation, as well as the need to encourage parents to have their young children immunised. In 2015, full immunisation coverage rate for the Langeberg Municipality of 73 per cent was lower than the District average of 79 per cent.

Malnutrition (under and over nutrition) refers to the condition whereby an individual does not receive adequate amounts or excessive amounts of nutrients. The number of malnourished children under five years in the Langeberg municipal area in 2015 was 2.62 per 100 000 population. This is the third highest in the district.

Table 103: Cape Winelands District: Child and Maternal Health, 2014/2015

	CHILD HEALTH				MATERNAL HEALTH		
	Full immunisation coverage under 1 year	Severely malnutrition rate under 5 years	Neonatal mortality rate	Low birth weight	Maternal mortality ratio	Delivery rate to women under 18 years	Termination of pregancy rate
Witzenberg	69%	3.64	11.6	16%	0.0	9.6%	1.1%
Drakenstein	78%	3.65	0.7	14%	35.8	6.7%	15.4%
Stellenbosch	86%	1.76	4.0	10%	0.0	4.8%	8.0%
Breede Valley	86%	2.60	6.8	19%	27.0	7.9%	10.7%
Langeberg	73%	2.62	10.8	16%	0.0	9.8%	2.9%
Cape Winelands	**79%**	**2.94**	**4.9**	**15%**	**20.8**	**7.3%**	**9.4%**

Source: Western Cape Department of Health, 2015

Neonatal Mortality Rate: The first 28 days of life – the neonatal period – represent the most vulnerable time for a child's survival. The neonatal mortality rate is the number of neonates dying before reaching 28 days of age, per 1 000 live births in a given year. Langeberg's neonatal morality rate of 10.8 is currently not within the Province's 2019 target of 6.0 per 1 000 live births.

Low Birth Weight: Low birth weight is defined as weight at birth of less than 2 500g. Low birth weight is associated with a range of both short- and long term consequences. In the Cape Winelands District, 15 per cent of babies had a low birth weight. Langeberg had the second highest percentage of babies with low birth weight in the District.

Maternal Health: Maternal Mortality, Births to Teenage Mothers, Termination of Pregnancy

Maternal health refers to the health of women during pregnancy, childbirth and the postpartum period.

Maternal Mortality: Maternal death is death occurring during pregnancy, childbirth and the puerperium of a woman while pregnant or within 42 days of termination of pregnancy, irrespective of the duration and site of pregnancy and irrespective of the cause of death (obstetric and non-obstetric).

Langeberg Municipality's most recent figures show a maternal mortality ratio of 0.0 per 100 000 live births, with the District's ratio at 20.8. The Province has a maternal mortality ratio target of 65 by 2019.

Births to Teenage Mothers: Teenage pregnancy is almost always unplanned; as a result when young parents are placed in a position to care for their children, life can become particularly tough, especially if they do not have family or social support.

In the 2014/15 financial year, the delivery rate to women under 18 years in the Cape Winelands was 7.3 per cent. Langeberg's rate of 9.8 per cent was the highest in the District.

Termination of pregnancy: Government hospitals, designated private doctors and gynaecologists, and non-profit providers offer safe and legal termination of pregnancy. To have a free abortion, the request must be made at a primary healthcare clinic, where the pregnancy will be confirmed, counselling provided, an appointment made, and a referral letter be given to a facility where the procedure can be performed.

Langeberg's termination of pregnancy rate[iii] of 2.9 per cent is the second lowest in the district and is below the District's 9.4 per cent.

Community Based Services

Community Based Services (CBS) in the Western Cape are provided by non-profit organisations (NPOs). Home CBS does not replace the family as the primary caregiver; it is meant to be a complementary and supportive service to the family to prevent 'burn-out' for family caregivers who care for sick relatives

Table 104: Cape Winelands District: Community Based Services, 2015

	COMMUNITY BASED SERVICES		
	Total number of Non Profit Organisation appointed home carers	Total number of visits	Average number of monthly visits per carer
Witzenberg	43	225 827	438
Drakenstein	95	492 333	432
Stellenbosch	68	376 007	461
Breede Valley	63	375 992	497
Langeberg	56	186 443	277
Cape Winelands	**325**	**1 656 602**	**425**

Source: Western Cape Department of Health, 2015

The total number of NPO appointed carers in Cape Winelands District during 2014/15 was 325. On average, each carer carried out an average of 425 monthly visits. Within Langeberg Municipality, the average number of monthly for visits for the 56 carers was the lowest at 277.

3.18 AMBULANCE SERVICES

Ambulance Services are coordinated at provincial government level.

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING & INSPECTION

These functions are delivered at Regional District level.

COMPONENT G: SECURITY AND SAFETY

The safety of persons and property is important for the physical and emotional well-being of people and business. Crime has a significant impact on the economy. It can hamper growth and discourage investment and capital accumulation. If it is not tackled with seriousness, it has the potential to derail both social and economic prosperity.

3.20 POLICE

Rendering police services is not a municipal function. Langeberg Municipality can therefore not report on police activities for 2015/2016, other than to provide statistics obtained through the intergovernmental relations fora or from other government sources.

The *Western Cape Crime Overview* released the following statistics on crime in the Western Cape for *2014/15*.

Contact crime: Contact crime increased by 7% in the Western Cape whilst nationally, it stabilised at 0.9%.

Property related crime: Property related crime decreased by 2.8% in the province, whilst nationally it stabilised at 0.8%.

Crimes dependent on police action for detection: Crimes heavily dependent on police action for detection increased both provincially (3.0%) and nationally (1.9%)

Drugs: The Western Cape Province is exposed to drugs more than any other province in the country. In the 2014/15 financial year, the province maintained its number one position, recording 33.2% (88 731) of the national drug-related crime. Drug related crime increased by 3.9% from 85 437 in 2013/14 to 88 731 in 2014/15. Nationally, it increased by 2.4% from 260 596 in 2013/14 to 266 902 in 2014/15. Substance abuse is still seen as one of the generators of crime. Attempts to improve the safety of the Western Cape residents and tourists alike depend on concerted efforts to address substance abuse amongst other social ills.

Murders: The Western Cape Province accounts for 17.9% (3 186) of the total murder cases (17 805) reported in the country in 2014/15 making it the fourth worst affected province in terms of murder. The Western Cape has maintained this position for the past three years.
Murder increased notably by 9.7% from 2 904 in 2013/14 to 3 186 on 2014/15, whilst nationally it increased by 4.6% from 17 023 in 2013/14 to 17 805 in 2014/15.

Robberies: The Western Cape Province accounted for 17.9% (23 116) of the total robbery with aggravated circumstances offences (129 045) reported in the country in 2014/15. The province is therefore the second worst affected province in the county in terms of robbery with aggravated circumstances. It occupied the third position nationally over the previous two years. The Western Cape Province accounts for 24.4% (13 420) of the total common robbery cases (54 927) reported in the country in 2014/15. The province is therefore the second worst province in the country in terms of common robbery – a position it consistently maintained for the past three years. Common robbery increased by 2.4% from 13 107 in 2013/14 to 13 420 on 2014/15, whilst nationally it increased by 2.7% from 53 505 in 2013/14 to 54 927 in 2014/15.

Illegal possession of firearms: The Western Cape Province accounts for 19.6% (2 959) of the total illegal possession of firearms and ammunition crime offences (15 116) reported in the country in 2014/15. The province is the third worst province in the county in terms of Illegal possession of firearms and ammunition. Illegal possession of firearms and ammunition increased by 6.2% from 2 786 in 2013/14 to 2 959 in 2014/15, whilst nationally it decreased by 1.6% from 15 362 in 2013/14 to 15 116 in 2014/15.

Sexual Offences: The Western Cape Province accounts for 13.7% (7 369) of the total sexual offences (53 617) reported in the country in 2014/15. The province occupies the fourth position in the county in terms of total sexual offences. Total sexual offences decreased by 5.0% from 7 760 in 2013/14 to 7 369 in 2014/15 in the province, whilst nationally it decreased by 5.4% from 56 680 in 2013/14 to 53 617 in 2014/15.

3.21 FIRE

The Langeberg Fire Services and Disaster Management Department is situated in Abattoir Street, Ashton. The facility consists of one (1) Acting Manager and 12 x Cadet Fire Firefighters. They operate in three (3) shifts, with four (4) personnel members on each shift.

Fires in the area are a challenge due to the large area that is covered (4 519 km²). A Mutual Aid Agreement is in place with Cape Winelands District Municipality, which states that they will assist Langeberg when required and Langeberg will help them when required. To date the Mutual Aid Agreement has been working well, and there is a great understanding between the two (2) municipal departments.

While one of the warmest and busiest summers was experienced, the department still did very well in terms of the 169 fires recorded from December 2015 until end April 2016, compared to 132 from to December 2014 until end April 2015. At times Langeberg Fire Services had to cover the whole of the Langeberg Area, due to Cape Winelands District Municipality assisting with fires in other areas. The Langeberg firefighters also perform the function of Disaster Management.

The following call outs were responded to in 2015/2016:

Table 105: Fires responded to in 2015/2016

Type And Nature of Fires Recorded	Total
Dwelling Fires	8
Informal Structure Fires	36
Veld and Bush/Mountain Vineyard Fires	130
Rubbish Fires	12
Miscellaneous fires	11
Building Fires	5
Vehicle Accident/Alight	11
False Alarm	51
Special Services (Cleaning Roads, water re-filling, Stand-by, etc.)	7

3.22 DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER

The function of Disaster Management is shared with the Cape Winelands District Municipality and includes fire fighting services, which are discussed above. There were no natural disasters recorded during the 2015/2016 year.

Table 106: Largest Disaster Management Projects for 2015/2016

. Largest Disaster Management Projects in 2015/2016			
Strategic Objective	**KPI**	**Units of measurement**	**Project Status**
Promote Public safety	Review and submit the Disaster Management plan for assessment by the District by end May annually.	Plan reviewed	Completed

Law Enforcement

Animal licencing and the control of public nuisances are functions which are controlled by Law Enforcement Officers employed by Langeberg Municipality. Law Enforcement resorts under Traffic Services, within the Directorate of Corporate Services.

The financial performance and capital expenditure for Langeberg Municipality's Traffic and Law Enforcement Services in 2015/2016 are shown in the tables below.

Table 107: Financial Performance 2015/2016: Traffic and Law Enforcement Services

Financial Performance 2015/2016: Traffic and Law Enforcement Services					R'000
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	26,065	16,998	23,508	25,027	32%
Expenditure:					
Employees	12,798	15,438	15,438	12,727	-21%
Repairs and Maintenance	456	815	815	502	-62%
Other	19,978	11,320	19,320	19,301	70.50%
Total Operational Expenditure	33,232	27,574	35,574	32,529	17.97%
Net Operational Expenditure	7,167	10,576	12,066	7,503	-29.06%

COMPONENT H: SPORT AND RECREATION

This component includes community parks, sports fields, halls, stadiums, swimming pools and camp sites.

3.23 SPORT AND RECREATION

The Langeberg Municipality provides sports facilities to the local community and is responsible for its maintenance. In total, there are 5 sport complexes in the municipal area. The Municipality is committed to maintain its facilities to the best possible standard. Combating vandalism at these facilities however, poses a major challenge and it continues to be a development focus for the new financial year. The Municipality received MIG funding for upgrades to some facilities.

Table 108: Parks and Amenities Projects for 2015/2016

Largest Parks and Amenities Projects in 2015/2016			
Strategic Objective	**KPI**	**Units of measurement**	**Project Status**
Institutional Development and Corporate governance.	Acquisition of 3 ton truck by June 2016.	2 x 3 ton trucks purchased	Completed
Sustainable integrated human settlement.	100% spent of the total roll-over capital amount budgeted for the upgrade of the McGregor sport facilities by 30 June 2016.	% of roll-over capital amount budgeted spent by 30 June 2016.	Completed

Table 109: Parks and Amenities Achievements in 2015/2016

Achievements for Parks in 2015/2016	
Secured Department of Environmental Affairs (DEA) funding for upgrading of Parks.The Project is aimed at upgrading three parks in the Langeberg Municipality, i.e. Zolani Park, Mountain View Park and Extension 15 Park. Project value is R8 000 000.	
MOUNTAIN VIEW PARK, BONNIEVALE	Site clearance done 100%. Grass planted and maintained. 35 50L Indigenous trees planted and maintained. Irrigation system installed and 100% functional. Paving of walkways 100% complete. Building of braai stand. Hop Scotch Play area painted. Outdoor gym elements currently being installed
ZOLANI PARK, ASHTON	Paved Walkways 90% complete. A total of 71 Indigenous trees planted and maintained. Irrigation system installed and functional. Family Braai area levelled Entrance with wheelchair ramp complete Braai stands built. Outdoor gym equipment installed and fully functional. 5 Aside Soccer Pitch wall being built, 75% complete, Drainage system installed. Jungle Gym installed in Children's Area. Amphitheatre wall and seating area built and plastered.
EXT 15 PARK, ROBERTSON	Clearance is 100% done. Irrigation system installed. 47 Indigenous trees planted. Ground has been piled for preparation of play areas and BMX track area. Outdoor gym equipment installed. Braai stands built. Soil prepared for planting and landscaped area. Project to be completed in next financial year.

The staff establishment provided for 81 approved posts in 2015/2016 of which 78 were filled, with a recorded vacancy rate of 3%

The table below reflects the financial performance for Parks and Amenities in 2015/2016

Table 110: Financial Performance 2015/2016: Parks and Amenities

Financial Performance 2015/2016: Parks and Amenities					R'000
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	876	295	365	276	-7%
Expenditure:					
Employees	2,158	2,548	2,548	2,162	-18%
Repairs and Maintenance	488	608	608	545	-12%
Other	881	1,197	1,197	1,143	-4.58%
Total Operational Expenditure	3,526	4,353	4,353	3,849	-11.57%
Net Operational Expenditure	2,650	4,057	3,987	3,574	-11.92%

Table 111: Capital Expenditure 2015/2016: Parks and Amenities

Capital Expenditure 2015/2016: Parks and Amenities				R'000
Capital Projects	**2015/2016**			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original Budget
Total All	850	1,454	1,388	66
Acquisition of 2x500 liter Herbicide Sprayers	120	120	97	23
Acquisition of 2x 3ton Trucks	700	700	657	43
Acquisition of a Ride-on Mower		173	173	
Nissan NP200		301	301	(0)
Nissan UD35A Truck	30	160	159	1

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

Corporate policy issues are handled on a departmental basis, depending on the responsibility for a specific function.

The Directorate Financial Services is responsible for the financial affairs or the Municipality. The Directorate Corporate Services is responsible for the Human Resources function of the
Municipality as well as general, overall administrative and support services to the Municipality. It also ensures the effective functioning of Council and its Committees.

3.24 EXECUTIVE AND COUNCIL

The Council is headed by the Speaker and is the legislative and oversight authority of the Municipality. The executive function and day-to-day running of the Municipality is dealt with by the Executive Mayor and the Mayoral Committee, together with the Municipal Manager and the Senior Management Team. Clear role clarification streamlines service delivery and enhances efficiency and effectiveness of performance. A clear distinction has been drawn between these functions and is regulated by Council's System of Delegations.

The strategic performance objectives of Council in 2015/2016 were:

SO1 Sustainable Integrated Human Settlements
SO2 Sustainable Civil Engineering Infrastructure Services
SO3 Energy efficiency for a sustainable future
SO4 Provision of a safe and efficient road network
SO5 Promotion of public safety
SO6 Provision of a clean environment
SO7 Social Community Development
SO8 Growth and Economic Development
SO9 Sound Financial Management
SO10 Institutional Development and Corporate Governance
SO11 Good Governance

The performance of the Executive and Council is reflected in the various departmental reports as contained in Chapter 3.

Executive and Council employees are reflected under the Department of Corporate Services.

The table below reflects the financial performance for the Executive and Council in 2015/2016.

Table 112: Financial Performance 2015/2016: Executive and Council

Financial Performance 2015/2016: Executive and Council					R'000
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	499	251	605	622	60%
Expenditure:					
Employees	3,689	4,866	4,866	3,928	-24%
Repairs and Maintenance	43	94	94	5	-1817%
Other	15,575	18,895	19,501	17,126	-9.37%
Total Operational Expenditure	19,307	23,856	24,462	21,059	-11.72%
Net Operational Expenditure	18,808	23,605	23,857	20,437	-13.42%

3.25 FINANCIAL SERVICES

The Directorate Financial Services is responsible for the delivery of all financial-related services to the Municipality. This includes the following:

- Strategic financial guidance
- Budget, financial statements and related aspects
- Expenditure management, including salaries and wages
- Income and account services
- Supply chain management services

The aim of this Directorate is to keep the financial position of the Municipality stable and to ensure that it will not merely meet its financial commitments, but also ensure that economically viable services are rendered to the community on an effective and efficient basis.

The staff establishment provided for 78 approved posts in 2015/2016 for financial services, of which 63 were filled. Seven (7) of the 13 vacant posts were budgeted for.

The tables below reflects the performance of Financial Services in 2015/2016

Table 113: Financial Performance 2015/2016: Financial Services

Financial Performance 2015/2016: Financial Services					R'000
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	79,947	80,237	87,861	93,080	14%
Expenditure:					
Employees	15,360	16,396	16,396	15,373	-7%
Repairs and Maintenance	47	49	62	58	16%
Other	9,600	15,079	18,337	10,628	-29.51%
Total Operational Expenditure	25,006	31,523	34,794	26,059	-17.33%
Net Operational Expenditure	(54,941)	(48,714)	(53,066)	(67,021)	37.58%

3.26 HUMAN RESOURCE SERVICES

The Human Resources Management Sub-Directorate is a support service and is responsible for the administration of all matters relating to the Municipality's personnel. This sub-directorate assists the Municipality in maintaining smooth human resources processes and procedures in compliance with relevant legislation.

The Sub-Directorate is responsible for the following functions:

- Labour relations.
- Recruitment and selection.
- Skills development and training.
- Occupational Health and Safety.
- Leave and fringe benefit administration.
- Employee assistance.

The staff establishment provided for 16 approved posts in 2015/2016 of which 5 were filled. Two (2) of the 11 vacant posts were budgeted for in 2015/2016.

The table below reflects the financial performance for HRM services in 2015/2016

Table 114: Financial Performance 2015/2016: HRM Services

Financial Performance 2015/2016: Supply ICT					R'000
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3	0	0	0	0
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Langeberg Municipality has an ICT Governance Policy, five related ICT policies as well as an ICT Disaster Recovery Plan.

Information Technology services within Langeberg Municipality was delivered by 4 employees in 2015/2016. The establishment provided for 4 posts.

Table 115: ICT Projects in 2015/2016

. ICT Projects in 2015/2016			
Strategic Objective	**KPI**	**Units of measurement**	**Project Status**
Institutional Development and Corporate Governance	Spend the total amount budgeted for the Upgrade of the ICT Infrastructure by June 2016	Total amount budgeted for the upgrade of the ICT Infrastructure spent	101.51% spent on upgrade of ICT infrastructure
Institutional Development and Corporate Governance	Spend the total amount budgeted for the purchasing of general ICT equipment by June 2016	% of budget spent on the purchasing of ICT equipment	103.91 % spent on purchasing ICT equipment

The financial Performance and Capital Expenditure for ITC services in 2015/2016 are shown in the tables below.

Table 116: Financial Performance 2015/2016: ICT Services

Financial Performance 2015/2016: Supply ICT					R'000
Details	**2014/2015**	**2015/2016**			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	936	940	940	940	0%
Expenditure:					
Employees	1,472	1,408	1,408	1,650	15%
Repairs and Maintenance	182	169	164	86	-97%
Other	4,701	4,810	4,810	4,962	3.16%
Total Operational Expenditure	6,356	6,388	6,383	6,698	4.86%
Net Operational Expenditure	5,419	5,448	5,443	5,758	5.69%

Table 117: Capital Expenditure 2015/2016: ICT Services

Capital Expenditure 2015/2016: ICT				R'000
Capital Projects	**2015/2016**			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original Budget
Total All	2,025	2,025	2,084	(59)
Project: Upgrade of the ICT Infrastructure by June 2016	1,200	1,200	1,247	(47)
Project: purchasing of general ICT equipment	825	825	837	(12)

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Property Management resorts under the Directorate: Corporate Services. Reports on property contracts are submitted to the Municipal Manager monthly.

Langeberg Municipality does not have a staff complement for legal services. The function to procure service providers falls under the Directorate: Corporate Services.

Langeberg Municipality has effectively institutionalised provisions for risk management within the organisation. Staff answers to the Municipal Manager and include a Compliance Officer and Internal Auditing personnel. A Risk Register is compiled annually as well as an Audit Plan which is approved by the Audit Committee. The Office of the Municipal Manager had 7 approved and budgeted posts, of which 5 were filled in 2015/2016.

Supply Chain Management had a staff complement of 7 employees. The establishment provided for 9 approved posts. Two vacancies, of which one was budgeted for, existed in 2015/2016.

COMPONENT J: MISCELLANEOUS

None to report on

Organisational Performance Scorecard

Good Governance

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target	KPI Calculation Type	Year-To-Date As At June 2016				
							Target	Actual	R	Performance Comments	Corrective Measures
TL1	Good Governance and Public Participation	Conduct two (2) formal evaluations of directors in terms of their signed agreements by 30 June 2016	No of formal evaluations completed	2	2	Accumulative	2	2	G		
TL2	Good Governance and Public Participation	Oversee the compilation of the IDP and the submission to Council for approval by end of May 2016	IDP submitted to Council	1	1	Carry Over	1	1	G	IDP was tabled in Council on 16 May 2016 for approval	
TL3	Good Governance and Public Participation	Oversee the compilation of the annual budget and the submission to Council for approval by end of May 2016	Budget submitted to council for approval	1	1	Carry Over	1	1	G	Budget was tabled to Council on 16 May 2016 for approval	
TL4	Good Governance and Public Participation	Oversee the submission of monthly reports in terms of Sect 71 of the MFMA before the 10th of the following month	No of Sect 71 reports submitted	12	12	Accumulative	12	12	G	Section 71 report submitted **monthly**	
TL5	Good Governance and Public Participation	Oversee the submission of the Mid-Year Performance Report in terms of Sect 72 of the MFMA by end of January 2016	Mid-Year report submitted to Council	1	1	Carry Over	1	1	G		
TL6	Good Governance and Public Participation	Oversee the submission of the Annual and Oversight Report to Council by March 2016	Annual report and Oversight Report submitted to Council	1	1	Carry Over	1	1	G		
TL7	Good Governance and Public Participation	Submit the Top Layer SDBIP to the Mayor for approval within 14 days after the annual budget has been approved	Top Layer SDBIP submitted to the Mayor	1	1	Carry Over	1	1	G		

TL8	Good Governance and Public Participation	Develop an Audit Action Plan by end of January 2016	Management Action Plan developed and updated	1	1	Carry Over	1	1	G		
TL12	Municipal Transformation and Institutional Development	Spend the total amount budgeted for the Upgrade of the ICT Infrastructure by June 2016	Total amount budgeted for the upgrade of the ICT Infrastructure spent	New KPI for 15/16	100%	Carry Over	100%	101.51%	G		
TL13	Municipal Transformation and Institutional Development	Spend the total amount budgeted for the purchasing of general ICT equipment by June 2016	% of budget spent on the purchasing of ICT equipment	0.95	100%	Carry Over	100%	103.91%	G		
TL55	Good Governance and Public Participation	Maintain a clean audit opinion for the 2014/2015 FY	Clean Audit Opinion	1	1	Carry Over	1	1	G		
TL56	Good Governance and Public Participation	Resolve all audit issues by 30 November 2016	% of audit queries for which an action plan was submitted	1	100%	Carry Over	100%	100%	G		

Energy efficiency for sustainable future

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target	KPI Calculation Type	Year-To-Date As At June 2016				
							Target	Actual	R	Performance Comments	Corrective Measures
TL26	Municipal Financial Viability and Management	Limit unaccounted electricity to 7% by 30 June 2016	% of electricity unaccounted for	7.5%	7.50%	Reverse Stand-Alone	7.50%	6,64%	B	Electricity balance	
TL38	Basic Service Delivery	Spend the total amount budgeted for Electrical Engineering Capital Projects by June 2016	% of Electrical Engineering Capital Budget spent	90%	100%	Carry Over	100%	81.23%	O		Budget will be adjusted according in new FY
TL49	Basic Service Delivery	Spend the total amount budgeted for new connections by June 2016	100% of budget spent for new connections	New KPI for 2015/2016	100%	Carry Over	100%	78.10%	O		Budget will be adjusted according in new FY
TL50	Basic Service Delivery	Spend the total amount budgeted for the replacement of prepaid and bulk supply meters to reduce energy losses by June 2016	100% of budget spent for the replacement of prepaid and bulk supply meters replaced (R400 000)	New KPI for 2015/2016	100%	Carry Over	100%	100%	G		
TL51	Basic Service Delivery	Spend the total amount budgeted for the replacement and repairs: street lights by June 2016	100% of budget spent on the replacement and repairs of street lights (R1 500 000)	New KPI for 2015/2016	100%	Carry Over	100%	89.02%	O		Budget will be adjusted according in new FY
TL52	Basic Service Delivery	Spend the total amount budgeted for the replacement and repairs on the network by June 2016	% of budget spent on the replacement and repairs on the network	New KPI for 2015/2016	100%	Carry Over	100%	65.25%	R	Capex report	Budget will be adjusted according in new FY
TL53	Basic Service Delivery	Spend the amount budgeted for metering testing equipment June 2016	% of budget spent on Metering testing equipment purchased	New KPI for 2015/2016	100	Carry Over	100	89.8%	O	Capex report	Budget will be adjusted according in new FY

Institutional development and Corporate Governance

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target	KPI Calculation Type	Year-To-Date As At June 2016				
							Target	Actual	R	Performance Comments	Corrective Measures
TL17	Municipal Transformation and Institutional Development	% of the municipal budget spent on implementing its WSP by June 2016	100 % of the municipal budget spent on implementing its WSP by June 2016	100	95%	Carry Over	95%	99.68%	G	Spending is well and all planned training was done	
TL18	Municipal Transformation and Institutional Development	Number of people from the EE target groups employed in the 3 highest levels of management in compliance with the approved EE plan by 30 June 2016	Number of people from the EE target groups employed in the highest 3 levels of management	1	1	Accumulative	1	4	B	Appointment made is in line with needs and according to the candidates shortlisted	
TL19	Good Governance and Public Participation	Report monthly to the Municipal Manager on all property contracts by 30 June 2016	Monthly reports on the property contracts submitted to the Municipal Manager	12	12	Accumula-tive	12	12	G	Is reported in the monthly report of the directorate	
TL15	Local Economic Development	Facilitate Ward Committee projects by 30 June 2016	Number of ward committee projects facilitated	New KPI for 15/16	12	Accumula-tive	12	12	G		
TL16	Municipal Transformation and Institutional Development	Spend the total amount budgeted for the purchase of equipment by June 2016	100% of the Capital budget for Equipment spent	0.9	100%	Carry Over	100%	96.73%	O	96.73 % of capital budget spent for equipment	Budget will be adjusted accordingly in new FY
TL20	Good Governance and Public Participation	Conduct monthly ward committee meetings to ensure a functional ward committee system by 30 June 2016	Number of monthly ward committee meetings	120	120	Accumula-tive	120	121	G	Meetings were held in all wards	
TL22	Municipal Transformation and Institutional Development	Spend the total amount budgeted for upgrading and alternating the municipal offices by 30 June 2016	100% of the budgeted amount spent (R300 000)	1	100%	Carry Over	100%	101%	G		
TL23	Municipal Transformation and Institutional Development	Spend the total amount budgeted for the purchase of office equipment by 30 June 2016	100% of the budgeted amount spent (R300 000)	1	100%	Carry Over	100%	98.99%	O		Budget will be adjusted according in new FY
TL77	Basic Service Delivery	100% Spent of total roll-over capital amount budgeted for bakkies by 30 June 2016	% of roll-over capital amount budgeted spent by 30 June 2016	New KPI	100%	Carry Over	100%	100%	G		

Provision of a clean environment

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target	KPI Calculation Type	Year-To-Date As At June 2016				
							Target	Actual	R	Performance Comments	Corrective Measures
TL24	Good Governance and Public Participation	Report annually to the Provincial DEA on compliance with the National Waste Management Strategy by June 2016	Number of reports submitted	4	1	Carry Over	1	1	G	Report Annually	
TL25	Basic Service Delivery	Increase tonnage of domestic waste recycled by 30 June 2016	Tonnage of domestic waste recycled	720	900	Accumula-tive	900	1 749.4	B	Weighbridge report	
TL37	Basic Service Delivery	Spend the total amount budgeted for Solid Waste Capital Projects by June 2016	% of Cleansing Capital Budget Spent	0.9	100%	Carry Over	100%	100%	G	100 % of capital budget spent	
TL46	Basic Service Delivery	Construct a new Transfer Station Ashton by June 2016	New transfer station in Ashton constructed by June 2016	New KPI for 2015/2016	1	Carry Over	1	0			Completed in the 16/17 FY
TL74	Basic Service Delivery	100% spent of the total roll-over capital budgeted for the new Sewer Pump Station in Main Road by 30 June 2016	% of roll-over capital amount budgeted spent by 30 June 2016	New KPI	100%	Carry Over	100%	0%	R		Owner granted permission only August 2016. Installation will happen in new FY

Sustainable Integrated Human Settlement

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target	KPI Calculation Type	Year-To-Date As At June 2016				
							Target	Actual	R	Performance Comments	Corrective Measures
*TL48	Basic Service Delivery	Spend the total amount budgeted for the installation of basic services for Robertson TRA by June 2016	100% of budget spent for the installation of basic services for Robertson TRA	New KPI for 2015/2016	100%	Carry Over	100%	89.50%	O	89.5% spent excluding orders (including orders 94.77%	Awaiting final approval of project from DoHS
*TL39	Basic Service Delivery	Spend the total amount budgeted for Housing Capital Projects by 30 June 2016	% of Housing Capital Budget Spent	0.9	100%	Carry Over	100%	89.50%	O	89.5 % spent excluding orders (including orders 94.77%)	

***Top Level 48 and 39 in the top Level SDBIP refers to the installation of services in Robertson TRA .They are interrelated due to the installation of services for housing**

Sustainable Civil Engineering Infrastructure Services

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target	KPI Calculation Type	Year-To-Date As At June 2016				
							Target	Actual	R	Performance Comments	Corrective Measures
TL28	Basic Service Delivery	Microbiological quality of water comply with SANS standards by 30 June 2016	% of water quality	0.9	90%	Last Value	90%	100%	G	Certificate of analysis	
TL29	Municipal Financial Viability and Management	Limit unaccounted water to 18% by 30 June 2016	% of water unaccounted for	0.18	18%	Reverse Stand-Alone	18%	12.28	B	Water balance	
TL30	Basic Service Delivery	Quality of effluent in terms of SANS standards by 30 June 2016	% quality	0.8	80%	Last Value	80%	70.43%	O	Lab results	Montagu WWTW being upgraded to improve the *target*
TL32	Basic Service Delivery	Spend 100% of budget on the installation of services : Uitsig by June 2016	% of Budget	1	100%	Carry Over	100%	100%	G	Capex report	
TL33	Good Governance and Public Participation	Report monthly on the implementation according to the reporting requirements on MIG funds spending	12 Reports	12	12	Accumula-tive	12	12	G	MIG Report submitted Report submitted MIG Report	
TL34	Basic Service Delivery	Spend the total amount budgeted for Sewerage Capital Projects by June 2016	% of Sewerage Capital Budget Spent	0.9	100%	Carry Over	100%	100%	G	Capex report	
TL36	Basic Service Delivery	Spend the total amount budgeted for Water Capital Projects by June 2016	% of Water Capital Budget Spent	0.9	100%	Carry Over	100%	91.50%	O	Capex report	Budget will be adjusted accordingly in new FY
TL40	Basic Service Delivery	Purchase Sewerage Tanker by 30 June 2016	1 new sewerage tanker purchased	New KPI for 2015/2016	1	Carry Over	1	1	G	Tanker purchased	
TL42	Basic Service Delivery	Spend the total amount budgeted for the upgrade of the storm water system Bonnievale Phase 1 by June 2016	% of budget spent	New KPI for 2015/2016	100%	Carry Over	100%	100%	G	retention outstanding	Retention outstanding
TL45	Basic Service Delivery	Spend the total amount budgeted for the supply bulk water to Nkqubela by June 2016	% of budget spent for the supply of bulk water to Nkqubela	New KPI for 2015/2016	100%	Carry Over	100%	0%	R	Project rescheduled for 2016/17	Project rescheduled for 2016/17

TL75	Basic Service Delivery	Purchase of Jet Vac machine by 31 March 2016	Jet Vac machine purchased	New KPI	1	Carry Over	1	1	G		
TL76	Basic Service Delivery	Purchase of a new high pressure jetting SPUIT by 31 March 2016	New high pressure jetting SPUIT purchase	New KPI	1	Carry Over	1	1	G		
TL80	Basic Service Delivery	Construct the waste water treatment works in Montagu by June 2016	% of budget spent	New KPI for 2015/2016	100%	Carry Over	100%	91%	O		Roll over project into 2016/2017 for completion

