



BIG 5 FALSE BAY MUNICIPALITY

ANNUAL REPORT 2010/11

“To be a competitive municipality that provides sustainable services to the community and attract investments”

“Our mission, as a rural and urban municipality, is to commit ourselves to improve the quality of life of local communities through service delivery by providing equitable socio-economic development through the provision of infrastructure and municipal services in a democratic manner while maintaining a strong environmental ethos so that by year 2015 all backlogs will be eliminated.”

Mayor's foreword

The year 2010/11 was a crucial year in Local government with the Local Government elections that ushered in a new leadership collective with a brand new mandate from the community.

Our mission, as a rural and urban municipality, is to commit ourselves to improve the quality of life of local communities through service delivery by providing equitable socio-economic development through the provision of infrastructure and municipal services in a democratic manner while maintaining a strong environmental ethos so that by year 2015 all backlogs will be eliminated. This annual report therefore assesses whether we have gotten any closer to accomplishing our mission.

Even though we still experiencing some serious challenges particularly on the real service delivery front, to arrest this challenge a new Project Management Unit was established to fast track and stream line the processes around infrastructure development, from conceptual stage up to actual implementation. Also to ensure that urban development patens are streamlined to achieving our developmental objective, the town planning scheme of Hluhluwe town was completed and approved by council.

To stay true to the aspirations of our constitution of ensuring a people driven local government that responds to the needs of the poor the new council hastened to bolster the public participation capacity of council. A new public participation strategy was developed and approved by council, moreover ward committees were re-established and workshops were run to capacitate these ward committees to discharge their responsibility diligently.

To ensure that local community also participate in the financial benefits that flow from procurement of different needs of the municipality, 3 workshops were run, to train SMME on basic business skills and on how to take advantage of opportunities available from the Municipality. Still on the financial front, the Municipality once again, got an unqualified audit report from the Auditor General. This puts the Municipality closer to getting a clean report by 2014.

The contribution made by our former mayor Cllr CT Khumalo and his leadership collective is appreciated. The commitment shown by the Municipal Manager and the entire staff, as they are involved on a day-to-day on this onerous task of improving the lives of our people is appreciated. And to the new team that was given a new mandate by the people it is going to be important to use this report as basis for fulfilling the hopes of our people and of crafting the new vision informed by the prevailing circumstances and our people's aspirations.

Last but definitely not least on behalf of council and administration, I would like to thank the people of Big 5 False Bay Municipality for the confidence they have shown in this institution and their insurmountable support they give to ensure that all that is reported here was achieved.

Councillor CC Gumede

The Mayor

CHAPTER 1: INTRODUCTION AND OVERVIEW

BY THE MUNICIPAL MANAGER

1.1. The Leadership Team

The people of The Big 5 False Bay Municipality are fortunate to have a team of highly committed and motivated leaders at the forefront of development within the Municipality. The following form the council of the Municipality;

Mayor : CC Gumede
Councillors : ZM Mokeona
: MS Msane
: NH Zikhali
: CT Khumalo
: FZ Zulu
: N Thethwayo

1.2. Legal framework for the preparation of the Annual Report

Whereas the Council is pushed by a logical necessity to report back on the developmental mandate given by the Community, the Municipality is also mandated by legislation to compile an Annual Report.

Section 121 of the Municipal Finance Management Act, No 56 of 2003 clearly outlines both the process and the requirements to be included in preparation of an Annual Report. Further to this National Treasury issued a Guideline through MFMA Circular No.11, on a format for the Annual Reports. The Municipal Systems Act, No32 of 2000 as amended, also outlines the performance information to be included in an Annual Report.

The following is a tick box to ensure that this report is not only informative but also meets all the legal

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requirements;

LEGAL REQUIREMENT	ACT	Section	Included (Yes/No)
Annual Financial statements of the Municipality	MFMA	121 (3)(a)	Yes
Auditor General's audit report	MFMA	121 (3)(b)	Yes
Annual Performance Report	MFMA	121 (3)(c)	Yes
Audit General's report on Performance	MFMA	121 (3)(d)	Yes
Assessment of arrears on Municipal taxes and service charges	MFMA	121 (3)(e)	Yes
Assessment of performance against set measurable performance objectives	MFMA	121 (3)(f)	Yes
Particulars of any corrective action on issues raised by the Auditor General	MFMA	121 (3)(g)	Yes
Any explanations that may be necessary to clarify issues in connection with the financial statements	MFMA	121 (3)(h)	Yes
Any recommendations of the Municipality's Audit Committee	MFMA	121 (3)(j)	
Use of conditional grants	DORA		
Extent of meeting the conditions of grants	DORA		
The use of donor funding	DORA		
Agreements/contracts under Public Private Partnership	DORA		
Information of long-term contracts	DORA		
Information technology and systems purchased and the effectiveness thereto	DORA		

1.3. Powers and Functions

As from inception and during the financial year the Big Five Municipality has been functioning as a Category B Municipality within Umkhanyakude District Municipality. The following are the Municipality's allocated functions;

[Type text]

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- | | |
|---|--|
| a) Air pollution and Air quality control | k) Cleaning |
| b) Noise pollution | l) Control of public nuisance |
| c) Environmental Management | m) Facilities for the accommodation care and burial of animals |
| d) Building Regulations | n) Fencing and fences |
| e) Child Care Facilities | o) Licensing of Dogs |
| f) Pontoons, Ferries, Jetties, Piers and Harbours | p) Local amenities |
| g) Storm water management in built up areas | q) Local Sport Facilities |
| h) Trading Regulations | r) Municipal Parks and Recreation |
| i) Beaches and amusement facilities | s) Pounds |
| j) Billboards and Display of advertisement in Public Places | t) Public Places |
| | u) Street Trading |
| | v) Traffic and Parking |

The following are functions allocated to the District Municipality;

- a) Portable Water Supply
- b) Sanitation Services
- c) Electricity Reticulation
- d) Municipal Health Services
- e) Regional Airport

The last batch is the functions that will fall under the envisaged shared services function;

- | | |
|--|--|
| a) Fire Fighting and Disaster Management | e) Cemeteries, Funeral Parlours and Crematoria |
| b) Local Tourism | f) Markets |
| c) Municipal Planning | g) Municipal Abattoirs |
| d) Municipal Public Transport | h) Municipal Roads |

- i) Refuse Removal, Land Fill sites and Solid Waste Management

As we make this annual report it is important to note that even though we may report on District Municipality's functions like Water, Sanitation and Energy/Electricity, our reporting in those areas will be less comprehensive.

1.4.NSDF, PGDS and Millennium Development Goals

The Integrated Development Plan indicated on how the National Spatial Development Framework (NSDF), Provincial Growth Development Strategy (PGDS) and the Millennium Development Goals shaped our developmental planning initiatives and strategies.

A more service delivery report will follow but the following is a high level indication on how we worked during the financial year to achieve the Millennium Development Goals;

Goal 1: Eradicate extreme poverty and Hunger

Target 1: Halve between 1990 and 2015 the proportion of people whose income is less than \$1 a day.

Target 2: Halve between 1990 and 2015 the proportion of people who suffer from hunger

Our Actions: We collaborated with the Department of Economic Development in the review and Development of the Municipality's Local Economic Development Strategy through which projects will be identified, prioritised and funded in future years. In the 2010/11 some projects have already been funded.

Goal 2: Achieve universal primary education

Target 3: Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course in primary schooling

Our Actions: During the financial year we have intensified our relationship and engagement with Department of Education through our IDP's representatives' forum. We are confident that this target will be achieved.

Goal 3: Promote Gender Equality and Empower Women

Target 4: Eliminate gender disparity in Primary and secondary education preferably by 2005 and in all levels of education by no later than 2015

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Our Actions: During the financial year we have intensified our relationship and engagement with Department of Education through our IDP's representatives' forum. We are confident that this target will be achieved.

Goal 4: Reduce Child Mortality

Target 5: Reduce the under-five mortality ratio by two thirds between 1990 and 2015

Our Actions:

Goal 5: Improve Maternal Health

Target 6: Reduce maternal mortality ratio by two thirds between 1990 and 2015

Our Actions:

Goal 6: Combat HIV/AIDS, Malaria and other diseases

Target 7: Have halted and began to reverse the spread of HIV/AIDS by 2015

Our Actions:

As these were goals set for the entire globe they are broad and cross-cutting, the Municipality has however been able to play a critical role through the IDP to engage on behalf of the community and coordinate different stakeholders towards the achievement of these goals.

1.5. Social Partners

Through the 2010/11 IDP process and subsequent implementation and monitoring initiatives a number of social partners, who were directly or indirectly involved in the continuous public participation process, were identified.

Government Departments

As we report on our achievements and challenges in the 2010/11 financial year, no progress would have been made without a vibrant and genial engagement with different government Departments, particularly provincial departments.

The concept of Integrated Development Planning which started-off in a bumpy way is beginning to smooth out as years progress. Through Integrated Development Planning we have been able to cement strong relationships with other spheres of government. Without prejudice to any the following are worth mentioning;

- Department of Local Government and Traditional Affairs,
- Department of Agriculture,
- Department of Welfare,
- Department of Environmental Affairs,
- Department of Labour,
- Department of Health

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- Department of Economic Development and
- Department of Water Affairs and Forestry.

The relationships at all levels and contribution made by these Departments in the Municipality is invaluable, to them as the people of Big 5 False Bay Municipality we are indebted.

Economic Partners

The strife for economic growth in our municipality is central to our developmental approach to local government. The following are some of the structures who played a significant role in the upliftment and growth of our Local Economy during the financial year;

- Hluhluwe District Improvement Association,
- Elephant Coast Tourism Association,
- Pineapple Growers Association,
- Hluhluwe Farmers Association and
- Independent Development Trust

Broader Social Development Network

For all the progress seen during the year, it would be wrong not to mention the ladies and gentlemen who hold dearly in their hearts the ideals of development for the people for no gains to themselves. These are the people to whom success is not counted by the size of the bank balance but by the number of keen smiles, full stomachs and all the good in the world.

The following are worth mentioning;

- Operation Upgrade
- Community Law and Rural Development Centre and
- KZN Education Development Trust

1.6. Executive Summary

The true judgement for the success of failure of the Municipality is based on our close did we shift during the financial year towards the achievement of our Vision Mission and Objectives. I am confident that all our actions and efforts during the year have taken us closer to the achievement of our vision.

1.6.1. Vision

To be a competitive municipality, that provides sustainable services to the community and attracts investments

1.6.2. Mission Statements

As a rural and urban municipality we commit ourselves to improve the quality of life of local communities through service delivery by providing equitable socio-economic development through the provision of infrastructure and municipal services in a democratic manner while maintaining a strong environmental ethos so that by year 2015 al backlogs will be eliminated.

1.6.3. Strategies and objectives

The Municipality has designated six Strategic Focus Areas in line with the national Key Performance Indicators. Underneath each Strategic Focus Area, there are different Development Strategies and development objectives. The details are clearly outlined in Chapter 5 including both the annual targets set per development objective and actual performance thereto.

Last but definitely not least I would like to thank God for the life and time he has given to us.

Mr MA Mngadi

Municipal Manager

CHAPTER 2: PERFORMANCE HIGHLIGHTS

BY THE DIRECTOR PLANNING AND DEVELOPMENT & TECHNICAL SERVICES

2.1. Introduction

Year 2010/11 was year where some significant strides were made in dealing with the service delivery backlogs. At the beginning a more accurate backlogs and gap analysis was conducted during the preparation of the IDP. This analysis forms a basis for planning and implementing service delivery initiatives.

Whilst the Municipality is not responsible for both Electricity and water in terms of allocated powers and functions, these are basic services and both the IDP and reporting thereto shall take these into consideration. The report with regards to these services is in relation to progress made by the respective service providers.

2.1.1. LEVEL OF INFRASTRUCTURE IN THE MUNICIPALITY

This section seeks to assess the level of infrastructure provision in Big 5 False Bay. It is very crucial to understand the issues of infrastructure in the Municipality so as to be realistic when setting spatial development goals in relation to housing.

2.1.2. WATER SUPPLY

The table below reflects the percentage distribution of households by type of water source, as per the 2007 Community Survey conducted by StatsSA:

Description	Census (2001)	Community Survey (2007)
Piped Water (in Dwelling)	13.5	20.7
Piped Water (in Yard)	13.4	9.5
Piped Water (outside Yard)	4.7	8.1
Borehole	25.8	10.1
Spring	7.0	2.0
Dam / Pool	17.5	10.0
River / Stream	11.1	13.0
Water Vendor	1.1	2.3

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Rainwater Tank	2.1	15.0
Other	3.7	0.4
Total	100.0	100.0

From the above table, there has been some improvement in the supply of piped water, albeit very limited, i.e. from 31.6% to 38.3%. This obviously implies that in 2007, 61.7% of households in the Municipality still had no access to piped water.

2.1.3. SANITATION

The table below reflects the percentage distribution of households by type of toilet facilities, as per the 2007 Community Survey conducted by StatsSA:

Description	Census (2001)	Community Survey (2007)
Flush Toilet (connected to sewer)	21.9	24.2
Flush Toilet (with Septic Tank)	2.8	4.0
Dry Toilet Facility	-	2.9
Chemical Toilet	3.0	51.7
Pit Latrine with Ventilation (VIP)	8.1	3.3
Pit Latrine without Ventilation	6.2	-
Bucket Latrine	0.7	0.5
None	57.2	13.5
Total	100.0	100.0

It is interesting to note, from the above table, the significant increase in the use of chemical toilets, i.e. from 3.0% to 51.7%. There has not been a significant increase in flush toilets, i.e. 24.7% to 28.2%, whilst there has been a reduction in the use of VIPs, i.e. from 8.1% to 3.3%. (However, This information is totally distorted and incorrect, seeing that the whole of Hluhluwe does not have access to waterborne sewerage, apart from Phumlani, the low income area)

2.1.4. ROADS

(See Road Infrastructure Map at the end of this Section) The Municipality has a short supply of good all weather roads. This restricts the provision of some services such as waste removal. In addition, access to economic opportunities is also limited. The main problem in Big 5 False Bay is the lack of access experienced by rural communities as rural roads are not in a good condition.

2.1.5. ELECTRICITY

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(See Electrification Network Map at the end of this Section)

The Eskom coverage indicates that an adequate supply is available to the major town in Big 5 False Bay, which is Hluhluwe town and to the Big Five False surrounding commercial farmlands. However there are deficiencies in the electrification grid in the deep tribal authority areas. Identified nodal areas are however relatively well served with electricity.

The information obtained from the census 2001 indicates that only 32.6% of the total number of households has access to electricity for lighting. This translates to a 67.4% backlog in terms of electricity provision.

Electricity provision for cooking is even worse. Service Delivery Backlog- Electricity

2.2. Revenue Collection

Whereas a total amount of debtors outstanding has reduced by R 600,000 the consumer debtors outstanding have increased by 63% from R 1, 66 million to R 2, 71 million. This is a very poor showing on revenue collection. This area will have to be critically addressed during the ensuing financial year.

As indicated by the Municipal Manager above serious progress was made on the service delivery scene, serious concerns have been raised by the Auditor General and the financial position of the Municipality.

2.3.

CHAPTER 3: HUMAN RESOURCE AND OTHER ORGANIZATIONAL MANAGEMENT

BY DIRECTOR CORPORATE & COMMUNITY SERVICES

The Municipality has established an Organizational structure suitable for the allocated powers and functions and commensurate with the available financial resources. For the entire structure job descriptions have been developed and submitted to the Job evaluation committee.

3.1. Staff structure

For the Municipality to be able to provide services effectively it requires strong and effective work bodies to do the actual work.

Including the councillors the Municipality during the 2010/11 financial year had a total 37 staff. The even though the gender parity (at 25%) senior level still needs some attention the Municipality has been able to achieve the objective set by the Employment Equity Plan of 40% women. The race parity is also a true reflection of the Municipality's demographics.

The staff may be categorised as follows;

Department	Number of staff members (Excluding Management)	% of employed staff component	Number of Vacancies
Office Of The MM	3	6%	1
Finance	13	36%	3
Corporate & Technical	18	52%	3
Planning & Development	3	6%	3

3.2. Skills and training

In line with its strategic objectives set out in the Integrated Development Plan the municipality is always committed to the continuous skills development to enhance the Municipality's ability to provide services.

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On an annual basis a skills audit is conducted and a Skills Development Plan prepared and submitted. The SDP was submitted in time to the Department of Labour. Over and above the amount budgeted for training; an amount is also set aside for the staff bursary scheme. During 2010/11 training was provided both through direct skills development programs and through the municipal bursary scheme program. An amount of R 610,000, was spent on training programs for both councillors and staff.

3.3. Remuneration of the Municipal Manager and Directors reporting to the Municipal Manager

Below are the remunerations of the Municipal Manager and Directors reporting to the Municipal Manager;

Remuneration of the Municipal Manager

Annual Remuneration	560 198
Performance- and other bonuses	
Travel, motor car, accommodation, subsistence and other allowances	131 774
Contributions to UIF, Medical and Pension Funds	2 995
Total	694 967

Remuneration of the Chief Finance Officer

Annual Remuneration	518 747
Performance- and other bonuses	
Travel, motor car, accommodation, subsistence and acting allowance	111 732
Contributions to UIF, Medical and Pension Funds	35 399
Total	665 879

Remuneration for Manager Planning Services

Annual Remuneration	518 747
Performance- and other bonuses	
Travel, motor car, accommodation, subsistence and other allowances	66 000
Contributions to UIF, Medical and Pension Funds	2 995
Total	587 742

Remuneration for manager Corporate Services

Annual Remuneration	566 747
Performance- and other bonuses	
Travel, motor car, accommodation, subsistence and other allowances	56 397
Contributions to UIF, Medical and Pension Funds	
Total	623 144

3.4. Arrears owed to the Municipality by staff and councillors

Upon assessment of the council's accounts, no amount was found to be in arrears by both councillors and staff members.

CHAPTER 4: AUDITED ANNUAL FINANCIAL STATEMENTS

BY THE CHIEF FINANCIAL OFFICER

4.1. Report by the Chief Financial Officer

4.2. Auditor's Report

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON BIG 5 FALSE BAY MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Big 5 False Bay Municipality which comprise the statement of financial position as at 30 June 2011, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, as set out on pages XX to XX.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010) (DORA), and for such internal control as management determines 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. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on the financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice No. 1111 of 2010* issued in *Government Gazette No. 33872 of 15 December 2010*. 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.
5. 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.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Big 5 False Bay Municipality as at 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and in the manner required by the MFMA and the DORA.

Emphasis of matters

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

Restatement of corresponding figures

9. As disclosed in note 17 to the financial statements, the corresponding figures for 30 June 2010 have been restated as a result of errors discovered during 30 June 2011 in the financial statements of the municipality at, and for the year ended 30 June 2010.

Going concern

10. While the municipality has prepared financial statements on a going concern basis there are a number of indicators that its financial sustainability is under threat.
 - The municipality's current liabilities exceed their current assets by R5,965 million.
 - The concomitant assets (investments and cash and bank) do not sufficiently support the existence of grants with a difference of R122 744.
 - The municipality also incurred fruitless and wasteful expenditure as a result of creditors not being paid within 30 days which resulted in interest charges.

Fruitless and wasteful expenditure

11. The municipality incurred fruitless and wasteful expenditure of R392 421 due to interest arising from late payment of supplier invoices.

Additional matter

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

Unaudited supplementary schedules

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

14. In accordance with the PAA and in terms of *General Notice No. 1111 of 2010*, issued in *Government Gazette No.33872 of 15 December 2010*, I include below my findings on the annual performance report set out on pages XX to XX and material non-compliance with laws and regulations applicable to the municipality.

Predetermined objectives

Usefulness of information

15. The reported performance information was deficient in respect of the following criteria:
- Relevance: A clear and logical link exists between the objectives, outcomes, outputs, indicators and performance targets
 - Consistency: Objectives, indicators and targets are consistent between planning and reporting documents
16. The following audit finding relates to the above criteria:

A clear and logical link does not exist between reported development objectives, indicators and targets

17. There is no clear and logical link between the indicator/measures for more than 60% of instances and the municipality's development priorities/objectives as per the integrated development plan.

Reported objectives are not consistent when compared with the planned objectives

18. Reported performance against predetermined objectives is not consistent with the approved integrated development plan.

Compliance with laws and regulations

Strategic planning and performance management

19. The accounting officer of the municipality did not, by 25 January 2011, assess the performance of the municipality during the first half of the financial year, taking into account the municipality's service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan, as required by section 72(1)(a)(ii) of the MFMA.
20. The accounting officer of the municipality did not submit the results of the assessment on the performance of the municipality during the first half of the financial year to the mayor of the municipality, the National Treasury, and the provincial treasury, as required by section 72(1)(b) of the MFMA.

Budget

21. The council did not approve the annual budget of the municipality for the 2011-12 financial year before the start of the financial year, as required by section 16(1) of the MFMA.

Annual financial statements, performance and annual report

22. The financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 122(1)(a) of the MFMA. Material misstatements of expenditure, liabilities and disclosure items were identified by the auditors and were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.
23. The municipal council did not adopt an oversight report containing the council's comments on the annual report within two months from the date on which the 2009-10 annual report was tabled in the council, as required by section 129(1) of the MFMA.
24. The accounting officer did not make public the council's oversight report on the 2009-10 annual report within seven days of its adoption, as required by section 129(3) of the MFMA.

Expenditure management

25. The accounting officer did not take effective and appropriate steps to prevent fruitless and wasteful expenditure, as per the requirements of section 62(1)(d) of the MFMA.
26. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA.

INTERNAL CONTROL

27. In accordance with the PAA and in terms of *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Leadership

28. Management have not exercised oversight responsibility over financial and performance reporting, compliance with laws and regulations and internal control. In this regard, the financial statements were not adequately reviewed prior to submission for audit. There were no processes in place to prevent and detect fruitless and wasteful expenditure and non-compliance with laws and regulations.

Financial and performance management

29. Systems were not appropriate to facilitate the preparation of quality financial statements resulting in corrections being recommended as a result of audit findings. Actions were not taken to address risks relating to the achievement of complete and accurate financial reporting and to mitigate the risk resulting in non-compliance with regulatory and reporting requirements. This is because internal controls were not effectively developed to prevent, detect and correct misstatements, non-compliance and fruitless and wasteful expenditure.

Governance

30. Internal controls were not effectively developed to prevent, detect and correct material misstatements in financial reporting.