Sound Financial Management

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target	KPI Calculation Type	Year-To-Date As At June 2016				
							Target	Actual	R	Performance Comments	Corrective Measures
TL9	Municipal Financial Viability and Management	% of Capital Budget Spent on capital projects as identified in the SDBIP by June 2016	95% of Capital Budget spent excl orders	90	95%	Carry Over	95%	85.01%	O	85.01% spent excluding orders	Monitoring should be put in place by Directors on Capex expenditure in their depart-ments
TL54	Municipal Financial Viability and Management	Maintain the asset register in terms of GRAP by 30 June 2016	Quarterly reports submitted to CFO on the progress / maintenance of the asset register	New KPI for 2015/2016	3	Accumulative	3	3	G	Monthly reconciliations are done.	
TL57	Basic Service Delivery	Provide free basic water to indigent households as defined in the municipality's credit control and debt collection policy by 30 June 2016	Number of indigent households receiving free basic water	6000	6,000	Last Value	6,000	6020	G		
TL58	Basic Service Delivery	Provide free basic sanitation to indigent households as defined in the municipality's credit control and debt collection policy by 30 June 2016	Number of indigent households receiving free basic sanitation	6000	6,000	Last Value	6,000	5708	O		Reporting should not be taken from the GEO system but rather from Promun system
TL59	Basic Service Delivery	Provide free basic electricity to indigent households as defined in the municipality's credit control and debt collection policy by 30 June 2016	Number of indigent households receiving free basic electricity	6000	6,000	Last Value	6,000	6075	G		
TL60	Basic Service Delivery	Provide free basic refuse removal to indigent households as defined in the municipality's credit control and debt collection policy by 30 June 2016	Number of indigent households receiving free basic refuse removal	6000	6,000	Last Value	6,000	5,716	O		Reporting should not be taken from the GEO system but rather from Promun system
TL61	Basic Service Delivery	Number of formal residential properties that receive piped water that is connected to the municipal water	Number of residential properties which are billed for water or have pre-	14637	14,800	Last Value	14,800	12,833	O	HH received water	Baseline should be corrected

		infrastructure network and which are billed for water or have pre-paid meters as at 30 June 2016	paid meters as at 30 June 2016								
TL62	Basic Service Delivery	Number of formal residential properties connected to the municipal waste water sanitation/ sewerage network for sewerage service, irrespective of the number of water closets (toilets) and which are billed for sanitation/sewerage as at 30 June 2016	Number of residential properties which are billed for sanitation/sewerage at 30 June 2016	14923	14,950	Last Value	14,950	12,833	O	HH receive sanitation	Baseline should be corrected

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target	KPI Calculation Type	Year-To-Date As At June 2016				
							Target	Actual	R	Performance Comments	Corrective Measures
TL63	Basic Service Delivery	Number of formal residential properties connected to the municipal electrical infrastructure network and which are billed for water or have pre-paid meters as (excluding Eskom areas) at 30 June 2016	Number of residential properties which are billed for electricity or have pre-paid meters (excluding Eskom areas) at 30 June 2016	17022	17,500	Last Value	17,500	12,833	R	HH with electricity	Baseline should be corrected
TL64	Basic Service Delivery	Number of formal residential properties for which refuse	Number of residential properties which are	17022	17,500	Last Value	17,500	12,833	R	HH with refuse removal	Baseline should be corrected

		removal is removed once per week and which are billed for refuse removal as at 30 June 2016	billed for refuse removal at 30 June 2016								
D470	Basic Service Delivery	Number of informal households with access to the basic level of water as at 30 June 2016	Number of informal households with access to water	800	400	400	400	475	G		
D471	Basic Service Delivery	Number of informal households with access to the basic level of sanitation as at 30 June 2016	Number of informal households with access to sanitation	800	400	400	400	475	G		
D472	Basic Service Delivery	Number of informal households with access to the basic level of electricity as at 30 June 2016	Number of informal households with access to electricity	265	200	200	200	244	G		
D473	Basic Service Delivery	Number of informal households with access to the basic level of refuse removal as at 30 June 2016	Number of informal households with access to refuse removal	265	200	200	200	1421	B		
TL69	Municipal Financial Viability and Management	Financial viability measured in terms of the available cash to cover fixed operating expenditure for June 2016	Cost coverage (Available cash+ investments) / Monthly fixed operating expenditure	2	2.2	Last Value	2.2	2	O	Cost coverage Figure for June 2016	Find mechanisms to improve the collection rate of outstanding debts
TL70	Municipal Financial Viability and Management	Financial viability measured in terms of the municipality's ability to meet its service debt obligations for June 2016	Debt coverage (Total operating revenue- operating grants received)/debt service payments due within the year)	57	60	Last Value	60	99.55	B	Debt coverage figure for June 2016	
TL71	Municipal Financial Viability and Management	Financial viability measured in terms of the outstanding service debtors for June 2016	Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)	12.6	12	Reverse Last Value	12	7.26	B	Service Debtors figure for June 2016	

TL72	Municipal Financial Viability and Management	Achievement of a debtors payment percentage of at least 100% by June 2016	Payment %	97	100%	Last Value	100%	101%	G 2	Debtors payment received for June 2016	

Social and Community Development

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target	KPI Calculation Type	Year-To-Date As At June 2016				
							Target	Actual	R	Performance Comments	Corrective Measures
TL21	Basic Service Delivery	Complete Phase 1 of new Library: Ashbury (Montagu) by 30 June 2016	Phase 1 of New library built by 30 June 2016	New KPI for 15/16	1	Carry Over	1	1	G		
TL11	Good Governance and Public Participation	Review and submit the Disaster Management Plan for assessment by the District by end May 2016	Plan reviewed	1	1	Carry Over	1	1	G	Disaster Management Plan has been submitted to Cape Winelands District Municipality on 19 May 2016	
TL14	Basic Service Delivery	Acquisition of 3 ton truck by June 2016	2 x 3 ton trucks purchased	New KPI for 15/16	2	Accumulative	2	2	G		
TL78	Basic Service Delivery	Purchasing of Nissan UD35A Truck by June 2016	% of roll-over capital amount budgeted spent by 30 June 2016	New KPI	100%	Carry Over	100%	100%	G	Truck acquired project complete	
TL73	Basic Service Delivery	100% Spent of the total roll-over capital amount budgeted for the upgrade of the McGregor Sport Facilities by 30 June 2016	% of roll-over capital amount budgeted spent by 30 June 2016	New KPI	100%	Carry Over	100%	98.79%	O	Service provide appointed was less than budget and a saving was incurred	

Growth and Economic Development

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target	KPI Calculation Type	Year-To-Date As At June 2016				
							Target	Actual	R	Performance Comments	Corrective Measures
TL10	Local Economic Development	Create job opportunities through Implementing an expanded public works programme by June 2016	Number of temporary job opportunities created	400	400	Accumulative	400	332	O	97 Job opportunities created for the period of April-June 2016	Capital projects will be more labour intensive to employ more people to meet target

Provision of a safe and efficient road network

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target	KPI Calculation Type	Year-To-Date As At June 2016				
							Target	Actual	R	Performance Comments	Corrective Measures
TL35	Basic Service Delivery	Spend the total amount budgeted for the maintenance / rehabilitation /upgrading of existing roads by June 2016	% of Budget spent on the maintenance / rehabilitation /upgrading of existing roads	0.9	100%	Carry Over	100%	0%	R	No funding available	No funding available. Budgeted in 2016/17

Promotion of public safety

Ref	National KPA	KPI	Unit of Measurement	Baseline	Annual Target	KPI Calculation Type	Year-To-Date As At June 2016				
							Target	Actual	R	Performance Comments	Corrective Measures
TL43	Basic Service Delivery	Reconstruct 3 bridges by June 2016	% of the Budget spent	New KPI for 2015/2016	100%	Carry Over	100%	11.89%	R	11.89 % spent excluding orders (including orders 14.50)	EIA required and in process
TL44	Basic Service Delivery	Fence the water and sewerage installations by June 2016	Water and sewerage installations fenced	New KPI for 2015/2016	1	Carry Over	1	1	G	Fencing completed	

CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

For the Municipality to reach its objectives to efficiently and effectively render required services to the community, it must maintain a knowledgeable and skilled workforce and have a sound a staffing policy with transparent processes and procedures. The establishment must be staffed with the employees best suited for particular posts and sound labour practices and employment equity must rule the process.

The human resources management function within the Municipality is responsible for the administration of the municipal workforce and ensures that the municipality maintains effective and efficient functionality of required and legislatively compliant human resource processes and procedures.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, VACANCIES AND TURNOVER

The tables below provide the employee totals, vacancy rate and staff turnover for 2015/2016. Although 164 posts are vacant, only 51 of those posts are budgeted for.

The Municipality has a total of 15 staff members with disabilities in 2015/2016 and a total of 6 Financial Management Interns.

Table 125: Employee Totals for 2015/2016

Employee Totals for 2015/2016				
Description	**2015/2016**			
	Number of approved posts	**Number of Employees**	**Number of Vacancies**	**Vacancy %**
Water	76	70	6	7.9
Sanitation	28	25	3	10.8
Electricity	73	63	10	13.7
Waste Management	99	86	13	13.2
Storm Water Drainage	27	25	2	7.5
Roads	43	41	2	4.7
Transport	0	0	0	0
Planning	14	11	3	21.5
Strategic Planning	21	18	3	14.3
IT	4	4	0	0
LED	4	3	1	25
Community Facilities	44	36	8	18.2
Environmental Protection	86	77	9	10.5
Security and Safety	87	61	26	29.9
Corporate Services and Other	267	189	78	29.2
Totals	**873**	**709**	**164**	**13.2**

Table 126: Turnover Rate for 2015/2016

Staff Turn-Over Rate			
Financial Year	**Total number of appointments as at beginning of financial year**	**Number of terminations during financial year**	**% Turn-over Rate**
2012/2013	674	49	7.2
2013/2014	691	69	9.9
2014/2015	681	57	8.3
2015/2016	693	48	6.9

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

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

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

4.2 POLICIES

The Municipality is keen on providing a stable, regulated working environment to its staff and regards policy development important and of high priority. The table below reflects the status of available HR policies at the Municipality in 2015/2016.

Table 127: HR Policies and Plans

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

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Table 128: Number of Injuries on Duty

Number of injuries on Duty					
Type of Injury	**Number of days Injury Leave taken**	**Number of Employees using Injury Leave**	**% of Employees using Sick Leave**	**Average amount of Injury Leave Days per Employee**	**Total estimated cost R'000**
Required basic medical attention only	364	36	5.1%	10.1	-
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0

Table 129: Number and Period of Suspensions

Nature of Misconduct	Date of Suspension	Details of Disciplinary action taken or Status of case and reasons why not finalised	Date Finalised
Gross Dishonesty & Breaching Political Activity Policy	29/04/ 2015	Suspension without pay for 10 days	27/05/2016
Gross Dishonesty	02/10/2015	Dismissal	14/03/2016
Assault & Gross Insubordination	15/05/2016	Dismissal	13/07/ 2016
Gross Dishonesty	02/06/2016	Date of Disciplinary hearing to be determined	

Table 130: Disciplinary Action taken on cases of Financial Misconduct

Nature of alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Negligence – R 10 997	Written warning	27 Augustus 2015
Negligence – R 3 438	Written warning	24 May 2016
Gross Negligence – R 5 816	Final written warning	9 June 2016
Negligence – R 4001	Written warning	20 July 2016

4.4 PERFORMANCE REWARDS

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

Table 131: Section 56 & 57 Performance Bonuses

Section 56 & 57 Performance Bonuses					**'Rand**
Name	**Designation**	**Bonus Amount 2012/13**	**Bonus Amount 2013/14**	**Bonus Amount 2014/15**	**Bonus Amount 2015/2016**
Mr IAB van der Westhuizen	Engineering Services	N/A	37 022	53 942	57 604
Me CO Matthys	Strategy & Social Development	N/A	37 022	53 942	57 604
Mr CF Hoffmann	Chief Financial Officer	74 844	40 054	58 306	62 265
Mr AWJ Everson	Corporate Services	74 844	40 054	58 306	62 265
Mr SA Mokweni	Municipal Manager	90 219	48 282	70 283	75 056
Total Bonuses		**239 908**	**202 435**	**294 781**	**294 781**

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

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

4.5 SKILLS DEVELOPMENT AND TRAINING

As prescribed by legislation, the combined Workplace Skills Plan (WSP) was compiled in April 2016 and approved on 30 April 2016.

For the year under review 2015/2016, the Municipality trained **360** employees, compared to 307 employees in 2014/2015 and 196 in the 2013/2014 financial year.

Table 132: Training per Job Category

Training per Job Category							
Directorate	Total	Legislators, Senior Officials and Managers	Clerks	Technicians and Associate Professionals	Craft and Related Trade Workers	Elementary Occupations	Professionals
Engineering Services	**258**	0	2	43	60	153	0
Financial Services	**10**	0	9	1	0	0	0
Strategy & Social Development	**1**	0	1	0	0	0	0
Corporate Services	**42**	0	25	15	1	1	0
Community Services	**49**	0	12	0	10	27	0
Municipal Manager's Office	**0**	0	0	0	0	0	0
Total: 2015/16	**360**	**0**	**49**	**59**	**71**	**181**	**0**
Total: 2014/15	**307**	**2**	**72**	**42**	**54**	**137**	**0**
Total: 2013/14	**196**	**1**	**20**	**16**	**67**	**92**	**0**
Total: 2012/13	**231**	**31**	**34**	**36**	**62**	**68**	**0**
Total: 2011/12	**204**	**11**	**14**	**26**	**56**	**97**	**0**

Financial Competency Development Progress

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

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

Table 133: Financial Competency Development Progress Report

Financial Competency Development: Progress Report				
Description	**Total number of officials employed by municipality (Regulation 14(4)(a) and (c))**	**Competency assessments completed (Regulation 14(4)(b) and (d))**	**Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))**	**Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))**
Financial Officials				
Accounting Officer	1	1	1	1
Chief Financial Officer	1	1	1	1
Senior Managers	27	22	4	22
Any other financial officials	4	4	0	4
Supply Chain Management Officials				
Heads of Supply Chain Management Units	1	1	-	1
Supply Chain Management Senior Managers	-	-	-	-

Skills Development Budget and Expenditure

The municipality offers learnerships and bursaries to staff to enhance organisational capacity and to further personal growth and career development. Organisational and staff development will continue to be a targeted focus in 2015/2016.

A total of fifteen (15) learners were recorded to have received training through Learnerships in 2015/2016, compared to twenty one (21) Learnerships recorded in 2014/15 financial year.

A total of 24 internal bursaries were awarded in 2015/2016.

Table 134: Bursaries per Directorate

Bursaries per Directorate				
Directorate	**Number of Beneficiaries 2012/13**	**Number of Beneficiaries 2013/14**	**Number of Beneficiaries 2014/15**	**Number of Beneficiaries 2015/2016**
Community Services	N/A	N/A	N/A	1
Engineering Services	12	2	1	1
Financial Services	4	2	0	14
Strategy & Social Development	2	3	3	2
Corporate Services	2	7	1	6
Municipal Manager's Office	0	0	0	0
Total	**20**	**14**	**7**	**24**

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

Table 135: Budget Allocations for Skills Development

Budget Allocations for Skills Development			'Rand
Financial Year	**Budget**	**Expenditure**	**Percentage Spent**
2015/2016	663 000	660 889	99.68
2014/2015	644 540	640 334	99.35
2013/2014	566 250	565 996	99.9
2012/2013	580 000	580 000	100
2011/2012	580 000	402 599	69.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

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

4.6. EMPLOYEE EXPENDITURE

Table 136: Employees whose salary levels exceed the grade determined by job evaluation

Employees whose salary levels exceed the grade determined by job evaluation				
Occupation	**Number of Employees**	**Job Evaluation Level**	**Remuneration Level**	**Reason for Deviation**
Senior Clerk	15	T6	99588-129288	Personal to incumbent
Housing Administrator	1	T9	152628-198132	Personal to incumbent
Clerk	4	T5	84372-109536	Personal to incumbent
Controller	1	T10	171840-223044	Personal to incumbent
Electrician	3	T10	171840-223044	Personal to incumbent
Plumber	2	T9	156628-198132	Personal to incumbent
Supervisor	10	T7	120432-156300	Personal to incumbent
Traffic Officer	1	T9	156628-198132	Personal to incumbent
General Worker	63	T2	73188-80484	Personal to incumbent
Sewerage Attendant	6	T4	76776-97297	Personal to incumbent
Superintendent	2	T11	202860-263328	Personal to incumbent
General Assistant	1	T3	74952-88500	Personal to incumbent
Cadet Fire Fighter	3	T5	84372-109536	Personal to incumbent
Library Assistant	3	T6	99588-129288	Personal to incumbent
Executive PA	1	T7	120432-156300	Personal to incumbent
Switchboard Operator	1	T6	99588-129288	Personal to incumbent
Chief Clerk	1	T8	135576-175980	Personal to incumbent
Storeman	1	T5	84372-109536	Personal to incumbent
Secretary	1	T6	99588-129288	Personal to incumbent
Water Purification Attendant	5	T4	76776-97297	Personal to incumbent
Handyman (Water)	1	T6	99588-129288	Personal to incumbent
CAD Operator	1	T7	120432-156300	Personal to incumbent
Facilities Attendant	1	T4	76776-97297	Personal to incumbent

Table 137: Trends of Personnel Expenditure Compared to Operating Expenditure

Trends of Personnel Expenditure Compared to Operating Expenditure			'Rand
Financial Year	**Salaries**	**Expenditure**	**Percentage**
2015/2016	154 140 976	555 605 290	27.74%
2014/2015	138 520 695	515 984 773	26.84%
2013/2014	129 208 326	440 959 037	29.30%
2012/2013	119 879 190	406 313 225	29.50%

CHAPTER 5

FINANCIAL PERFORMANCE

LANGEBERG

MUNISIPALITEIT **MUNICIPALITY** MASIPALA

These financial statements have not been audited

FINANCIAL STATEMENTS

30 JUNE 2016

LANGEBERG MUNICIPALITY

INDEX

Contents	*Page*
General Information	1
Approval of the Financial Statements	2
Report from the Chief Financial Officer	3
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes In Net Assets	8
Cash Flow Statement	9
Statement of comparison of budget and actual amounts - Statement of financial position	10 - 11
Statement of comparison of budget and actual amounts - Statement of financial performance	12
Statement of comparison of budget and actual amounts - Cash flow statement	13
Accounting Policies	14 - 56
Notes to the Financial Statements	57 - 106

APPENDICES - Unaudited

A	Schedule of External Loans	107
B	Segmental Statement of Financial Performance - Municipal Votes	109
C	Segmental Statement of Financial Performance	110
D	Disclosure of Grants and Subsidies in terms of Section 123 of the MFMA, Act 56 of 2003	111
E	National Treasury Appropriation Statements	
E1	- Revenue and Expenditure (Standard Classification)	112
E2	- Revenue and Expenditure (Municipal Vote Classification)	114
E3	- Revenue and Expenditure (Revenue by Source and Expenditure by Type)	115
E4	- Capital Expenditure by Vote, Standard Classification and Funding	117
E5	- Cash Flows	118

LANGEBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

GENERAL INFORMATION

NATURE OF BUSINESS

Langeberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

Langeberg Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Langeberg Municipality includes the following towns and surrounding rural areas:

Ashton
Bonnievale
McGregor
Montagu
Robertson

MUNICIPAL MANAGER

SA Mokweni

CHIEF FINANCIAL OFFICER

B Brown

REGISTERED OFFICE

Langeberg Municipality; 28 Main Road; Ashton; 6715

AUDITORS

Office of the Auditor General (WC)

PRINCIPAL BANKERS

ABSA; PO Box 4453; Tygervalley; 7536

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
SALBC Collective Agreements
SALBC Leave Regulations
Infrastructure Grants
Municipal Budget and Reporting Regulations

LANGEBERG MUNICIPALITY

MEMBERS OF THE LANGEBERG MUNICIPALITY

COUNCILLORS

Gagiano, D	Executive Mayor	DA	Proportional
Hull, D A	Speaker	DA	Ward
Nyamana, W Z	Deputy Mayor	COPE	Proportional
Van Eeden, SW	Member of Mayoral Committee	DA	Ward
Scheffers, EMJ	Member of Mayoral Committee	DA	Ward
Kortje, R R	Member of Mayoral Committee	DA	Ward
Crouwcamp, NP	Member of Mayoral Committee	CI	Proportional
Burger, J D	Ordinary Councillor	DA	Ward
De Koker, T S	Ordinary Councillor	DA	Ward
Janse, D B	Ordinary Councillor	DA	Ward
Kriel, J	Ordinary Councillor	DA	Ward
Shibili, A J	Ordinary Councillor	ANC	Ward
Turner, E	Ordinary Councillor	DA	Ward
Van Zyl, J D F	Ordinary Councillor	DA	Ward
Fanele, B	Ordinary Councillor	ANC	Ward
Grootboom, C J	Ordinary Councillor	PDM	Proportional
Johnson, R	Ordinary Councillor	ANC	Proportional
Mgoqi, N J	Ordinary Councillor	ANC	Proportional
Swanepoel, CB	Ordinary Councillor	ANC	Proportional
Nyamana, W S	Ordinary Councillor	ANC	Proportional
DE Koker, HC	Ordinary Councillor	CI	Proportional
Goodwin, J P	Ordinary Councillor	WCC	Proportional
Vollenhoven, E J	Ordinary Councillor	ANC	Proportional

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 106 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2017 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

SA Makweni
Municipal Manager

2016/08/31
Date

LANGEBERG MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2016

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of LANGEBERG MUNICIPALITY for the fiscal year 2015/2016.

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the other directorates to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

2. KEY FINANCIAL INDICATORS

The economic downturn and the Eskom price increases continue to put strain on good financial management.

Financial Statement Ratios:

INDICATOR	30 June 2016	30 June 2015
Surplus / (Deficit) for the year before Appropriations	54 007 056	12 753 588
Accumulated Surplus / (Deficit) at the end of the Year	519 780 100	471 635 748
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	26.66%	26.84%
Remuneration of Councillors	1.60%	1.61%
Debt Impairment	5.55%	4.14%
Depreciation and Amortisation	5.66%	3.94%
Collection costs	0.27%	0.23%
Impairments	0.09%	2.67%
Repairs and Maintenance	3.31%	2.87%
Actuarial losses	0.00%	0.01%
Unamortised Discount - Interest paid	0.02%	0.02%
Finance Charges	2.09%	1.81%
Bulk Purchases	44.19%	41.45%
Contracted services	0.40%	0.38%
Grants and Subsidies	0.14%	0.02%
Stock Adjustments	0.00%	0.07%
Operating Grant Expenditure	0.00%	0.00%
General Expenses	9.74%	13.90%
Loss on disposal of Property,Plant and Equipment	0.29%	0.02%

It should be noted that bulk purchases for water and electrcity is 44.21% of the total expenditure for 2015/2016.

3. OPERATING RESULTS

The overall operating results for the year ended 30 June 2016 are as follows:

DETAILS	Actual 2015/2016 R	Actual 2014/2015 R	Percentage Variance %	Budgeted 2015/2016 R	Variance actual/ budgeted %
Opening surplus / (deficit)	471 635 748	452 482 672	4.23%	-	
Operating income for the year (incl. gains in disposal of assets)	601 716 910	528 916 409	13.76%	581 373 571	3.50%
Appropriations for the year	(5 862 705)	6 399 488		-	
	1 067 489 954	987 798 570	8.07%	581 373 571	83.62%
Expenditure:					
Operating expenditure for the year	547 709 853	516 162 821	6.11%	587 907 306	-6.84%
Closing surplus / (deficit)	519 780 100	471 635 748			
	1 067 489 954	987 798 570	8.07%	587 907 306	81.57%

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R74 395 341, and in percentage terms amounts to 127% of budget. Full details of Property, Plant and Equipment are disclosed in note number 43.3 to the Annual Financial Statements.

The capital expenditure of R 74 395 341 (2015/16) was financed as follows:

DETAILS	Actual 2015/2016 R	Budgeted 2015/2016 R	Percentage Variance %	Source of funding as % of total Cap exp
Capital Replacement Reserve	26 133 221	28 532 410	-9%	35.13%
External Loans				
Grants and Subsidies	46 420 273	30 141 230	35%	62.40%
Leased Assets	1 841 847		100%	2.48%
	74 395 341	58 673 640		100.00%

5. LONG-TERM LIABILITIES

	2016 R	2015 R
The outstanding amount of Long-term Liabilities as at 30 June was :	**26 824 640**	**29 473 883**
No new loans were taken up during the financial year to enable the municipality to finance its capital requirements.	**-**	**-**

Refer to Note number 3 and Appendix "A" for more detail.

6. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS

Non-current Provisions and Employee Benefits at 30 June are made up as follows:	**107 775 879**	**109 194 827**
Provision for Post Retirement Benefits	49 757 869	50 752 310
Provision for Ex-Gratia Pension Benefits	-	-
Provision for Long Service Awards	8 314 474	7 900 019
Provision for Rehabilitation of Landfill-sites	49 703 536	50 542 498
Provision for Clearing of Alien Vegetation	-	-
	107 775 879	**109 194 827**

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

7. CURRENT LIABILITIES

Current Liabilities are made up as follows:

Consumer Deposits	Note number 6	9 019 575	7 987 509
Current Employee benefits	Note number 7	13 537 424	11 839 926
Provisions	Note number 8	5 924 411	4 708 926
Payables from exchange transactions	Note number 9	68 596 209	56 893 989
Unspent Conditional Government Grants and Receipts	Note number 10	9 582 308	9 857 121
Unspent Public Contributions	Note number 11	684 330	684 330
Taxes	Note number 12.3	-	193 643
Current Portion of Long-term Liabilities	Note number 3	4 241 962	4 341 168
		111 586 219	**96 506 612**

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Note numbers for more detail.

8. INTANGIBLE ASSETS

The net value of Intangible Assets is:	**342 371**	**470 433**

These are assets which cannot physically be identified and verified and are all in respect of computer software.

Refer to Note number 15 for more detail.

9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment is:	**589 190 705**	**538 388 016**

Refer to Note number 13 for more detail.

10. INVESTMENTS

The municipality held Investments to the value of :

Call Investment Accounts	90 015 287	24 868 724
Listed Investment	113 910	115 524
Unlisted Investments	6 993	5 654
	90 136 190	**24 989 903**

Refer to Note number 18 and 24 for more detail.

11. LONG-TERM RECEIVABLES

Refer to Note number 19 for more detail.

881 146	**1 406 699**

12. CURRENT ASSETS

Current Assets are made up as follows:

Inventory	Note number 20	18 177 844	17 337 809
Receivables from exchange transactions	Note number 21	41 829 874	37 928 391
Receivables from non-exchange transactions	Note number 22	5 397 777	4 854 039
Unpaid Conditional Government Grants and Receipts	Note number 10	-	-
Operating Lease Asset	Note number 23	88 941	76 262
Taxes	Note number 12	631 385	-
Current Portion of Long-term Receivables	Note number 19	529 249	614 506
Cash and Cash Equivalents	Note number 24	103 610 078	82 633 526
		170 265 147	**143 444 533**

Refer to the indicated Note numbers for more detail.

13. INTER-GOVERNMENTAL GRANTS

The municipality plays a major role in the upliftment of the poor and in sustaining and improving infrastructure for all its citizens for which it uses grants received from government and other organisations, and thus it has a big responsibility as custodian of these funds.

Refer to Note number 26 as well as Appendix D for more detail.

14. EVENTS AFTER THE REPORTING DATE

Full details of all known events after the reporting date are disclosed in Note number 50.

15. DISCLOSURE ISSUES

Please refer to note number 45 to 54.

16. EXPRESSION OF APPRECIATION

I am grateful to the Municipal Manager, Directors and Heads of Departments for the support they extended during the financial year.

The work involved in producing these financial statements just gets more detailed each year and therefore my heartfelt thanks goes to the staff at all levels and in all departments, for their hard work and dedication.

Mr B Brown
CHIEF FINANCIAL OFFICER
31 August 2016

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Notes	2016 R	2015 R
NET ASSETS AND LIABILITIES			
Net Assets		**555 025 278**	**501 018 222**
Capital Replacement Reserve	**2**	35 245 178	29 382 473
Accumulated Surplus		519 780 100	471 635 748
Non-Current Liabilities		**129 646 827**	**133 563 908**
Long-term Liabilities	**3**	21 870 948	24 369 081
Non-Current Employee Benefits	**4**	58 072 343	58 652 329
Non-Current Provisions	**5**	49 703 536	50 542 498
Current Liabilities		**111 586 219**	**96 506 612**
Consumer Deposits	**6**	9 019 575	7 987 509
Current Employee benefits	**7**	13 537 424	11 839 926
Provisions	**8**	5 924 411	4 708 926
Payables from exchange transactions	**9**	68 596 209	56 893 989
Unspent Conditional Government Grants and Receipts	**10**	9 582 308	9 857 121
Unspent Public Contributions	**11**	684 330	684 330
Taxes	**12**	-	193 643
Current Portion of Long-term Liabilities	**3**	4 241 962	4 341 168
Total Net Assets and Liabilities		**796 258 324**	**731 088 743**
ASSETS			
Non-Current Assets		**625 993 176**	**587 644 209**
Property, Plant and Equipment	**13**	589 190 705	538 388 016
Investment Property	**14**	27 240 649	27 290 366
Intangible Assets	**15**	342 371	470 433
Heritage Assets	**16**	260 000	260 000
Capitalised Restoration cost	**17**	7 957 403	19 707 516
Non-Current Investments	**18**	120 903	121 178
Long-Term Receivables	**19**	881 146	1 406 699
Current Assets		**170 265 147**	**143 444 533**
Inventory	**20**	18 177 844	17 337 809
Receivables from exchange transactions	**21**	41 829 874	37 928 391
Receivables from non-exchange transactions	**22**	5 397 777	4 854 039
Unpaid Conditional Government Grants and Receipts	**10**	-	-
Operating Lease Asset	**23**	88 941	76 262
Taxes	**12**	631 385	-
Current Portion of Long-term Receivables	**19**	529 249	614 506
Cash and Cash Equivalents	**24**	103 610 078	82 633 526
Total Assets		**796 258 324**	**731 088 743**

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 Actual	2015 Restated	2015 Correction of Error Refer Note 38	2015 Previously reported R
REVENUE					
Revenue from Non-exchange Transactions		**193 174 855**	**166 474 111**		**164 286 775**
Taxation Revenue		**39 954 462**	**34 519 573**	**-**	**34 519 573**
Property rates	25	39 954 462	34 519 573	-	34 519 573
Transfer Revenue		**122 165 869**	**105 888 485**	**-**	**105 888 485**
Government Grants and Subsidies - Capital	26	46 347 944	22 718 920	-	22 718 920
Government Grants and Subsidies - Operating	26	75 817 925	82 859 465	-	82 859 465
Public Contributions and Donations		-	310 100	-	310 100
Other Revenue		**31 054 524**	**26 066 053**	**2 187 336**	**23 878 717**
Actuarial Gains	4	6 741 931	2 042 666	-	2 042 666
Availability fees		2 285 128	2 187 336	2 187 336	-
Fair Value Adjustments		-	11 556	-	11 556
Fines		20 679 190	21 824 496	-	21 824 496
Income due to Change in Discount rate		1 244 505	-	-	-
Stock Adjustments		103 771	-	-	-
Revenue from Exchange Transactions		**408 542 055**	**362 442 299**	**(2 179 665)**	**364 621 964**
Service Charges	27	375 228 931	334 215 461	-	334 215 461
Rental of Facilities and Equipment		2 623 754	2 331 803	7 671	2 324 132
Interest Earned - external investments		4 391 659	3 221 916	-	3 221 916
Interest Earned - outstanding debtors		1 954 666	1 715 825	-	1 715 825
Licences and Permits		1 169 318	1 151 313	-	1 151 313
Agency Services		3 140 603	2 826 789	-	2 826 789
Other Income	28	16 427 612	16 292 608	(2 187 336)	18 479 944
Unamortised Discount - Interest		76 223	73 730	-	73 730
Gain on disposal of Property, Plant and Equipment		3 529 288	612 853	-	612 853
Total Revenue		**601 716 910**	**528 916 409**	**(2 179 665)**	**528 908 739**
EXPENDITURE					
Employee related costs	29	146 026 534	138 553 555	-	138 553 555
Remuneration of Councillors	30	8 740 174	8 331 452	-	8 331 452
Debt Impairment	31	30 410 351	21 362 238	-0	21 362 238
Depreciation and Amortisation	32	30 979 535	20 345 391	3 199	20 342 192
Collection costs		1 474 865	1 204 601	-	1 204 601
Impairments	33	508 397	13 782 844	-	13 782 844
Repairs and Maintenance		18 136 914	14 835 938	133 503	14 702 435
Actuarial losses	4	-	45 963	-	45 963
Unamortised Discount - Interest paid		128 126	97 664	-	97 664
Finance Charges	34	11 429 475	9 348 223	-	9 348 223
Bulk Purchases	35	242 031 964	213 946 138	-	213 946 138
Contracted services		2 183 363	1 983 148	-	1 983 148
Grants and Subsidies	36	749 000	120 000	-	120 000
Stock Adjustments		14 410	381 983	-	381 983
General Expenses	37	53 329 859	71 733 824	41 048	71 692 776
Loss on disposal of Property,Plant and Equipment		1 566 609	89 861	299	89 562
Fair Value Adjustments		276	-	-	-
Total Expenditure		**547 709 853**	**516 162 821**	**178 048**	**515 984 773**
NET SURPLUS/(DEFICIT) FOR THE YEAR		**54 007 056**	**12 753 588**	**(2 357 713)**	**12 923 965**

LANGEBERG MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016

	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
	R	R	R
Balance at 01 JULY 2015	**35 781 962**	**452 227 659**	**488 009 621**
Correction of error (Refer Note 38)		255 013	**255 013**
Balance at 01 JULY 2015	**35 781 962**	**452 482 672**	**488 264 634**
Net Surplus for the year		12 753 588	12 753 588
Transfer to/from CRR	23 237 859	(23 237 859)	-
Property,Plant and Equipment purchased	(29 637 348)	29 637 348	-
Balance at 30 JUNE 2015	**29 382 473**	**471 635 748**	**501 018 222**
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	-
Balance at 30 JUNE 2016	**35 245 178**	**519 780 100**	**555 025 278**

LANGEBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Notes	30 JUNE 2016	RESTATED 30 JUNE 2015
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		430 248 283	391 121 757
Government - operating		75 959 414	83 996 930
Government - capital		46 367 736	28 579 909
Interest		2 321 881	2 438 575
Payments			
Suppliers and employees		(458 144 720)	(426 710 421)
Finance charges		(2 853 665)	(3 191 405)
Transfers and Grants		(749 000)	(120 000)
Cash generated by operations	**39**	**93 149 930**	**76 115 346**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(72 481 164)	(52 216 289)
Proceeds on Disposals		3 786 067	879 626
Purchase of Intangible Assets	**15**	-	(53 000)
Net Cash from Investing Activities		**(68 695 097)**	**(51 389 663)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(4 510 346)	(4 099 770)
(Decrease)/Increase in Consumer Deposits		1 032 065	810 698
Net Cash from Financing Activities		**(3 478 281)**	**(3 289 071)**
NET (INCREASE) /DECREASE IN CASH AND CASH EQUIVALENTS		**20 976 552**	**21 436 612**
Cash and Cash Equivalents at the beginning of the year		82 633 526	61 196 915
Cash and Cash Equivalents at the end of the year	**40**	103 610 078	82 633 526
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**20 976 552**	**21 436 612**