Pietermaritzburg

30 November 2011



A U D I T O R - G E N E R A L
S O U T H A F R I C A

Auditing to build public confidence

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4.3. Annual Financial Statements

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STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011			
	Note	2011 R	RESTATED 2010 R
ASSETS			
NON- CURRENT ASSETS			
		47 269 170	40 170 566
Property, Plant and Equipment	<u>18</u>	47 080 749	39 920 073
Intangible Assets	<u>19</u>	188 420	250 493
CURRENT ASSETS			
		6 793 504	6 929 655
Trade and Other Receivables	<u>3</u>	3 874 235	2 855 698
VAT Receivables	<u>4</u>	993 348	9 844
Cash and Cash Equivalents	<u>1</u>	1 251 166	3 425 269
Short Term Investments	<u>2</u>	674 754	638 844
TOTAL ASSETS		54 062 673	47 100 221
NET ASSETS AND LIABILITIES			
NET ASSETS			
		41 303 356	36 644 575
Accumulated Surplus		41 303 356	36 644 575
CURRENT LIABILITIES			
		12 759 317	10 455 646
Provisions	<u>21</u>	1 749 568	1 500 898
Unspent Conditional Grant and Receipts	<u>22</u>	1 803 176	2 779 156
Accounts Payable	<u>20</u>	9 206 573	6 175 593
TOTAL LIABILITIES		12 759 317	10 455 646
NET ASSETS AND LIABILITIES		54 062 673	47 100 221

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BIG 5 FALSE BAY MUNICIPALITY			
STATEMENT OF FINANCIAL PERFORMANCE			
FOR THE YEAR ENDED 30 JUNE 2011			
	Note	2011 R	2010 R
REVENUE			
Property Rates	5	3 957 330	3 068 478
Rates Penalties	9	691 334	143 342
Service Charges	6	1 237 384	1 218 465
Rental of facilities and Equipment	7	148 626	162 816
Interest Earned - External Investments	8	192 246	284 059
Fines		28 808	4 158
Government Grants & Subsidies	10	21 201 821	19 460 238
Other		45 202	41 171
Land Sales		807 018	484 504
TOTAL REVENUE		28 309 769	24 867 230
EXPENDITURE			
Employee Related Costs	11	6 752 925	6 333 373
Remuneration of Councillors	12	1 372 874	1 543 562
Depreciation	13	1 841 842	1 032 414
General Expenses	15	9 800 402	4 702 785
Repairs and Maintenance		170 399	158 837
Finance Costs	14	102 977	69 693
Contracted Services		790 325	2 170 241
Grant Expenditure		2 819 244	3 133 327
Total Expenditure		23 650 988	19 144 231
Net Surplus/ (Dificit)		4 658 781	5 722 999

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BIG 5 FALSEBAY MUNICIPALITY			
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 2011			
	Notes	Accumulated Surplus	Total
Balance at 1 July 2009		10 031 525	10 031 525
Change in accounting policy		18 246 161	18 246 161
Restated Balance at 1 July 2009		28 277 686	28 277 686
			-
Surplus/(deficit) for the year		5 722 999	5 722 999
Correction of error / VAT write off		483 873	483 873
Correction of an error	17	2 160 017	2 160 017
Restated Balance at 1 July 2010		36 644 575	36 644 575
			-
Surplus/(deficit) for the year		4 658 781	4 658 781
			-
Balance as at 30 June 2011		41 303 356	41 303 356

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011			
	Note	2011 R	2010 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government grants and other		28 275 497	45 532 291
Cash paid to suppliers and employees		(21 523 784)	(18 731 093)
Cash generated from operations	16	6 751 713	26 801 198
Interest received		192 246	284 059
Interest paid		(102 977)	(69 693)
Depreciation			
Net cash flows from operating activities		6 840 983	27 015 564
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(8 979 176)	(26 917 796)
Net cash flows from investing activities		(8 979 176)	(26 917 796)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Increase)/Decrease in investments		(35 910)	2 017 751
Net cash flows from financing activities		(35 910)	2 017 751
NET INCREASE IN CASH AND CASH EQUIVALENTS		(2 174 103)	2 115 519
Cash and cash equivalents at the beginning of the year		3 425 269	1 309 751
Cash and cash equivalents at the end of the year	1	1 251 166	3 425 269
		2 174 103	(2 115 518)

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BASIS OF ACCOUNTING	
1.1 BASIS OF PRESENTATION	
<p>The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. These annual financial statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).</p>	
<p>These standards are summarised as follows:</p>	
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statement
GRAP 3	Accounting Policies , Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investments in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
<p>Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraph 7,11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.</p>	
<p>The Accounting Standards Board has set transitional provisions for individual standards of GRAP as set out in Directive 4 issued in March 2009. Details of the transitional provisions applicable to the municipality have been provided in the notes to the annual financial statements.</p>	
<p>A summary of the significant accounting policies which have been consistently applied except where transitional provisions has been granted are disclosed below as per Directive 4.</p>	

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BIG 5 FALSE BAY MUNICIPALITY MUNICIPALITY	
ACCOUNTING POLICIES for the year ended 30 June 2011	
1.2 PRESENTATION CURRENCY	These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.
1.3 GOING CONCERN ASSUMPTION	These annual financial statements have been prepared on a going concern basis.
1.4 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE	The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:
GRAP 18	Segment Reporting - issued March 2005
GRAP 21	Impairment of Non-Cash-generating-assets - issued March 2009
GRAP 23	Revenue from Non-Exchange Transactions - issued February 2008
GRAP 24	Presentation of Budget Information - issued November 2007
GRAP 26	Impairment of Cash-generating-assets - issued March 2009
GRAP 103	Heritage Assets - issued July 2008
GRAP 25	Employee Benefits - effective 1 January 2009
IFRIC 17	Distribution of Non-cash Assets to Owners - effective 1 July 2009
PROPERTY, PLANT AND EQUIPMENT	
2.1 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 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.
	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.
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BIG 5 FALSE BAY MUNICIPALITY MUNICIPALITY ACCOUNTING POLICIES for the year ended 30 June 2011			
2.2	SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)		
		Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.	
		An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.	
		A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.	
2.3	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.	
2.4	DEPRECIATION AND IMPAIRMENT		
		Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:	
		<u>Years</u>	<u>Other</u>
			<u>Years</u>
		Infrastructure	
		Roads and Paving	30
		Pedestrian Malls	30
		Electricity	20-80
			Other vehicles
			5
			Office equipment
			3-7
			Furniture and fittings
			7-10
			Watercraft
			15
		Community	
			Bins and containers
			5
		Buildings	30
		Specialised plant and equipment	10-15
		Recreational Facilities	20-30
		Other items of plant and equipment	2-5
		Security	5
		Landfill sites	25
		The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.	
		The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.	
		The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009 , with respect to the measurement of property , plant and equipment as set out in paragraph 73 to 83.	
2.5	DERECOGNITION		
		Items of Property, plant and equipment are derecognised when the asset is disposed of 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.	

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BIG 5 FALSE BAY MUNICIPALITY MUNICIPALITY	
ACCOUNTING POLICIES	
for the year ended 30 June 2011	
INTANGIBLE ASSETS	
3.1 INITIAL RECOGNITION	
	An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. 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: <ul style="list-style-type: none"> • 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 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 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.
3.2 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.
3.3 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. The annual amortisation rates are based on the following estimated average asset lives:
Computer software	5 years
	The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.
	The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.
	The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009 , with respect to the measurement of Intangible Assets as set out in paragraph 110 to 118.

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BIG 5 FALSE BAY MUNICIPALITY MUNICIPALITY	
ACCOUNTING POLICIES	
for the year ended 30 June 2011	
3.4 DERECOGNITION	Intangible assets are derecognised when the asset is disposed of 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.
INVESTMENT PROPERTY	
4.1 INITIAL RECOGNITION	Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.
4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL	Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

BIG 5 FALSE BAY MUNICIPALITY MUNICIPALITY	
ACCOUNTING POLICIES	
for the year ended 30 June 2011	
5 INVESTMENTS	Investments, which include listed, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured 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 period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the
6 RECEIVABLES	Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current. through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.
7 FINANCIAL LIABILITIES: ACCOUNTS PAYABLE	Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

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BIG 5 FALSE BAY MUNICIPALITY MUNICIPALITY	
ACCOUNTING POLICIES	
for the year ended 30 June 2011	
8 CASH AND CASH EQUIVALENTS	
	Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). 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, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.
	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.
9 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 the 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.
10 IRREGULAR EXPENDITURE	
	Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's 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.
11 FRUITLESS AND WASTEFUL EXPENDITURE	
	Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. 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.
12 PROVISIONS	
	Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits 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 pre-tax 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 benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.
	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; and (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.
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BIG 5 FALSE BAY MUNICIPALITY MUNICIPALITY	
ACCOUNTING POLICIES for the year ended 30 June 2011	
13	COMPARATIVE INFORMATION
	Prior Year Comparatives
	When presentation or classification of items in the annual financial statements is amended, prior period comparatives amounts are restated. The nature and reason for the reclassification is disclosed. When there has been a change in the accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparative is restated accordingly.
	Current Year Comparatives
	Budgeted amount have been included in Note 33 to these financial statements for current financial year only.
14	REVENUE FROM EXCHANGE TRANSACTIONS
	REVENUE
	Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for 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 containers per property.
	Interest revenue is recognised on a time proportion basis.
	Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.
	Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.
	Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.
15	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. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.
	Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.
	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, liability is recognised.
	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.
	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 Councilors or officials is virtually certain.
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BIG 5 FALSE BAY MUNICIPALITY MUNICIPALITY ACCOUNTING POLICIES for the year ended 30 June 2011	
16 GRANTS, TRANSFERS AND DONATIONS	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.
17 BORROWING COSTS	Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.
18 RETIREMENT BENEFITS	<p>The municipality provides retirement benefits for its employees and Councillors. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined benefit funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.</p> <p>The funds are actuarially valued every three years using the discounted cash flow method. Any deficits identified by the actuary are recovered from participating municipalities in the form of surcharges added to the contributions which are recognised as an expense in the statement of Financial Performance in the year that they become payable.</p>
19 OTHER POST RETIREMENT BENEFITS	The municipality provides post-retirement health care benefits to their retirees. The entitlement of these benefits is usually conditional on the employees remaining in service up to retirement age and the completion of the minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that used for defined pension benefit plans. Actuarial gains and losses arising from experience adjustment, and changes in actuarial assumption, are charged or credited to revenue over the expected average remaining lives of the relevant employees to the extent which they exceed the 10% corridor.
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BIG 5 FALSE BAY MUNICIPALITY MUNICIPALITY ACCOUNTING POLICIES for the year ended 30 June 2011	
20 IMPAIRMENT OF ASSETS	<p>The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.</p> <p>Irrespective of whether there is any indication of impairment, the municipality also:</p> <ul style="list-style-type: none"> - tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period. <p>If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.</p> <p>The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.</p> <p>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.</p> <p>An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.</p> <p>An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:</p> <ul style="list-style-type: none"> - to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit. <p>A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.</p> <p>The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.</p> <p>A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.</p>
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BIG 5 FALSE BAY MUNICIPALITY MUNICIPALITY	
ACCOUNTING POLICIES	
for the year ended 30 June 2011	
21. TRANSITIONAL PROVISIONS	
The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:	
GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 100	Non-current assets held for sale and discontinued operations
GRAP 102	Intangible Assets - paragraph 110-118
IAS 19	Retirement benefits
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

CASH AND CASH EQUIVALENTS				
1 Cash and cash equivalents consist of the following:				
Cash on hand (Petty cash)		2 000		345
FNB - Hluhluwe: 62022340385 (Main Bank Account)		222 913		482 389
FNB - Hluhluwe : 62214360068 (Call Account)		579 524		1 534 671
FNB - Hluhluwe: 62075347396 (Call Account)		3 585		12 267
FNB - Hluhluwe: 62191984949 (Housing Development Fund)		443 144		1 395 596
		1 251 166		3 425 269
2 Short Term Investments				
ABSA - Pubsec Kzn: 9109586760		624 583		608 295
First National Bank- Hluhluwe: 62174958276		30 549		30 549
Call Account FNB 62196695533		19 622		-
		674 754		638 844
3 TRADE AND OTHER RECEIVABLES				
Consumer Debtors		5 652 092		3 840 147
Debtors Prepayments		51 706		87 520
Housing Debtors		0		0
Sundry Debtors		37 527		7 563
		5 741 325		3 935 230
Less Provision for Bad debt		1 867 090		1 079 532
Total current debtors		3 874 235		2 855 698
Summary of Debtors by Customer Classification				
	Consumers & Place of worship	Agriculture & Commercial	National and Provincial Government	Total
as at 30 June 2011				
Current (0 – 30 days)	180 571	245 390	45560	471 522
31 - 60 Days	153 170	198 633	83766	435 569
61 - 90 Days	135 050	158 506	-200742	92 814
91 - 120 Days	140 551	145 951	-80114	206 388
121 - 150 Days	136 986	136 414	42149	315 549
151 - 180 Days	133 374	118 538	46873	298 785
+181 Days	1 904 509	1 312 748	614209	3 831 466
Sub-total	2 784 211	2 316 180	551 703	5 652 093
Less: Provision for doubtful debts	1 867 090	-	-	1 867 090
Total debtors by customer classification	917 121	2 316 180	551 703	3 785 003
Reconciliation of doubtful debt provision				
Balance at the beginning of the year			1 079 532	1 474 698
Contribution to provision			787 558	0
Doubtfull debts written off against prvision				-
Reversal of the Provision				-395 166
Balance at the end of the year			1 867 090	1 079 532
4 VAT Receivables				
			993 348	9 844
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.				
5 PROPERTY RATES				
Property Rates			3 957 330	3 068 478
Total property rates			3 957 330	3 068 478
6 SERVICE CHARGES				
			1 237 384	1 218 465
7 RENTAL OF FACILITIES AND EQUIPMENT				
			148 626	162 816

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8	INTEREST EARNED - EXTERNAL INVESTMENTS	192 246	284 059
	9 RATES PENALTIES	691 334	143 342
10	GOVERNMENT GRANTS AND SUBSIDIES		
	Equitable Share	9 746 782	7 722 652
	MAP	-	392 531
	FMG	1 086 019	1 860 276
	MIG	6 213 210	6 111 747
	MSIG	640 498	938 326
	Sports and Recreation	1 847 208	981 836
	Gjjima	-	241 274
	Corridor Development	740 044	1 211 595
	Treasury 1%	380 095	
	Library Grant	547 965	-
		21 201 821	19 460 238
See more details in note 23			
11	EMPLOYEE RELATED COSTS		
	Salaries and Wages	5 157 522	4 482 416
	Contributions for UIF, pensions and medical aids	580 828	505 004
	Travel, motor car, accommodation, subsistence and other allowances	624 272	775 483
	Overtime payments	161 644	319 190
	Bonus	228 660	251 281
	Total Employee Related Costs	6 752 925	6 333 373
<i>Section 57 Employees remuneration included in Employee related costs</i>			
<i>Refer to Note 11.1 for more details</i>			
11.1 Section 57 Remuneration			
Remuneration of the Municipal Manager			
	Annual Remuneration	560 198	525 145
	Performance- and other bonuses		44 755
	Travel, motor car, accommodation, subsistence and other allowances	131 774	98 620
	Contributions to UIF, Medical and Pension Funds	2 995	2 995
	Total	694 967	671 515
Remuneration of the Chief Finance Officer			
	Annual Remuneration	518 747	543 568
	Performance- and other bonuses		-
	Travel, motor car, accommodation, subsistence and acting allowance	111 732	111 447
	Contributions to UIF, Medical and Pension Funds	35 399	35 399
	Total	665 879	690 414
Remuneration for manager :Planning Services			
	Annual Remuneration	518 747	486 326
	Performance- and other bonuses		40 412
	Travel, motor car, accommodation, subsistence and other allowances	66 000	66 000
	Contributions to UIF, Medical and Pension Funds	2 995	2 995
	Total	587 742	595 733

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Remuneration for manager :Corporate Services		
Annual Remuneration	566 747	357 662
Performance- and other bonuses		40 879
Travel, motor car, accommodation, subsistence and other allowances	56 397	173 821
Contributions to UIF, Medical and Pension Funds		
Total	623 144	572 362
12 REMUNERATION OF COUNCILLORS		
Executive Mayor	-	-
Deputy Executive Mayor	-	-
Speaker	-	-
Executive Committee Members	-	-
Councillors	838 324	778 330
Councillors' pension and medical aid contributions	129 967	115 609
Councillors' allowances	404 584	649 623
Total Councillors' Remuneration	1 372 874	1 543 562
In-kind Benefits		
The Executive Mayor is provided with an office and secretarial support at the cost of the Council.		
Employee Benefits		
The Municipal employees belong to Natal Joint Municipal Pension Fund and Municipal Council Pension Fund, contributed amounts are paid over to the fund		
13 DEPRECIATION		
Property, plant and equipment	1 768 377	941 673
Intangible assets	73 465	90 741
Total Depreciation and Amortisation	1 841 842	1 032 414
14 FINANCE COSTS		
	102 977	69 693
15 GENERAL EXPENSES		
Included in general expenses are the following:-		
Audit Committee	71 805	0
Membership fees	1 450	13 688
Audit fees	1 522 180	490 091
Bank charges	26 712	23 382
Property Rates	91 367	0
Bursaries	279 755	315 205
Council support	14 008	0
Water and Electricity	283 595	214 303
Entertainment	84 264	290 641
Equipment and tools	9 582	0
Events and Social Projects	792 826	0
Fuel and oil	339 399	201 523
Housing Survey	51 540	0
Insurance	79 968	85 738
Legal expenses	268 449	60 597
Group Life	161 825	0
Licence fees - vehicles	11 790	25 372
General	1 648	59 469
Rental of office equipment	460 810	875 112
Postage & Telephone cost	447 324	227 234
Povert Alleviation	51 886	0
Printing and stationery	226 786	149 085
Publicity	135 190	54 341
Sport and Recreation	4 338	0
Security	302 342	628 536
Uniforms & overalls	63 320	28 994
Bad Debts	787 558	0
Upliftement Programme	705 985	0
Disaster Management	914 296	0
Vehicle lease	633 187	619 450
Plotter Maps	1 850	0
Leave Expense	213 964	340 023
Staff Training	609 995	0
IT Upgrade	108 275	0
Inservice Training	2 400	0
Loss on sale of asset	38 733	0
Other		
	9 800 402	4 702 785

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16 CASH GENERATED FROM OPERATIONS		
Cash Receipts from Rate Payers		
Government and other		
Sale of Goods and Services	5 886 048	4 430 285
Grants Received	21 201 821	19 744 297
Interest Received	-192 246	-284 059
Other Receipts	1 221 900	692 649
Correction of error	2 160 017	18 246 161
VAT Write off	0	483 873
(Increase)/Decrease in debtors	-1 018 538	1 339 062
(Increase)/Decrease in VAT Receivable	-983 505	856 152
(Increase)/Decrease in long term debtors	0	23 871
	0	
Total Cash Receipts from Rate Payers	28 275 497	45 532 291
Cash paid to suppliers and employees		
Employee Cost	8 125 799	7 876 935
Other Payments	15 525 189	11 267 296
Interest Paid	-102 977	-69 693
Loss on Sale of Assets	-38 733	
Depreciation	-1 841 842	-1 032 414
Increase/(Decrease) in Provisions	-248 670	-1 114 787
Increase/(Decrease) in conditional grants	3 135 997	908 630
Increase/(Decrease) in trade payables	-3 030 980	895 126
Total Cash Paid to suppliers and employees	21 523 784	18 731 093
Cash Generated from operations	6 751 713	26 801 198
Reconciliation of Net Surplus to Cashflow Generated from operations		
Net Surplus for the year	4 658 781	5 722 999
Adjustment for:	2 092 931	21 078 198
Depreciation	1 841 840	1 032 414
Interest paid	102 977	69 693
Loss on Sale of Assets	38 733	-
Interest earned	(192 246)	(284 059)
correction of prior error	2 160 017	18 246 161
VAT Write off	0	483 873
(Increase)/Decrease in debtors	-1 018 538	1 339 062
(Increase)/Decrease in VAT Receivable	-983 505	856 152
(Increase)/Decrease in long term debtors	0	23 871
Increase/(Decrease) in Provisions	248 670	1 114 787
Increase/(Decrease) in conditional grants	-3 135 997	-908 630
Increase/(Decrease) in trade payables	3 030 980	-895 126
Cash generated from operations	6 751 713	47 879 395
17 CORRECTION OF ERROR		
During the year ended 30 June 2009 and previous years, Unspent conditional grants and revenue were incorrectly recognised: -		
The comparative amount has been restated as follows:		
Mig income	1893173	0
FMG Income	115131	0
MSIG Income	133176	0
Other correction	18537	0
Net effect on surplus/(deficit) for the year	2160017	
Net effect on Statement of Financial Position		
Unspent conditional grants	-	2 141 480
Other Receivables		(32 228)
Other Payables		50 765
Net effect on Accumulated surplus opening balance		2 160 017

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

18 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Other R	Total R
Carrying Values at 01 July 2010	946 500	27 143 335	10 539 003	1 291 235	39 920 073
Cost	946 500	27 117 859	9 597 852	3 342 106	41 004 316
Capital Under Construction	-	1 206 370	3 655 966	-	4 862 336
Revaluation	-	-	-	-	-
Accumulated Depreciation	-	(1 180 894)	(2 714 814)	(2 050 871)	(5 946 579)
- Cost	-	(1 180 894)	(2 714 814)	(2 049 871)	(5 945 579)
- Revaluation	-	-	-	-	-
Acquisitions / Write-Ons	-	536 657	-	129 552	666 209
Capital Under Construction	-	7 272 023	1 029 530	-	8 301 552
- Current Year	-	7 272 023	1 029 530	-	8 301 552
- Capitalised	-	-	-	-	-
Increases / Decreases in Revaluation	-	-	-	-	-
Depreciation	-	(908 533)	(518 438)	(341 406)	(1 768 377)
- Based on Cost	-	(908 533)	(518 438)	(341 406)	(1 768 377)
- Based on Revaluation	-	-	-	-	-
Carrying Value of Disposals / Write-Offs	-	-	-	(38 708)	(38 708)
- Cost	-	-	-	(75 845)	(75 845)
- Accumulated Depreciation	-	-	-	37 137	37 137
Impairment Losses	-	-	-	-	-
Other Movements	-	-	-	-	-
Carrying Values at 30 June 2011	946 500	34 043 481	11 050 095	1 040 673	47 080 749
Cost	946 500	27 654 515	9 597 852	3 395 813	41 594 680
Capital Under Construction	-	8 478 392	4 685 496	-	13 163 888
Revaluation	-	-	-	-	-
Accumulated Depreciation	-	(2 089 427)	(3 233 252)	(2 355 140)	(7 677 819)
- Cost	-	(2 089 427)	(3 233 252)	(2 355 140)	(7 677 819)
- Revaluation	-	-	-	-	-