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Buget)	2016 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	13 594 791	30 946 367	(17 351 576)	Cash not comitted moved to call investments deposits.
Call investment deposits	90 015 287	55 000 000	35 015 287	Improved cash flow management to optimise interest revenue.
Consumer debtors	47 227 651	22 093 295	25 134 356	Consumer debtors realised more than ancticipated.
Other Receivables	720 326	10 500 000	(9 779 674)	Other receivables realised less than ancticipated.
Current portion of long-term receivables	529 249	550 000	(20 751)	
Inventory	18 177 844	25 000 000	(6 822 156)	Complinace to GRAP 17 capital spares recognised as assets.
Total current assets	170 265 147	144 089 661	26 175 486	
Non current assets				
Long-term receivables	881 146	1 650 000	(768 854)	
Investments	120 903	125 000	(4 097)	
Investment property	27 240 649	26 866 506	374 142	
Property, plant and equipment	597 148 108	564 955 948	32 192 160	Over expenditure on capital budget.
Biological Assets		-	-	
Intangible Assets	342 371	426 513	(84 142)	
Heritage Assets	260 000	3 100 000	(2 840 000)	
Total non current assets	625 993 176	597 123 968	28 869 209	
TOTAL ASSETS	796 258 324	741 213 629	55 044 694	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	4 241 962	3 790 850	451 112	
Consumer deposits	9 019 575	8 077 830	941 745	
Trade and other payables	78 862 847	44 462 676	34 400 171	Actual trade and other payables realised higher at year end than budgeted.
Provisions and Employee Benefits	19 461 835	13 000 000	6 461 835	Liability realised higher than anticipated based on actuarial valuations.
Total current liabilities	111 586 219	69 331 356	42 254 863	
Non current liabilities				
Borrowing	21 870 948	26 010 001	(4 139 053)	
Provisions and Employee Benefits	107 775 879	72 624 299	35 151 580	Liability and provisions realised higher than anticipated based on actuarial valuations and expert reports.
Total non current liabilities	129 646 827	98 634 300	31 012 527	
TOTAL LIABILITIES	241 233 046	167 965 656	73 267 390	
NET ASSETS	555 025 278	573 247 973	(18 222 695)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	519 780 100	539 969 166	(20 189 066)	Higher than antcipated operating surplus.
Reserves	35 245 178	33 278 807	1 966 371	
TOTAL COMMUNITY WEALTH/EQUITY	555 025 278	573 247 973	(18 222 695)	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Buget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	30 946 367	-	30 946 367	
Call investment deposits	55 000 000	-	55 000 000	
Consumer debtors	22 093 295	-	22 093 295	
Other Receivables	10 500 000	-	10 500 000	
Current portion of long-term receivables	550 000	-	550 000	
Inventory	25 000 000	-	25 000 000	
Total current assets	144 089 661	-	144 089 661	
Non current assets				
Long-term receivables	1 650 000	-	1 650 000	
Investments	125 000	-	125 000	
Investment property	26 866 506	-	26 866 506	
Property, plant and equipment	564 955 948	-	564 955 948	
Biological Assets	-	-	-	
Intangible Assets	426 513	-	426 513	
Heritage Assets	3 100 000	-	3 100 000	
Total non current assets	597 123 968	-	597 123 968	
TOTAL ASSETS	741 213 629	-	741 213 629	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	3 790 850	-	3 790 850	
Consumer deposits	8 077 830	-	8 077 830	
Trade and other payables	44 462 676	-	44 462 676	
Provisions and Employee Benefits	13 000 000	-	13 000 000	
Total current liabilities	69 331 356	-	69 331 356	
Non current liabilities				
Borrowing	26 010 001	-	26 010 001	
Provisions and Employee Benefits	72 624 299	-	72 624 299	
Total non current liabilities	98 634 300	-	98 634 300	
TOTAL LIABILITIES	167 965 656	-	167 965 656	
NET ASSETS	573 247 973	-	573 247 973	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	539 969 166	-	539 969 166	
Reserves	33 278 807	-	33 278 807	
TOTAL COMMUNITY WEALTH/EQUITY	573 247 973	-	573 247 973	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Buget)	2016 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	39 954 462	39 917 290	37 172	
Property rates - penalties & collection charges	-	486 940	(486 940)	
Service charges	375 228 931	368 830 930	6 398 001	Revenue from consumtion charges realised more than budgeted.
Rental of facilities and equipment	2 623 754	2 725 550	(101 796)	
Interest earned - external investments	4 391 659	3 539 850	851 809	
Interest earned - outstanding debtors	1 954 666	1 587 180	367 486	
Dividends received	-	-	-	
Actuarial Gains	6 741 931	5 000 000	1 741 931	
Availability Fees	2 285 128	-	2 285 128	
Fines	20 679 190	18 862 030	1 817 160	
Impairment Reversal	-	-	-	
Income due to Change in Discount Rate	1 244 505	-	1 244 505	
Stock Adjustments	103 771	-	103 771	
Licences and permits	1 169 318	1 725 280	(555 962)	
Agency services	3 140 603	2 866 310	274 293	
Government Grants and Subsidies	122 165 869	116 876 391	5 289 478	
Other revenue	16 503 835	18 955 820	(2 451 985)	
Gains on disposal of PPE	3 529 288	-	3 529 288	
Total Operating Revenue	601 716 910	581 373 571	20 343 339	
EXPENDITURE BY TYPE				
Employee related costs	146 026 534	160 097 159	(14 070 625)	Savings on employee related costs due to vacant posts
Remuneration of councillors	8 740 174	8 858 480	(118 306)	
Debt impairment	30 410 351	24 772 890	5 637 461	Due to IGRAP 1 traffic fines debt impairment.
Depreciation & asset impairment	31 487 932	34 744 640	(3 256 708)	
Finance charges	11 429 475	8 665 780	2 763 695	
Bulk purchases	242 031 964	241 735 310	296 654	
Other materials	18 136 914	-	18 136 914	Included in other expenditure on budget schedules.
Contracted services	2 183 363	2 036 020	147 343	
Grants and subsidies paid	749 000	125 760	623 240	
Other expenditure	54 947 535	106 871 267	(51 923 732)	Other materials included as per budget schedules.
Loss on disposal of PPE	1 566 609	-	1 566 609	
Total Operating Expenditure	547 709 853	587 907 306	(40 197 453)	
Operating Surplus/(Deficit) for the year	54 007 056	(6 533 735)	60 540 791	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Buget)	2016 R Final Virements	2016 R (Final Year-end Buget)	Reasons for material adjustments
REVENUE BY SOURCE						
Property rates	39 917 290	-	39 917 290	-	39 917 290	
Property rates - penalties & collection charges	486 940	-	486 940	-	486 940	
Service charges	368 830 930	-	368 830 930	-	368 830 930	
Rental of facilities and equipment	2 725 550	-	2 725 550	-	2 725 550	
Interest earned - external investments	3 539 850	-	3 539 850	-	3 539 850	
Interest earned - outstanding debtors	1 587 180	-	1 587 180	-	1 587 180	
Dividends received	-	-	-	-	-	
Fines	18 862 030	-	18 862 030	-	18 862 030	
Licences and permits	1 725 280	-	1 725 280	-	1 725 280	
Agency services	2 866 310	-	2 866 310	-	2 866 310	
Transfers recognised	116 876 391	-	116 876 391	-	116 876 391	
Other revenue	23 955 820	-	23 955 820	-	23 955 820	
Gains on disposal of PPE	-	-	-	-	-	
Total Operating Revenue	**581 373 571**	**-**	**581 373 571**	**-**	**581 373 571**	
EXPENDITURE BY TYPE						
Employee related costs	160 097 159	-	160 097 159	-	160 097 159	
Remuneration of councillors	8 858 480	-	8 858 480	-	8 858 480	
Debt impairment	24 772 890	-	24 772 890	-	24 772 890	
Depreciation & asset impairment	34 744 640	-	34 744 640	-	34 744 640	
Finance charges	8 665 780	-	8 665 780	-	8 665 780	
Bulk purchases	241 735 310	-	241 735 310	-	241 735 310	
Other materials	-	-	-	-	-	
Contracted services	2 056 520	(20 500)	2 036 020	-	2 036 020	
Grants and subsidies paid	125 760	-	125 760	-	125 760	
Other expenditure	106 850 767	20 500	106 871 267	-	106 871 267	
Loss on disposal of PPE	-	-	-	-	-	
Total Operating Expenditure	**587 907 306**	**-**	**587 907 306**	**-**	**587 907 306**	
Operating Surplus/(Deficit) for the year	**(6 533 735)**	**-**	**(6 533 735)**	**-**	**(6 533 735)**	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Buget)	2016 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	430 248 283	450 922 116	(20 673 833)	Actual receipts from ratepayers and other realised lower than anticipated.
Government - operating	75 959 414	85 498 180	(9 538 766)	Grants was budgetd under operating budget, but assets was constructed.
Government - capital	46 367 736	23 911 820	22 455 916	Housing grant was budgetd under operating budget, but assets was constructed.
Interest	2 321 881	6 481 879	(4 159 998)	
Dividends	-	-	-	
Payments			-	
Suppliers and Employees	(458 144 720)	(501 740 330)	43 595 610	Actual payments to suppliers and employees realised lower than budgeted.
Finance charges	(2 853 665)	(2 673 640)	(180 025)	
Transfers and Grants	(749 000)	-	(749 000)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	93 149 930	62 400 025	30 749 905	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	3 786 067	-	3 786 067	
Decrease/(increase) in non-current receivables	-	2 000 000	(2 000 000)	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(72 481 164)	(58 673 640)	(13 807 524)	Over expenditure on capital budget.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(68 695 097)	(56 673 640)	-12 021 457	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	(4 510 346)	-	(4 510 346)	
Increase/(decrease) in consumer deposits	1 032 065	457 236	574 829	
Payments				
Repayment of borrowing		(2 870 780)	2 870 780	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 478 281)	(2 413 544)	-1 064 737	
NET INCREASE/(DECREASE) IN CASH HELD	20 976 552	3 312 840	17 663 711	Increase in cash held realised more than budgeted.
Cash and Cash Equivalents at the beginning of the year	82 633 526	82 633 526	-	
Cash and Cash Equivalents at the end of the year	103 610 078	85 946 367	17 663 712	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	450 922 116	-	450 922 116	
Government - operating	85 498 180	-	85 498 180	
Government - capital	23 911 820	-	23 911 820	
Interest	6 481 879	-	6 481 879	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(501 740 330)	-	(501 740 330)	
Finance charges	(2 673 640)	-	(2 673 640)	
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	62 400 025	-	62 400 025	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	2 000 000	-	2 000 000	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(58 673 640)	-	(58 673 640)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(56 673 640)	-	(56 673 640)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	457 236	-	457 236	
Payments				
Repayment of borrowing	(2 870 780)	-	(2 870 780)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(2 413 544)	-	(2 413 544)	
NET INCREASE/(DECREASE) IN CASH HELD	3 312 840	-	3 312 840	
Cash and Cash Equivalents at the beginning of the year	82 633 526	-	82 633 526	
Cash and Cash Equivalents at the end of the year	85 946 367	-	85 946 367	

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

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

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

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

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

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

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

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format and are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

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

1.5 AMENDED DISCLOSURE POLICY

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

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances.

The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

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

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2015 to 30 June 2016. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts.

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of Comparison of Budget and Actual Amounts.

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

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2015/16 financial year.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 20 (Original – Jun 2011)	**Related Party Disclosure** The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	Unknown

GRAP 32 **(Original – Aug 2013)**	**Service Concession Arrangements: Grantor** The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
GRAP 108 **(Original – Sept 2013)**	**Statutory Receivables** The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. The Municipality has revolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.	Unknown
GRAP 109	**Accounting by Principles and Agents** The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
IGRAP 17	**Service Concession Arrangements where a grantor controls a significant residual interest in an Asset** The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) is credited by a corresponding amount when the amounts in the CRR are utilized.

1.10. LEASES

1.10.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

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

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

1.10.2 Municipality as Lessor

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

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

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

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

1.12 UNSPENT PUBLIC CONTRIBUTIONS

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

not met, the remaining portion of the unspent public contribution is reclassified as payables, which is considered to be a financial instrument.

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

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

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

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

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

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

1.14. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

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

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

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be de-recognised.

1.15. EMPLOYEE BENEFITS

(a) Post Retirement Medical obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

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

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

(b) Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the

Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

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

(c) Ex gratia Gratuities

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

Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

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

(d) Accrued Leave Pay

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

(e) Staff Bonuses

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

(f) Performance bonuses

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

(g) Pension and retirement fund obligations

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

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

1.16. BORROWING COSTS

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

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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

1.17.2 Subsequent Measurement – Cost Model

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

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

1.17.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives

	Years		*Years*
Infrastructure		**Other**	
Roads and Paving	1-100	Buildings	1-100
Pedestrian Malls	1-100	Specialist vehicles	10-20
Electricity	1-80	Other vehicles	4-45
Water	1-125	Furniture and Office equipment	1-100
Sewerage	1-100	Plant and Equipment	1-40
Housing	1-105	Landfill sites	1-15
		Quarries	25
Community		Computer equipment	2-20
Buildings	1-105		
Recreational Facilities	7-100		
Security	5		
Halls	1-105		
Libraries	1-100		
Parks and gardens	1-100		
Other assets	7-100		
Finance lease assets			
Office equipment	2-22		
Other assets	2-22		

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

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

1.17.4 De-recognition

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

1.17.5 Land and Buildings and Other Assets – application of deemed cost (Directive 7)

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

1.17.6 Capitalised Restoration Cost

The Municipality treats the Capital Restoration Cost on landfill sites in the same manner as Property, Plant and Equipment in accordance with 1.17.1 to 1.17.5 of this Accounting Policy and depreciation is calculated on the depreciable amount, using the straight-line method.

1.18. INTANGIBLE ASSETS

1.18.1 Initial Recognition

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

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

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

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

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

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

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

1.18.2 Subsequent Measurement – Cost Model

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

1.18.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	**Years**
Computer Software	2-7
Computer Software Licenses	2-7

1.18.4 De-recognition

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

1.18.5 Application of deemed cost (Directive 7)

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

1.19. INVESTMENT PROPERTY

1.19.1 Initial Recognition

Investment property shall be recognised as an asset when; and only when:

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

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

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

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

1.19.2 Subsequent Measurement – Cost Model

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

1.19.3 Depreciation and Impairment

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

Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	**Years**
Buildings	1-100

1.19.4 De-recognition

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

1.19.5 Application of deemed cost - Directive 7

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

1.20 HERITAGE ASSETS

1.20.1 Initial Recognition

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

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

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

1.20.2 Subsequent Measurement – Cost Model

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

1.20.3 Depreciation and Impairment

Heritage assets are not depreciated.

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

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

1.20.4 De-recognition

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

1.20.5 Application of deemed cost - Directive 7

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

1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.21.1 Cash-generating assets

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

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

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

a) External sources of information
   - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
   - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
   - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

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

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

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.21.2 Non-cash-generating assets

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

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

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

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

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

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

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

- *Depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated

depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

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

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

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

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

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

1.22. INVENTORIES

1.22.1 Initial Recognition

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

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

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

1.22.2 Subsequent Measurement

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

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

In general, the basis of allocating cost to inventory items is the weighted average method.

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

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.23. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include trade and other receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both form exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.23.1 Initial Recognition

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

1.23.2 Subsequent Measurement

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

1.23.2.1 *Trade and Other Receivables*

Trade and other receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar

credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).
The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

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

1.23.2.2 *Trade and Other Payables and Annuity Loans*

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

1.23.2.3 *Cash and Cash Equivalents*

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

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

1.23.2.4 *Non-Current Investments*

Investments which include investments in SANLAM, KWV and Capevin are stated at fair value and fixed deposits invested in registered commercial banks, are stated at amortised cost.

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

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

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

1.23.3 De-recognition of Financial Instruments

1.23.3.1 *Financial Assets*

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

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

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

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

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

1.23.3.2 *Financial Liabilities*

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

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

1.23.4 Offsetting of Financial Instruments

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

1.24. STATUTORY RECEIVABLES

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

1.24.1 Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.24.2 Subsequent measurement

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

(a) interest or other charges that may have accrued on the receivable;
(b) impairment losses; and
(c) amounts derecognised.

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

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

1.24.3 Derecognition

The Municipality derecognises a statutory receivable when:

(a) the rights to the cash flows from the receivable are settled, expire or are waived;
(b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
(c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that

ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

(i) derecognise the receivable; and

(ii) recognise separately any rights and obligations created or retained in the transfer.

1.25. REVENUE

1.25.1 Revenue from Non-Exchange Transactions

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

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

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. All unpaid receivables relating to traffic fines as at 30 June 2015 was written off in the 2015/2016 financial year.

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

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

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

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

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

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

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

1.25.2 Revenue from Exchange Transactions

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

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

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after 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.

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

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

Interest revenue is recognised using the effective interest rate method.

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

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

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

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

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

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

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

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

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

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or

services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue.

The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.25.3 Grants, Transfers and Donations (Non-Exchange Revenue)

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

1.26. TRANSFER OF FUNCTION (Municipality as the acquirer)

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

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

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.
- The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:
  - (a) identifying the acquirer (Municipality);
  - (b) determining the acquisition date;
  - (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
  - (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and

liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

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

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

1.27. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

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

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:
    - has control or joint control over the Municipality.
    - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
    - is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:
    - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).

- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

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

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

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

(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.

(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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

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

1.28. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. FRUITLESS AND WASTEFUL EXPENDITURE

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

1.31. CONTINGENT LIABILITIES

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

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

Management judgement is required when recognising and measuring contingent liabilities.

1.32. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

1.33.1. Post retirement medical obligations, Long service awards and Ex gratia gratuities:

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates,

expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.33.2. Impairment of trade receivables:

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

1.33.3. Property, plant and equipment:

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

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

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

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

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

- cost of items with a similar nature currently in the Municipality's asset register;

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

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

1.33.4. Intangible assets:

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

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

1.33.5. Investment Property:

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

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

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

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

1.33.6. Provisions and contingent liabilities:

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

1.33.7. Revenue Recognition:

Accounting Policy 1.25.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.25.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by Management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.33.8. Pre-paid electricity estimation:

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days worth of unused electricity.

1.33.9. Provision for Landfill Sites

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

Management referred to the following when making assumptions regarding provisions:

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

1.33.10. Provision for Staff leave

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

1.33.11. Provision for Performance bonuses

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

1.34. TAXES – VALUE ADDED TAX

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

1.35. CAPITAL COMMITMENTS

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

1.36. EVENTS AFTER REPORTING DATE

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

		2016 R	2015 R
2	**NET ASSET RESERVES**		
	Capital Replacement Reserve	35 245 178	29 382 473
	Total Net Asset Reserves	**35 245 178**	**29 382 473**

The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

3	**LONG-TERM LIABILITIES**		
	Annuity Loans - At amortised cost	24 989 530	28 436 941
	Capitalised Lease Liability - At amortised cost	1 835 110	1 036 942
		26 824 640	**29 473 883**
	Current Portion transferred to Current Liabilities	**4 241 962**	**4 341 168**
	Annuity Loans - At amortised cost	3 639 125	3 456 422
	Capitalised Lease Liability - At amortised cost	602 837	884 745
		22 582 678	**25 132 715**
	Unamortised charges on loans	(711 731)	(763 634)
	Balance 1 July	763 634	787 568
	Adjustment for the period	(51 903)	(23 934)
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	**21 870 948**	**24 369 081**

Refer below for maturity dates of long term liabilities:

3.1	The obligations under annuity loans are scheduled below:	**Minimum annuity payments**	
	Amounts payable under annuity loans:		
	Payable within one year	6 136 613	6 342 881
	Payable within two to five years	22 112 492	25 084 338
	Payable after five years	7 790 589	13 505 708
		36 039 694	44 932 926
	Less: Future finance obligations	(11 050 164)	(16 495 985)
	Present value of annuity obligations	**24 989 530**	**28 436 941**

Annuity loans at amortised cost is calculated at 9.29% interest rate, with a maturity date of 31 March 2024.

3.2	The obligations under finance leases are scheduled below:	**Minimum lease payments**	
	Amounts payable under finance leases:		
	Payable within one year	602 837	884 745
	Payable within two to five years	1 232 273	152 196
	Payable after five years	-	-
		1 835 110	1 036 942
	Less: Future finance obligations	-	-
	Present value of lease obligations	**1 835 110**	**1 036 942**

LONG TERM LIABILITIES (CONTINUE)

Leases are secured by property, plant and equipment - Note 13

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Lease Term	Maturity Date
SASFIN	TASKalfa (FS 1135 MFP)NR73259193	14.50%	36 months	25/08/2016
SASFIN	TASKalfa (FS 1135 MFP)NR72530468	14.50%	36 months	25/08/2016
SASFIN	TASKalfa (FS 1135 MFP)NR7367446	15.25%	24 months	25/03/2017
SASFIN	TASKalfa (FS 1135 MFP)NR72531587	15.25%	24 months	25/03/2017
SASFIN	TASKalfa (FS 1135 MFP)NR72531588	15.25%	24 months	25/03/2017
SASFIN	TASKalfa 3510iLH44702656	15.25%	36 months	25/07/2018
SASFIN	TASKalfa 3510iLH44702681	15.25%	36 months	25/07/2018
SASFIN	TASKalfa M2535 DN15267449	16.50%	36 months	25/01/2019
SUNLYN	NEC SV8100 PABX0834143742100001	16.50%	36 months	25/01/2019
SASFIN	TASKalfa 3551 Ci MFPK581144	16.50%	36 months	25/02/2019
SASFIN	TA 5551 ci MFP (Colour)B5706424	16.50%	36 months	25/01/2019
SASFIN	TA 5551 ci MFP (Colour)B5706437	16.50%	36 months	25/01/2019
SASFIN	TASKalfa 5551 CiB5706441	16.50%	36 months	25/11/2018
SASFIN	TASKalfa 350i44702675	16.50%	36 months	25/11/2018
SUNLYN	NEC SV8100 PABX2B0385BK700065 & A1023352100265	16.50%	36 months	25/03/2019
SUNLYN	NEC SV8100 PABXITL5BE 1P 10 Units	16.50%	36 months	25/03/2019

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

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

		2016 R	2015 R
4	**NON-CURRENT EMPLOYEE BENEFITS**		
	Post Retirement Benefits - Refer to Note 4.1	49 757 869	50 752 310
	Long Service Awards - Refer to Note 4.2	8 314 474	7 900 019
	Total Non-current Employee Benefit Liabilities	**58 072 343**	**58 652 329**

Post Retirement Benefits		2016 R	2015 R
	Balance 1 July	52 388 354	49 103 189
	Contribution for the year	2 461 107	2 542 884
	Interest Cost	4 601 451	4 353 222
	Expenditure for the year	(1 649 136)	(1 568 275)
	Actuarial Loss / (Gain)	(6 388 807)	(2 042 666)
	Total post retirement benefits 30 June	**51 412 969**	**52 388 354**
Less:	Transfer of Current Portion - Note 7	(1 655 100)	(1 636 044)
	Balance 30 June	**49 757 869**	**50 752 310**

4 NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

Long Service Awards

Balance 1 July		9 279 667	8 470 946
Contribution for the year		808 271	706 504
Interest Cost		683 442	648 522
Expenditure for the year		(1 040 276)	(592 268)
Actuarial Loss / (Gain)		(353 124)	45 963
Total long service 30 June		**9 377 980**	**9 279 667**
Less:	Transfer of Current Portion - Note 7	(1 063 506)	(1 379 648)
Balance 30 June		**8 314 474**	**7 900 019**

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July		61 668 021	57 574 135
Contribution for the year		3 269 378	3 249 388
Interest cost		5 284 893	5 001 744
Expenditure for the year		(2 689 412)	(2 160 543)
Net Actuarial Loss / (Gain)		(6 741 931)	(1 996 703)
Total employee benefits 30 June		**60 790 949**	**61 668 021**
Less:	Transfer of Current Portion - Note 7	(2 718 606)	(3 015 692)
Balance 30 June		**58 072 343**	**58 652 329**

4.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2016	2015
In-service (employee) members	180	171
In-service (employee) non-members	499	508
Continuation members (e.g. Retirees, widows, orphans)	57	57
Total Members	**736**	**736**

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

In-service members	30 063 701	29 611 793
Continuation members	21 349 268	22 776 561
Total Liability	**51 412 969**	**52 388 354**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014 R	2013 R	2012 R
In-service members	28 192 606	22 129 363	21 696 401
Continuation members	20 910 583	18 360 338	16 397 499
Total Liability	**49 103 189**	**40 489 701**	**38 093 900**

	2016 Rm	2015 Rm	2014 Rm	2013 Rm	2012 Rm
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss	(3.558)	(1.925)	2.680	(0.825)	0.861
Assets: Gain / (loss)	0.000	0.000	0.000	0.000	0.000

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
Hosmed
LA Health
Samwumed; and
Keyhealth.

4 NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

Key actuarial assumptions used:	2016 %	2015 %

The Projected Unit Credit Method has been used to value the liabilities.

i) Rate of interest

Discount rate	9.28%	8.92%
Health Care Cost Inflation Rate	8.35%	8.04%
Net Effective Discount Rate	0.86%	0.82%

The discount rate used is a composite of all government bonds and calculated using a technique is known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

	2016 R	2015 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	51 412 969	52 388 354
Net liability/(asset)	**51 412 969**	**52 388 354**

The fund is wholly unfunded.

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	52 388 354	49 103 189
Total expenses	5 413 422	5 327 831
Current service cost	2 461 107	2 542 884
Interest Cost	4 601 451	4 353 222
Benefits Paid	(1 649 136)	(1 568 275)
Actuarial Loss / (Gain)	(6 388 807)	(2 042 666)
Present value of fund obligation at the end of the year	51 412 969	52 388 354
Less: Transfer of Current Portion - Note 7	(1 655 100)	(1 636 044)
Balance 30 June	**49 757 869**	**50 752 310**

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	30.064	21.349	51.413	-

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	33.253	22.671	55.924	9%
Health care inflation	-1%	26.139	19.889	46.028	-10%
Discount rate	1%	25.204	19.594	44.798	-13%
Discount rate	-1%	36.304	23.398	59.702	16%
Post-retirement mortality	-1 year	30.979	22.213	53.192	3%
Average retirement age	-1 year	32.662	21.349	54.011	5%
Withdrawal Rate	-10%	22.790	21.349	44.139	-14%

4 NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

	2017 R
The following are estimates for the 2016/2017 financial year:	
Future Service Cost	2 434 400
Interest Cost	4 695 600

Assumption	Change	Current-service Cost	Interest Cost	Total	% change
Central Assumptions		**2 434 400**	**4 695 600**	**7 130 000**	**-**
Health care inflation	1%	2 705 000	5 114 200	7 819 200	10%
Health care inflation	-1%	2 076 500	4 195 900	6 272 400	-12%
Discount rate	1%	2 002 300	4 521 800	6 524 100	-8%
Discount rate	-1%	2 998 200	4 875 700	7 873 900	10%
Post-retirement mortality	-1 year	2 506 100	4 860 700	7 366 800	3%
Average retirement age	-1 year	2 622 300	4 936 600	7 558 900	6%
Withdrawal Rate	-10%	1 831 700	4 020 700	5 852 400	-18%

	2016	2015
4.2 Long Service Bonuses		
The Long Service Bonus plans are defined benefit plans.		
As at year end, the following number of employees were eligible for Long Service Bonuses.	679	679
	2016	**2015**
Key actuarial assumptions used:	**%**	**%**
i) Rate of interest		
Discount rate	8.54%	7.94%
General Salary Inflation (long-term)	7.20%	7.02%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.25%	0.86%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

	2016 R	2015 R
The Projected Unit Credit Method has been used to value the liabilities.		
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	9 377 980	9 279 667
Net liability	**9 377 980**	**9 279 667**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014	2013	2012 R
Total Liability	**8 470 946**	**8 234 260**	**7 275 691**

4 NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

	2016 Rm	2015 Rm	2014 Rm	2013 Rm	2012 Rm
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss	256 159	175 329	217 727	163 567	(102 179)
Assets: Gain / (loss)	0.000	0.000	0.000	0.000	0.000

Reconciliation of present value of fund obligation:		2016 R	2015 R
Present value of fund obligation at the beginning of the year		9 279 667	8 470 946
Total expenses		451 437	762 758
Current service cost		808 271	706 504
Interest Cost		683 442	648 522
Benefits Paid		(1 040 276)	(592 268)
Actuarial Loss / (Gain)		(353 124)	45 963
Present value of fund obligation at the end of the year		9 377 980	9 279 667
Less:	Transfer of Current Portion - Note 7	(1 063 506)	(1 379 648)
Balance 30 June		**8 314 474**	**7 900 019**

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	**Change**	**Liability (Rm)**	**% change**
Central assumptions		9 378	-
General salary inflation	1%	9 996	7%
General salary inflation	-1%	8 817	-6%
Discount rate	1%	8 794	-6%
Discount rate	-1%	10 034	7%
Average retirement age	2 yrs	7 965	-15%
Average retirement age	+2 yrs	10 790	15%
Withdrawal rates	-50%	11 118	19%

	2017 R
The following are estimates for the 2016/2017 financial year:	
Future Service Cost	829 300
Interest Cost	756 300

Assumption	**Change**	**Current-service Cost**	**Interest Cost**	**Total**	**% change**
Central Assumptions		**829 300**	**756 300**	**1 585 600**	**-**
General salary inflation	1%	899 900	808 800	1 708 700	8%
General salary inflation	-1%	766 200	708 600	1 474 800	-7%
Discount rate	1%	771 100	789 200	1 560 300	-2%
Discount rate	-1%	895 400	717 100	1 612 500	2%
Average retirement age	2 yrs	722 700	635 600	1 358 300	-14%
Average retirement age	+2 yrs	937 600	876 800	1 814 400	14%
Withdrawal rates	-50%	1 096 500	904 800	2 001 300	26%

4 NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claimed that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosures has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing members of Langeberg Municipality
The contribution rate payable is 9% by members and 18% by Council.	June 2015	2 136 012	2 026 278	1

The contribution rate payable under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2015 disclosed an actuarial valuation amounting to R2,136,012,000 (30 June 2014 : R3,631,518,000), with a nett accumulated surplus of R21,948,000 (2014 : R23,343,000 (deficit)), with a funding level of 153.1% (30 June 2014 : 101.7%). The actuarial valuation report at 30 June 2015 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R1,932,720,000 (30 June 2014 : R556,689,000), net investment reserve of R0 (30 June 2014 : R0) and a funding level of 100% (2014 : 100%).
The actuary concluded that :
- The Pensioner Account has a surplus of R28 million and a funding level of 101.4%.
- The balance of the DB Section for DB active members has a surplus of R21.9 million and a funding level of 153.1%.
- The DC Section has a funding level of 100.0% and no surplus.
- There is a future service contribution rate shortfall of 5.34% of salary in respect of 29 remaining DB active members after the transfer of DB active members to the DC Section.
- The Trustees granted a pension increase of 3% effective 1 January 2016 and a bonus of 75% of monthly pension payable in December 2015. Pro-rata pension increases and bonus apply for pensions in payment for less than one year. The pension increase and bonus are affordable given the healthy funding level of the Pensioner Account and the excellent investment returns achieved over the last three years. The actuary certified that the Fund is in a sound financial condition as at 30 June 2015, the nature of the assets is suitable for the Fund and the Fund's investment strategy is suitable, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this asset class. Furthermore the assets are appropriately matched relative to the term and nature of the liabilities and the risk benefits for the remaining active members of the DB Section are partially re-insured. This may result in volatile death benefit experience for the Fund. It would be more appropriate to re-insure the full value of these death benefits. Finally the risk benefits of the DC Section are fully re-insured and this is appropriate for the size and nature of the Fund.

Contributions paid recognised in the Statement of Financial Performance	34 908	32 624

CAPE RETIREMENT FUND	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing members of Langeberg Municipality
The contribution rate payable is 9% by members and 18% by Council.	June 2015	18 322 177	18 250 742	587

The statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R18,322,177,000 (30 June 2014: R17,172,854,000), with funding levels of 112.1% and 100% (30 June 2014 112.6% and 100%) for the Share Account and the Pensions Account respectively. The Presevation Pension Account showed a suplus of R0 and was 100% funded for both 2015 & 2014. The contribution rate paid by the members (7,50%/9%) and the municipalities (19,50%/18%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

Contributions paid recognised in the Statement of Financial Performance	20 103 506	18 658 764

4 NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

DEFINED CONTRIBUTION FUNDS

Council contributes to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	Last Actuarial Valuation	Total Assets R'000	Total liabilities R'000	Contributing members of Langeberg Municipality
South African Local Authorities Pension Fund	July 2014	12 658 200	12 658 200	20
SAMWU National Provident Fund	June 2008	2 455 947	2 455 947	84

The SALA Pension Fund operates both as a defined benefit and defined contribution scheme. The statutory valuation performed as at 1 July 2014 revealed that the assets of the fund amounted to R12,658,200,000 (30 June 2013 :
R10,439,200,000), with funding levels of 100% (30 June 2013: 100%). The highest contribution rate paid by the members was 9% and by Council 19.18%.It is the actuary's opinion that :
- They are satisfied with the investment strategy of the Fund;
- the nature of the assets is, in their opinion, suitable for the nature of the liabilities of the Fund as defined in the Rules of the Fund;
- the matching of assets with the liabilities of the Fund is adequate; and
- the insurance arrangements are appropriate compared to the cover provided can be regarded as financially sound at the valuation date.

The SAMWU National Provident Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. The statutory valuation performed as at 30 June 2008 revealed that the assets of the fund amounted to R2,455,947,000 (30 June 2005 : R1,511,461,000), with funding levels of 100% (30 June 2005: 100%). The investment smoothing reserve has increased from 1.2% of the market value of assets (or 1.25% of members' Fund Credits) at the previous valuation date to 4.6% of the market value of assets (or 5.5% of members' Fund Credits) at the current valuation date.The actuary certified that based on the 2011 valaution the Fund's assets are sufficient to cover the members' Fund Credits and Risk Benefits Reserve and to provide for an investment smoothing reserve of 5.5% of members' Fund Credits as at 30 June 2011. In addition, there is a substantial surplus of some R413 million. The Fund is therefore in a very sound financial position.