Included in the Fixed asset is the investment property that has been valued at nil value pending valuations to take effect in the next financial year
Refer to Appendix B for more details on property, plant and equipment

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19 INTANGIBLE ASSETS		Computer Software R'000	Total R'000
Reconciliation of carrying value			
as at 1 July 2010		250 493	250 493
Cost		571 373	571 373
Accumulated Amortisation		(320 880)	(320 880)
Movements		(62 050)	(62 050)
Acquisitions		11 415	11 415
Amortisation		(73 465)	(73 465)
as at 30 June 2011		188 420	188 420
Cost		582 788	582 788
Accumulated Amortisation		(394 368)	(394 368)
20 ACCOUNTS PAYABLE			
Trade creditors		7 510 514	4 259 304
Payments received in advance		51 706	87 520
Site Deposits		553 960	326 900
Unallocated Deposits		1 018	230
Housing Development		822 632	75 231
Mahogany community Trust		21 050	-
Accrued Leave		-	-
Accrued Bonus		-	-
Accruals		40 907	1 205 800
Other creditors		204 786	220 607
Total creditors		9 206 573	6 175 593
21 PROVISIONS			
Land fill site Provision		(850 475)	(769 661)
Bonus Provision		(222 413)	(222 412)
Leave Provision		(676 680)	(508 825)
Total Provisions		(1 749 568)	(1 500 898)

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The movement in current provisions are reconciled as follows: -					
		Bonus Provision	Leave Provision	Land field Site Provision	Total
as at 1 July 2010		(222 412)	(508 825)	(769 661)	(1 500 898)
Contributions to provision		-	(167 855)	(80 814)	(248 669)
Expenditure incurred		0		0	-
as at 30 June 2011		(222 412)	(676 680)	(850 475)	(1 749 567)
<p>The provision for rehabilitation of landfill site relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 10.5%, over an average period of 20years.</p> <p>The bonus provisions relates to amounts not yet paid to Section 57 Employees due to the assessment process not yet finalised</p>					
22 UNSPENT CONDITIONAL GRANTS AND RECEIPTS					
Unspent Conditional Grants from other spheres of Government					
MIG Grants		1 728 644	1 943 854		
Finance Management Grant		-	(113 981)		
MSIG		-	(97 502)		
MAP		76	76		
Sports and Recreation		34 455	306 664		
Corridor Development		-	740 044		
Library Grant		-	-		
Recycle Development Grant		40 000	-		
Total Unspent Conditional Grants and Receipts		1 803 176	2 779 156		
See Note 23 below for reconciliation of grants and receipts.					
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23 GOVERNMENT GRANTS AND SUBSIDIES			
Equitable share		9 746 782	7 722 652
MIG Grant		6 213 210	6 111 747
Other Government Grants and Subsidies		5 241 829	5 625 838
Total Government Grant and Subsidies		21 201 821	19 460 238
MIG Grant			
Balance unspent at beginning of year		1 943 854	1 892 750
Current year receipts		6 052 162	8 056 024
Conditions met - transferred to revenue		(6 267 372)	(6 111 747)
Restatement - Correction of Error			(1 893 173)
Conditions still to be met - remain liabilities		1 728 644	1 943 854
FMG Grant			
Balance unspent at beginning of year		(113 982)	360 798
Current year receipts		1 200 000	1 500 000
Conditions met - transferred to revenue		(1 086 019)	(1 859 649)
Other Adjustments			(115 131)
Conditions still to be met - remain liabilities		-	(113 982)
MAP Grant			
Balance unspent at beginning of year		77	392 608
Current year receipts		-	-
Conditions met - transferred to revenue		-	(392 531)
Other Adjustments			-
Conditions still to be met - remain liabilities		77	77
MSIG Grant			
Balance unspent at beginning of year		(97 502)	268 906
Current year receipts		750 000	735 000
Conditions met - transferred to revenue		(652 498)	(968 232)
Other Adjustments			(133 176)
Conditions still to be met - remain liabilities		(0)	(97 502)
Sports and Recreation Grant			
Balance unspent at beginning of year		306 664	375 000
Current year receipts		1 575 000	913 500
Conditions met - transferred to revenue		(1 847 208)	(981 836)
Other Adjustments		-	-
Conditions still to be met - remain liabilities		34 455	306 664
Corridor Development Grant			
Balance unspent at beginning of year		740 045	1 951 640
Current year receipts		-	-
Conditions met - transferred to revenue		(740 045)	(1 211 595)
Other Adjustments			-
Conditions still to be met - remain liabilities		0	740 045
Libray Grant			
Balance unspent at beginning of year		-	-
Current year receipts		547 965	-
Conditions met - transferred to revenue		(547 965)	-
Conditions still to be met - remain liabilities		-	-
Recycle Development Grant			
Balance unspent at beginning of year		-	-
Current year receipts		40 000	-
Other Adjustments		-	-
Conditions still to be met - remain liabilities		40 000	-
24 Audit fees			
Opening balance		-	-
Current year audit fee		1 219 254	307 970
Amount paid - current year		(1 217 820)	(307 970)
Balance unpaid (included in payables)		1 434	0
25 Fruitless and wasteful expenditure		1 009 421	617 000
Reconciliation of fruitless and wasteful expenditure			
Opening balance -		617 000	-
Current year condonement		392421.24	617 000
		1 009 421	617 000
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26 OPERATING LEASES	2011	2 010
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows :		
Due within 12 months	248 700	41 450
Due within 2 to 5 years	-	-
	248 700	41 450
27 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure		
<i>Commitments relates to MIG projects that have already been registered by June 2011 for the 2011/12 financial year</i>		
- Approved but not yet contracted for		-
Infrastructure	34 880 000	12 470 000
Total	34 880 000	12 470 000
This expenditure will be financed from:		
- Government Grants	34 880 000	12 470 000
28 CONTINGENT LIABILITY		
No contingent liabilities/assets were identified for the current year.		
29 COMPARISON WITH THE BUDGET		
The comparison of the Municipality's actual financial performance with that budgeted is set out in Note 31.		
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30 RISK MANAGEMENT

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and monitored monthly

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Unauthorised Expenditure

Opening balance	52 232	-
Unauthorised Expenditure current year	93 684	52 232
Condoned or written off by council		
Unauthorised expenditure awaiting condonment	145 916	52 232

The balance is a result of over expenditure on the operating budget in prior years.

ANNUAL REPORT BIG 5 FALSE BAY MUNICIPALITY '2010/11

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

BIG 5 FALSE BAY MUNICIPALITY

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

		2011	Actual	2011	Budget	2011	2011	Explanation of Significant Variance greater than 10 % versus Budget
31	REVENUE	R	R	R	R	Variance	Variance	
						R	%	
	Property rates	4 648 664		4 000 000		(648 664)	-16%	Due to none payment which resulted in Interest being levied
	Service charges	1 237 384		985 000		(252 384)	-26%	Improvement in billing and collection of service charges
	Interest earned	192 246			316 100	123 854	39%	Decrease in amount available for investment and decline of interest rate
	Other	45 202		-		(45 202)	-100%	This is due to Venue/Hall hire and tender fee revenue that was not budgeted for.
	Fines, licences and permits	28 808		5 000		(23 808)	-476%	The Traffic department is newly established thus systems are still being put in place to boost traffic fine revenue
	Government grants and subsidies	21 201 821		18 500 000		(2 701 821)	-15%	DORA determines fiscal allocation per each year. Includes the sale of land (not budgeted for in the 2010/11 Annual Budget)
	Land Sales	807 018		38 700		(768 318)	-1985%	
	Rental revenue	148 626		170 400		21 774	13%	Variance considered reasonable.
		28 309 769		24 015 200		(4 294 569)		
	EXPENDITURE							
	Employee related costs	6 752 925		8 397 150		1 644 225	19.58%	This was due to resignations not filled.
	Councillor remunerations	1 372 874		1 320 754		(52 120)	-3.95%	Upper limit increases and travelling expenses not budgeted for
	Depreciation	1 841 842		929 400		(912 442)	-98.18%	This was due to WIP PPE projects finalised earlier than expected
	Repairs and maintenance	170 399		586 600		416 201	70.95%	Due to cash flow constraints stricter measures have been put in place to cut on spending
	Interest paid	102 977		-		(102 977)	-100.00%	This was due to the movement in landfill site which was not budgeted for.
	Administration and other expenses	9 800 402		7 960 000		(1 840 402)	-23.12%	This was due to expenditure that was originally budgeted for under contracted services.
	Contracted Services	790 325		1 473 400		683 075	46.36%	Budgeted for under contracted services but incurred under other expenses instead.
	Grant Expenditure	2 819 244		2 890 000		70 756	2.45%	Variance considered reasonable.
		23 650 988		23 557 304		93 684		
		4 658 781		457 896		4 200 885		

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Big 5 False Bay Municipality
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation				Carrying Value R'000
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Land										
Land	946 500			-	946 500				-	946 500
	946 500	-	-	-	946 500	-	-	-	-	946 500
Buildings										
Dwellings	38 051	-		-	38 051	(3 961)	(1 267)	-	(5 228)	32 823
Non Residential Structures	#####	536 657	8 478 392	-	36 094 857	(1 176 933)	(907 266)	-	(2 084 198)	34 010 658
Infrastructure										
Drains										
Roads	8 725 321	-	4 685 496	-	13 410 817	(2 697 915)	(516 275)		(3 214 190)	10 196 627
Sewerage Mains & Purification	-	-		-	-	-			-	-
Electricity Mains	94 870	-		-	94 870	(14 766)	(1 896)		(16 662)	78 208
Water Meters	-	-		-	-	-			-	-
Solid Waste Disposal	769 661	-		-	769 661				-	769 661
Storm Water	-	-		-	-	-			-	-
	#####	536 657	13 163 888	-	50 408 255	(3 893 574)	(1 426 704)	-	(5 320 278)	45 087 976
Community Assets										
Recreation Grounds	-	-		-	-	-			-	-
Civic Buildings	-	-		-	-	-			-	-
Cemeteries	8 000	-		-	8 000	(2 134)	(266)		(2 400)	5 600
	8 000	-		-	8 000	(2 134)	(266)		(2 400)	5 600
Total carried forward	#####	536 657	13 163 888	-	51 362 755	(3 895 708)	(1 426 971)	-	(5 322 679)	46 040 076