Contributions paid recognised in the Statement of Financial Performance

Sala Pension Fund	972 825	1 176 531
SAMWU National Provident Fund	2 621 050	2 587 064
	3 593 875	**3 763 595**

5	NON-CURRENT PROVISIONS	2016 R	2015 R
	Provision for Rehabilitation of Landfill-sites	49 703 536	50 542 498
	Total Non-current Provisions	**49 703 536**	**50 542 498**

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

Landfill Sites		2016 R	2015 R
Balance 1 July		55 251 425	22 442 082
Contribution for the year		(2 902 990)	31 631 133
Expenditure incurred (Interest)		3 279 513	1 178 209
Total provision 30 June		**55 627 947**	**55 251 425**
Less:	Transfer of Current Portion to Current Provisions - Note 8	(5 924 411)	(4 708 926)
Balance 30 June		**49 703 536**	**50 542 498**

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 (m²)	17 190	28 890	35 752	44 685
Rehabilitation volume (m³)	17 190	23 635	35 752	43 979
Fence (m)				
Total cost of rehabilitation	8 086 176	12 616 552	15 611 468	19 313 751
Decommission date	2015	2020	2015	2016

6	CONSUMER DEPOSITS		
	Municipal services	9 019 575	7 987 509
	Total Consumer Deposits	**9 019 575**	**7 987 509**
	Guarantees held in lieu of Electricity and Water Deposits	2 435 960	2 456 421

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

7	CURRENT EMPLOYEE BENEFITS	2016	2015
	Current Portion of Post Retirement Benefits - Note 4	1 655 100	1 636 044
	Current Portion of Long-Service Provisions - Note 4	1 063 506	1 379 648
	Staff Leave	6 463 222	4 738 668
	Performance Bonuses	350 164	314 955
	Bonuses	4 005 432	3 770 610
	Total Current Employee Benefits	**13 537 424**	**11 839 926**

The movement in current employee benefits is reconciled as follows:

Staff Leave

Balance at beginning of year	4 738 667.81	6 400 341
Contribution to current portion	3 602 706	3 866 447
Expenditure incurred	(1 878 152)	(5 528 120)
Balance at end of year	**6 463 222**	**4 738 668**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement

7 CURRENT EMPLOYEE BENEFITS (CONTINUE)

	2016	2015
	R	R
Performance Bonuses		
Balance at beginning of year	314 955	314 808
Contribution / (Reversal) to current portion	350 006	314 955
Expenditure incurred	(314 797)	(314 808)
Balance at end of year	**350 164**	**314 955**

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement

	2016	2015
	R	R
Bonuses		
Balance at beginning of year	3 770 610	3 483 033
Contribution to current portion	7 304 796	6 876 740
Expenditure incurred	(7 069 975)	(6 589 162)
Balance at end of year	**4 005 432**	**3 770 610**

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. There is no possibility of reimbursement

8 PROVISIONS

	2016	2015
Current Portion of Rehabilitation of Landfill-sites - Note 5	5 924 411	4 708 926
Total Provisions	**5 924 411**	**4 708 926**

9 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	53 969 009	42 063 266
Payments received in advance	3 796 052	4 257 160
Retentions and Guarantees	3 116 077	3 211 485
Sundry Deposits	7 640 915	7 334 515
Sundry Creditors	74 156	27 563
Total Trade Payables	**68 596 209**	**56 893 989**

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.

All payables are unsecured.

Sundry deposits include hall, builders and other general deposits.

10	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	2016 R	2015 R
	Unspent Grants	9 582 308	9 857 121
	National Government Grants	5 538 711	6 825 480
	Provincial Government Grants	3 031 599	2 019 641
	District Municipality	1 011 999	1 011 999
	Less: Unpaid Grants	-	-
	Total Conditional Grants and Receipts	**9 582 308**	**9 857 121**

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

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 2016 be approved for roll-over and when it is approved it will be taken up in the second adjustments budget of the 2016/2017 financial year.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

11	UNSPENT PUBLIC CONTRIBUTIONS	2016	2015
11.1	Silwer Strand Home Owners Association	62 849	62 849
	Uitsig:Parmalat	-	-
	Robertson Arts and Crafts Project	621 481	621 481
	Total Unspent Public Contributions	**684 330**	**684 330**

Reconciliation of public contributions

Silwer Strand Home Owners Association

Opening balance	62 849	62 849
Contributions received	-	-
Conditions met - Transferred to revenue	-	-
Closing balance	**62 849**	**62 849**

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

11.2 Uitsig:Parmalat

Opening balance	-	310 100
Contributions received	-	-
Conditions met - Transferred to revenue	-	(310 100)
Closing balance	**-**	**-**

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

11.3 Robertson Arts and Crafts Project

Opening balance	621 481	621 481
Contributions received	-	-
Conditions met - Transferred to revenue	-	-
Closing balance	**621 481**	**621 481**

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.

12	TAXES	2016	2015
12.1	**VAT PAYABLE**		
	VAT Payable	1 032 232	2 127 912
	VAT output in suspense	7 455 793	6 567 227
	Less: VAT portion of receivables	(4 115 875)	(3 741 080)
	Total Vat payable	**4 372 151**	**4 954 059**
12.2	**VAT RECEIVABLE**		
	VAT input in suspense	5 003 536	4 760 416
	Total VAT receivable	**5 003 536**	**4 760 416**
12.3	**NET VAT RECEIVABLE/(PAYABLE)**	**631 385**	**(193 643)**

VAT is receivable/payable on the cash basis. VAT is paid over to SARS only once payment is received from debtors.

13 PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2016

Reconciliation of Carrying Value	Cost: 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 and Impairment Losses: Accumulated Depreciation Opening Balance	Accumulated Impairments Opening Balance	Adjustments	Depreciation	Disposals / Transfer	Impairments	Adjustments	Accumulated Depreciation Closing Balance	Accumulated Impairments Closing Balance	Carrying Value
	R	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	-	-	38 648 793	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**	**112 158**	**20 710 128**	**(3 029 747)**	**508 397**	**-**	**191 277 282.18**	**713 150**	**589 190 705**

13 PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2015

Reconciliation of Carrying Value	Cost												Accumulated Depreciation and Impairment Losses									
	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	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	**91 814 235**	**-**	**-**	**-**	**91 814 235**	**-**	**4 171 189**	**-**	**-102 000**	**-**	**-**	**95 882 929**	**8 334 656**	**203 340**	**-**	**832 497**	**-**	**-**	**(270 309)**	**8 896 844**	**203 340**	**86 782 745**
Land	56 119 933	-	-	-	56 119 933	-	680 000	-	-102 000	-	1 900 000	58 597 933	-	200 000	-	-	-	-	-	-	200 000	58 397 933
Buildings	35 694 302	-	-	-	35 694 302	-	3 491 189	-	-	-	(1 900 495)	37 284 996	8 334 656	3 340	-	832 497	-	-	(270 309)	8 896 844	3 340	28 384 812
	-						-		-										-			
Infrastructure	**428 907 107**	**-**	**-**	**-**	**428 907 107**	**-**	**38 238 813**	**-**	**-7 969**	**-**	**(877 590)**	**466 260 361**	**102 394 076**	**-**	**-**	**11 243 003**	**(5 987)**	**-**	**97 023**	**113 728 115**	**-**	**352 532 246**
Electricity	108 600 538	-	-	-	108 600 538	-	13 211 727	-	-	-	180 342	121 992 607	31 492 994	-	-	2 804 458	-	-	900	34 298 352	-	87 694 255
Electricity capital spares	3 166 902	-	-	-	3 166 902	-	-	-	-	-	(768 930)	2 397 971	-	-	-	-	-	-	-	-	-	2 397 971
Housing	6 814 851	-	-	-	6 814 851	-	-	-	-	-	-	6 814 851	986 792	-	-	71 634	-	-	-	1 058 426	-	5 756 424
Roads	114 145 708	-	-	-	114 145 708	-	1 005 605	-	-	-	75 886	115 227 198	32 650 054	-	-	3 481 453	-	-	95 836	36 227 343	-	78 999 855
Sewerage	56 038 142	-	-	-	56 038 142	-	165 116	-	-6 127	-	-	56 197 131	12 878 353	-	-	1 686 844	(4 457)	-	186	14 560 927	-	41 636 205
Waste Management	19 994 642	-	-	-	19 994 642	-	-	-	-1 842	-	-	19 992 800	3 774 630	-	-	565 907	(1 529)	-	-	4 339 008	-	15 653 792
Water	100 459 960	-	-	-	100 459 960	-	30 160 220	-	-	-	-	130 620 180	20 611 253	-	-	2 632 707	-	-	100	23 244 060	-	107 376 120
Water capital spares	425 651				425 651		-	-	-	-	(32 934)	392 718	-	-	-	-	-	-	-	-	-	392 718
Work in Progress	19 260 714	-	-	-	19 260 714	-	-6 303 855	-	-	-	(331 954)	12 624 905	-	-	-	-	-	-	-	-	-	12 624 905
Community Assets	**73 793 199**	**-**	**-**	**-**	**73 793 199**	**-**	**1 492 175**	**-**	**-**	**-**	**(206 258)**	**75 079 116**	**16 602 888**	**-**	**-**	**1 856 417**	**-**	**-**	**(232 833)**	**18 226 471**	**-**	**56 852 644**
Airfield	378 308	-	-	-	378 308	-	-	-	-	-	-	378 308	36 549	-	-	9 161	-	-	-	45 710	-	332 598
Cemeteries	2 561 747	-	-	-	2 561 747	-	-	-	-	-	(5 258)	2 556 489	929 910	-	-	101 262	-	-	(342)	1 030 830	-	1 525 659
Clinics	5 593 337	-	-	-	5 593 337	-	-	-	-	-	(201 000)	5 392 337	944 815	-	-	89 614	-	-	(32 492)	1 001 936	-	4 390 400
Community halls	12 374 949	-	-	-	12 374 949	-	-	-	-	-	-	12 374 949	2 117 122	-	-	160 871	-	-	-	2 277 994	-	10 096 955
Fire, safety & emergency	761 145	-	-	-	761 145	-	-	-	-	-	-	761 145	265 087	-	-	34 072	-	-	-	299 159	-	461 986
Libraries	6 795 184	-	-	-	6 795 184	-	682 902	-	-	-	-	7 478 087	2 388 724	-	-	219 454	-	-	-	2 608 178	-	4 869 909
Museums & Art Galleries	616 241	-	-	-	616 241	-	-	-	-	-	-	616 241	105 334	-	-	9 190	-	-	-	114 524	-	501 717
Other	10 471 045	-	-	-	10 471 045	-	104 724	-	-	-	-	10 575 770	1 056 914	-	-	364 432	-	-	-	1 421 346	-	9 154 424
Parks & Gardens	11 951 777	-	-	-	11 951 777	-	24 200	-	-	-	-	11 975 977	1 607 487	-	-	127 708	-	-	-	1 735 194	-	10 240 782
Recreation facilities	1 993 311	-	-	-	1 993 311	-	-	-	-	-	-	1 993 311	1 274 155	-	-	66 566	-	-	-	1 340 721	-	652 590
Sport fields & stadia	16 401 093	-	184 556	-	16 585 649	-	63 482	-	-	-	-	16 649 131	4 428 526	-	-	538 653	-	-	(199 999)	4 767 180	-	11 881 951
Swimming pools	3 568 824	-	-	-	3 568 824	-	188 748	-	-	-	-	3 757 573	1 448 266	-		135 434	-	-	-	1 583 700	-	2 173 873
Work in Progress	326 239	-	(184 556)	-	141 683	-	428 118	-	-	-	-	569 800	-	-	-	-	-	-	-	-	-	569 800
Leased Assets	**2 495 699**	**-**	**-**	**-**	**2 495 699**	**-**	**128 670**	**-**	**-**	**-**	**-**	**2 624 369**	**687 526**	**-**	**-**	**549 811**	**-**	**-**	**-**	**1 237 337**	**-**	**1 387 032**
Office Equipment (Lease)	2 495 699	-	-	-	2 495 699	-	128 670	-	-	-	-	2 624 369	687 526	-	-	549 811	-	-	-	1 237 337	-	1 387 032
Other Assets	**56 308 560**	**8 288 764**	**-**	**-**	**56 308 560**	**8 288 764**	**9 549 708**	**701 906**	**-2 422 594**	**-113 901**	**(81 706)**	**72 230 737**	**29 069 151**	**-**	**-**	**4 658 604**	**(2 284 141)**	**1 413**	**(47 640)**	**31 395 975**	**1 413**	**40 833 349**
Computer hardware/equipment	10 264 329	1	-	-	10 264 329	1	3 380 917	-	(981 124)	-	(109 702)	12 554 422	5 016 364	-	-	1 239 640	(908 120)	1 413	(75 087)	5 272 797	1 413	7 280 211
Furniture & office equipment	6 866 856	87	-	-	6 866 856	87	1 027 486	-	(550 759)	-	(32 382)	7 311 288	3 141 166	-	-	1 000 360	(537 086)	-	(10 368)	3 594 072	-	3 717 217
General Vehicles	17 632 754	5 935 855	-	-	17 632 754	5 935 855	2 263 992	647 569	(496 384)	(92 741)	31 505	25 922 551	9 952 850	-	-	947 877	(471 671)	-	25 645	10 454 702	-	15 467 849
Other	343 682	207 941	-	-	343 682	207 941	-	-	(51 754)	-	-	499 868	173 597	-	-	20 316	(51 744)	-	58	142 226	-	357 642
Other Buildings	1 139 382	-	-	-	1 139 382	-	-	-	(6 776)	-	-	1 132 606	507 354	-	-	45 898	(5 024)	-	-	548 228	-	584 378
Specialised Vehicles	4 085 150	975 880	-	-	4 085 150	975 880	-	-	(160 853)	(21 160)	-	4 879 018	2 106 531	-	-	198 224	(139 560)	-	-	2 165 196	-	2 713 823
Plant & Equipment	15 976 406	1 168 999	-	-	15 976 406	1 168 999	2 877 312	54 336	(174 944)	-	28 873	19 930 983	8 171 289	-	-	1 206 288	(170 935)	-	12 112	9 218 754	-	10 712 229
	653 318 799	**8 288 764**	**-**	**-**	**653 318 799**	**8 288 764**	**53 580 555**	**701 906**	**(2 532 562)**	**(113 901)**	**(1 165 553)**	**712 077 512**	**157 088 296**	**203 340**	**-**	**19 140 331**	**(2 290 127)**	**1 413**	**(453 758)**	**173 484 742**	**204 753**	**538 388 016**

13 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

CHANGE IN ESTIMATE

Effect of changes in accounting estimates

During the current year useful lives of Property, Plant and Equipment were re-assessed. The effect of current as well as future periods are as follows:

	2016	2017	2018
Effect on Accumulated Surplus - Decrease/(Increase) in depreciation	1 566 924	1 566 924	1 566 924
Increase/(Decrease) in Accumulated Depreciation:PPE	(1 566 924)	(1 566 924)	(1 566 924)

14 INVESTMENT PROPERTY

	2016 R	2015 R
Net Carrying amount at 1 July	**27 290 366**	**27 339 948**
Cost	29 024 905	29 024 905
Accumulated Depreciation	(1 734 539)	(1 684 958)
Depreciation for the year	(49 717)	(49 581)
Net Carrying amount at 30 June	**27 240 649**	**27 290 366**
Cost	29 024 905	29 024 905
Accumulated Depreciation	(1 784 256)	(1 734 539)

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	1 183 185	1 015 185
Operating expenditure incurred on properties	4 433 259	4 182 279

15 INTANGIBLE ASSETS

	2016 R	2015 R
Computer Software and Servitudes		
Net Carrying amount at 1 July	**470 433**	**545 165**
Cost	2 982 607	2 929 607
Accumulated Amortisation	(2 512 174)	(2 384 442)
Acquisitions	-	53 000
Amortisation	(128 061)	(127 732)
Net Carrying amount at 30 June	**342 371**	**470 433**
Cost	2 982 607	2 982 607
Accumulated Amortisation	(2 640 235)	(2 512 174)

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

	Carrying Value	
Description	2016 R	2015 R
Microsoft Office	289 371	417 433
Servitude Bonnievale	53 000	53 000
Total	**342 371**	**470 433**

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
16	**HERITAGE ASSETS**		
	Net Carrying amount at 1 July	**649 000**	**649 000**
	Impairments	(389 000)	(389 000)
	Net Carrying amount at 30 June	**260 000**	**260 000**
	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 insituted 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

No third party payments received for losses and impairments incurred on the museum as at 30 June 2016:

Payments received (Excluding VAT)	-	-
Carrying value of assets written off/lost/impaired	-	-
Surplus/Deficit	**-**	**-**

		2016 R	2015 R
17	**CAPITALISED RESTORATION COST**		
	Net Carrying amount at 1 July	**19 707 516**	**2 490 747**
	Cost	51 765 576	20 131 830
	Accumulated Depreciation	(18 665 629)	(17 641 082)
	Accumulated Impairments	(13 392 431)	-
	Acquisitions / Additions	-	31 633 746
	Decrease in asset value	(1 658 485)	-
	Depreciation for the year	(10 091 628)	(1 024 547)
	Impairment for the year	-	(13 392 431)
	Net Carrying amount at 30 June	**7 957 403**	**19 707 516**
	Cost	50 107 091	51 765 576
	Accumulated Depreciation	(28 757 257)	(18 665 629)
	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.

18	**NON-CURRENT INVESTMENTS**		
	Listed Investments	113 910	115 524
	Unlisted Investments	6 993	5 654
	Total Non-Current Investments	**120 903**	**121 178**

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 KWV Shares held at fair value, available for sale.

The market value per share at year end: Sanlam Shares	**60.36**	**66.34**
The market value per share at year end: KWV Shares	**12.00**	**5.50**
The market value per share at year end: Capevin Shares	**8.98**	**9.50**

			2016 R	2015 R
19	**LONG-TERM RECEIVABLES**			
	Provincial Government Housing Loans - At amortised cost		383 545	572 545
	Staff Study loans - At amortised cost		155 342	46 318
	Services connections - At amortised cost		730 146	879 377
	Land Sales - At amortised cost		-	402 726
	Short-term Installments		141 361	120 239
	Agreements with Consumer Debtors		15 750 842	14 613 545
			17 161 236	16 634 750
	Less:	Current portion transferred to current receivables	(529 249)	(614 506)
			16 631 987	16 020 244
	Less:	Provision for Impairment	(15 750 841)	(14 613 545)
	Total Long Term Receivables		**881 146**	**1 406 699**

19 LONG-TERM RECEIVABLES (CONTINUE)

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.

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.

	2016 R	2015 R
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	14 613 545	15 081 485
Contribution to provision/(Reversal of provision)	1 137 297	(467 940)
Bad Debts Written Off	-	-
Balance at end of year	**15 750 841**	**14 613 545**

20 INVENTORY

Maintenance Materials - At cost	8 875 349	8 046 385
Compost – at cost	13 944	22 021
Water – at cost	127 933	108 786
Low Cost Housing	9 160 617	9 160 617
Total Inventory	**18 177 844**	**17 337 809**
Balance previously reported (Note 21)		**20 128 498**
Correction of Error - Refer to note 38.3		(2 790 689)
Restated balance		**17 337 809**

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

Consumable stores materials written down due to damages as identified during the annual stores counts.	**5 819**	**333 410**
Consumable stores materials surpluses identified during the annual stores counts.	**(1 495)**	**(1 269)**
Inventory recognised as an expense during the year	**8 514 221**	**20 057 663**
Write down of inventory to the lower of Cost or Net Realisable Value	**72 013**	**49 842**

21	RECEIVABLES FROM EXCHANGE TRANSACTIONS	2016 R	2015 R
	Electricity	19 864 050	18 255 224
	Water	7 050 376	7 116 460
	Refuse	4 281 984	3 678 934
	Sewerage	5 610 725	4 763 691
	Housing Rentals	780 666	1 893 770
	Other Receivables	3 132 667	1 816 860
	Prepaid Expenses	74 556	94 755
	Other	18 465 006	17 211 109
	Total Receivables from Exchange Transactions	**59 260 028**	**54 830 805**
	Less: Provision for Impairment	(17 430 155)	(16 902 414)
	Total Net Receivables from Exchange Transactions	**41 829 874**	**37 928 391**

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

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing		
Current (0 - 30 days)	17 893 262	15 781 360
31 - 60 Days	174 375	384 080
61 - 90 Days	77 374	144 891
+ 90 Days	1 719 039	1 944 894
Total	**19 864 050**	**18 255 224**
(Water): Ageing		
Current (0 - 30 days)	3 192 272	3 347 134
31 - 60 Days	503 444	1 132 896
61 - 90 Days	378 651	463 488
+ 90 Days	2 976 008	2 172 942
Total	**7 050 376**	**7 116 460**
(Refuse): Ageing		
Current (0 - 30 days)	1 344 533	1 216 777
31 - 60 Days	270 701	713 632
61 - 90 Days	202 777	177 196
+ 90 Days	2 463 973	1 571 329
Total	**4 281 984**	**3 678 934**
(Sewerage): Ageing		
Current (0 - 30 days)	1 739 651	1 497 274
31 - 60 Days	348 904	970 446
61 - 90 Days	263 237	232 438
+ 90 Days	3 258 932	2 063 534
Total	**5 610 725**	**4 763 691**
(Other): Ageing		
Current (0 - 30 days)	19 955 956	17 644 269
31 - 60 Days	52 039	136 616
61 - 90 Days	48 424	63 389
+ 90 Days	2 321 919	3 077 465
Total	**22 378 338**	**20 921 740**
(Total): Ageing		
Current (0 - 30 days)	44 125 674	39 486 814
31 - 60 Days	1 349 463	3 337 670
61 - 90 Days	970 463	1 081 402
+ 90 Days	12 739 872	10 830 164
Total	**59 185 472**	**54 736 049**

21 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)

	2016	2015
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	16 902 414	14 659 280
Contribution to provision/(Reversal of provision)	13 176 101	4 730 381
Bad Debts Written Off	(12 648 360)	(2 487 247)
Balance at end of year	**17 430 155**	**16 902 414**

The Provision for Impairment could be allocated between the different classes of receivables as follows:

Electricity	3 411 288	3 378 144
Water	4 373 428	4 225 998
Refuse	3 040 012	2 551 411
Sewerage	4 029 090	3 398 040
Other	2 576 336	3 348 822
	17 430 155	**16 902 414**

2016	**Gross balance**	**Allowance for doubtful debt**	**Net balance**
Electricity	19 864 050	(3 411 288)	16 452 762
Water	7 050 376	(4 373 428)	2 676 947
Refuse	4 281 984	(3 040 012)	1 241 971
Sewerage	5 610 725	(4 029 090)	1 581 635
Other	22 452 894	(2 576 336)	19 876 558
Balance at end of year	**59 260 028**	**(17 430 155)**	**41 829 874**

2015	**Gross balance**	**Allowance for doubtful debt**	**Net balance**
Electricity	18 255 224	(3 378 144)	14 877 080
Water	7 116 460	(4 225 998)	2 890 462
Refuse	3 678 934	(2 551 411)	1 127 524
Sewerage	4 763 691	(3 398 040)	1 365 652
Other	21 016 495	(3 348 822)	17 667 673
Balance at end of year	**54 830 805**	**(16 902 414)**	**37 928 391**

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

22	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2016 R	2015 R
	Rates	9 029 783	7 932 678
	Fines	15 458 050	15 467 100
	Other Receivables	5 640 628	4 673 538
	Accrued Interest	470 745	117 530
	Availability charges	4 874 899	4 326 948
	Other	294 984	229 060
	Total Receivables from Non-Exchange Transactions	**30 128 462**	**28 073 316**
	Less: Provision for Impairment	(24 730 685)	(23 219 277)
	Total Net Receivables from Non-Exchange Transactions	**5 397 777**	**4 854 039**

Trade Receivables with a total outstanding balance of R 15 750 842 (2015 - R 14 613 545) have arranged to settle their account over a re-negotiated period. The total value has been deferred beyond 12 months after year end and subsequently included as part of long term Trade Receivables.

Refer to note 19 for balances deferred beyond 12 months from year end.

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing		
Current (0 - 30 days)	2 069 494	2 065 637
31 - 60 Days	227 706	258 644
61 - 90 Days	169 063	141 541
+ 90 Days	6 563 521	5 466 856
Total	**9 029 783**	**7 932 678**

Reconciliation of Provision for Bad Debts		
Balance at beginning of year	23 219 277	14 920 227
Contribution to provision/(Reversal of provision)	17 751 452	17 569 031
Bad Debts Written Off	(16 240 044)	(9 269 981)
Balance at end of year	**24 730 685**	**23 219 277**

2016	**Gross balance**	**Allowance for doubtful debt**	**Net balance**
Rates	9 029 783	(6 851 622)	2 178 161
Fines	15 458 050	(13 233 983)	2 224 067
Other Receivables	5 640 628	(4 645 080)	995 548
Balance at end of year	**30 128 462**	**(24 730 685)**	**5 397 777**

2015	**Gross balance**	**Allowance for doubtful debt**	**Net balance**
Rates	7 932 678	(5 846 287)	2 086 391
Fines	15 467 100	(13 298 583)	2 168 517
Other Receivables	4 673 538	(4 074 406)	599 132
Balance at end of year	**28 073 316**	**(23 219 277)**	**4 854 039**

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

23 OPERATING LEASE ARRANGEMENTS

	2016	2015
The Municipality as Lessor (Asset)		
Balance on 1 July	76 262	124 287
Movement during the year	12 679	(48 024)
Balance on 30 June	**88 941**	**76 262**
Balance previously reported (Note 24)		**83 233**
Correction of Error: Lease Contracts not included in Lease Register 2014/2015 - Refer to note 38.2		7 671
Correction of Error: Lease Contracts not included in Lease Register 2013/2014 - Refer to note 38.2		(14 641)
Restated balance		**76 262**

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	974 873	527 339
1 to 5 Years	1 683 452	438 484
More than 5 Years	244 875	72 865
Total Operating Lease Arrangements	**2 903 200**	**1 038 688**

This lease income was determined from contracts that have a specific conditional income. It does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out.

24 CASH AND CASH EQUIVALENTS

	2016	2015
Assets		
Call Investments Deposits	90 015 287	24 868 724
Bank Accounts	13 585 681	57 756 592
Cash Floats	9 110	8 210
Total Cash and Cash Equivalents - Assets	**103 610 078**	**82 633 526**
Liabilities		
Primary Bank Account	-	-
Total Cash and Cash Equivalents - Liabilities	**-**	**-**

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:

	2016	2015
Current Accounts		
Primary Bank account	13 583 381	57 754 292
Traffic bank account	2 300	2 300
	13 585 681	**57 756 592**

Traffic account is cleared daily to Primary Bank Account.

24 CASH AND CASH EQUIVALENTS (CONTINUE)

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		13 583 381	57 754 292
Bank statement balance at beginning of year		57 512 148	11 574 320
Bank statement balance at end of year		12 523 860	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		500	5 400

Call Investment Deposits

Call investment deposits consist of the following accounts:

Nedbank	Account Number 03/7881034971/000031	35 000 000	-
Standard Bank	Account Number 28 847 690 5 - 002	30 000 000	-
ABSA	Account Number 92 99946707	25 015 287	24 868 724
		90 015 287	24 868 724

25 PROPERTY RATES

	2016	2015
Actual		
Rateable Land and Buildings	50 297 609	43 229 736
Residential, Commercial Property, State	50 297 609	43 229 736
Less: Rebates	(10 343 148)	(8 710 163)
Total Assessment Rates	**39 954 462**	**34 519 573**
Valuations		
Rateable Land and Buildings		
Residential	5 553 320 799	4 667 149 348
Agricultural	6 047 662 296	4 769 914 447
Government	290 025 700	242 047 715
Business & Commercial	1 457 416 946	1 208 057 240
Municipal	419 838 778	316 956 174
Exempt Properties	341 000 950	308 707 424
Total Assessment Rates	**14 109 265 469**	**11 512 832 348**

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2014.

Rates:		
Residential	0.0049c/R	0.0050c/R
Commercial, Industrial & Government	0.0071c/R	0.0073c/R
Public Benefit Organisations	0.0009c/R	0.0011c/R
Agricultural	0.0009c/R	0.0011c/R

Rates are levied annually and is payable by the 7th of October. Interest is levied at the prime rate on outstanding instalments. Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

26	GOVERNMENT GRANTS AND SUBSIDIES	2016 R	2015 R
	Unconditional Grants	**57 378 000**	**55 756 000**
	Equitable Share	57 378 000	55 756 000
	Conditional Grants	**64 787 869**	**49 822 385**
	Grants and donations	1 347 431	1 078 540
	Subsidies	63 440 438	48 743 846
	Total Government Grants and Subsidies	**122 165 869**	**105 578 385**
	Government Grants and Subsidies - Capital	46 347 944	22 718 920
	Government Grants and Subsidies - Operating	75 817 925	82 859 465
		122 165 869	**105 578 385**

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share	57 378 000	55 756 000
Executive & Council	361 667	380 646
Budget & Treasury	1 783 523	1 749 182
Corporate Services	940 000	934 000
Planning & Development	1 541 619	1 451 407
Health	-	-
Community & Social Services	8 196 777	7 752 536
Housing	27 539 887	14 681 675
Public Safety	-	-
Sport & Recreation	-	663 952
Environmental Protection	-	-
Waste Management	2 914 970	-
Waste Water Management	18 453 030	3 412 781
Road Transport	848 402	246 429
Water	-	17 666 677
Electricity	2 207 993	883 101
	122 165 869	**105 578 385**

The municipality does not expect any significant changes to the level of grants.

26.1	**Equitable share**	2016	2015
	Opening balance	-	-
	Grants received	57 378 000	55 756 000
	Conditions met - Operating	(57 378 000)	(55 756 000)
	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.

26.2	**Local Government Financial Management Grant (FMG)**		
	Opening balance	-	-
	Grants received	1 450 000	1 450 000
	Conditions met - Operating	(1 450 000)	(1 175 298)
	Conditions met - Capital	-	(274 702)
	Conditions still to be met	**-**	**-**

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).

26	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2016 R	2015 R
26.3	**Municipal Systems Improvement Grant**		
	Opening balance	-	-
	Grants received	940 000	934 000
	Conditions met - Operating	(115 439)	(114 700)
	Conditions met - Capital	(824 561)	(819 300)
	Conditions still to be met	**-**	**-**

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

26.4	**Municipal Infrastructure Grant (MIG)**		
	Opening balance	2 755	-
	Grants received	21 368 000	20 686 000
	Transfer	(2 755)	-
	Conditions met - Operating	(2 624 140)	(2 540 048)
	Conditions met - Capital	(18 743 860)	(18 143 197)
	Conditions to be met	**-**	**2 755**

The grant was used to upgrade infrastructure in previously disadvantaged areas.

26.5	**Housing Grants**		
	Opening balance	1 597 415	1 464 237
	Grants received	27 655 483	14 814 853
	Transfer	(133 338)	-
	Conditions met - Operating	(5 083 971)	(14 681 675)
	Conditions met - Capital	(22 455 916)	-
	Conditions to be met	**1 579 673**	**1 597 415**

26.6	**Integrated National Electrification Grant**		
	Opening balance	541 119	(249 920)
	Grants received	2 000 000	2 200 000
	Transfer	(300 000)	(525 859)
	Conditions met - Operating	(410 669)	(288 732)
	Conditions met - Capital	(1 797 324)	(594 369)
	Conditions to be met	**33 126**	**541 119**

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

26.7	**Other Grants**		
	Opening balance	7 715 828	1 819 559
	Grants received	11 535 667	17 086 633
	Transfer	1.00	-
	Conditions met - Operating	(8 755 705)	(8 303 013)
	Conditions met - Capital	(2 526 283)	(2 887 351)
	Conditions to be met	**7 969 507**	**7 715 828**

Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)

26.8	**Total Grants**		
	Opening balance	9 857 121	3 033 878
	Grants received	122 327 150	112 927 487
	Transfer	(436 094)	(525 859)
	Conditions met - Operating	(75 817 925)	(82 859 465)
	Conditions met - Capital	(46 347 944)	(22 718 920)
	Conditions to be met	**9 582 308**	**9 857 121**
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	9 582 308	9 857 121
	Unpaid Conditional Government Grants and Receipts	-	-
		9 582 308	**9 857 121**

		2016	2015
27	**SERVICE CHARGES**		
	Electricity	306 036 744	279 051 196
	Water	37 742 238	35 038 792
	Refuse removal	20 122 041	18 248 511
	Sewerage and Sanitation Charges	26 245 536	23 256 366
		390 146 559	355 594 865
	Less: Rebates	(14 917 628)	(21 379 404)
	Total Service Charges	**375 228 931**	**334 215 461**

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

28	**OTHER INCOME**		
	Bad debts recovered	199 003	-
	Building plans	748 109	650 936
	Bulk service levies	1 638 404	695 577
	Cemeteries	464 806	351 778
	Commission	199 729	196 016
	Connection fees	1 569 472	1 696 111
	Fire brigade fees	81 085	45 610
	Insurance claims	3 658 698	1 583 292
	Photo copies	88 518	59 493
	Planning application fees	498 940	444 970
	Re-connection fees	101 299	162 836
	Valuation certificates	150 561	114 293
	Contributed assets	72 330	1 804 000
	Sundry income	6 956 660	8 487 696
	Total Other Income	**16 427 612**	**16 292 608**
	Balance previously reported		**18 479 944**
	Correction of error - Refer to note 38.10		(2 187 336)
			16 292 608

29	EMPLOYEE RELATED COSTS	2016 R	2015 R
	Salaries and Wages	92 089 516	87 072 952
	Bonus	8 220 384	7 700 925
	Contributions for UIF, pensions and medical aids	21 253 078	20 164 824
	Group Life Insurance	293 566	329 418
	Housing Subsidy	1 635 580	473 213
	Leave Reserve Fund	3 602 706	3 866 447
	Long service awards	808 271	706 504
	Overtime	5 643 572	5 682 531
	Post Employment Health	2 461 107	2 542 884
	Travel, motor car, telephone, assistance and other allowances	10 018 754	10 013 856
		146 026 534	138 553 555
	Less: Employee Costs allocated elsewhere	-	-
	Total Employee Related Costs	**146 026 534**	**138 553 555**

KEY MANAGEMENT PERSONNEL

The Municipal Manager and 1 director are appointed on a 5-year fixed term contract, the other 4 directors are appointed on a permanent basis. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager: Mr S A Mokweni		
Annual Remuneration	1 125 105	1 045 512
Performance Bonuses	219 614	205 385
Car Allowance	108 000	108 000
Contributions to Medical and Pension Funds	228 539	212 511
Total	**1 681 259**	**1 571 408**
Remuneration of the Director Infrastructure Development : Mr J de K Jooste		
Annual Remuneration	-	-
Performance Bonuses	-	20 027
Total	**-**	**20 027**

The payment was made in respect of an outstanding performance bonus for 2013/2014, Mr De K Jooste left the service of council in May 2013.