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Big 5 False Bay Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Total brought forward	#####	536 657	13 163 888	-	51 362 755	(3 895 708)	(1 426 971)	-	(5 322 679)	46 040 076
Other Assets										
Motor vehicles	1 488 076			(63 701)	1 424 375	(687 738)	(203 368)	26 684	(864 422)	559 953
Computer Equipment	728 516	59 118			787 634	(617 460)	(40 502)		(657 962)	129 672
Other Assets	277 307	39 380		(10 394)	306 293	(114 209)	(42 257)	8 783	(147 683)	158 610
	#####	635 155	13 163 888	(74 095)	53 881 057	(5 315 115)	(1 713 097)	35 466	(6 992 745)	46 888 312
Finance Lease Assets										
Office Equipment	848 207	31 054		(1 750)	877 511	(631 464)	(55 280)	1 670	(685 074)	192 437
Other Assets	-	-		-	-	-			-	-
	848 207	31 054		(1 750)	877 511	(631 464)	(55 280)	1 670	(685 074)	192 437
Total	#####	666 209	13 163 888	(75 845)	54 758 568	(5 946 579)	(1 768 377)	37 137	(7 677 819)	47 080 749

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ANNUAL REPORT BIG 5 FALSE BAY MUNICIPALITY '2010/11

**Big 5 False Bay Municipality
APPENDIX B
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2011**

	Cost / Revaluation					Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Executive & Council	29 161 174	573 769	7 272 023	-	37 006 966	1 557 360	927 281		2 484 641	34 522 324
Finance & Admin	720 112	29 999		(1 574)	748 537	373 537	140 685	(1 574)	512 648	235 888
Housing, Planning & Development	1 524 266	5 873			1 530 139	717 967	217 308		935 275	594 864
Health	5 405				5 405	5 405			5 405	-
Community & Social Services	802 055	13 453	1 206 370		2 021 877	548 303	38 177		586 481	1 435 396
Corporate Services	390 730	54 530		(3 025)	442 234	278 253	34 337	(2 357)	310 233	132 001
Sport & Recreation					-				-	-
Environmental Protection					-				-	-
Waste Management					-				-	-
Technical Services	8 970 466		4 685 496	(71 245)	13 584 717	2 785 149	484 026	(33 205)	3 235 969	10 348 748
Water					-				-	-
Electricity					-				-	-
Other					-				-	-
Total	41 574 207	677 623	13 163 888	(75 845)	55 339 874	6 265 975	1 841 814	(37 137)	8 070 653	47 269 221

The total Carrying value includes intangible assets (see Note 19)

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**Big 5 False Bay Municipality
APPENDIX C
SEGMENTED STATEMENT OF FINANCIAL PERFORMANCE**

Actual Income	Actual expenditure	Surplus / (Deficit)		Actual Income	Actual expenditure	Surplus / (Deficit)
2 010	2 010	2 010		2 011	2 011	2 011
R	R	R		R	R	R
24 867 231	19 144 231	5 722 999	Community Services	28 310 483	23 651 758	4 658 725
	3 015 838	-3 015 838	Executive & Council	20 500	2 560 848	-2 540 348
17 511 358	9 671 427	7 839 931	Municipal Manager	640 498	5 736 389	-5 095 891
3 432 741	1 849 532	1 583 209	Finance	18 301 057	5 769 638	12 531 419
	1 606 864	-1 606 864	Corporate Services	0	3 894 876	-3 894 876
	1 363 205	-1 363 205	Technical	6 953 254	2 503 641	4 449 613
	107 385	-107 385	Library			0
3 923 132	916 974	3 006 158	Other			0
			Community Services	2 395 174	2 658 232	-263 058
0	613 006	-613 006	Local Economic Development	0	528 134	-528 134
24 867 231	19 144 231	5 722 999	Subsidised Services	28 310 483	23 651 758	4 658 725
0	0	0	Economic Services	0	0	0
0	0	0	Trading Services	0	0	0
24 867 231	19 144 231	5 722 999	Total	28 310 483	23 651 758	4 658 725

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4.4. Audit Report Recovery Plan

To address all the audit the Budget and Treasury Office has tabled the Audit Report to the Audit Committee. The report was accompanied by a recovery plan clearly outlining action that would be taken for each query raised by the Auditor General.

Below is a report by the Audit Committee

4.5. Report by the Audit Committee

CHAPTER 5: FUNCTIONAL AREA SERVICE DELIVERY REPORTING

5.1. Key Performance Highlights- Corporate Services

The following are the key performance highlights during the 2010/11 financial year;

- Development of the indigent register,
- The Workplace Skills Plan was developed and 40 staff members were trained during the financial year,
- The Municipality went through a policy review process inter alia including the following policies;
 - Sexual harassment policy,
 - Health and safety policy and
 - Disciplinary procedures policy
- Training for SMME's in the Municipality's database was conducted and
- The public participation strategy was reviewed and ward committees were workshopped during the year.

ANNUAL REPORT BIG 5 FALSE BAY MUNICIPALITY '2010/11

ANNUAL PERFORMANCE REPORT

DEPARTMENT : CORPORATE & COMMUNITY SERVICES

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement				
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report						
					Tar	Act	Tar Q1	Act Q1	Tar Q2	Act Q2	Tar	Act	Tar Q3	Act Q3	Tar Q4	Act Q4	Tar	Act					
	Basic Service Delivery And Infrastructure	Provision, upgrading and maintenance of infrastructure and services to address backlogs	Identify indigent customers who qualify for free basic services and compile indigent register	Council approval for identification of indigent customers by 30 June 2011															1	1	1	1	Objective revised as review of indigent register by 30 June 2011
2011/67	Institutional Development & Transformation	To effectively build and maintain Institutional Capacity and	Annual alignment of organizational structure to IDP	Council approved and revised organisational structure to IDP by 30 June 2011.															1	0	1	0	Council requested the MEC to adopt IDP together with organisational scorecard on 25 July 2011

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ANNUAL PERFORMANCE REPORT

DEPARTMENT : CORPORATE & COMMUNITY SERVICES

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review										Planned Measures For Improvement		
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance					Annual Perf. Report	
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act			
					Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Q3	Q3	Q4	Q4			
2011/67		enhance municipal transformation	Compile of 2011/2012 Work Place Skills Plan.	Council approved 2011/2012 WSP by 30 June 2011.											1	1	1	1	
2011/67			Implementation of 2009/2010 WSP	40 staff trained as per the WSP by 30 June 2011.											40	54	40	54	
			All permanent & contract employees to be inducted on the ff: code of conduct, leave policy, overtime policy, recruitment policy and retention policies &	50) Employees inducted on all policies & procedures by 30 June 2011.								25	0	25	42	50	42		

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ANNUAL PERFORMANCE REPORT

DEPARTMENT : CORPORATE & COMMUNITY SERVICES

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report		
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	
			procedures by April 2011.																
			Review policies in respect of the following: sexual harassment policy, health and safety policy, disciplinary procedures policy	Revised and Council approval for the following three (3)policies: 1. sexual harassment policy, 2. health and safety policy, 3. disciplinary procedures policy by(30											3	12	3	12	

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ANNUAL PERFORMANCE REPORT

DEPARTMENT : CORPORATE & COMMUNITY SERVICES

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement	
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report			
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act		
					Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Q3	Q3	Q4	Q4	Q3	Q3		
				June 2011)																
			Development of municipal policies in respect of the following: <ul style="list-style-type: none"> • attendance and punctuality policy, • Employment equity policy, • Incapacity due to poor work performance policy. 	Revised & council approval of the policies by 30 June 2011.											3	3	3	3		
			Revise EEP & obtain	1. Council					1	1								1	1	Acknowledgement

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ANNUAL PERFORMANCE REPORT

DEPARTMENT : CORPORATE & COMMUNITY SERVICES

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review										Planned Measures For Improvement						
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance					Annual Perf. Report					
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act							
					Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Q3	Q4	Q3	Q4							
			council approval & submit to DoL	approved EEP by 31 Dec 2011. 2. Acknowledgement for Submission of EEP to DoL by 15 January 2011																			for submission of EEP to DOL to be provided in future
2011/106	Socio – Economic Dev.	Reduction in the number of New HIV/AIDS infections	Review & enhance HIV/AIDS awareness and prevention programme.	Submit HIV/AIDS report to council on interventions for HIV/AIDS awareness & prevention programme bi-annually.					1	1					1	0	2	0					Reports must be submitted to council in future

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DEPARTMENT : CORPORATE & COMMUNITY SERVICES

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report		
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	
					Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Q3	Q3	Q4	Q4	Q3	Q3	
2011/106			Review HIV/AIDS	Council approved HIV/AIDS strategy by 1 May 2011	N/A	N/A									1	0	1	0	CoGTA advised that the review of HR Strategy must be on hold until further notice
2011/106		Enhance economic growth	To promote SMME development in the Municipality	3 trainings coordinated by the municipality in support of SMME development in the area by 30 June 2011					1	1	1	1	1	1	1	1	3	3	
2011/106		Risk of natural and other disasters	Develop business plan for development of a disaster management	Call for proposals to develop a business plan for									1	1			1	1	Target was revised as call for proposals for

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DEPARTMENT : CORPORATE & COMMUNITY SERVICES

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review										Planned Measures For Improvement		
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance					Annual Perf. Report	
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act			
					Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Q3	Q3	Q4	Q4			
		reduced.	plan	development of a disaster management plan by 31 March 2011.														development of disaster management plan. Application for funding to develop the plan was submitted to CoGTA	
2011/181	Good Governance	To promote participatory and transparent governance for the community, service	Facilitate community development and involvement in the following aspects: 1. PMS 2. Budget & IDP	All Sec 57 Managers to present to each ward committee on the IDP RF an understanding of the PMS, Budget & IDP the									1	1	1	1	2	2	

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DEPARTMENT : CORPORATE & COMMUNITY SERVICES

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report		
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	
					Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Q3	Q3	Q4	Q4	Q3	Q3	
		providers and investors to function in the municipality.		community's role & responsibilities regarding the above by 30 June 2011.															
2011/181			Participate in the review IDP	4 IDP steering committee meetings attended with input					1	1	1	1	1	1	2	1	4	3	Due to LG elections the 4 th meeting could not be held
2011/181				No. of IDP RF meetings attended with input Represented by					1	1	1	1	1	1	2	1	4	3	Due to LG elections the 4 th meeting could not be held

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DEPARTMENT : CORPORATE & COMMUNITY SERVICES

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report		
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	
					Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Q3	Q3	Q4	Q4	Q3	Q3	
				the MM															
2011/181			Review & workshop public participation & public communication strategy	Reviewed & Council approved Public participation strategy by 31 march 2011. workshop conducted by 30 June 2011									1	0	1	1	1	1	Target was revised for adoption by council in 30 June 2011 and was for workshop by 30 November 2010.

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ANNUAL PERFORMANCE REPORT

DEPARTMENT : CORPORATE & COMMUNITY SERVICES

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement	
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report			
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act		
					Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Q3	Q3	Q4	Q4	Q3	Q3		
2011/181			Update ward committee structures on the ward committee framework	Ward committee workshop conducted on by 30 June 2011.												1	1	1	1	
2011/181			Establishment of the following: HR/Planning/Technical and Community Services portfolio committees	Council approval for establishment of the committees by 30 June 2011.												1	1	1	1	

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ANNUAL PERFORMANCE REPORT

DEPARTMENT : CORPORATE & COMMUNITY SERVICES

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review										Planned Measures For Improvement									
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance					Annual Perf. Report								
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act	Tar	Act										
					Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Q3	Q4	Q3	Q4										
2011/136	Financial Viability & Management	To create and uphold effective and efficient Financial Systems	Maintain supply chain management system that complies with the MFMA and Supply Chain Management Policy & regulation.	Quarterly reports of the following service providers: 1. JHM Consulting 2. Rural Metro																					Reports must be provided on quarterly basis in future. JHM was only engaged for six months therefore one report was prepared	

5.2. Key Performance Highlights Planning, Development and Technical Services

The following key performance highlights were achieved by these units;

- Contractors to build the following projects were appointed;
 - Phumlani Crèche,
 - Nibela Community Hall,
 - Makhasa Community Hall,
 - Bhekani Crèche and
 - Mnqobokazi sport field
- The Project Management Unit was established to enhance the Municipality's capacity to implement MIG and Infrastructure development program in general and
- The Town planning scheme for Hluhluwe town was approved by council

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DEPARTMENT: PLANNING, DEVELOPMENT & TECHNICAL SERVICES																			
IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review										Planned Measures For Improvement		
					Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report				
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual			
		Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4								
2011/128	Basic Service Delivery And Infrastructure	To provide sustainable community facilities	Construction of the following sustainable community facilities: 1. Phumlani crèche 2. Nibela community hall 3. Makhasa community hall 4. Bhekani crèche 5. Mnqobokazi sport field	Appointment of the contractors to construct the following community facilities to the community by 30 June 2011. 1. Phumlani crèche 2. Nibela community hall 3. Makhasa community hall 4. Bhekani	4	4													
							1	1					1					5	5

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DEPARTMENT: PLANNING, DEVELOPMENT & TECHNICAL SERVICES

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review										Planned Measures For Improvement							
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance					Annual Perf. Report						
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		Target	Actual					
		Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4													
				crèche										1										
				5. Mngqobokazi sport field										1										
															1									
																1								
																	1							

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DEPARTMENT: PLANNING, DEVELOPMENT & TECHNICAL SERVICES																		
IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review										Planned Measures For Improvement	
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance					Annual Perf. Report
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		Target
						Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4			
2011/128			Development of Business plans for the following community facilities 1. Health facilities plan 2. Community facilities 3. Cemeteries	Business plan for Health facilities, Community facilities & cemeteries plans to be developed by 31 March 2011 and submitted to Council by 30 June 2011								1						Health facilities plan not to be included in future as it is a competency for Dept. of Health. Community facilities plan target be revised for completion by 30 June

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DEPARTMENT: PLANNING, DEVELOPMENT & TECHNICAL SERVICES																				
IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement	
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report			
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		Target
							Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4				
														1				1	1	2011

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DEPARTMENT: PLANNING, DEVELOPMENT & TECHNICAL SERVICES																		
IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review										Planned Measures For Improvement	
					Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report			
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		Target
						Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4			
2011/128			Prepare and implement an Infrastructure and Services Provision Communication Strategy which details the roles and responsibilities of all service providers in the municipality, as well as assist with the co-ordination of such service delivery	Council Approved Strategy by June 2011.										1	0	1	0	

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DEPARTMENT: PLANNING, DEVELOPMENT & TECHNICAL SERVICES

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review										Planned Measures For Improvement				
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance					Annual Perf. Report			
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		Target	Actual		
						Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4						
2011/128			Partner with DC 27 to provide Water reticulation Function in the urban areas of Hluhluwe and Phumlani	Signed SLA with DC 27 for the listed areas by 31 March 2011											1	0			1	0	Letter was sent to the district & response was received. Objectives that are beyond control of the municipality not to be included in future
2011/128		To co-ordinate service	Prepare and/or revise the following Sector	Council approval by 31 March 2011.																	

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DEPARTMENT: PLANNING, DEVELOPMENT & TECHNICAL SERVICES																		
IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review										Planned Measures For Improvement	
					Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report			
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
		Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4							
		delivery plans with stakeholders	Plans for inclusion in the IDP 2011-2012 EMP,IWMP by 31 March 2011.															
2011/128		To ensure the provision, upgrading	To ensure Water and Sanitation Development Plan (WSDP) and that its roll-out is programmed accordingly	Needs analysis document to be submitted to DC 27 by 31 March 2011.								1	1			1	1	

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DEPARTMENT: PLANNING, DEVELOPMENT & TECHNICAL SERVICES																				
IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review										Planned Measures For Improvement			
					Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report					
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual				
		Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4									
			(including operation and maintenance).																	
2011/128			Develop public Transport Plan (in-line with uMkhanyakude DM Public Transport Plan)	Council approved transport plan by 30 June 2011.												1	0	1	0	No funding
2011/128		Establish PMU	Establishment of the PMU using 5% of MIG Allocation by 30													1	1			

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DEPARTMENT: PLANNING, DEVELOPMENT & TECHNICAL SERVICES																			
IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement
					Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report				
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
						Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4				
			June 2011.																
2011/67	Institutional Development & Transformation	To effectively build and maintain Institutional	Annual alignment of organisational structure to IDP	Council approved & revised departmental										1	1	1	1		

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DEPARTMENT: PLANNING, DEVELOPMENT & TECHNICAL SERVICES																			
IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review										Planned Measures For Improvement		
					Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report				
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual			
		Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4								
		Capacity and enhance municipal transformation		structure to IDP by 30 June 2011 in iro of 2011/2012 IDP.															
2011/181	Good Governance	To promote participatory and transparent governance for the community, service providers and investors to function in the	Participate in the Review IDP	No. of IDP RF meetings attended with input repressed by the MM					1	1	1	1	1	1	2	1			Due to LG elections only three meetings were held.

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DEPARTMENT: PLANNING, DEVELOPMENT & TECHNICAL SERVICES																				
IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review										Planned Measures For Improvement			
					Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report					
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual				
		Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4									
		municipality																		
2011/181				4 IDP steering committee meetings attended with input					1	1	1	1	1	1	2	1	4	3	Due to LG elections only three meetings were held.	
2011/181			Facilitate community development and involvement in the following aspects: 1. PMS 2. Budget & IDP	All Sec 57 Managers to present to each ward committee on the IDP RF an understanding of the PMS, Budget & IDP the community's role & responsibilities regarding the above by 30										1	1	1	1	2	2	One consolidated presentation for the organisation was made by the municipal manager and presentation was made by CFO

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DEPARTMENT: PLANNING, DEVELOPMENT & TECHNICAL SERVICES

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review										Planned Measures For Improvement		
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance					Annual Perf. Report	
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		Target	Actual
						Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4				
				June 2011.															
2011/136	Financial Viability & Management	To create and uphold effective and efficient Financial Systems	Maintain supply chain management system that complies with the MFMA and Supply Chain Management Policy & regulation.	Quarterly reports on the performance of the following service providers to council. <ul style="list-style-type: none"> • V Bbengu • Uhlanga 			1	1	1	1	2	2	1			1	4	4	
													1	1					
2011/183	Spatial	To	Develop	Council									1	0					Due to

ANNUAL REPORT BIG 5 FALSE BAY MUNICIPALITY '2010/11

DEPARTMENT: PLANNING, DEVELOPMENT & TECHNICAL SERVICES																			
IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review										Planned Measures For Improvement		
					Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report				
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual			
		Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4								
	Development & Environments	sustainably develop municipal physical space and maintain environmental focus	environmental management plan for implementation during 2011/ 2012 and inclusion in the 11/12 IDP.	approved EMP by 31 March 2011															budget constraints the objective could not be achieved
2011/183			To ensure the appropriate and effective use of land through spatial planning initiatives and the implementation of the outcomes thereof.	Council approved town planning scheme by 30 June 2011.									1	0					

ANNUAL REPORT BIG 5 FALSE BAY MUNICIPALITY '2010/11

DEPARTMENT: PLANNING, DEVELOPMENT & TECHNICAL SERVICES																				
IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement	
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report			
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		Target
							Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4				

5.3. Report by Chief Financial Officer

The following key performance highlights were achieved by the Budget and Treasury Office;

- The Fixed Assets register was updated to be GRAP compliant which resulted in no queries being raised on Property Plant and Equipment. However more work will be done in 2011/12 as the Municipality will be expected to be fully GRAP compliant,
- The Municipality once again got an unqualified audit report which put the Municipality on a path to a clean audit report by 2014,
- A financial plan which has projections beyond the medium term was put in place to ensure that aspirations on the IDP are met within the IDP projected period and
- During the financial year mechanisms were put in place to ensure prompt reporting particularly of all the legislated Supply Chain Management reporting requirements

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DEPARTMENT : FINANCIAL SERVICES																			
IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report		
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
		Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4								
2011/128	Basic Service Delivery And Infrastructure	To sustain community facilities	Review & recording all municipal assets in the fixed asset register to comply with GRAP	GRAP 17 compliant fixed assets register by 30 June 2011.	1	1									1	1	1	1	
2011/128		To review service delivery plans with stakeholders for inclusion in the 2011/2012 IDP.	To revise Financial Plan Sector Plans for inclusion in the IDP 2011-2012.	Council approved draft Financial Plan by 31 March 2011.									1	1			1	1	Target revised as inclusion of draft financial plan in the IDP.

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DEPARTMENT : FINANCIAL SERVICES																			
IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement
					Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report				
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual			
		Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4								
2011/128				Council approved Financial plan by 30 June 2011											1	1	1	1	Target revised as inclusion of draft financial plan in the IDP.
2011/67	Institutional Development & Transformation	To effectively build and maintain Institutional Capacity and enhance municipal	Annual alignment of organisational structure to IDP.	Revised departmental structure by 30 May 2010 in iro of 2011/2012 IDP.	1	1									1	1	1	1	

ANNUAL REPORT BIG 5 FALSE BAY MUNICIPALITY '2010/11

DEPARTMENT : FINANCIAL SERVICES																			
IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement
					Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report				
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
						Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4				
		transformation																	
2011/67			Identify the following budgeted key positions by 31 Dec <ul style="list-style-type: none"> • Financial Manager • Accountant 	Report to Manager, Corporate Services Dept. for identification of the key positions and the budget by 30 April 2011.	N/A	N/A									1	1	1	1	
2011/106	Socio - economic Development	Development of (prioritised groups) HDI groups	Implement procurement policy by catering for prioritized groups	Report by the bid adjudication committee to the MM as when the contractors are appointed for the															

ANNUAL REPORT BIG 5 FALSE BAY MUNICIPALITY '2010/11

DEPARTMENT : FINANCIAL SERVICES																			
IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report		
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
						Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4				
			1. Report by the bid adjudication committee to the MM as when projects are implemented. 2. Appointment letter to the successful bidder. prioritized groups) during bidding processes on capital projects	following capital projects: Makhasa community hall, Bhekani crèche, Mnqobokazi sportfield &Phumlani creche 2. Appointment letters to the successful bidders											4		4	4	

ANNUAL REPORT BIG 5 FALSE BAY MUNICIPALITY '2010/11

DEPARTMENT : FINANCIAL SERVICES

IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report		
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
		Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4								
2011/181	Good Governance	To promote participatory and transparent governance for the community, service providers and investors to function in the municipality	Participation in the review IDP	No. of IDP RF meetings attended with input	4	-			1	1	1	1	1	1	2	1	4	3	
				4 IDP steering committee meetings attended with					1	1	1	1	1			1	4	3	

ANNUAL REPORT BIG 5 FALSE BAY MUNICIPALITY '2010/11

DEPARTMENT : FINANCIAL SERVICES																			
IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report		
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
					Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Q1	Q2					
				input															
2011/181		Facilitate community development and involvement in the following aspects:	All Sec 57 Managers to present to each ward committee on the IDP RF an understanding					1	1	1	1								