Remuneration of the Director Corporate Services: Mr A W J Everson		
Annual Remuneration	904 638	838 609
Performance Bonuses	182 189	170 384
Payment in lieu of leave	235 747	-
Car Allowance	123 500	123 500
Contributions to Medical and Pension Funds	184 421	171 124
Total	**1 630 495**	**1 303 617**
Remuneration of the Director Financial Services: Mr C F Hoffmann (1 July 2015 to 31 January 2016)		
Annual Remuneration	573 596	884 824
Performance Bonuses	132 221	170 384
Payment in lieu of leave	5 125	-
Car Allowance	-	25 946
Contributions to Medical and Pension Funds	133 730	222 462
Total	**844 672**	**1 303 617**
Remuneration of the Director Financial Services: Mr B Brown (1 April 2016 to 30 June 2016)		
Annual Remuneration	218 184	-
Performance Bonuses	27 737	-
Acting Allowance (Acting Director Financial Services from 1 February 2016 to 31 March 2016)	62 900	-
Car Allowance	18 000	-
Contributions to Medical and Pension Funds	44 266	-
Total	**371 087**	**-**

REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUE)	2016	2015
Remuneration of the Director Community Services: Mrs EC Liebenberg (01 February 2016 to 30 June 2016)		
Annual Remuneration	354 825	-
Performance Bonuses	46 228	-
Car Allowance	30 000	-
Other Allowances	5 290	-
Contributions to Medical and Pension Funds	82 591	-
Total	**518 934**	**-**
Remuneration of the Director Strategy and Social Development: Mrs C O Matthys		
Annual Remuneration	857 481	787 669
Performance Bonuses	168 552	157 783
Car Allowance	90 000	91 686
Contributions to Medical and Pension Funds	174 317	170 588
Total	**1 290 350**	**1 207 726**
Remuneration of the Director Engineering Services: Mr I A B van der Westhuizen		
Annual Remuneration	899 094	837 874
Performance Bonuses	168 552	157 764
Car Allowance	6 977	11 542
Contributions to Medical and Pension Funds	215 727	200 546
Total	**1 290 350**	**1 207 726**

30	REMUNERATION OF COUNCILLORS	2016 R	2015 R
	Mayor	805 162	763 273
	Deputy Mayor	528 617	601 857
	Speaker	632 157	601 223
	Mayoral Committee Members (4 councillors)	2 375 020	2 260 298
	Councillors (16 councillors)	4 399 218	4 104 801
	Total Councillors' Remuneration	**8 740 174**	**8 331 452**

In-kind Benefits

The Executive Mayor; Mayoral committee members and the Speaker are full-time Councillors. The full time councillors are provided with secretarial support and an office at the cost of the Council.

Remuneration of the Mayor: D Gagaiano		
Allowance	528 941	495 873
Transport Allowance	125 927	125 927
Cell Phone Allowance	20 868	20 868
Pension Fund	103 144	96 695
Mobile Data Card	3 600	3 600
Other Allowances	22 682	20 310
Total	**805 162**	**763 273**
Remuneration of the Deputy Mayor: KI Klaas (1 July 2015 to 5 November 2015)		
Allowance	147 059	423 762
Transport Allowance	23 737	68 700
Cell Phone Allowance	7 242	20 868
Pension Fund	27 545	82 634
Mobile Data Card	1 249	3 600
Other Allowances	10 574	2 293
Total	**217 406**	**601 857**
Remuneration of the Deputy Mayor: NZ Nyamana (26 January 2016 to 30 June 2016)		
Allowance	296 938	-
Cell Phone Allowance	12 173	-
Mobile Data Card	2 100	-
Total	**311 211**	**-**

30	REMUNERATION OF COUNCILLORS (CONTINUE)	2016	2015
	Remuneration of the Speaker: DA Hull		
	Allowance	410 327	383 872
	Transport Allowance	116 069	116 069
	Cell Phone Allowance	20 868	20 868
	Pension Fund	80 014	74 855
	Mobile Data Card	3 600	3 600
	Other Allowances	1 279	1 959
	Total	**632 157**	**601 223**
	Remuneration of Member of Mayoral Committee: SW van Eeden		
	Allowance	395 038	370 236
	Transport Allowance	96 440	96 440
	Cell Phone Allowance	20 868	20 868
	Pension Fund	77 032	72 196
	Mobile Data Card	3 600	3 600
	Other Allowances	1 797	3 645
	Total	**594 775**	**566 985**
	Remuneration of Member of Mayoral Committee: NP Crouwcamp		
	Allowance	384 304	359 502
	Transport Allowance	109 267	109 267
	Cell Phone Allowance	20 868	20 868
	Pension Fund	74 939	70 103
	Mobile Data Card	3 600	3 600
	Total	**592 978**	**563 340**
	Remuneration of Member of Mayoral Committee: EMJ Scheffers		
	Allowance	393 778	371 468
	Transport Allowance	50 073	54 286
	Cell Phone Allowance	20 868	20 868
	Pension Fund	76 787	72 436
	Mobile Data Card	3 600	3 600
	Other Allowances	47 872	43 368
	Total	**592 978**	**566 026**
	Remuneration of Member of Mayoral Committee: RR Kortje		
	Allowance	410 469	385 667
	Transport Allowance	78 000	78 000
	Cell Phone Allowance	20 868	20 868
	Pension Fund	80 041	75 205
	Mobile Data Card	3 600	3 600
	Other Allowances	1 311	607
	Total	**594 289**	**563 947**
	Remuneration of Member of Council: J Kriel (1 July 2015 to 31 August 2015)		
	Allowance	28 640	171 841
	Transport Allowance	7 284	43 707
	Cell Phone Allowance	3 478	20 868
	Mobile Data Card	600	3 600
	Total	**40 002**	**240 016**
	Remuneration of Member of Council and Section 79 Chair: J Kriel (1 September 2015 to 30 June 2016)		
	Allowance	210 081	-
	Transport Allowance	36 423	-
	Cell Phone Allowance	17 390	-
	Mobile Data Card	3 000	-
	Total	**266 894**	**-**

30 REMUNERATION OF COUNCILLORS (CONTINUE)	2016	2015
Remuneration of Member of Council and Section 79 Chair: TS De Koker (1 July 2015 to 31 August 2015)		
Allowance	32 772	196 633
Transport Allowance	6 940	41 643
Cell Phone Allowance	3 478	20 868
Pension Fund	6 391	38 344
Mobile Data Card	600	3 600
Other Allowances	-	1 400
Total	**50 181**	**302 488**
Remuneration of Member of Council: TS De Koker (1 Septmeber 2015 to June 2016)		
Allowance	175 706	-
Transport Allowance	1 369	-
Cell Phone Allowance	1 330	-
Pension Fund	34 262	-
Mobile Data Card	1 500	-
Total	**214 167**	**-**
Remuneration of Member of Council: E Turner		
Allowance	249 510	232 913
Transport Allowance	43 707	43 707
Cell Phone Allowance	20 868	20 868
Mobile Data Card	3 600	3 600
Total	**317 685**	**301 088**
Remuneration of Member of Council: JDF Van Zyl		
Allowance	215 415	201 526
Transport Allowance	35 796	35 796
Cell Phone Allowance	20 868	20 868
Pension Fund	42 006	39 298
Mobile Data Card	3 600	3 600
Total	**317 685**	**301 088**
Remuneration of Member of Council: NJ Mgoqi		
Allowance	156 350	145 527
Transport Allowance	41 643	41 643
Cell Phone Allowance	20 868	20 868
Pension Fund	30 488	28 378
Mobile Data Card	3 600	3 600
Total	**252 949**	**240 016**
Remuneration of Member of Council: ME Zwedala (01 July 2014 to 30 April 2015)		
Allowance	-	127 861
Transport Allowance	-	27 130
Cell Phone Allowance	-	17 390
Pension Fund	-	24 932
Mobile Data Card	-	3 000
Total	**-**	**200 313**
Remuneration of Member of Council: DB Janse		
Allowance	210 143	198 060
Transport Allowance	42 096	42 230
Cell Phone Allowance	20 868	20 868
Pension Fund	40 978	38 622
Mobile Data Card	3 600	3 600
Other Allowances	-	1 201
Total	**317 685**	**304 581**
Remuneration of Member of Council: R Johnson		
Allowance	156 350	145 527
Transport Allowance	41 643	41 643
Cell Phone Allowance	20 868	20 868
Pension Fund	30 488	28 378
Mobile Data Card	3 600	3 600
Total	**252 949**	**240 016**

29	EMPLOYEE RELATED COSTS	2016 R	2015 R
	Salaries and Wages	92 089 516	87 072 952
	Bonus	8 220 384	7 700 925
	Contributions for UIF, pensions and medical aids	21 253 078	20 164 824
	Group Life Insurance	293 566	329 418
	Housing Subsidy	1 635 580	473 213
	Leave Reserve Fund	3 602 706	3 866 447
	Long service awards	808 271	706 504
	Overtime	5 643 572	5 682 531
	Post Employment Health	2 461 107	2 542 884
	Travel, motor car, telephone, assistance and other allowances	10 018 754	10 013 856
		146 026 534	138 553 555
	Less: Employee Costs allocated elsewhere	-	-
	Total Employee Related Costs	**146 026 534**	**138 553 555**

KEY MANAGEMENT PERSONNEL

The Municipal Manager and 1 director are appointed on a 5-year fixed term contract, the other 4 directors are appointed on a permanent basis. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager: Mr S A Mokweni		
Annual Remuneration	1 125 105	1 045 512
Performance Bonuses	219 614	205 385
Car Allowance	108 000	108 000
Contributions to Medical and Pension Funds	228 539	212 511
Total	**1 681 259**	**1 571 408**
Remuneration of the Director Infrastructure Development : Mr J de K Jooste		
Annual Remuneration	-	-
Performance Bonuses	-	20 027
Total	**-**	**20 027**

The payment was made in respect of an outstanding performance bonus for 2013/2014, Mr De K Jooste left the service of council in May 2013.

Remuneration of the Director Corporate Services: Mr A W J Everson		
Annual Remuneration	904 638	838 609
Performance Bonuses	182 189	170 384
Payment in lieu of leave	235 747	-
Car Allowance	123 500	123 500
Contributions to Medical and Pension Funds	184 421	171 124
Total	**1 630 495**	**1 303 617**
Remuneration of the Director Financial Services: Mr C F Hoffmann (1 July 2015 to 31 January 2016)		
Annual Remuneration	573 596	884 824
Performance Bonuses	132 221	170 384
Payment in lieu of leave	5 125	-
Car Allowance	-	25 946
Contributions to Medical and Pension Funds	133 730	222 462
Total	**844 672**	**1 303 617**
Remuneration of the Director Financial Services: Mr B Brown (1 April 2016 to 30 June 2016)		
Annual Remuneration	218 184	-
Performance Bonuses	27 737	-
Acting Allowance (Acting Director Financial Services from 1 February 2016 to 31 March 2016)	62 900	-
Car Allowance	18 000	-
Contributions to Medical and Pension Funds	44 266	-
Total	**371 087**	**-**

30 REMUNERATION OF COUNCILLORS (CONTINUE)

	2016	2015
Remuneration of Member of Council: WS Nyamana		
Allowance	156 029	145 206
Transport Allowance	40 363	40 363
Cell Phone Allowance	20 868	20 868
Pension Fund	30 426	28 315
Mobile Data Card	3 600	3 600
Other Allowances	1 663	1 664
Total	**252 949**	**240 016**
Remuneration of Member of Council: JD Burger		
Allowance	215 495	201 607
Transport Allowance	35 700	35 700
Cell Phone Allowance	20 868	20 868
Pension Fund	42 022	39 313
Mobile Data Card	3 600	3 600
Other Allowances	-	-
Total	**317 685**	**301 088**
Remuneration of Member of Council: HC De Koker (12 August 2014 to 30 June 2015)		
Allowance	154 623	140 933
Transport Allowance	43 707	38 817
Cell Phone Allowance	20 868	18 533
Pension Fund	30 151	11 684
Mobile Data Card	3 600	3 197
Other Allowances	-	1 597
Total	**252 949**	**214 761**
Remuneration of Member of Council: JP Goodwin (24 October 2014 to 30 June 2015)		
Allowance	166 093	122 717
Transport Allowance	30 000	12 500
Cell Phone Allowance	20 868	14 312
Pension Fund	32 388	12 616
Mobile Data Card	3 600	2 469
Total	**252 949**	**164 614**
Remuneration of Member of Council: AJ Shibili (06 May 2015 to 30 June 2015)		
Allowance	191 197	27 592
Cell Phone Allowance	20 868	3 192
Pension Fund	37 283	5 380
Mobile Data Card	3 600	551
Other Allowances	-	291
Total	**252 948**	**37 006**
Remuneration of Member of Council: B Fanele (22 July 2015 to 30 June 2016)		
Allowance	187 934	-
Cell Phone Allowance	19 701	-
Pension Fund	31 993	-
Mobile Data Card	3 399	-
Total	**243 027**	**-**

		2016	2015
31	**DEBT IMPAIRMENT**		
	Long term Receivables - Note 19	1 137 297	(467 940)
	Trade Receivables from exchange transactions - Note 21	13 176 101	4 730 381
	Trade Receivables from non-exchange transactions - Note 22	17 751 452	17 569 031
	Total Contribution to Debt Impairment	**32 064 849**	**21 831 472**
	Less: portion Relating to VAT - note 12	(1 654 498)	(469 235)
	Total Debt Impairment	**30 410 351**	**21 362 238**
32	**DEPRECIATION AND AMORTISATION**		
	Property Plant and Equipment	20 710 128	19 143 531
	Capitalised Restoration Cost	10 091 628	1 024 547
	Investment Property	49 717	49 581
	Intangible Assets	128 061	127 732
		30 979 535	**20 345 391**
	Balance previously reported (Note 32)		20 342 192
	Depreciation charges on assets incorrectly calculated - Refer to note 38.5		3 199
	Restated balance		**20 345 391**
33	**IMPAIRMENTS**		
	Property, Plant and Equipment Refer to note 13	508 397	1 413
	Heritage Assets Refer to note 16	-	389 000
	Capitalised Restoration Cost Refer to note 17	-	13 392 431
	Total Impairments	**508 397**	**13 782 844**
34	**FINANCE CHARGES**		
	Landfill site	3 279 513	1 175 596
	Long service awards	683 442	648 522
	Long-term Liabilities	2 865 070	3 170 883
	Post Employment Health	4 601 451	4 353 222
	Total finance charges	**11 429 475**	**9 348 223**
35	**BULK PURCHASES**		
	Electricity	238 434 975	210 198 409
	Water	3 596 989	3 747 729
	Total Bulk Purchases	**242 031 964**	**213 946 138**
36	**GRANTS AND SUBSIDIES**		
	Destitute Grants	749 000	120 000
	Total Grants and Subsidies	**749 000**	**120 000**

37	GENERAL EXPENSES	2016 R	2015 R
	Advertisement Cost	911 867	834 879
	Audit fees	2 559 979	2 568 182
	Bank charges	752 501	664 902
	Bursaries - Internal	54 294	76 522
	Cell phone	572 161	637 749
	Chemicals	5 229 171	4 379 681
	Computer services	1 782 152	1 677 133
	Connections	413 530	315 951
	Data lines	3 021 080	2 769 753
	Delegation Fees	295 533	391 375
	Fuel	6 564 694	6 814 020
	Insurance (Premiums & Claims cost)	3 601 656	1 574 997
	IoD Insurance	1 132 762	1 304 444
	Membership fees	1 654 040	1 642 413
	Postage	681 258	928 263
	Printing & Stationary	1 128 220	1 141 193
	Professional Services	8 836 007	30 169 792
	Protective Clothing	870 482	803 026
	Refuse bags	689 216	446 831
	Rehabilitation	596 225	542 087
	Skills Development Levy	1 376 182	1 104 944
	Tourism Marketing	966 444	877 151
	Training cost	927 090	890 038
	Transfer cost	313 499	175 307
	Valuation cost	934 647	2 743 232
	Other	7 465 169	6 259 958
	Total General Expenses	**53 329 859**	**71 733 824**
	Balance previously reported (Note 38)		**71 692 776**
	Correction of error - Refer to note 38.7		41 048
	Restated balance		**71 733 824**

38 CORRECTION OF ERROR IN TERMS OF GRAP 3

38.1 NET ASSETS (ACCUMULATED SURPLUS/(DEFICIT)

Balance previously reported	**452 227 659**
Operating lease contracts omitted in 2013/2014	(14 641)
Correction of depreciation	(4 362)
Correction of depreciation incorrectly raised on land	251 356
Correction of depreciation incorrectly raised on land	199 999
Recognition of asset	32 000
Recognition of asset depreciation	(23 616)
Derecognition:Cogmanskloof clinic transfer at Cost	(201 000)
Derecognition:Cogmanskloof clinic transfer Accumulated Depreciation	30 490
Derecognition of Housing erven (prior 2014/2015)	(53 000)
Transfer PPE to admin items (prior 2014/2015)	(297 170)
Transfer PPE to admin items depreciation (prior 2014/2015)	134 731
PPE transferred from admin items (prior 2014/2015)	395 443
PPE transferred from admin items depreciation (prior 2014/2015)	(177 533)
Expenditure relates to maintenance (prior 2014/2015)	(17 683)
Restated Balance as at 01 July 2015	**452 482 672**

38.2 OPERATING LEASE ASSET

Balance previously reported	**83 233**
Operating lease contracts omitted in 2013/2014	(14 641)
Operating lease contracts omitted in 2014/2015	7 671
Restated Balance as at 30 June 2015	**76 262**

Correction of error - Refer to note 23

38.3 INVENTORY

Balance previously reported	**20 128 498**
Assets reclassified as PPE	801 864
Assets reclassified as PPE (prior 2014/2015)	(3 592 553)
Restated Balance as at 30 June 2015	**17 337 809**

Correction of error - Refer to note 20

38.4 PROPERTY, PLANT AND EQUIPMENT

Balance previously reported	**535 505 283**
Recognition of asset	32 000
Recognition of asset depreciation	(25 614)
Expenditure relates to maintenance (prior 2014/2015)	(17 683)
Expenditure relates to maintenance (2014/2015)	(133 503)
Derecognition: Asset stolen	(3 389)
Correction of depreciation on stolen asset	3 219
Derecognition:Cogmanskloof clinic transfer at Cost	(201 000)
Derecognition:Cogmanskloof clinic transfer Accumulated Depreciation	32 492
Review of useful lives: Correction on accumulated depreciation on assets	(29 327)
Transfer PPE to admin items	(40 609)
Transfer PPE to admin items (prior 2014/2015)	(297 170)
Transfer PPE to admin items deprecitation	20 688
Transfer PPE to admin items deprecitation (prior 2014/2015)	134 731
PPE transferred from admin items depreciation	(18 010)
PPE transferred from admin items (prior 2014/2015)	395 443
PPE transferred from admin items depreciation (prior 2014/2015)	(177 533)
Derecognition of land (prior 2014/2015)	(53 000)
Inventory reclassified as PPE	(801 864)
Inventory reclassified as PPE (prior 2014/2015)	3 592 553
Correction of depreciation incorrectly raised on land	270 311
Correction of depreciation incorrectly raised on land	199 999
Restated Balance as at 30 June 2015	**538 388 016**

Correction of error - Refer to note 13

38.5 DEPRECIATION AND AMORTISATION

Balance previously reported	**20 342 192**
Depreciation charges on assets incorrectly calculated	3 199
Restated Balance as at 30 June 2015	**20 345 391**

Correction of error - Refer to note 32

CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

38.6 REPAIRS AND MAINTENANCE

Balance previously reported	**14 702 435**
Repairs and maintenance of 2014/2015	133 503
Restated Balance as at 30 June 2015	**14 835 938**

Correction of Error Refer to Statement of Financial Performance

38.7 GENERAL EXPENSES

Balance previously reported	**71 692 776**
Inventory items	40 609
Rental of fax machines	439
Restated Balance as at 30 June 2015	**71 733 824**

Correction of error - Refer to note 37

38.8 LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Balance previously reported	**89 562**
Correction on Gain on Loss of Assets derecognised in 2014/2015	299
Restated Balance as at 30 June 2015	**89 861**

Correction of Error Refer to Statement of Financial Performance

38.9 RENTAL OF FACILITIES AND EQUIPMENT

Balance previously reported	**2 324 132**
Operating lease contracts omitted in 2014/2015	7 671
Restated Balance as at 30 June 2015	**2 331 803**

Correction of Error Refer to Statement of Financial Performance

38.10 OTHER INCOME

Balance previously reported	**18 479 944**
Availability Fees was incorrectly classified as Other Income from Exchange transactions	(2 187 336)
Restated Balance as at 30 June 2015	**16 292 608**

Correction of Error Refer to Note 28

39 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

	2016	2015
Surplus/(Deficit) for the year	54 007 056	12 753 588
Adjustments for:		
Depreciation/Amortisation	30 979 535	20 345 391
Loss on disposal of property, plant and equipment	1 566 609	89 861
Contributed Assets	(3 169)	(1 804 000)
(Gains) on disposal of property, plant and equipment	(3 529 288)	(612 853)
Fair Value Adjustments	276	(11 556)
Impairment Loss	508 397	13 782 844
Contributions to Non-Current Provisions	10 589 278	9 426 728
Debt Impairment	32 064 849	21 831 472
Actuarial Losses	-	45 963
Actuarial (Gains)	(6 741 931)	(2 042 666)
Unamortised discount	51 903	23 934
Bad debt written-off	(28 888 404)	(11 757 228)
Finance charges	19 257	(13 288)
Operating lease income accrued	(12 680)	48 025
Operating Surplus/(Deficit) before changes in working capital	90 611 690	62 106 216
Changes in working capital	2 538 239	14 009 130
Increase/(Decrease) in Payables from exchange transactions	11 702 220	10 458 074
Increase/(Decrease) in Provisions	-	-
Increase/(Decrease) in Employee benefits	(694 828)	(3 534 492)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(274 812)	6 573 323
Increase/(Decrease) in Unspent Public Contributions	-	(310 100)
Increase/(Decrease) in Taxes	(825 028)	1 705 025
(Increase)/Decrease in Inventory	(358 456)	13 684 508
(Increase)/Decrease in Receivables from exchange and non-exchange transactions	(6 484 369)	(16 203 114)
Decrease/(Increase) in Long-term Receivables	(526 486)	1 385 986
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	-	249 920
Cash generated/(absorbed) by operations	**93 149 930**	**76 115 346**

40	CASH AND CASH EQUIVALENTS	2016	2015
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 24	90 015 287	24 868 724
	Cash Floats - Note 24	9 110	8 210
	Bank - Note 24	13 585 681	57 756 592
	Total cash and cash equivalents	**103 610 078**	**82 633 526**

41	RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
	Cash and Cash Equivalents - Note 40	103 610 078	82 633 526
	Investments - Note 18	120 903	121 178
		103 730 981	82 754 705
	Less:	9 582 308	10 050 764
	Unspent Committed Conditional Grants - Note 10	9 582 308	9 857 121
	VAT - Note 12	-	193 643
	Resources available for working capital requirements	**94 148 673**	**72 703 941**
	Allocated to:		
	Capital Replacement Reserve	35 245 178	29 382 473
	Employee Benefits	15 192 524	13 475 970
	Current Provisions	5 924 411	4 708 926
	Resources available for working capital requirements	**37 786 560**	**25 136 572**

42	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION	2016	2015
	Long-term Liabilities - Note 3	26 824 640	29 473 883
	Used to finance property, plant and equipment - at cost	(26 824 640)	(29 473 883)
		-	-
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	**-**	**-**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

43 BUDGET COMPARISONS

43.1 Operational

	2016 R (Actual)	2016 R (Budget)	2016 R (Variance)	2016 R (%)
Revenue by source				
Property Rates	39 954 462	39 917 290	37 172	0%
Government Grants and Subsidies - Capital	46 347 944	30 141 230	16 206 714	54%
Government Grants and Subsidies - Operating	75 817 925	86 735 161	(10 917 236)	-13%
Actuarial Gains	6 741 931	5 000 000	1 741 931	35%
Availability Fees	2 285 128	3 305 790	(1 020 662)	-31%
Fines	20 679 190	18 862 030	1 817 160	10%
Income due to Change in Discount rate	1 244 505	-	1 244 505	100%
Stock Adjustments	103 771	135 250	(31 479)	-23%
Service Charges	375 228 931	368 830 930	6 398 001	2%
Rental of Facilities and Equipment	2 623 754	2 725 550	(101 796)	-4%
Interest Earned - external investments	4 391 659	3 539 850	851 809	24%
Interest Earned - outstanding debtors	1 954 666	2 074 120	(119 454)	-6%
Licences and Permits	1 169 318	1 725 280	(555 962)	-32%
Agency Services	3 140 603	2 866 310	274 293	10%
Other Income	16 427 612	15 441 420	986 192	6%
Unamortised Discount - Interest	76 223	73 360	2 863	4%
Gain on disposal of Property, Plant and Equipment	3 529 288	-	3 529 288	100%
	601 716 910	581 373 571	20 343 339	3%
Expenditure by nature				
Employee related costs	146 026 534	160 097 159	(14 070 625)	-9%
Remuneration of Councillors	8 740 174	8 858 480	(118 306)	-1%
Debt Impairment	30 410 351	24 772 890	5 637 461	23%
Depreciation and Amortisation	30 979 535	31 744 640	(765 105)	-2%
Collection costs	1 474 865	1 219 270	255 595	21%
Impairments	508 397	3 000 000	(2 491 603)	-83%
Repairs and Maintenance	18 136 914	20 443 873	(2 306 959)	-11%
Actuarial losses	-	6 708 840	(6 708 840)	-100%
Unamortised Discount - Interest paid	128 126	83 840	44 286	53%
Finance Charges	11 429 475	8 665 780	2 763 695	32%
Bulk Purchases	242 031 964	241 735 310	296 654	0%
Contracted services	2 183 363	2 036 020	147 343	7%
Grants and Subsidies	749 000	125 760	623 240	496%
Stock Adjustments	14 410	135 250	(120 840)	-89%
General Expenses	53 329 859	78 280 194	(24 950 335)	-32%
Loss on disposal of Property,Plant and Equipment	1 566 609	-	1 566 609	100%
Fair Value Adjustments	276	-	276	100%
	547 709 853	587 907 306	(40 197 453)	-7%
Net Surplus for the year	**54 007 056**	**(6 533 735)**	**60 540 791**	**-927%**

Comparison between last approved budget and final budget:

	2016 R (Approved Budget)	2016 R (Final Budget)	2016 R (Variance)	2016 R (%)	Explanation for Variances
Operational					
Revenue by source					
Property Rates	39 917 290	39 917 290	-	0%	
Property rates - penalties & collection charges	486 940	486 940	-	0%	
Government Grants and Subsidies - Capital	30 141 230	30 141 230	-	0%	
Government Grants and Subsidies - Operating	86 735 161	86 735 161	-	0%	
Public Contributions and Donations	-	-	-	0%	
Gain on Foreign Exchange Transaction	-	-	-	0%	
Actuarial Gains	5 000 000	5 000 000	-	0%	
Availability Fees	3 305 790	3 305 790	-	0%	
Fair Value Adjustments	-	-	-	0%	
Fines	18 862 030	18 862 030	-	0%	
Impairment Reversal	-	-	-	0%	
Income due to Change in Discount rate	-	-	-	0%	
Stock Adjustments	135 250	135 250	-	0%	
Service Charges	368 830 930	368 830 930	-	0%	
Rental of Facilities and Equipment	2 725 550	2 725 550	-	0%	
Interest Earned - external investments	3 539 850	3 539 850	-	0%	
Interest Earned - outstanding debtors	1 587 180	1 587 180	-	0%	
Licences and Permits	1 725 280	1 725 280	-	0%	
Agency Services	2 866 310	2 866 310	-	0%	
Other Income	15 441 420	15 441 420	-	0%	
Unamortised Discount - Interest	73 360	73 360	-	0%	
Gain on disposal of Property, Plant and Equipment	-	-	-	0%	
	581 373 571	581 373 571	-	0%	
Expenditure by nature					
Employee related costs	160 097 159	160 097 159	-	0%	
Remuneration of Councillors	8 858 480	8 858 480	-	0%	
Debt Impairment	24 772 890	24 772 890	-	0%	
Depreciation and Amortisation	31 744 640	31 744 640	-	0%	
Collection costs	1 219 270	1 219 270	-	0%	
Impairments	3 000 000	3 000 000	-	0%	
Repairs and Maintenance	20 443 873	20 443 873	-	0%	
Actuarial losses	6 708 840	6 708 840	-	0%	
Unamortised Discount - Interest paid	83 840	83 840	-	0%	
Finance Charges	8 665 780	8 665 780	-	0%	
Bulk Purchases	241 735 310	241 735 310	-	0%	
Contracted services	2 056 520	2 036 020	20 500	1%	
Grants and Subsidies	125 760	125 760	-	0%	
Stock Adjustments	135 250	135 250	-	0%	
Operating Grant Expenditure	-	-	-	0%	
General Expenses	78 259 694	78 280 194	-20 500	0%	
Loss on disposal of Property,Plant and Equipment	-	-	-	0%	
Fair Value Adjustments	-	-	-	0%	
	587 907 306	587 907 306	-	0%	
Net Surplus for the year	**(6 533 735)**	**(6 533 735)**	**-**	**0%**	

Comparison between last approved budget and final budget: (CONTINUE)

		2016 R (Actual)	2016 R (Budget)	2016 R (Variance)	2016 R (%)
43.2	**Expenditure by Vote**				
	Community Services	42 537 724	58 404 751	(15 867 028)	-27%
	Corporate Services	46 432 349	48 827 750	(2 395 401)	-5%
	Engineering Services	388 225 426	397 181 513	(8 956 087)	-2%
	Executive & Council	25 972 528	29 373 770	(3 401 242)	-12%
	Finance	25 634 072	33 794 103	(8 160 031)	-24%
	Strategy & Social Development	18 907 755	20 325 419	(1 417 664)	-7%
		547 709 853	**587 907 306**	**(40 197 453)**	**-7%**

Comparison between last approved budget and final budget:

	2016 R (Approved Budget)	2016 R (Final Budget)	2016 R (Variance)	2016 R (%)	Explanation for Variances
Expenditure by Vote					
Community Services	58 404 751	58 404 751	-	0%	
Corporate Services	48 827 770	48 827 750	20	0%	
Engineering Services	397 181 513	397 181 513	-	0%	
Executive & Council	29 374 770	29 373 770	1 000	0%	
Finance	33 794 103	33 794 103	-	0%	
Strategy & Social Development	20 324 399	20 325 419	(1 020)	0%	
	587 907 306	**587 907 306**	**-**	**0%**	

		2016 R (Actual)	2016 R (Budget)	2016 R (Variance)	2016 R (%)
43.3	**Capital expenditure by vote**				
	Community Services	27 471 971	6 305 670	21 166 301	336%
	Corporate Services	550 621	660 000	(109 379)	-17%
	Engineering Services	40 914 346	48 333 400	(7 419 054)	-15%
	Executive & Council	-	-	-	0%
	Finance	-	-	-	0%
	Strategy & Social Development	3 397 761	3 374 570	23 191	1%
		72 334 698	**58 673 640**	**13 661 058**	**23%**

Comparison between last approved budget and final budget:

	2016 R (Approved Budget)	2016 R (Final Budget)	2016 R (Variance)	2016 R (%)	Explanation for Variances
Capital expenditure by vote					
Community Services	6 305 670	6 305 670	-	0%	
Corporate Services	660 000	660 000	-	0%	
Engineering Services	48 333 400	48 333 400	-	0%	
Executive & Council	-	-	-	0%	
Finance	-	-	-	0%	
Strategy & Social Development	3 374 570	3 374 570	-	0%	
	58 673 640	**58 673 640**	**-**	**0%**	

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

44.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

	2016 R	2015 R
Opening balance	19 193 663	11 061 458
Unauthorised expenditure for the year - capital	21 189 492	-
Unauthorised expenditure for the year - operating	-	19 193 663
Written off by council	(19 193 663)	(11 061 458)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	**21 189 492**	**19 193 663**

Unauthorised expenditure on the capital budget are related to the housing internal services of the McGregor Housing project that is part of the municipal infrastructure assets of which it was budgeted under the operating budget.