ANNUAL REPORT BIG 5 FALSE BAY MUNICIPALITY '2010/11

DEPARTMENT : FINANCIAL SERVICES																			
IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement
					Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report				
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual			
		Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4								
		1. PMS 2. Budget & IDP	of the PMS, Budget & IDP the community's role & responsibilities regarding the above by 30 June 2011.																
2011/136	Financial Viability & Management	To create and uphold effective and efficient Financial	Maintain supply chain management system that complies with the MFMA and	Quarterly reports on the performance of the following: 1. PWC 2. Pastel			1	0	1	0	2	0	1	0	1	0	4	0	Standard template for assessment of the service providers to be introduced in 2011/2012

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DEPARTMENT : FINANCIAL SERVICES																			
IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report		
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	
		Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4								
		Systems	Supply Chain Management Policy & regulation	3. Guarantee trust 4. Nashua 5. VIP service providers.															
2011/136		Ensure that the Budget (capital and operational) is aligned to the IDP through the preparation and implementation	Council approved alignment of IDP, Budget & SDBIP & linked to each Senior Manager for FY 11/12 by 30 June 2011														1	1	1

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DEPARTMENT : FINANCIAL SERVICES

IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement	
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report			
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
							Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4				
		of the Service Delivery Budget Implementation Plan (SDBIP) and review annually.																		
2011/136		Maintain appropriate systems for budget control & expenditure management by HOD's	Submit 12 Financial reports on the status of current budget to NT & PT		12	12	3	3	3	3	6	6	3	3	3	3	12	12		
2011/136		Prepare 3 year	Council		1	1						1	1				1	1		

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DEPARTMENT : FINANCIAL SERVICES																					
IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review														Planned Measures For Improvement
					Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report						
					Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual			
				Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Target	Actual								
		budget by 31 March 2011	approved draft budget by 31 March 2011																		

ANNUAL REPORT BIG 5 FALSE BAY MUNICIPALITY '2010/11

5.4. Organizational Annual Performance Report

In line with section 121 (3)(f) below is a detailed analysis of the Municipality's performance against set targets

NAME OF MUNICIPALITY: BIG 5 FALSE BAY																					
OFFICE OF THE MUNICIPAL MANAGER																					
IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement		
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report				
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Target	Actual	Target	Actual	Target	Actual			
2011/128	Basic Service Delivery And Infrastructure	To provide sustainable community facilities	Construction of the following sustainable community facilities: 1. Phumlani crèche 2. Nibela community hall 3. Makhasa	Appointment of the contractors to construct the following community facilities to the community by 30 June 2011. 1. Phumlani crèche 2. Nibela	4	4									5	5			5	5	

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IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report		
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Target	Actual	Target	Actual	Target	Actual	
						Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4				
			community hall 4. Bhekani crèche 5. Mngqobokazi sport field	community hall 3. Makhasa community hall 4. Bhekani crèche 5. Mngqobokazi sport field															
2011/128			Partner with DC27 to provide Water reticulation Function in the urban areas of Hluhluwe and Phumlani	Signed SLA with DC 27 for the listed areas by 31 March 2011.	N/A	N/A									1	0	1	0	In future objectives that are dependent on other stakeholders will not be included

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NAME OF MUNICIPALITY: BIG 5 FALSE BAY																			
OFFICE OF THE MUNICIPAL MANAGER																			
IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report		
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Target	Actual	Target	Actual	Target	Actual	
						Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4				
2011/128		To ensure the provision, upgrading and maintenance of Infrastructure and Services to address Backlogs	Enter into Service Level Agreements with Eskom for Electricity service delivery in Makhasa.	Council approval and signed SLA with Eskom by 30 June 2011	N/A	N/A									1	0	1	0	Objective revised. The SLA for electricity provision was signed with Department of Energy
2011/128		Ensure Water and sanitation needs are catered for in the uMkhanyakude DM Water and	Needs analysis document to be submitted to DC27 by 31 March 2011		1	1									1	1	1	1	

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NAME OF MUNICIPALITY: BIG 5 FALSE BAY																				
OFFICE OF THE MUNICIPAL MANAGER																				
IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement	
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report			
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Target	Actual	Target	Actual	Target	Actual		
						Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4	Target	Actual			
		Sanitation Development Plan (WSDP) and that its roll-out is programmed accordingly including operation and maintenance).																		
2011/67	Institutional Development & Transformation	To effectively build and maintain Institutional Capacity and enhance	Annual alignment of organisational structure to IDP.	Council approved & revised organisational structure & departmental structure to IDP	1	1											1	0	The council requested extension for adoption of the IDP on 25 July 2011	

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NAME OF MUNICIPALITY: BIG 5 FALSE BAY																				
OFFICE OF THE MUNICIPAL MANAGER																				
IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement	
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report			
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Target	Actual	Target	Actual	Target	Actual		
		municipal transformation		by 30 June 2011 in iro of 2011/2012 IDP.																
2011/106	Socio- Economic Development	Risk of natural and other disasters reduced.	Develop business plan for development of a disaster management plan	Call for proposals to develop a business plan for development of a disaster management plan by 31 March 2011.										1	1			1	1	Due to in availability of funds could not be achieved and application for funding was made to CoGTA.
2011/106	Socio- Economic Development	Reduction in the number of new HIV and	Review & enhance HIV/AIDS	Submit 2 HIV/AIDS report to council on										1	1	1	0	2	1	Reports must be submitted to

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OFFICE OF THE MUNICIPAL MANAGER																				
IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement	
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report			
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Target	Actual	Target	Actual	Target	Actual		
						Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4					
		Aids infections	awareness and prevention programme.	interventions for HIV/AIDS awareness & prevention programme on 30 April 2010 and 30 June 2011.																council in future
2011/106			Review HIV /Aids Strategy	Council approved HIV/AIDS Strategy by 30 June 2011											1	0	1	0		Office of the Premier advised that the review of HR strategies must be on hold
2011/181	Good Governance	To promote	Review IDP	No. of IDP RF	4				1	1	1	1	1	1	2	1	4	3		Due to LG

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							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report			
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Target	Actual	Target	Actual	Target	Actual		
						Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4					
		participatory and transparent governance for the community, service providers and investors to function in the municipality		meetings attended coordinated																elections 3 meetings were conducted
2011/181				4 IDP steering committee meetings coordinated	4	2			1	1	1	1	1	1	2	1	4	3	Due to LG elections 3 meetings were conducted	

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NAME OF MUNICIPALITY: BIG 5 FALSE BAY																				
OFFICE OF THE MUNICIPAL MANAGER																				
IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement	
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report			
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Target	Actual	Target	Actual	Target	Actual		
2011/181			Facilitate community development and involvement in the following aspects: 1. PMS 2. Budget & IDP	All Sec 57 Managers to present to each ward committee on the IDP RF an understanding of the PMS, Budget & IDP the community's role & responsibilities regarding the above by 30 June 2011.											1	1	1	1		
2011/136	Financial Viability & Management	To create and uphold	Maintain supply chain	Appointment of the successful	4	4							3					3	3	

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NAME OF MUNICIPALITY: BIG 5 FALSE BAY																			
OFFICE OF THE MUNICIPAL MANAGER																			
IDP Ref.	National KPA	Strategic Objective	Measurable Objective/Output	Performance Measure/Indicator	(Previous Year)		Year Under Review												Planned Measures For Improvement
							Q1 & Q2 Performance				½ Yearly Perf. Report		Q3 & Q4 Performance				Annual Perf. Report		
					Tar	Act	Tar	Act	Tar	Act	Tar	Act	Target	Actual	Target	Actual	Target	Actual	
						Q1	Q1	Q2	Q2			Q3	Q3	Q4	Q4				
		effective and efficient Financial Systems	management system that complies with the MFMA and Supply Chain Management Policy & regulation.	bidders for the following projects letters for the following projects: Makhasa community hall, Mnqobokazi sportfeild, Bhekani crèche										3					

CHAPTER 6: CONCLUSION

6.1. COMMUNITY FEEDBACK ON THE ANNUAL REPORT

The annual report was advertised and disseminated at strategic points of the municipal area with invitation to make comments. However no comments were received from the community.

6.2. COUNCIL OVERSIGHT REPORT

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE- OVERSIGHT REPORT 28 MARCH 2012

6.2.1 PURPOSE

To submit the oversight report to Council and Council is requested to take into consideration the recommendations of the committee and accept the annual and audit report 2010/2011.

6.2.2 BACKGROUND

On the 13th of March 2012 the Municipal Public Accounts Committee held a meeting to review the annual and audit report 2010/2011 FY in terms of section 127 of the Municipal Finance Management Act 56 of 2003. The committee reviewed the annual and audit report 2010/2011 FY. Each HoD presented departmental reports to the committee. The following points were raised and discussed by the committee from the report:

- ✓ The municipality incurred fruitless and wasteful expenditure of R392 421 due to interests arising from late payment of suppliers invoices;
- ✓ The accounting officer of the municipality did not, by 25 January 2011, access the performance of the municipality during the first half of the financial year, taking into account the municipality's service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan, as required by section 72 (1) (a) (ii) of the MFMA. The CFO explained that the resolution was submitted to AG and it was refused by AG and requested for the minutes of the meeting.
- ✓ The accounting officer did not take effective and appropriate steps to prevent fruitless and wasteful expenditure, as per the requirements of section 62 (1) (d) of the MFMA;

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- ✓ Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65 (2) (e) of the MFMA;
- ✓ Municipality will be required to comply 100% with GRAP standards.

After the review of the report the committee recommended the following:

- ✓ An oversight report on the review of the annual and audit report whereby the comments of the committee will be pointed out and request the Council to accept the report;
- ✓ Compliance is a an essential issue and things should be done well in advance in order to avoid non-compliance e.g. Annual Financial Statements (AFS) should be done in time to allow the Audit Committee and Internal Auditors adequate time to review the AFS;
- ✓ The budget should be restricted and the municipality should spend based on the based and should not incur expenditure that was not budgeted for;
- ✓ A workshop on the GRAP standards should be arranged for the committee and invitation should be extended to the other Councillors and Audit Committee members;
- ✓ Debt collection needs to be addressed by the municipality

The Chairperson of the Audit Committee also attended the meeting and advised the committee during the meeting. The committee also noted that the public was invited to attend the meeting and there was only one member of the public who attended and that there were no public comments that were received by the committee.

6.2.3 RECOMMENDATION

It is recommended that the Council should resolve to accept the Annual and Audit Report 2010/2011.

6.2.4 CONCLUSION

I therefore conclude by stating that the annual and audit report was reviewed successfully and very crucial comments and recommendations were raised by the committee it is therefore of utmost importance that these recommendations be taken into consideration by Council. However the committee noted that the evaluation report on Performance of bonuses was submitted to the Committee therefore the committee was not able to review this report in order to make recommendation to Council

Chairperson of the Municipal Public Accounts Committee

Cllr. CT Khumalo

7. CONCLUSION

The Big 5 False Bay municipality thrive to deliver sustainable service to all its communities. The 2010/2011 was marked by 3rd term of Local Government with major political shifts, however the Big 5 False Bay Municipality commits itself to strengthen participator governance and to ensure that the systems are put in place to oversee the implementation of IDP for the benefits of its communities.