Incident	Disciplinary steps/criminal proceedings
None	

44.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

	2016 R	2015 R
Opening balance	-	465 952
Fruitless and wasteful expenditure for the year	24 253	
Written off by council/ Investigations and disciplinary hearings concluded		(465 952)
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting further action	**24 253**	**-**

44.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	-	-
Irregular expenditure for the year	481 798	-
Written off by council	-	-
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	**481 798**	**-**

44.4 Material Losses

	2016	2015
Water distribution losses		
- Kilo litres disinfected/purified/purchased	7 679 720	8 012 290
- Kilo litres lost during distribution	947 110	1 050 770
- Percentage lost during distribution	12.33%	13.11%
Electricity distribution losses		
- Units purchased (Kwh)	304 476 878	294 775 957
- Units lost during distribution (Kwh)	20 204 497	19 199 610
- Percentage lost during distribution	6.64%	6.51%

		2016	2015
45	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	R	R
45.1	**Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**		
	Opening balance	-	-
	Council subscriptions	1 643 170	1 635 799
	Amount paid - current year	(1 643 170)	(1 635 799)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	**-**	**-**
45.2	**Audit fees - [MFMA 125 (1)(b)]**		
	Opening balance	24 887	-
	Current year audit fee	2 559 979	2 568 182
	External Audit - Auditor-General	2 484 481	2 501 601
	Audit Committee	75 497	66 581
	Amount paid - current year	(2 537 342)	(2 543 295)
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	**47 524**	**24 887**
45.3	**VAT - [MFMA 125 (1)(b)]**		
	Opening balance	(5 358 079)	4 298 055
	Amounts received - current year	47 980 434	43 603 876
	Amounts received - previous years	5 358 079	(4 298 055)
	Amounts claimed - current year	(53 522 217)	(48 961 955)
	Closing balance - (Paid)/Claimed	**(5 541 783)**	**(5 358 079)**
	Vat in suspense due to cash basis of accounting		
	Input VAT	5 003 536	4 760 416
	Output VAT	(7 455 793)	(6 567 227)
	Receivable	(2 452 257)	(1 806 811)

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

45.4	**PAYE, SDL and UIF - [MFMA 125 (1)(b)]**		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	(18 412 018)	(16 535 471)
	Amount paid - current year	18 412 018	16 535 471
	Balance unpaid (included in creditors)	**-**	**-**
45.5	**Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	(20 362 248)	(19 296 637)
	Amount paid - current year	20 362 248	19 296 637
	Balance unpaid (included in creditors)	**-**	**-**

45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

45.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 June:

	2016 R Outstanding more than 90 days	2015 R Outstanding more than 90 days
NYAMANA, W	464	
Total Councillor Arrear Consumer Accounts	**464**	**-**

45.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36 (1)(a) and (b)

		Type of deviation			
	Amount	Single Supplier	Impossible	Impracticable	Emergency
July	1 110 018	3	-	74	17
August	3 473 186	8	-	45	28
September	1 227 177	7	-	61	18
October	691 319	4	-	57	12
November	2 192 129	4	-	59	30
December	2 431 906	4	-	42	24
January	632 434	5	-	42	22
February	1 076 522	3	-	66	14
March	1 143 627	3	-	64	17
April	754 954	2	-	58	15
May	881 189	5	-	63	15
June	785 416	3	-	36	20
	16 399 877	**51**	**-**	**667**	**232**

Regulation 45 - Details of awards made to close family members of persons in service of State

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Annnadale Motors BK	Director	Spouse	E Wagner	Admin Clerk-Langeberg Municipality	121 238
Stemwet (PTY) LTD T/A Montagu Bande Supa Quick	Owner	Spouse	M Stemmet	Teacher-Department of Education	257 818
Lumbber & Lawn	Director	Spouse	J van Zyl	Teacher-Department of Education	71 110
Mubesko Africa	Manager	Spouse	S Niehaus	Manager-Department of Health	1 054 411
Van Niekerk & Linde	Owner	Spouse	S Rossouw	Teacher-Department of Education	468 903
TMM Management	Owner	Parent	NJ Mgoqi	Councillor	56 457
3 D Community Projects	Owner	Child	D Jeneke	Teacher-Department of Education	40 645

Regulation 45 - Details of awards made to persons who has been in the service of the State during the previous 12 months:

Name of supplier	Name of person in service of the state	Position occupied in company	Last day in service of the state	Employer and capacity of person	Employer and capacity of person

45.8 Other non-compliance (MFMA 125(2)(e))

Non-compliance to the Supply Chain Management Regulations were identified in terms of Regulation 44 as detailed below:

Name of supplier	Name of person in service of the state	Position occupied in company	Employer and capacity of person	Value of transactions

Other non-compliance issues were identified as detailed below:

Requirement	Relevant Legislation	Non-compliance
None		

		2016	2015
46	**CAPITAL COMMITMENTS**	**R**	**R**
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	18 026 397	11 164 211
	Infrastructure	13 224 722	11 164 211
	Community	4 801 675	-
	This expenditure will be financed from:		
	External Loans	-	-
	Capital Replacement Reserve	4 847 109	-
	Government Grants	13 179 288	11 164 211
	Other Grants	-	-
	Total	**18 026 397**	**11 164 211**

47 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality did not engage in any foreign currency transaction.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1.25% (2015 - 1%) Increase in interest rates	(154 965)	291 757
0.5% (2015 - 0.5%) Decrease in interest rates	61 986	(145 879)

47 FINANCIAL RISK MANAGEMENT (CONTINUE) **2016** **2015**

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade Receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these Trade Receivables. Credit risk pertaining to trade and other Trade Receivables is considered to be moderate due to the diversified nature of Trade Receivables and immaterial nature of individual balances. In the case of consumer Trade Receivables the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of Trade Receivables whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual Trade Receivables into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Trade Receivables with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

Balances past due not impaired:

	2016 %	2016 R	2015 %	2015 R
Non-Exchange Receivables				
Rates and other receivables	100.00%	30 128 462	100.00%	28 073 316
Exchange Receivables				
Electricity	33.56%	19 864 050	33.35%	18 255 224
Water	11.91%	7 050 376	13.00%	7 116 460
Refuse	7.23%	4 281 984	6.72%	3 678 934
Sewerage	9.48%	5 610 725	8.70%	4 763 691
Other	37.81%	22 378 338	38.22%	20 921 740
	100.00%	59 185 472	100.00%	54 736 049

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 21 and 22 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of Trade Receivables as follows:

	2016 %	2016 R	2015 %	2015 R
Non-Exchange Receivables				
Rates and other receivables	100.00%	24 730 685	100.00%	23 219 277
Exchange Receivables				
Electricity	19.57%	3 411 288	19.38%	3 378 144
Water	25.09%	4 373 428	24.25%	4 225 998
Refuse	17.44%	3 040 012	14.64%	2 551 411
Sewerage	23.12%	4 029 090	19.50%	3 398 040
Other	14.78%	2 576 336	19.21%	3 348 822
	100.00%	17 430 155	96.97%	16 902 414

47 FINANCIAL RISK MANAGEMENT (CONTINUE)

	2016 %	2016 R	2015 %	2015 R
Bad debts written off per debtor class:				
Non-Exchange Receivables				
Rates and other receivables	100.00%	16 240 044	100.00%	9 269 981
Exchange Receivables				
Electricity	1.90%	240 354	1.35%	33 615
Water	39.76%	5 028 942	18.38%	457 098
Refuse	21.01%	2 657 602	15.61%	388 215
Sewerage	27.45%	3 472 373	21.00%	522 216
Other	9.88%	1 249 088	43.67%	1 086 104
	100.00%	12 648 360	100.00%	2 487 247

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectations of counter party default.

Long-term Receivables and Other Trade Receivables are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:	2016 R	2015 R
Long term receivables	1 410 395	2 021 205
Receivables from exchange transactions	41 829 874	37 928 391
Cash and Cash Equivalents	103 610 078	82 633 526
Non-Current Investments	120 903	121 178
	146 971 249	122 704 301

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2016	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities	6 739 450	23 344 765	7 790 589	-
Capital repayments	3 918 916	17 966 280	6 367 191	-
Interest	2 820 534	5 378 485	1 423 398	-
Trade and Other Payables	61 684 080	-	-	-
	68 423 530	23 344 765	7 790 589	-

47 FINANCIAL RISK MANAGEMENT (CONTINUE)

2015	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities	7 227 626	25 236 534	13 505 708	-
Capital repayments	4 407 092	19 858 048	12 082 310	-
Interest	2 820 534	5 378 485	1 423 398	-
Trade and Other Payables	49 425 344	-	-	-
	56 652 970	25 236 534	13 505 708	-

48 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected bellow.

48.1 Financial Assets	Classification	2016 R	2015 R
Investments			
Non-Current Investments	Financial instruments at fair value	120 903	121 178
Fixed Deposits	Financial instruments at amortised cost	-	-
Long-term Receivables			
Provincial Government Housing Loans - At amortised cost		383 545	572 545
Staff Study loans - At amortised cost		155 342	46 318
Services connections - At amortised cost		730 146	879 377
Land Sales - At amortised cost		-	402 726
Short-term Installments		141 361	120 239
Agreements with Consumer Debtors		0	-
Receivables			
Receivables from exchange transactions	Financial instruments at amortised cost	41 829 874	37 928 391
Other Receivables			
Government Subsidies and Grants	Financial instruments at amortised cost	-	-
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	90 015 287	24 868 724
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	13 585 681	57 756 592
Cash Floats and Advances	Financial instruments at amortised cost	9 110	8 210
		146 971 249	**122 704 301**

SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost	146 971 249	122 704 301
At amortised cost	**146 971 249**	**122 704 301**

48 FINANCIAL INSTRUMENTS (CONTINUE)

48.2 Financial Liability	Classification	2016	2015
Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	21 350 405	24 980 518
Capitalised Lease Liability	Financial instruments at amortised cost	1 232 273	152 196
Payables from exchange transactions			
Trade Payables	Financial instruments at amortised cost	53 969 009	42 063 266
Retentions and Guarantees	Financial instruments at amortised cost	3 116 077	3 211 485
Sundry Deposits	Financial instruments at amortised cost	7 640 915	7 334 515
Sundry Creditors	Financial instruments at amortised cost	74 156	27 563
Current Portion of Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	3 639 125	3 456 422
Capitalised Lease Liability	Financial instruments at amortised cost	602 837	884 745
		91 624 798	**82 110 712**

SUMMARY OF FINANCIAL LIABILITY

Financial instruments at amortised cost	**91 624 798**	**82 110 712**

49 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108 Statutory Receivables of the municipality are classified as follows:

	2016	2015
Taxes		
VAT Receivable	631 385	-
Receivables from Non-Exchange Transactions		
Rates	2 178 161	2 086 391
Fines	2 224 067	2 168 517
	5 033 614	**4 254 908**

50 EVENTS AFTER THE REPORTING DATE

2016

The municipality intends to take up a loan of R 40 000 000 in 2016/2017 to fund capital expenditure.

2015

On 27 July 2015 the Bonnievale stores was set alight by the public, the damage to the buildings and vehicles are estimated at R 4 480 000.
The municipality intends to take up a loan of R 40 000 000 in 2015/2016 to fund capital expenditure.

51 IN-KIND DONATIONS AND ASSISTANCE

No in-kind donations or assistance has been received during the financial year

52 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

53 CONTINGENT LIABILITY

2016

The person who was injured on the municipal dumping site is now deceased. The insurers of the Municpality have received no further correspondence or claims from the Third Party representatives and have closed the file on the matter.

2015

There is currently a claim against council instituted by the familiy of a person who was injured by a municipal trailer.

The claim instituted against council for R 2.5 M by the family of a person who was injured on the municipal dumping site and later died in 2014 was turned down by the insurers of the municipality.

CONTINGENT ASSET	2016	2015

The municipality has instituted legal action against the contractor who did the alterations to the Robertson Museum when it collapsed on 26 August 2014. The claim is for the reinstatement of the asset as it was.

54 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

54.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in note 19 to the Annual Financial Statements.

54.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 29 to the Annual Financial Statements.

54.3 Other related party transactions

No purchases were made during the year where Councillors or staff have an interest.

LANGEBERG MUNICIPALITY														
												Current Liability	Non-current Liability	
Financial Institution	**Account Number**	**Contract Number**	**Redeemable**	**Interest Rate**	**Opening Balance (outstanding capital) 01/07/2015**	**Received During The Year / New Lease Agreement**	**Interest Paid**	**Installments during the year**	**Adjustments**	**Interest Payable Till 30/06/2016**	**Closing Balance (outstanding capital) 30/06/2016**	**Short-term portion**	**Balance at reporting date**	**Interest Payable Till 30/06/2016**
ANNUITY LOANS														
DBSA	10287/102	**61000738**	31/03/2016	10.00%	30 776	-	**2 277**	**32 304**	**-749**	-	0	**-**	**0**	-
DBSA	10287/202	**61000739**	30/09/2015	12.00%	2 638	-	**154**	**2 716**	**-77**	-	-0	**-**	**-0**	-
DBSA	10422/102	**61001087**	31/03/2018	15.00%	331 759	-	**44 784**	**136 334**	**-11 960**	8 536	236 785	**105 911**	**122 338**	8 536
DBSA	10422/203	**61001088**	30/09/2018	14.00%	211 371	-	**27 017**	**75 843**	**-7 129**	5 425	160 840	**55 971**	**99 445**	5 425
DBSA	11124/103	**61001404**	30/06/2019	16.00%	882 298	-	**134 971**	**307 376**	**-**	-	709 892	**201 242**	**508 651**	-
DBSA	11174/102	**61001426**	31/12/2018	16.50%	280 728	-	**43 889**	**108 884**	**-**	-	215 733	**76 200**	**139 533**	-
DBSA	11192/101	**61001436**	31/12/2018	15.75%	2 356 025	-	**351 357**	**902 142**	**-**	-	1 805 240	**641 269**	**1 163 971**	-
DBSA (Loan Fund)	11328/101	**61001531**	30/06/2014	13.22%	0	-	**-**	**-**	**-**	-	0	**-0**	**0**	-
DBSA (Public Debt Commissioner)	12350/101	**61002371**	30/06/2014	13.75%	-0	-	**-**	**-**	**-**	-	-0	**0**	**-0**	-
DBSA	13341/102	**61003137**	31/12/2019	16.50%	2 217 943	-	**352 594**	**718 266**	**-**	-	1 852 271	**428 933**	**1 423 338**	-
DBSA	13452/102	**61003173**	30/06/2020	9.217%	575 309	-	**46 085**	**161 146**	**-**	-	460 247	**115 062**	**345 186**	-
DBSA	13452/301	**61003178**	31/12/2019	9.217%	696 758	-	**55 474**	**210 310**	**-**	-	541 923	**154 835**	**387 088**	-
DBSA	13586/101	**61003228**	31/12/2020	10.628%	255 803	-	**23 994**	**70 504**	**-**	-	209 293	**46 510**	**162 784**	-
DBSA	13760/101	**61003271**	31/12/2020	10.158%	1 164 130	-	**103 956**	**315 616**	**-**	-	952 470	**211 660**	**740 810**	-
DBSA	99999/1	**61004211**	31/12/2024	10.158%	607 835	-	**55 405**	**119 387**	**-**	-	543 852	**63 983**	**479 870**	-
DBSA	102290/1	**61000517**	31/03/2027	9.200%	18 823 568	-	**1 473 254**	**3 010 804**	-372 969	387 934	17 300 984	**1 537 550**	**15 375 499**	387 934
TOTAL ANNUITY LOANS					**28 436 941**	**-**	**2 715 210**	**6 171 632**	**-392 883**	**401 895**	**24 989 531**	**3 639 125**	**20 948 511**	**401 895**
LEASE LIABILITIES														
MINOLTA	B283 - F041011906		30/11/2015	10.50%	4 920	-	130	5 050	-	-	-0	-	-0	-
MINOLTA	B283 - F041015012		30/11/2015	10.50%	4 920	-	130	5 050	-	-	-0	-	-0	-
MINOLTA	B223 - G041101050		31/03/2016	10.50%	8 963	-	397	9 360	-	-	0	-	0	-
XEROX	WC5330 - 3322715985		25/07/2015	15.00%	1 922	-	29	2 335	384	-	0	-	0	-
XEROX	WC7535 - 3906110325		04/12/2015	8.50%	11 378	-	331	13 590	1 881	-	-0	-	-0	-
XEROX	CQ9303 - 3661801750		25/03/2016	8.50%	46 718	-	1 701	49 275	856	-	-0	-	-0	-
XEROX	CQ9303 - 3661794673		25/03/2016	8.50%	46 718	-	1 701	49 275	856	-	-0	-	-0	-

LANGEBERG MUNICIPALITY														
												Current Liability	Non-current Liability	
Financial Institution	Account Number	Contract Number	Redeemable	Interest Rate	Opening Balance (outstanding capital) 01/07/2015	Received During The Year / New Lease Agreement	Interest Paid	Installments during the year	Adjustments	Interest Payable Till 30/06/2016	Closing Balance (outstanding capital) 30/06/2016	Short-term portion	Balance at reporting date	Interest Payable Till 30/06/2016
TASKalfa (Black)	N493215179		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N493215430		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N492Z13192		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N493215409		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N492Z13124		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N493215435		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N492Y12198		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N493214896		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N493113657		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N492Y12209		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N493215170		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N493215209		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N492Y12204		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N492Y12189		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N493215219		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N493215400		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N493215388		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N493113664		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N492Z13169		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N493215003		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N493214906		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N493215361		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Black)	N492Z13140		25/07/2016	14.50%	25 066	-	1 895	25 507	-1 455	-	-0	-	-0	-
TASKalfa (Colour)	N2K3205727		25/07/2016	14.50%	51 223	-	3 873	52 124	-2 973	-	-0	-	-0	-
TASKalfa (Colour)	N2K2803951		25/07/2016	14.50%	51 223	-	3 873	52 124	-2 973	-	-0	-	-0	-
TASKalfa (Colour)	N2K2705329		25/07/2016	14.50%	51 223	-	3 873	52 124	-2 973	-	-0	-	-0	-
TASKalfa (FS 1135 MFP)	NR73259193		25/08/2016	14.50%	7 458	-	604	7 080	62	-	1 044	1 044	-	-
TASKalfa (FS 1135 MFP)	NR72530468		25/08/2016	14.50%	7 458	-	604	7 080	62	-	1 044	1 044	-	-
TASKalfa (FS 1135 MFP)	NR7367446		25/03/2017	15.25%	12 542	-	1 379	8 280	69	-	5 710	5 710	-	-
TASKalfa (FS 1135 MFP)	NR72531587		25/03/2017	15.25%	12 542	-	1 379	8 280	69	-	5 710	5 710	-	-
TASKalfa (FS 1135 MFP)	NR72531588		25/03/2017	15.25%	12 542	-	1 379	8 280	69	-	5 710	5 710	-	-
TASKalfa 3510i	LH44702656		25/07/2018	15.25%	64 335	-	7 653	26 520	1 289	-	46 757	21 015	25 743	-
TASKalfa 3510i	LH44702681		25/07/2018	15.25%	64 335	-	7 653	26 520	1 289	-	46 757	21 015	25 743	-
TASKalfa M2535 DN	15267449		25/01/2019	16.50%	-	19 728	1 012	3 445	356	-	17 651	5 843	11 808	-
NEC SV8100 PABX	0834143742100001		25/01/2019	16.50%	-	111 384	5 711	19 450	2 010	-	99 656	32 990	66 666	-
TASKalfa 3551 Ci MFP	K581144		25/02/2019	16.50%	-	117 397	4 568	16 400	2 090	-	107 655	34 299	73 357	-
TA 5551 ci MFP (Colour)	B5706424		25/01/2019	16.50%	-	220 191	11 291	38 450	7 013	-	200 045	65 216	134 829	-
TA 5551 ci MFP (Colour)	B5706437		25/01/2019	16.50%	-	220 191	11 291	38 450	7 013	-	200 045	65 216	134 829	-
TASKalfa 5551 Ci	B5706441		25/11/2018	16.50%	-	114 448	8 592	27 979	2 123	-	97 183	34 836	62 348	-
TASKalfa 350i	44702675		25/11/2018	16.50%	-	114 448	8 592	27 979	2 123	-	97 183	34 836	62 348	-
NEC SV8100 PABX	2B0385BK700065 & A1023352100265		25/03/2019	16.50%	-	271 302	7 119	28 425	4 765		254 761	85 301	169 460	-
NEC SV8100 PABX	ITL5BE 1P 10 Units		25/03/2019	16.50%	-	652 757	-	22 797	18 238		648 198	183 055	465 143	-
TOTAL LEASE LIABILITIES					**1 036 942**	**1 841 847**	**138 455**	**1 192 379**	**10 245**	**-**	**1 835 110**	**602 837**	**1 232 273**	**-**
TOTAL LIABILITIES					**29 473 883**	**1 841 847**	**2 853 665**	**7 364 011**	**-382 638**	**401 895**	**26 824 641**	**4 241 962**	**22 180 784**	**401 895**

APPENDIX B - Unaudited
LANGEBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016
MUNICIPAL VOTES CLASSIFICATION

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
-	-	-	Community Services	37 499 763	(42 537 724)	(5 037 961)
37 314 979	(55 541 772)	(18 226 793)	Corporate Services	30 251 329	(46 432 349)	(16 181 020)
406 734 241	(372 486 788)	34 247 453	Engineering Services	437 489 580	(388 225 426)	49 264 154
498 949	(23 995 269)	(23 496 320)	Executive & Council	622 048	(25 972 528)	(25 350 480)
79 952 471	(24 215 849)	55 736 623	Finance	93 372 571	(25 634 072)	67 738 499
4 415 769	(39 923 144)	(35 507 375)	Strategy & Social Development	2 481 619	(18 907 755)	(16 426 135)
528 916 409	(516 162 821)	12 753 588	Sub Total	601 716 910	(547 709 853)	54 007 056
-	-	-		-	-	-
528 916 409	(516 162 821)	12 753 588	**Total**	601 716 910	(547 709 853)	54 007 056

APPENDIX C - Unaudited
LANGEBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
809 957	(29 720 706)	(28 910 749)	Executive & Council	622 048	(32 090 003)	(31 467 955)
79 952 471	(24 215 849)	55 736 623	Budget & Treasury	93 372 571	(25 634 072)	67 738 499
4 803 877	(22 988 045)	(18 184 168)	Corporate Services	6 608 389	(24 851 398)	(18 243 008)
2 710 831	(7 488 935)	(4 778 104)	Planning & Development	3 079 890	(7 675 013)	(4 595 123)
8 850 504	(17 629 523)	(8 779 018)	Community & Social Services	9 555 724	(19 394 172)	(9 838 447)
14 906 932	(30 488 579)	(15 581 647)	Housing	27 872 345	(8 323 538)	19 548 806
26 065 312	(32 930 141)	(6 864 828)	Public Safety	25 026 712	(31 981 339)	(6 954 627)
876 217	(3 354 558)	(2 478 341)	Sport & Recreation	275 595	(3 577 820)	(3 302 225)
278 070	(13 503 116)	(13 225 046)	Environmental Protection	283 093	(14 631 176)	(14 348 083)
20 117 059	(35 747 937)	(15 630 878)	Waste Management	28 226 516	(35 806 205)	(7 579 688)
29 243 345	(13 002 664)	16 240 680	Waste Water Management	50 171 753	(15 468 835)	34 702 918
317 966	(16 726 747)	(16 408 781)	Road Transport	871 941	(17 250 677)	(16 378 736)
56 263 184	(31 107 738)	25 155 446	Water	41 387 074	(36 412 796)	4 974 278
283 720 683	(237 258 283)	46 462 400	Electricity	314 363 259	(274 612 810)	39 750 448
						-
528 916 409	(516 162 821)	12 753 588	Sub Total	601 716 910	(547 709 853)	54 007 056
528 916 409	(516 162 821)	12 753 588	**Total**	601 716 910	(547 709 853)	54 007 056

APPENDIX D - Unaudited
LANGEBERG MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
Restated

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	30 JUNE 2015	Prior Period Error	30 JUNE 2015	Grants Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2016
	R	R	R	R	R	R	R	R
National Government Grants								
MSIG	0	-	0	940 000	-	115 439	824 561	0
Zolani Taxi Rank	-0	-	-0	-	-	-	-	-0
Masterplans	54 386	-	54 386	-	-	-	-	54 386
MIG	2 755	-	2 755	21 368 000	-2 755	2 624 140	18 743 860	-0
Equitable Share	-	-	-	57 378 000	-	57 378 000	-	-
FMG	0	-	0	1 450 000	-	1 450 000	-	0
INEP	541 119	-	541 119	2 000 000	300 000	410 669	1 797 324	33 126
EPWP	47 619	-	47 619	1 494 000	-	1 541 619	-	-
Municipal Disaster Recovery	6 124 130	-	6 124 130	-	-	89 453	638 949	5 395 729
Department of Water Affairs	55 470	-	55 470	-	-	-	-	55 470
Provincial Government Grants								
Library services	-0	-	-0	9 310 000	-	6 204 437	1 887 334	1 218 228
Main roads	-	-	-	120 000	-	120 000	-	-
Masakhane	353 117	-	353 117	-	-	-	-	353 117
Housing Consumer Education	8 421	-	8 421	-	-	-	-	8 421
Housing Emergency Grant	197 755	-	197 755	-	-	-	-	197 755
Job creation	128 050	-	128 050	-	-	-	-	128 050
Social Development	-0	-	-0	-	-	-	-	-0
Housing Home Sanitation	167 671	-	167 671	-	-	-	-	167 671
Housing	17 903	-	17 903		-	-	-	17 903
Dept Water Affairs	140 000	-	140 000		-	-	-	140 000
Training	-	-	-	361 667	-	361 667	-	-
Installation of Basic Services (Squatter Camps	46 326	-	46 326		-	-	-	46 326
CDW Operational Support Grant	-	-	-		-	-	-	-
Public Transport Infrastructure	73 536	-	73 536		-	-	-	73 536
Human Settlements Development Grant (Bene	133 338	-	133 338	27 655 483	-133 338	5 083 971	22 455 916	115 596
Thusong Service Centre Operational Support	-	-	-	200 000	-	105 005	-	94 995
Acceleration of Housing Delivery	0	-	0		-	-	-	0
Department of Sport	1	-	1	-	-1	-	-	-
Western Cape Financial Management Grant	283 523	-	283 523	50 000	-	333 523	-	-
Municipal Capacity Building Grant	470 000	-	470 000	-	-	-	-	470 000
District Municipality Grants								
ID Documents	33 260	-	33 260	-	-	-	-	33 260
Route 62 projects	37 377	-	37 377	-	-	-	-	37 377
PIMS	56 147	-	56 147	-	-	-	-	56 147
Pre-paid Watermeters	108 527	-	108 527	-	-	-	-	108 527
Ward Committees	150 000	-	150 000	-	-	-	-	150 000
PIMS	17 560	-	17 560	-	-	-	-	17 560
McGregor Dam	25 000	-	25 000	-	-	-	-	25 000
Bakery Project	210 312	-	210 312	-	-	-	-	210 312
Landfil site	332 400	-	332 400	-	-	-	-	332 400
Tarring of Streets	-	-	-	-	-	-	-	-
Cleanest Town	41 416	-	41 416	-	-	-	-	41 416
Total	**9 857 121**	**-**	**9 857 121**	**122 327 150**	**163 905**	**75 817 925**	**46 347 944**	**9 582 308**

Appendix E1 - Unaudited
Langeberg Municipality
- Revenue and Expenditure (Standard Classification)

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2015/2016								2014/2015			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	**82 973**	**8 025**	**90 998**	**100 617**		**9 619**	**110.6%**	**121.3%**				**85 566**
Executive and council	251	354	605	622		17	102.8%	247.6%				810
Budget and treasury office	80 237	7 624	87 861	93 387		5 526	106.3%	116.4%				79 952
Corporate services	2 485	48	2 532	6 608		4 076	261.0%	266.0%				4 804
Community and public safety	**34 582**	**16 601**	**51 183**	**62 730**		**11 547**	**122.6%**	**181.4%**				**50 699**
Community and social services	10 842	68	10 910	9 556		(1 354)	87.6%	88.1%				8 851
Sport and recreation	295	70	365	276		(90)	75.4%	93.3%				876
Public safety	16 998	6 510	23 508	25 027		1 519	106.5%	147.2%				26 065
Housing	6 448	9 953	16 400	27 872		11 472	170.0%	432.3%				14 907
Health	–	–	–	–		–	-	-				–
Economic and environmental services	**11 688**	**(1 598)**	**10 090**	**4 235**		**(5 855)**	**42.0%**	**36.2%**				**3 307**
Planning and development	3 597	48	3 645	3 080		(565)	84.5%	85.6%				2 711
Road transport	7 835	(1 558)	6 277	872		(5 405)	13.9%	11.1%				318
Environmental protection	256	(88)	168	283		115	168.3%	110.7%				278
Trading services	**426 417**	**2 685**	**429 103**	**434 135**		**5 032**	**101.2%**	**101.8%**				**389 344**
Electricity	315 560	(1 873)	313 687	314 349		662	100.2%	99.6%				283 721
Water	45 759	(2 368)	43 391	41 387		(2 004)	95.4%	90.4%				56 263
Waste water management	34 654	11 349	46 003	50 172		4 169	109.1%	144.8%				29 243
Waste management	30 444	(4 422)	26 022	28 227		2 205	108.5%	92.7%				20 117
Other	**–**	**–**	**–**	**–**		**–**	**-**	**-**				**–**
Total Revenue - Standard	**555 661**	**25 713**	**581 374**	**601 717**		**20 343**	**103.5%**	**108.3%**				**528 916**

Appendix E1 - Unaudited
Langeberg Municipality
- Revenue and Expenditure (Standard Classification)

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2015/2016								2014/2015			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Expenditure - Standard												
Governance and administration	**87 761**	**4 078**	**91 838**	**80 297**	**(11 541)**	**(11 541)**	**87.4%**	**91.5%**	**3 094**	**3 094**	**–**	**74 835**
Executive and council	32 092	606	32 698	29 086	(3 612)	(3 612)	89.0%	90.6%	3 409	3 409	–	26 824
Budget and treasury office	30 523	3 272	33 794	25 487	(8 308)	(8 308)	75.4%	83.5%	–	–	–	24 216
Corporate services	25 146	200	25 346	25 724	378	378	101.5%	102.3%	(315)	(315)	–	23 795
Community and public safety	**64 769**	**18 109**	**82 878**	**63 277**	**(19 601)**	**(19 601)**	**76.3%**	**97.7%**	**(14 034)**	**(14 034)**	**–**	**84 403**
Community and social services	23 725	(71)	23 655	19 394	(4 261)	(4 261)	82.0%	81.7%	3 992	3 992	–	17 629
Sport and recreation	4 161	–	4 161	3 578	(583)	(583)	86.0%	86.0%	–	–	–	3 355
Public safety	27 288	8 000	35 288	31 981	(3 307)	(3 307)	90.6%	117.2%	(7 851)	(7 851)	–	32 930
Housing	9 595	10 180	19 775	8 324	(11 451)	(11 451)	42.1%	86.8%	(10 175)	(10 175)	–	30 489
Health	–	–	–	–	–	–	-	-	–	–	–	–
Economic and environmental services	**44 126**	**5 449**	**49 575**	**41 835**	**(7 740)**	**(7 740)**	**84.4%**	**94.8%**	**734**	**734**	**–**	**39 808**
Planning and development	11 634	1 542	13 177	9 954	(3 223)	(3 223)	75.5%	85.6%	371	371	–	9 578
Road transport	18 072	3 900	21 972	17 251	(4 722)	(4 722)	78.5%	95.5%	364	364	–	16 727
Environmental protection	14 419	7	14 426	14 631	205	205	101.4%	101.5%	–	–	–	13 503
Trading services	**357 622**	**5 993**	**363 615**	**362 301**	**(1 315)**	**(1 315)**	**99.6%**	**101.3%**	**(8 988)**	**(8 988)**	**–**	**317 117**
Electricity	282 070	(8 507)	273 564	274 613	1 049	1 049	100.4%	97.4%	(2 893)	(2 893)	–	237 258
Water	37 302	250	37 552	36 413	(1 140)	(1 140)	97.0%	97.6%	5 471	5 471	–	31 108
Waste water management	13 910	1 250	15 160	15 469	308	308	102.0%	111.2%	267	267	–	13 003
Waste management	24 339	13 000	37 339	35 806	(1 533)	(1 533)	95.9%	147.1%	(11 833)	(11 833)	–	35 748
Other	**–**	**–**	**–**	**–**	**–**	**–**	**-**	**-**	**–**	**–**	**–**	**–**
Total Expenditure - Standard	**554 278**	**33 630**	**587 907**	**547 710**	**(40 197)**	**(40 197)**	**93.2%**	**98.8%**	**(19 194)**	**(19 194)**	**–**	**516 163**
Surplus/(Deficit) for the year	**1 383**	**(7 917)**	**(6 534)**	**54 007**		**60 541**	**-826.6%**	**3904.6%**			**–**	**12 754**

Appendix E2 - Unaudited
Langeberg Municipality
- Revenue and Expenditure (Municipal Vote Classification)

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2015/2016								2014/2015			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - FINANCE	80 237	7 624	87 861	93 387		5 526	106.3%	116.4%				79 952
Vote 2 - EXECUTIVE & COUNCIL	251	354	605	622		17	102.8%	247.6%				499
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	3 410	(928)	2 482	2 482		0	100.0%	72.8%				4 416
Vote 4 - CORPORATE SERVICES	28 372	(3 480)	24 892	30 251		5 359	121.5%	106.6%				37 315
Vote 5 - ENGINEERING SERVICES	443 391	(5 089)	438 302	437 476		(826)	99.8%	98.7%				406 734
Vote 6 - COMMUNITY SERVICES	–	27 232	27 232	37 500		10 268	137.7%	#DIV/0!				–
Total Revenue by Vote	**555 661**	**25 713**	**581 374**	**601 717**		**20 343**	**103.5%**	**108.3%**				**528 916**
Expenditure by Vote ***to be appropriated***												
Vote 1 - FINANCE	30 523	3 272	33 794	25 487	(8 308)	(8 308)	75.4%	83.5%	–	–	–	24 216
Vote 2 - EXECUTIVE & COUNCIL	28 769	606	29 375	25 973	(3 402)	(3 402)	88.4%	90.3%	–	–	–	23 995
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	44 872	(24 547)	20 324	19 055	(1 269)	(1 269)	93.8%	42.5%	–	–	–	39 923
Vote 4 - CORPORATE SERVICES	54 727	(5 899)	48 828	46 432	(2 395)	(2 395)	95.1%	84.8%	4 208	4 208	–	55 542
Vote 5 - ENGINEERING SERVICES	395 388	1 793	397 182	388 225	(8 956)	(8 956)	97.7%	98.2%	14 985	14 985	–	372 487
Vote 6 - COMMUNITY SERVICES	–	58 405	58 405	42 538	(15 867)				–	–	–	–
Total Expenditure by Vote	**554 278**	**33 630**	**587 907**	**547 710**	**(40 197)**	**(24 330)**	**93.2%**	**98.8%**	**19 194**	**19 194**	**–**	**516 163**
Surplus/(Deficit) for the year	**1 383**	**(7 917)**	**(6 534)**	**54 007**		**44 674**	**-826.6%**	**3904.6%**				

Appendix E3 - Unaudited
Langeberg Municipality
- Revenue and Expenditure (Revenue by Source and Expenditure by Type)

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2015/2016								2014/2015				
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome	Explanation for material variances
	1	2	3	4	5	6	7	8	9	10	11	12	
Revenue By Source													
Property rates	38 577	1 340	39 917	39 954		**37**	100.1%	**103.6%**				34 520	
Property rates - penalties & collection charges	487	–	487	269		(218)	55.3%	55.3%				294	
Service charges - electricity revenue	303 898	(2 185)	301 714	304 340		2 626	100.9%	100.1%				275 445	Decrease in demand for electricity due to in
Service charges - water revenue	39 308	–	39 308	37 493		(1 815)	95.4%	95.4%				34 766	Decrease in demand for water due to increa
Service charges - sanitation revenue	13 504	1 000	14 504	18 979		4 475	130.9%	140.5%				10 640	
Service charges - refuse revenue	11 805	1 500	13 305	14 417		1 112	108.4%	122.1%				13 365	
Service charges - other	–	–	–	–		–	-	-					
Rental of facilities and equipment	2 896	(171)	2 726	2 624		(102)	96.3%	90.6%				2 332	
Interest earned - external investments	2 940	600	3 540	4 392		852	124.1%	149.4%				3 222	
Interest earned - outstanding debtors	3 883	(2 296)	1 587	1 686		98	106.2%	43.4%				3 277	
Dividends received	–	–	–	–		–	-	-					
Fines	12 865	5 997	18 862	20 679		1 817	109.6%	160.7%				21 824	
Licences and permits	1 635	90	1 725	1 169		(556)	67.8%	71.5%				1 151	
Agency services	2 366	500	2 866	3 141		274	109.6%	132.7%				2 827	
Transfers recognised - operational	75 992	10 744	86 735	75 498		(11 237)	87.0%	99.4%				82 859	
Other revenue	16 282	7 674	23 956	26 879		2 923	112.2%	165.1%				19 063	
Gains on disposal of PPE	–	–	–	3 529		3 529	#DIV/0!	#DIV/0!				613	
Total Revenue (excluding capital transfers and contributions)	**526 439**	**24 793**	**551 232**	**555 049**		**3 817**	**100.7%**	**105.4%**				**506 197**	
Expenditure By Type			–				-	-					
Employee related costs	159 970	128	160 097	146 027	(14 071)	(14 071)	91.2%	91.3%	(10 421)	(10 421)	–	138 554	
Remuneration of councillors	8 858	–	8 858	8 740	(118)	(118)	98.7%	98.7%	–	–	–	8 331	
Debt impairment	16 773	8 000	24 773	30 410	5 637	5 637	122.8%	181.3%	5 344	5 344	–	21 362	Due to iGRAP 1 on Traffic Fines
Depreciation & asset impairment	21 745	13 000	34 745	31 488	(3 257)	(3 257)	90.6%	144.8%	14 054	14 054	–	34 128	
Finance charges	8 666	–	8 666	11 429	2 764	2 764	131.9%	131.9%	257	257	–	9 348	
Bulk purchases	241 735	–	241 735	242 032	297	297	100.1%	100.1%	7 141	7 141	–	213 946	
Other materials	–	–	–	–	–	–	-	-	–	–	–	–	
Contracted services	1 993	64	2 057	2 183	127	127	106.2%	109.6%	80	80	–	1 983	
Transfers and grants	126	–	126	125	(1)	(1)	99.4%	99.4%	–	–	–	120	
Other expenditure	94 413	12 438	106 851	73 708	(33 142)	(33 142)	69.0%	78.1%	2 681	2 681	–	88 300	
Loss on disposal of PPE	–	–	–	1 567	1 567	1 567	#DIV/0!	#DIV/0!	58	58	–	90	
Total Expenditure	**554 278**	**33 630**	**587 907**	**547 710**	**(40 197)**	**(40 197)**	**93.2%**	**98.8%**	**19 194**	**19 194**	**–**	**516 163**	
Surplus/(Deficit)	**(27 839)**	**(8 836)**	**(36 675)**	**7 339**		**44 014**	**-20.0%**	**-26.4%**				**(9 965)**	
Transfers recognised - capital	29 222	919	30 141	46 668		16 526	154.8%	159.7%				22 719	
Contributions recognised - capital	–	–	–	–		–	-	-					
Contributed assets	–	–	–	–		–	-	-					

Appendix E3 - Unaudited
Langeberg Municipality
- Revenue and Expenditure (Revenue by Source and Expenditure by Type)

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2015/2016								2014/2015				
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome	Explanation for material variances
	1	2	3	4	5	6	7	8	9	10	11	12	
Surplus/(Deficit) after capital transfers & contributions	1 383	(7 917)	(6 534)	54 007		60 541	-826.6%	3904.6%				12 754	
Taxation			–			–	-	-					
Surplus/(Deficit) after taxation	1 383	(7 917)	(6 534)	54 007		60 541	-826.6%	3904.6%				12 754	
Attributable to minorities			–			–	-	-					
Surplus/(Deficit) attributable to municipality	1 383	(7 917)	(6 534)	54 007		60 541	-826.6%	3904.6%				12 754	
Share of surplus/ (deficit) of associate			–			–	-	-					
Surplus/(Deficit) for the year	1 383	(7 917)	(6 534)	54 007		60 541	-826.6%	3904.6%				12 754	

Appendix E4 - Unaudited
Langeberg Municipality
- Capital Expenditure by Vote, Standard Classification and Funding

Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2015/2016								2014/2015			
R thousand	Original Budget	Total Budget	Final	Actual	Unauthorised	Variance	Actual Outcome	Actual Outcome	Reported unauthorised	Expenditure	Balance to be	Restated
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Single-year expenditure												
Vote 1 - FINANCE	–	–	–	–	–	–	-	-	–	–	–	275
Vote 2 - EXECUTIVE & COUNCIL	–	–	–	–	–	–	-	-	–	–	–	–
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	4 275	(900)	3 375	3 398	23	23	101%	79%	–	–	–	5 749
Vote 4 - CORPORATE SERVICES	3 489	(2 829)	660	551	(109)	(109)	83%	16%	–	–	–	3 387
Vote 5 - ENGINEERING SERVICES	43 860	4 473	48 333	37 999	(10 334)	(10 334)	79%	87%	–	–	–	43 121
Vote 6 - COMMUNITY SERVICES	–	6 306	6 306	30 387	24 081	24 081	482%	#DIV/0!			–	
Capital single-year expenditure	51 624	7 050	58 674	72 335	13 661	13 661	123%	140%	–	–	–	52 531
Total Capital Expenditure - Vote	51 624	7 050	58 674	72 335	13 661	13 661	123%	140%	–	–	–	52 531
							-	-				
Capital Expenditure - Standard												
Governance and administration	**2 625**	**60**	**2 685**	**2 635**	**(50)**	**(50)**	**98%**	**100%**	**–**	**–**	**–**	**4 536**
Executive and council	–	–	–	–	–	–	-	-	–	–	–	–
Budget and treasury office	–	–	–	–	–	–	-	-	–	–	–	275
Corporate services	2 625	60	2 685	2 635	(50)	(50)	98%	100%	–	–	–	4 261
Community and public safety	**5 789**	**413**	**6 202**	**27 398**	**21 196**	**21 196**	**442%**	**473%**	**–**	**–**	**–**	**7 355**
Community and social services	4 289	333	4 622	3 479	(1 142)	(1 142)	75%	81%	–	–	–	3 484
Sport and recreation	–	80	80	79	(1)	(1)	99%	#DIV/0!	–	–	–	854
Public safety	–	–	–	–	–	–	-	-	–	–	–	26
Housing	1 500	–	1 500	23 839	22 339	22 339	1589%	1589%	–	–	–	2 990
Health	–	–	–	–	–	–	-	-	–	–	–	–
Economic and environmental services	**11 719**	**(824)**	**10 895**	**5 794**	**(5 101)**	**(5 101)**	**53%**	**49%**	**–**	**–**	**–**	**3 321**
Planning and development	–	–	–	–	–	–	-	-	–	–	–	510
Road transport	10 869	(1 428)	9 441	4 406	(5 035)	(5 035)	47%	41%	–	–	–	2 810
Environmental protection	850	604	1 454	1 388	(66)	(66)	95%	163%	–	–	–	–
Trading services	**31 491**	**7 401**	**38 892**	**36 508**	**(2 384)**	**(2 384)**	**94%**	**116%**	**–**	**–**	**–**	**37 321**
Electricity	5 054	2 101	7 156	5 761	(1 395)	(1 395)	81%	114%	–	–	–	12 018
Water	3 528	(2 368)	1 160	1 061	(99)	(99)	91%	30%	–	–	–	20 885
Waste water management	9 070	13 820	22 890	21 959	(931)	(931)	96%	242%	–	–	–	1 007
Waste management	13 839	(6 152)	7 687	7 727	40	40	101%	56%	–	–	–	3 411
Other	**–**	**–**	**–**	**–**	**–**	**–**	**-**	**-**	**–**	**–**	**–**	**–**
Total Capital Expenditure - Standard	**51 624**	**7 050**	**58 674**	**72 335**	**13 661**	**13 661**	**123%**	**140%**	**–**	**–**	**–**	**52 531**
							-	-				
Funded by:												
National Government	26 633	537	27 170	22 005		(5 165)	81%	83%				19 961
Provincial Government	2 589	383	2 972	24 343		21 372	819%	940%				2 362
District Municipality	–	–	–	–		–	-	-				–
Other transfers and grants	–	–	–	–		–	-	-				396
Transfers recognised - capital	**29 222**	**919**	**30 141**	**46 348**		**16 207**	**154%**	**159%**				**22 719**
Public contributions & donations	**–**	**–**	**–**	**–**		**–**	**-**	**-**				**–**
Borrowing	**–**	**–**	**–**	**–**		**–**	**-**	**-**				**–**
Internally generated funds	22 402	6 131	28 532	25 987		**(2 546)**	**91%**	**116%**				29 813
Total Capital Funding	**51 624**	**7 050**	**58 674**	**72 335**		**13 661**	**123%**	**140%**				**52 531**

Appendix E5 - Unaudited
Langeberg Municipality
- Cash Flows

Reconciliation of Table A7 Budgeted Cash Flows

Description	2015/2016							2014/2015	
R thousand	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome	
	1	2	3	4	5	6	7	8	Explanations for material Variances
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	450 922	–	450 922	430 248	(20 674)	95.4%	95.4%	391 122	
Government - operating	75 248	10 250	85 498	75 959	(9 539)	88.8%	100.9%	83 997	
Government - capital	23 912	–	23 912	46 368	22 456	193.9%	193.9%	28 580	
Interest	6 482	–	6 482	2 322	(4 160)	35.8%	35.8%	2 439	
Dividends	–	–	–		–	-	-		
Payments									
Suppliers and employees	(500 176)	(1 565)	(501 740)	(458 145)	43 596	91.3%	91.6%	(426 710)	
Finance charges	(2 674)	–	(2 674)	(2 854)	(180)	106.7%	106.7%	(3 191)	
Transfers and Grants	–	–	–	(749)	(749)	#DIV/0!	#DIV/0!	(120)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	**53 715**	**8 686**	**62 400**	**93 150**	**30 750**	**149.3%**	**173.4%**	**76 115**	
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	–	–	–	3 786	3 786	#DIV/0!	#DIV/0!	880	
Decrease (Increase) in non-current debtors	–	–	–		–	-	-		
Decrease (increase) other non-current receivables	2 000	–	2 000		(2 000)	-	-		
Decrease (increase) in non-current investments	–	–	–		–	-	-		
Payments									
Capital assets	(51 624)	(7 050)	(58 674)	(72 481)	(13 808)	123.5%	140.4%	(52 269)	Under expenditure as many projects could not be completed by 30 June 2015.
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(49 624)**	**(7 050)**	**(56 674)**	**(68 695)**	**(12 021)**	**121.2%**	**138.4%**	**(51 390)**	
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		–	–		–	-	-		
Borrowing long term/refinancing		–	–		–	-	-		
Increase (decrease) in consumer deposits	457	–	457	1 032	575	225.7%	225.7%	811	
Payments									
Repayment of borrowing	(2 871)	–	(2 871)	(4 510)	(1 640)	157.1%	157.1%	(4 100)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(2 414)**	**–**	**(2 414)**	**(3 478)**	**(1 065)**	**144.1%**	**144.1%**	**(3 289)**	
NET INCREASE/ (DECREASE) IN CASH HELD	1 677	1 636	3 313	20 977				21 437	
Cash/cash equivalents at the year begin:	67 268	15 365	82 634	82 634				61 197	
Cash/cash equivalents at the year end:	68 946	(11 283)	85 946	103 610	17 664	120.6%	150.3%	82 634	

CHAPTER 6

AUDITOR GENERAL AUDIT FINDINGS

LANGEBERG MUNICIPALITY

REPORT OF THE AUDIT/PERFORMANCE COMMITTEE – 2015/2016

The Audit/Performance Committee reports in terms of its responsibilities as prescribed by section 166 of the MFMA.

The members of the Audit/ Performance Committee of the Langeberg Municipality for the 2015/2016 financial year were:

Mr JJ Mostert
Mr A Amod
Mr K Pretorius
Mr W van Deventer

All the members of the Audit/Performance Committee have appropriate experience and qualifications to perform the necessary duties as members of the Committee.

During the year under review, 5 meetings were held on the following dates:

26 August 2015
21 September 2015
24 November 2015
17 March 2016
20 June 2016

The internal audit plan is risk based and effectively mitigated emerging risks. During the quarterly audit committee meetings, the audit committee demonstrated satisfaction with the work of internal audit which included key risk areas identified as well as those internal audits required by the MFMA. The internal audit work was used for risk identification.

The Audit/Performance Committee is also satisfied that the internal controls implemented by management are effective.

The Audit/Performance Committee carried out its functions in accordance with its mandate.

The Audit/Performance Committee Charter was also reviewed and approved.

The Audit/Performance Committee has:

- Reviewed the adequacy, reliability and accuracy of the financial statements and approved the annual financial statements for the 2015/2016 financial year.

- Reviewed and discussed the Auditor-General's audit report for the 2015/2016 financial year on 24 November 2016.

- Reviewed adjustments made from the audit.

- Reviewed the risk register of the municipality on a quarterly basis.

The Audit/Performance Committee also took cognisance of the fact that the municipality's compliance with legal and regulatory provisions are in full compliance in terms of the quarterly MFMA compliance reporting schedule.

The Audit/Performance Committee agrees with the conclusions made by the Auditor-General with respect to the adequacy and correctness of the 2015/2016 annual financial statements for the Langeberg Municipality.

The Audit/Performance Committee recommends that the audited annual financial statements together with the audit report by the Auditor General, be adopted and approved by Council for the year ended 30 June 2016.

CHAIRPERSON: AUDIT COMMITTEE
30 November 2016

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

AUDIT ACTION PLAN ON 2015/2016 EXTERNAL AUDIT FINDINGS				
Audit Finding	**AG Recommendation**	**Management Response**	**Responsible Person**	**Action / Progress to Date**
COMAF 1: Assets on the "admin list" not included in the asset register 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. Paragraph 06 of GRAP 17 – Property, Plant and Equipment defines property, plant and equipment as tangible items that: (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and (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. 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. 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. ***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 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.	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.	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. The municipality take note of the finding. 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. 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. 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 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. All these assets however are still an integral part of the infrastructure networks within the municipality. 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	B Brown K Meiring	

		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. 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.		
COMAF 2: Vandalized asset not impaired 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. 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: 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.	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. 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.	Management notes the finding as far as it relates to vandalised community assets not impaired. The internal control deficiency as raised by the Auditor General is noted. 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. The whole population of community assets was checked. GRAP 21: Impairment on Non Cash Generating Assets states: Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Recognising and measuring an impairment loss .49 Paragraphs .50 to .56 set out the requirements for 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.	B Brown K Meiring	

DESCRIPTION	Orig cost	Acc Dep	Bookvalue		Sldethub Recoverable Service Amount		Outcome
Taxi Rank-Top StructureBuildings	379 948.30	67 875.77	312 072.53		300 000.00	12 072.53	Damage only on the top structure
Taxi Rank-Civil Structure-Parking Areas-Asphalt-Taxi Rank-P	1 815 825.60	288 610.37	1 527 215.23				No damage on the asphalt part, roads and parking areas and civil structure
Taxi Rank-Civil Structure-Parking Areas-Asphalt-Taxi Rank PPK-100	**1 985 773.90**	**356 485.14**	**1 629 288.76**				
Mbulelo Sport	484 958.87	316 154.67	168 736.20		1 800 000.00	-1 631 263.80	No Impairment loss
Pinelandsand Swimming Pool	886 376.15	440 861.80	425 514.35		915 000.00	-489 385.64	No Impairment loss
Clubhouse Van Zyl Street Sport	198 900.70	153 728.72	44 917.17		580 000.00	-535 182.83	No Impairment loss
SPORTSFIELDNUE OPSIGTERS HUIS VAN ZYL STR	51 016.52	41 137.29	9 879.23		147 200.00	-137 320.77	No Impairment loss
Ashton Cricket Clubhouse	211 607.59	113 452.71	98 154.88		128 000.00	-30 845.12	No Impairment loss
Bonnievale Sport Pavilijoen	139 000.00	46 640.22	93 359.78		455 000.00	-411 640.22	No Impairment loss
King Edward Sport Grounds	3 617 000.00	640 153.72	2 976 846.28		3 200 000.00	-223 153.72	No Impairment loss
	7 596 787.24	**2 128 518.87**	**5 468 268.35**		**7 625 200.00**	**-3 156 919.67**	

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

		Zolani Taxi Rank:		
		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.		
COMAF 3: Land occupied by residents, but still on municipality's asset register 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 17 – Property, Plant and Equipment defines Property, plant and equipment (PPE) as tangible items that: (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and	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 on the financial statements, the whole population should be investigated and the necessary corrections need to be made to the financial	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 5365 Vrotkop 80; derecognise housing; Subdividing housing erven; R7000	B Brown K Meiring	

(b) are expected to be used during more than one reporting period. 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: 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 The projected overstatement of the infrastructure is R91 977.79 and has been calculated as follows: Total of sample: R30 245 444.94 Error in sample: R21 000.00 Percentage of error 0.069% Total Sample Population:R132 471 870.00 Projected misstatement:R91 977.79 ***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 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.	statements.	5366; Vrotkop 80- derecognise housing 'subdivided for housing erven R7000 5367 Vrotkop 80- derecognise housing-subdivided for housing erven R7000 8981 Mountain view. Derecognised no valuation; not on deeds or maps R2000 8982 Mountain view 80; derecognise no valuation ; not on deeds or maps R2000 30213 ERF 184, Nkqubela ground derecognised transferred 30/05/2011; R2000		

COMAF 4: Assets incorrectly allocated

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.

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
			Total	**R6 205.84**

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	DIENSTE BEHUISINGSPROJEKTE	Land & buildings	Infrastructure – Housing	R781 390.36
			Total	**R810 663.99**

The projected mistatement of infrastructure assets and land and buildings is R3 550 623.07 and

The municipality should implement controls to ensure that the financial statements are adequately reviewed to ensure that all assets are appropriately 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.

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:

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 & Building	R 6 000.00
			Total	**R 6 205.84**

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

B Brown

K Meiring

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.

4149	Louisiana	Land & buildings	Infrastructure – Housing	R 9 000.00
3868	Bonnievale Plakkers	Land & buildings	Infrastructure – Housing	R 20 273.63
3869	DIENSTE BEHUISINGSPROJEKTE	Land & buildings	Infrastructure – Housing	R781 390.36
			Total	**R810 663.99**

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 "Dienste 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
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

<table>
<tr>
<td></td>
<td></td>
<td>an adjustment in the financial statements.

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

<u>Management comment on recommendation</u>

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.

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.

<u>Remedial action</u>

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%.

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%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMAF 5: Assets could not be physically verified

Paragraph 6 of Generally Recognised Accounting Practice 17 – Property Plant and Equipment (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.

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:
<table>
<tr><th>Description</th><th>Location</th><th>Value</th></tr>
<tr><td>STREETLIGHTS - LOUISIANA</td><td>R4071</td><td>R 16 632.13</td></tr>
<tr><td>STREETLIGHTS - MKETSU TO GRAVE</td><td>R3220</td><td>R 56 662.85</td></tr>
<tr><td>STREETLIGHT - OLIEN 76</td><td>R5201</td><td>R 16 632.13</td></tr>
<tr><td>STREETLIGHT - SEDER18&SITRUS2</td><td>R5201</td><td>R 16 632.13</td></tr>
<tr><td>STREETLIGHTS - MONTAGU</td><td>R5201</td><td>R 16 632.13</td></tr>
</table>
</td>
<td>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.</td>
<td>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.</td>
<td>B Brown
K Meiring</td>
<td></td>
</tr>
</table>

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				
	Total	**R 260 977.77**				
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 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 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.						
COMAF 6: Incorrect classification of income due to changes in the discount rate of the provision Paragraph 17 of Generally Recognized Accounting Practice (GRAP) 1 – Presentation of financial statements states that financial statements shall present fairly the financial position, financial			The Langeberg Municipality should ensure that GRAP standards are appropriately applied and that the interpretations are in line with the standards. Furthermore the	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.	B Brown	

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 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. During the audit of Capitalised Restoration Costs the following were identified: • 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". • 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 "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. 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 correctly.	financial statements need to be adjusted to indicate the correct classification.	During the audit of Capitalised Restoration Costs the following were identified: •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. •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. •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. Note 17 to the Financial Statements will be adjusted as follows which has a R0 effect on the total balance:		
COMAF 7: General expenses classified in terms of function instead of nature 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. 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. 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: **General Expense** — **Amount** Poverty Alleviation Project — R 942 588.00	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.	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. 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	B Brown	

Housing Expenditure	R5 083 971.00
Development project	R 398 562.00
	R6 425 121.00

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.

COMAF 8: Payments not made within 30 days of receiving the relevant invoice

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.

From a sample of 40 payments selected for testing, the following payments were identified where payments were not made within 30 days of receipt of the invoice:

Supplier	Invoice Date	Payment Date	Payment Number	Invoice Number	Number of Days	Invoice Amount
Van Eeden Grondverskuiwing	2016/01/18	2016/03/30	118895	Inv103280	53	R 138 190.80
Van Eeden Grondverskuiwing	2016/01/18	2016/03/30	118895	Inv103286	53	R 63 558.99
Van Eeden Grondverskuiwing	2016/01/18	2016/04/30	119763	Inv103287	75	R 118 104.36
						R 319

Management should follow up on work performed by suppliers and monitor receipt of invoices to ensure that the they are paid within 30 days

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 clear, hence after receipt of the entire invoices. However the total scope amount could only be made available after an adjustment budget.

Thus the invoice was held back by the relevant department until such time that the funds were available to pay for the invoices. This case is an outlier and as such should be treated as an outlier.

B Brown

854.15

Internal control deficiency-Financial management : Review and monitor compliance with applicable legislation. Management did not approve the payment of the invoice amount on time, as it was greater than the quotation and order amount.

COMAF 9: Inventory Items that should have been capitalised

Paragraph 6 of Generally Recognised Accounting Practice 17 – Property Plant and Equipment (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.

During the audit of inventory the following items, that meet the definition of PPE, were identified which were incorrectly classified under inventory:

Description	**Value at 30 June 2016**
Water meters	R354 670.58
Electricity meters	R403 707.00
Transformers and mini subs	R1 829 472.03
TOTAL	R2 587 849.61

Furthermore it was found that the municipality expensed water meters to the value of R233 853.39 during the financial year under review when they were installed for service 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.

The municipality should implement processes and procedures to ensure that capital assets kept in the stores are treated and recognised as capital assets and not as inventory.

Management notes the finding as far as it relates to inventory items that should have been capitalised.

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

Management notes the recommendation by the Auditor General.

The municipality will implement processes and procedures to ensure that capital assets kept in the stores are treated and recognised as capital assets and not as inventory.

The AFS will be updated accordingly.

Correcting journal entry

			30/06/2014	30/06/2015	30/06/2016
Prior Balance			11 706 213.92	10 837 074.00	11 187 274.99
Ajustment			-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	

B Brown

K Meiring

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

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

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.

B Brown

<table>
<tr>
<td>financial year.

1. 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:

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

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

<table>
<tr><td>Supplier</td><td>Description as per invoice</td><td>Description as per ledger</td><td>Payment number</td><td>Invoice number</td><td>Transaction Amount</td></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>

The projected over- and understatement of repairs and maintenance and general expenditure respectively is R213 364.75 and has been calculated as follows:

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

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.</td>
<td>impact on the financial statements, the whole population should be investigated and the necessary corrections need to be made to the financial statements</td>
<td>1. 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 R624 000.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMAF 11: Information Systems Auditing

1.1 No formal process for monitoring vendor performance

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.</td>
<td>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</td>
<td>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.

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</td>
<td>B Brown

C Matthys</td>
<td></td>
</tr>
</table>

2.1 No User Acceptance Testing (UAT) of changes to PROMUN 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. Without performing user acceptance testing a consistent approach might not be followed when operational changes are made, which could lead to unauthorised changes being promoted to production. **2.2 Vendor system activities are not monitored** 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. 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. **3.1 Weaknesses in the management of user accounts for IGNITE** 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: • As previously reported, user account management procedures had not been documented or approved. • User access reviews were not performed to determine whether access was in line with users' job roles and responsibilities. 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. **3.2 Weaknesses in the management of user accounts for SYNTELL** 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 SYNTELL application: • User account management procedures had not been documented or approved. • User' access reviews were not performed to determine whether access was in line with users' job roles and responsibilities. • The activities of system administrators were not monitored. Without a comprehensive user account management procedure, user access processes and	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 should be maintained for audit purposes. 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. 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. 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: -User compliance requirements -Granting, modifying and revoking system access -Performing user access reviews -Logging and monitoring of system administrator activities -Password resets -Password security 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 and verified by users' direct line management so as to ensure that it is still valid and	user acceptance testing. 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 been granted access to production when support/maintenance is required. 3.1 Management agrees with the finding and will ensure that standard operating Procedures are developed to include the following : • User compliance requirements • Granting, modifying and revoking system access • Performing user access reviews • Logging and monitoring of system administrator activities • Password resets • Password security 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. 3.2 Management agrees with the finding and will ensure that standard operating Procedures are developed to include the following : • User compliance requirements • Granting, modifying and revoking system access • Performing user access reviews • Logging and monitoring of system administrator activities • Password resets • Password security 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		

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 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. **3.3 Weaknesses in the management of user accounts for PROMUN** During the review it was found that the system administrator activities are logged, however it is was not reviewed during the audit period. 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. **4.1 No documented Electronic Funds Transfer (EFT) payment procedure for PayAccsys and Cash Focus** 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 **4.2 Inadequate Management of Changes made to Creditor Banking Details for PROMUN** 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. 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.	appropriate. Evidence of this review should be maintained for audit purposes. 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: -User compliance requirements -Granting, modifying and revoking system access -Performing user access reviews -Logging and monitoring of System Administrator Activities -Password Resets -Password security 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. -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 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. 3.3 Management should ensure that the audit trails of	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. 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. 3.3 Management agrees with the finding and will ensure that standard operating Procedures are developed to include the following : • User compliance requirements • Granting, modifying and revoking system access • Performing user access reviews • Logging and monitoring of system administrator activities • Password resets • Password security 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. 4.1 Management agrees with the finding and will ensure SOPs are developed to approve an EFT procedure. The SOPs would include 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 system. • How transactions will be approved and reviewed in the system • Users responsible for reconciliation of the systems output. • The retention period for EFT data.		

	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. 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 system. -How transactions will be approved and reviewed in the system -Users responsible for reconciliation of the systems output. -The retention period for EFT data. -Frequency of user account reviews 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. In addition management should consider investigating whether the vendor is able to address the inadequate management of changes made to creditor banking	• Frequency of user account reviews 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. 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.		

<table>
<tr><td></td><td>details through the development and implementation of a built in automated approval function</td><td></td><td></td><td></td></tr>
<tr><td>

COMAF 12: 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: Clean Environment was not reliable when compared to the source information and/or evidence provided as indicated per the key performance indicators below:

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

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.

</td><td>

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.

</td><td>

Management agrees with the finding and seeks approval to amend the APR to correctly reflect the audited outcomes as follows:

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.

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.

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.

</td><td>C Matthys</td><td></td></tr>
<tr><td>

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:

</td><td>

It is recommended that management relook at the actions stipulated in the action plan, to adequately address the root cause

</td><td>

1.1 <u>CJ Pietersen (147) – Period 201508</u>

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

</td><td>B Brown
C Matthys</td><td></td></tr>
</table>

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 (shift)	11	48.00
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

of why the finding occurs. This will enable management to more effectively address the internal control deficiencies.

Management should also ensure that there are consequences for those staff not adhering to instructions that have been issued, without the necessary pre-approval for deviation from instructions.

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 Director to get permission to exceed the normal over time hours and was indicated on the time sheet.***

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 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.

7	201509	244	JD DIEGAARDT	4.00
8	201511	2019026	M STALMEESTER	10.00
9	201507	52385	M SWART	21.50
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

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

3. Overtime Paid without approval

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.

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 are being processed without

1. I Fortuin worked 32 hours, but was paid for 48 hours;
2. J Haarvoor worked 32 hours, but was paid for 48 hours;
3. AJ Louw actually worked 22.5 hours in July 2015 and 23.08 hours in August 2015.

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.

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.

Management can therefore not agree with this finding.

2. Overtime worked without pre-approval

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.

2.1 A Ruiters (158) – Period 201509 and
2.2 B Geduld (62) – Period 201509

In both these cases it was an emergency for tree falling. Verbal permission was granted by the responsible director and approved as such on the timesheet. Due to an oversight the necessary form authorising the overtime for this emergency was not completed. (Also see attached photos)

2.3 D Visagie (2003225) – Period 201512

Approval was given by the Director via e-mail. See attached.

2.4 DF Eyberg (2012222) – Period 201604

Approval was given by the Director via e-mail. See attached.

obtaining the necessary approval. 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.		2.5 LR de Jongh (51896) – Period 201511 and 2.6 SA Thousand (661425) – Period 201510 and 2.7 K Nazi (128) – Period 201508 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. 2.8 CA Strydom (2019085) – Period 201507 and 2.9 JD Diegaardt (244) – Period 201509 and 2.10 M Staalmeester (2019026) – Period 201511 and 2.11 M Swart (52385) – Period 201507 and 2.12 X Fulani (434) – Period 201602 and 2.13 MP Duka (187) – Period 201606 and 2.14 M Berdien (243) – Period 201508 and 2.15 JA Singh (333010) – Period 201509 and 2.16 CD Maurice (2013077) – Period 201511 and 2.17 NN Cupido (1003) – Period 201511 and 2.18 MN Gabuza (870) – Period 201606 and 2.19 MM Classsen (52680) – Period 201604 and 2.20 M Stalmeester (2019026) – Period 201509 and 2.21 S Spendo (51884) – Period 201510 and 2.22 BD Conradie (2006092) – Period 201507 and 2.23 D Delport (199) – Period 201509 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. 2.24 A Ayford (20) – Period 201601 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		

<table>
<tr><td></td><td></td><td>hours, was added to the overtime for December 2015 and paid out in January 2016.</td><td></td><td></td></tr>
<tr><td>

COMAF 14: Expenditure

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

During the audit it was identified that the following credit entries were incorrectly allocated to the following expense accounts:

<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>
<tr><td>60102060</td><td>JL16243-inventory adjustment</td><td>R 147 537.00</td></tr>
<tr><td></td><td></td><td>R 346 540.45</td></tr>
</table>

Therefore expenditure is understated by R346 540.45, payables from exchange transactions are understated by R199 003.45 and inventory overstated by R147 537.00

Internal control deficiency. Financial management – Implement controls over daily and monthly processing and reconciling of transactions

Controls to ensure that transactions are recorded in the correct general ledger account are not always functioning sufficiently.

</td><td>

The municipality should implement controls to ensure that the financial statements are adequately reviewed to ensure that all assets are appropriately classified.

We recommend management of Langeberg Municipality to recognize the unallocated receipts as payables.

</td><td>

Management notes the finding as far as it relates to the identified credit entries incorrectly allocated to certain expense accounts.

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.

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.

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

Management notes the recommendation and will do the necessary journals to take the credit amounts to the correct votes.

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.

</td><td>B Brown</td><td></td></tr>
<tr><td>

COMAF 15: Inconsistent presentation of availability fees – Revenue and Trade and other receivables.

Paragraph 5 of Generally Recognised Accounting Practice (GRAP) 23 - Revenue from Non-exchange Transactions defines non-exchange transactions as transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Paragraph 1 of GRAP 9 - Revenue from Exchange Transactions defines exchange transactions as transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

</td><td>

The municipality should implement controls to ensure that the financial statements are adequately reviewed to ensure that all transactions are appropriately classified.

Furthermore the financial statements need to be adjusted to include revenue from availability fees under revenue from non-exchange transactions.

</td><td>

Management notes the finding as far as it relates to the inconsistency in the classification of availability fees as Revenue from exchange transactions in the Statement of Financial Performance (Note 28) and classification as Receivables from non-exchange revenue in the Statement of Position (Note 22). The necessary corrections will be made to the financial statements as proposed by the AG.

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

Management agrees with the recommendation and the financial statements will be adjusted as proposed by the AG.

The necessary adjustments will be made to the Financial Statements.

</td><td>B Brown</td><td></td></tr>
</table>

In terms of GRAP 1 Presentation of Financial statements, paragraph 17, financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements. The application of Standards of GRAP with additional disclosures when necessary is presumed to result in financial statements that achieve a fair presentation.

During the execution of audit procedures relating to Revenue from Exchange transaction it was noted that the availability fees have been classified as an exchange item and under trade and other receivables are disclosed as trade and other receivables from non-exchange transactions. Through the understanding obtained it was noted that availability fees relate to the charge made to residents for the services that the municipality has made available to them. Availability charges are levied to residents who have not yet applied for a connection in order to be billed for water, electricity and sewerage. No availability fees are charged for refuse as these are actually incurred by the residents when they physically reside in the property. No services are rendered by the municipality to the residents if the residents have not applied to be connected and the charge is for the service being available to the consumer. Therefore revenue from availability fees should have been classified as revenue from non-exchange transactions.

Currently the municipality discloses revenue from availability fees and the related receivable as follows in the financial statements:

Description	Note number in the AFS	Amount R
Availability fees	Note 28: Other income (exchange transactions)	2 285 128.00
Availability charges	Note 22: Receivables from non-exchange transactions	4 874 899.00

The above presentation of the availability fees is not appropriate as it creates an inconsistency in the annual financial statements and therefore revenue from exchange transactions is overstated by R2 285 18.00 and revenue from non-exchange transactions is understated by the same amount.

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 transactions have been appropriately classified.

Note 28 to the Financial Statements will be adjusted as follows to take out Availability Fees:

28	OTHER INCOME		
	Building plans	748 109	650 936
	Bulk service levies	1 638 404	695 577
	Cemeteries	464 806	351 778
	Commission	199 729	196 016
	Connection fees	1 569 472	1 686 111
	Fire brigade fees	81 085	45 610
	Insurance claims	3 638 698	1 583 292
	Photo copies	88 518	59 453
	Planning application fees	498 940	444 970
	Re-connection fees	101 299	162 936
	Valuation certificates	150 561	114 253
	Contributed assets	72 330	1 804 000
	Sundry income	6 953 781	8 457 696
	Total Other Income	**16 225 730**	**16 252 680**
	Balance previously reported		**18 479 944**
	Correction of error - Refer to note		(2 187 336)
			16 292 608

Correction of error note 38.9 will be added:

38.9	OTHER INCOME	
	Balance previously reported	**18 479 944**
	Availability Fees was incorrectly classified as Other Income from Exchange transactions	(2 187 336)
	Restated Balance as at 30 June 2015	**16 292 608**
	Correction of Error Refer to Statement of Financial Performance	

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:

		LANGEBERG MUNICIPALITY STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2(		

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. In the following cases the MEC for local government was not notified within 14 days as per the requirement: • 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. • 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. This results in non-compliance with the MSA. 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.	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.	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. In agreement that more attention should be given to the timelines involved and ensure adequate procedures are implemented to ensure compliance. Adequate procedures will be implemented by the Directorate Corporate Services.		
COMAF: 17 Incomplete Constitution of Evaluation Panel 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: - executive mayor or mayor; - chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee; - member of the mayoral or executive committee or in respect of a plenary type municipality, another member of council; - mayor and/or municipal manager from another municipality; and - member of a ward committee as nominated by the executive mayor or mayor 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: - municipal manager; - chairperson of the performance audit committee or the audit committee in the absence of a 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. 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. This results in non-compliance with Municipal Performance Regulations 27(4)(d) and (e)	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.	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. 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. In agreement, will ensure all is present as required as per regulation. Arrange in advance and confirm the attendance of all members of the evaluation panel by the Director: Strategy & Social Development with immediate effect.	C Matthys	

<table>
<tr>
<td>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.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>
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.
<table>
<tr><th>Name of supplier</th><th>Position</th><th>Relationship to person in the service of the state</th><th>Name of person in the service of the state</th><th>Amount disclosed</th><th>Recalculation of amounts paid as per financial system</th><th>Difference
R</th></tr>
<tr><td>Annandale Motors</td><td></td><td></td><td></td><td>121 238</td><td>142 470</td><td>-21 232.02</td></tr>
</table>
</td>
<td>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.</td>
<td>
Management partially agrees with the finding.

As per inspection of the Financial System the Following amounts were confirmed:
<table>
<tr><th>Name of supplier</th><th>Position</th><th>Relationship to person in the service of the state</th><th>Name of person in the service of the state</th><th>Amount as per Financial System</th></tr>
<tr><td>Annandale Motors BK</td><td>Director</td><td>Spouse</td><td>E Wagner</td><td>121 238.35</td></tr>
<tr><td>Stemwet (PTY) LTD T/A Montagu Bande Supa Quick</td><td>Owner</td><td>Spouse</td><td>M Stemmet</td><td>257 818.26</td></tr>
<tr><td>Lumber & Lawn</td><td>Director</td><td>Spouse</td><td>J van Zyl</td><td>71 109.70</td></tr>
<tr><td>Mubesko</td><td>Mana</td><td>Spou</td><td>S Nieha</td><td>1 054</td></tr>
</table>
</td>
<td>B Brown
S Ngcongolo</td>
<td></td>
</tr>
</table>

BK	Director	Spouse	E Wagner			
Stemwet (PTY) LTD T/A Montagu Bande Supa Quick	Owner	Spouse	M Stemmet	257 818	343 822.56	-86 004.56
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.

Africa	ger	se	us	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:

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**

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
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.

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

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

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

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

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.

B Brown

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
Total			**R1740.00**

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
Total			**R17 666.26**

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 revenue or bad debts recovered.

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:

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

<table>
<tr><td>were received resulting in the credit balances showing on their accounts.</td><td></td><td></td><td></td><td></td></tr>
<tr><td>

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, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements.

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 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.

Consequently the impairment of R508 397 could not be audited and this results in a limitation of scope which is not individually material.

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.

</td><td>

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

</td><td>

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.

</td><td>B Brown</td><td></td></tr>
<tr><td>

COMAF 22: Sundry Deposits overstated

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

During the testing of sundry deposits no documentation could be obtained to confirm that the municipality has an obligation to repay the deposits:

<table>
<tr><th>Account</th><th>Period</th><th>Description</th><th>Reference</th><th>Amount R</th></tr>
<tr><td>800909053</td><td>201507</td><td>mnr. p & ss absolom</td><td>RC198619,mnr. p & 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>
</table>

</td><td>

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.

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

</td><td>

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.

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

Management agrees with the recommendation and the necessary controls will be implemented.

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.

Sundry deposits are overstated by R 2 879.00 and revenue understated by R 2 879.00.

</td><td>B Brown</td><td></td></tr>
</table>

800909020	201510	robertson library	RC213224,robertson library	85.00	basis to ensure that the obligation to repay the deposit still exists.		
800909020	201512	robertson biblioteek	RC215679,robertson biblioteek	113.00			
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			

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:

Population tested: R9 524 458.00
Selected sample: R 100 359.78
Identified misstatement: R 2 126.20

Projected misstatement: R201 783.05

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.

Management did not implement proper processes to ensure that adequate information is captured on the system when money is received.

COMAF 23: Employee Related costs: (9% Performance bonus incorrectly classified) 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- (a) a score of 130 % to 149% is awarded a performance bonus ranging from 5% to 9%; and (b) a score of 150 % and above is awarded a performance bonus ranging from10% to 14%. 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:	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.	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. The internal control deficiency as raised by the Auditor General is noted. Management notes the recommendation and will do the necessary journals to ensure that performance bonuses are appropriately presented. Management will ensure in future that performance are correctly 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.	C Matthys	

(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
Total		**630 295.75**

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 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.

			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
50051535	Corporate Services	Salaries and Wages		119 923.39
60051535	Finance	Salaries and Wages		97 692.08
300051535	Community Services	Salaries and Wages		46 227.93
340051535	Engineering Services	Salaries and Wages		110 947.04
30051535	Strategy & Social Development	Salaries and Wages		110 947.04
			630 295.74	**630 295.74**

			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
50051535	Corporate Services	Salaries and Wages		112 077.94
60051535	Finance	Salaries and Wages		112 077.94
300051535	Community Services	Salaries and Wages		-
340051535	Engineering Services	Salaries and Wages		103 821.66
30051535	Strategy & Social Development	Salaries and Wages		103 840.56
			566 919.29	**566 919.29**

The disclosure of Note 29 will be as follow:

		2016	2015
29	EMPLOYEE RELATED COSTS	R	R
	Salaries and Wages	92 088 516	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	329 4
	Housing Subsidy	1 635 580	473 2
	Leave Reserve Fund	3 602 706	3 865 4
	Long service awards	808 271	706 3
	Overtime	5 643 572	5 682 5
	Post Employment Health	2 461 107	2 342 8
	Travel, motor car, telephone, assistance and other allowances	10 018 754	10 013 8
		146 026 534	138 853 5
	Less: Employee Costs allocated elsewhere	-	
	Total Employee Related Costs	146 026 534	138 853 5

REMUNERATION OF KEY MANAGEMENT PERSONNEL	
Remuneration of the Municipal Manager: Mr S A Mokweni	
Annual Remuneration	1 125 105
Performance Bonuses	219 614
Car Allowance	108 000
Contributions to Medical and Pension Funds	228 539
Total	**1 681 259**
Remuneration of the Director Infrastructure Development : Mr J de K Jooste	
Annual Remuneration	-
Performance Bonuses	-
Total	**-**
The payment was made in respect of an outstanding performance bonus for 2013/2014, Mr De K Jooste left the service of council in May 2013.	
Remuneration of the Director Corporate Services: Mr A W J Everson	
Annual Remuneration	904 638
Performance Bonuses	182 189
Payment in lieu of leave	235 747
Car Allowance	123 500
Contributions to Medical and Pension Funds	184 421
Total	**1 630 495**
Remuneration of the Director Financial Services: Mr C F Hoffmann (1 July 2015 to 31 January 2016)	
Annual Remuneration	573 596
Performance Bonuses	132 221
Payment in lieu of leave	5 125
Car Allowance	-
Contributions to Medical and Pension Funds	133 730
Total	**844 672**
Remuneration of the Director Financial Services: Mr B Brown (1 April 2016 to 30 June 2016)	
Annual Remuneration	218 184
Performance Bonuses	27 737
Acting Allowance (Acting Director Financial Services from 1 February 2016 to 31 March 2016)	62 900
Car Allowance	18 000
Contributions to Medical and Pension Funds	44 266
Total	**371 087**

REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUE)	2016
Remuneration of the Director Community Services: Mrs EC Liebenberg (01 February 2016 to 30 June 2016)	
Annual Remuneration	354 825
Performance Bonuses	46 228
Car Allowance	30 000
Other Allowances	5 290
Contributions to Medical and Pension Funds	82 591
Total	**518 934**
Remuneration of the Director Strategy and Social Development: Mrs C O Matthys	
Annual Remuneration	857 481
Performance Bonuses	168 552
Car Allowance	90 000
Contributions to Medical and Pension Funds	174 317
Total	**1 290 350**
Remuneration of the Director Engineering Services: Mr I A B van der Westhuizen	
Annual Remuneration	899 094
Performance Bonuses	168 552
Car Allowance	6 977
Contributions to Medical and Pension Funds	215 727
Total	**1 290 350**

COMAF 24: Property, Plant and Equipment

Land and building - Mother erfs not appropriately valued

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.

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.

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.

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.

Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting

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

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.

Management notes the finding as far as it relates to mother erfs not properly valued and responds as follows:

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.

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.

A portion of the erf was sold asset code 3920 and the amount was adjusted as below:

Asset Code	Description	Deed Nr	Registration Date	Original Cost	TOT DEPRE	BOOKVALUE	AMT REALIZED	PROFIT/LOSS		Vat incl
3920	GEDEELTE ERF 2 (ERF 7918)	T4380/2016	2016-02-03	205 000.00	0.00	205 000.00	3 560 526.32	3 355 526.32		4 059 000.00

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

Management noted the recommendation of the AG.

B Brown

COMAF 25: Assets with remaining useful lives of zero not still in use

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 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.

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.

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

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.

The Municipality take note of the finding.

The Municipality does review the useful life of assets during the annual verification process of assets. There are assets 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.

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

The municipality was not aware that they should review the useful life of assets with a remaining useful life of zero. Consequently depreciation and accumulated depreciation for assets with a remaining useful life of zero has been misstated. This may also affect the prior periods. Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting 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.		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. 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. 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. B. The Municipality was not aware that they should review the useful life of assets with a remaining useful life of zero. We do not agree with the finding. The Municipality did review the useful life of most assets. 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. The Municipality take note of the finding. The impact of the recalculation of depreciation on 0.48% of the asset values will be insignificant and no alterations in regard to depreciation will be made to the financial statements as at 30 June 2016. The internal control deficiency as raised by the Auditor General is noted. Management notes the recommendation of the AG.		
COMAF 26: No funds were allocated to the routine maintenance of roads 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. 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.	Management should ensure that all national KPIs are allocated a budget during the budget process, so that the municipality can meet it primary objectives and that it is in line with the national targets.	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. The term road maintenance is classified in different classes as follow: 1. Periodic Maintenance: Works that are scheduled to be undertaken at intervals of several years.	B Brown	

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. 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.		2. Special Maintenance: Works where frequencies cannot be estimated with confidence in advance, normally emergency driven. 3. Routine Operations: Works that need to be undertaken on an annual basis to ensure effective operation of the road facility. 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. 5. Preventative Maintenance: Same as periodic maintenance. It is maintenance done to discourage further deterioration of the pavement structure. 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 adjustment budget, according 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. 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. In the 2016/2017 budget R1 000 000 has been made available to address the national KPI to upgrade gravel roads. Money budgeted for upgrading of gravel roads by the Department: Engineering Services.		
COMAF 27: 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	Management should implement appropriate measures for the review of the report on predetermined objectives regarding the accuracy and completeness thereof before	Management agrees with the audit finding and request permission to change the expenditure as audited	B Brown C Matthys	

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: Sound Financial Management 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
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	Number of indigent households receiving free basic electricity	6 215	6 075	(140)	(2.3%)
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)	
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		1361	1 421	60	

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.

	policy								removal			
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%)		• 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. 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.		
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 electricity	244	244	6	2.5%						
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%						

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

<u>Remedial action</u>

1. The information reported will be verified monthly by the Internal Audit unit to ensure completeness, accuracy and relevance to the KPI.
2. The Performance Management Officer will regularly visit the departments and help them compile the PoE.
3. 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.</td>
<td>C Matthys</td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td>Management should implement appropriate measures for the review of the report on predetermined objectives regarding the accuracy and</td>
<td>Management agrees with the audit finding and request permission to change the expenditure as audited.</td>
<td>C Matthys</td>
<td></td>
</tr>
</table>

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.%)

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.

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.

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.

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.

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

Performance Officer did not regularly review and checked the

		correctness of information reported on. **Remedial action** • Management to implement appropriate measures for the review of the report on predetermined objectives. • Review the accuracy and completeness of PDO's before submission for audit purposes. • Management should 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. • Where performance targets have not been met, management will provide reasons for the non-achievement of the target. The Director Strategy & Social Development and Performance Officer will implement these actions by January 2017.		
COMAF 30: Land Sales – at amortised cost do not exist as receivables 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 as set out in the Framework for the Preparation and Presentation of Financial Statements (AFS). 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 financial asset from another entity or exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity. 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. Therefore long term receivables are overstated by R1 880 664 and payables from exchange transactions are overstated by R1 880 664.	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.	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. The internal control deficiency as raised by the Auditor General is noted. 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. Management will ensure that receivables relating to land sales will only be recognised once the risks and rewards have been transferred. Long term receivables are overstated by R1 880 664 and payables from exchange transactions are overstated by R1 880 664.	B Brown	

Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information Management incorrectly interpreted the sales agreements as binding contracts between the municipality and the buyer.				
COMAF 31: Unauthorised Expenditure recurring 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 - (a) in terms of an approved budget; and (b) within the limits of the amounts appropriated for the different votes in an approved budget. 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 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 / 21 189 492 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 possibly reported as material non-compliance. Management did not adequately monitor expenditure and ensure that such items are given appropriate consideration during the budget process. The municipality did not put measures in place to prevent unauthorised expenditure for the year.	Management should monitor expenditure on an ongoing basis to ensure the necessary corrective actions are instituted in a timely manner to prevent unauthorised expenditure. 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 – In the case of unauthorised expenditure, is – (i) authorised in an adjustment budget; or (ii) certified by the municipal council, after investigation by a council committee, as irrecoverable and written off by the council. 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 – (a) any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality; (b) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and c) the steps that have been	Management agrees with the finding as raised, but wish to state the following: • The budget of the municipality is approved on vote level and in the case of Langeberg at directorate level. • The over expenditure is only on votes Community Services and Strategy and Social Development. 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. 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. In June 2016 when preparing for the financial year end the municipality picked up the following: • 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. The internal control deficiency as raised by the Auditor General is noted. 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. Management will monitor grant spending on an ongoing basis. It is disclosed in the AFS.	B Brown	

taken –
(i) to recover or rectify such expenditure; and
to prevent a recurrence of such expenditure

COMAF 32: Unspent Conditional Grants

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.

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.

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	Werkskepping 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	MIIU-SentrStortingsterrein EIA	2006/07	R 332 400.00
540206284	Voorafbetaalde Watermeters	2008/09	R 108 527.00

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.

Management should consider recognising the unspent conditional grants as revenue or transfer to long-term liabilities, depending on the correspondence received from the respective funders.

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:

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	Werkskepping 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	MIIU-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 Recieved DWA-Rep	R -55 469.86
540206025	Silwer Strand Home Owners Ass	R -62 849.00
		R -2 317 482.90

B Brown

540206285	Masibambane Programme-R350000	2009/10	R 140 000.00		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. 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.		
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				
Therefore unspent conditional grants are overstated by R3 225 703.18. Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls 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							
COMAF 33: Statutory receivables disclosure not complete In terms of paragraph 34 of GRAP 108 an entity shall disclose a description of: (a) how the transaction arises, with specific reference to applicable legislation, supporting regulations, or similar means; (b) how the transaction amount is determined; (c) interest or other charges levied charged (where applicable), including the basis and rate used; (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 (e) the discount rate applied to the estimated future cash flows, where applicable, and how it was determined. 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. 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. In terms of paragraph 41, an entity shall disclose information about the collectability of statutory receivables recognised at the reporting date as follows: (a) An analysis of statutory receivables that are past due at the reporting, and which have been impaired. (b) An analysis of statutory receivables that are past due that have not been impaired. (c) Factors the entity considered in assessing impairment losses in (a) and (b) above.				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.	Management disagrees with the finding as far as it relates to the disclosure note on Statutory Receivables being incomplete. 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 CONSIDER the disclosure requirements. ***"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?*** 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: ***1.8 Per Directive 5, what does it mean to formulate an accounting policy?*** To formulate an accounting policy using Standards of GRAP that are not yet effective means that: 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	B Brown	

<table>
<tr>
<td>
During the testing of the statutory receivables it was noted that only the amounts 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:
<table>
<tr><th><u>STATUTORY RECEIVABLES</u></th><th>2016</th><th>2015</th></tr>
<tr><td>In accordance with the principles of GRAP 108 Statutory Receivables of the municipality are classified as follows:</td><td></td><td></td></tr>
<tr><td><u>Taxes</u></td><td></td><td></td></tr>
<tr><td>VAT Receivable</td><td>631 385.19</td><td>-</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td><u>Receivables from Non-Exchange Transactions</u></td><td></td><td></td></tr>
<tr><td>Rates</td><td>2 178 161.37</td><td>2 086 390.70</td></tr>
<tr><td>Fines</td><td>2 224 067.44</td><td>2 168 516.90</td></tr>
<tr><td>Total</td><td>4 402 228.81</td><td>4 254 907.60</td></tr>
</table>
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.
</td>
<td></td>
<td>
or event, classification, recognition, initial and subsequent measurement and derecognition).

 Entities consider the disclosure requirements in the Standards of GRAP that are not yet effective for disclosing 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.
</td>
<td></td>
<td></td>
</tr>
<tr>
<td>
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 Financial Statements.

During the audit of capital commitments it was identified that the following approved and
</td>
<td>
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, the amount of the contract, the total payments made against each
</td>
<td>
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.

The municipality will implement and maintain a contract register with all contracts it enters into that will detail the tender/quotation number, the
</td>
<td>B Brown</td>
<td></td>
</tr>
</table>

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.

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.

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 nr	Disclosed in note 45	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	T46/2015	3 722 256.48	6 028 986.18	6 291 192.24	-262 205.06	1 227 314.20	900-FA-2021	-	1 227 314.20	4 801 671.98	4 221 995.60	6 291 192.24	-1 079 496.50
2	T137/2015	4 847 108.00	4 847 108.00	5 314 959.81	-467 851.81	-	900-FA-3027	-	-	4 847 108.00	4 259 850.00	5 314 959.81	-
3	T11/2015	4 600 698.00	20 966 908.00	20 966 908.84	-0.84	14 668 283.97	900-FA-3047	13 693 410.79	974 873.18	6 298 634.03	5 535 108.00	7 273 496.05	-1 697 926.03
4	T42/2014	-	5 962 685.78	5 962 685.78	-	5 962 679.71	900-FA-4014	5 527 459.79	435 219.92	6.07	5.32	435 225.99	-6.07
5	T16/2015	-	10 887 903.15	10 887 903.15	-	8 808 813.36	900-FA-3026	5 008 560.29	3 800 553.69	2 079 089.17	1 828 674.71	5 903 542.86	-2 079 989.17
		13 170 043.48	48 693 495.11	49 423 529.82	-730 034.71	30 667 091.06		24 247 530.87	6 419 560.99	18 026 409.35	15 003 634.43	35 176 598.95	-4 856 939.77

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.

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 -
(i) in an emergency;
(ii) if such goods or services are produced or available from a single provider only;
(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
(iv) acquisition of animals for ZOOs; or
(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes"

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 the irregular expenditure identified in terms of the MFMA disclosure requirements.

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 number	Supplier	Amount R	Reasons

The Municipal Finance Management Act (MFMA), No. 56 of 2003, section 1(1) defines irregular expenditure as;

(a) 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;
(b) 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;
(c) 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
(d) 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,"

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
59373	2015/10/21	VW CIVIL ENGINEERING SUPPLIES	82 729.80
64331	2016-06-03	CLINKSCALES MAUGHAN-BROWN (SOUTH) (PTY) LTD	88 920.00
56893	2015-07-16	AURECON SOUTH AFRICA (PTY) LTD	41 790.58
58470	2015-09-14	MUBESKO AFRICA	57 000.00
59587	2015-10-28	EARTH 2 SKY GEOMATICS	38 760.00
61254	2016-01-27	THROUGH THE LENS PHOTOGRAPHY T/A DIGISCHOOL	2 752.00
61543	2016-02-05	FIRST TECHNOLOGY WESTERN CAPE	48 416.94
62340	2016-03-08	SS CATERERS CC	7 500.00
64352	2016-06-06	BE NICE CLOTHING	29 507.76

59373	VW CIVIL ENGINEERING SUPPLIES	82 729.80	out of court settlement where certain things had to be provided before a certain date		
59587	EARTH 2 SKY GEOMATICS	38 760.00	We had to do an aerial picture for the court case. This was the only contractor in the AREA and that was available immediately to assist with taking the aerial pictures. When you do an aerial pictures it must be done when the weather conditions were good for the taking of the pictured. and he had to submit on a tight schedule the court papers		
61543	FIRST TECHNOLOGY WESTERN CAPE	48 416.94	There was a tender for the cabling of the municipal offices. The supplier was busy at the mail building in Church street. This was a variation of an existing order. and was approved via email to proceed by MS C Matthys in terms of delegated powers as the amount is below R75 000		
62340	SS CATERERS CC	7 500.00	Received a request to allow Langeberg the opportunity to send local artist on this workshop sponsored and paid by the DCAS. the province followed a procurement process and appointed the service provider for the original amount of participants. Requested in a letter that Langeberg s only contribution would be to cover the cost of food for our		

56625	2015-07-09	KAAP AGRI	2 043.00
58676	2015-09-23	SIYAZAMA C&P CONSTRUCTION (PTY) LTD	12 276.66
59155	2015-10-14	UNIVERSAL OFFICE AUTOMATIVE SOLUTIONS	38 798.00

This results to non-compliance with the supply chain management regulations and irregular expenditure of R450 467.74 for the financial year. The disclosure note for deviations is overstated by R450 467.74 and the irregular expenditure disclosure note is understated by the same amount.

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.

			participants , at the same price of the supplier appointed

In agreement that some of the requisitions did not provide enough evidence that it comply to the requirement of the SCM regulations

61254	THROUGH THE LENS PHOTOGRAPHY T/A DIGISCHOOL	2 752.00	she is the only photographer that was willing to assist on short notice to take pictures of the newly elected Deputy Mayor after the Planned Council meeting
64352	BE NICE CLOTHING	29 507.76	Clothing manufacturing is one of the economic activities identified to develop local SMMEs. We have 3 in our area the one although being supported before is not producing good quality. The second on in process of being established and BE nice is the 3rd SMME who had stock available and could deliver before the planned event of June 16 , 2016
56625	KAAP AGRI	2 043.00	Purchasing of gas was investigated In 2011 and it was found that it is cheaper to buy and own your own canisters and it was bought from Kaap Agri. we now refill at a cheaper price from Kaap Agri

		58676	SIYAZAMA C&P CONSTRUCTION (PTY) LTD	12 276.66	Municipal parks are generally play parks (accommodating kids up to age 12) and a new model of recreational park (accommodating both kids and adults) has been developed for further upgrading of parks. Siyazama (a National Department of Environment Affairs appointed service provider) is the company that designed the first 3 parks (Robertson, Ashton and Bonnievale) in that model. Ward 7 budget share was meant for the upgrading of the 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	CLINKSCALES MAUGHAN-BROWN (SOUTH) (PTY) LTD	88 920.00	Clinkscales Maugham-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		

<table>
<tr>
<td></td>
<td></td>
<td>
<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>
Management agrees that more stricter controls be put in place to monitor and ensure adherence to the scam regulations

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.
</td>
<td></td>
<td></td>
</tr>
<tr>
<td>
COMAF 36: Regulation 36(2) Deviations note misstated

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 -
a. in an emergency;
b. if such goods or services are produced or available from a single provider only;
c. for the acquisition of special works of art or historical objects where specifications are difficult to compile;
d. acquisition of animals for ZOOs; or
e. in any other exceptional case where it is impractical or impossible to follow the official procurement processes"

In terms of regulation 17(1) – Formal written price quotations 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 –

(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;
(c) that quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria in the supply chain management policy required by the regulation 14 (1) (b) and (c);
</td>
<td>
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 the irregular expenditure identified in terms of the MFMA disclosure requirements.
</td>
<td>
Management comment on audit finding:

Management agrees with part 1

Deviations listing overstated with regulations 17 and will make the necessary corrections and will request that the overstatement be corrected in the AFS

<u>Part 2</u>

Deviations not in line with regulations 36 and regulation 17 requirements

Management disagrees and wish to provide the following reasons
<table>
<tr><th>Regquisition 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 4th December 2016 till 11 December 2015. No quotations were received, thus a</td></tr>
</table>
</td>
<td>B Brown

S Ngcongolo</td>
<td></td>
</tr>
</table>

(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
(e) that the accounting officer must record the names of the potential providers and their written quotations.

The Municipal Finance Management Act (MFMA), No. 56 of 2003, section 1(1) defines irregular expenditure as;

(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;
(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;
(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
(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,

1. Deviations listing overstated with regulations 17 deviations

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.

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
57075	2015-07-22	NetAccess Cert Program T/A Kwesthuba Consulting	210 672.00
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

				memo dated 14 December 2015 which Manager Civil Services requested MM permission to use Worley Parsons as they did the previous years plan and are familiar with the deliverables of the plan
64121	2016-05-18	MASANDA TRADING	194 999.00	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
57823	2015-08/19	JAN PALMS CONSULTING ENGINEE	7 980.00	Was not possible to go out on tender as Jan Palm has all the

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 ENGINEERS	7 980.00
59900	2015-11-12	CNDV AFRICA PLANNING AND DESIG	22 276.88
62132	2016-02-29	SHAR civils	45 020.98

RS

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 di 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

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.

				AFS
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. 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:

<table>
<tr>
<td></td>
<td></td>
<td>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</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMAF 37: Supply Chain Management Policy exclusions identified

In terms of regulation 11 (2) – System of acquisition management 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 –
(a) Water from the Depart of Water Affairs or a public entity, another municipality or a municipal entity; and
(b) Electricity from ESKOM or another public entity, another municipality or a municipal entity.

In terms of regulation 11 (3) – System of acquisition management 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 –
(a) the kind of goods or services; and
(b) the name of the supplier.

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.
- Election activities
- Legal expenses
- Postage
- Entertainment; Finance – cash collection</td>
<td>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.</td>
<td><u>Management comment on the audit finding:</u>

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)

You will notice that Clause 15(5) of our Supply Chain Management Policy of 2015/16 states the following:
<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>Not a procurement process.</td></tr>
<tr><td>Compensation for injuries and diseases</td><td>Not a procurement process</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>
</table></td>
<td>B Brown

S Ngcongolo</td>
<td></td>
</tr>
</table>

- Medical expenses not on contract - Nutritional care - Reference books and magazines - Insurance claims - Advertisements - Library books 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.		Congresses/Prof meetings (S & T)	Not possible to get another supplier of the conference or meeting.		
		License fees	Standard price and one supplier. Also covered by section 110 of MFMA.		
		Donations/grants by Council	This not a procurement process		
		Postage	Post office is the sole provider of stamps and is a state own enterprise covered in section 110 of MFMA.		
		Entertainment;	**must be removed from SCM policy**		
		Finance – cash collection	**Must be removed from SCM policy**		
		Mayoral donations	**Donations cannot be classified as procurement process as it covered by the Grant-in Aid Policy.**		
		Medical expenses not on contract	This refers to injuries of staff while on duty.		
		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	**Agree Must be removed**		
		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	**This is accounting process and not a procurement. Must be removed.**		
		Eskom	Covered in terms of section 11 of the SCM Regulations.		
		Employee/ Councillor's related costs	**Not a SCM issue at all. Either statutory deductions or by agreement. Remove**.		
		Debit orders	**Not a SCM process. Remove**.		
		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.

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:

1. SITA (or simply list Organ of State than listing them individually.)
2. Bulk Water which falls under section 11 of the SCM Regulations.
3. Purchase of Fuel (It is just not practical to get quotations when you run out of fuel whilst driving)

Management comment on the root cause identified within the audit finding:

none

Management comment on the recommendation:

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.

Municipality will amend the SCM policy to be consistent with the requirements of SCM regulations

Remedial action:

What actions will be taken:	By whom:
Amendment to the SCM policy	SCM unit
If the above findings affects an amount (s) disclosed in the financial statements:	No

LIST OF TABLES

LIST OF TABLES	Page
Table 1: Access to basic services in the Cape Winelands District	
Table 2: Langeberg Municipality's Sectoral Contribution	
Table 3: Household Income in Langeberg Municipality, 2011	
Table 4: Environmental Affairs Status in Langeberg Municipality - 2014	
Table 5: Access to basic services in the Langeberg Municipality	
Table 6: Status on the Delivery of Basic Services	
Table 7: Financial Overview	
Table 9: Operating Ratios	
Table 10: Total Capital Expenditure	
Table 11: Five Top Risks and Mitigating Measures	
Table 12: Annual Report Process	
Table 13: Legislative Compliance of the Annual Report Process	
Table 14: Political Structure of Langeberg Municipality	
Table 15: Top Administrative Structure – Tier 1	
Table 16: Top Administrative Structure – Tier 2	
Table 17: Council, Mayco and Portfolio Meetings 2014/2015	
Table 18: Ward Committee Meetings held in 2014/2015	
Table 19: Audit Committee Meetings and Attendance	
Table 20: Governance Structures and Measures of Accountability	
Table 21: Governance Structures and Measures of Effectiveness and Efficiency	
Table 22: Website Uploads for Community Reviews and Comments in 2014/2015	
Table 23 A, B, C & D: IGR Engagements participated in by Langeberg Municipality	
Table 24: Ward Committee Chairpersons per Ward in 2014/2015	
Table 25: Ward Based Planning Sessions in 2014/2015	
Table 26: Ward Committee Outreach Programmes in 2014/2015	
Table 27: IDP Community Input Meetings held in 2014/2015	

LIST OF TABLES	Page
Table 28: Ward Committee – Community (Feedback) Meetings held in 2014/2015	
Table 29: Ward 1 - Block Meetings held in 2014/2015	
Table 30: Ward 2 - Block Meetings held in 2014/2015	
Table 31: Ward 3 - Block Meetings held in 2014/2015	
Table 32: Ward 4 - Block Meetings held in 2014/2015	
Table 33: Ward 5 - Block Meetings held in 2014/2015	
Table 34: Ward 6 - Block Meetings held in 2014/2015	
Table 35: Ward 7 - Block Meetings held in 2014/2015	
Table 36: Ward 8 - Block Meetings held in 2014/2015	
Table 37: Ward 9 - Block Meetings held in 2014/2015	
Table 38: Ward 10 - Block Meetings held in 2014/2015	
Table 39: Ward 11 - Block Meetings held in 2014/2015	
Table 40: Ward 12- Block Meetings held in 2014/2015	
Table 41: IDP Participation and Alignment Criteria	
Table 42: Langeberg Municipality's Bid Adjudication Committee	
Table 43: Policies Adopted in 2014/2015	
Table 44: By-law Passed in 2014/2015	
Table 45: Documents required to be published on the Municipality's Website	
Table 46: A,B,C,D,E,F,G,H &J: Organisational Performance Scorecard	
Table 47: Employee Totals for 2014/2015	
Table 48: Turnover Rate for 2014/2015	
Table 49: HR Policies and Plans	
Table 50: Number of Injuries on Duty	
Table 51: Number and Period of Suspensions	
Table 52: Disciplinary Action taken on cases of Financial Misconduct	
Table 53: Section 57 Performance Bonuses	
Table 54: Training per Job Category	
Table 55: Financial Competency Development Progress Report	

LIST OF TABLES	Page
Table 56: Bursaries per Directorate	
Table 57: Budget Allocations for Skills Development	
Table 58: Employees whose salary levels exceed the grade determined by job evaluation	
Table 59: Trends of Personnel Expenditure compared to Operating Expenditure	

LIST OF GRAPHS

LIST OF GRAPHS	Page
Graph 1: Municipal contribution to real GDPR growth and size in the Province	
Graph 2: Population Growth in Langeberg Municipality	
Graph 3: Distribution of the Population by Population Groups in Langeberg Municipal Wards	
Graph 4: Langeberg Municipality - Population Age Distribution, 2013	
Graph 5: Age and Gender Distribution in Langeberg Municipality – Census 2001 and 2011	
Graph 6: Distribution of the Population aged 20 years and older by Highest Level of Education in Langeberg Municipal Wards	
Graph 7: Distribution of the Population aged 7-16 years not attending school in Langeberg Municipal Wards	
Graph 8: Unemployment Rate in Langeberg Municipal Wards	
Graph 9: Percentage of households living in poverty 2001 and 2010	
Graph 10: Proportion of Households with Access to Basic Services	

LANGEBERG
MUNISIPALITEIT **MUNICIPALITY** MASIPALA

Ashton Municipal Offices
28 Main Road
6715
023 615 8000

Bonnievale Municipal Offices
Hoofweg
6730
023 616 8000

McGregor Municipal Offices
24 Voortrekker Road
6708
023 625 1630

Montagu Municipal Offices
03 Piet Retief Street
6720
023 614 8000

Robertson Municipal Offices
52 Church Street
6705
023 626 8200

Robertson Commando Offices
Church Street
6705
023 626 8201